House of Commons
International Development Committee

Urbanisation and Poverty
Seventh Report of Session 2008–09

Volume II
Oral and Written Evidence

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International Development Committee

The International Development Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for International Development and its associated public bodies.

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The staff of the Committee are Carol Oxborough (Clerk), Keith Neary (Second Clerk), Anna Dickson (Committee Specialist), Chlöe Challender (Committee Specialist), Ian Hook (Senior Committee Assistant), Vanessa Hallinan (Committee Assistant), John Kittle (Committee Support Assistant), Alex Paterson (Media Officer).

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Witnesses

Tuesday 12 May 2009

Mr Paul Taylor, Chief of the Office of the Executive Director, and Mr Michael Mutter, Senior Adviser, Slum Upgrading Facility, UN-Habitat

Tuesday 2 June 2009

Mr Andy Rutherford, Head of International Partnerships, One World Action Group, Mr Gordon McGranahan, Head, Human Settlements Group, International Institute for Environment and Development (IIED), and Ms Louise Meincke, Advocacy Manager, Consortium for Street Children

Ms Caren Levy, Director and Ms Ruth McLeod, Senior Teaching Fellow, Development Planning Unit, University College London

Tuesday 23 June 2009

Mr Geoffrey Payne, Geoffrey Payne & Associates, Consultants, and Mr Richard Shaw, Chair, UK Local Government Alliance for International Development

Mr David Sattherthwaite, Senior Fellow, Human Settlements Group, International Institute for Environment and Development (IIED), and Mr Larry English, Chief Executive, Homeless International

Wednesday 1 July 2009

Mr Gareth Thomas MP, Minister of State for International Development, Dr Yusaf Samiullah, Deputy Director and Head of Profession–Infrastructure, Growth and Investment Group, and Mr Peter Davies, Senior Infrastructure Adviser, Growth and Investment Group, Department for International Development
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Oral evidence

Taken before the International Development Committee

on Tuesday 12 May 2009

Members present
Malcolm Bruce, in the Chair
John Battle
Mr Mark Hendrick
Mr Paul Taylor
Mr Michael Mutter
Mr Marsha Singh
Andrew Stunell

Witnesses: Mr Paul Taylor, Chief of the Office of the Executive Director, and Mr Michael Mutter, Senior Adviser, Slum Upgrading Facility, UN-Habitat, gave evidence.

Q1 Chairman: Can I say good morning, gentlemen, nice to see you again, on our turf, not yours, this time. Thank you very much for coming to give evidence at the start of this inquiry into poverty and urbanisation. I wonder for the record whether you would introduce yourselves.

Mr Taylor: My name is Paul Taylor. I am Chief of the Office of the Executive Director in UN-Habitat. I have worked for UN-Habitat since 1997.

Mr Mutter: I am Michael Mutter. I am Head of the Slum Upgrading Facility within UN-Habitat. I am currently undertaking a three-year pilot programme. I am based in the Nairobi headquarters of UN-Habitat.

Q2 Chairman: Thank you very much for that. We are aware that last year (although, of course, it depends whose figures you take) the world became predominantly urban, but clearly what that is is a process of growing urbanisation. Obviously, in many cases the conditions in which people are living in an urban environment are very poor and they are in a very high degree of poverty. According to DFID the MDG 7 target to improve the lives of slum dwellers is one of the “least known and least understood” of the targets. Is that your take on that? Do you agree with that, and in the circumstances, given how many people are living in these conditions, why do you think it is given such low priority?

Mr Taylor: I think it is correct to say that it is one of the least known targets. Quite often when you look at reports on the monitoring of the achievement of the MDGs you find the target on the number of slum dwellers not even considered. The reasons for this are extremely complex, but often it is to do with an anti-urban bias within the development programmes of the aid-giving countries. That is something that has deep historical roots in culture and tradition and so on, and it is also a view that is embedded in the philosophies of a lot of developing countries, whereby urban is bad and rural is good, and so, although it is certainly not always the case, the urban challenges which we are facing, and we would argue are one of the most important challenges of the 21st century, tend to get dropped off the agenda.

Q3 Chairman: Obviously, your job is to push them up the agenda. In one sense— I would not say it is controversial but it is a debatable point—the use of the term “slum” seems to have generated some debate in some quarters, saying that it is a pejorative term and it does not give dignity to the people. They have dignity but nevertheless it puts them in a box. Do you have any view about that? Do you think it is an important discussion or not, and would you offer an alternative expression, if that is the case, because clearly “slum” means different things to different people? We have just had a big movie about slums.

Mr Taylor: I can see that Michael is itching to make a comment but I will dive in first. We have deliberately adopted the term “slum” because it is a term that is not ambiguous; it catches people’s attention and it accurately reflects the conditions that many poor people live in. Yes, I think you could argue that there are some pejorative elements to it, and I have heard that suggested, but in our view it is an important issue that needs to be addressed and confronted and there should be no space for pulling our punches.

Mr Mutter: Perhaps I can just add that the best way of reasoning the term is to ask the slum dwellers themselves. Largely what we find is that they are very happy to be called slum dwellers. They are happy to be known as that group of people and a group of people that can themselves strive towards bettering their own conditions. Governments often do not like the term, you are quite right, because of the pejorative nature of it. On the other hand, when trying to measure what this is about, we are talking about very specific deprivation. We have a formula on deprivation on durability, overcrowding, access to services, which are measurable on a global basis country by country, and from that point of view it has turned out to be very useful terminology. Coming back to the target, the other issue is that it has got a different date for a start. It has got 2020 on it rather than 2015 which the other targets have. This largely came out of the last of the global conferences that led to many of the MDGs—the Istanbul conference in 1996. Being relatively late in that sequence, for quite a while it did not have a very specific outcome target, and this one was put together jointly by UN-Habitat, Cities Alliance and others just before the 2000 global summit that determined the MDGs.
Q4 Chairman: So that is how it came about. The target aimed at is “by 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers”. First of all, if it was your target, what have you done to raise the profile? We will talk a bit more about that a bit later on, but what is the current financing gap on that? In other words, how much do you think it will take to deliver that target before we discuss its relative achievability? Do you have sufficient engagement with donors to match your requirements?

Mr Taylor: The first point we would make is that the target is the responsibility of countries. Those were the commitments under the Millennium Development Goals. We assist countries but it is countries which have the responsibility to achieve those targets.

Q5 Chairman: Presumably you have to have enough countries with targets that add up to 100 million?

Mr Taylor: What we would see is that that target has been met already. We think it was actually a relatively modest target.

Q6 Chairman: So when you say that that has been met already what you mean is that you have enough governments that have set a target of achieving the improvement of slum dwellers’ lives by 2020 to add up to 100 million or more?

Mr Taylor: No; I would go further than that, that governments have already achieved the target of 100 million. The latest figures suggest that India and China alone have done enough to improve the lives of their slum dwellers to have met that target without the support of any other governments throughout the world.

Q7 Chairman: I think some of my colleagues might want to explore that in subsequent questions.

Mr Taylor: Sure, but the point I would also make is that the rate of slum formation is much greater than 100 million, so you may have achieved the target as presented but that does not mean to say that in aggregate terms you have reduced the number of slums.

Q8 Chairman: I think we recognise that. Does your colleague wish to add anything?

Mr Mutter: Yes, that is absolutely right. Working on the detail with governments is far more interesting than the broad numbers of the global position. We estimate that it is probably more like a billion slum dwellers, 10 times the target, that would need addressing. An even greater challenge is preventing slum formation. Slums come and go. It is very difficult to measure. You would have to revise your figures daily at least in order to have accurate figures. It is more the kind of approach that governments are taking to low-income housing, very specifically land issues. Slums come about through lack of alternative opportunity. Most of them are there because they are a response by hard-working individuals to be closer to their areas of work. They take whatever opportunities they can in developing a place to live which is convenient for them largely to walk to work. We have got a lot of people in those conditions, but what I would say is that in dealing with the governments of each country there is still a lack of recognition of the scale of the event that needs to be addressed in terms of provision of adequate shelter for these people and it is largely a land issue. Land use planning is not what it used to be, shall we say. The numbers are overtaking whatever governments are doing currently, and that is the reason for slum formation and that is what is not being adequately addressed.

Q9 Mr Hendrick: Clearly, the economic downturn at the moment will have had a big impact and many of the slums have developed, for example, in China from migrant workers who have come from other parts of China to the cities and were probably in a job. Now many of them will find themselves out of a job so they will not only be in slums; they will also be unemployed in slums and many of them will have to go back to the provinces. We are talking about improving the lives of slum dwellers. Is it just about improving where they actually live or raising their incomes and improving their standard of living and work in the cities or whether they are in the provinces which they came from?

Mr Mutter: It is complex. You could take any of those approaches or all of them. Certainly, the normal situation before the downturn was that there was a relentless rise in numbers of people in some way or other, having gained a livelihood position within a city, needing somewhere to live and finding options of where to live difficult. What we would say is that there is a definite link to shelter and housing provision and the inadequacies of housing provision, but, that said, many of the slum dwellers themselves are really looking for just a very modest improvement in their conditions, not a stereotyped new house for everyone but certainly the opportunity to be near areas of work. Yes, areas of work are fluctuating now, as we know, but very often it is just land and the provision of some basic infrastructure that is what they are looking for. The modesty of their shelters is something they are prepared to put up with; their main criterion is the rental cost or the cost of the structure that they can provide for themselves. So long as that is kept low they are happy. If, on the other hand, slums are replaced by relatively up-market housing relative to their existing conditions, they face an even bigger problem of not being able to afford to live in that place, so all of the types of living accommodation need addressing in some form or another.

Q10 John Battle: Could I ask about housing provision and housing finance, and thank you for coming and welcome to what I think is the most neglected part of the UN’s work, which is UN-Habitat’s. I would just say that the report you did on slums, the brown-covered document, was ahead of the game because we are only just waking up to the impact of urbanisation and the point that you made earlier on about how there is an anti-urban bias and a romancing of “rural” by the whole world’s economic thinking, in my view. Very briefly, my
experience of slums was in Korea when the Olympics were on and people were evicted from their houses and they were promised they could have the Olympic village afterwards but they had nowhere to live in the meantime so they parked outside the town hall and moved around the city for nearly five months; I was there with them, and their main demand was, “Where will we live?” I spent some time in São Paulo living under a motorway bridge where our water came from an open sewer, the most dangerous conditions I have ever lived in in my life, and our campaign there was for water. I have also been to Khayelitsha where the biggest campaign was for electricity. Why do I mention them? Because in development we talk about the provision of water, schools and clinics but we do not talk about the provision of houses. I just wonder how much the focus is shifting from housing provision and housing finance. You say in your recent UN-Habitat paper that you are concerned about the lack of donor finance to the housing sector in particular. I do not think it is unique to the developing world or unique to here. We talk about the shortage of council housing in my neighbourhood but we have not got a strategy in place to provide those houses yet, so it is an international problem. About that finance—what is the extent of the crisis for housing finance if there is this financial crisis that Mark referred to and that the Chairman referred to? The situation must be getting worse. People do have to pay some rent and in the meantime we are putting some water in, we are putting some electricity in, we are suggesting that people move somewhere else, but what about addressing the issue of urban development and planning and land use? Is housing becoming a focal part of that discussion yet? 

Mr Mutter: Yes, it is, thank goodness. What is interesting about the current financial crisis is that it is slow to reach developing countries. The government budget provision is just not there. The second point, and this is what Michael was saying, is that there is an international problem. Doubtless, as your colleague mentioned earlier, the impact will be more on the general economy as a result of trade imbalances, et cetera, but for housing finance what we are finding is that there is a huge market that they have not yet tapped into because they are afraid of moving into that particular type of market, and what we are able to do with our work is provide more of the kind of assurance and comfort factors, to put it in the terms that the banks use, which are very similar to the friendly societies’ work in this country 100 years ago. There is an emphasis on membership with savings as a starting point. There is a demonstration not only of good faith in the process by the slum dwellers, but also it is very straightforward to a banker. If they can see regular payments going into a savings scheme they can see that there is an affordability to at least part of the process. I do not pretend it can meet all the financing but it can go a long way, provided that there is other financing coming into the process as well.

Q11 John Battle: And that other financing might include public investment in housing itself. In Britain 18% is private rented and has been since 1850. It is still 18% private rented and the variation between owner-occupation and public renting, whether it is housing association or council in Britain is that it is now 80% private ownership and there is talk about building publicly-provided houses to rent again. Where are we up to in terms of pushing for public investment in housing or do developing countries themselves give priority to public investment in pro-poor housing? We call it social housing for some reason but you can see where I am coming from. I know you said people live in modest conditions, but I am talking about providing more units in the appropriate places, maybe near to work or not, on the forecourt of a town hall, for example, where people may be squatting.

Mr Taylor: I do not think it is the case that we are proposing a greater share from Habitat in terms of good practice. We are not generally speaking pressing for a greater share of public expenditure in the built form, particularly for less developed countries. We would argue that the main priorities are land and infrastructure. It varies a little bit according to climatic conditions, of course, but generally speaking in most countries the built form is less important; it is about access to services and freedom from fear of eviction which are the most important thing for the worst off sectors. I would add two things to this. First of all, in countries that have rapidly growing incomes, such as China, there is an increased capacity to provide the built form, social housing, if you like. That is not an opportunity that is available for the poorer countries. The government budget provision is just not there. The second point, and this is what Michael has been working on particularly, is that there is enormous scope for mobilising domestic finance (private finance we are talking about here) both from slum dwellers themselves but also from the local markets. Michael can give you some figures on that. Generally speaking, we see the role of government as an enabler rather than as a direct provider. There are questions of balance, there are questions of focus, there are contextual questions, but as a general argument that would be the way we would go.

Q12 John Battle: What would you like to see donors doing in supporting housing? I would be shouting at them, “Take housing seriously”, but what would you want from the donors and what would you expect the donors to be focusing on?
Mr Mutter: I would say that there are very good examples, such as the Community-Led Infrastructure Finance Facility, which is through the Cities Alliance and Homeless International in the UK and the Slum Upgrading Facility, and also we have in UN-Habitat our experimental reimbursable seeding operations programme. Each of those is already established. What I think is always difficult for donors, but it is where perhaps they should be concentrating, is looking at the longer term and providing the degree of continuity that some of the existing initiatives have already paved the way for and say, “Okay, now we need 10 years of money for this kind of activity”. For example, our programme does not use money directly in construction. It does not use money directly in each of the countries. What it does do, through what we call local finance facilities, which we set up as hand-holding operations locally where the banks and the government and local government and the slum dwellers can be represented, is rather more the kind of guarantee facilities that we need prime capital for that are then able to assure local operations with the programmes slum dwellers want to pursue and for that to have, as I say, a lifespan of at least 10 years so that the initiatives can gain ground. It takes an extremely long time locally to put a slum upgrading project together. You have to pull in so many different local agencies that time is the most precious resource that they are faced with as a problem, so for donors to be able to give a degree of assurance over a longer period of time would be really useful in these circumstances.

Mr Taylor: Could I take up a point that the Chairman made earlier about why is urban not popular for donors? I think generally speaking it is because it is complicated, there are long lead times and it takes a long time to show results because you have to play with so many factors in order to get a result.

Q13 John Battle: A rural clinic is easy?
Mr Taylor: Yes, whereas the pressure on donors is always to show results—“What have you developed on the ground? What can we see that is tangible?” There is very little patience when you say, “It is a bit difficult, it is a bit complicated, it is not straightforward, there are political factors”, and so on. That is why I think it is fair to say that a lot of donors stay away. You asked me what donors can do. We are finding a lot of difficulty in persuading donors to address our innovative approaches to low income housing finance. We were subjected at our recent governing councils to extensive grilling, if I can put it that way, for even having the temerity to propose that we should be involved in this area. The question was posed, “Is it not rather the role of the international financial institutions to do this sort of work?” We said, “Yes, but they are not doing it. It is just not happening”. The bottom 40% of housing is a sort of no-go area for finance, generally speaking, but we did not adopt the approach, “Then let us ask for money for Habitat to retail into the low income housing sector”. We said, “What we want to do is look at down-marketing of existing financial instruments”, and I think the credit crunch has put paid to one or two of those. For example, we tried to look at securitisation models in Nicaragua with Merrill Lynch. That is off the table now, but there are various other things we can do. The point that I would like to make is that there are excellent examples of good experience which we then need to upscale and donor support for that is always useful through such things as guarantees, but, secondly, we need to innovate in this sector, and there is very little donor support for this.

Mr Mutter: Could I just mention one programme that DFID is bravely embracing, and that is in Bangladesh. UN-Habitat with UNDP and UNDP finance between 2000 and 2007 undertook a programme in 11 towns in Bangladesh and this showed very promising results, in the numbers of families that it addressed and the way in which it was community driven as an outcome. DFID Bangladesh looked at this programme, did a poverty impact assessment of it, liked the results and has boldly committed £60 million to an upscaling of that programme to 30 towns on the same model as developed locally by UN-Habitat and through UNDP support and with the local government engineering department in Bangladesh, a fairly authoritarian group of people, which at least achieved results. The very basis of it is the community development committees that are set up in each case. In the first round there were something like 650 of these local community development committees, and the outcome is very much the infrastructure side of things—pit latrines, water supply, paved roads—that the communities themselves have driven, and there are something like 1,500 community contracts that were let in that first phase. The second phase will upscale this but the real bonus of that kind of approach is that the government could see the effectiveness of the first phase, so that was the innovation phase, as Paul was mentioning, but these then do need the support of donors to take them to the upscaling level.

Q14 Mr Singh: You have just received a record increase in your budget, about 30%. How has that come about? Does that reflect a growing interest among donors in urban poverty and what are your priorities in terms of spending that increase?
Mr Taylor: First of all, let me clarify this increase in the budget of UN-Habitat. We have been seeing biennial on biennial increases in our budget since 2000. Just to give one indicator, for our core budget, which has the voluntary contributions from donors, we have seen a six-fold increase since the year 2000 from a very low base. However, our budget is like 1,500 community contracts that were let in that first phase. The second phase will upscale this but the real bonus of that kind of approach is that the government could see the effectiveness of the first phase, so that was the innovation phase, as Paul was mentioning, but these then do need the support of donors to take them to the upscaling level.
we collect money over and above that we are not allowed to spend it because it is not included in our budget estimations. It is therefore prudent on our part to allow for what we might see as being the best possible scenario, and if we do not achieve that best possible scenario we have prioritised our work programme in such a way that we can downscale or indeed, if the worst comes to the worst, not do particular items. I would say that the vast majority of the money that we get in UN-Habitat is not free money in the sense that we can use it for whatever we like. It is generally speaking earmarked funding. DFID will say, “We like what you do in Bangladesh”, for the sake of argument, “and we will fund that and you can only use it for that”, so although we have prioritised our work programme it does not necessarily follow that donors will respect our priorities. They tend to follow their own individual priorities when they give money. In terms of what we propose to do, we have undergone a major reform exercise within the agency where we have asked ourselves what we think are the tough questions about where we want to be in the future, and we have tried to address the problem that I referred to before which is that everybody wants to say, “Show us your results. What have you done? We do not want to hear about your activities, we do not want to hear about the conferences you have held. We just want to hear about what you have done on the ground”, so what we have tried to do is formulate the things we do in such a way that they can be addressed as tangible outcomes, things which people feel to be useful. The area that we will concentrate on first of all is advocacy to address the issue of the low priority that is given to urban in both government and donor development programmes. The second area we will look at is participatory planning and management for governance, and I would particularly want to mention planning here because this is an area where I think major innovation is taking place. The third area is pro-poor land and housing. We believe that land is one of the critical levers to secure improved housing. The fourth area is environmentally sound basic infrastructure and services—water supply and sanitation and so on, but with an environmental climate change element to that, and we can come back to that later. Fifth is housing finance, and our last focus area is excellence in management. That is our aim, to get more effective and more efficient processes within the agency and to have measurable targets for achieving such. Those will be our priorities over the next biennial work programme period.

Q15 Mr Singh: Are you satisfied with those current budgetary arrangements where you are not quite sure how much you are going to get?  
Mr Taylor: We would like to press for increased flexibility in order to be given more non-earmarked funds so that we can meet the priorities of the work programme as stated by our governing council. Quite often, because we get individual donor priorities that are different from the overall priorities of our governing council, we end up funding things that are lower down our priority list than has been agreed by our working body.

Q16 Mr Singh: And who are the major donors and where does DFID come in?  
Mr Taylor: Our major donors at the moment for our core funding are Norway, Sweden, the Netherlands, Spain. Those are the top-ranking ones. Coming further down the list, number eight is the UK, which gives about £1 million in core funding. It was at one stage, four or five years ago, one of the major donors. I think it was even number one at one point for UN-Habitat, but it has slipped down the list since then. Having said that, in terms of funding for a lot of our activities in the field, the UK is a very important partner. In 2007, for example, in terms of money going directly to Habitat, it gave, if I recall correctly, something like $12 million. This was mainly to support humanitarian operations in which we are engaged in places like Pakistan, Afghanistan, Sudan, Myanmar, those are some of the major places, and on top of that we get money which is not reflected in our budget because it is sourced through other donors. For example, Michael mentioned Bangladesh. That money goes through UNDP before it gets to Habitat and that is not reflected in the contributions we get from DFID. Likewise, some of the money you get for the upgrading facility from DFID is sourced through an entity called the Cities Alliance, and that also is not reflected directly in our budgetary receipts.

Q17 Mr Singh: Is DFID quite reliable in terms of giving you the money it says it will give you?  
Mr Taylor: That is a question you might want to put to DFID. Let me say that we have not received last year’s contribution from DFID. Of course, we hope to receive it very shortly.

Q18 Mr Singh: I hope you do. Are there any specific areas in which you would like to see DFID develop its work with UN-Habitat?  
Mr Taylor: Yes. One of the things I would say is that we think DFID and the UK generally punch below their weight in this particular area. It is a point I was discussing with Michael yesterday. The UK has, particularly in terms of its university base, a massive comparative advantage over other donor governments. It has a large number of institutions that have a worldwide reputation for excellence, yet what we are seeing is that the support they have historically received from the UK Government has been dropping away over recent years. We think there is a lot of scope to use the UK resource base in a more proactive fashion than we are doing at the moment. As for specific areas where we think DFID have expertise, I think the housing area within which Michael principally operates is one area where there is a lot of background, not only from universities but also from NGOs, and it is an area where we would possibly like to do more. Across the board the UK has excellent experience in urban development, virtually without parallel amongst other nations, so over almost the whole range of our work programme...
we can see areas where there could be additional and specific support, not just financial but also support in expertise, from the UK.

Q19 Andrew Stunell: It is interesting you have described DFID as punching below its weight in this area when we are rather used to people telling us that DFID punches above its weight, so I wonder if we could explore that a bit, perhaps by reference to the World Urban Forum, and I think there is a meeting coming along in Rio de Janeiro in March next year. What sort of co-operation are you getting from DFID? Do you think their contribution to that is punching above their weight or below their weight?

Mr Taylor: There has been a series of four World Urban Forums up to now. I think probably the high point of DFID’s presence was at the Vancouver World Urban Forum where I think it was very prominent in terms of making input to the discussions and debates that took place there. At the one in Nanjing I would say the UK was less prominent, particularly from the Government side, in terms of involvement in the debates that took place there. I would argue that the debates that take place at the World Urban Forum are really pivotal in influencing the directions which practitioners—the UN, governments—go in the future in the area of urban development and not to be a part of those debates means that you are some way not involving yourself in what I would say is the quite profound intellectual discourse that takes place there. We do not know what DFID’s involvement will be at the next World Urban Forum, which will be in Rio in March of next year. We obviously look forward to a strong presence there.

Q20 Andrew Stunell: Specifically what do you want them to be contributing in terms of ideas, manpower, person power, whatever? Sending a few extra people on aeroplanes is not a solution but what exactly are you looking for?

Mr Taylor: It is always good to get financial support because it is pretty much a high-wire act sometimes. We always rely on quite a lot of money from the host government; that is a significant criterion for how we select the venue for the World Urban Forum. Typically speaking, we often have difficulties in getting sufficient finance to get people to the World Urban Forum from less developed countries. It is expensive to get people there. I would have to say that the Scandinavians in particular have always proven to be generous in that particular area, but I would say also that the involvement in the discussion that takes place there to put forward positions, to argue for them, to debate with people who disagree with you or have different viewpoints, is really important. The World Urban Forum is not a forum at which we present UN-Habitat propaganda and try to sell it. It is a forum at which we open up a space for everybody to make a contribution and have an opportunity to influence the global context of debate but also specifically what Habitat does in future. Finally, it is the opportunity to make important contacts. What we have seen is that many initiatives have come about and resulted from what people meeting together at the World Urban Forum agree to collaborate on and move on in the future to do practical things about on the ground, and that is something we feel is extremely valuable.

Q21 John Battle: Can I say I welcome that? I think it was at the third one that there was a suggestion that we build for the World Urban Forum at the local level, so there is a series of regional urban forums and we build, like future cities in Britain, on the urban councils and they have workshops in between the years and that is fed through with delegations rather than it just depending on one minister going. Has UN-Habitat been able to take that forward as a process for broadening the forum and building it up from the base?

Mr Taylor: We are a very small agency and, frankly, we could not cope with too many more conferences of that nature even on a regional basis. What we do though is that on a political level we convene regional conferences of ministers who have in their portfolio responsibilities for urban development. We have one for Asia, we have one for Africa, we have one for Latin America, and these make a powerful contribution, but generally speaking those meetings do not have the financing requirements on the scale that we have for the World Urban Forum, which is pretty onerous and in organisational terms is pretty onerous as well. What we do also though is that we are trying to regionalise in the sense that you may have seen in the Habitat *State of the World Cities* report, which tries to set out some of the key issues of the urban agenda. What we are increasingly doing is producing regional forums on that *State of the World Cities* report so that issues specific to, say, Africa or Asia or Latin America are represented in those reports and then we can make certain those issues do not drop off the agenda at the annual World Urban Forum, because the *State of the World Cities* report, the global report, is always released at the World Urban Forum. We are trying to create a situation of connectedness.

Mr Mutter: In relation to your question on what kinds of subjects should the UK and DFID in particular address, I would suggest that housing and finance, especially the commercial finance aspect, would be something that would be really useful to have as a backing for the Rio conference, especially in terms of galvanising the international commercial banks, or, shall we say, the ones that are still surviving by March next year? For example, HSBC has been remarkable in its ability at the local level to invest in providing commercial loans into the kinds of housing schemes that we are promoting, firstly in Sri Lanka but in other parts of the world as well. There is a lot of goodwill backed up there in the finance houses that I think is currently untapped and unheard of by the national governments who may be attending the World Urban Forum.

Q22 Andrew Stunell: That is interesting. We will take that further forward perhaps. Can I turn to the Cities Alliance and “Cities Without Slums” agenda.
Earlier on you said that “slum” was unambiguous and that was one of its advantages, but it is also an unachievable slogan, is it not, to get rid of slums? We have cut away 100 million, we have achieved the target for 2020, but we have still got an extra 400 million people in slums, so are we not chasing our own tails here? What are we actually trying to do and can you have a city without slums?

**Mr Taylor:** Would you like to parse this term “Cities Without Slums” because generally speaking what has happened in the past, particularly but not exclusively in Africa, is to try and play catch-up. What has happened is that the slum population has increased faster than action (if indeed there is any action) to address slum formation. What we would argue is that cities have to get ahead of the game, that what they have to do is make sure that there is sufficient infrastructure services, housing blocks, available to cater for projected increases in low income housing populations. You might say that sounds pretty utopian. It is not. One of the things that really impresses you if you go to China is the way they use their planning process to think ahead of the formation of slums and other kinds of urban development, and that is not only in terms of physically making land available but also linking the planned allocation of land with investment in services and budgeting for that investment in services. In our view “Cities Without Slums” does not mean eradication; I do not think anybody seriously thinks we are proposing that, nor does it necessarily mean that within a short timescale we can get rid of all the slums in the world, rather that we get governments, local authorities and other players to start thinking about the ways in which they can proactively plan for their low income housing populations to try and make certain that you are not the victim of circumstances but rather that you are ahead of the game.

**Q23 Andrew Stunell:** Can I just bring us back to the discussion before? If the target to get rid of slums is in the hands of national governments the obvious way of getting rid of slums is to send some bulldozers in. The less obvious and far more expensive way is to put in infrastructure on plots of land so that the next wave of people will have un-slum-like conditions to move onto.

**Mr Taylor:** Correct.

**Q24 Andrew Stunell:** There is a major disincentive for a national government to go down the second route, particularly if in any case its main policy aim in this respect is to retain its population in the rural areas. If it makes it really comfortable to flock to the big cities it will actually accelerate something that it sees as being a problem. That brings back this rural fashionable/urban unfashionable discussion which we did not quite get to before. Do you have a view about whether urbanisation is collectively a good thing or is it something which national governments are right to be working to resist? Should national governments be focusing on carrots or sticks to solve the slum problem?

**Mr Taylor:** You have set a lot of hares running there.

**Q25 Andrew Stunell:** I am a novice.

**Mr Taylor:** Let us see if we can track a few of them down. We are unambiguous that urbanisation is a good thing. What we see is that urbanisation has always been the motor of national development. We do not see any good examples of models which are rurally based. Secondly, it is inevitable. You talked about using forced evictions to send people back to the countryside, just supposing morally and ethically you could bite on that particular bullet. It does not work. We can take some obvious examples. There is the famous case in Zimbabwe, for example, where 800,000 low income residents had their houses bulldozed in precisely the fashion which you describe and many of them were trucked back to the rural areas. They are now back in the urban areas. This is what happens. You have in Tanzania the famous example in the 1970s of village-isation policies, perhaps a lot more humane than was undertaken in Zimbabwe but also some of it had a bit of a prod behind it as well. That completely ended in failure. Even the worst-performing cities, and you can pick whichever city you care to name, and I am talking here particularly about primate cities, the
large cities; but we can create even better arguments for intermediate cities, even some of the most difficult and dysfunctional cities contribute a higher share of gross domestic product per capita than do rural areas. Let us take Lagos, an extremely difficult city. It contains about one eighth of the population of Nigeria. It produces about 60% of GDP. You can find countless examples like that from around the world, so we would regard urbanisation as both inevitable and desirable. The trick is to make certain that the form of urbanisation you get is as successful as it can be. There can be many dysfunctionalities, there can be many people who are excluded from the development process in cities, either by accident or design, in most cases a combination of both, who cannot contribute as fully to city life as they otherwise could because there is a philosophy around if you have a world-class city that the poor have no place in it, that they should be hidden away, they should be excluded, that indeed, if I were to exaggerate somewhat but not much, that exclusion is a price worth paying for economic development. Our research, as you will see in the latest *State of the World Cities* report, shows quite conclusively that cities that have higher degrees of equality are also amongst those that are more economically efficient, so (a) cities, even if badly run, make a disproportionate contribution to the share of national income, and (b) they can do even better if they are equitable and well run and then they can do a lot better than those that are left to their own devices. Yes, we are unambiguous about it. I will make one final point here, if I am not going on too long: it is very difficult to get statistics on forced evictions. Anticipating a question on that I had a bit of a root around with our people in Nairobi on this and they said it is very difficult to get numbers. In the last period on which we are able to get some sort of numbers—the period 2000–02—there were something like something over six million forced evictions around the world, as best we could tell. In the preceding two year period there were about four million forced evictions. These are very, very spongy figures but they are the best we could get. On our not-evidence-based assertion, but in terms of our witnessing of forced eviction events around the world, we would say that forced evictions are increasing and often used as a sort of alternative method of town planning. Often, low-income populations, in order to have access to employment opportunities, are located on extremely valuable areas of land close to the centres of town. These areas are often coveted by real estate developers who will then get into league with government and arrange for those residents to be evicted, often under the harshest possible circumstances. So we argue very strongly against forced evictions. We are not saying that evictions can never be done; often for very good public purposes you have to displace people, but it should be done with due process and there are international standards which prescribe what the due processes are. Unfortunately, at the moment, we see many cases where forced evictions are on the increase.

**Mr Mutter:** Could I just add a little bit about the processes of urbanisation and, also, population expansion? Most countries that urbanised some time ago display higher GDP per capita levels, and with that rise in affluence there is a tailing off of family size, generally speaking. So there is a pattern that you could say is the good side of urbanisation, which is that given good investments in the urban structure people tend to have a higher income level, GDP per capita. The UK, for example, with 90% urban living, is an example, but it is true that most developed countries are extremely urban by comparison to poor countries. So there is a growth in per capita income levels with structured urbanisation, and there is a tailing off of growth of population as a whole, as a result of that. That is the model we are trying to encourage. I might just cite the case of Singapore. I know people did not have an option to go and live in the countryside because there was not any, but they structured their investments in the standards of urban development in a very proactive way. I know it seems, maybe, difficult to remember, but in the 1950s Singapore was riven with slums and the government took a very bold step. They tried various models but the model they came down to was to say, okay, the private sector should build all the new housing but the government would pay the 40% deposit on anyone relocating from the slum to a high-rise apartment block. People were very sceptical that this could ever work; people said they did not want to live in the air and they preferred their little shack with their boat and all the rest of it, but in the end people complained if they were not given an opportunity. That model has, by and large, worked and it is private sector-driven, but with a very decent slug of government money going in, but into the model of private development housing but for the lowest income groups.

**Mr Taylor:** I think, on the point of urbanisation, we would tend to argue that there is quite a clear mathematical relationship between the rate of urbanisation and GDP. In terms of examples, we would cite the fact that China, once again, embraced urbanisation very early, and we can see a clear relationship between economic growth in China and the rate of urbanisation. Those countries that are in urbanisation denial tend to perform the worst in terms of economic growth.

**Q27 Chairman:** You have made that point a number of times, and Mark Hendrick has asked you the population questions. When you put the two together, you have got people living in urban “slums” but they are also multiplying. Michael said that as living standards rise family size tends to get smaller but your own figures suggest that the growth of urban slums is going to be natural generation within those slums. What is your policy on trying to manage that?

**Mr Taylor:** First of all, I would say, in overall terms, the rate of urbanisation is slowing globally. It is still happening and the only area of the world where you are seeing rates of urbanisation decreasing, I think, are in Western Europe. The rate of increase is slowing down. I think the second point we would say
is that what you, essentially, have to do, as we have been arguing already, is to release a variety of resources into the housing market which, at the moment, are not being fully exploited. Michael has talked about the availability of domestic finance. We find that in many countries there are surprising amounts of domestic finance looking for a home (Michael can probably give you better information on that), even in relatively poor countries. Secondly, we find that there are enormous opportunities for generating funding from savings of slum dwellers themselves, and there are many well-documented examples of this, where slum dwellers put away small amounts of money on a periodic basis and this proves enough—and they do it through savings organisations which are run by themselves—to generate capital for investment in housing. So, yes, you are seeing increasing population but we also believe that there are under-utilised resources which can be unlocked through innovative schemes of housing finance. So we do not believe that it is, by any means, a hopeless situation.

Q28 Chairman: You do not have a population policy; to some extent you think it will take care of itself?

Mr Mutter: There are a whole range of reasons for urbanisation taking place. As towns expand they engulf villages that are around them, and those people become part of the urban scheme. Nairobi Metropolitan, for example, which has just been announced, will engulf fair-sized towns in a radius of about 50 to 80 kilometres from the current centre. So that will become a new city of 10, 15 or 20 million people in due course. Hopefully, it will be properly planned, the housing areas will be earmarked and investment will be made in those kinds of provisions and there will not be an expansion of the slum areas. However, even in rural areas, as happened in Europe and the UK in particular, villages grow until they take on urban characteristics. So, without moving, people become more urban than they were previously. Villages of 5,000 people, for example, become urban centres with the provision of schools and things like that. Just a quick word on reasons for people moving. Education has been a huge driver for rural people to gain access to education for their children. They may be uneducated themselves. We saw this very distinctly in South Africa. Eastern Cape was a predominantly rural region where, by the time the school was due to be brought to a rural population the village had already gone; they had gone to Cape Town; they had gone to Khayelitsha to find education opportunities, which they could only find by moving to an urban area. I would say there is a cut-off point below which you cannot provide the kind of provision urban areas offer in rural areas. They can be made better but only up to a certain extent. Eventually, the natural tendency of the human population throughout the world is to urbanise.

Q29 Andrew Stunell: You have opened up an aspect of this which I was not fully familiar with at all. Are you saying that the majority of developing countries' governments are pro-urbanisation? I get a very different picture. I just wondered whether there is not actually a major policy gap between what you are trying to achieve at an international level, facilitating national governments carrying out a policy which actually they completely and fundamentally disagree with. Is there not a rather significant disconnect there?

Mr Taylor: I think it is a reasonable comment that you are making, but I think the situation is changing. At the beginning of my time in UN-Habitat, the argument of many developing country governments was: “Urbanisation—bad; rural—good; people staying in rural areas, our policies ought to be to keep them there”. Now that is still heard but it is not heard quite so commonly, I would say. We have it as our mandate from our governing council to actually promote the cause of urbanisation. Nobody at our governing council, which also includes developing countries, says: “No, you should not be doing this”. What we are saying is that unless you address the urban problems that are being faced at the moment there are greater problems in store in the future, in terms of social consequence, social unrest, urban violence, in terms of increased forced migration, in terms of conflict over land and in terms of increased numbers of deaths from natural catastrophes. So there are things that are in the pipeline. I think governments now are less in denial than they were. I think that is, in part, a consequence of the arguments that have been presented by UN-Habitat over the years.

Q30 John Battle: I want to follow up the Chairman’s question and put it another way. I am passionate about urbanisation—I am an urban-addict—and I love the city of Leeds, where I live, but are there structural limits to mega-cities? Why I ask that is that I can see that if a city extends—in the 1500s Hounslow was a village miles away and it is now part of the conglomeration of a huge urban area. If you get people coming in informally to a city centre—let us call it that—and so you have mega-cities of more than one million people, which my own city is now, do you have structural limits, particularly in relation to, say, water and transport? What I found was the sewage system will not sustain that number of people and, also, people cannot get in and out because the roads and transport systems get clogged up. When the place where I was staying was cleared out and we were given land at the far end of Sao Paulo, it took three-and-a-half hours by bus to get back into the place of work in the morning and back out at night, and men and women never saw their children in daylight. So are there structural limits to a city, and are you tackling that issue?

Mr Taylor: Yes, what we are seeing is that there are natural limits to growth of mega-cities. In fact, we tend to see too much concentration in international comment on mega-cities. In fact, 50% of the worlds’ urban population lives in urban centres of 500,000 people or less (if I recall my statistics correctly), and it is around about 10% that live in mega-cities. So we can get the issue of mega-cities out of proportion. The second thing is that we are seeing that there are
natural limits to growth, particularly in badly planned and badly integrated mega-cities, which is leading some of those mega-cities—even some of the most famous ones—to actually lose population to intermediate-sized cities; places like Mexico City, La Paz and Manila. They are experiencing this. What we would say is that any sensible government would put as much emphasis on the development of its intermediate cities as it would on its mega-cities and, also, to meet the objectives which Mr Stunell referred to, in terms of improving the living conditions of the rural population. Cities—and we use the American term “cities” but that refers to all human settlements—exist in order to provide services not only for the residents of those cities themselves but, also, of their surrounding hinterlands. Certain facilities, as Michael was hinting at, can only be provided when there are certain densities of populations and certain economies of scale—higher order facilities, such as tertiary education facilities and higher order medical facilities and so on. If you have a properly developed settlement strategy you can more easily provide these higher order services to rural populations if you can get some reasonable sized settlements developed with reasonable access to rural populations. So we should not overly concentrate on mega-cities. I would also say, in terms of what is actually happening in the cities, probably one of the more significant developments over the last 10 or 15 years has not been the mega-city but the city region. This applies to both developed and to developing countries. Typically, for example, now we would refer to almost the entire south-east of England as a city region that needs to be looked at in an integrated kind of way. The Pearl River Delta that you see in China, the North Eastern Seaboard of the US and the Rand area of South Africa. This is a development that you get in more mature stages of urbanisation. In Africa, for example, where urbanisation is still in its first throes—you are seeing the mega-city phenomenon—but the next stage will be the city region. What we are seeing now is that governments, realising, first of all, the economic powerhouse effects of these city regions but, also, some of the inefficiencies that are associated with bad planning for infrastructure, such as you have just mentioned, are also getting more and more involved in decision making at that kind of level. If we were crystal ball gazing for the future, I think one of the outcomes of the recent credit crisis has been that we might well see a change from the formal, Washington consensus, which is all about shrinking government, to expanding the role of government, and we would anticipate that you will have increasing government involvement and interest in these enormous conglomerations or city regions for developing in various places.

Q31 John Battle: In fact, just this weekend in Leeds, in my city, the Government here in the last Budget a couple of weeks ago declared Leeds the city region for the whole of West Yorkshire. The theme is catching alight, if we cross-reference north and south. Can I ask you about water? In a sense, with electricity, you can throw a wire over a cable that is there already and “steal” electricity to get electric, but in terms of water you really have a problem with water and sanitation. You set up a fund. I think, the Water and Sanitation Trust Fund. How is it working out? What is it doing? Surely, land right rows—if you put the water in, authorities, civic or government, resent you sorting the water out because that makes settlements permanent. How are you managing that fund?

Mr Taylor: First of all, we are trying to use the money that we receive, which is relatively modest (I think we have received something like $10 million into the fund so far) to work with international finance institutions, such as, in Africa, the African Development Bank and, in Asia, the Asian Development Bank, to leverage additional funds. So from that $10 million, I think, at the last count, we had leveraged something like around $1 billion for further investment. What we use our money to do is to try and improve the efficiency and effectiveness of the investment financing provided by the international finance institutions by doing a lot of the pre-investment work, by the involvement of communities in the designing of schemes, in terms of capacity building of some of the key players, particularly in water and sanitation utilities, through training and other measures, and also involving communities in the implementation of the schemes as well. We find all these measures taken together can give you overall a better result. Furthermore, what we are doing also is one of the problems we mentioned previously is when you do projects they often tend to remain as projects; that there are boundaries round them and when the project financing is finished it is back to business as usual. So what we have tried to do is in our water and sanitation programme is go for regional approaches which involve a number of cities and go across national borders. For example, we have one big programme that is around the Lake Victoria region in East Africa (I forget how many cities it involves now—15 or 20) and we have another one in the Mekong area, which involves Thailand and Laos. What we are trying to do is ensure that whatever resources that we get in for water and sanitation do not go into direct provision, but we try and use that money to deliver increased efficiency and effectiveness of the totality of funds that we can make available for any area, and sustainability of the overall investment.

Q32 Mr Hendrick: 70% of people living without improved sanitation and 80% of people living without improved water live in rural areas. DFID is focusing much of its efforts in those rural areas to improve sanitation and water. Given the rate of urbanisation, do you think DFID should shift its priorities?

Mr Mutter: No, would be the immediate answer because three billion people without access to sanitation is just incredible—that we can live in a world with that degree of deprivation. So it needs everything. I think there is still a good case to be made for the provision of water and sanitation measures in rural areas. Very often this, however,
does relate to government strategies, in particular, especially with the Water and Sanitation Trust Fund we have set up. The power of convening, as Paul was saying, beyond national boundaries with different governments coming together around, for example, Lake Victoria, where there is a large rural population, is very important in getting the strategy right that then does provide for both the urban and the rural groups together. One of the things that we have been able to do with the Water and Sanitation Trust Fund is provide a centre for the global water operators’ partnership. This was seen to be something that had never been put together before, and water operators or utility companies that do make these provisions do so opportunistically to where there is the greatest return. To get them to then provide or broaden their scope so that they provide also for the less well developed parts of the geographical spread is very important indeed. Again, if you like, it is the value-added of having a UN department that is able to bring these various disparate groups together.

Mr Taylor: Can I make another point here? Often provision of water supplies and sanitation services in rural areas is justified on the basis of delivering services to the poorest of the poor. There is a lot of evidence to suggest that the conditions of slum dwellers in cities is much worse than the conditions of rural dwellers.

Mr Mutter: Especially for sanitation.

Mr Taylor: Particularly for sanitation but, also, if you look at the morbidity and mortality statistics. It varies from city to city, of course, but particularly but not exclusively in Africa quite a clear picture is emerging, that the situation in the slums is often—not always—much worse than in rural areas.

Q33 Andrew Stunell: Part of your mandate is to do with planning and land tenure. I wonder if you could just report back to us on how the UN Housing Rights programme is proceeding and whether you could actually say it was producing any results.

Mr Taylor: Yes, we are working on the Housing Rights programme in combination with the High Commissioner on Human Rights. We find that the rights approach is one that is very good for advocacy; it allows you to make a case for doing something. This is part of the whole process of trying to increase the footprint of urban. Having said that, we do not believe that on its own it is sufficient. The danger always is that debates about rights also tend to disconnect from the other things that you should be doing in order to achieve practical improvement. In our view, rights is good but it is very important to connect with policies with regard to slum upgrading, with regard to investments in infrastructure, and with regard to land rights, and so on and so forth. So, yes, this is an important part of our armoury but it is not the most important part, by any means.

Q34 Andrew Stunell: I guess that in most slums, even informal slums, the majority of people are actually tenants rather than landlords, if I can put it that way; they are paying to be there rather than owning land. I think you began to point to the fact that this is not quite the panacea solution—give everybody a square yard or two to put their shack on. What do you see as the balance of the land tenure argument against the other things which need to be done?

Mr Taylor: We see land tenure as being extremely important. Indeed, it is the fear of eviction which probably is the strongest disincentive to investment in the improvement of shelter. There are a lot of arguments, principally put around by people like Hernando de Soto who argue that formal titling, as has been done in the West, is the solution to many problems; that if you get formal title you can release capital that can be used for other purposes. We believe titling, yes, is important, it can do what he says, but whether it is the appropriate solution, particularly for developing countries, we would tend to say that it is better that you have a range of solutions. We tend to find that titling is too cumbersome, too expensive and, frankly, not practicable in many countries, given the numbers of people who are living in slums. We would argue that, in fact, there is a continuum of land rights that need to be addressed, but at the most basic level it is a perception by residents of slum areas that they have security of tenure. That, even of itself, is one of the most important levers you can get for slum dwellers themselves to invest in the improvement of their own conditions.

Q35 Andrew Stunell: Could you give any hands-on, practical example of where you can see an improvement having been made in the tenure situation which has led to that increased sense of security? You have asserted it as a theoretical point, but is there a practical example?

Mr Mutter: Yes, the City of Solo in Indonesia has a very dynamic mayor and he set about a very specific programme, which is government promoted but, often, not implemented, of ensuring that in the pockets of slum areas that have been identified for improvement the land titling is the driver. In that particular set of circumstances it does release commercial loans from the local banks. It is an interesting case of a particular city having a political will from the leadership to ensure that this is carried out. Unfortunately, in many cases, there are so many vested interests entwined with politics that it becomes defeated. What is interesting about this city is that the next meeting of the Asian Ministers of Urban Development and Housing will be held there in July next year, so they will have a first-class example on their doorstep of being able to see how the effects of land titling have led to improved conditions.

Q36 Mr Singh: What is the Slum Upgrading Facility? What does it do? What problems are you experiencing? What successes have you had?

Mr Mutter: This came about from a lot of ideas that had been put together from the year 2000, but it was not until the 19th session of the Governing Council of UN-Habitat in 2003 that the idea was formalised and it was not until 2004—and largely with DFID’s foresight to put money up front for this Slum Upgrading Facility—that it could get off the ground.
The very basic idea is that through proper planning and technical assistance and through, ultimately, the availability of a guarantee system at the local level that the commercial banks will be attracted into slum upgrading projects that are put together, largely, by the slum dwellers. In these cases, slum dwellers become not beneficiaries, as a terminology, but clients, because they are the ones who will be making the repayments on the commercial loans. So this whole notion turns round the idea of someone waiting for someone else to come along with a dollop of money to improve their life; this is a real enabling process for those slum dwellers, and they respond very well. The other interesting aspect of that market segment, shall we say, is that they are very much better at repayments than their middle income counterparts who tend to have a default rate that is much higher. It is very similar to the kind of experience that the world has witnessed with microfinance, and the way in which the peer group ensures that the major repayment is made regularly and on time, and if there is a problem with a member of the group that problem is resolved at the group level before it becomes a problem with the financial institution or the bank at a formal level. Savings, also, provide that very initial stimulus at the local level. However, as a facility (and we are only coming towards the end of our first three-year pilot programme in four countries: Indonesia, Sri Lanka, Tanzania and Ghana), we are beginning to see the commercial banks participating. They do it, very largely, when they are involved in the process at the local level. So in order to facilitate the process locally we have developed a methodology of what we call local finance facilities, multi-stakeholder groups in a not-for-profit company, where everyone can be involved. You may ask about the longer-term sustainability of such groups, and where we have had these established at an early stage, after a number of years governments are dedicating national budget lines (for example, in the case of Sri Lanka the Government of Sri Lanka has dedicated a national budget line to permanently sustain this local finance facility there). It is then able to pick up the pockets of slums in cities like Colombo, but across Sri Lanka, and, hopefully, also, in due course, in the North where there are going to be a lot of displaced people needing access to reconstruction activity. What we find is because the expertise is contained locally and is stimulated locally they become a problem-solving institution in their own right. If you have got a land problem it is more likely to be solved by this finance facility. The banks are happy to be involved from the very beginning in these processes and we are absolutely amazed by the speed with which both the slum dwellers and the commercial banks and government are able to come together and see the value of this kind of local facility.

Q37 Mr Singh: Have you come across any obstacles?  
Mr Mutter: There is an obstacle to expansion through not having the longer-term finance available, and that is what I would still stress; to have a 10-year window of funding would enable it to expand before the guarantees that are placed are absolved. There is a need for five-to 10-year money as capitalisation of that process. We have started, and it is looking good. The only other obstacle that takes time is the land issue, but with persistence over the period of time, even the land issues can be resolved.

Q38 Mr Singh: Do you have any plans to generalise this model when the pilots come to an end?  
Mr Mutter: As I say, we are coming towards the end of the third year—by the end of this year will be the end of the third year of the experiment. We have had a mid-term review that is encouraging, and the group that oversees this process have said they would like to see another two years carry on of the pilot—another three year period. We have not got the funding secured for even that period yet, but there is optimism in the process. I think, when we have been able to evaluate all of the different characteristics of different countries, there will be an opportunity to say, okay, this now needs expanding with the 100 million—

Q39 Chairman: How many people were covered by the four pilot schemes?  
Mr Mutter: For example, one of the pilot schemes is the whole of Sri Lanka. Of the individual projects, there are six individual projects within Sri Lanka being covered, and that is covering about 6,000 people all together. That is typical in each of the four countries. The requirement, especially if it is going to keep pace with preventing slum formation, is going to be quite large, but the commercial banks do see this as a market system that they ought to be into and the reflection of that is in what we call the gearing ratio. In other words, for a given guarantee, how much more money is the commercial bank willing to put in? At the moment, it is 2:1 in Sri Lanka, in one case, it is 4:1 in Tanzania, but we would like to see 10:1 being the norm going forward. It will only come about with the banks being able to see that this is a workable process and gaining confidence that there will not be massive defaults in the process.

Q40 Mr Singh: You said earlier that DFID had been helpful in putting money up front. Has DFID continued to have an involvement with this facility?  
Mr Mutter: Yes, absolutely. They are a member of the overseeing board of the process. We have just recently had one of the board meetings in Nairobi and we will have the next one in Tanzania. DFID want to stay involved, but they gave 50% of the overall funding, $10 million, right up front and have naturally been impatient to see the results coming in. It has taken longer than was originally anticipated. Nevertheless, there will be, I think, good results to show, and an opportunity to continue investing in the process, let us say, in the next two years.  
Mr Singh: Thank you.

Q41 Chairman: The World Bank has increased its commitment towards urban poverty reduction—I think the figure they are identifying is $10.3 billion—
but you have also said that the World Bank, for example, was not being particularly forthcoming in helping deal with social deprivation, housing and innovative forms of funding and addressing that issue. How closely are you able to work with the World Bank to, perhaps, help shape the way they approach that? Do the Poverty Reduction Strategy Papers (PRSPs) give enough focus? You are shaking your head already! Perhaps I can put the question the other way round: what do you think the World Bank should be doing, or you would like them to be doing?

Mr Taylor: Let us take the PRSPs, first of all, or the Country Assistance Strategies. I think we know of only one Country Assistance Strategy of the World Bank where urban is treated as a significant sector, and that is Vietnam. I am not aware of any other. So there is obviously a big gap there. This is also true for the UN sponsored processes—the UNDAFs\(^1\)—as well. The way we have chosen to address this in UN-Habitat, under our own medium-term strategic and investment plan, is to start a process of development of what we call Habitat Programme Country Documents, which we develop with the governments together with other stakeholders in the country, to actually develop a programme to deal with urban issues, and then to talk to some of the key players, particularly on the UN side but, also, from other players like the World Bank and the EC, which is also quite a powerful player in many countries, to give an evidence base on which to give increasing attention to urban. In terms of relationships with the World Bank in general, these have gone up and down over the years. In round about 2000 we came together on a joint venture basis to establish something called the Cities Alliance, where we would trade off the comparative advantages of UN-Habitat and the World Bank to try and make more of an impact; Habitat particularly to do a lot of the pre-investment work, World Bank to provide the finance facilities. That has worked to some degree and we are continuing to collaborate, but it has now become much more of a multi-donor group than UN-Habitat and the World Bank. We have had recent discussions with the World Bank over its own new development strategy, and I have to say that it was a very good discussion. What we are seeing now is that many policies are in the mix; there is much more uncertainty about urban policies than in the past—what are some of the key levers—and this is reflected in the World Bank’s last World Development Report, which dealt with urban. We are collaborating with the World Bank in terms of the further elaboration of its urban strategy, and using that opportunity to look at opportunities for increased collaboration. We have identified five countries, so far, in which we would like increased collaboration (if I remember correctly: Kenya, Philippines, Burkina Faso—I cannot remember the other couple), where we would drive this collaboration in conjunction with the Bank’s new urban approach. However, by the same token, in terms of trying to up our game, as UN-Habitat, we are embarking on a peer review process whereby we ask our partners what they think of us, and the World Bank is very keen to get involved in that, to do some critical and, hopefully, constructive comments on what we do and the way we do it. Also, the World Bank, in our latest discussions, has been very eager to become involved in a new initiative of UN-Habitat called “The World Urban Campaign”. This is a campaign to promote sustainable urbanisation, which addresses environmental issues, equality issues and financing issues.

Q42 Chairman: In all those areas the World Bank ought to be a significant partner.

Mr Taylor: That is right, yes, and to advance the sorts of arguments that we have been putting forward to you today, because the World Bank, like ourselves, feel that urban, in terms of its potential contribution to sustainable economic development, is not really punching its weight.

Q43 Chairman: My final follow-up question is the sustainable point, on two counts: first of all, these expanding cities, if they are not expanding in any kind of organised way, will be contributing to the problems of unsustainability, over-use of water and emissions. The first point is how you ensure that development of these cities is done in ways that are sustainable rather than adding to the emissions. Secondly, an awful lot of them are in vulnerable coastal locations, which could therefore mean that they are under threat. Are you working with the UN Framework on Climate Change to try and put those things together?

Mr Taylor: Yes, we are; we are working very closely. In fact, there is going to be a special working group session on urbanisation. There is quite a debate on whether we see cities as culprits or cities as areas of opportunity.

Q44 Chairman: The point we were making in our sustainable development inquiry is that you partner developing countries to ensure not that they are blamed but that any development they do is, wherever possible, using the most up-to-date sustainable technology rather than saying: “Do whatever you want and we will sort it out later”.

Mr Taylor: Absolutely right. We see already that the various city forms have an incredibly powerful impact on emissions. American cities, for example, emit per capita something like four times the emissions that European cities do. This is energy related and transport related, and it has a lot to do with urban form and density, and so on. So there are lots of things that you can do in that area. There are technology fixes as well. We would tend to say that as a crude generalisation, developed countries should particularly address mitigation issues—that is reducing greenhouse gas emissions—and developing countries should focus on adaptation—that is, to meet the results of climate change. The results of climate change are already with us. I do not know whether you have received evidence on this so far, but the frequency of natural disasters, for example, is increasing dramatically, and particularly

\(^1\) UN Development Assistance Framework
those coastal cities that you mentioned, particularly in Asia, are very much on the receiving end of those natural disasters. I think the particular challenge we face at the moment is to make certain that whatever we do in the way of addressing climate change also addresses poverty issues as well. Things could be done in such a way whereby those who are the most vulnerable could actually be left out if processes go as they have done in many cities in the past, where the poor, frankly, tend to get neglected, and generally speaking it is the poor who are living in locations which are the most vulnerable to the impacts of climate change-related events.

**Q45 Chairman:** Thank you very much indeed. I think it has been a fascinating discussion. It is interesting that if one just thinks about the general focus on development, all the images people tend to have in mind are rural yet, in reality, the poverty is predominantly in urban areas. It does suggest we have got a mismatch, even in just thinking about it. Certainly, when you look at a lot of the NGOs and charities, a high proportion of them are doing rural projects where they could be doing urban projects. I think it is a very interesting for us to explore this, and we are looking at some aspects of it in our visit to Nigeria next month as well. Thank you very much indeed; I think it is fascinating to hear what you are engaged in and all the sort of various parameters that have sprayed off in different directions. Thanks a lot for coming and giving us evidence.

**Mr Taylor:** Thank you very much for the opportunity, and we very much enjoyed it as well.

**Mr Mutter:** Thank you.
Tuesday 2 June 2009

Members present
Malcolm Bruce, in the Chair
Hugh Bayley
Richard Burden
Mr Virendra Sharma
Mr Marsha Singh
Andrew Stunell

Witnesses: Mr Andy Rutherford, Head of International Partnerships, One World Action Group, Mr Gordon McGranahan, Head, Human Settlements Group, International Institute for Environment and Development (IIED), and Ms Louise Meincke, Advocacy Manager, Consortium for Street Children, gave evidence.

Q46 Chairman: Thank you very much. Good morning. I wonder for the record if you would introduce yourselves.

Ms Meincke: I am Louise. I work for the Consortium for Street Children as the Advocacy Manager. We are a network of about 57 UK-based NGOs working with street children worldwide, who work mainly through local partners on the ground in about 100 countries. We are mainly set up to advocate and promote the rights of street children worldwide. We work with and lobby DFID and also international organisations like UNICEF.

Mr Rutherford: My name is Andy Rutherford. I am the Head of International Partnerships at One World Action. We are a UK-based agency, we work with partner organisations in about 18 countries across Asia and Africa and Latin America, and we have a strong focus on strengthening women's political participation and also promoting local participation in local decision-making.

Mr McGranahan: My name is Gordon McGranahan. I am Head of the Human Settlements Group at the International Institute for Environment and Development. We have been working on urban poverty and environment issues for, I guess, over 30 years now. Mostly it is research with partners on the ground. In recent years also we have been involved in funding a grants programme looking particularly at urban poverty, housing and water and sanitation in Africa and Latin America.

Q47 Chairman: Thank you all three for those introductions. You will appreciate that we are looking at urbanisation in a situation where, however you define it, it would appear the majority of people are living in towns and cities and clearly that is where a lot of the poverty and problems are concentrated. In one sense the argument is that urbanisation is an indication of success. It promotes growth. It is a sign of people living together in economic benefit, but on the other hand there are an awful lot of poor people living in slums in poor conditions. So do you have a view on why slums continue to have such basically poor facilities, poor infrastructure, and to what extent do you think the fact that poor people do not have any control over their property rights and they do not have property rights contributes to that problem?

Mr Rutherford: One of the fundamental problems is legal access to land. One of the countries which was a focus of our submission is Angola and the Luanda

Q48 Chairman: Is it fundamentally a failure of government, either local or national government? We have seen, for example, CLIFF1, which DFID fund, using their infrastructure finance facility, which claims to have had success in securing tenure, that it is your right to be there and there is a right to

1 Community-Led Infrastructure Finance Facility
get some kind of investment in basic services. How adequate a response is that, how successful is it, or is the problem fundamentally that it is a matter for the governments to take responsibility?

**Mr McGranahan:** It relates back to your first question—there are very bad conditions in a lot of these slums and you have urban growth at the same time, which in some sense is just a reflection of national poverty, and you have issues to do with land rights. I would say that is more on the symptom side. It is a symptom that has to be dealt with and it helps to deal with it directly as well. It comes out a little bit in the evidence that you have been given already but I would say what does not come out strongly enough is the issue of, for political reasons, a lack of planning for increasing populations and urban poor groups with a focus on a desire not to have more migrants come in and a fear that if you fix up these settlements you just then attract more people and conditions are going to get worse. There is a kernel of truth in it but not all that much, and, in terms of the politics of it, it is an issue that needs to be dealt with locally but it is not just a local issue; it also becomes a national issue because you need that balance between urban and rural development, and then it becomes an international issue because to some extent donor agencies have reinforced a tendency to see urban areas as standards of growth and have not put enough emphasis on dealing with poverty in the urban context.

**Ms Meincke:** From a street children point of view the city will always be a magnet. A lot of children migrating to cities to make a living will end up on the street. There are also issues to do with the fact that children living with their families in slums because of poverty will have to work; the family will send them out to work. Often street children are overlooked and when you are talking about urban poverty and the solutions in other evidence that has been given they do not mention children within these urban areas. You mentioned participatory involvement as well. If you are going to be dealing with improving the lives of slum dwellers you have to take into account children, especially the most vulnerable children, street children. In Tanzania, where we had a participatory approach, we carried out a needs assessment in a slum and involved the local government as well. They were part of finding out what the solutions to the problems were. A large part of that was building schools and providing education but it just shows that if you want to deal with the issue of urban slums you have got to look at vulnerable children as well.

**Mr Rutherford:** It is all about transitions. As a summary, in Angola, in Luanda, you had Portuguese Luanda which governed the concrete city and it was not interested in anything else. Basically, they would decide, and it became the area where the slums developed, and with the migration of four million people to the capital area during the war people developed what were called informal agreements to be able to stay in one place, so there was some form of tenure which was paid for. There was a whole series of certificates and people felt they had some control and access over the space they were living on due to that payment and that certificate. These layers of tenure, and the dislocation of that informal legal process is not uncommon, so the question is, if you are trying to develop better security for citizens, for households but also for business, you have to move towards a more encompassing legal basis for tenure. However, how you get there cannot ignore the current situation, and many transition processes ignore that, and so you have to do the whole GIS process of physically mapping with workmen from the Luanda City Council where people are living and setting against that the type of entitlement to the land they are living on that they believe they have, and on that basis developing a whole series of local regulations which enable some form of transition process to acceptable tenure. The devil is in the detail, but ignoring the detail can lead to an enormous amount of conflict.

Q49 Chairman: But essentially it is a responsibility ultimately of the government and the local government to facilitate?

**Mr Rutherford:** Yes.

Q50 Andrew Stunell: I wonder if I could take you on from that. Poor people living in slums are not a homogenous group. Perhaps we could just explore that. The evidence that you have put in makes the point that social exclusion is a major factor. What would you say are the key groups that are susceptible to that social exclusion?

**Mr Rutherford:** That is a good one. There are two levels of definition, first of all, people’s own definition of exclusion, so developing surveys of how people feel excluded from their own urban environments. A number of surveys have done that and done it very well. That is the first part. Then there are the benchmarks, the MDGs, and government expectations of what a citizen should be experiencing, so you can map both. We have done this in Luanda. You can map, again through GIS, where people have access to water, where people have access to education, where people have access to basic services. You can then go down and study who the excluded groups are. That is through age, disability, gender, a whole series of things. They are not consistent but you have to get down to the detail to develop services which are appropriate, for example, water and disabled people’s access. You have to look at specific details to see how you can improve the situation. If you go back to the first definition, the perception of exclusion, how people feel excluded, you often get a different picture. You need to give a voice to the voiceless in that process and this is where the gender dimension becomes fundamentally important. In so many areas still there is a great gender democratic deficit around the world and at a municipal level the mapping of exclusion is fundamental. In the Luanda Urban Poverty Programme, as with much of the work of One World Action, is working on developing participation at the local level which is inclusive. “Inclusive” means that you are through positive

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1 Geographic information system
action ensuring that these women, but also disabled groups, different ethnic groups, become the drivers in the process of participation through their own organisations and their own voices, and that mapping of exclusion becomes very significantly different from some of the official levels. Bringing the two together by participatory planning mechanisms and developing more inclusive approaches to local level planning and service delivery can be a key way of addressing the issues of exclusions, as we have learned, and the perpetuation of poverty and exclusion can decrease.

Q51 Andrew Stunell: Does that answer the question of what works and what would you see as being the things that work?
Mr Rutherford: What can work is that there is a greater potential. We have 20 years of experience of working with grassroots organisations in a number of countries, and we can confidently say that where you have greater involvement of groups which tend to be excluded from the local decision-making in those very key decisions that affect their lives and livelihoods they will transform in many ways both the revenue that is collected and the types of services and the appropriateness of the services that are delivered and also their involvement in the way they are determined to a certain extent, and that can really make a difference. A simple example is El Salvador which now has had 10 years of a whole process of participatory gender-based planning at municipal level in the capital city, San Salvador. Within that every single policy has to be taken seriously with respect to gender. In terms of transport policy, the allocation of minibus routes across the city is in the private sector but it is part of the planning process in the city council. The way the routes were allocated was completely transformed with the greater involvement of women because they were the major users but they were excluded from the decision-making process beforehand. This led to a major change in the patterns of economic development for the slums of the city because women had cheaper access to the markets and so on. We can go through many examples of bringing that participatory planning back down to the local level, ie, involving women and involving them structurally at source can genuinely make a difference.

Q52 Andrew Stunell: I would like to spend the rest of the morning on that but instead I am going to ask you whether you think that DFID in its programmes is responding to that kind of approach?
Mr Rutherford: With respect to the urban context, poorly. Disproportionately, I suppose is the fairest comment. There are two pieces of evidence. One is to do with the Luanda Urban Poverty Programme which was supported by DFID and has been since 1999, fantastic. For many years it was one of two so-called urban programmes in Africa, so my case rests in that sense, and there is a strong pattern, of course, in parts of Asia and especially in India, as you referred to, but still, given the need, there is a deficit, but there is enormous potential for increasing the urban focus within DFID.

Q53 Andrew Stunell: Do you think DFID has got it right but is not doing enough of it, or have they got it wrong?
Mr Rutherford: From the point of view of policy statements and documents since the creation of DFID and since the first White Paper and many of the intermediary documents, there has been a fantastic and important focus on strengthening governance, citizens’ involvement in decision-making, and, through the Gender Equality Action Plan, a stronger commitment, as launched by Hilary Benn two years ago now, for the whole of DFID to take on the issue of gender—fantastic. The translation between policy and practice is something that we as One World Action and others feel we want to work in partnership with DFID on to make sure it happens to a greater level. The potential is there but it is really about how you translate this great commitment into practice. You are looking at something which affects the urban area enormously. Citizens’ participation in those processes is very weak, as we know, and the gender dimension remains absent, or at least challenging, is the best way of putting it. The potential is there but the practice we need to work on in partnership, all of us, to try and translate it into a stronger reality.
Mr McGranahan: In terms of DFID’s work, in particular in relation to the gender issue, and you brought up CLIFF as an example, I think that at one level DFID does not concentrate much on urban poverty. There is no point in dwelling on that, but when we are dealing with urban poverty—and we do not get much funds from DFID so I am not familiar with what they do on the ground, but I know that they do support work like CLIFF—if you talk to some of the partners that are on a programme like that, issues like gender do not typically come up, but if you look at the way in which they operate I would say that typically a lot of work they do with women’s groups and women’s savings groups and they tend to avoid presenting that as a gender issue, but if you want to re-interpret it in those terms many of them are very strong on that basis, I would argue.
Ms Meincke: On the issue of who is excluded, I am going to have to say street children. There are issues of the definition of street children; it is a really contested issue. Often we will see that people will think of street children as not having family contact but the majority of street children will have family contact in one way or another. It might not be the kind of family contact we would like them to have but a lot of them do go home to a place to sleep. We may be talking of about 10% of street children who do not have any family contact. UNICEF states that there are 100 million to 150 million street children worldwide. They said that in the early 1990s. They also said that the number is increasing but they are still quoting a number from the early 1990s, so who knows? It is a massive issue. The fact that we are talking about gender but no-one is talking about the street children is quite telling. That is why I am here, to talk about it. In terms of surveys and finding out who the vulnerable people are, often NGOs and DFID, et cetera, will go in and they will do household surveys which, by their very nature, are
complicated to do in terms of taking into account children who live and work on the street. Often as well we have street children saying to us that their definition of poverty is very different from what we think it is. We have street children saying that poverty for them is the lack of family relations, so how do you take that into account when you go and try to do surveys about who perceives themselves as being excluded and on what basis? DFID’s memorandum submitted to this inquiry focuses quite a lot on social protection as a way of dealing with the issue of slums. Many slum dwellers who do not receive social protection but local government does not take them into account. They might give social protection to rural areas but not to slum areas. I have mentioned the issues of social protection before in evidence I gave to this Committee’s DFID HIV/AIDS inquiry. If DFID is going to expand social protection as a way of dealing with urban poverty we simply have to think of social protection in a broad way and not just look at cash transfers, which is often how people perceive basic protection. Again, with regard to cash transfers to households, there is no evidence to say that they will benefit children in a household and they certainly will not benefit any child who is not in contact with their family or does not have a lot of contact with their family, so you need to include in social protection issues of child protection. You need to work with families and you need to think about it as access to health and education as well in a much broader sense.

Q54 Mr Singh: From your answers to the previous question it seems quite clear that you think DFID has got the balance wrong in terms of tackling urban poverty and tackling broader poverty, but, to be fair to DFID, perhaps I could point out that they have a programme totalling £236 million in India, they support CLIFF, they support the Slum Upgrading Facility, the Cities Alliance, and they have a Water and Sanitation Programme for the Urban Poor which aims to reach 3.5 million people by 2015. So it is actually the case that DFID does not put in enough resources or is it the case that DFID’s contribution is not seen because it goes through other agencies, other monies?

Mr Rutherford: I think the work in India is more the exception than the rule. There has been within DFID a challenge to have a learning process to benefit from those lessons because some of those slum improvement programmes go back a long time in India; I have seen them myself, and it is not only issues around urbanisation and poverty, as we know; from the DAC peer review, but institutionally there has been a weakness in the lesson learning and sharing within DFID. We have worked very hard to try and facilitate that in appropriate ways, but without that the critical mass to move forward from those programmes and learn how to change the context to benefit from them remains a weakness, and I think in addressing that internally within the DFID-supported programmes the emphasis has been on that peer review and the responses since then. When you come to funding of other bodies, it is the old chestnut of attribution and ownership, but without the capacity to say, “We have these positive experiences. We would like to influence where we have core funding”, you are not going to have that follow-through to get it better known elsewhere. For me that is the core issue, the visibility of its own programmes within DFID, the lesson learning and sharing around them. We found with the Luanda Urban Property Programme that it has been an uphill challenge. We are happy to be in the forefront of having roundtables, workshops, Chatham House conferences and so on on the core issues, but it is not enough on its own.

Mr McGranahan: There is a point to what you are saying, that DFID, particularly in London, does not have people who represent the urban poverty agenda, and I have taken people there from IDRC or Swedish SIDA\(^3\) when they are starting to try and develop partnerships around the issue, and they do not really have anybody. It does not mean they are not doing anything, although it does matter and it has changed. I headed a social protection programme in Stockholm in the 1990s and I saw DFID people more then than I do now working in London. That was because they were taking the lead on a number of issues, but I think it is important to recognise that you do not just want to put a PR office in London and pay them to be doing a lot. You want them to be doing the right thing with the right money. I think there are a lot of interesting new possibilities for different forms of aid developing in the urban arena, and that has an international dimension and they should be involved in it and they should be involved in it centrally. But to the extent that they have decided, “Okay, we are not going to have a person devoting most of their time to the issue in London”, have they picked the right places to invest in for the urban poverty part? Not necessarily the ones I would pick.

Q55 Mr Singh: So it is not just a question of the level of resource DFID is putting in; it is also a question of the profile within the department of urban poverty that needs raising?

Mr McGranahan: Particularly if they raise the profile and use that profile to change the way aid is dispersed. It is not just a question of raising the profile.

Mr Rutherford: Up until three years ago, I think it is now, there was an urban poverty group within DFID, a unit, and in the previous restructuring it disappeared, so I think it has been left as a “virtual group” and that is about it, and so a number of organisations formed a urban poverty group here but we do not have a counterpart to work with in DFID for this lesson learning and sharing. With respect to other agencies, the changes in urbanisation have to be seen in the context of the decentralisation processes which have been taking place with a strong role for UNDP\(^4\) with DFID being very active, there must now be up to about 80 countries where that has been a key process over the

\(^3\) International Development Research Centre and the 
\(^4\) Swedish International Development Co-operation Agency

UN Development Programme
Last decade plus. It is an absolutely incredibly important process for lesson learning and sharing because you have had since the early 1990s until today country after country across the world developing new legislation for local government and governance. Much of it is focusing on the municipal domain and the laws around that, aiming at experience across the world, and there is a lot of sharing but there is no laboratory or place within DFID to take stock of those processes and then assess how best to contribute if you are moving ahead to develop more inclusive, democratic governance, which is one of the key commitments from the last White Paper. There is no clearing house for those discussions on how you do that in a municipal and urban context. There is a major political lost opportunity there, I think.

Q56 Hugh Bayley: What that DFID is not doing at the moment in sub-Saharan Africa would you like to see it doing, and if it was increasing its programme of work in slums where is more work most desperately needed?

Ms Meincke: If I can answer in a different way, we generally would like DFID to work more with street children and take street children into account. There is a lack of any involvement and overall strategy for working with street children. We would like to see them in urban development, but they are not going to deal with the issue of street children until they have a strategy. On that note we would quite like to see DFID have more of a child rights approach as well.

Q57 Hugh Bayley: Can you talk about Africa specifically? It is the fastest urbanising part of the planet. It is the poorest part of the planet. What is special about Africa and what in particular should DFID be doing to address problems of urbanisation?

Ms Meincke: It is difficult for me to speak directly about Africa in a way because the street children problem is not just in Africa. As I say, with 100 million street children around the world we do not really know how many there are in each continent. Obviously, street children are a huge problem in Africa, living in the slums as well. Generally in Africa we would like DFID to work more closely with street children organisations on the ground who work with street children in slums as well, but I just have to make the point, even though you want me to be specific about Africa, that DFID needs a street children strategy generally.

Mr Rutherford: Could I summarise it as voice, influence and access, just to warm us up. Building on the Luanda Urban Poverty Programme experience in Angola, which is now a post-conflict country but the whole programme started within the civil war. Since 2002 we have had peace and last September the first peacetime democratic national elections were held, so “fragile” is the famous and often used word but the transition is moving ahead. What is DFID’s contribution to that process? One World Action and the LUPP partners contribution, can help us to answer your question. First of all, voice. The support to develop community based citizens’ organisations, active citizens’ organisations, even within that transition period, is fundamental. We all know there are no homogenous urban poor slums; it they are not there, so you have to support a variety of organisations and they will ebb and flow and there will be successes, there will be failures, but the process of strengthening and developing and supporting voice is fundamental. Without that it is really difficult to go to the next stage. Next is influence, the belief that as active citizens you have the possibility, the capacity and the interest in trying to influence local decision-making because sometimes the shrug of the shoulders can tell all—what’s the point? It is better to get on with the economic as opposed to the local political. That space of engagement between citizens and their emerging local states and municipal authorities is one to significantly work on. That can involve capacity and awareness of local officials, of elected representatives and also the citizens’ organisations, and working on that space to see that this is a legitimate area of engagement. It sounds academic at times but it is absolutely fundamental. That leads to the third area of access—how do you do it? The legal basis. As I said earlier, there are many legal local government codes which in different formats have been taken forward. There is legislation in transition and in progress but it does provide in some countries some footholds for that engagement. In others it does not and that is an area where constructive engagement by DFID and others can contribute to that process. Then bringing the three together to have active citizens’ organisations working in pre-agreed spaces to try and influence policies and practices which will affect their day-to-day lives becomes fundamental. The last point is resources. The Luanda Urban Poverty Programme is absolutely fantastic in structure and has worked at the voice significantly. Up until four years ago in areas of a million people we were talking about budgets of $50,000. Currently it has leapt up to $5 million. The resource deficit for work in the Philippines is £20,000 for a year. The local level resources are still absolutely weak and so there is enormous capacity, which UNDP have been working on and DFID can support, for developing pilot support for resource mobilisation at the local level where there is a working in partnership to increase the local level resources available in order to kick-start the process that can enable more participatory approaches to resource, delivery and planning, because at the end of it all we are looking to a participatory process of planning, which is in a sense the product of voice, influence and access.

Q58 Hugh Bayley: If I can pick up on that final point of yours, I am absolutely committed to, and I am sure the Committee is, and completely understand why you need participation in local politics and accountability of the state, but it took you 10 minutes before the word “planning”, by which I guess you mean town planning, passed your lips.
What should local government in sub-Saharan Africa be doing and what should DFID and other donors be doing to support them to regulate the way that slums develop or to avoid slums developing in the first place? I have seen in Africa the most appalling human rights abusing slum clearance schemes and I have seen much more tolerant schemes which do improve the quality of life in slums but do not stop in big slums, and I have seen some really innovatory work done by radical architects in South Africa to put together budgets in a middle-income country to do something rather different, and I have spent some time in Africa with a Moroccan town planner. What can town planning do to help these rapidly growing cities to grow in a way that provides maximum shelter, security, communication, access to labour, at minimum cost?

Mr McGranahan: Town planning cannot act alone and obviously one part of what needs to change in many places is that the planning needs to take a realistic view of how those cities are growing, and that is a very difficult thing to do when there is this concern that the cities are growing too quickly, that too many migrants are coming. There is a tendency to react by saying you get tighter regulations on the planning because you want to control that process when actually you are not going to be able to control it, and it takes quite a big step to get around that. You mentioned that migration was fastest in Africa and the DFID evidence said that, but my impression from the statistics is that urbanisation is fastest in Asia. Urban growth is fastest in Africa. A lot of it is the growth of the cities.

Q59 Hugh Bayley: You mean the sheer numbers are greater in Asia?

Mr McGranahan: No. The rate at which the change in the population is moving from rural to urban is faster in Asia, but because you have a national growth rate that is very high in Africa the urban growth rates are particularly high, but less than half of that is migrants despite the fact that one of the pieces of evidence was saying that the growth of Lagos is mostly from migrants. I do not think that is the case. You are not going to stop that growth by planning slums. I would not necessarily put it in terms of participation but the planners have to be engaging with groups and I think to have it really work well they need to be fairly well represented by groups living in these areas to develop the right sorts of standards, so the standards and the byelaws or whatever they call them in the country are raising up the conditions rather than providing a means of excluding people. When you have a situation where people are unacceptably poor they are not going to live in acceptable housing with acceptable water and sanitation unless you have got some subsidy, and since you do not have that that is not going to be the case, so there is a real tension around those planning issues where planning can become a means of working against these urban poor groups. Your first question was in a sense what DFID should do in Africa. They are already doing a number of things but in relation to urban poverty one of the key things to build on is these groups of slum dwellers. The one that we support is Slum Dwellers International which you may have come across. In countries you have groups of slum dwellers organising typically around savings groups and trying to federate a deal with these land issues, co-operating with the government, but one of the key things about it that relates to engagement in Africa is that rather than picking particular countries it becomes a regional issue where a lot of the best learning takes place. I say this as a researcher so I do not like to admit that actually the people who know most about this are not we research experts, however much we try. It is people who are poor who are practitioners and living there, and the best way to get the groups to understand what can be done, including in the way of planning, is to go to another slum where things have been done and see that and to reinterpret it in terms of your local context.

Q60 Hugh Bayley: It is clear from your answer that you cannot plan cities in Africa as if you were planning downtown Düsseldorf, but it does seem to me when I visit slums that it is so common that the health facilities are eight miles away and completely inaccessible. I remember going by train out of Delhi at walking pace for an hour through slums with no public toilets, everybody defecating on the lines. You do not need rocket science, although India has got rocket science, to put a pit latrine every 50 metres through a slum, or to ensure that there is a school, that you regulate a slum enough to set land aside for a school and to accept you will have a school in a slum. There could be some basic town planning rules that you could apply. Should not the African Development Bank, for instance, or UNDP or UN-Habitat develop these packages of minimalist town planning that stop you having to evict hundreds of people later to provide a school or a road?

Mr Rutherford: One of the key challenges is resources. There are lots of plans and they are very interesting and there are again a number of countries we work in. There are interesting training centres and colleges for urban administrators and town planners and there is a good interface and work between some of the citizens’ organisations we talked about earlier on, some of the local level officials who are already in post and the people who are going through the training colleges, even in Angola. It happens, and it is interesting. As we were saying, the exchanges can be very rich. We have facilitated exchanges between Cape Verde and Angola, between Mozambique, Angola and Brazil, and that sort of sharing of experience really makes a difference. UNDP and the African Development Bank are probably not going to provide the revenues for the local authorities to implement the plans as they exist, even in a participatory way, so the resource and the revenue challenge becomes key, how the local authorities then develop their resources in a way which does not perpetuate poverty and exclusion becomes the key question, so it is planning and resources together which is the key challenge. That is why I refer back to the resource-poor nature of many of the local authorities that we are working with, and therefore they are saying,
Q61 Richard Burden: Perhaps we could have a word about health because I guess it is one of those areas where some of the challenges of urbanisation are at their most stark but it is not an issue of distance from facilities; it is an issue of the exclusion and inequality and so on. I suppose the first question is, what do you think specifically donors such as DFID could do to try to support and deliver better and more equitable health systems in urban areas?

Mr McGranahan: If you think of health systems as the systems that support health and things like water and sanitation and housing in themselves as being part of healthcare—

Q62 Richard Burden: I am going to ask you about water and sanitation in a minute.

Mr McGranahan: So just health services, you mean? You mean health services in the sense of healthcare?

Q63 Richard Burden: Access to healthcare, issues around HIV/AIDS.

Mr Rutherford: We have worked on urban community health programmes in Bangladesh with some EC support and again the issue is appropriate forms of outreach, so gender-sensitive participatory programmes—all my key themes again. You have to work with paramedics who have come up from the community, so who have been trained in appropriate approaches to the community as opposed to coming down from the colleges, and develop very localised centres within slums as opposed to people having to pay large amounts to go to a hospital where their access chances are very slim. At source you have to develop networks of primary healthcare centres which are supported by paramedics but are also rooted in the community and in appropriate and gender-sensitive approaches to healthcare so that they are relevant. It may not be with the whole range of healthcare facilities, but it will be what is most appropriate to the community and still will have a referral mechanism to health centre units which become more accessible, so that two-tier approach, which is going back to the “health for all” primary healthcare approaches that have been proven to work, at least in Bangladesh and in parts of India, and linking that to private healthcare schemes for the slum dwellers which are low-level access at the beginning means that people can get access to broader levels of care. There is a lot of work on that which has been very interesting and some of it supported by DFID in Dhaka as well.

Ms Meincke: Just on the issue of health in regards to street children, I think we can all agree that slum dwellers need more healthcare. What donors need to be aware of is that even if you have healthcare in a community or in a slum area children living on the street are unlikely to be able to access it because of stigma and discrimination. Lack of documentation is a major issue as well. You do not have a birth certificate so you cannot access healthcare. If you are a street child with HIV you can suffer from double discrimination because you are perceived as “dirty” and you live on the street and because you have got HIV/AIDS as well, so it is very difficult. Even if the healthcare is there it is very difficult for certain groups of children to access that healthcare, so it is something that needs to be taken into consideration.

Just on another point, I know we have moved on but I just wanted to say that the Consortium is currently running a project in Tanzania; I think I alluded to it before. It was funded by the Baring Foundation and when we initially applied for funding for this project they came back to us and said, “This is not what we normally do but it is so interesting that we will do it”. This was about the participatory approach, working both with street children and the community in which they live. We would like to see DFID and other funders going a little bit beyond the normal parameters of funding and take that step further and fund projects like the ones that we have been running in Tanzania which works with communities and street children.

Q64 Richard Burden: I suppose this may be particularly relevant to street children but perhaps also more widely, there will be some health issues that maybe should be more obvious, certainly more prevalent, that would have increased incidence in urban areas compared to others. A classic example may be mental health problems. Looking at that specifically, are there any areas like that which you think donors could be doing more to try to improve access or is it much the same as you were saying before in terms of the basic components and what needs to be done?

Mr Rutherford: In Nicaragua there is a very interesting law where the coalitions of disabled people’s organisations, building on issues of mental health but also broader issues of access, provide an obligation on local authorities in Nicaragua for scrutiny of issues around access, including around health issues. It is not always fulfilled but for some of our partner organisations it provides a benchmark to be able to say, “This is your obligation. You should take this forward”. That is a law which relates specifically to local authorities and local health authorities, the point being that in addressing some of the challenges that you are highlighting it is very important to go back to the legal basis for responsibility of the state or the local state or the service provider to have to respond to the needs of the community, how that is drafted and becomes a key process.

Mr McGranahan: You raised the issue of HIV/AIDS where prevalences are higher in urban areas of Africa than in rural areas of Africa and at the moment I gather they are still higher in wealthier groups than in poorer groups. It is a bit like water and sanitation used to be. Urban areas play a critical role not just in and of themselves but in terms of the spread of diseases and it is not just urban. You have to understand urban/rural relations and the movement of people in different parts when they get the disease. Do they move into the rural areas or not, and what types of services are needed in urban versus...
Q65 Richard Burden: This is my last question but it is in two parts. The first picks up a little on that and I guess what I was saying about mental health services as well. In looking at the development of initiatives and support around the challenges of urbanisation does there need to be a more specific focus on rural/urban migrants as well as those that have lived there for some time, and, if so, how? The second part is, could there be any positives here? In most of our evidence sessions we are looking at the challenges and the problems of urbanisation. In terms of delivering healthcare could there be some plus points there if we get it right?

Mr McGranahan: I think there could be. I do not really feel all that comfortable making strong claims about that but on the issue of rural/urban migrants I was on an advisory board for a group in Nairobi that does health studies. They monitored a couple of very large slums over time and of the people who entered the slum one year 25% would be gone the next year because there is an awful lot of movement of people around these places, and the notion that you have got people stuck in one place that need to be treated and that will be there consistently is clearly wrong. At the moment people certainly would move into those settlements so as to get health services but on the other hand as a possibility in a somewhat more ideal world I think there are opportunities there.

Mr Rutherford: Potentially yes, but the challenge is the issue of mobility. It is the same in London. The mobility within each borough each year is quite significant. In the urban context in Africa or south east Asia the mobility is enormous and therefore from the point of view of service delivery you have a higher percentage of the population captive in a potentially more serviceable area. It will require a higher percentage of the population captive in a potentially more serviceable area. It will require a major rethink on issues of access and entitlement to services to be able to track and ensure people do not, as we were saying earlier on, become de facto excluded from services by the sheer nature of their mobility and the fact that they are not seen to be part of the planning process, symbolised by a group. I have not already mentioned Cape Verde. We worked with an organisation there whose key success was to go to the capital municipal authorities when they were trying to advocate for some services and then found out that they were not even on the map; they did not exist. It is a symbol of the reality of many urban dwellers in Africa and Asia that the lack of visibility becomes a key challenge and therefore makes it probably even more difficult to respond positively to your question if that rethinking does not take place.

Q66 Hugh Bayley: What are the principal constraints that prevent children getting to school in urban areas? Are they supply side problems—lack of teachers, lack of land, lack of schools—or are they demand problems, that children and their families need the children working rather than in school, and if you want to get those children into school how would you do it and how would you recompense the families for the lost labour?

Ms Meincke: You can talk about lack of schools and lack of teachers and school fees, lack of books, etcetera. From a street children point of view one of the main obstacles is that you have to work. You would be working in a market during the day. If you are a street child and you have no family contact you are very unlikely to attend school, for obvious reasons. What we did again in Tanzania was work with the community which identified the issue of schooling. There is no education for children who are working and living on the street. We were working in partnership with the Faraja Trust which initially set up a street-side school where they would literally go with their teachers to the pavements during the day and they would meet the children in the market where they were working and they would sit down and have a lesson on the pavement. We have got another organisation working in Kenya. They have got a bus and they will drive into the market and open up the bus so that the children, when they have time, will come into the bus and have lessons when it suits them, but most importantly the school that is being set up in a slum in Morogoro in Tanzania works with local schools as well and the national system. What happens is that if you are a street child, which is the same in this country, you have often been out of school for a long time which makes it very difficult to get back into it and you might even find that you are too old to get back into the level where you should be, so the school in Tanzania takes in street children for a couple of years, gets them up to the level where they should be, and then they have an agreement with the local school where they are re-integrated into the school at the right level with the right qualifications, and I think this is really significant. What we do not want to do is create two school systems that sit next to each other, the informal school system and the formal school system, and NGOs have got very innovative ways of doing this, of linking the formal and informal education systems.

Q67 Hugh Bayley: Can I ask one other question which does not appear in our brief. From what I know of slum cities crime is always a major problem. People have things stolen, racketeers force you to pay much more rent than you should be paying, there are drugs. Surely to goodness security and policing and accountability of police forces and other officials to slum dwellers are really important issues. Should we not be looking at that?

Mr Rutherford: Totally, absolutely, on the street children level but also on the general level. Again, back to where we began, in El Salvador the key interface was a restructuring of the relationship between citizens and the police and developing
women’s police committees and citizens’ groups that could work with the police in a completely different way, coming from the slums, not from the middle classes. It is an enormous challenge, it does not necessarily bring instant results, but you have to seize it full on.

**Ms Meincke:** Street children are often seen as the people who are doing the robberies and the stealing, but what we have got as well is that street children are exposed to a huge variety of violence and theft themselves, so again innovative approaches by NGOs working on the ground, such as having street children banks where children from the market can go to the end of the day and deposit their earnings, which means that they can save, they can become entrepreneurial.

**Q68 Hugh Bayley:** I saw that in your evidence.

**Ms Meincke:** It is a very good initiative. Also, with the violence, you mentioned accountability in policing. Often street children find themselves exposed to a huge variety of violence from the people who should be protecting them.

**Mr McGranahan:** One thing to keep in mind is that there is enormous variation in violence between different communities and between different countries in terms of slum communities. I remember I was doing a study that was looking at violence as one of a number of different issues. When you go up to São Paulo in certain areas that is what people care about. It was tearing the families apart. They could not stop talking about it; it was one of those things where you just could not stop them, whereas in other places it was a much less significant issue and not a major concern. You really need to look at the local context but it should be in the brief as one of the many areas that also links up with why these communities have trouble engaging politically, co-operating and forming good associations to do with a lot of their other problems.

**Q69 Chairman:** Can I address the issue of water provision and sanitation because you, Mr McGranahan, have said that neither the public sector nor the private sector are very good at delivering it. This Committee did a report on sanitation and water a couple of years ago and the general convention at that time was that privatisation was an issue of delivery and it was marginal, it was a red herring; it had been a distraction, so I think we can agree with you on that. The point is, what would work? These are challenges. In one sense you would like to think that if you have got a lot of people in a confined space it ought to be easier to provide water and sanitation. In some ways, at least physically, the infrastructure has not had to travel huge distances, so what are the challenges and how can they be overcome?

**Mr McGranahan:** It is easier in urban than in rural areas and if you get it right it is less costly. A lot of the issues we have already been talking about are some of the reasons why it ends up being much more difficult to deliver water and, even more, sanitation and hygiene improvements in urban areas, because on the one extreme you have many cases where the utility is not even allowed to go into the slum because it is not really supposed to be there. That is, I guess, one of my points in terms of private versus public. It is a big deal if you are in the water sector but it does not affect that phenomenon. You have to deal with issues to do with land and rights as part of providing water and sanitation. There are all sorts of different paths into this but the groups that we have worked with that have been most successful have not been from the water and sanitation sector. They have been people that have been working in low income communities and have picked up water or sanitation as a means of improving conditions in these settlements and they have done it in rather different ways in different parts of the world. I do not know whether you are familiar with this but in Karachi you have the Orangi pilot project, which is one of the best known examples. What they did was to give up on the idea that the government was going to provide sewers. Technical assistance provided two lanes to put in much simpler, affordable devices and they really emphasised affordability. They were very much against the high cost, donor-driven improvement projects and went instead for something that these communities could build, at least up to a point. That did cause problems because they basically used the natural contours of the land which meant that they were dumping sewage sometimes into the streams that were not exactly where they should be, but basically over time and through negotiations you got the planners becoming involved and doing their part of hooking up those community systems, and that then became the basis over a long period of time but they kept with it and, based on certain principles, they pushed for many years until eventually now the government has responded and a number of the principles have been adopted. If you go into a government office there you will see the maps that were originally drawn often by children that were helping with these maps of all the different canals and systems that were being built. I think one of the key things that that example provides, and most of the other examples we have, particularly in relation to sanitation, is that at the local level it is a collective problem, something nobody can deal with individually. It is too costly to bring in the sewers to most of these settlements, and particularly it is too costly to bring in sewers up to the standard which you would really like there to be, and so in effect one of the key questions is how can these communities get together and organise around solving their sanitation problem. In rural areas now one of the more popular approaches is community-led total sanitation, which may be a bit oversold at the moment but it is centred around stopping open defecation and going for an affordable solution by getting everybody to see how awful the situation is. You do a transact walk through the community and point out faeces at various points and, depending on how it is done, there are various ways through. The point is that it is creating a community demand for that sanitation. Even political groups have often, when trying to organise in poor urban areas, come
up with sanitation as a means of becoming popular, so once you create that collective the demand is there. The problem is that you often have all sorts of barriers to overcome if the people are considered to be living in areas where there is not supposed to be a settlement, or if you want to achieve standards that most of us, or most politicians in the country, would consider acceptable. I think that is one of the ones which is the hardest to deal with. Sometimes the best way to improve these conditions is to make improvements which, in effect, people should not have to live with still. Again, I would say that is particularly why it is important this is done through a process which engages with the local communities because they are the only ones who can make that decision in terms of accepting what are not necessarily acceptable standards. You have seen in most of the groups we work with which deal with housing and land problems, they also come around to deal with water and sanitation problems. Sanitation in India, Mumbai and Puna, developing these toilet blocks is almost part of the process of engaging with the community and creating savings groups, to the extent when people get organised, if they can solve their sanitation problems and water, they have not dealt with that already.

Q70 Chairman: It seems from what you have all said in answer to a number of our questions, you want community-led initiatives which are then responded to by municipal and national authorities. You think DFID could do more and national governments could do more. Presumably the Poverty Reduction Strategy should incorporate these things as part of the process, allowing that community groups may well take the lead when they have to be responded to. That seems to be a general theme of your answers.

Mr McGranahan: That is rather difficult for a donor to do. The traditional donor route is through a delivery chain where by the time it reaches a low income household in a slum, it has gone through, it has had all of its requirements added to it and then all of these little bits of money taken out of it and there is very little there. You do have to deal with issues like sovereignty, you cannot have donors going around doing things which national governments do not accept, so this has to be built on principles of sovereignty. You have to have horizontal networks which are then funded going quickly down rather than through a traditional delivery chain.

Chairman: Thank you very much indeed for coming in and giving us your written evidence. It has been very welcome.

Witnesses: Ms Caren Levy, Director and Ms Ruth McLeod, Senior Teaching Fellow, Development Planning Unit, University College London, gave evidence.

Q71 Chairman: Good morning to you both. Thank you very much for coming to give evidence. You have obviously been sitting through the first half, so you will have some idea of the thrust of where we are coming from. I wonder if you can introduce yourselves for the record.

Ms Levy: My name is Caren Levy. I am Director of the Development Planning Unit in the Faculty of the Built Environment at University College London. The DPU is an international centre with over 50 years’ experience of addressing issues related to urban and regional development and urban development policy and planning in Africa, Asia, Latin America and the Middle East. My own expertise is in the area of urban policy and planning in the context of governance and community-driven development with a focus on housing, infrastructure and transport in cities and urban areas of the global south. I think I will leave my colleague, Ruth McLeod, a Senior Teaching Fellow at the DPU, to introduce herself.

Ms McLeod: I am Ruth McLeod. I am a Senior Teaching Fellow, part-time, and a specialist in urban development, particularly in capital finance systems and community-led development. I was the founding director of Homeless International and worked there for 19 years. I co-ordinated the research which led to CLIFF and co-ordinated CLIFF at international level until I left Homeless International a couple of years ago. Since then I have been working on the Slum Upgrading Facility (SUF) with special responsibility for establishing local finance facilities in Ghana, Indonesia, Sri Lanka and Tanzania.

Q72 Chairman: Thank you for that helpful introduction. In your submission you make a very positive case for both urbanisation and even for slums, although we have had a debate about the use of the word and what people living in slums call themselves or what we call them. If it is a positive development, what should governments be doing to accommodate that, to recognise this urbanisation is part of a driver for growth and instead of being treated as a nuisance and a threat, I think that is the implication of your submission, it should be accepted as something positive and they should engage with it.

Ms Levy: That exactly summarises the thrust of the whole evidence. Slums, with the proviso of recognising their heterogeneity, of course also recognising that people are poor in slums and many people are very poor in slums, at the same time they are places where people have come in order to improve their lives and in which they are engaging with a range of activities which link into the positive growth dimensions of the city itself. Unfortunately many governments have approached slums and the poor in cities with ideologies which are excluding them from participating fully in those processes and, to some extent, almost criminalising them by labelling slums as illegal. In this respect I think many...
of the cities in urban areas of Africa, Asia and Latin America are dealing with quite outdated planning legislation frameworks in which, for example, the levels of standards are very high, cost too much and in which the process of dealing and engaging with these regulations is very slow, open to corruption and, therefore, in does not help the situation in any positive way. We can also recognise that many of those governments are overwhelmed by the situation and do not have the capacity to address the situation. I think the focus of our evidence would be to look at how those things can be addressed.

Q73 Chairman: That would be my follow-up question, the extent to which governments and donors can work together to be positive and improve lives without excluding them.

Ms McLeod: If I can add a little bit to that. Andy Rutherford was emphasising the importance of decentralisation in recent years, and I think some of the most encouraging developments I have seen have been where national government has worked hand in hand with city level government and mechanisms have been found to plan together and to provide complementary sorts of resources. For example, if you take a new initiative which is fairly slow but has great potential in Ghana, at national level a new local government finance facility is being established, supported by Cities Alliance, with the aim of helping local government to organise itself much better around financial management, eventually being able to borrow from the commercial sector so you expand the resource base and so on. That is happening at national level, but at local city level there are initiatives to also start programmes which are linked to slum upgrading and city development as a whole, but which bring in increased capacity from collection of local property taxes so that those local property taxes not only benefit the local government budget as a whole and central government, but a proportion of them is set aside specifically for slum upgrading. There is an integrated approach to it which brings in new sources of finance, both commercial and public sector, but also organises that in a way which makes much more effective use of resources which can be pulled down from different levels rather than trying to duplicate or compete.

Q74 Chairman: That is a very interesting point. It slightly adds positively to the evidence we had before. What you are saying is if you are imaginative enough there are resources which can be pulled together and people should not be too intimidated.

Ms McLeod: Yes. I think often the issue is the lack of linkage. I think all of us know what happens when you get into a silo situation. Very often people will say, “Banks do not want to lend for this reason”, but very often nobody has gone and asked them or people will say, “Local government cannot do this, that and the other”, but the reason why local government is not able to borrow and, therefore, expand the resource base and take on a major exercise in terms of a longer-term plan has not been looked at closely. People learn very rapidly from each other. Where local and/or national government are able to see examples of what has happened elsewhere, in my experience it can be absorbed very rapidly. It does not get absorbed very easily through textbooks, it tends to be a linkage with practitioners.

Chairman: That is helpful and leads on to Mr Stunell’s point.

Q75 Andrew Stunell: You made the point in your evidence that DFID’s leading role in urban development has been eroded. I think was the word you used. What has really led to that, bearing in mind the increasing importance of urbanisation as an issue?

Ms Levy: I am not sure I understand it all myself in a sense. In fact, in 2001 DFID produced a really excellent paper called, Meeting the Challenge of Poverty in Urban Areas: Strategies for Achieving the International Development Targets. This paper laid out much of the very progressive and positive approaches to urban development which I think we would like to see taken forward. Subsequent to that, it appears that much of DFID’s expertise has been dismantled and fragmented within DFID. It does not mean they are not working on urban issues, I think they are, but those issues are not visible and there is not necessarily a coherent community of practice within DFID which recognises urban development as some kind of real context in which development is taking place, a recognition that this is an emerging urgent context in which development is taking place and needs to be recognised for what it is.

Q76 Andrew Stunell: What impact would you say that has had in real life in terms of what DFID is doing?

Ms McLeod: It is a tricky question. It has been the experience of quite a lot of agencies that there is no-one to talk to. You may have something really important to bring to the table to discuss, but unless you have got a relationship which is ongoing that preceded that situation, it is really difficult because there is not a focus. For instance, the example of CLIFF. CLIFF was located within the private investment section, not within the urban section, so when the urban section was dismantled CLIFF went on. It is salutary that CLIFF has been very successful and has had consistent support from DFID, but DFID would not necessarily put it forward as an “urban” initiative, it would be put forward far more on the basis of leveraging commercial finance, innovative approaches to finance, deepening financial markets, et cetera. Having personally been through that transition from the other end, I think one of the big difficulties, and Caren has alluded to it, is in many ways DFID is still doing that work but it does not have a way of capturing the fact that it does through a lens which reflects what is happening in the urban context. Therefore, it loses a very important source of knowledge and input into potential future strategy.
Q77 Andrew Stunell: If the DPU was reorganising DFID, what would you change about what they are doing now?

Ms Levy: We would like to see the reconstruction of a community of practice. We would not go so far as to say what kind of entity because obviously it would be for DFID to decide what that entity would look like. This community of practice should not be perceived as a sector because urban is not a sector; it is a context in which development is taking place and a very important and urgent one to recognise. This community of practice, however it is constructed, would have to cross sectors, which I think DFID has been trying to do with urban, but it can also extend beyond DFID. It can extend to a wider group of people within the UK and abroad who work with urban issues and could also feed into that community of practice in different ways.

Q78 Andrew Stunell: Is one of the underlying difficulties here that it is all too difficult and there is really a disconnect between what many national governments are saying in their own countries they want to do about balancing urban and rural and what you are arguing in terms of urban development being the focus of growth and the future? How does DFID get through that knot?

Ms Levy: I think DFID has an advocacy role to play as well as a role in directly investing in urban development through its funds. In the same way as DFID has its priorities around, for example, climate change and has played an important role in raising climate change issues on to international agendas, it has the same role to do with urban. It has to make the arguments and has to engage with partners in the same way as it does with everything else.

Q79 Andrew Stunell: It should be arguing for big cities in developing countries?

Ms Levy: No, it should be arguing for more proactive and positive responses to the phenomenon of urbanisation and urban growth.

Ms McLeod: PRSPs 6 were mentioned earlier and there is a very interesting question about why does urban poverty, urban planning and urban growth not appear within those PRSPs. In fact it is beginning to in this latest generation I think because there was quite a noise made about it. At a certain stage I was involved in looking at a number of Commonwealth countries’ PRSPs and when we looked at the case of Uganda, for instance, one of the reasons why it was not in the PRSP was the agency responsible for “urban” in Uganda was the Ministry of Housing. The Ministry of Housing had a very tiny budget and no personnel with the expertise to disaggregate the national statistical data. You would have had to have gone through that exercise to reveal the growing levels of urban poverty. There was a missing link in the whole thing. Because the whole context had not been properly analysed and presented, people were not getting the full picture of it. Clearly it was difficult for them to respond to, let alone to put a strategy in place and a budget against.

I think DFID could have a tremendously strong role in supporting the capacity of agencies responsible for urban to make that voice louder in policy terms and in analysing what is actually going on. If that is made clear, because of the consultation processes which go on with the creation of PRSPs, it would then get into the PRSPs. The idea that you simply get rid of PRSPs is unrealistic, you have got to have some kind of national planning mechanism of that kind, but you need to get urban on the agenda.

Q80 Andrew Stunell: You have set out a level of in-country engagement which is interesting. What about engagement with other national and international bodies?

Ms McLeod: There are a range of bodies which are involved in urban and some of them are entirely focused on it, such as Cities Alliance and UN-Habitat. Others are within existing agencies, like GTZ 7, lots of bilateral arrangements. My feeling is there have been two fora for that discussion to take place. One has been UN-Habitat, which is huge and the discussion takes place amongst many, many governments, so you can get an approach which maybe takes a lot longer to implement and to accommodate a whole range of different opinions. Cities Alliance has operated far more as a club and the people within it have been able to make faster decisions and have, therefore, been able to implement and provide support, perhaps with fewer constraints. It would be interesting for DFID to look at what they feel has been successful in Cities Alliance interventions because some of it has been policy-based and strategy-based, some of it has been direct project financing and there have been a range of different approaches.

Q81 Andrew Stunell: Do you sense that DFID is doing that now but keeping quiet about it or are they not doing it?

Ms Levy: They are obviously there and they are involved. The reflective side of it is perhaps done on a case by case basis rather than as a totality. I think there is room for an overview of DFID’s role in relationships with multinational and bilateral donors, from which I think one could draw very valuable lessons.

Q82 Hugh Bayley: People will move to towns for work. What policies make it more likely that they will find a secure place to work with a secure livelihood which provides a reasonable income, reasonable security and reasonable conditions at work, both in the small formal sector and the much bigger informal sector?

Ms Levy: As you say, people come to cities for work and they often find it. They make it in different forms, sometimes it is self-employed, sometimes it is working in other people’s enterprises and often those enterprises can be informal in many parts of the world or formal, when they can find work in formal sector areas. Particularly towards the end of the 1970s governments tried to get involved in

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6 Poverty Reduction Strategy Papers
7 The German Technical Co-operation Agency
employment creation schemes of different kinds and with the support of international agencies, like the ILO, made some interesting interventions in small and medium-sized enterprises, trying to support those, looking at the financial and technical dimensions of that support and trying to give people access into those enterprises through building their capacities and their access to resources. One could argue that not enough was done or some people might argue that perhaps too much was done, I think this is an ideological discussion about the relationship between the state and the market in this enterprise. What we have seen also is the enormous capacity of when communities are given access to doing things for themselves; collectively they have the capacity also to create jobs in all sorts of ways. For example, I think one of the most under-talked areas is the construction industry. In our experience, in India, in the CLIFF programme, the large-scale redevelopments engaged the medium-sized construction companies very effectively and also were able to use the labour of the communities in that process. I think there are lots of possible creative avenues to address that question.

**Ms McLeod:** May I add one point to that. There is a very tough dynamic often for city administrators. I can remember being in Phnom Pen 10 years ago and it was just beginning to develop and big multinational companies were coming in and they wanted to set up factories. There were very few resources available at the city level and very little capacity within the city to negotiate what was going to happen. That led to very harsh and unproductive displacement of people, often the same people who would presumably be needed by the factories, because the land allocation and development had not been planned thoroughly. The need to plan for the future and to plan land for employment and informal sector activities as well as residential developments in a mixed development kind of way becomes crucial. When you see it done well it seems terribly apparent. One of the places I have been working recently is in Indonesia. There is a small city there where rather than chase off the informal sector vendors to make the city more beautiful or to get rid of them, which is what happens in a lot of places, the mayor has celebrated them and has created a night marketplace where they can come and he gives them access to loans to have proper stands and so forth, so he has built on that entrepreneurship. I think there is a mix of different things, but inevitably land becomes a really crucial one because of the need for factory space and so forth and the commercial pressure on land is displacing huge numbers of people in these cities.

**Q84 Hugh Bayley:** What would you say about my concern about crime? In my constituency all the violence, drugs and theft all take place in the poorest areas of town. Why is this not a crucial focus of strategies for coping with urbanisation, so looking at crime, drugs and gangs?

**Ms McLeod:** I think it is a massive problem and, as was said earlier, it is very variable. The difference between Kingston, Jamaica and Accra is huge in terms of how that all operates. There are many, many complex factors which affect it, and one of the problems of trying to address it head-on is because you are addressing the symptoms, in many respects it is difficult to tackle it necessarily directly. Where I have seen successful approaches to it, it has been where people are given the capacity to withstand that criminal force. At a household level, I can remember once going with a representative from a women's savings group from South Africa to women's refuges in Northern Ireland and the women in the refuges in Northern Ireland said to this woman from South Africa, “Do you have women's refuges?” and the woman said, “No, we don’t have any refuges, we don’t even have houses”. She said, “What happens when a guy beats you up?” and she said the savings group go to visit him but there are 260 of us.

**Q85 Chairman:** Persuasive!

**Ms McLeod:** It is local. If you build that up, people have to have the capacity to set a different agenda. Very often that means women have to be given the capacity to have a voice and be respected by the police. The kinds of community policing systems which have been developed now in Mumbai are fully supported by the head of police there. It means that small incidents which can be dealt with locally are left to be dealt with locally. Where the police are needed to be brought in, you have got a credible community selected group of people who will bring the police in and buffer them, so it does not become a complete head-on with the police. In terms of the crime which is associated with drugs and so forth, the basis of that is economic. Where communities have literally been determined as “no go areas” by the police and everybody else, then what people are left with is an armoured situation where they are defending their territory, they are trying to do the...
best they can and in that situation very often it is the gunman or the crime person who is also the welfare deliverer, so it is complex.

**Q86 Hugh Bayley:** We are short of time, but can you weave in more dimension. Corruption in local government in a lot of countries is a very major problem and it is always the poor who pay. If somebody takes a backhander for a schools' contract, then one fewer school gets built; if somebody pays enough a building inspector will not mind if too little cement goes into a building which collapses on top of the people who live in it. How importantly should we take the fight against corruption as a way of building sustainable communities?

**Ms Levy:** Many of the communities we work with on the ground take it very seriously and I think they deserve our support in that. Many of them mobilise and make a very hard decision for them because what they decide to do is not to pay bribes in exchange for regulatory processes. They know very well that means long waits and it means difficult times. The way in which we try to support that process is, for example in CLIFF, by providing the bridging funding so they can take that risk of doing that. If we had more examples of those kinds of situations I think we would have more successes.

**Ms McLeod:** I think a huge amount of that is information. When people get organised around collecting their own information and making that information publicly available, it cuts through things remarkably fast. If you know as a community exactly who lives where, how many people there are, what they do, what resources they have got, whether they are toilets and all of that is available publicly, it makes a big difference. Recently I was visiting CODI9 in Thailand and went to visit a project there where they were redoing the whole waterfront. It is one of those situations which is terrifically open to corruption. When you go under the bridges and you go into the community hall you find an entire wall covered with whiteboard and every construction cost is itemised, every payment made is itemised and every loan which has been given out is shown. Anybody can come in and read who has paid, who has not paid, has the cost gone up and getting to that point where a community values creating and managing information about itself, takes an investment, but once you do it, it completely transforms the kind of leadership which is acceptable and not acceptable.

**Q87 Hugh Bayley:** Could you write that up as an example in a few paragraphs?

**Ms McLeod:** Yes.10

**Q88 Chairman:** I have to say, we saw something exactly similar to that in Northern Afghanistan when they were being given community funding and the community had exactly the same situation and had the information on the wall.

**Ms Levy:** You would find the same in the federation groups in India. For example, in Mumbai the books of the local groups are regularly audited by the federation themselves. The money is visibly displayed on the walls, open there for everybody to see, so I think there are many examples.

**Q89 Mr Singh:** The DPU lays great store by community-led initiatives and that word has been mentioned quite a lot. What is it that community-led initiatives can achieve rather than a top-down approach?

**Ms Levy:** When we talk about community-led initiatives we do not mean that the state is let off the hook. We see that very much as a situation where local government has a role to play in that and so does central government. There are things which only central government can do and there are things which are appropriate to do at local level. The notion of community-led initiatives is not something about the community on its own, for example, the community bearing costs on its own and taking initiatives on its own. This is really important when it comes to city-wide initiatives, which I think have to be the emphasis of future interventions in cities. We have done a lot of work in the past in urban interventions on projects in neighbourhoods and I think obviously that will continue in different ways. What we need to do now is lift our head up a little bit and look at city-wide issues. Once you are looking at city-wide issues, then you need the partnership between the communities, local government and central government in that process.

**Q90 Mr Singh:** How could DFID help in promoting local governance and community-led initiatives?

**Ms McLeod:** One of the things DFID has been supporting has been the whole SUF initiative, which is very young in lots of ways. As I said earlier, I have been involved in some of this and have helped them set up some of the local finance facilities. What has been incredibly important about resourcing and capitalising those facilities is that it is not just that it makes a source of capital available to leverage commercial finance, to bridge finance and to provide capacity building grants and so forth, but it brings into a single forum all the key stakeholders in that city who are concerned about settlement upgrading or slum upgrading. You will have key people from the mayor’s department, engineers from the engineering department, slum dwellers, local councillors, independent professionals, who are also important because people do need access to architects, engineers and surveyors, and you will have bodies such as the traditional councils. Anybody at all who is a major player comes around that table and starts to make decisions about how seed capital, which has been basically provided by DFID, can best be used and leveraged to bring in other resources. I think that could be tried far more often. How you choose to do that, how you choose to deliver it, whether you do it directly to local government or directly to the governments to pass

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9 Community Organisations Development Institute
10 Supplementary written evidence submitted by the Development Planning Unit, UCL
on, you have got a range of options. I think it is a very, very important development because cities are just beginning to learn how to deal with their own budgets and leverage them. To be able at this stage to provide an option for them to do that specifically around urban poverty, settlement upgrading and land issues is an opportunity which is not going to come again and it may be too late for some places already. The experience again of CODI in providing small capital funds which can then be built on has been really important.

Q91 Mr Singh: Could micro-finance be a resource which could tackle urban poverty? I have not heard that mentioned at all. 
Ms McLeod: There are lots of views on micro-finance and urban poverty. I think micro-finance has proved itself very successful in terms of supporting small and medium enterprise developments. It has also discovered that as it has got institutionalised up to 40% of customers have used those loans to improve their housing. The fact that they are improving their housing may also mean they are improving their business because their business is located in the house, so it is not that they are tricking anyone, but some of the micro-finance institutions are now specifically developing home improvement programmes, which is great. What micro-finance does not do is address this bigger issue of settlement upgrading, slum upgrading and city-level planning for all of this. You cannot put in a major settlement sewerage system with a micro-finance loan, you have got to have around a table not just people who understand small loans but also people who can put together the finance, the land, the engineering, the infrastructure and the politics of all those issues. I do not think there is a shortcut to creating new institutional forms which deal in a way with the complexity that we know urban poverty is composed of. If you dodge it and say, “We will just take this angle”, you are chasing yourself around like this and the problem just moves around from one part of the city to another.

Q92 Mr Singh: In terms of providing opportunities for business, for employment? 
Ms McLeod: Definitely. For instance, if you look at the self-finance facilities on those boards, there will be representatives from micro-finance institutions and often they will have networks which may be geographically based. In Sri Lanka, for instance, one of the groups that has taken out the first loan is a micro-finance institution which has a network of women working in all sorts of places but a concentrated group of women in one particular settlement. They have decided to do a settlement upgrading project which will involve all sorts of quite complex planning around that, but they have taken out a loan to use as a guarantee to access commercial finance to actually do that.

Q93 Mr Singh: Which brings me on to the point about generally empowering women. We have seen examples before of micro-finance empowering women. Is that happening in these slum areas?

Ms Levy: It can do, but what is a much more important part of that equation is the collective of women in that process of empowerment. Collectives of women who work with money, savings, credit, micro-finance, I think the potential there for empowerment is much greater than an individual one to one kind of relationship.

Ms McLeod: Can I give you an example. We often talk about rural versus urban but they are increasingly coming closer together and are inter-related. There is a group called IVDP in Tamil Nadu in India which started off basically helping women in relatively rural areas set up savings and loan groups. They have now got 100,000 women living in peri-urban groups. Over the years those 100,000 women have built up a capital base which exceeds £80 million. They bulk purchase direct from Korea, they can control the election results, they have a majority use in many of the local banks, but that has taken a huge amount of time to build up. They have done it around this very strategic approach to helping women to organise, to make sure they have had access to capital finance to develop investment in the areas they were prioritising. It is an astonishing development but not that many people know about it.

Q94 Chairman: Can I pick up on a previous point you made where you were talking about bringing all the areas and players together. Is there a role for DFID and UK local government to play more of a role? We have been lobbied by the LGA11 who say they have expertise which they think they could use in developing countries. To be blunt, they are looking for DFID to contribute to all of that, although they would produce the people, DFID maybe would pay for the travel. Is there scope for that because it does seem to suggest that some of the expertise in this context is much more likely to reside in British local government than it does in DFID?

Ms Levy: As you know, part of our evidence was promoting a city-to-city approach and I think there is more scope in developing that and in exploring it. As Ruth implied before, it is not the one and only line, but it is certainly an interesting line. There are local urban areas, for example, that have taken the commitment to commit 0.7% of their budget towards work with partnering and twinning cities abroad.

Q95 Chairman: That is not in the UK, is it?
Ms Levy: No, mainly in Sweden and Germany. I think the UK could do more on that. I have been involved within a Commonwealth framework within the Commonwealth Scholarship Fund in promoting professional exchanges between local government abroad and local government in the UK. They are always extremely successful and great learning can be achieved, so I think definitely more could be done on that.

11 Local Government Association
Q96 Chairman: I think it is helpful and we might want to explore it a bit more. Just a final point: you mentioned the blurring between rural and urban. How can those links be more positively exploited? We have had a food crisis. If you take Sub-Saharan Africa the argument is the productivity of agriculture is extremely poor and there was a lot of poverty, especially with rising food prices, in urban Africa and it comes to you, fairly obviously, that if you could use the agricultural resources to feed the urban population in Africa, you would enrich and reduce poverty of both communities. What are your thoughts about how you can usefully use those urban and rural links?

Ms Levy: Maybe Ruth can pick up another dimension, but at the moment I have colleagues in the DPU working with urban agriculture and trying to promote within the planning systems the use of certain kinds of land which maybe would not be appropriate for living uses to grow food within cities. It touches on questions of gender because in many cases it is women who get involved in that and it touches on questions of income and employment because that food becomes a possibility to sell and then, of course, it also provides food which does not have to be transported long distances to local markets. It fits a lot of the challenges we face in urban development. I think this is an increasing movement, both within the UK and beyond. In fact, again, there have been some interesting exchanges between the UK working with urban agriculture and networks in Latin America and Africa.

Q97 Chairman: If you are looking at agrarian revolutions, it is tending to release people from the land, whether or not they tend to move to the towns to become an urban labour force or for whatever other reasons. Is there scope for using these changes as an opportunity to reform arable land use in agriculture in both places? It may need security of tenure in the urban areas to enable the development of the infrastructure to take place, and the argument is you need a degree of enclosure and extensification of agriculture to be more efficient in the rural areas. Is this something you have witnessed?

Ms McLeod: I think sometimes we unfortunately get stuck on, “Is it rural or urban?”, and obviously you cannot do it like that. Going back to an example in India, again a DFID supported programme, probably now 12 or so years ago, it provided the first guarantee to release loans for local women’s groups to build new housing for themselves and they were in a disaster prone area of regular flooding and they needed to build brick houses with high foundations. One of the unexpected impacts from that was once the women had got the houses, girls’ education attendance and achievement sky rocketed and we did not know why. We tracked it back. What happened was as soon as the women had access to the loans and built the houses, they were permanent houses, the local government was then prepared to extend electricity lines. The electricity lines meant the women could have freezers and the children could study at night and be left on their own while the women were working because it was safe, they were not using naked lights. One of the biggest problems before was fires because they had thatched roofs. The fact that the women had freezers meant that their guys’ fish did not have to be sold immediately to the middlemen who took it to the town but, in fact, could be stored until there was enough of it and then the women took the fish to the city to sell. When they got to the city to sell it they discovered the city had very good schools, so their older children, who did not have access to good senior schools, they started taking with them during the week and bringing them back. There was this whole cycle of positive effects which came out of it simply because women had been given access to that kind of capital investment, it a catalytic effects health, employment, education, everything, it is one of the most catalytic of interventions you can make.

Chairman: Thank you. That was a fascinating session with so many different threads coming together. It has been very helpful to us. Thank you.
Tuesday 23 June 2009

Members present
Malcolm Bruce, in the Chair

John Battle
Hugh Bayley
Richard Burden

Mr Virendra Sharma
Mr Marsha Singh
Andrew Stunell

Witnesses: Mr Geoffrey Payne, Geoffrey Payne & Associates, Consultants, and Mr Richard Shaw, Chair, UK Local Government Alliance for International Development, gave evidence.

Q98 Chairman: Good morning. I would like you to identify yourselves for the record and then we can start with the evidence session.

Mr Shaw: I am Richard Shaw. I am the Chairman of the UK Local Government Alliance for International Development. The Alliance brings together a number of local government partners and they include the Commonwealth Local Government Forum, the Improvement and Development Agency, the Local Government Association, the National Association of Local Councils and the Society of Local Authority Chief Executives.

Mr Payne: I am Geoffrey Payne. I run a small consultancy working on urban development issues in developing countries. I have been doing teaching, training, consultancy and research throughout that period, much of it funded by DFID and its predecessor ODA.

Q99 Chairman: Thank you very much. Welcome to both of you and thank you for coming in. As you appreciate, we are getting to grips with the whole issue of urbanisation and urban poverty and how you tackle what is a fast-growing issue. We visited Lagos last week, where there is a dispute about what the population of Lagos is. The census said nine million, most people assumed that the actual figure was between 18 million and 19 million, and the projection was that it would be between 26 million within a few years time. That makes the targets of reducing slum dwellers by 100 million a little easy to achieve but not meaning very much, if the numbers are rising so fast. I suppose that raises the question of how you slow the development of slums, which seem to be exploding, and how you improve the lives of the people living there. What are the main issues? Is it money? Is it how quickly you respond? Is it how you slow the growth? In my experience, you need a twin-track approach. First of all, you need to improve far more than the 100 million that the Millennium Development Goal (MDG) target stipulates. We need to be increasing that tenfold effectively, but at the same time we need measures that will increase the development of land for urban development in ways which help all those stakeholders concerned: the farmers, the agricultural landholders, the developers who need to make a reasonable profit, but, also, the planning authorities who need to manage and control the process. I think the idea of controlling growth is not appropriate. It is a question of managing and regulating it but, first of all, accepting that it is inevitable. I was speaking to the Permanent Secretary in one country recently who said, “The problem is that if we help the poor by increasing access to land, housing and services, we will only attract more migrants,” so there is almost an anti-urban bias in some countries which is sadly reflected to some extent in the donor community. There is a reluctance of donors, not just in the UK but internationally, to withdraw or to reduce a low level of urban funding in the first place, and I think that needs to change.

Q100 Chairman: There is a UN body, UN-Habitat, which is supposed to be addressing this. Of course it is a relatively small body. Is it up to the job? I do not say that necessarily in a qualitative sense, but does it have the resources, does it have the commitment, or do we need something else? Just using the Lagos example, there seems to be a general recognition that the people are going to arrive and there is no plan as to how to deal with it. How do we bring the agencies together?

Mr Shaw: If there is to be a coordinated strategy for tackling urbanisation issues, then we need to look at the resources of that and how it is going to be planned. I think the resources going into urbanisation at the moment from donor communities are probably not sufficient for the job. My view of UN-Habitat would be that what it is doing is very good but it is relatively small scale and there needs to be a broader, more coordinated approach. In terms of your first question, I would say a couple of things. First, on the target of 100 million slum dwellers’ lives being improved—as you have pointed out, we have one billion slum dwellers now, so that is only tackling one-tenth, and the population of slum dwellers is forecast to virtually double in 20 years or so, so we are talking about one-fifth of the future population, and so it is relatively marginal. Some of the MDG targets are perhaps lacking a bit in ambition and focusing more sometimes on inputs or potentially outputs, but rarely on outcomes. I think looking afresh at some of the targets might be a good starting point. In terms of what we might do to slow down the growth of slums and improve the lives of slum dwellers, I think urban planning is at the heart of that. Having local urban development plans with local

1 Overseas Development Administration.
organisations that have the capacity and the capability to do that strategic planning has to be a starting point.

Chairman: We will come back to that.

Q101 John Battle: SIDA, Sweden’s development agency, have dedicated sections to do with urban development issues and DFID does not have that. Is that a problem? How might DFID organise itself better? Should it have a dedicated staff, dedicated and focused on urban poverty?

Mr Payne: Certainly SIDA has recently lost its own urban division. From being one of the leading agencies—

Q102 John Battle: It has gone backwards.

Mr Payne: It has gone backwards, as has DFID. I am sure you are aware of the document Meeting the Challenge of Urban Poverty, to which several of us contributed. It was produced by DFID in 2001. I was unable to get that when I contacted DFID publications recently. They seem to have lost a lot of the information which they have produced. I do sometimes think they suffer from institutional Alzheimer’s. DFID has produced a number of extremely effective programmes and products and policies. DFID was the leading agency, it has withdrawn. SIDA has, sadly, gone the same way. In terms of improvement, DFID is doing some extremely good things and those need to be built on. There is a project in Bihar, for example, the poorest and most corrupt state by general acknowledgement in India, where a new Chief Minister is being supported by £50 million, a six-year programme of DFID funding, to improve urban governance, land administration policy and public sector capability and management. This can have measurable outcomes for a given set of investment which can be managed effectively with international and local support. That is very much the sort of example on which DFID might do well to expand.

Q103 John Battle: Here in London, at the centre, should they reorganise the organisation?

Mr Payne: One of the problems is that the role of policy advisers in DFID has been dramatically reduced in recent re-organisations. They no longer have budgets. There is therefore no reason why anybody should listen to them. The PRSP² way of allocating funding seems to me to raise a number of serious concerns. I would not say that I have any evidence to reject them but it does mean that money is being given to governments, effectively, on the basis of an agreed policy. That policy may or may not be agreed, subject to international standards, because of the local staffing, and I do wonder what the regulatory management and administration of these programmes is. In other words, if DFID is party to an agreement that is not working, on what basis is it going to blow the whistle or revive that policy? I think a review of PRSPs would be very justified, and I think the role of policy advisers should be perhaps strengthened.

Mr Shaw: The Committee is probably aware that DFID for some time has been under administrative financial constraints and it is having to make the same sorts of administration savings as other departments despite the fact that its budget is rising (unlike in most other departments), so it is getting squeezed by having more money to spend but fewer people to spend it currently. I think that does put quite substantial constraints on it to take on board new priorities and it is having to take some tough decisions about how to prioritise. That is where it is. Nevertheless, I would say that urbanisation, the pace of urbanisation is emerging as such an important issue that it would be surprising if DFID did not develop at least a strategy towards that. As for its organisational structure, I think I would leave that to DFID to sort out, but it ought to have a stance on this. I think there is a legitimate question to ask as to whether DFID should be the lead body internationally on an issue such as urbanisation or whether it should be supporting and looking to other people to take the lead.

Chairman: We are going to develop that.

Q104 Andrew Stunell: There needs to be a coordinated UK Government approach to urbanisation issues and obviously DFID’s relationship with other departments like DCLG³ is important, but especially with the World Urban Forum and so on. Could you say something about how you think that relationship is working and how you think it should work in order to get the most bang from our buck for this cooperation?

Mr Payne: I think DFID has made significant strides in the last two or three years to reach out to a number of other government departments and it has now built quite productive working relationships with the likes of Foreign Office, Ministry of Defence, DECC⁴ on climate change and Business & Enterprise. I am not really aware, but this might be my failing, of the same investment of time and effort in building relationships with CLG which might help it develop strategies for developing local government capacity overseas and urbanisation strategies—but I may be wrong about that.

Q105 Andrew Stunell: You are in a good place to know whether it was right or not. What would be desirable? What would you want to see that would make a difference?

Mr Payne: I would like to see the issue of urbanisation on the table. I would like to see DFID recognising explicitly, strategically, that local government overseas and, indeed, in this country have a lot to contribute to the MDGs and to see them sitting down to discuss how we can make the most of that relationship.

Q106 Andrew Stunell: There seem to be all sorts of ad hoc arrangements between individual, local authorities and other cities overseas and sometimes

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² Poverty Reduction Strategy Paper.
³ Department for Communities and Local Government.
⁴ Department of Energy and Climate Change.
Mr Payne: I think local government here responds to signals from central government, and if central government says, “Please focus on this issue,” local government tends to do that to the exclusion of focusing on other issues. Local government in this country has not had, in my experience, the encouragement or the incentivisation to look at developing relations overseas or contributing its expertise or contributing to city management. We have quite a lot of expertise in this country. I would have thought that relationship could be better exploited, but it needs a national framework in which central government addresses local government here and says, “We want to draw on your expertise, we want to have that dialogue with you.”

Q107 Andrew Stunell: Should DCLG be the pivot for that or DFID?

Mr Payne: They both should—together. I think DFID would have to work through DCLG to reach out to local government here.

Q108 Richard Burden: I would like to ask you about land titling and how important you think that is. Hernando de Soto, amongst others, postulated a while ago that it could be really important in terms of allowing poor people to get more control of their lives through the release of capital and so on. Mr Payne, you have indicated that it may not be quite as useful as that. How important do you think it is?

Mr Payne: I did write a paper for the Cabinet Office some five or six years ago on this, following an approach by a group seeking UK support. I think the situation since then has enabled us to say with confidence, based on empirical research in which I and others have been involved, that it should be one among a number of policy options. The problem is that whilst the advocates of land titling have made a very effective case, it lacked any empirical foundation whatsoever. It is an argument made on a quite a number of assumptions. Where those assumptions apply, of course land titling can have benefit. But there are a number of disbenefits, particularly where there are large numbers of tenants, so of course the land prices go up and even the land-owning beneficiaries of titles do not receive the maximum benefits because they get taken over by other owners who know how the market works more effectively. I think the whole approach was based on the experience in Peru, where the large cities are surrounded by government-owned desert and therefore it is relatively easy to allocate and give a piece of paper. The danger is that the approach only really needs a photocopying machine. You photocopy the titles, you allocate the titles, and government can then walk away and say, “It’s now your responsibility to lift yourselves out of poverty.” The problem is that titles do not give access to credit in developing countries because the banking system is more responsible and more conservative than it is in the US and the UK. In many cases we found people saying, “My house is too low standard, therefore the bank won’t give me a loan,” or “I’m too poor to get a loan.” The benefits of land titling are insignificant relative to the claims being made. That is not to say that land titling should not be an option among others for improving, but I do find, interestingly, that the countries which have most likely gone into a land titling approach are those which are sympathetic to the needs of the poor in the first place and where insecurity of tenure is not an issue. The countries where it is most needed are those where forced evictions or market displacements are most common, and that is where they are least likely to be implemented.

Q109 Richard Burden: Given that, as you say, land titling is not the silver bullet but may have a role in some places, DFID says it is considering support for some kind of pilot programme in Punjab to strengthen tenancy rights. Is that the kind of thing that DFID should be doing? Should it be doing more? Should it be doing different things in that area?

Mr Payne: I do not know if the programme in the Punjab is an urban or a rural base, but certainly improving tenure rights or improving property rights, and working on those things which are effective in a local context, building on what has social legitimacy, which is administratively effective in a given context, is, I would suggest, most useful as a policy approach. Whether the particular policy in the Punjab is similar to that, I am afraid I do not know, but if it is a rural programme then titling is an easier thing to implement by and large. It is in the urban and peri-urban areas that it becomes very complicated and where potential conflicts over interested claimants may be much greater.

Q110 Richard Burden: On the specific issue of women’s access to land and property, there are obviously particular challenges and problems there. Do you think there are things that DFID or, indeed, other donors could be doing to try to help women secure better access to land rights than is there at the moment? How could you in a lot of developing countries extend, let us say within the limits and context you are saying, access to land rights without perhaps simultaneously building in discrimination against women that is there in the first place?

Mr Payne: Certainly the needs of women are considerable in terms of rights in many respects, and land is a critical one. I think that is one of the benefits of land titling, to be fair. It is often the case that land titling programmes have improved the rights of women by stating them as joint beneficiaries, but of course that is not the only means by which you can do that. I do see in the Bihar programme, which is a major state-wide programme, that that is making gender issues central to all aspects of urban governance—not just land access, but credit, services, education, health and so on. It is a cross-cutting issue, obviously; it is not just one aspect of policy. But I do think that one can tackle these things...
on particular programmes, as well as in a broad DFID statement of conditionality or PRSP programmes.

Q111 John Battle: Perhaps I could ask you about local government and recommendations to local government and whether they have to do more to assist in management. Could there be actions that government could take nationally here to strengthen the local governments’ work? I am thinking perhaps of some exchanges. Given that I am worried about the constraints on local government funding here, how could we fund officials of local government perhaps to go to other countries, to urban settings, to work and look at new urban planning issues, urban management issues, and perhaps urban budgeting issues, where there could be some mutual benefit?

Mr Shaw: For me the starting point is that the objective should be to strengthen local government’s capacity overseas. That is where it is required.

Q112 John Battle: When you say overseas, do you mean local government in other countries, or do you mean the capacity of local government in Britain to go overseas?

Mr Shaw: Both, if I may. We must be clear, the starting point should be strengthening local government capacity in developing countries to sort their own problems, to do the urban planning that we have been talking about and so on. That is where the sustainable solutions will be found. I do think that as part of that—and it is not a panacea at all, but a part of that—there could well be benefit in drawing on the skills and talents of UK local government. A number of other countries do that. I think we have given the Committee examples from Canada, Norway, Belgium, Sweden. Germany has just recently explicitly acknowledged the contribution that its local government could make. I think we could draw on that. Organisations like VSO have been working for 40 years on the same principle and there are benefits both ways. It is a two-way benefit.

Q113 John Battle: Your recommendations are to DFID and perhaps how DFID could help strengthen local government overseas in the context of the poor. I am thinking that the expertise they should draw on should be local government here, but I do not see us top-slicing an element of Leeds City Council’s budget to say, “As well as a little bit of twinning, can you now start working in Lagos.”

Mr Shaw: In many developing countries there are local government associations there too. That is where we need to start plugging in as a country. DFID need to spearhead this, and on behalf of the UK they need to spearhead it. They have country offices that are plugged into local areas.

Q114 John Battle: How could they spearhead it in a cost-effective way? What do you see DFID focusing on to do that? Would it be to make suggestions to local government in a developing country context or would it be to get resources from local government here to supplement their work? How would you see it working in practice? In the long list you would send to DFID, what should they be doing to coordinate it in the first place?

Mr Shaw: If DFID were minded as part of a strategic approach to urbanisation and local government capacity building overseas, to have a dialogue with UK local government about how that would best be done, we would wish to have that dialogue. I suspect we would want a policy framework. There may need to be some encouragement and incentivisation, and these things do not just happen on a whim. They need to be planned quite carefully too or they can go wrong, and you can get the wrong people going to the wrong places. I would have thought a programme of that nature may well contribute.

Q115 Chairman: There are some examples of those kinds of exchanges that have taken place.

Mr Shaw: Yes, there are.

Q116 Chairman: Richard Kemp personally lobbied me about this and said, “We’ve got expertise and there are some programmes.” I wonder if you could give us an indication of specific programmes. There has been mention of Warwickshire Council sending programmes on waste, health and staff development to Sierra Leone. That was an example that we were given, but maybe there are others. How do they work? Has that been entirely done within local government’s resources, from local government funds and without any central government aid? After all, local government is under pressure too. How does it work at the moment and how could it expand if DFID decided there was a role for it? How much could you respond in reality if you were given the challenge?

Mr Shaw: At the moment I think I am probably right in saying that Warwickshire, Leicester and so on, which have taken these initiatives, have done so effectively at their own initiative. I do not think they have had external support, unless they have been able to find it from some source on an ad hoc basis. They have done so because they wanted to and because they saw benefit in it. I think it is fair to say that local government is not encouraged across the board to think in those terms. What I think we would need is central government to approach local government and say, “We would like you to think about contributing your expertise and your resources.” We do have in the local government family an organisation called the Improvement and Development Agency, which for quite a number of years has been promoting good practice within local government administration, both politically and managerially. I think that is a model that could be applied internationally. We could also look at how successful some of these schemes from other countries are, in Norway, Canada, Sweden and so on, which have been running with central government support and encouragement.

1 Deputy Chair, Local Government Association.
Q117 Chairman: My understanding is the LGA are seeking a meeting with the Secretary of State to discuss this. Presumably they would be able to give an indication of how these particular programmes have worked as a case study and say, “We could do more of this with DFID support.” That is the kind of approach you are looking for, I suppose.

Mr Shaw: Yes, that is right.

Q118 Chairman: I think we would be interested in that. Given that DFID is under pressure and you have resources, if there is a way of doing that it is of interest.

Mr Shaw: Yes.

Q119 John Battle: Also giving a new dimension to the work of local government. New localism might be new localism with global and local at the same time, so the internationalism of the local experience, and it could well be mutual.

Mr Shaw: Yes. The Commonwealth Local Government Forum had its annual conference, last month I think, and endorsed the Alliance’s submission to DFID for its White Paper which made similar points to our submission to this Committee.

Q120 Chairman: Have you had any response from DFID at this stage?

Mr Shaw: No, it is going into the mix for the White Paper.

Q121 Chairman: It is timely.

Mr Shaw: It is timely. We are aware of demand from developing countries for this kind of expertise sharing. I do not know if the Committee is aware of the report that Nigel Crisp, Lord Crisp, wrote in 2007, I think on behalf of the Prime Minister at the time, called Global Health Partnerships. He was looking at health issues and he toured about 17 health ministries in Africa and found a very strong desire for expertise exchange. There is strong demand there and I think the benefits of it could be two-way.

Q122 Chairman: That is very helpful.

Mr Shaw: One of the key issues in my experience is the issue of governance. The UK does have considerable experience in innovative ways of bringing the private sector into development in ways which have a public benefit. It is not always successful, of course, but it is innovative. It has achieved major benefits socially in deprived areas. I think that experience is something which would be certainly exported, on a twinning basis, perhaps, on certain DFID projects. The issues, in my experience, are not those of policy ignorance or policy constraints. All the innovative ideas, on land, on services, on finance and so on, are already in the public domain. The World Urban Forums, the World Bank Research Symposium, the UN-Habitat agendas, Google and so on, all the academic literature shows that everything that we need to do is in the public domain. There is no excuse for ignorance. The real constraint, it seems to me, is that on governance—whether it is the political, economy aspects and so on, the ability to do something with it. I think the UK does have a major contribution to make in terms of our experience of managing urban areas, and certainly in terms of exchange. I do see there is a massive amount of interest among young professionals in the UK. I have personal experience in the UK and Europe where young professionals are very, very keen to do something. I was very interested to hear the US Government is talking about national service for all 18 year olds. One American student said, “It will help take us out of our bubble”—which I think is interesting. The scope for that sort of innovation across the board is considerable.

Q123 Chairman: We get regular submissions from the Institution of Civil Engineers across the road who would be very keen to offer their assistance.

Mr Shaw: Yes.

Mr Payne: Yes.

Q124 John Battle: Governance is sometimes interpreted as telling other people how to do democracy, and we might have to learn a bit more about doing that well ourselves. To take a practical example, something like waste management—and the Daily Mail are campaigning against green wheelie bins at the moment, so we do not quite have that right, but we do have some good ideas—waste tips in slums is the big issue. Waste management and the environment could be a joint project from which we could learn mutually and develop some new methodology.

Mr Payne: Exactly. I would not want to give the impression that it is a one-way traffic of paternalistic advice. I think it is a two-way experience. We could also learn from developing countries.

Chairman: We had a specific short discussion in Kano, on our visit to Northern Nigeria, about waste to energy. They have a severe energy shortage—the lights go out about every five minutes—and they have a massive waste problem. We were saying that maybe they could put these two things together.

Q125 Andrew Stunell: Urban areas are places where social and cultural constraints are relaxed, and if you have poverty it is worse. Crime and disorder is a major problem in many of these areas. Do you think there is scope for DFID to co-operate with other government departments in the UK to take some elements of what we have learned in this country to such communities?

Mr Shaw: Yes, I do. I think that is another area, akin to waste management and so on, where we have been wrestling with this for quite some time. I think the enlightened approaches to community safety in this country are often where local authorities help to bring partners together and bring communities together, and you build community cohesion essentially. Certainly it is not just about cracking down on crime; it is much more than that. We have some good expertise in this country of where that has been done with local authorities, police, voluntary groups working together to build community safety.
One of the case studies—and I am not sure whether we shared this with you or not—is Leeds City Council.

Q126 John Battle: That is my neighbourhood.
Mr Shaw: I understand it is working in South Africa.

Q127 Andrew Stunell: I was just going to ask if you had any practical examples which are working now, but you got there ahead of me, so that is absolutely fine. Do you think there is a reasonable area for cooperation and development linking local government experience council to council, or should this be Home Office and DFID working together? What would you like our report to say about how those links should be strengthened?
Mr Shaw: Again we are talking cross-departmental, are we not? This is an area that affects the Home Office, which has the lead on crime prevention, but it also affects CLG, which has the lead on local governance. I would expect a strategy as part of the wider approach to urbanisation to be developed, with those two departments working hand-in-glove with local government to develop it.

Q128 Andrew Stunell: I suppose what I am working towards slowly is: is there a suite of policy solutions which we have and they do not have? What exactly do you see us transferring? What would be the vehicle for transferring it?
Mr Shaw: I am sorry, I am not sure if I am quite answering the question in the way you are encouraging me to, but we do have good practice in developing local community safety solutions. One of the mechanisms of the IDeA, the Improvement and Development Agency which I mentioned earlier, is a Beacon Council Scheme and that draws attention to a small number of authorities that have excelled in a particular area. One of its beacon categories is community safety, and there are a number of authorities that have particularly good experience in community safety. We are talking here about the potential matching of really good expertise where it exists. There are 407 local authorities in this country and they are not all the same and they are not all good at the same things, but where that expertise does exist, I think it can be matched. It needs to be matched carefully; it needs to be matched within a managed programme.

Q129 Chairman: One of the things that has been made clear to us in the course of this evidence is that a lot of the expansion of people living in urban slums or poor urban areas is not driven by immigration but by population growth within those communities. Is there or should there be a strategy, given that it is running away from us? Should we be more rigorous in some kind of promotion of trying to keep the natural growth of the population within parameters, or is that a lost cause?
Mr Payne: The old story is that the best contraceptive is development.

Q130 Chairman: Yes, I think we do accept that, but does that mean that is it? Or do you think you have to try to encourage people to it?
Mr Payne: If people are given better access to clean water, to education, especially for girls, and women’s rights are enhanced, that in itself helps to reduce fertility levels. But it does need to be balanced with economic growth. A lot can be done without necessarily changing the whole structure of government policy. For example, in one city I know, the amount of empty government-owned land within an urban area is sufficient to accommodate all planned growth or anticipated growth for the area. I am talking of a large city.

Q131 Chairman: In that case, I will now turn to Mr Shaw. Within that context, it seems that is partly urban planning, but what about the clean water and the sanitation? Is there a role there for local government in helping to ensure that happens as part of the process of easing the problem, inasmuch as you are improving the quality of advice but you are also taking the pressure from population growth that is offered?
Mr Shaw: Yes. Local government in developing countries, if we can help strengthen its capacity, can develop better urban planning and that will lead to more sanitary conditions, and hopefully the better living conditions and improved life expectancy will help to alleviate the population growth. Coming back to your first question about population, I was in India during the Indira Ghandi emergency when some approaches to family planning were taken which set back the cause of family planning for a generation, so I think it is a very tricky, sensitive area, and we have to be very careful, but I certainly take your point that population growth is outstripping the gains that have been made in international development and often claims are made, for example, that such and such a proportion of the population has been lifted out of poverty. I was in a country recently where it was claimed that only 35% or so of the population were now living in poverty compared to over 40% a few years ago but in that time the population had almost doubled, so the absolute number of those in poverty had increased substantially. I do think there is a real issue there about population growth outstripping our gains.

Mr Payne: I think there is considerable scope for improving the support to secondary cities in countries, to help them expand their economic and physical base so that they can absorb people more easily, give an alternative to the major conurbations, and plan in advance before situations do get bad.

Q132 Chairman: I would like to thank you both very much. You have been concise in your answers and you have addressed directly the issues we are addressing. The Committee certainly is of the view that addressing urban poverty is of much higher priority than perhaps it has been given. There is a tendency for things to go in fashion. Ironically, at the other end of the scale agriculture was a focus, then it went off and now it is coming back. Urbanisation...
was a focus, and now it maybe needs to come back. I do not think we see local government as a resource to supplement DFID. DFID has access to money but it is short of people

Mr Shaw: Yes.

Q133 Chairman: That seems to me where there can be a connection that would be mutually beneficial, both to local government in the UK and to the development of good local government in developing countries. Without prejudging what the Committee might say, I think that is an area for us to move to some quite interesting recommendations.

Mr Payne: Perhaps I could make one other comment which I think might help, and that is that I think DFID had until recently an innovative and successful research programme, not just on urban but on other related subjects, which has now been outsourced. There is a tendency for research budgets to be channelled more into a fewer number of large projects which I think has been very disappointing to the research community.

Q134 Chairman: I take that not as a special pleading but as an observation.

Mr Payne: Yes. It is something I personally would benefit from in the long run, but I do see the younger generation of professionals not getting the chances that I had when I was starting, and so I say that on their behalf, not my own.

Chairman: That is a good point to note and we will take note. Our advisers have written that down. Thank you both very much.
a unit and I think it needs that kind of oversight. It needs people who understand cities not as infrastructure purely or as local authorities, but people who understand that cities—and cities are unique wherever they are in the world—require co-ordination. But it also needs authority. I think that should happen within DFID, but I also think, on the ideas presented about utilising local authority/ local government association expertise and the third sector housing association expertise in this country, that those voices need to be at the table too. They also need to be included.

**Mr Satterthwaite:** DFID has some very good urban specialists, but if there is no clear explicit policy they cannot bring their knowledge and their capacity to that. It is funny about climate change. I have been on the IPCC for the last two assessments. What is the priority in urban areas to confront climate change? Good water, good sanitation, good drainage, good healthcare. The capacity of the poor not to live on flood plains and steep slopes. Dealing with climate change, at least in the next 20 years, is a good urban poverty reduction agenda. In a sense that is why you want urban poverty reduction to get up the agenda because that also is one of the main components for addressing climate change.

**Q138 Chairman:** A passing observation is that most of Lagos is below sea level and it is going to have a population of 26 million in a few years time. It looks like a disaster waiting to happen.

**Mr Satterthwaite:** Yes. Absolutely.

**Q139 John Battle:** I was interested to listen to your comments about the capacities of people in poor neighbourhoods. My background before I came into the House was some experience in Latin America with dwellers in Sao Paolo and the whole urban question there. My information is a bit out of date. I served as foreign minister dealing with Latin America and South East Asia. That is where the fastest growing communities are and some of the pressure there, whether it is Jakarta again or Sao Paolo or, indeed, the African cities. I wonder whether DFID is in the right place. In your first response you referred to DFID’s country offices, that they are not perhaps in the right places. Given the comments we have heard previously on the staffing restrictions within DFID, what scope is there for DFID to support urban development through other agencies? Are they in the right place for making the right connections? For example, should they increase their funding to UN-Habitat? How could they make more use of the research base that they have? Are they going in the right direction or would you re-direct them and say that the urban question is elsewhere from where they are going. As the Chairman said earlier, we spend a lot of time pushing them to refocus on agriculture again, rather than just building dams and engineering energy plants. What would be your response to that?

**Mr Satterthwaite:** Some countries in Latin America and Asia have done a fantastic job on an urban poverty reduction agenda. Brazil certainly—both local government and national government has dramatically reduced urban poverty. Chile also. Mexico also. Thailand has one of the most effective urban poverty reduction programmes in the world. A lot of them have certain characteristics. A key role for national government, a key role for local government, a key role for civil society and those working together. I would like DFID to focus on the rapidly urbanising nations in Asia and Africa that do not have good national policy as of yet and to build that alliance between the representative organisations of the urban poor, local government and national government. There are some helpful signs in India. In India the national government for the first time is taking seriously the funding for urban poverty reduction. It is still the very technocratic, top-down, professionally-driven agenda, not working with the knowledge and expertise of their slum dwellers.

**Q140 John Battle:** Are there lessons that could be learned from India and taken across to African policy by DFID? Is there expertise in the programmes that they have in India that could be taken across?

**Mr Satterthwaite:** Yes, absolutely. The funny thing is that the slum dwellers in Africa have learned from the slum dwellers in India. There is this amazing exchange. Women’s savings groups which formed originally from pavement dwellers in India have gone all around Africa teaching slum dwellers how to save and how to give loans and how to lobby local government. It would be nice if DFID did the same.

**Q141 Hugh Bayley:** Everyone talks about a multi-sectoral approach. I would like you to describe what you think it means and whether you think DFID is multi-sectoral enough. Which bits of the DFID response to urban growth in developing countries are appropriate? Where do you think there are gaps that need to be plugged? In which sectors are DFID strong and in which are they weak?

**Mr English:** Homeless International co-ordinate CLIFF. It has been supported by the public development finance institution section of DFID, not infrastructure. In fact that fragile thread of urban is being kept alive by that group of individuals and that department. Our experience of the multi-sectoral nature is fairly limited. We have tried to get support for CLIFF from DFID in India. We are not sure as to what the take-up is of that.

**Mr Satterthwaite:** Who is the most multi-sectoral in all of this? The women’s savings groups I work with and the federations of slum dwellers. They are looking for land, they are looking for tenure, they want to get their kids into school, they want decent healthcare. They are pushing the police to put in community police stations. In a sense, you need a unique urban unit in DFID with expertise that addresses those demands. As it learns to address

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6 Inter-governmental Panel on Climate Change.

7 Community-led Infrastructure Finance Facility.
those demands, so it becomes multi-sectoral. The best upgrading programme I know driven by a government is in Thailand. The Thai government has a national agency that has available funding expertise and support for everything that slum dwellers want to do, want to drive themselves, and that means that all the upgrading programmes they do are completely multi-sectoral. They do electricity, tenure, water, sanitation. With this national agency supporting slum dwellers, the slum dwellers then go to local government and say, “Okay, we need funding for the school. We need this, we need that.” If we can get that drive from the bottom up supported, it becomes multi-sectoral.

**Mr English:** Slum upgrading is the nexus of all these issues. As distinct from the city, any one slum encapsulates education, health, all the MDGs, and so, as I was saying earlier, if the context were that special entity, slums or cities, they would, by confronting the issue, have to be multi-sectoral. What would bring cogency to the activity or the programme would be the space in which it operated. If we tackled it city by city, that would be the entity of management. To be effective, it would need to be multi-sectoral, not just multi-sectoral but multi-institutional. It would need to have the organisations of the urban poor involved, much as I think some people have mentioned participatory planning, so top-down and bottom-up at the same time. So those are, really, the parameters for being effective around multi-sectors rather than being multi-sectoral as a set of programmes that you have within the institution. I think that the spaces are important, and defining where those places are.

**Q142 Hugh Bayley:** David, your image of street dwellers seeking to provide solutions to a range of needs is compelling, but how would you reconcile the programmes that a large, bilateral agency, like DFID, has in particular sectors—it will have an education programme possibly funded through the Ministry for Education; it will have a sanitation and water programme and so on—with programmes which are single sector programmes? You are arguing that in an urban setting, especially, you need a multi-sectoral approach. How should DFID or the World Bank or other bilaterals reconcile those two ways of working in an urban setting?

**Mr Satterthwaite:** They have got to start talking to the urban poor. I will give you a dramatic example: in Mumbai the World Bank was giving a big loan to manage sewage outfalls—$100 million—but half the city does not have sewers. So as they began local negotiations they realised that they actually had to divert some of this money for community water and sanitation. In a sense, there you have got the solution. Community water and sanitation works great but you need the water coming in and the sewers and the drains going out. What we have seen in cities that work with the urban poor is that the city provides the trunk infrastructure and the community organisations do all the messy, complex bit of making sure that all the water connections and the sewer connections and the drainage gets built within what is normally termed as the slum. I have seen this transform many areas of Karachi, for instance, where the community built the sewers, the drains and the water supply systems, and the local authority put the mains in. I have seen it transform slums in India; I have seen it transform slums in Thailand. There is a good division of responsibility. You need a very competent water and sanitation agency that just does that, as long as you have got the population organised and the city government able to respond to the needs of each community.

**Q143 Hugh Bayley:** We saw in Lagos a redevelopment of a neighbourhood which the city found frustrating because buses and trucks would park in the middle of a road and create traffic jams, and which people found frustrating because the big drain that was supposed to drain all their water and rainfall into the lagoon was blocked and a school was not provided. There was an attempt to bring the agencies together but it did seem to me to be a top-down exercise run by city hall and there was a lot of policing to make it work. If you were a city planner talking to DFID and saying: “We need to clear this drain, build a new school and create a bus station or a truck park”, what would you advise them to do to make it work?

**Mr Satterthwaite:** You begin working where the urban poor are very well organised, and they become your partner. In Lagos there is no federation of slum dwellers with whom to work. Take Malawi: when the Malawi national government began to get interested in working with the urban poor there were these women’s savings groups and the women’s saving groups federated and met each other and worked together, so that in Lilongwe or Blantyre when the city government wanted to work with them these women could demarcate plots, build their own homes and negotiate with the water and sanitation agency. What we found dramatic was that in 1990 there was only one federation in India and in 1994 there was the South African federation of slum dwellers; now there are 20 nations with national federations of slum dwellers, all based on women’s savings groups. City government could find these wonderful partners to work with. I know it is a silly thing to say but in Lagos what they need is 2,000 women’s savings groups who then work together to offer Lagos city government a partnership. Maybe they should pop down to Accra to see how it is working.

**Q144 Chairman:** I think there are a lot of things they should pop down to Accra for!

**Mr English:** If 50–70% of cities are slum dwellers, obviously (I have had that situation before) you need to have people you can work with, particularly if you want to be effective and respond to their needs. So slum dwellers have to be organised but it costs them to organise. The groups that we have dealt with, as David said, start through a crisis even—preventing eviction—starting to save, building solidarity and building their organisation in that way. However, I would say this: ultimately, those organisations need to understand how the city operates and have to develop their capabilities, which they do,
23 June 2009  Mr David Satterthwaite and Mr Larry English

particularly in Asia they do. In Africa that is not necessarily the same situation. So getting from the women’s savings group to actually a group that responds and understands the city they live in and is able to interact with the city around issues which are around bulk infrastructure, transport issues, etc, takes some time and requires investment. That is the kind of support that CLIFF is premised on, but certainly the 15 to 20 years of building that institution prior to CLIFF—one cannot credit DFID with that because that has come through individuals and organisations in this country, housing associations, supporting these organisations to form and recognising the value that they can play in the city, ultimately. However, getting from just a mass movement to actually being an effective player in the development of a city takes some time and investment.

Q145 Mr Singh: David, you said that DFID probably needs something like an urban unit specialising in urban poverty, which is a very interesting idea. Yes, I can see an urban unit in headquarters but I cannot see every in-country programme having an urban unit. In the meantime, is there enough co-ordination between different DFID advisers and technical supporters, and whatever? Is there enough co-ordination, at the moment, or does that need improving in the meantime?

Mr Satterthwaite: Co-ordination in what sense?

Q146 Mr Singh: You have said we need a multi-sectoral approach. In-country, in terms of urban poverty, does DFID have that? Is there enough co-ordination between the different advisers and different sectors?

Mr Satterthwaite: What we find is there is very little urban expertise. Say, in country X there is a good opportunity; the central government is committed, the local government has possibilities and the urban poor are organised; there is no one in DFID that actually will talk to them. That is the difficulty for me; there is no knowledge, no expertise, no commitment to address urban issues. There are exceptions: the office in India has some very good urban specialists. In a sense, you need this in every country. It is accepted that you have good agricultural development specialists. Actually, in every country in Africa, more than half the GDP is in industry and services; in most it is 70%. In every sub-Saharan nation more than 40% of the workforce now works in industry and services. There is no policy for that; there is no expertise for that. Almost all the population growth in the world in the next 30 years will be in urban areas—how can you not have expertise amongst aid agencies?

Q147 Mr Singh: Is there any aid agency from whom DFID could learn and get some lessons from? Is there a model aid agency?

Mr Satterthwaite: I do not think there is a model. The trouble is that there are very few bilateral agencies that have taken urban seriously, as Geoff said previously. The Swedes had a very good urban policy for 20 years and now with the cuts in SIDA that is one of the first units to go. In Britain some of the best urban researchers writing about development are based here; it is not as if there is not an expertise. As I said, even within DFID there are some very good urban specialists, including a few of my ex-students, who are quite exceptional and outstanding. It needs leadership at the top to say: “We’re going to take urban seriously”. Then DFID can move quite quickly.

Q148 Chairman: You are making, in a sense, quite a simple, specific proposal that DFID should have an urban development sector or unit—whatever you want to call it—to drive urban development both here, in terms of policy, and in terms of strategic priority within country.

Mr Satterthwaite: Yes, and very much support country programmes. Yes.

Chairman: I think that is clear enough. Thank you very much.

Q149 John Battle: What I find so inspiring about this International Development Select Committee is I sit here and I am regularly referred back to my own neighbourhood, and to think positively about it. Just listening to David, the key in my neighbourhood to tackling loan sharks that went round the doors is a group of women that organised a savings group called the Bramley Credit Union—wonderfully written up in a newspaper recently—run by two women in their 70s, and it was commented that if they had been running some of the major banks in Britain instead we might not be in the mess we are in now. The question I want to ask you is about measuring poverty, really, in facts and figures. It has always struck me that a person who is poor in a rural area could survive from things that are grown in the neighbourhood and from support from families. But you move to a town, on to the street, and try living under a motorway bridge with a shack that you have put together from cardboard and old bits of wood that you have found around the place, and your poverty could deepen immensely compared with a rural person. How do we get donors to be sure that they are basing their responses on accurate assessments of urban poverty? How can we get the measures right?

Mr Satterthwaite: The first thing is for the donors to change the way they measure poverty. In most Asian and African nations poverty is measured on the basis of food expenditure or food consumption and you add a little bit. Now what you add is not calculated on how much the urban poor are paying for keeping their kids at school; getting to and from work—the real non-food costs. Sometimes you get these crazy statistics—I remember there was a famous one—Kenya has no urban poverty. I spent 20 years walking through Gicheru, and half of Nairobi lives in some of the worst conditions you can imagine. If you get the assumption on which you base your measurement wrong you get the measurement wrong. The dollar-a-day poverty line is also another measure that is disastrous because, obviously, living costs vary. A dollar a day in rural Malawi will get...
you quite a lot; a dollar a day in Mumbai or in Buenos Aires will not get you anything at all. So, first, the donors have got to accept that they have to change the way they measure poverty. Rowntree did a pretty good job in York in 1902 and actually had a more sophisticated methodology than the World Bank employs at the moment. Having got the measurement right then you have got to recognise that so much of what you measure does not reflect the fact that you cannot get your kids into school; does not reflect the fact that you cannot get on the voters’ register; does not reflect the fact that you are facing discrimination from the police. So, in a sense, you get the monetary measure more accurate, then you recognise that an awful lot of poverty is non-monetary. The loan sharks, as you mentioned—you would not measure that with a dollar-a-day poverty line.

Q150 John Battle: Who do we get to change that agenda? There are some academics that are working on that agenda, Homeless International, that there should be changes in the way the statistics are measured. Do we need to change DFID? The Treasury? The World Bank? Who do we need to wake up to bring in more sophisticated and more sensitive measures?

Mr Satterthwaite: The World Bank is much the most influential agency in setting poverty lines.

Q151 John Battle: So we need to get to them really? Mr Satterthwaite: Yes.

Mr English: There is another aspect, that poverty is aggregated by countries yet not by cities. So the context of poverty within a city may be completely different to the national aggregate. That makes it very difficult sometimes to isolate urban poverty and urban issues from the national aggregate. When so much aid is dependent on your national poverty status it means that sometimes actually doing work which could be replicated in other parts of the world—some of the work we are doing in India; India is now regarded as a much more wealthy country than others, but certainly in cities conditions are poorer than some of the conditions we face in African cities. It stymies some of the work that we are doing on poverty—the way we aggregate data.

Q152 Hugh Bayley: Can I pick up on the Rowntree model? At one level Rowntree was working from a far, far better base of statistical information on income in Victorian Britain, in that he records what the diet of a workhouse inmate is, and of course there is no workhouse in Lilongwe or Lagos. I am just trying to relate what Rowntree did in a laborious way in one small city to what the World Bank might do across urban metropolises in the developing world. It seems to me the most important parallel you could draw would be those coloured maps that Rowntree produced of the poorer streets and then quintile poorer streets, and so on, until you get right at the top of a tree of the servant-keeping classes. Is that what you would argue for in Lagos? In other words, should you do neighbourhood surveys of income and then target development initiatives on the areas that are poorest?

Mr Satterthwaite: There is no point doing income surveys because no one is going to tell the truth. You can do expenditure surveys, which are more reliable. When Rowntree set the poverty line he accepted that there were costs other than food, and he documented them and then made an allowance for them. Oddly enough, when the US Government first used poverty lines in the early-60s they took the cost of food then they multiplied it by three, so the poverty line was the cost of food and two times as much for non-food needs. That was based on some pretty dodgy survey work, but at least that was a decent poverty line. Many of the poverty lines in these nations are the cost of food plus 10%. That 10% has to pay for rent, for water, for sanitation, keeping your kids at school, health care, transport. What we need to do is measure what the cost of housing, water, sanitation and drainage is and then add that to the poverty line.

Q153 Hugh Bayley: When we were talking earlier you stressed the need for building a matrix of community organisations in the slums. If DFID was to put money into the Urban Poor Fund International, how many people would it support per million pounds it put in? How much capacity do you think the Urban Poor Fund International has to ramp up its activities if it got further support?

Mr Satterthwaite: Where money needs to go is where it is available to urban poor groups; the Urban Poor Fund International is a great way; Homeless International is a great way; Homeless International has probably done more to fund the urban poor organisations than any charity in the world in the last 10 years. You want effectiveness. Three hundred homeless women in Zimbabwe needed $18,000 (they had been offered land on the periphery) and no one would give it to them. They wanted a loan of $18,000. The Urban Poor Fund International gave them $18,000, they got the land and 2,500 people are now housed in that settlement, and they are gradually paying back. Obviously, in Zimbabwe, with the economic conditions, you cannot pay back, but at least there is a recognition that that $18,000 came to help them get housing and then, as they got housing, it should be passed on. You can correct me if I am wrong, but in South Africa when the federation of the urban poor build homes they build a decent, four-room home for $2,000.

Mr English: Yes.

Mr Satterthwaite: In Malawi, when the homeless people’s federation build houses they have got them down to about $1,500. In Thailand, where most of the upgrading is funded by loans, apart from the purchase of the land, which is expensive, everything else is $500 or $1,000 per person. Most of that money is getting paid back to fund other schemes. Money goes a very long way when it is grassroots’ organisations—especially the women’s savings groups—that manage it; they use every penny. They also have this commitment to repay to help other women in their federation to do things.
**Ev 42 International Development Committee: Evidence**

Mr English: I think there is a lot that makes that work. There is a tremendous amount of solidarity that has been built up, and trust and transparency in the way money is used. These organisations of the urban poor, these women who manage these projects, obviously, can deliver their housing and water—their solutions—much more effectively, much more sustainably and much more efficiently than any outside organisation, but it does mean investment in not just projects; it means investments in those institutions as well to get those efficiencies.

Q154 Hugh Bayley: What scale of resources is needed, and which particular urban community development organisations should be supported?

Mr English: The funds that we have received from DFID have been around the Civil Society Challenge Fund. So the fact that we are providing funds to organisations; those activities have been activities that have helped to develop civil society rather than the institution, rather than that being the aim. There is a lot of scope for continuing that kind of funding.

If I could just frame it differently, when 50–70% of the urban population are the urban poor, the only way that city is going to develop is to include the poor. The only way that you can work with the urban poor is if they are mobilised; they are in groups and those groups actually are able to manage finances and able to undertake small projects, particularly the domestic projects. There was a point made earlier about the role of local government.

Obviously, there is a reciprocal role. Urban poor groups do not do bulk infrastructure, do not do bulk transport activities, but when it comes to domestic infrastructure—housing infrastructure—they can do that more effectively than anyone else. If we do not mobilise 50–70% of urban populations around the world we are not really going to get anywhere near the deficit that we currently face. So it is not just about clever techniques and clever programmes about how to put infrastructure on the ground, it is about building these institutions that mobilise the human resource that exists in the world. It is reciprocal; it is about those activities, and it is about water infrastructure, but water infrastructure is actually helping to build civil society. These two reinforce each other. To be honest, it is a very positive outlook for the future of the world to actually look at what can happen in urban areas that cannot happen anywhere else in the country.

Then, what level of funding—perhaps in proportion to the first—is needed for the actual urban upgrading programmes which you would expect the urban poor to fashion and craft and be consulted on and to lead?

Mr Satterthwaite: It has been happening for 20 years, and it has not cost us very much. India developed a national slum-dwellers’ federation by itself; it developed Mahila Milan—the women together—“this amazing network of women’s savings groups, 800,000 members. What really helped in India was funding to allow them to try things out; funding so that a collection of women slum dwellers could build their own community toilet. Once they had built the toilet they negotiate with the local government—local government is now funding 600 of these community toilets. So the external funding was quite small; it allowed them to organise, it allowed them to meet and it allowed them to show: “We can do things differently”. Once they get to that scale—in India—they need constant support to allow them to keep innovating, but the actual big money is coming from the Indian Government, from local governance. As they develop their confidence and their capacity they will negotiate money locally. The Urban Poor Fund International—maybe £5–10 million a year—guarantees that it can always reach the new groups. There is a group in Madagascar that is interested and wants to learn how they save, or there is a group in Sierra Leone that has developed. In terms of funding for infrastructure, again, they will get most of it locally. If I was to dream, each national federation would have its own fund where it can draw as it needs—a little CLIFF fund—where it has complete accountability and transparency to DFID in everything that is funded, and complete accountability and transparency for the women’s savings groups it serves. In this way you can then have DFID learning in each country about the experiences in each country with a financial institution in each country. My guess is that that could start with £10 million and easily go up to £100 million as 25, 30 or 40 national federations come. It is pretty small money given how many people you are going to be working with and how much you are going to be achieving.

Q156 John Battle: Could I, perhaps, ask Larry a bit more about Homeless International’s Community-Led Infrastructure Finance Facility (CLIFF). It is just about their financing of it, really. I think you get funds from DFID and from SIDA. Are they a grant and a one-off or have you got core funding, a rolling programme, or have those expired, and where do you see the funding coming from in future?

Mr English: The funding has expired; it has not been completely utilised. It totals about £10 million in total—that is between SIDA and DFID. 75% of those funds are for capital projects and 25% for the overhead of actually sustaining these organisations, for them to employ professionals locally, etc. So that is how the funding is made up. It essentially capitalises a local fund in that country. There are two things that I would like to contextualise. The story
begins long before CLIFF; the initial exchanges happened between the poor themselves. So the people who start an organisation, who face eviction or face the need for water and sanitation, our first intervention would be to provide just a few thousand pounds—not just us—for an opportunity for Kenyans to go and visit the Malawians, or the Malawians to go and visit the Tanzanians to help them set up their organisation. When they start implementing small projects to demonstrate what they can do, you could add a zero, so £10,000. When that group starts to attract the attention of local government as to what it can do, it begins a conversation; local government invariably provides land, it provides an opportunity: “Well, if you know how to do that in that street could you do this here?” So it ups the ante and they need further funds, and that means you need to add another zero, so now you are talking, probably, about £50–100,000 to actually do that work, and to do it to scale. The problem was reached when the funds that were available through statutory and through international aid were limited because they suddenly started to, particularly in India, be able to have the opportunity as organisations of urban poor to engage in large-scale, city-scale infrastructure and housing development, and they need millions. Where are they going to get that from? So CLIFF was introduced as a way of bridging. One, we realised the institution needs large-scale funding to demonstrate it can do it at scale, and, two, it needs to have the credibility to be able to borrow from banking institutions. No financial institution would lend to an organisation like this. So that is what CLIFF has been able to do; CLIFF has actually changed the way the organisation of urban poor, particularly in India and now in the Philippines and in Kenya, is viewed by government and viewed by banks; is viewed by the physical, urban development industry, and that is where CLIFF comes in. I just thought it is very important to understand that.

Mr Satterthwaite: He gave you a better answer to your question than I did.

Mr English: Can it do more? Well we have to go through the same trajectory in other parts of the world. The second part is DFID have actually committed to another phase of CLIFF and SIDA, because of the recent erosion of the urban development sector, find it more difficult but through private sector investment are going to continue funding. So we have a commitment for another five years of funding in new countries.

Q158 John Battle: You might think this is completely speculative and quirky. I kind of have a theory that the north-south fracture of the 20th century will not be the one of the 21st century, and that the lines will look very different. I just give an example of another place I used to visit and work in, South Shore Chicago. Do you envisage the work that you develop in India, Kenya and the Philippines being applied in northern cities as well?

Mr English: You can hear from my accent I have not always lived here, but I think there is a lot that can be integrated here. In this country we refer to urban regeneration, which is a composite of a whole range of issues: social, economic, etc. etc. That is the same as slum upgrading. The methodologies and the approaches that David has outlined, if we had to adopt those particular approaches in any northern city that has the same problems, there is a lot of lessons to learn, which would change a lot of things. The politics of the way we do development, certainly.

Q159 John Battle: Just to follow that through, why cannot, then, some of the research work that you are doing be funded by the Communities and Local Government Department as well, here in Britain?

Mr English: I think there is a lot of opportunity. I think the kinds of discussions we have had through the Cities Alliance and with the Local Government Association here is; is there a way that we could work in the same space in Kenya, or in any city in Africa, or in Asia? It is simple on paper. One of the things that will not be transferable is that you are not the authority, you are a facilitator. When you are working with urban poor you do not have all the power, and it is a different way of working. I do think that there is a way of the housing associations in the UK, the local government and organisations of the urban poor in the south actually working together.


Mr English: We have had discussions with the TSA, and they are very willing to do it. It is how we actually get that to happen. What we do have the opportunity to do is we do have places where that is set up to happen. It just needs the kind of authority, the kind of sanction, that would resource those different entities to be in that same space.

John Battle: Thank you.

Q161 Chairman: You are saying that DFID has a lack of focus on urban poverty and poverty reduction, but is that not true of the developing countries as well? Is it true that they have their supposed Poverty Reduction Strategies but do they really build in a focus on urban poverty? To be fair, the Committee—and I give some credit to Mr Battle, who was very anxious that we do this report—has probably taken a little while to cotton on to the fact of how much development needs to be addressing people living in urban poverty in developing countries. The image of development, very often, is rural, with wells and villages and things. Of course, that is relevant but that is almost the whole image to

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3 Tenant Services Authority.
most people, yet there are more and more people in that situation. Are the governments and the communities of developing countries on board on this? Are they really clued up to the fact that actually, perhaps, the top of their strategy ought to be to deal with their urban poor?

Mr Satterthwaite: Some certainly are. A shocking fact: you can go to a 300-page PRSP and you ask “slums”—nothing; “squatter settlements”—nothing; “urban”—appendix 7. It just is not in the conception of the people that develop the PSRPs that there is a thing called “urban poverty” that has importance. I think that is mainly the fault of the World Bank staff. It is not the fault of the nations. That is a slight exaggeration; India is certainly taking urban poverty very seriously; pretty much every Latin American nation is; most of the middle income nations in Asia are—some with very good policies. In North Africa there are some very good urban policies, but in sub-Saharan Africa less so. Which of the African countries? Senegal has had a reasonable policy on urban poverty, but I am kind of struggling to look for good examples.

Q162 Chairman: Mr English was shaking his head when I was asking my question.

Mr English: I think this is a point we made. The observation that I feel is clearest is from Thomas Melin of SIDA who said that the complexity of the interdepartmental collaboration that is required to actually address slum issues (even where they are highlighted the strategy) is difficult in this country but more difficult in sub-Saharan African countries. So it is unlikely that the mechanics of developing a strategy and prioritising housing is going to happen if there is not a culture of interdepartmental collaboration. So it could be purely the lack of that policy or that way of managing the issue that is not identified. There is a lot of anti-urban bias. I have been to ministers of housing in Africa—even the one in Nigeria said: “Could you focus on building houses in rural areas so that these people can go back home?” That has been repeated with many, many other countries. There are a lot of other people who have written about this; the fact that cities are regarded as places for the elite.

Q163 Chairman: Other evidence that we have been given as we have gone through this inquiry is that although it requires investment and it requires planning, in some ways it is easier to deliver poverty reduction in an urban environment than it is in a rural environment—to deliver water, sanitation, power and all these other things.

Mr English: Exactly. In one small space you can deliver on just about every MDG just by one intervention, and that is what makes it, sometimes, so difficult to understand.

Q164 Chairman: Just a comment on the irony of Nigeria, and then a final question.

Mr English: My example was some time back, I must say.

Q165 Chairman: What we were told every day, and we experienced every day, was that the big problem in Nigeria was the shortage of electrical power, which meant the lights were literally going on and off all the time and, consequently, everywhere you went people were running generators, because they could not rely on the power system. Yet, the price of power is subsidised. They said: “We cannot possibly put up the price of electricity in order to fund investment because it will hit the poor”; but the reality was that the poor were not buying electricity; they were generating it much more expensively through diesel generators. Going back to the earlier discussion, you are saying DFID needs to get its act together as a leading donor, then it needs to work with developing country partnerships to help them get their act together. So there is a quite major shift required if we are going to address this, I think, is what you are both telling us.

Mr Satterthwaite: Yes. One interesting indication: DFID understood that governance was very important, but it hardly focused on local governance. If you are looking at the poor in Lagos it is all local organisations they need to negotiate with: for tenure, for schools, for health care, for drains, for water, for sanitation, for transport. It is getting the understanding that you have got to drive local governance reform if you are going to deliver. We would never have got rid of cholera in the UK if it had not been driven by city government, by municipal government. You need that competence and capacity in city/municipal government all over Africa.

Chairman: That is a very important point. We actually visited the Megacity project in Lagos. It is a wonderful empty office; it would have been completely empty if we had not turned up! The professor actually had to come in to meet us in his own office to discuss the project that was not being taken forward. I think we have got quite a lot of food for thought, and I think by the time we have finished DFID is going to have quite a lot of food for thought as well.

Q166 Mr Singh: The only difficulty I have is that budgets are both limited and committed. It is easy to make a recommendation in this Committee that DFID should do a lot more about urban poverty. What would suffer? I do not think the budget is going to expand to cover that. Will we do this at the expense of tackling rural poverty?

Mr Satterthwaite: Absolutely not. If DFID decided, over the next five years, to ramp up support to £100 million, that is a very small part of DFID’s total commitment. If it is steering that with and through the urban poor and local governments, you get incredible value for money. It sounds very heretical but some of the best aid agencies I know have very heavy staff costs because they engage with the urban poor and their community organisations and give the least money that is needed. I know this is really tough; every bilateral agency is judged on its spend and its staff costs, but if you actually want to work
with the urban poor and never give them too much money it takes a relationship, and a relationship needs staff and it needs staff on the ground. We have got to think of urban poverty reduction as a partnership with the urban poor driving it, and that means you have to structure your funding differently. Sometimes that $18,000 provided quickly in response is going to have tremendous implications, much more than the $50 million that you were planning on a big initiative. How do we get DFID to support hundreds of community-driven initiatives which then filter up and begin to address the local governance issue? Institutionally difficult but if we do not think of a way of doing it we are not going to reduce urban poverty.

**Mr English:** I would like to add the same point that was made in the last session around local government. I do think that there is a lot of resource in the UK; there is a lot of expertise. What, probably, many people do not know is a lot of our support has actually come from, as I have mentioned before, housing associations that have twinned with other organisations in the south, helped them to develop over time and have been patient enough to do that. We have already had discussions with the TSA, with the NHF\(^9\) and the Scottish Federation and the other federations, as well as the CIH,\(^{10}\) to actually mobilise more resources—and I mean resources, not just financial, in terms of people who want to get involved. The reason we have always stayed away from that is the question of translation; it is a completely different environment and, often, it can be well-intended and those kinds of resources are not helpful. However, I still think it is a challenge that DFID does not meet. It is not just financial resources; I think DFID needs to engage its own sectors; it needs to involve. We have personally taken it upon ourselves to make sure that every person who is into housing in this country understands the housing issues outside of this country.

**Chairman:** A good question to ask, Marsha, and I think you got a good answer. Thank you both very much indeed. As I was saying, I think we have a serious challenge here. More and more people living in an urban environment are an increasing proportion of the poor people we are supposed to help and, yet, it would appear, really, as we go through this inquiry, we do not have proper structures for dealing with it. I believe this is going to be a timely and important inquiry. It will not be in time for the White Paper but, frankly, that is beside the point, I think. Thank you both very much indeed.

\(^9\) National Housing Federation.

\(^{10}\) Chartered Institute of Housing.
Wednesday 1 July 2009

Members present
Malcolm Bruce, in the Chair
John Battle
Hugh Bayley
Mr Virendra Sharma
Andrew Stunell

Witnesses: Mr Gareth Thomas MP, Minister of State for International Development. Dr Yusaf Samiullah, Deputy Director and Head of Profession—Infrastructure, Growth and Investment Group, and Mr Peter Davies, Senior Infrastructure Adviser, Growth and Investment Group, Department for International Development, gave evidence.

Q167 Chairman: Thank you for coming in. Could you introduce yourself and your team for the record, please?

Mr Thomas: Mr Bruce, thank you for the opportunity to appear before the Committee again, on this particular subject. Yusaf Samiullah, to my right, is our Head of Infrastructure Profession, and Peter Davies is a Senior Infrastructure Advisor within the Department.

Q168 Chairman: Thank you very much. As you know, the Committee is conducting an inquiry on urbanisation and poverty, which I think has been quite an eye-opener for the Committee. The statistics we know are that the majority of people living in the world are living in towns and cities, and the proportion living in urban poverty is rising very rapidly. That brings us to an interesting point. A paper produced in 2001 by DFID, of which we have had a copy, made a very strong commitment to projected urban populations and projected growth rates. Is there any value in the case for bringing that to an information database? There are quite a number of sources, not only from the World Bank but from DFID as well, giving both current and projected urban populations and projected growth rates. Is there any value in the case for bringing that kind of paper up to date or is it in the public domain elsewhere?

Mr Thomas: If you will forgive me, I would not accept your analysis. The 2001 policy paper of which I have a copy, made a very strong commitment to the analysis that it offered. I hope that I will get the chance during the course of our hearing to point to a number of our programmes that address the many different challenges that urbanisation brings, be it in Asia, in Africa or indeed the Caribbean. I would also want to point to a number of the multilateral institutions with whom we work which are also working heavily on urbanisation challenges. Indeed, a number are in the process of potentially stepping up their work on urbanisation. What I would accept is that, given the pace of urbanisation, further policy thinking within the Department will be required. I flag two things to you specifically, Mr Bruce. One is that we are working on an infrastructure strategy paper at the moment, which will certainly reference the challenges that urbanisation brings in one particular section of that work. I believe also that we will need to focus more of our thinking on how we can improve the governance and development of cities to manage those challenges of increasing urbanisation. I have kick-started some work in that area, but I have to say to you that it is very early days at the moment.

Q169 Chairman: Thank you. That slightly begs the next question. You assert, perfectly reasonably, that the policy paper still stands as the underpinning of the strategy, but if you are updating and reviewing it, do you envisage coming up with a specific stated public policy, strategy or a paper updating that? It is, after all, eight years and you say the pace has changed. It would be appropriate, would it not, to benchmark that and identify what the changes are and what the priorities might be for the future? Do you envisage coming up with a specific statement on a strategy for urban poverty coming from the Department?

Mr Thomas: At this stage, I have to say I do not because I think what was in the 2001 policy paper, the analysis that was offered there, is still broadly right. I do think we need to update our work on infrastructure. As I say, urbanisation is very much part of the context for some of the infrastructure challenges that developing countries face—a very significant number. As I say, there is work we need to do to step up our engagement on the governance of cities precisely to help them manage the challenges of urbanisation going forward. I appreciate that that is not a clear answer to your question. In a sense, I think we will address the challenges of urbanisation in a series of different ways, specifically on cities’ governance going forward, I hope. As I say, I have kick-started some work in that area, certainly on infrastructure. I suggest to the Committee that we are already tackling some of the challenges of urbanisation that come in the context of what we are already doing in health, education and economic growth, et cetera. The White Paper, which we are about to publish, will obviously allude to some of the further challenges that we will need to take into account.

Q170 Chairman: I do not think for a minute the Committee wants to suggest that DFID is not engaged in dealing with urban poverty; it was the structure for dealing with it, if you like, that we were trying to probe. For example, in the annex of the 2001 paper there is a huge amount of data from a variety of sources, not only from the World Bank but from DFID as well, giving both current and projected urban populations and projected growth rates. Is there any value in the case for bringing that kind of paper up to date or is it in the public domain elsewhere?
Mr Thomas: I would suggest it is in the public domain elsewhere. The World Bank carried out a World Development Report that effectively focused on urbanisation and addressed some of the challenges there. They are planning a new urban and local government strategy and they are working on that at the moment. One of the things that that will look at is the potential to draw up a list of indicators for the performance of cities, to judge levels of poverty, quality of life, et cetera. There is similarly work that the Asian Development Bank has done. They have already got an urban sector strategy. They have a new initiative that they are working on, a cities development initiative for Asia. The African Development Bank has also started work on an urban strategy. There is a series of pieces of work being done on urbanisation by multilateral bodies. I think we will also pick up some specific challenges that are linked to urbanisation, as I say, through our infrastructure strategy paper and potentially through the work we might do on cities. Chairman: As you will see from questions that are about to flow and from the evidence we have taken already, there seems to be quite strong demand for a clearer updated statement from DFID as to how it is proceeding. It does not mean we have come to a definitive conclusion but there is almost a clamour for DFID to clarify what it is doing, and a number of the questions will reflect that. I leave that for you to think about.

Q171 Mr Stunell: In a way, Minister, you have made it easy for us because you have said that you still regard the 2001 document as the vehicle for judging the performance of the Department. We have taken quite a lot of evidence, for instance, from the Development Planning Unit, who say that they are finding engagement on urban issues with DFID comparatively difficult because you do not have an identified person and you do not have an identified unit; and, as they would put it to us, some of the skills that were present are not as explicit or present now. Can you respond to those concerns, and particularly that the urban message is not visible within DFID as it presents itself to other organisations and NGOs et cetera? Mr Thomas: In terms of a point of contact, I would see Yusaf as the first point of contact as the Head of our Infrastructure Profession. We have 42 infrastructure and urban development advisors; 19 of whom are based in the UK and the rest overseas. There is a whole series of other advisers in the Department who effectively work on urbanisation issues through the sector-specific work they do, be it on health or education, et cetera. You cannot work on health and on education without having to have some understanding of the context of your work, and urbanisation is undoubtedly part of the development context. I would dispute the notion that there has been a complete loss of urbanisation expertise within the Department; I do not think there has been. It is true to say that we do not have a dedicated team as such, focused purely on urbanisation. We organise the Department in a different way, around sector-specific issues rather than some of the cross-cutting themes that provide some context for that sector-specific work; so we do have teams that focus on health, education, et cetera. We have fewer teams that focus on cross-cutting issues like urbanisation, but I would suggest that the expertise is still very much there.

Q172 Mr Stunell: The evidence we have taken suggests that it is not readily visible to those who are in the same field, so I wonder whether you would take that away and consider it—that you have not actually got an identifiable urban poverty development team either in the UK or urban poverty specialists operating in the field, and I wonder if you feel that in the light of that, and bearing in mind you have invited us to regard the 2001 paper as the benchmark, whether we have not in fact drifted away from the direction that that paper set out. Mr Thomas: I do not think so. The largest programme where we are spending resources is India, where we have a very substantial urban programme, and a planned programme going forward. There is potentially some £236 million going forward. There is no way you can have that size of programme without having expertise on urbanisation in the Department, in the Department’s office in New Delhi and in the states, there. I think the expertise is there. I will reflect on the point, Mr Stunell, that you and Mr Bruce have made about whether there is a way of providing a clearer access point for those who are focused on urbanisation, who want to talk to DFID about that. I would want to use this appearance, in a sense, if I may, to re-emphasise the point I made earlier: Mr Samiullah I would see as the first point of contact on urbanisation issues in London. Outside London it would be country offices, but that would be the contact point.

Andrew Stunell: I appreciate that reply. Thank you.

Q173 John Battle: Can I ask about co-operation across the whole of Government? I ask it because I look, perhaps too idealistically, to DFID to lead Government into new areas of vision and anticipation of the future, frankly. I was just a little bit disappointed that in the written evidence, talking about co-operation with other Government departments on urbanisation, the focus seemed to be on Russia, Brazil, India and China. I know there is urbanisation in Brazil, India, Russia and China, but I was looking for something larger and perhaps making the link with what is going on in our own large towns and cities as well, because I think the work DFID does and is exploring and experimenting with now will apply in my city, hopefully sooner rather than later. I just want to put the question to you in this way: where is the tie-up with—I think they call it now the Department for Communities and Local Government? There does not seem to be a strong tie there, or that you are pushing that department from what you learn of work in other international cities. When you say to me, which follows the point in a way, the broad indicators, of course, are health and education, but the whole point of focusing on urbanisation is that it
throws up a separate, specialist box of problems and challenges that we may need to develop particularly. I am thinking of the big four, which are pretty basic: fresh air in cities, energy and waste management in cities; economic regeneration, which does relate to growth of course, but transport as well. I think that those four key areas that form a nexus with urbanisation, apply in Britain as well. Why are you not doing more to drive our own indigenous Department for Communities and Local Government to catch on to some of these big issues that we should be tackling together?

**Mr Thomas:** Forgive me, I am a Minister in the Department for International Development and not a Minister in the Department for Communities and Local Government, and therefore I do not think it is my responsibility to drive, as a Minister, what is happening on the ground in the UK. We do work with DCLG on any international dimension of their work. For example, there is, every couple of years, I think, a World Urban Forum, where often it is a DCLG Minister that leads the delegation, but there are usually senior DFID officials in that delegation.

We work with them, on, for example, work around the Cities Alliance. Mr Samiullah represented the Department at a recent meeting of the Cities Alliance in Marseilles. We also work with them on work that is done by the Commonwealth Local Government Programme, which has some 34 different capacity-building projects in a series of Commonwealth countries. On occasion we use their expertise as well as our own expertise to help monitor the spending that that programme funds.

**Q174 John Battle:** I am not so convinced, if you will forgive me, on the commitment to the World Urban Forum. I think it was Mr Narayan who went, and I think DFID sent a note in November that said—that was the World Urban Forum—“Otherwise UK input was limited.” I think one official went from DFID and it was not ministerial. In a way I am not so worried about whether we go out there to the World Urban Forum; I am more interested in what happens with the co-ordination in Whitehall. My vision would be to have you—and I am putting it to you personally, in a way, as a DFID Minister, and you are now a Minister of State—to say: “Look what we are working on, what our officials and the quality of their work shows us from urbanisation and the development of urbanisation internationally, is that we need to take this much more seriously in Britain and learn from what is going on elsewhere in the world and apply it here as well. So would you be sympathetic perhaps to my suggestion that there should be a dedicated Cabinet sub-committee on urbanisation here, to draw the themes together, so that it is not the north helping the south any more, but we see these challenges as common now—fresh air, energy and waste are common—there are other arguments that the Daily Mail has about whether we have green dustbins or not, but the challenges for waste management in urban cities are much larger, but it is our rubbish being dumped there, so we need to have a link to those challenges. Similarly with transportation—models of urbanisation and transportation, and are people in and out of work and regeneration—I think we have got common causes, but I am not convinced that we are looking at it the right way. Could you and your colleague, the Secretary of State—could DFID do a bit more to press for a Cabinet sub-committee on urbanisation that applies to north and south simultaneously? Would it be worth doing?

**Mr Thomas:** Yes, you are asking me effectively to be an imperialist in terms of other Government responsibilities, and I think with respect I have got plenty to do in the Department for International Development rather than trying to tread on colleagues’ territory in terms of the urbanisation challenges in the UK.

**Q175 John Battle:** Do you not see them as the same challenges? That is what I am asking.

**Mr Thomas:** I think they are very different. They have their similarities, of course, and the issues that you identify—I would probably add a series of other challenges—are there for developing countries. There may be occasion when, if you like, some of the urban planning expertise that is in our cities and our regional and local governments might be useful for developing countries and governments overseas, but the challenges are very different. The challenges that Calcutta faces are very different to the challenges that Nairobi would face. There are of course common themes, but the country context and the city context is very different to those, say, of Leeds or London.

**John Battle:** It is interesting! Half of Europe’s cities are going to San Paulo to look at their urban transport system to see how you can get thousands of people into the city centre to work. So I would suggest that on transport alone there is some interchange that—or maybe, Chairman, we could explore it under the relations with local government.

**Q176 Hugh Bayley:** I wanted to push you a bit further, Minister, on the case that John is making about the similarities between strategies to deal with poor quality of life in urban areas in the developed world and the developing world. When we heard evidence a week ago from the International Institute for Environment and Development, and Homeless International, they were at great pains to point out that if you want a comprehensive, integrated approach that unites policy on urban housing, urban education and urban healthcare and so on, you need to consult the poor themselves, and consumer community groups like women’s savings circles in Indian cities are one way of getting buy-in from a community. That is something we know from our own work in our own constituencies in Britain: if you work with a community you address problems, and if you try and impose solutions from the top they do not always work. Will your Department look more closely at ways of empowering and listening to the voice of the urban poor?

**Mr Thomas:** The straight answer to that is “yes”. In our programmes, for example, in India, we have seen strong demands for participation by local people in the planning of urban redevelopment programmes.
in their cities. I think that one of the successes, for example, of our urban programme in Andhra Pradesh, which has recently completed, is that it helped generate a significant increase in the number of women’s self-help groups with access to credit. They are able to set up employment initiatives and run programmes themselves. One of the differences between Asia and Africa—and I would suggest between some African cities and our experience in the UK—is that the level of community representation and community organisation is significantly greater in some of the Asian cities in which we operate, and I would suggest in our own cities too, than there is in Africa. One of the other significant differences—if I may go back briefly to Mr Battle’s question—between some of the challenges we face here in the UK and the developing country space is around security of tenure, for example, where there is far less question about who owns what in the UK than there is in many developing countries. We do not have the same challenges in terms of slums as we see in many developing countries, so I think there are major differences between the challenges that urbanisation is still bringing in developed countries like our own and that developing countries themselves face.

Q177 Hugh Bayley: I think you are right that there is a difference in the degree to which city leaders in Africa listen to the organised voice of slum-dwellers compared with some other parts of the world. We were told that in Thailand particularly—and what was happening in India was also, as you said yourself, cited as a good example—that slum-dweller leaders from India go to Africa and try to mobilise similar networks of savers groups and groups that give voice to slum-dwellers in Africa. Given that DFID is a good development partner in India with these groups, could you not get your officials from India swapping lessons more widely? I apologise to Mr Sharma!

Mr Thomas: There is a sharing of expertise internally within the Department. I talked about the specific infrastructure and urban development advisers. Those advisers do come together and share expertise. Mr Samiullah, who is here and who is responsible for—to use the jargon—the retreats that these advisers have, will I am sure take away your suggestion, Mr Bayley, that you make for further sessions on what has worked in India. I would not want to leave the Committee with the impression that there is no community organisation in African cities and that we have no programmes to work with such community organisations. There are examples of work in Kenya and Nigeria, for example, where community organisations are in existence, and we are working with those groups.

Q178 Mr Sharma: My question was taken away, which I do not mind! As you mentioned, and as is clear, there are projects that are highly praised at all levels. You yourself, Minister, admitted that there is a working relationship with what we have learnt from India and south Asia, and we are taking those ideas back to Africa. Are there any particular areas you have already programmed to take into African countries?

Mr Thomas: Before I answer your direct question, Mr Sharma, perhaps it would be worth me flagging to the Committee that the largest number of slum-dwellers live in Asia, which is one of the reasons why our programmes in Asia do have a significant focus on some of the urban challenges that are there, be it in India, or indeed in Bangladesh. You asked me about work specifically in Africa. We have work, for example, being done in Kenya where we are contributing to work that is led by UN-Habitat and the Cities Alliance. They are working to improve livelihoods in slums and tackle some of the issues around shelter and infrastructure work there. There is a whole series of work with orphans and vulnerable children around social protection, work that inevitably impacts on slum-dwellers as well as on those living in rural areas. Again, one of the multilateral programmes that we contribute to, the Community-Led Infrastructure Finance Facility (CLIFF), has worked, for example, in one of the most densely populated slum areas in Kenya, Haruma, with already some success in terms of the number of families that have been directly helped. There are other examples of work that tackle different challenges around urbanisation, in, for example, Nigeria, which I can go into if the Committee wants, but why do I not stop there initially.

Q179 Chairman: Thank you, Minister. You have addressed your statement that you are still focused on the 2001 paper, yet it is not only DFID that appears to have swung its attention away. When we started this inquiry we were told that the Swedish development agency was rather good on urban development, but we subsequently found out that Sweden has dismantled its urban development unit. Then we were told that Germany and Switzerland had cut theirs down. Interestingly enough, the World Bank is developing an urban strategy, and you have mentioned that the African Development Bank is doing it. There does seem to be a degree of confusion amongst the international community as to what the proper focus should be. I repeat that nobody is suggesting that all these organisations are not engaged with urban communities and urban poverty; but there seems to be a lack of focus which says this is an increasing area of poverty, an area where we need to address the particular needs of the slums and urban poverty, and yet agencies are all moving in different directions and at different speeds. Can you explain that? Can you also say, given that DFID is such a big contributor to both the African Development Bank and the World Bank, how DFID is plugging into what they are doing, if they are beginning now to redevelop their own urban policy strategies?

Mr Thomas: I come back to my original response to your question. We acknowledge the challenges that urbanisation brings, but seek to address those challenges through the sector-specific work that we do, albeit that two particular pieces of work we are
doing will more directly focus on urbanisation, the infrastructure work and the cities work that has more recently been kicked off. Even a donor the size of the UK has to make choices about where to focus policy thinking and programme spending. We have sought to try to narrow the number of areas we work on so that we can be more effective in the areas where we do work. As I say, we do work very substantially on health and on education, and that is in urban environments just as much as it is in rural environments. We are seeing, as you quite rightly say, multilaterals starting to do a lot more work potentially on urbanisation. The World Bank is clearly stepping up its work and is planning a new urban and local government strategy, as I said. The Asian Development Bank, back in 2006, reviewed its work programme and is now seeking to take forward specific work on cities development in Asia. In Africa, the African Development Bank is following those two multilateral agencies and is stepping up its work in this area. Given that one of the big challenges around urbanisation is infrastructure, it is right that the major multilaterals, with their expertise on infrastructure, should seek to do more on urbanisation, rather than donors such as ourselves, once we have done work on some aspects of the infrastructure challenges. I think it is right that those organisations that are much more focused in that area should lead broader work on urbanisation going forward.

**Q180 Chairman:** That is understandable. If we take the examples of what we saw in Lagos, it may be very unfair in as much as a whole variety of agencies are responsible, not least of which are the Lagos state government and the Nigerian federal government, but it seems to be a foreseeable disaster, does it not? Basically, you have a city of 18–19 million, they think, projected to be 25–26 million by 2015—that is another six years, a million people a year. It is three feet above sea level with a proposed strategy to build 100,000 housing units, none of which are being delivered, when, clearly, we have a backlog of several million and there is the requirement for a million a year. Nobody seems to be providing the catalyst— not even to solve the problem but to contain it. What is Lagos going to be like in six years’ time with all those extra people, sinking under its own weight? **Mr Thomas:** Mr Bruce, the Committee has a number of advantages over me, but one in particular in that you have just come back from Nigeria. I hope to visit Nigeria very shortly, not least before I have to appear before you to discuss our Nigeria programme. I am not going to comment specifically on Lagos, but I do accept your broad point that, as I have said, there are a number of cities in the developing world where we are expecting to see substantial increases in population in the short to medium term. That represents a significant development challenge going forward. That is one of the reasons why I have asked for work to be done specifically on city governance, going forward, because I do think the key to the challenge around the growth in numbers of people living in cities has got to come from the cities themselves. We have to do more, I think, to increase the capacity of the institutions in cities to manage urbanisation.

**Q181 Chairman:** To be fair, Lagos is conscious of that and I am not suggesting they are not trying to do it; it is just the scale of what is happening to them and the resources they have. Perhaps I can press you a bit further: as you know, this Committee also did a report on the African Development Bank and DFID’s engagement with it, a year or so ago. In reality it is the infrastructure bank—or it claims to be—for Africa, but it is mainly focused on water rather than general infrastructure. I wonder whether the DFID partnership with the African Development Bank has the capacity to suggest that jointly this may be focused a bit more sharply, and that if they are developing an urban strategy, there is a case for DFID and the Bank to provide some kind of push to ensure that that delivers measurable outcomes in tackling the problems.

**Mr Thomas:** I think potentially the African Development Bank does have a sharper role to play on urbanisation and city governance. Certainly the World Bank has got a big role to play. If I may, Mr Bruce, I want to do a bit more work on this question of how you govern cities. I think it is right that those organisations that are much more focused in that area should lead broader work on urbanisation going forward.

**Q182 John Battle:** Can I return to the question of advocacy rather than just infrastructure, as it were! The evidence from the expert witnesses from the Development Planning Unit at London University was: “Just as it did in the 1990s, DFID should once again play a leading and progressive role in the global urban agenda and arenas of debate.” One of their experts suggested: “DFID has an advocacy role to play in the same way as DFID has played an important role in raising climate change issues on the international agenda. It has the same role to do with urban development.” In that context, one of the organisations that, traditionally, has been at the centre of urban development questions, but not perhaps supported sufficiently or taken sufficiently seriously, is UN-Habitat. The Government makes a contribution to their core funding of about £1 million a year. In a sense I am asking for your view about that organisation as a co-ordinating advocacy agency. Do you rate it? Are we giving it enough money? Do you see it having a greater role to co-ordinate in the future and expand, and how does DFID view it? What is your vision for it?

**Mr Thomas:** Again, let me, if I may, separate out your preamble from your specific question. I would take issue with the notion that we have not advocated on urbanisation. I think we have; we just have not necessarily done it under the banner of urbanisation. We have been active on some of the
challenges that urbanisation brings in its wake around specific sectors. I think that UN-Habitat do an important job in terms of the advocacy they lead on around poverty and urbanisation, but they are not the only member of the UN family that does important work on urbanisation: UNDP,\(^1\) UNICEF,\(^2\) the World Health Organisation and a range of UN organisations do. I think we need to see sharper work by the UN family as a whole in developing countries on the urban challenges, and that means building in a response to urbanisation into the UN development assistance frameworks that each UN agency contributes to in the developing country they are based in. There has been a drive led by DFID for the last four or five years to try and get a stronger operation of the UN family delivering as one more effectively in response to the needs of particular developing countries. If that developing country says, “We want more support from you, the UN family; on urbanisation” it is not just UN-Habitat that should contribute to that; it is the whole of the UN country team that should respond. I would genuinely suggest that in terms of the UN we should look beyond Habitat; we should look at the whole range of organisations’ response to urbanisation.

Q183 John Battle: In response to your response, do you think then about a million pounds for core funding is about the right amount or are you looking to dismantle UN-Habitat and let it just tick over, or are you going to apportion more resources in the future? What is your plan for UN-Habitat in that context of wider co-ordination?

Mr Thomas: In a sense, you are pre-empting what context of wider co-ordination?

Q184 Chairman: When will it be published?

Mr Thomas: Soon. If you do not mind, I am not going to go into the UN reform questions more generally. We not only do core funding to UN-Habitat, but on occasion we give specific project funding for work that they are leading on in a particular context.

Q185 John Battle: I like what you said about co-ordination in the UN and different organisations, and to pull them under one umbrella would be a massive advance, and if it followed through to action, even better—and that might be the 20th century project, but what about—

Mr Thomas: Mr Battle, with respect, I think it is already beginning to happen. It is happening in eight pilot countries, a number in Africa and a number in Asia. We want to roll out that model of success. Mr Bruce, if I can be cheeky, I think the Committee is going to be meeting Helen Clark, the new administrator of UNDP, and I think you might want to ask her questions about her view of delivering as one and the UN reform agenda, and how she is going to take it forward.

Q186 John Battle: We will see her tomorrow but in the context of DFID—and we will certainly follow through the eight case studies you have referred to—can you give me any examples of DFID’s advocacy on issues which relate to urban policy?

Mr Thomas: One of the examples I would give you would be from India, where the Indian Government, back in December 2005, launched two major urban renewal programmes, one focused on their biggest 60 cities, and the next focused on the next 260 below that. We have provided and are funding a team of policy experts in the relevant ministry to help support them to take forward that work. That effectively involves a whole series of different levels of advocacy work around particular needs on urbanisation in the particular cities where that work has been happening—so I would give you that as one very practical and tangible example. In addition, our staff work with the World Bank, the Asian Development Bank and the African Development Bank, so there are a whole series of ways in which we make the case for further work to deal with the challenges that urbanisation brings.

Q187 John Battle: In the example of India, going back to Hugh Bayley’s question, that could be transplanted or used as an example of a kind of beacon project to look at other cities in Africa as well.

Mr Thomas: Potentially. The key thing in India is that this initiative has been driven by political will from a very high level within the Indian system. You do need to see that political will replicated, and then obviously we can respond.

Q188 Andrew Stunell: I wonder if I could come back to link that with the advocacy point, because I think the question is perhaps behind some of the Committee’s questions to you is this: is DFID going to be a leader on urban policy development across the developing world, or is it going to be a follower? You said in relation to the UN agencies that it was really for national governments to say to the UN agencies how they wanted them to act and for DFID to have a fairly passive role; and yet national governments on the whole are still at the level with urban policy where they just do not want the people to come, rather than what they do about rapidly expanding mega-cities, which is what they are faced with. Is Africa the fastest growing area of urbanisation as a continent, and has a very high proportion of people in slums. Does DFID see itself as having a role of encouraging national governments and multilateral agencies to get engaged with this particular problem or not? Picking up from that, you are investing in UN-Habitat core funding and also the Slum Upgrading Facility, which again could be that sort of pilot project. Could you take the two parts of that question and tell me whether I have got it completely wrong?

Mr Thomas: Mr Stunell, I would never be that brave! I think there is a difference of approach between the Committee in terms of the questions you put to me and in terms of my response. I do not see urbanisation as a particular individual problem in

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1 UN Development Programme
2 UN Children’s Fund
itself. I think it brings a series of challenges in its wake around particular sectors, around health, education, economic growth and climate change, et cetera. I would say that on those issues we are in a whole series of ways, certainly internationally, trying to advocate for further work and further policy thinking in those areas. There are a series of examples as you describe that deal with particular aspects of the urbanisation story, which the Slum Upgrading Facility or the Community-Led Infrastructure Finance Facility have picked up. In their different ways we are supporting them. They are trying to deal with some of the challenges we have talked about, about the lack of community organisation on occasion in some cities around the globe; and they are having various levels of success, so we may well provide further finance for some of those types of multinational initiatives going forward. I would say at this stage we may not fund them all.

Q189 Andrew Stunell: We have mentioned the Slum Upgrading Facility and there is the Community-Led Infrastructure Finance Facility, CLIFF. There are two projects there. Would you like to evaluate those for us and tell us whether you think either of them or both of them ought to or will get further funding and support from DFID?

Mr Thomas: To be candid, the Slum Upgrading Facility has taken longer to begin to have real impact on the ground. It is beginning to have success in one or two of the pilot areas, whereas the Community-Led Infrastructure Finance Facility has made faster and more impressive progress to date. Before we take decisions to provide further funding we carry out evaluations of such initiatives, and we will talk to a range of advisers who engage with those projects before we make a decision as to whether or not to provide further funding to them.

Q190 Andrew Stunell: It is thumbs up for CLIFF and thumbs down for the Slum Upgrading Facility!

Mr Thomas: I think that is a slightly unfair black and white description of what I have just said. I hope that the Slum Upgrading Facility will see further progress. Clearly, in some of the pilot projects there are examples of success. There are more examples of success in the CLIFF project to date.

Q191 Mr Sharma: Can I just put my own question, just a continuation on the slum upgrading facility? There are pilot stages in Sri Lanka, Indonesia and, I understand, Tanzania. I am very interested to know in Sri Lanka, under the present political climate, how DFID is monitoring whether that pilot project will be a continuation on the slum upgrading facility? Or will it be a CLIFF initiated project and would it beCities Alliance who would provide us, through their implementing partners, with that information. At the end of a cycle of programme funding then there is an evaluative process which may or may not involve DFID core staff or certainly consultants appointed by the programme or by the Evaluation Department, depending on how far you would feel it is necessary to be to look at those programmes, and that will then get us in a position that allows us to determine whether or not a programme should be renewed. Where we think it is important and it is large then senior officials will go and travel to the region and evaluate with the specialist teams that are doing that.

Q192 Mr Sharma: I hope, Chairman, you do not mind me referring to the recent visit to Sri Lanka. We are still concerned about whether the outside agencies are allowed to work with the right type of people or not, so what is that like?

Mr Thomas: On humanitarian access the concern that you raise, Mr Sharma, is well-founded. This is a slightly different project working in a slightly different context.

Q193 Mr Sharma: The Poverty Reduction Strategy Papers currently make almost no reference to urban poverty or slum dwellers. How are you working with the developing country governments to ensure that urban development issues are prioritised in their PRSPs?

Mr Thomas: This comes back in a sense to the difference in approach which I referred to. We do address and raise in discussions about Poverty Reduction Strategies in country concerns about some of the needs of slum dwellers or some of the needs around urbanisation in terms of education, on health, on water, on sanitation et cetera. Simply because there is not a paragraph that talks about urbanisation does not mean that we are not addressing some of the challenges that urbanisation brings in those PRSPs.

Q194 Chairman: We have discussed the cross-departmental links but we have had very strong evidence from local government organisations about what they see as a role for them and for their people and I wondered whether your department is engaged with UK local government to see first of all what they are doing in terms of engagement with urban poverty programmes in developing countries and the extent to which they could be partnered with DFID in that process.

Mr Thomas: The straight answer to that is undoubtedly we could do more in that area. We do not have a central register as such of urbanisation experts whom we could second if a developing country asked us to help them out if there was a particular need. Having said that, we have not been asked, certainly as I understand it—and Mr Samiullah you may wish to comment—in any significant way for access to such expertise.
Q195 Chairman: You may have been now—I think I have seen a copy of a letter from the LGA\(^3\) to the Secretary of State seeking a meeting to see what they can discuss about co-operation.

Mr Thomas: With respect, Mr Bruce, what I meant was from developing countries for expertise from the UK. Certainly we have had a number of recent offers and, as you say, requests for discussions which may or may not have been prompted by the Committee’s inquiry. I am certainly happy to give the Committee an undertaking that I will look into this area as part of future work that we might be doing on cities. The whole issue of twinning, as the Committee will recognise, has its difficulties, and I do think that we have to be clear that there has got to be a clear need expressed by the developing country for access to specific UK expertise, but I will look at whether or not there is more we could do in a sense to have a ready pool of such expertise that could be deployable if a request came in.

Q196 Chairman: The way it has been put to us is that there is a huge amount of professional expertise, whether it is in planning, water, sanitation, finance, management, all kinds of things, which has a lot to contribute to developing countries in working with them, admittedly if we get the right people in the right place and the right environment. Our understanding is that Norway and Canada have fairly good, developed programmes on this matter and the LGA and others are saying that they would see it as a career development placement for their staff but at the same time offering expertise to the developing country over a given period of time for particular purposes. I guess they would be looking towards DFID to assist, not in terms of paying the salaries of these people or taking them on, but possibly providing a contribution towards travel or accommodation while they were doing it. It does seem to us that in a lot of these issues there is mutual benefit, that is the point. There is a benefit in terms of expertise and knowledge and learning that will accrue back to the UK to these people from their experience and then there is the benefit of that experience being applied to these urban places. If we take a very simple example, what we saw in Lagos was effectively a bus lane development; it was a simple project but it was working quite well there. A lot of things are quite exportable but if you do not have the officials and the expertise on the ground in the developing country then it cannot happen, so what we are really saying and what the LGA is looking for is whether or not there could be a really serious look, which would actually extend the capacity of DFID in some ways too.

Mr Thomas: As I said, Mr Bruce, I am very happy to look at that, to give the Committee an undertaking that I will look at that. As you referred to, we have had a number of letters recently suggesting such a twinning programme and as I alluded to in a previous answer we fund the Commonwealth Local Government Good Practice Scheme which has about 34 capacity-building projects in a range of Commonwealth countries. If I may, can I bring Mr Samiullah in on your suggestion about twinning?

Q197 Chairman: Before you do could I just finish this point. There are a number of actual pilot schemes that local authorities have run themselves so they would be able to show you that this is how it works, so what we are really saying is maybe you could assist them with one or two more partners from a DFID perspective. Mr Samiullah, do you want to say something about that?

Mr Samiullah: I just wanted to say something about the context within which these pilots function. Often it is necessary to ensure that it is part of the process which is looking at the wider development needs of the city, so the work might well demonstrate how you can plan, how you can book-keep better, basic functions like that. But it works much better if it is in the context of looking at an overall urban development portfolio, a potential lending package coming from a multilateral development bank and then specific capacity-building needs are identified and that is where those linkages are made, to fill that. Just doing capacity-building in particular areas, where the context is against success, is less effective.

Mr Thomas: What I would add, Mr Bruce, is that there are various other twinning programmes where expertise is shared, and health is one such where there are some fantastic examples of co-operation between the UK health trusts and hospitals or clinics in developing countries. There are also some not very good examples of work there as well, so as I say I am not against the idea and I will take away what I assume will be a suggestion from the Committee that we look into doing more work in this area.

Chairman: Just a point of clarification, you mentioned earlier in your response “twinning”. We are not talking about twinning, we are talking about technical transfers, we are talking about people going to do specific projects wherever, which will be for a particular purpose in different places, not twinning of towns in various ways.

Q198 Hugh Bayley: Some little while ago you mentioned, Minister, the importance of strengthening the quality of local governance, and it seems to me that that is absolutely essential if you are going to have a joined-up approach in urban areas between a whole range of services. If local government does not have the skills and the political will to take a lead you will not get a joined-up approach, so it seems to me it is not just a matter of transferring technical skills, skills about the administration of schools, sending out water engineers or environmental health officers, it is a matter of improving both at political level and at management level the quality of governance within city structures. Your department in the last White Paper signalled the importance of governance and you have taken some important initiatives to work in the field of parliamentary capacity-building. I wonder what work you have done and intend to do to strengthen the capacity at both the political level

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\(^3\) Local Government Association
and at the level of local government officials to strengthen the quality of city governance in these key strategic cities, these mega-cities.

Mr Thomas: There is a series of examples where we have programmes to strengthen government or governance at a local level. I can think of programmes in Pakistan and in Afghanistan which, forgive me, I will have to drop the Committee a note about by way of example, but as I said in my opening remarks there is a piece of work which I have asked officials to begin to think about around what else we could do in terms of city governance more generally, because I do think the pace of urbanisation is such that as well as quite rightly focusing on parliamentary strengthening and the institutions that underpin parliaments, be it national audit offices et cetera, we do need to start thinking about, in particular, city level governance. I accept there is a challenge around local government but my instinct is that the particular need is around big cities going forward given the pace of urbanisation in a Lagos or a Karachi or Calcutta or somewhere else. As I say, it is very early days in terms of that work but I have asked officials to begin to do something. If you will forgive me, I am not going to try and give you any greater sense of detail because I cannot do that at this stage. Mr Samiullah has just pointed out to me box 5 in the memorandum in terms of work on local government in Faisalabad.

Chairman: Yes, I saw that. Thank you.

Q199 John Battle: Encouragingly, right at the beginning you made an important emphasis that has come through what you said about relating to the people on the ground, and I just want to ask a little bit about supporting community-led initiatives, not least because DFID has got a reputation internationally for championing bottom-up strategies and tapping into people, listening to the poorest to make sure that their voices catch light and go up through the structures rather than being the old top down approach. I just wondered if you had a contrast with somewhere like Cochin and Calcutta, where there is nowhere in Britain with that literacy rate. There is a challenge around local government but my instinct is that the particular need is around big cities going forward given the pace of urbanisation in a Lagos or a Karachi or Calcutta or somewhere else. As I say, it is very early days in terms of that work but I have asked officials to begin to do something. If you will forgive me, I am not going to try and give you any greater sense of detail because I cannot do that at this stage. Mr Samiullah has just pointed out to me box 5 in the memorandum in terms of work on local government in Faisalabad.

Chairman: Yes, I saw that. Thank you.

Q200 John Battle: Can I just push the India example a little bit further? In fact the Committee visited Cochin in Kerala, and one of the facts I remember is that its literacy rate over the last 40 years is 98%—there is nowhere in Britain with that literacy rate. I am not asking for amounts of money but what criteria would you use in DFID to decide whether to support their initiatives or not if they put forward proposals.

Mr Samiullah: If I could say something about the context for India because that has been the development learning place for the world over a series of generations of programmes, from early city block slum upgrading, dealing with sewers in small towns like Cuttack and Cochin to the Andhra Pradesh Urban Services Programme, which was the genesis of people’s empowerment. It was a £90 million programme over about five years in 32 class one towns initially—towns of about 300,000 population—of the £90 million portfolio £15 million was allocated to all the towns to build capacity to the local officials, to teach people a little bit about democracy—you do not need to do much of that in India in terms of teaching. We then had a challenge fund which said that we would pay for half the capital costs of upgrading any slum in their town, but it was first come, first served in terms of if you prepared a credible municipal action plan—a MAP it was called—to actually identify a business plan for the town, and the capacity building helped the towns to do that, we said the first towns to do this can actually have that money. It was competitive and about eight of the towns swept in and took quite a lot of the pot, which generated all kinds of voice and interest. That sort of process is something that the Government of India has taken up in this national programme, the Jawaharlal Nehru National Development Programme for Mega Cities, really and then the other cities. So we would try and put our development in the context of working with an agreed strategy with the Government of India in that particular case. Then if there were specific initiatives that came from that—we have worked in the past with SPARC—those like example, in Mumbai and groups like that, like Shack—if they were consistent with a portfolio that had been agreed—there is a big programme in Calcutta for example, an urban environment programme there—that would be the mechanism by which they would get access to money. It is to identify the framework that has been designed for that support and then bind to that framework, and through the local management unit then have that negotiation.

Mr Thomas: Calcutta is an interesting example because the work programme that we have in Calcutta, which is still going on, has already had a series of successes, not only in terms of community empowerment but also that community empowerment has led to, so there has been a whole series of work achieved on basic infrastructure, be it better drains, better access to water, to toilets. Over 600,000 slum dwellers have been helped directly as a result of that programme in terms of access to those basic services. One municipality—and it may seem an odd thing to want to celebrate but I think it is

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important—has been declared the first open-defecation-free municipal area in India which, given the challenges around sanitation which the Committee will be aware of, is a remarkable achievement. One of the things that has also emerged from community demands has been around youth employment and training, so the Calcutta programme has helped to lead to training and job placements for a substantial number of young people and about 30,000 self-help groups have been established—again, another example of that community empowerment.

Q201 John Battle: If I might add on a personal note, Chairman, water and sanitation projects are absolutely vital. I say that because the Committee has also been to places like Sierra Leone where youngsters that some of the Committee had to meet were walking around with AK47s. But some time before I was in Parliament I stayed in a favela in inner city Sao Paolo and I think the most dangerous thing I have ever had to do in my life was actually to drink water to make tea with, taken from an open sewer. I am sure that was far more dangerous than meeting a youngster with an AK47 because sanitation in cities is a massive challenge, and it is really pleasing to hear what your department is doing in Calcutta.

Mr Thomas: Thank you.

Q202 Mr Sharma: The Consortium for Street Children expressed concern about the absence of a DFID strategy for street children and the lack of attention to the issue by other donors, especially the UN Children’s Fund (UNICEF). Why do DFID programmes not target street children especially?

Mr Thomas: We work very closely with UNICEF and in the work programme we are developing with UNICEF going forward there is the potential for indicators to measure UNICEF’s success in helping to protect vulnerable children from violence, so there may be ways in which we can perhaps indirectly but nonetheless in a significant way address the concerns around street children. We also have a whole series of social protection programmes around our programmes, not least in Kenya, which are helping to get cash to extremely needy families including the sorts of children who would end up on the streets and be at risk in the way that has been described to you.

Q203 Mr Sharma: When will you publish your revised institutional strategy with UNICEF?

Mr Thomas: I am currently working on it at the moment, so I suppose the answer is soon—hopefully. Forgive me, Mr Bruce, maybe I should add that it partly depends on how UNICEF respond to some of the issues that we are raising. We are hoping to publish that institutional strategy in agreement with a number of other donors—because obviously it gives us more leverage with UNICEF—so it is a more complex negotiation than just the traditional discussion that we might have had with UNICEF in previous times.

Q204 Chairman: Obviously we have had representations about street children worldwide and the Consortium for Street Children of course exists because they believe that they are a discrete group that are not always properly addressed. Their contention is that they are not convinced that UNICEF has the same engagement as they have, so really what we are trying to probe is whether or not the department recognises the specific needs of street children and whether or not you should be doing more to address those needs specifically.

Mr Thomas: I will take that away in the context of the preparations that we are engaged in terms of the institutional strategy with UNICEF. I would suggest that both the work we are doing on social protection for access to primary schools and access to healthcare are all examples of work which will benefit street children, as indeed they will benefit other children. I do accept the premise of the question and there are nevertheless some discrete challenges around street children. I will bear that in mind for the work we do in terms of the discussions we have with UNICEF.

Q205 John Battle: If I could revert to Water and Sanitation in urban areas, the funding for Water and Sanitation for the Urban Poor that is in your budget runs out this year, does it not? Will that funding be renewed—I think it was £3.95 million from October 2005 to April 2009. Is there another slice going back in?

Mr Thomas: Possibly.

Q206 John Battle: Is it part of the negotiations of the overall budget in other words?

Mr Thomas: What we are going to do is an evaluation of the success of the programme or not and, depending on what that evaluation flags up, we will then make a funding decision.

Q207 John Battle: You gave the very good example of water and sanitation in Calcutta but are there any other examples of basic services for slum dwellers that your department is involved in providing outside the India programme, because the India programme does take the bulk of DFID money and I just wondered whether it has been able to be extended elsewhere.

Mr Thomas: There was a series of other examples that we gave in the memorandum that we sent through to the Committee but I will have a look at that memorandum again and see whether there are other examples we can offer to the Committee. I think of the work we are doing for example in Bangladesh where we have a £60 million urban programme. Forgive me, I think that is included in the memorandum but I cannot find it.

Q208 John Battle: That is £60 million over six years to UNDP, is it not?
Mr Thomas: That is right.

Q209 John Battle: I suppose what I am looking for is whether it is in the bracket of the India programme, which is a big one, or whether it is a kind of strategic line now cutting right through into the budgets elsewhere.

Mr Thomas: I do not think it is a strategic line in that sense because we do try and look at each individual country’s needs and what it asks of us as a donor, which do tend to be different. It also partly depends on what other donors are doing in country. Certainly we are seen as having particular expertise in India and £246 million, which is what we are currently spending or planning to spend through the life of our India programme on urban programmes. That is a very significant spend as you say.

Q210 Mr Sharma: My question is on crime, violence and social unrest. Does DFID have a strategy for dealing with the links between urban poverty, unemployment and crime?

Mr Thomas: Yes, we do, but again it is in a country context. Let me give you the example of Jamaica where we have a community security initiative which we provide funding to and indeed put placements of police officers into the Jamaican national police force to help them better deal with some of the organised crime that there is in some of the urban environments in Jamaica. At the same time as key organised criminals are arrested and taken away to face justice, so we help to ensure that public services are able to move in to, in a sense, fill the gap left by those kingpins. They have been around helping to get access to water and sanitation and other basic public services, so both helping to deal with some of the security challenges and crime challenges and then making sure that it is much more difficult for those new criminals to take over the space that has been left as other public services are provided.

Q211 Andrew Stunell: When we were in Nigeria we saw a scheme being supported by DFID in Kano which was about community policing, which appeared to be very promising and was being replicated elsewhere; I wondered if you had plans to expand that. That is part one of my question; part two of my question is if you are sending senior police officers to Jamaica to deal with crime and racketeering and its impact on the UK could you say anything about plans to develop a similar support for Nigeria where we have also taken evidence that there are serious problems there relating to corruption spreading across the two countries?

Mr Thomas: In answer to the first part of your question our work on security and policing in Nigeria now covers 18 of the 36 states and I hope to get a better feel myself for that programme when I visit shortly. On the question of secondments or otherwise of police officers, in a sense it partly depends on whether we get a direct request and whether there are the officers who can be released. It was a very specific request from the Jamaican police force and the Metropolitan Police were able to respond in that particular way.

Q212 Andrew Stunell: We have taken some evidence that maybe the corruption inquiries in Nigeria have slowed down because of a lack of good co-operation between the two sets of authorities. Do you have any input into re-engaging people on that?

Mr Thomas: Mr Stunell, if I may perhaps I can take your question away and look at that when I travel to Nigeria directly. I will take that as advance notice that you are likely to ask a question in that area when I come back to be re-interviewed about Nigeria.

Q213 Chairman: Can I suggest, Mr Thomas, that you might want to look at the evidence we took yesterday which I understand will be published online tomorrow, to which Mr Stunell was referring. To be fair part of the implication was a slight disengagement at the Nigerian end, I do not think the implication was necessarily focused at the UK end. The net effect was the same but the feeling was that whereas there had been quite effective co-operation at tackling corruption up until a couple of years ago, when of course there was a change of administration, that has somewhat diminished. If you look at the evidence you might find it helpful.

Mr Thomas: Thank you, I appreciate the tip.

Q214 Andrew Stunell: If I could just turn to the climate change issue, in your own submission to us you said that it looked as though donors in countries now were putting climate change as a higher priority than urban poverty and have changed their focus accordingly. As climate change has come up DFID’s agenda—quite rightly so—urbanisation seems to have gone down, as you will probably have picked up from our questioning—that is the message we are getting. Does that actually reflect a deliberate change in focus for DFID or are we just completely misreading the situation?

Mr Thomas: With respect I think you are misreading the situation about urbanisation because we are doing a lot on urban challenges as I have discussed. On climate change certainly we are definitely seeking to scale up the work we do on climate change, both at a policy level in London and also what we are asking of our country offices. In a sense, therefore, to bring the two issues together we are currently considering supporting in India what is a city-focused, sustainable habitat, part of their national action plan on climate change, and we are beginning to look at how we can climate test our programmes in India and indeed in other countries. Again, to give another example, Mr Stunell, some of our work in Bangladesh will include work on waste and hygiene issues and that work considers the impact of extreme weather events caused by climate change and what that would do for problems around waste and hygiene—so the issues around blocked drains, flooding, the vulnerability of people in low-lying areas et cetera and some of the challenges that climate change would bring in that context. I hope that gives you a flavour of how, in a sense, the climate agenda and the urban agendas are beginning to come together, but the White Paper I hope will give the Committee further confidence of our progress in terms of climate change.
Q215 Andrew Stunell: There are two aspects to climate change really, are there not, there is if you like proofing the city against extreme events but there is also the impact of changing climate on particularly the urban poor, and it is important to make sure that the urban poor do not lose out as a result of a shrinkage of help for them in favour of specific climate change projects. Could you say something about how DFID is approaching that potential competition in policy areas and resources in terms of urban policy overseas?

Mr Thomas: You are right to say that as part of what we do on climate change we have got to make sure that that work helps the urban poor going forward. I gave you the example of what we are doing in Bangladesh—many of the poorest people in Bangladesh live in very low-lying areas which are urban areas, and if there are extreme weather events—if we use the example of flooding—that can cause considerable problems in terms of drainage and sanitation. Part of our response therefore to climate change as well as part of our response to urbanisation has got to be to bring those two agendas together, to think through how you better manage or how you get better training systems and better flood alleviation systems in place, better disaster management programmes in place. Those challenges have become more urgent for the urban poor because of climate change but they are nevertheless still a challenge for the urban poor just as they are a challenge that we need to address in terms of responding to climate change. I do not think it is necessarily an either/or scenario, I think it just sharpens the focus that you have to have on some of the existing challenges we have got.

Q216 John Battle: Just a final question and it comes back to my first question in a way. Encouragingly the urban challenges and the climate change agenda are coming together and converging and I am still convinced that the North-South agenda is converging; it is just a small question really about working on the climate change issues with the Department of Energy and Climate Change. Are there good links there, do you work together and do they talk to you about the work and knowledge and experience your staff are picking up, and do they feed that through?

Mr Thomas: The straight answer is, yes, there are very close links between our climate change team and the climate change teams in DECC, and there are regular discussions at Secretary of State level as well as we start to prepare our position, for example, in the run-up to Copenhagen.

Q217 Chairman: Mr Thomas, just to draw it together, when we started this inquiry we were aware of the fact and it was picked up last year that the world had become predominantly urban. That was part of the focus and Mr Battle certainly encouraged us to look at the impact of urban poverty and the specific needs of the urban poor. You then look at MDG 7 which says “We want to achieve significant improvement in the lives of at least 100 million slum dwellers by 2020.” That is wonderful but there are likely to be 1,000 million more slum dwellers by 2020 so it is a pretty inadequate Millennium Development Goal in the sense that it is running away from us much faster than we are pursuing it. I do not know necessarily whether this is a question you could or should answer but I am just asking if you accept that the Committee has embarked on this inquiry and become very, very conscious of the fact that urbanisation is a challenge that has escalated very rapidly in recent years. We are not convinced, if I put it this way, that any of the international and national aid agencies are really apprised of the severity of that challenge, and what we are saying to DFID is we really would ask you to think very, very hard as to whether DFID is or is not up for it, both in terms of its own strategy and policies and also its role which we very much appreciate as a leading development ministry and policy leader in the world. I do not think the Committee is going to be coming along and saying “We have the answer to this” and there are some pretty tough questions out there. Clearly people who are engaged in these issues feel at the very least that it is difficult to know and understand what DFID and indeed the other agencies are doing to address this problem—and I do not for a minute suggest that you are not doing anything, you have given fair answers to suggest that you are, but what is not clear I suppose is the point, is exactly how that is going to be addressed. If you put it in these terms, if the forecast for 2020 and the number of people living in urban poverty and urban slums as projected is a correct forecast, what on earth should we all be doing to try and head those figures off and actually deal with them?

Mr Thomas: There are a number of responses I would give. I cannot dispute that donors need to do more to respond to urbanisation, both immediately and certainly in the run-up to 2020, and that is one reason why I want to emphasise the point that the major multilaterals—the World Bank, the Asian Development Bank, the African Development Bank—are in various stages of stepping up their work on the challenges that there are. As I said in answer to your opening question, I accept that we need to do some more thinking about some aspects of the urbanisation challenge, not least on infrastructure, where we have work underway, and one of the specific areas we can usefully focus on is around cities’ governance, given that we have a strong track record of governance in general terms. I have no doubt that the pace of urbanisation will also bring into sharper relief questions around education, around health, around economic growth, around climate change, around fragile state environments as well, all of which to some extent will be addressed in the White Paper that the Committee will see. Your basic point, do we need to do more as a donor community internationally, I accept that we do. We can make a contribution to that, we cannot have all the answers ourselves. We can do more advocacy work with those major multilaterals and we will do that, but in a sense we need the international community to focus on this issue and the review summit next year of the Millennium Development Goals will give an opportunity to provide some of
that additional focus. This is an issue that the international community, frankly, is going to have to focus on way beyond 2010.

Q218 Chairman: Thank you for that. Can I wish you bon voyage when you go to Nigeria and I trust you will find it as interesting as the Committee did, if not as challenging as well. With all the references to Lagos it is a brilliant city in terms of its location, its challenges, what is happening there and its dynamic contribution to Nigeria. It has huge challenges and huge problems, but it has also a fantastic amount of vibrancy about it as well. It is potentially a great city, if it does not hit a disaster before it becomes a great city, and I guess that is its particular challenge. I trust you will have an interesting visit and we will hear from you again when you return.

Mr Thomas: Thanks very much for that and, perhaps offline, I can have a word with you about your visit separately.

Chairman: Thank you very much.
Written evidence submitted by BasicNeeds

EXECUTIVE SUMMARY

In response to the invitation to report on urbanisation and poverty to the International Development Committee a report is given of the project funded by the Department for International Development’s Civil Society Challenge Fund in the urban informal settlement of Kangemi 2005–08. This project demonstrates DFID’s contribution to meeting the MDG7 target of improving the lives of slum dwellers by providing access to health services, specifically mental health services.

BasicNeeds a UK registered charity (1079599) that developed a proven community mental health and development model. As a result of the funding awarded by DFID CSCF a total of 4,005 people of which 2,276 people with mental illness or epilepsy and 1,729 carers benefited from the project with a further 11,380 indirect family members in Kangemi’s informal settlements.

Training of community volunteers and primary health carers enabled mental health services to be integrated into the existing primary health care services making certain the services continue in the future. The inclusion of community mental health service provision in the Government of Kenya’s National Mental Health policy will support medication supply and access to treatment within Kangemi informal settlements. The task now is to monitor implementation of the policy in the future.

INTRODUCTION

1.1. According to the World Health Organisation “Mental health now accounts for about 12.3% of the global burden of diseases. It is projected that this will rise to 15% by the year 2020, by which time depression will disable more people than complications arising from AIDS, heart disease, traffic accidents and wars combined. World Health Organisation (WHO) investigators studied cross-national comparisons of the prevalence of mental disorders and found a consistent pattern of higher prevalence in urban areas rather than rural.

1.2. BasicNeeds, founded by Chris Underhill, MBE, is a UK registered charity (1079599) which has been implementing programmes since 2000 to enable people with mental illness or epilepsy to live and work successfully in their communities. BasicNeeds developed and implements a proven model of mental health and development in the following countries: Uganda, Kenya, Tanzania, Ghana, India, Sri Lanka, Laos and Colombia.

1.3. The BasicNeeds model is broken down into five modules:

1.4. Capacity building: BasicNeeds supports people with mental illness or epilepsy and their carers to actively participate in consultation workshops and self-help groups; institutional strengthening of community based partner organisations on a range of aspects required for the sustainability of the programme.

1.5. Community Mental Health: BasicNeeds mobilises public sector health professionals to provide easily accessible mental health services in the community.

1.6. Sustainable Livelihoods: BasicNeeds supports individuals with mental disorders and their families to get involved in productive activities such as returning to their original work, being trained in new job skills or starting a small business.

1.7. Research: BasicNeeds engages in two forms of research i) Action Research in which people with mental illness or epilepsy analyse their own experiences, which are used for advocacy activities and ii) Policy Research which creates an evidence-base about mental health.

1.8. Management and Administration: BasicNeeds administers its programme with the active participation of partner organisations, covering planning, implementation, monitoring and evaluation.

1.9. BasicNeeds has implemented the model in the rural and urban setting and it is our experience in the latter which provides us with the factual information to contribute to the International Development Committee’s inquiry on Urbanisation and Poverty.

1.10. The Department for International Development’s Civil Society Challenge Fund (CSCF) has supported BasicNeeds since 2003. Two projects awarded grants by CSCF focused on addressing issues faced by people with mental illness or epilepsy in the urban setting in Uganda and Kenya.

1.11. Drawing on our experience of providing mental health services in Kangemi informal settlements, Nairobi we will demonstrate how DFID CSCF is supporting the reduction in urban poverty and facilitating the provision of mental health services.
FACTUAL INFORMATION

2. Kenya: Mental Health Situation

2.1. All healthcare services, including mental health care in Kenya are coordinated by the Ministry of Health (MOH) and are offered at national, provincial and district levels. The healthcare has a referral system where patients from the lowest level at the community visit the dispensaries and health centres. People with mental illness or epilepsy requiring secondary health care services or cannot be managed at the community health centres are referred to the district and provincial levels where specialised care and facilities exist. Referral to specialised hospitals is another option if necessary.

2.2. As indicated although a referral system exists in policy it faces numerous obstacles including: lack of adequate medication, equipment and shortage of medical personnel. The high poverty level in the country results in huge demands for all health care services including mental health services.

2.3. The current National Health Sector Strategic Plan (2005–10) envisages collaboration and partnership through the Sector Wide Approach (SWAP). This will entail collaboration of many partners ranging from the Ministry of Health, Government of Kenya and other local and international organisations to donors, non governmental organisations and most importantly people with mental illness or epilepsy, their carers and families and the general community in which they live.

2.4. The draft national mental health policy also recognizes the need for collaboration between public as well as private sector. This would involve training, research and service delivery in mental health. In Kenya, non governmental organisations (NGOs) and faith based organisations (FBOs) have been the crucial players in the provision of mental health services, particularly because the Government of Kenya (GOK) budget allocations for mental health have traditionally been inadequate.

2.5. BasicNeeds as a member of the review team charged with finalising the National Mental Health policy is ensuring lessons learnt in implementing the pilot urban programme funded by DFID CSCF are incorporated into the final policy.

2.6. The final National Mental Health policy outlines the practical ways of ensuring mentally ill people access treatment in their local community and recognises sustainable livelihoods is an integral element to sustained recovery especially in the slum environment.

2.7. Though some efforts have been made in providing a conducive, user friendly environment for mentally ill people, the mental health situation in Kenya has been negatively influenced by a number of factors ranging from the high poverty levels, large influx of refugees, reliance on archaic systems, lack of facilities, poor stakeholder coordination, funding issues and the stigma associated with mental illness. On funding for instance, the proportion of the entire public health budget to Gross Domestic Product (GDP) is 7.8%, from which only 0.01% is set aside for mental health (WHO Atlas 2005). In Kenya, mental health constitutes not only a real public health concern but is also a socioeconomic and development problem.

3. Slum Conditions and the link to Mental Health

3.1. Kenya’s slums are growing at an unprecedented rate as more and more people migrate from the rural area to cities and towns in search of employment. Kenya’s urban population is at present 40% of the total population.

3.2. The multiculturalism of slums contributes to heighten social tensions and coupled together with different cultural opinions and beliefs these issues all play a part in exacerbating mental health problems.

4. BasicNeeds Experience

4.1. In 2005 the CSCF awarded BasicNeeds a grant to adapt and implement the mental health and development model in Kangemi’s informal settlements in Nairobi. The majority of people in Kangemi are migrants from rural Kenya who have arrived in search of employment and business opportunities. A total of 4,005 people benefited from the project among them 2,276 people with mental illness and epilepsy and 1,729 carers.

4.2. As indicated above all health services are coordinated by the Ministry of Health and offered at national, provincial and local levels. BasicNeeds facilitated the mainstreaming of mental health into the existing primary care services in Kangemi’s informal settlements through training primary health workers. As a direct result of this training a German operated urban refugee programme has initiated the integration of mental health in their clinics. A further four health centres within and around the city of Nairobi have expanded the quantity and quality of services to people with mental illness or epilepsy. This has ensured the sustainability of the services beyond the three year funded project.

4.3. Due to the Government of Kenya’s ignorance of the magnitude of the mental health problems in Kenya there is poor planning of medication procurement. From 2007 onwards the recording and reporting of mental illness has been integrated into the district tally sheets. This is an important development which will directly improve planning of medication procurement based on demand.
4.4. Selection and training of appropriate local partners ensured people with mental illness or epilepsy continue to access family support services, alcohol rehabilitation and specialist care for children with epilepsy.

4.5. People with mental illness or epilepsy and their carers were involved from the beginning of the project and consulted about their needs and how they could be addressed. For many this was the first time they had been consulted and encouraged to voice their opinion. BasicNeeds approach to participatory research further empowered individuals to participate and understand issues about security, local environment, stigma discrimination and community acceptance.

4.6. Training and education changed attitudes at the health facilities and in the community at large providing a better environment for recovery and social reintegration.

4.7. Alcohol abuse is a problem in Kangemi informal settlements however the improvement rate for individuals who joined the detoxification and treatment programme was found to be above average. As a result 21 individuals joined group therapy activities and formed and registered their own social economic group.

4.8. The provision of mental health services at the local health facility contributed immediately to the reduction of poverty by significantly reducing family outgoings. Previously access to treatment meant incurring expenditure and valuable time to travel to referral hospitals. If travelling to the hospital was not possible the only alternative was to consult expensive and often ineffective faith and traditional healers.

4.9. In order to allow alternative sources of support to be available in the Kangemi Informal Settlements a sensitisation programme was implemented to education traditional healers about mental health. A marked increase in the number of referrals to the outreach clinics from traditional healers was witnessed in the last year.

4.10. Drawing on proven development tools people with mental illness or epilepsy and their carers formed self-help groups. Eight groups, each with 35 members, were registered and successfully work together on several income generating projects. One group successfully received a grant from the Department of Social Services to expand their catering project. Although it is recognised that not all economic needs are met important linkages with government Extension Services are established. A work culture rather than a hand out culture now prevails and will in the long term reduce the poverty of the group members.

4.11. Returning to formal employment is a challenge but through various activities targeted to raise awareness among employers seven people with mental illness secured jobs.

4.12. The formation of self help groups is not just about reducing poverty its about lobbying and advocating for the rights of people with mental illness and epilepsy. BasicNeeds has supported the registration of the Users and Survivors of Psychiatry—Kenya (USP-Ke)which is affiliated to the Pan African Users and Survivors of Psychiatry Network with who BasicNeeds as a a strategic partnership. USP-Ke plays an important role in linking self help groups to local and national forums and providing resources to enable advocacy activities to take place to influence policy makers and raise awareness of mental health issues.

4.13. Stabilised mentally ill people in Kangemi’s informal settlements have become ambassadors of community mental health using their own experience to highlight the advantages of attending the clinic and encouraging others to attend and in some cases accompanying new patients on their first visit.

4.14. All the information given above has occurred because DFID CSCF awarded BasicNeeds a grant to pilot a community mental health programme in Kangemi’s informal settlement.

5. Conclusion

5.1 In order to continue making progress towards achieving MDG7, the issues of provision of mental health care services as well as sustainable livelihoods for people with mental illness or epilepsy should feature in future plans of the Department for International Development.
Written evidence submitted by the Brazilian Embassy in London

SUMMARY

This document makes a brief presentation of the key programmes that Brazil pursues to combat urban poverty, specifically in the area of housing. There has been a large scale shift in the urban populations over the past century, currently 80% of the Brazilian population lives in urban areas. Brazilian research institutes (IBGE, CEM, CEBRAP-SP) have carried out research to quantify the number of citizens living in precarious settlements in order to provide subsidies for national strategic planning and policy. The Ministry for Cities, created in 2003, has been instrumental in implementing national policy working in tandem with the Accelerated Growth Programme (PAC) and other relevant bodies. There are two types of programmes to tackle these huge challenges:

(i) Living Conditions Improvement Programmes, Agrarian Regularization and Urbanistic Development for Precarious Settlements which includes the following initiatives: Programme of Social Housing Subsidies; Residential Rental Programme; Associate and Individual Letter of Credit Programme and Social Housing Programme. Section 4 offers an outline of each of these programmes, the level of investment and data on population that has benefitted from these initiatives so far.

(ii) Programmes Aimed at Preventing Precarious Settlements, which includes the following initiatives: Programme of Urbanization; Property Ownership Regularization and Integration of Precarious Settlements; Deed Grant Programme and Pro-Housing Programme. Section 5 offers an outline of each of these programmes, the level of investment and data on population that has benefitted from these initiatives so far.

1. GENERAL BACKGROUND

Between 2000 and 2005, the housing deficit in Brazil, which used to represent 16.1% of the total housing stock decreased to 14.9%. The urban housing deficit is prevalent mainly amongst families that have a monthly income of up to three minimum salaries;1 in 2005, 90.3% of those families accounted for the urban housing deficit. According to the Institute of Applied Economic Research ("IPEA"), there was an improvement in the ratio of urban dwellings with adequate living conditions from 49.4% in 1992 to 61.5% in 2005, increasing occupation by 12 percentage points over the period.

2. ESTIMATES OF THE PROPORTION OF THE POPULATION LIVING IN PRECARIOUS SETTLEMENTS

In order to calculate the number of dwellers in existing precarious settlements in Brazil, the estimate refers to the population that lives in areas that the Brazilian Institute of Geography and Statistics ("IBGE") classifies as a special sector of subnormal urban clusters. However, the concept of subnormal clusters, albeit widely applied in practice, broadly underestimates the dimension of the urban informality, making the planning of governmental initiatives in precarious settlements more challenging. In order to overcome such constraints, the National Housing Secretariat (SNH—Secretaria Nacional de Habitação) in partnership with the Centre for Metropolitan Studies—"CEM" of the Brazilian Centre for Analysis and Planning—CEBRAP (Centro Brasileiro de Análise e Planejamento) of São Paulo carried out a study on the census enumeration areas that presented profiles of socio-economic, demographic and housing features similar to those of the census enumeration areas classified by the Brazilian Institute of Geography and Statistics ("IBGE") as subnormal clusters in the 2000 Census. The calculations were carried out for a total of 555 selected municipalities. According to the data ensuing from the study, a total of 12.4 million inhabitants and 3.2 millions of dwellings in precarious settlements were identified in the municipalities that were researched.

3. THE ROLE OF THE MINISTRY FOR CITIES2 AND PAC3

Once the Ministry for Cities was created in 2003, the federal investments in housing leaped from the level of R$5.2 billion (£1.4 billion) in 2002 to R$15.2 billion (£4.1 billion) in 2007. It is worth highlighting the fact that the Accelerated Growth Programme—"PAC"—for short, included the urbanization of shanty towns as a priority initiative for the growth of Brazil, investing approximately R$ 106 billion (£28.6 billion) in the housing sector.

1 The current minimum salary in Brazil is R$ 465.00 (£125.00) monthly.
2 The strategic creation of the Ministry for the Cities on 1st January 2003 aimed at combating social inequality and transforming the cities into more humanized spaces by providing better access to housing, basic sanitation, essential services and transportation.
3 PAC—Programa de Aceleração de Crescimento—Acceleration Growth Programme, a federal government initiative, launched in January 2007, which comprises a four-year set of economic policies aimed at accelerating the economic growth of Brazil. R$503 billion (£136 billion) are to be invested until 2010. It contains five black's of action: (i) main: social infrastructure (housing and water and sewerage, mass transportation (road, railway, ports, airports, waterways, etc); (ii) measures to stimulate credit and finance; (iii) improvements in environmental regulation; (iv) tax burden removal and (v) long term fiscal measures.

PAC website (in Portuguese): http://www.brasil.gov.br/pac/
4. CURRENT PROGRAMMES
The Federal Government has been tackling the challenges by developing strategic housing programmes within the framework of the Living Conditions Improvement Programmes, Agrarian Regularization and Urbanistic Development for Precarious Settlements. A brief outline of its programmes follows.

4.1 Programme of Social Housing Subsidies—(Programa do Subsídio à Habitação de Interesse Social—PSH)
This Programme complements the financial capacity of individuals with a monthly family income of up to three minimum salaries comprising finance operations or housing instalments, the difference between the capacity of the individual to pay and the necessary amount to purchase a property or (self) build a house.

2003–06: 175 thousand families benefitted from the programme.
2006: investments of R$444 million (£120 million) benefitting 44 thousand families.

4.2 Residential Rental Programme (Programa de Arrendamento Residencial—PAR)
This is an initiative of purchasing new build housing projects or refurbished housing, the units of which are aimed at providing families that have an income of up to R$1,800.00 (£486.50) as form of rental that also allows the tenants to purchase the property. From 2003 to 2006, 895 acquisitions of projects were made, which provided 150,903 housing units, of which approximately 100,000 have been let.

2006: investments of R$1.27 billion (£343 million) benefitting 40,250 families.

4.3 Associate and Individual Letter of Credit Programme (Programa Carta de Crédito Associativo e Individual)
This programme uses the resources of the Employee’s Dismissal Fund (Fundo de Garantia do Tempo de Serviço) to finance the purchase of housing units or urban lots of land as well to fund construction of housing units, completion of building work, extensions, refurbishment and improvement of housing units and purchase of building materials. This programme offers discounts to low income families by paying for the costs of the credit operation and part of the sale value or the cost of building the dwelling.

2003–06: 1.1 million families benefitted from this programme
2006: investments of R$5.47 billion (£1.47 billion) benefitting 360 thousand families.

4.4 Social Housing Programme (Programa de Habitação de Interesse Social)
Social Housing aims at providing access to adequate housing to segments of the population that have a monthly family income of up to three minimum salaries both in urban and rural locations. It has been structured in a manner that facilitates access to decent, regular housing with all public services for the low income population.

2003–06: over 46 thousand families obtained funds to build or buy housing units.
2006: investments of R$108 million (£29.2 million) benefitting 6.4 thousand families.

5. PROGRAMMES AIMED AT PREVENTING PRECARIOUS SETTLEMENTS

5.1 Programme of Urbanization, Property Ownership Regularization and Integration of Precarious Settlements (Programa Urbanização, Regularização Fundiária e Integração de Assentamentos Precários)
This Programme aims at improving housing conditions in precarious settlements and reducing risks by urbanizing them, regularizing the property ownership and integrating these settlements into the urban fabric of the town or city. Its initiatives include total urbanization of the precarious settlements combining a broad spectrum of urban and social actions aimed at transforming the areas in order to achieve decent living conditions.

2003–06: over 100 thousand families obtained funding to improve their houses.
Urbanization of precarious settlements were awarded projected investments from the Federal Government with the launch of the operation of the National Social Housing Fund “FNHIS” (Fundo Nacional de Habitação de Interesse Social) and the inclusion of the urbanization initiative in the Accelerated Growth Programme—PAC.

2006: the National Social Housing Fund—“FNHIS” R$1billion (£270 million) contracts.

5.2 Deed Grant Programme (Programa Papel Passado).

The objective of this programme is to support the states, municipalities and the Federal District, public defender offices and non-profit civil society bodies involved in the implementation of the programmes of property ownership regularization for the low income population that dwells in irregular precarious settlements located in publicly or privately owned areas. The set of initiatives and partnerships of this Programme enable the start of the property ownership regularization in 26 states and 300 municipalities; it is estimated that 1.3 million families living in 2,231 informal settlements will benefit from this initiative. In 2006, about 470 thousand families started the process of regularizing the ownership of the properties and 87 thousand deeds were granted out of which 22 thousand have been officially recorded in notary offices.

5.3 Pro-Housing Programme (Pró-Moradia)

“Pró-Moradia” uses funds of Employee’s Dismissal Fund (Fundo de Garantia do Tempo de Serviço), of the states, municipalities, Federal District or their direct or indirect administrative bodies, aiming at offering access to adequate housing to the population, whose main monthly family income is up to R$1,050.00 (£284.00). The Pro-Housing Programme is subdivided into three modules:

— Urbanization and Regularization of the Settlements
— Housing Estate Building
— Institutional Development.

As from 2007, one billion Reais (£270 million) is allocated for this programme on a yearly basis until 2010.

Written evidence submitted by Gilbert Chilinde, Physical Planner—Policy Monitoring and Evaluation, Malawi

Urbanization and Urban Poverty in Malawi

Introduction

1. This paper gives a brief overview of the current status of Malawi’s urbanization challenges in line with the commitment to achieve the Millennium Development Goals (MDGs).

BASIC INFORMATION ON MALAWI

<table>
<thead>
<tr>
<th>Area</th>
<th>118,000 sq km</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>13,066,320</td>
</tr>
<tr>
<td>Population over 18</td>
<td>6,216,432</td>
</tr>
<tr>
<td>Population density</td>
<td>139 persons per sq Km</td>
</tr>
<tr>
<td>Percentage under 15s</td>
<td>47%</td>
</tr>
<tr>
<td>Life expectancy at birth</td>
<td>Male, 47: Female, 48</td>
</tr>
<tr>
<td>Number of households</td>
<td>2,957,693</td>
</tr>
<tr>
<td>Mean household size</td>
<td>4.4 persons</td>
</tr>
<tr>
<td>Intercensal growth rate</td>
<td>2.8% pa</td>
</tr>
<tr>
<td>Gross Domestic Product</td>
<td>$10.59billion</td>
</tr>
<tr>
<td>GDP per capita (US$, PPP)</td>
<td>$800</td>
</tr>
<tr>
<td>Annual economic growth rate</td>
<td>8.5%</td>
</tr>
<tr>
<td>Prevalence of HIV/AIDS (aged 15–49)</td>
<td>12%</td>
</tr>
<tr>
<td>Under-5s mortality rate per thousand</td>
<td>120</td>
</tr>
<tr>
<td>Consumer Price Inflation rates</td>
<td>May 2008</td>
</tr>
<tr>
<td>National</td>
<td>7.9%</td>
</tr>
<tr>
<td>Urban</td>
<td>10.3</td>
</tr>
<tr>
<td>Composite Consumer Price index (2000 = 100)</td>
<td>Feb 2008</td>
</tr>
<tr>
<td>National</td>
<td>276.4</td>
</tr>
</tbody>
</table>

6 IndexMundi.
7 IndexMundi.
Urban

<table>
<thead>
<tr>
<th>Human Development Index and ranking(^a)</th>
<th>2007–08</th>
<th>0.437</th>
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</thead>
<tbody>
<tr>
<td>Percentage below poverty line</td>
<td>2004</td>
<td>52.4%</td>
</tr>
<tr>
<td>Urban Gini Co-efficient</td>
<td>1997–98</td>
<td>0.52</td>
</tr>
<tr>
<td>Percentage urban population</td>
<td>2008</td>
<td>44%</td>
</tr>
</tbody>
</table>


BACKGROUND

2. Malawi has four major urban centres with city status namely; Blantyre, Lilongwe, Mzuzu and Zomba. There are also eight secondary towns namely; Karonga, Kasungu, Salima, Dedza, Mangochi, Balaka, Liwonde and Luchenza. In addition, there are twenty three district centres and more than seventy nine market centres spread across the country. These cities, towns and centres are all growing rapidly and at unprecedented rates.

3. The natural urban population growth is attributed to high fertility rate at 4.2 (Population and Housing Census, National Statistics Office, 2008) alongside rapid rural-urban migration. The harsh rural environment, decreasing rural land holdings, inadequate off farm economic activities, environmental degradation due to wood fuel harvesting are all influencing decisions for the exodus to new urbanizing centres, towns and cities on promise of better life opportunities for formal employment and better education (Englund 2001, Kayuni and Tambulasi, 2005; Chilinde, 2008). The resulting effect is the urbanization of poverty due to the growing number of the rural poor who are moving to the urbanizing centres, towns and cities.

4. In 2007, the United Nations Population Fund reported that Malawi has been urbanizing at the rate of 6.3% per annum between 2000 and 2015, or at an average rate of 4.7% from 2005–10 making Malawi one of the fastest urbanizing countries in Africa and the world. It further estimated that Malawi’s urban population as a percentage of the total population will have doubled from 16.3% in 2003 to 32% in 2030.

5. According to the World Urbanization Prospects of 2001, the absolute urban population growth in Malawi will overtake rural growth before 2025 with an urban population increase of 214,000 per annum during 2020–25 compared to 193,000 in the rural areas. The outlook further revealed that from 2025–30 the annual urban population increase will be 225,000 compared to 187,000 for the rural areas. It is clear therefore that achieving sustainable urbanization is one of the most pressing challenges facing Malawi.

MANAGING URBANIZATION CHALLENGES

6. Malawi is a signatory to the Millennium Declaration of the United Nations on the Millennium Development Goals (MDGs) and the Government’s challenge is to ensure that Malawi meets the MDG targets on improving the lives of people living in slums by among other things spearheading a two pronged approach that addresses slum upgrading and slum prevention. This will also impact on such indicators like health, water and sanitation, and reduction of urban poverty among others.

7. The critical factor to note about the rapid urbanization in Malawi is that although the economy has been registering substantive average growth above 6% per annum between 2004 and 2009, the majority of the urban residents particularly those who live in informal settlements are yet to realize the benefits of this growth. This is attributed to inadequate participation by the urban poor and National budgetary constraints to deliver adequate community infrastructure and services. The result is the increasing urban poverty manifested by the highest incidence of communicable diseases such as cholera in urban poor areas in the cities with Lilongwe being highly affected in 2008 (Ministry of Health, Official Statement aired on Malawi Broadcasting Corporation).

8. The Welfare Monitoring Survey of 2005 by the Malawi National Statistics Office reported that about 24% of the urban population was living in poverty representing 5.5% of the poor in Malawi and 11% of the total population. However, quoting an economic paper from the Ministry of Finance, the Daily Times business page of Monday 25 May 2009 reported that urban poverty has been reduced from 24% in 2005 to 8.5% in 2009 (where poverty meant earning less than MK16165 per person per year about US$130 at 2005 Exchange rates).

9. However, most of the informal settlements where 66% (1.468 million) of the urban population lives in Malawi (State of the World Cities Report 2008–09, Moyo, 2008) are still characterized by slum conditions such as poor access and/or dusty roads and no electricity, absent or inadequate social services like health, education, water and sanitation. In addition, insecure tenure due to squatting and poor housing conditions are mutually related and reinforcing in these settlements. The problem of squatting is due to the poor being priced out of the legal housing and land markets because of high demand against supply side constraints that increase land and house prices to the disadvantage of the low income groups.

\(^a\) The HDI provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and enrolment at the primary, secondary and tertiary level) and having a decent standard of living (measured by purchasing power parity, PPP, income) (UNDP, 2008).
10. The housing shortage in Malawi’s cities is further attributed to inadequate capacity of the financial sector to support housing supply on a significant scale. The NBS Bank is the only institution providing long-term mortgage financing. Although reduced government borrowing from 2004 and competition has forced other commercial banks to embark on three year term lending, the amortization period is perceived as too short for home financing (Kaluwa, 2008). The result is that low income people are not able to access loans for housing finance due to high pricing that make many people unable to afford high monthly installments.

11. The Malawi Housing Corporation (MHC), a government institution has built conventional housing in low, medium and high density areas but has never been able to meet the demand. Its current housing stock stands at 6,000 located throughout Malawi with the majority in the four cities. Despite budgetary constraints, MHC has plans to construct 5,000 houses and service 5,000 plots between 2008 and 2012. It is also planning to construct 32 student hostels for the University of Malawi in Zomba, Blantyre and Lilongwe as well as the University of Mzuzu. However, this is still inadequate in view of the current demand which stands at 100,000 applicants waiting for house allocation (Malawi Housing Profile, 2009 UN-Habitat-Malawi, Unpublished).

12. Some low income urban poor community saving groups have been accessing housing funds from the Mchenga Fund through the Malawi Homeless Peoples Federation (MPHF) and the Centre for Community Organization and Development (CCODE), a non governmental organization. According to Manda, (2007), the fund stood at MK120 million (US$850,000) in 2007. Between 2003 and 2009, the Mchenga Fund provided loans to over 1,500 people, 80% of whom are women from urban poor communities. The loans have resulted in the construction of 768 new dwellings in three projects, 100 new sanitation facilities, 200 home improvement projects and 300 loans were given for small businesses. Due to declining donor funding amidst high demand for service from the Mchenga Fund, CCODE is looking for other sources of financing to enable it reach out to more urban poor community groups.

13. The rate of unemployment in urban areas is very high such that Blantyre City reported a rate of 57% in its Structure Plan of 2000. The most important feature to note is that some of the unemployed engage in petty trading whose visible manifestation is street vending. This has created running fiascos between urban authorities and Vendors in an attempt to control vending which contributes to littering in the Cities. The City Assemblies with the help of the Police cleared the illegal stalls which the vendors erected along the city streets and pavements in an exercise dubbed “Operation Dongosolo” in 2004. Much as this was welcomed by the public, analysts said the operation destroyed livelihoods for the unemployed urban poor (Kayuni and Tambulasi, 2005).

14. In the period 2006 to 2011, Government’s Malawi Growth and Development Strategy (MGDS) prioritized infrastructure development one of which were urban roads. A number of roads have been constructed and/or improved in the cities of Blantyre, Lilongwe, Mzuzu and Zomba. However, it is expected that the programme will be extended to bituminize access roads to low income areas particularly in High Density Traditional Housing Areas (THAs) and other settlements to the standard currently available in Low Density Housing Areas.

15. Solid Waste Management is a problem in Malawi’s Urban Centres because disposal is mainly through sanitary landfill and open dump methods and few are incinerated, and recycled. In many smaller urban centres the major method of solid waste management is open dumping and is obviously more harmful and leads to many environmental and health hazards (Kayuni and Tambulasi, 2005). Currently, the Lilongwe City Assembly is about to pilot a participatory solid waste management project dubbed, “Waste for Wealth: Promoting a Zero Waste Environment” in partnership with the private sector, two non-governmental organizations and the community. Support to upscale such a project to other urban centres once the pilot is successful will be of paramount importance to ensure a cleaner urban environment.

16. Promoting Building Technology and Research Development to identify, evaluate and test appropriate technologies related to shelter is also important. Such a programme could spearhead access to low cost technologies for shelter that will improve access to affordable and quality housing, water and sanitation technologies. This Programme could be tasked with learning about novel technologies and best practices from other countries and testing them for use in Malawi. Availability of this type of information would ensure that decisions on optimal technologies for use in Malawi are evidenced based. The programme could also facilitate use of these technologies if government is supported to establish operational building technology regulations. In addition, support to existing institutions like the Commission for the Establishment of the University of Science and Technology, the Technical Entrepreneurship and Vocational Training Authority (TEVETA) and National Construction Industry Council could create a linkage between these new technologies and the workers, so as not only to have abundant skilled labour but a workforce that understands and can implement the new building technologies.
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Written evidence submitted by the Consortium for Street Children (CSC)

1. INTRODUCTION:

1.1 The Consortium for Street Children (CSC) is the leading international member-based network dedicated to advocating, promoting and campaigning for the rights of street-involved children. We are committed to creating a better and sustainable future for some of the most disadvantaged and stigmatised children by working together to inform and inspire research and action that influences policy and best practice worldwide. CSC published the first report of its kind, *State of the World’s Street Children: Violence in November 2007*. CSC welcomes the opportunity to submit written evidence to this enquiry as many children living and working on the streets originate from, and live in and around, urban slums.

1.3 This submission will follow the key issues which was outlined in the announcement, but these questions will be answered within the framework of what impact urbanisation and poverty has on the most vulnerable children—street children.

1.4 Key recommendations:

— DfID adopts indicators specifically mentioning street children in their revised and updated Institutional Strategy with UNICEF.

— Any new initiatives designed to improve the lives of the urban poor must take into consideration factors, such as discrimination, stigma and denial, which can prevent street children with complex overlapping needs from benefitting.

— Tailored education programmes which can assimilate vulnerable children into formal education systems need to be up-scaled and financially supported. Equally, wage earning schemes such as rubbish collection should also be formally invested in.

2. STREET CHILDREN:

2.1 The term “street children” is hotly debated. Some say it is negative—that it labels and stigmatises children. Others say it gives them an identity and a sense of belonging. It can include a very wide range of children who are homeless; work on the streets but sleep at home; either do or do not have family contact; work in open-air markets; live on the streets with their families; live in day or night shelters; spend a lot of time in institutions (eg prison). The term “street children” is used because it is short and widely understood. However, we must acknowledge the problems and wherever possible we should ask the children what they think themselves. In reality, street children defy such convenient generalisations because each child is unique.

2.2 Street children live transitory lifestyles, unsupervised by adults, and have little, if any, access to health, education or social services. As a result of society’s neglect, they are exposed to a great variety of diseases and abuses, including sexual abuse, prostitution and intravenous drug use, and are more likely to be sexually active at a younger age.

2.3 Due to the complex and varied circumstances of children living and working on the street, it is very difficult to estimate the number of street children that exist worldwide. In 1989, UNICEF estimated that 100 million children were growing up on urban streets around the world, and in its 2005 report it stated that
the figure runs into tens of millions across the world, but recognised the difficulty in quantifying the precise number. It further noted that it thought it likely that the number of street children was increasing. Despite the difficulties of estimating a precise figure, it is an undeniable fact that street children are particularly vulnerable group with complex characteristics and specific needs.

2.4 The Canadian Development Agency\(^8\) has estimated that by 2025, six out of ten urban dwellers are expected to be under 18 years of age. And according to the UN HABITAT publication, \textit{State of the World’s Cities}, out of 1.1 billion young people aged 15–24, less than 4% are employed, yet there is another statistic showing that in Latin America, 5–20\% of children in cities are street children working in the informal sector.\(^9\) There is no statistic showing what proportion of the estimated 100 million street children live in slums, but it is surely a very high proportion.

3. \textit{How effectively are developing country governments and donors, particular DFID, addressing the challenges presented by urban poverty?}\(^1\)

3.1 Street children are a complex phenomenon and are certainly one of the challenges presented by urban poverty. As one of the major international donors on the world stage DFID plays a significant role in tackling poverty and deprivation worldwide. However, CSC and its network continues to be concerned by the lack of attention and real solutions given to the “street children phenomenon” by DFID and other world players such as the World Bank, UNESCO, and most importantly UNICEF. CSC believes that DFID is, as one of the major donors to UNICEF, ideally placed to support, guide and evaluate UNICEF’s work with children around the world, with a particular emphasis on the world’s most excluded and vulnerable children, often living in extreme poverty in and around urban slums.

3.2 There is an assumption amongst many donors, including DFID, that funding to UNICEF benefits street children. However, as has been documented through the years DFID does not record expenditure to particular groups and are therefore unable to evidence their assumption that the funding given to UNICEF benefit street children. For example, “DFID links the classification of its expenditure to the MDGs, not to expenditure on particular groups. It is therefore not possible at present to identify the total amount spent on programmes for the direct benefit of orphans and street children”\(^11\) and “We do not record or report expenditure specifically on street children”\(^12\).

3.3 UNICEF state in their medium term strategic plan (MTSP) that “UNICEF also pays particular attention to the circumstances of children who lack parental care”,\(^13\) and that street children fall under their theme of “Child Protection”, although street children are only mentioned twice in that strategy.\(^14\) Our members working on the ground has extensive experience of trying to engage with UNICEF at a country level. Below is an excerpt of comments made to CSC from its network for input into our recent written submission for DFID’s consultation on “Working in partnership with the United Nations Children’s Fund (UNICEF): New DFID institutional strategy 2009/10—2011/12”:

- “We have had extremely limited interaction with UNICEF”;
- “UNICEF is simply impenetrable”;
- “It seemed to us that the work we do with children still living on the streets did not seem to be one of their priorities. We did not receive any support or feedback”;
- “In the case of South Africa there has been poor interaction with UNICEF over their responses to the issue, ranging from a total lack of engagement with grassroots initiatives, to emails from the Pretoria office stating that street children are not currently a strategic priority”;
- “Networking forums/coalitions are exclusively chaired by government ministries and UNICEF are rarely present, giving the sense that consultation with (I)NGOs outside predetermined policy boxes is rarely done”;
- “As experts on the ground working with upwards of 2,500 street children & CSW/CSEC, we have rarely been consulted and almost never visited by UNICEF”.

3.4 In its consultation response to DFID’s enquiry into its Institutional Strategy with UNICEF CSC recommended that DFID adopted indicators in its revised institutional approach which specifically mentioned street children. CSC believes that this is the only way for DFID to ensure that the funding that is given to UNICEF actually benefit street children, as a particular challenge of urban poverty.

\(^8\) http://www.acdi-cida.gc.ca/CIDAWEB/acdiafrica.html
\(^9\) http://www.acdi-cida.gc.ca/CIDAWEB/acdiafrica.html
\(^10\) http://www.acdi-cida.gc.ca/CIDAWEB/acdiafrica.html
\(^11\) Written answers, Gareth Thomas, 7 December 2006 on “Street Children”.
\(^12\) Written answers, Baroness Amos, 18 January 2005, on “Orphans and Street Children”.
4. DFID’s contribution to meeting the MDG 7 target which seeks to improve the lives of slum dwellers:

4.1 Some of the biggest slums of the world, with people living in extreme poverty, are in middle income countries, such as Mexico and India, which DFID has increasingly focused less of its efforts on. However, many of these countries have growing rates of urbanisation and as a consequence large slum areas, which often go hand in hand with economic growth. In addition, middle-income countries are often faced with high levels of inequality, with many of the poorest living in slums, in severely impoverished circumstances with little or no work, and suffering from open sewers and lack of clean potable water or good sanitation. This has predictable consequences for the well-being of inhabitants of slums (including physical health and emotional well-being).

4.2 As well as developing strategies to deal with poor sanitation, housing and education, development agencies such as DFID need to recognise and consult with the different populations that constitute an urban slum of which street children are a significant proportion. For street children, factors such as mobility, gender, disability, public discrimination and denial, can prevent them access to any new initiative designed to improve the lives of urban poor.

4.3 Educating communities that street children should not be defined as social “problems” whilst at the same time identifying that street children often have very different needs and realities from other urban poor children. Thus, programmes such as educational support to slum dwellers need to encompass children living out of families and communities. Much programming is also single issue based so again can exclude street children experiencing overlapping complex needs (ie Disabled and homeless; HIV positive and in prostitution).

5. The provision of basic services and infrastructure in slums, including energy, housing, transport, sanitation, water, health and education:

5.1 Slums dwellers often have only one room, with no privacy for parents (a factor influencing the early age which some children become engaged in sexual activity). Also, lack of privacy can lead more often to exposure to domestic violence—a factor which drives many of the world’s children to the streets. In addition, children do not have light and quiet space to do their homework. Slums also do not allow for adequate space for education facilities, forcing children to travel a long way (at a cost of time and money) and/or being educated in severely cramped and unhygienic facilities. Lack of space for sanitation facilities in schools is a particular issue related to the attendance rates of girls in education, and causes problems for boys also who are expected to just put up with lack of privacy.

5.2 CSC has recently been working in partnership with the Tanzanian government to develop a national street children strategy to deal with the “street children phenomenon” in a positive and pro-active way. As part of this initiative CSC, together with its network and local partners operating in Tanzania, carried out two needs assessment in the local slum community, one by the children and one by the adults. Both identified education as a major factor which they thought was crucial to the slum. The problem in the past has been that the children have not been able to attend “normal” school as many of them works in the local market during the day. Working with local charity, the Faraja Trust, who initially started a Street Side School for market working children, one school has been built in the slum which cater to the particular needs of these vulnerable children, and another school is currently being built. However, the crucial difference is that since the law in Tanzania stipulates that any child over the age of 10 is not eligible for entry into primary school. These schools help street children to catch up with their education before being re-integrated in to the school system. Children are assisted with school fees (secondary schools), transport fares, school uniforms and medical support.

5.3 It is crucial that any new initiative designed to improve the lives of urban poor involves the (most vulnerable) children as well as the adults in identifying and designed appropriate interventions. Tailored education programs that assimilate vulnerable children working and living on the streets into the formal education systems are crucial. NGOs working on the ground are ideally placed to support these initiatives but are as always poorly funded.

6. Supporting opportunities for employment and livelihoods for the urban poor:

6.1 Besides recognising the importance of tailored education for street children, it is also vital that schemes such as rubbish collection and recycling to benefit young slum dwellers and street children as wage earners is formally invested in. It will also have the added value of benefitting their environment and recognise them as contributors to their communities. Several street children charities also run successful “street children banks” where the children can deposit their day’s earnings, and save money for a more sustainable future.

7. **The role of property rights in improving the lives of slum dwellers:**

7.1 Some street youth and children can group together to rent rooms in slum dwellings; however, there is often no security of tenure as property registration processes are inefficient, complicated, expensive and often illiterate landlords are excluded from municipal processes that could help address the gap between formally “recognised” properties and informal/“illegal” settlements. This creates uncertainty, inability to plan for the future and vulnerability to eviction. There must be a call for further research and co-operation between local government and young people to determine their property needs for the future.

8. **The implications of the current global financial downturn for urbanisation in developing countries.**

8.1 The slums themselves may not increase as the economic crisis unfolds, but its effect is likely to be found specifically in the urban slums as this has been the main area of growth in recent years.

8.2 The consequences of the economic downturn can be manifold for children. Lack of income for parents may provide renewed or increased incentive to put children out to work, to the street or in places that expose them to risks relating to their physical health and emotional well-being. Recent research\(^\text{16}\) shows that in times of economic crises domestic violence tends to increase given the increased pressures the household faces. Children that are faced with such violence, either as a victim or as a witness can suffer from the effects of such trauma throughout their lives, affecting their ability to sustain regular attendance at school and/or find employment. Often, violence in the home is a deciding factor in children deciding to run away from home and take to the street for survival. Once on the street these children are faced with even more violence in the hands of police, the public and other street children, traumatising them and complicating their reintegration back into society.

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**Written evidence submitted by Cormac Davey**

PUBLIC SUBMISSION TO THE SELECT COMMITTEE ON INTERNATIONAL DEVELOPMENT

I write first as an interested and concerned member of the public who attended two public sessions of the recent International Development Select Committee. The first was on the 23 June and the second on 1 July. Secondly, I wish to bring to your attention that I worked for DFID from 1996 to 2004 as a Physical Planning Adviser.

The level of debate was excellent and I commend the work of the Select Committee. It is good to see democracy in action and to see such important debates taking place.

The reason I write is to highlight that in my view urbanisation is not currently being addressed sufficiently by DFID. While I recognise DFID’s innovative work, particularly in India, there does seem to be at present a lack of policy focus and lead on the issues, particularly in using practice and research to drive advocacy, international development policy/ funding mechanisms and political will to support cities, mayors, local government capacity and federations of poor people living in slums.

Set out below I offer a perspective on how the understanding and response to urbanisation has developed and also been more recently fragmented within DFID. This has hindered a co-ordinated progress along the lines that the Select Committee may want to see and that was highlighted in DFID’s own strategy “Meeting the Challenge of Urban Poverty”, published in 2001.

— I joined DFID in 1996 (Associate Professional Officer) as an Assistant Physical Planning Officer, and worked in HQ. At that time the issues of the Physical Planning Unit in the Engineering Division were mainly related to appropriate shelter technology and urban planning issues. It was a marginal unit at that time.

— During the period 1996–2000 the thrust of this unit broadened to address the urbanisation/urban poverty agenda more fully. Critically, the UK government lead responsibility for the UN Habitat shifted from the Foreign Office to DFID. The Engineering Division took the executive and administrative responsibility for developing that relationship.

— Around 2000, the DFID Engineering Division based in HQ changed its name to the Infrastructure and Urban Development Division (IUDD). This was in recognition of the growing issue of urbanisation and urban poverty. During this period (2002–03) many new initiatives were developed by the IUDD. As a result DFID played a key role in supporting and developing the international infrastructure to raise the issues and ensure that international co-ordination, advocacy and funding to address urbanisation was improved.

— This change and new emphasis resulted in many new initiatives, which are still relevant today such as the Cities Alliance, CLIFF and the DFID Urban Strategy “Meeting the Challenge of Urban Poverty”. I believe this was a truly innovative time.

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— It was not all plain sailing as there was, as one would expect, some organisational opposition and competition to the idea that Engineers and Planners should lead this important work, as well as whether Urbanisation should have such a profile within DFID. There was a dominant view, despite the knowledge/evidence that cities are engines for growth and infrastructure directly contributes to poverty reduction that rural poverty was a priority and that urbanisation was the result of failed rural development, despite the evidence that it is tax revenues generated in urban areas that provide the largest share of resources for rural development programmes. The strategy paper despite support from the then SoS—Claire Short, was not fully supported within DFID’s professional groups.

— I was at the time responsible for the development of that urban strategy and remember that a big effort was made to consult across DFID and its partners, drawing on extensive research and experience. As a result, it is considered a good strategy—it comes from a multi-disciplinary perspective.

— While on a DFID secondment during 2002–04 with the UN HABITAT/UNDP I witnessed from afar the restructuring of DFID. The IUDD was dismantled. At the time the unit in IUDD responsible for Urban was also dismantled. This resulted in the loss of huge knowledge and resources.

— Among others, I was not able to get a position within DFID’s new structure and left in 2004. I have since worked outside the Government sector. Many of my other urban colleagues who have remained in DFID have moved to other departments dealing with non-urban themes. Many others have left DFID and pursued their careers elsewhere. This highlights the loss of expertise and resources, which is critical at this time given the fact that more people are today living in cities.

— The restructuring led to the formation of thematic teams. One such team I believe was developed was Urban and Rural Change. Each team was required to demonstrate its value. I understand that this team no longer exists. My view is that the Urban Strategy, while acknowledged as a fine document, does not present a living strategy with DFID at present. Although many of the highlighted initiatives in India, CLIFF and Cities Alliance continue the work and approach recommended, this still represents a drop in the ocean of DFID work and of the work needed globally to address the urbanisation of poverty.

Finally, while I acknowledge DFID’s assertion that they have sufficient staff working on addressing urban issues and qualified to do so (42 Infrastructure and Urban Development Staff), the reality of these figures needs to be looked at more closely.

— Firstly the Minister identified DFID’s urban focal point as Mr Yusaf Samiullah. Mr Samiullah’s, official position is Deputy Director and Head of Profession, Infrastructure Policy and Research Division. This does not denote clearly a focal point for urban issues, particularly to an outside audience.

— Secondly, all Engineering and Physical Planning Advisers became Infrastructure and Urban Development Advisers in 2002. This is I believe a little misleading. The advisers that remain are largely engineers. As DFID know, urban poverty reduction requires a multi-disciplinary and multi-sector approach. Engineering is but one important professional discipline. I feel DFID currently lacks a number of other required skills such as local governance experts, but particularly in the built environment professions, such as planners, housing experts, surveyors etc., able to advise and assist national and local governments and other stakeholders facing the challenge of managing urbanization and urban growth.

It demonstrates further my previous points that urban is not a priority and does not have a clear policy direction within DFID. This is a shame as DFID has a huge portfolio of experience and has played a key role with other organisations in developing many innovative approaches to both understand and address urban poverty. My own view is, which is in keeping with the oral evidence, that a detailed review should be undertaken to assess the impact of the Urban Policy in the light of the current global context and DFID’s restructuring during this decade. This could lead to important recommendations for finding a way to meet the challenges of urbanisation/urban poverty in a way that reflects current realities and public opinion more appropriately.

Once again I have enjoyed the debate and hope to see a greater attention to the issues of Urbanisation in developing countries by the UK Government in the future

I would like to wish the Select Committee all the best in their continuing work.

6 July 2009
EXECUTIVE SUMMARY

(i) Provided in this Memorandum from DFID are (a) views on the nature and extent of urbanisation and its impact on the poor, (b) answers to specific questions posed by the IDC, including giving information on relevant existing and past DFID programmes, (c) a number of short Annexes, including one each on our work with the World Bank, Cities Alliance, and UN Habitat, and (d) initial reflections on future challenges and opportunities.

(ii) Just over half the world’s population now lives in urban environments, and the trend is set to continue, with 61% expected by 2030. One sixth of the world now lives in urban slums, with a total population of around one billion people.

(iii) DFID has strategic engagements and provides core finance to some programmes with the World Bank, Cities Alliance and UN Habitat. Bilateral country programme support is concentrated in South Asia (mostly in India), with some £300 million programmed.

1. URBANISATION AND POVERTY—OVERVIEW

1.1. Demographic and urbanisation trends

1.1.1 The UN predicts a continued increase in global population, from 6.8 billion this year to about 9.1 billion by 2050, with almost all the growth taking place in urban areas. This assumes a continued decline in average global fertility levels. If these remain at or near present levels, together with increased longevity, world population may exceed 10.5 billion by 2050. About 95% of the predicted increase will take place in developing countries, concentrated in the most populous countries (Box 1).

World population levels are set to rise steadily, with growth in urban areas outpacing rural growth

1.1.2 The world’s urban population is expected to increase from about 3.3 billion today to over six billion by 2050. By 2030, human living will be mostly urbanised with around 61% of us living in towns and cities, compared to less than 15% in 1900. There are many challenges posed by rapid urbanisation, especially the potential growth of slums, with one-sixth of the world today living in urban slums. These include potential internal conflict, crime and extremism where large numbers of the young, unemployed and poor are concentrated. The trends in some of the poorest countries are particularly striking, such as in Uganda, whose population is set to rise from 25.8 million in 2003 to 125 million by 2050, with an annual urban rise of 5.7%. Similar trends are seen in Afghanistan, Pakistan (eg doubling from 126 million between 1994 and 2022), Niger, Nigeria and Egypt.

DFID Horizon-scanning Unit 2008.
1.1.3 Africa’s population is increasing three times faster than the world average, with the number of poorest people at 310 million still increasing, mostly in rural areas. By 2030, 700 million of Africa’s population will be in cities and towns, some 72% of these in slum conditions.\textsuperscript{19} Kinshasa and Lagos for example, will expand greatly, each expecting to have populations in excess of 16 million by 2025 (Box 3).

1.1.4 Cities with populations in excess of 10 million, sometimes known as mega-cities, will be more common by 2025. These include Tokyo—36 million and Delhi, Mexico City, New York, Mumbai, Sao Paulo—in excess of 20 million each and Shanghai—19 million. In 1900 the population of the world’s 100 largest cities averaged 700,000; in 1950 it was 2.0 million; now this exceeds 6.0 million.

\begin{tabular}{|c|c|}
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\textbf{Box 1} & \\
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\textbf{KEY FACTS AND FIGURES}\textsuperscript{20} & \\
\hline
— There are about one billion slum dwellers in the world, representing one third of the world’s urban population—this is forecast to increase to 1.4 billion by 2025 & \\
— 92% of the world’s slum dwellers live in developing countries & \\
— Over the next 20 years, 95% of the world’s urban population growth will occur in developing countries & \\
— Asia has half the world’s urban population and 60% of the world’s slum dwellers & \\
— Africa has the highest rate of urbanisation in the world & \\
— 62% of sub-Saharan Africa’s urban population live in slum conditions & \\
— Access to sanitation is not being improved fast enough to achieve Target 11 of the MDGs (Goal 7) & \\
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1.2 \textit{Urban economic growth}

1.2.1 The process of urbanisation can have a positive impact on the reduction of poverty. Urbanised countries tend to have higher incomes, more stable economies and institutions and are better able to withstand external economic shocks and volatility. This is reflected in globally economic performance, with a close correlation between national income and urbanisation. Low income countries tend to have the lowest proportion of their population in urban areas and high income countries the highest.

1.2.2 Cities generate most of a country’s GDP and provide extensive opportunities for employment and investment. Urban centres thrive on trade. Market towns trade crops. Towns and secondary cities produce and trade in manufactured goods. Large cities design, make and sell goods and services, employing large numbers of people.

1.2.3 History tells us that access to markets and the ability to move goods relatively cheaply is key to trade and growth (World Development Report 2009).\textsuperscript{21} Falling transport costs in Europe have lead over the past 25 years to an increased trade in specialised intermediate parts which are sent elsewhere for assembly into finished products. There are examples in China of the large scale production of electronic components such as keyboards and magnetic recording heads underpinning urban development and growth.

1.2.4 At the same time, inequalities between the rich and poor in urban areas have increased, as have the sizes and proportions of slum populations. The gap in wealth between the urban rich and poor tends to reduce when average per capita incomes rise above about US$5,000. Nonetheless in many large cities of developing countries poverty is becoming severe, pervasive and entrenched, receiving inadequate attention by municipalities or central governments. Slum prevalence may be greater in small cities and towns due to a lack of urban planning and infrastructure. Achievement of the MDGs, especially in sub-Saharan Africa, will depend partly on reducing the number of people living in slum conditions.

1.3 \textit{Urban-Rural Relations}

1.3.1 While urbanisation is often associated with large cities, urban residents in most countries live in small and medium sized towns, which play a crucial part in national and regional economies. They provide for rural producers access to markets and services, as well as an experience of urban life. Small and medium sized towns will likely remain the primary destination for rural migrants, outpacing the growth rates of large cities.

1.3.2 Policymakers and researchers often have conventional notions of rural and urban, seeing two economies, two societies and two geographical locations. The reality is different. While the extremes of remote rural areas and mega-city slums exist, economic, political, and social changes have altered the nature of urban and rural areas—as well as the interactions between them. Increased flows of people, goods, services, information, money, energy, waste and pollution are blurring the distinction between rural and urban conditions. Greater access to information technology, better roads and improved education has, among other factors, strengthened rural-urban links.

\textsuperscript{19} Commission for Africa 2005—Slums are defined as lacking security of tenure, durable housing, adequate living space, access to safe water and sanitation.

\textsuperscript{20} UN Habitat.

\textsuperscript{21} Available at http://www.worldbank.org/wdr2009
1.3.3 There are complex links between urban and rural areas, including political, administrative, economic and social factors. In developed countries, many urban-rural distinctions have been discarded, recognising the dependencies between them. Small and medium-sized towns bring innovation, technologies, services and other urban functions to rural communities. In their turn, rural areas will be a source of food, fuel, water and raw materials, as well as providing space for recreation. These realities determine the need for integrated planning and governance arrangements.

1.3.4 There is no clear-cut definition of urban and rural but a continuum from the “very rural” to the “very urban”—from remote farms to villages and small towns, to intermediate and large cities, to mega-cities and their relentlessly growing peripheries. Rural households are increasingly connected to urban markets both for earning and spending their incomes.

1.4 Urban Migration

1.4.1 While the remit of this inquiry excludes the dynamics of rural to urban migration, the Select Committee Announcement notes that “many of the people moving to towns and cities become slum dwellers”. The pressures on the public provision of basic services and infrastructure are aggravated by migration into big urban areas. Migration into urban areas is likely to increase in future—perhaps with the added impacts of climate change, compounding the growth due to demographic change of mega-cities.

1.4.2 The main cause of migration from rural to urban areas is the prospect of better employment or earning opportunities in urban areas, combined with hardship or the lack of prospects in home villages. Migrants can make a significant contribution to urban labour markets, with their remittances sustaining families left behind.

1.4.3 In some countries migration may be stimulated by conflict, or the fear of conflict, taking people out of previously stable rural communities. As noted in the IDC report on Migration and Development (Session 2003–04), the line between voluntary and forced migration and economic and non-economic migrants is frequently blurred. For example, in the late 1990s Khartoum accommodated some three million internally displaced people fleeing from conflict in southern Sudan.

1.4.4 Ethiopia for example is concerned about rural food security and, for mainly political reasons, discourages movement into urban centres by providing no social security for migrants. In such situations, urban policy becomes part of a wider social and economic strategy. There may be legal restraints on non-government organizations working for the rights of the urban poor. Under these circumstances in Africa and to a lesser extent in India, rural–urban migrants tend to become less visible, both to international donors and to national governments.

1.4.5 Poor internal migrants, who come to urban areas for a complex mix of reasons, may be especially vulnerable, made more so by discrimination or a lack of social protection mechanisms. Internal migration will be driven by local factors, with causes and effects specific to the particular country or region. A 2005 survey by the UN Population Division indicated that more than half the countries surveyed wanted to reduce internal migration to limit urban population growth.

1.4.6 Some countries with the capacity to do so take action to address urban over-concentration. For example, Saudi Arabia is investing in new cities to ease the growth of Jeddah and Riyadh, while Egypt is building new cities to ease the pressure on Cairo. In the 1950s and 1960s, Britain and France built new towns to counter-balance their capitals’ dominance. In low income countries, decentralised towns evolve from trading opportunities, much of which will depend on the existence and condition of national infrastructure.

1.5 Urban Poverty

1.5.1 Nearly all the growth in the world’s urban population over the next 20 years will occur in developing countries. By 2030 up to four billion people will be living in the towns and cities of developing countries. Some of these cities will be characterised by poverty and inequality, with urban growth synonymous with the expansion and worsening of slum conditions.

1.5.2 Poverty in developing countries is increasing characterised by people living in slums, without access to services or the resources to achieve a minimum standard of living. The urban poor live in monetised economies, often facing unaffordable costs for adequate housing, transport, education, healthcare and basic household services. They are particularly vulnerable to external recessions. In shocks.

1.5.3 The 2008 food price crisis sharpened worries about how to feed slum dwellers. In November 2008 the UN’s Secretary-General, Ban Ki-moon, warned the biennial World Urban Forum meeting in Nanjing (WUF IV) that two billion could be living in slums in the year 2030 and that “urban areas consume most of the world’s energy and are generating the bulk of our waste.” Especially in Africa, the capacity to manage cities and urban development is weak, occasionally manifest in an urban disaster, such as a collapsed building or large fire.

1.5.4 As reported in the IDC inquiry on water and sanitation, densely populated slum areas are difficult to serve due to lack of tenure and low political prioritisation. When investments in urban services and environmental improvements are linked to the upgrading of city-wide infrastructure, they can successfully reach the poor. Often community based planning together with institutional and financial reforms will be required, as we have seen in India.

22 Memorandum October 2006 paragraph 56.
1.6. The Growth of Slums

1.6.1. According to UN Habitat one out of three of the world’s urban population lives in a slum, amounting to about 1 billion people, of which 560 million have no access to basic toilet facilities. UN Habitat expects numbers of slum dwellers to reach 1.8 billion by 2030, putting enormous strain on the provision of basic services. A definition of slum conditions is offered in Box 2.

**Box 2**

**SLUM DEFINITION**

- Durable housing comprising a permanent structure giving adequate protection from the weather
- Access to improved water
- Access to improved sanitation facilities
- Sufficient living space, with three or more people sharing the same room

Measuring and monitoring these conditions is difficult, as they do not provide a measure of severity or the trends in deprivation. In addition to these conditions, slum dwellers usually have no property rights or security of tenure.

1.6.2. The measurement of the incidence of slums is complicated by the definition. At present, a slum household is defined as such if it has one or more of four basic shelter deprivations. This means for example that a house with three shelter deprivations gaining access to improved water will still be classified as a slum, despite an important improvement in living conditions. It will still have two shelter deprivations and the improvement will not be noted in the statistics for monitoring progress.

1.6.3. A lack of property rights increases insecurity, as shown by some 6.7 million facing eviction in the two years between 2000 and 2002. An approximate 2005 regional breakdown for urban slums is:

- Asia 554 million
- Sub-Saharan Africa 231 million
- Latin America and Caribbean 117 million

1.6.3. In India where there is rapid, often unplanned urbanisation, some social groups tend to be concentrated in the poorest areas without access to state social services. Women from some groups have difficulty gaining access to emergency obstetric care and two years ago a disproportionately high number of low-caste children in Delhi were out of school. Urbanisation does not necessarily lead to social transformation. The depth and prevalence of urban poverty varies in different cities across India, much depending on links to global markets.

1.7. Urbanisation and Poverty

1.7.1. Millennium Development Goal 7 Target 11 aims “By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers”. Target 11 is one of the least known and least understood of the MDG targets. It is rarely prioritised and often overlooked in national government planning and donor programmes, despite rising urban poverty and that the target is unlikely to be met.

1.7.2. The achievement of Target 11 is a challenge to national governments and the international community. Some countries are making progress in reducing the numbers of slum dwellers. According to UN-HABITAT, between 1990 and 2001 Thailand reduced the number of slum dwellers from nearly two million to less than 250,000. South Africa, Brazil and Mexico should see the number of slum dwellers decline over the next decade. In many more countries, the trends are different, including in nearly all of DFID’s PSA countries, 24 of which account for 60% of the world’s slum dwellers.

1.7.3. Target 11 is the only MDG target with a spatial dimension; being focused on urban poverty, demonstrating a shift in the location of poverty from rural to urban areas. The rise in the number of slum dwellers is the most visible manifestation of the urbanisation of poverty. On current patterns and trends the global number of slum dwellers may double to two billion by 2030.

1.7.4. The presence of slums is evidence of a failure to manage urban growth, highlighting differences and inequalities between countries and regions and within cities. Slum dwellers are excluded from many of the attributes normally associated with full citizenship. These include secure and adequate housing, public transport, adequate income, access to credit, education, health services, basic water and sanitation, safety and the rule of law and political voice.24

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1.7.5 The unit of analysis for Target 11 is the slum population at household level. The terms “slum” and “urban poverty” are not synonymous. While the majority of slum residents are poor, not all the urban poor live in slums.

There were originally two indicators to monitor Target 11:

- Indicator 30—proportion of people with access to improved sanitation;
- Indicator 31—proportion of people with access to secure tenure.

With a rewording of Target 10 to now include access to basic sanitation and to safe drinking water, Indicator 30 was moved from Target 11, with secure tenure now the headline indicator. Note should be made that secure tenure is not just a slum issue; other non-slum households lack secure tenure.

**Key IDC Questions**

2. How are the urban poverty challenges being addressed by developing country governments and donors, including DFID?

2.1 A wide range of investments from donors and country governments can potentially improve the lives of poor people in urban locations. These include changes and improvements in governance, environment, poverty indices, land use, basic infrastructure and services, housing, and improving urban-rural linkages.

2.2 The response to Climate change is resulting in more money being allocated to the urban sector, and the fallout from the global economic downturn is partially being countered by stimulus packages that tend to focus on more intensive investment in urban areas. Annex A, provides a brief summary of relevant activities being undertaken by the Asian Development Bank (AsDB), the African Development Bank (AfDB), the United Nations Development Programme (UNDP) and a range of selected bi-lateral donors. Box 3 below illustrates some key issues for Lagos in Nigeria.

**Box 3**

MEGACITY DEVELOPMENT—LAGOS

- Current population 16.9 million—projected to reach 24.5 million by 2015, making it the third largest city on Earth.
- Annual population increase of 600,000, mainly from migration.
- Accounts for 32% of national GDP.
- Has 60% of Nigeria’s manufacturing output.
- 65% of employment is in the informal sector.

Major challenges include urban sprawl, inadequate infrastructure, lack of housing, growth of slums, high unemployment, rising crime and violence.


2.3 The World Bank is soon to submit a new Urban Strategy to the Board. This gives greater prominence to governance at the local level, recognising that strengthening cities and towns to manage themselves, rather than as recipients of centrally-driven projects, is a more sustainable way forward. The strategy also acknowledges a widening gap between the growing demand for assistance and the World Bank’s ability and resources available to respond.

2.4 Annex B provides a short summary note submitted by the World Bank, which details these key challenges, reflects upon previous positive co-working with DFID, and offers suggestions for future focus and potential work programmes.

2.5 A complementary submission by the Cities Alliance, of which DFID is a founding sponsor, is attached as Annex C. This outlines the Medium-term Strategy (2008–10) which emphasises a longer-term, programmatic approach to its work, building on *Paris Principles* emphasising harmonisation between donor approaches, and building country systems. Cities Alliance focuses on (a) assisting city and national governments to undertake city-wide or nationwide slum upgrading programmes, and (b) supporting city development strategies.

2.6 Mandated by UN Resolution 56/206, UN-Habitat is the UN agency for human settlements, to promote socially and environmentally sustainable towns and cities, with the goal of providing adequate shelter for all. UN-Habitat’s work is related to MDG Goal 7, Targets 10 and 11 which respectively concern access to water and sanitation and improving the lives of slum dwellers. DFID has been a sponsor since 1997. Annex D provides summary details.

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25 A slum is a contiguous settlement where the inhabitants are characterized as having inadequate housing and basic services. A slum is often not recognised and addressed by the public authorities as an integral or equal part of the city. UN-HABITAT (2003).

26 Cities Alliance, Slum Upgrading Up Close, publication October 2008.
2.7 The UK Government is engaged in a range of activities addressing the challenges and opportunities of urbanisation and poverty with the largest emerging economies (Brazil, Russia, India, China—"BRICs"). As a result of historical association and language, links are particularly well developed with India, with a growing focus on the relationship with China. A summary of activities and initiatives is provided as Annex E.

What others are doing in India

2.8 In December 2005 Government of India (GoI) launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) to help meet the development needs of the 63 largest cities. The budget for JNNURM is £6 billion over seven years which is effectively doubled through city contributions. For small and medium towns there is a parallel initiative, Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), which is also gathering momentum.

2.9 World Bank, Asian Development Bank (AsDB) and UNDP are key development partners with GoI and DFID in the sector. UN Habitat, GTZ and JIBC are also active. AsDB and UNDP have small Technical Assistance (TA) projects in place to support the implementation of JNNURM. World Bank is developing a $40 million TA loan to MoUD and a $20 million TA loan to MoHUPA for building capacities for implementation at national state and city level.

What DFID is doing in India

2.10 Most of DFID’s slum upgrading and urban development work is in South Asia, the largest programmes being in India, where 15% of the urban population live in slums (54% are in slums in Mumbai) and there is potential for a large increase in slum dwellers if cities are not well planned and managed. About 26% of the urban population are vulnerable due to insecure tenure, inadequate water and sanitation services and poor access to social services.

2.11 Working with Indian Authorities for the last two decades, DFID India has helped develop a significant body of knowledge on the various ways in which cities and towns can be managed for the betterment of poor people. Box 4 below provides some key facts concerning the challenges of urbanisation in India.

Box 4

INDIA: KEY URBANISATION FACTS AND COUNTRY CONTEXT

— In 2001 the urban population of India was 28% of the total population;
— Responsibility for urban affairs is divided at the national level between the Ministry of Urban Development (MoUD) and the Ministry of Housing and Urban Poverty Alleviation (MoHUPA);
— The urban population is expected to increase to 38% by 2026;
— With ongoing population growth this means that the urban population is likely to increase by 249 million over this 25 year period;
— In the largest cities, 24% of the population live in slums;
— Mumbai’s slum population is the highest at 54%);
— In order to sustain economic growth, increasing urbanisation needs to be properly managed;
— Meeting the needs of poor city dwellers for affordable housing, reliable services and sustained livelihoods is a major challenge.

2.12 DFID has around 20 years of involvement in the urban sector in India. Over this period our programmes have evolved from a concentration on infrastructure and community schemes to a focus on urban reforms. We have ongoing urban programmes in Madhya Pradesh and West Bengal. A programme to support urban reform in Bihar is under design and a large programme which covered 42 towns in Andhra Pradesh has recently completed. DFID is also implementing a programme of policy support for the implementation of JNNURM at the national level and will launch a new five-year £14.6 million programme in 2009 to sustain this effort. DFID is the largest bilateral donor in the urban sector in India and our current planned programmes have a total value of £236 million. (Annex F describes DFID’s India urban programmes in more detail).

2.13 In Bangladesh the UK is providing £60 million over six years through the United Nations Development Programme to support slum improvements in 34 towns and cities, with benefits reaching some three million people.

3. DFID’s contribution to meeting Target 11 in MDG 7 which seeks to improve the lives of slum dwellers.

3.1 DFID has initiated a number of global programmes designed to improve the lives of slum dwellers. The Community Led Infrastructure Finance Facility (CLIFF) is an international partnership which provides finance to organisations of the urban poor for housing and related demonstration projects. DFID’s initial £6.8 million investment has shown considerable success (particularly in India), securing tenure and providing decent homes for over 5,400 families and access to sanitation for over 800,000 slum dwellers.
Livelihoods: A People-Centred Approach to Reducing Poverty

5. Supporting opportunities for employment and livelihoods for the urban poor.

5.1 In 2002, a series of papers sponsored by DFID were published in a compendium entitled Urban Livelihoods: A People-Centred Approach to Reducing Poverty. Topics addressed in the book include conceptual and definitional issues, the concept of a household livelihood strategy, the then current understanding of the situation of poor urban people and their households, an analysis of policy implications. A series of chapters address aspects of the physical environment, whilst reflecting on the economic, social and political relationships that are critical to living conditions. Concluding chapters address implications for support project and programme design. The most important hypothesis advanced concerns the inappropriateness of considering “urban” areas in isolation, and attention is drawn to the need to consider rural-urban relationships and links.

5.2 Issues of broader definition of the nature of poverty and the interaction of the citizen with the state were also addressed in Removing Unfreedoms: Citizens as Agents of Change in Urban Development—the record of a DFID-supported colloquium at the London School of Economics attended by Professor Amartya Sen and Lord Meghnad Desai.

28 IIED, Environment and Urbanisation, April 2009, Volume 21—The Role of Mayors in Good City Governance—David Satterthwaite.

3.2 DFID has contributed about £5.9 million to the Slum Upgrading Facility, which is managed by UN Habitat. This works with local governments and financial institutions, slum dwellers and groups to mobilise investments for slum upgrading and relocation. There are projects in urban settlements in Ghana, Kenya, Sri Lanka and Tanzania.

3.3 In India, DFID projects and programmes are benefiting 2.9 million slum dwellers through improved water, sanitation and other basic services (900,000 in Andhra Pradesh, 1,000,000 in West Bengal, 500,000 in Madhya Pradesh and 500,000 in Bihar). Indirect benefits will improve the lives of millions more slum dwellers through JNNURM reforms and improvements in urban governance.

3.4 The Water and Sanitation Programme for the Urban Poor (WSUP) supports local services providers to deliver affordable and sustainable water and sanitation services to urban poor people. The approach is to work with local service providers to build their long term capacity to serve the poor, with the involvement of the community. WSUP aims to reach 3.5 million people by 2015. In achieving this WSUP aims to establish a model for sector scale-up and replication to help deliver broader Millennium Development Goal (MDG) targets. DFID’s funding allocation is £3.95 million between October 2005 and April 2009. Projects are being implemented in Kenya, Madagascar, India, Mozambique, Zambia, and Bangladesh, with work planned in Brazil, Ghana and Mali.
5.3 Subsequently, DFID co-sponsored with other agencies, a further series of papers on *Rural-Urban Linkages*. For rural producers, urban-based markets are important as they concentrate demand, and act as links to regional and international markets. At the same time, incomes from farming have decreased in many regions, especially for small-scale producers who increasingly engage in non-farm activities in rural settlements and local small towns.

5.4 Occupational diversification within households is closely linked with the increase of mobility and migration. This involves traditional migrant groups, such as young men, but also new groups such as young unmarried women.

5.5 With the implementation of decentralisation programmes in many nations, small and intermediate urban centres are attracting interest for their role in the provision of services and goods to their surrounding rural regions, and as potential engines of economic growth. New challenges to urban spatial planning are presented by the growth of “peri-urban” areas that combine “urban” and “rural” characteristics.

6 *Property rights in improving the lives of slum dwellers.*

6.1 Secure tenure is the legal right of individuals and groups to effective protection from forced evictions, measured by two components;

— evidence of documentation which can be used as proof of secure tenure status and,
— either *de facto* or perceived protection from forced evictions.

In the absence of internationally comparable data on secure tenure, the “proxy” indicator tends to be global reporting of Target 11 in the number of slum households.

6.2 Without property rights, municipalities are reluctant to provide infrastructure services to slum households, especially where these are unplanned settlements on public land. The provision of services such as water or electricity connections may turn temporary settlements into permanent arrangements or imply a property right where none exists. Security of tenure is the key to obtaining public infrastructure services.

6.3 In Punjab in Pakistan, DFID is considering support to a pilot programme in one District to strengthen land tenure rights for the poor. This will be part of the planned Punjab Economic Opportunities Programme (previously entitled the Poor Districts Programme), which envisages scale-up to eight urban areas. A total of £4.4 million in international Technical Assistance is being sought from donors. The attached Box 5 illustrates some key achievements in Pakistan’s third-largest city, Faisalabad (Punjab)

**Box 5**

**FAISALABAD DEVOLUTION PROJECT**

— Objectives: Efficient, effective, accountable and transparent district government in Faisalabad (seven million people), which is responsive to the needs of people, including women and the poor.
— DFID funding: £6.14 million (2004–08)
— Well co-ordinated Federal and Provincial support programmes
— 2004–05 Financial Deficit Rs 866 Million; & through better systems and informed decision-making, in 2007–08 converted to allocation of Rs 1.5 billion for new programmes.
— Percentage budgetary utilisation increased.
— 20% funds allocated to improving slum areas and “kachi abadis” (mud building zones)
— Health improvements
— Female representation in citizen community boards (CCBs) increased from 5% to 7%, while the number of CCBs formed by only women increasing from 2 to 38 during April 2004 to December 2007. The number of mixed CCBs (CCB members are both men and women) increased to 205 from 186 during the same period
— The total number of women working in District Government departments has increased from 10,001 to 11,006 during 2004 to 2007 which is 10.05% increase.

**GIS systems & mapping**

6.4 The introduction of GIS mapping in Pakistan’s third largest city, Faisalabad, has improved the targeting of poor areas and enhanced the investment planning process. All existing information systems (Human Resource, Revenue, Financial Management and Citizen Community Boards Management Information Systems) have been linked with the GIS. Information is now instantaneously available for planning, budgeting and decision making purposes, for example, in a village complete information about a school eg physical condition of the school, staff of the school and financial allocations to the school can be retrieved, this has enabled a more integrated planning process across the district.

6.5 GIS mapping has also, for the very first time, brought together the land record which was maintained on “latha” (maps on cloth) and has implications for ownership, revenue generation (commercial properties etc). It also provides information and establishes the base which can be used for land and property rights cases. It also neutralises the control that land registry clerks “Patwaris” (allegedly in collusion with influential people) had on making available the record.

6.6 The provincial government has regularised this as a requirement in Land Use Rules as of March 2008 and all Districts are required to prepare peri-urban structure plans using satellite imagery as a base map. The provincial government has also provisionally approved £15 million to fund and replicated the interventions using Faisalabad as the knowledge resource district beyond the end of the project and help replicate interventions across nine districts in Punjab.

7. The implications of the current global financial downturn for urbanisation in developing countries

7.1 The effects on the urban poor of the global recession vary in different countries. While data is still sketchy and rather anecdotal, reports from Vietnam and China indicate large scale job losses, with hardship from higher food prices in Nigeria, Ethiopia, Uganda and DR of Congo. From Vietnam there are reports that the demand for casual day labour has fallen sharply, while in Cambodia overtime pay is down, with workers leaving garment factories because wages do not meet basic needs. Reports from DRC suggest some families in Kinshasa are returning to “delestage”—where half the family eats one day and the other half the next.

7.2 In India, the effects of the global recession on urban poverty are not yet clear. Some African countries (Uganda, Malawi, Ghana, Tanzania and Kenya) have seen little impact so far on employment, although significant numbers of miners in Zambia and DRC have lost their jobs.

7.3 The urban poor, often migrants, have little defence against economic shocks such as job losses. They have no savings or access to state safety nets or basic social services. Few have any fixed assets with many in temporary accommodation. For example in Indonesia, while there are social protection schemes in rural areas, this is not the case in urban areas, which are expected to be hardest hit by the downturn. In China migrant labourers may be excluded from critical social protection programmes and from access to public services, in both labour-receiving cities and labour-exporting rural areas.

7.4 Job losses and falling international and/or rural-urban remittances are reported by several country offices. In China job losses have been concentrated in low-skilled and export driven sectors (urban construction jobs electronics manufacturing) and throughout 2008 rural incomes declined as the “lifeblood” of remittances was reduced by factory closures. In Indonesia over 200,000 mainly daily or outsourced workers have been laid off. In the Caribbean unemployment approaching 30% is combined with falling remittances, including countries where remittances are a high share of GDP. In Vietnam there may be 400,000 job losses in 2009 with remittances falling from $7 to $4 billion.

7.5 There are reports in East Asia of migrant urban workers returning to rural areas without land to farm, other available jobs or any reliable income. Migrants forced back from abroad may find there is insufficient employment to absorb them. This raises concerns about a sliding back into poverty. Annex G provides a summary of reports from DFID’s country offices on the impacts of the global financial crisis.

8. Future Challenges and Responses

Dealing with inequality

8.1 The 2009 World Development Report points out that production concentrates in big cities, leading provinces and in wealthy nations. Half the world’s economic production fits onto 1.5% of its land area. Cairo produces half of Egypt’s GDP using just 0.5% of its area.

8.2 Fewer than a billion people (in North America, the European Union and Japan) account for three-quarters of the world’s wealth.

8.3 However, in emerging global economies, such as Brazil, India and China, there are significant disparities between economically successful and unsuccessful states and provinces. More than two-thirds of the developing world’s poor live in villages. A billion people living in Sub-Saharan Africa, South and central Asia, survive on less than 2% of the world’s wealth.

8.4 But, dispersing production more broadly does not necessarily lead to prosperity. This tends to be achieved by the simultaneous facilitation of industrial concentration, and social convergence policies that improve living standards (health, education, sanitation etc) more widely across different geographies.

8.5 These policies will need to ensure economic integration. The right mix at the right time is required between the provision of basic services and access to them, and wider road, rail and telecommunication links that can connect people to markets.

32 In the textiles and garments, shoes, automotive industries, construction, palm oil and paper & pulp industries.

33 Tourism, construction and manufacturing are the main sectors affected by unemployment.
Global movements—the growth of towns and cities

8.6 Three simultaneous global movements are occurring that have a significant bearing on the future growth and development of cities and urban populations: urbanisation, decentralisation and the rise of domestic capital markets. In 2004, 40% of the world’s cement and 27% of its steel primarily went to build China’s cities.34

8.7 In absolute numbers, Asia will experience the largest rise in urban population numbers. For example, China will add at least 300 million and Indonesia 80 million people to their cities by 2030.35 An estimated 46 million people living in cities are at risk of annual flooding from storm surges in the East Asia region.36

8.8 Within cities, varying depths of inequality exist. Sound land or property title not only encourages municipalities to invest in basic water, sanitation and other services, it also stimulates individual household investment in bettering personal property. For women, who may not own land, then sound property rights raise the potential for rental income. For the poor, the costs of crime-related conflict may be disproportionately high. Frequently, so too are the costs of transport to their place of work.

Climate Change & the need for Climate Resilient Cities

8.9 It is probable that the responsibility to responding to climate change impacts will fall to city governments and communities. This will require strong local commitment and organisation to deal with behaviour and technological change to reduce carbon & greenhouse gas (GHG) emissions. In addition, in order to prevent and better manage related environmental disaster events, urban growth and spatial development will require the consideration of disaster risk reduction and management as an integral part of the planning process. A Primer has been prepared jointly by The World Bank, the Global facility for Disaster Reduction and recovery, and the UN International Strategy for Disaster reduction.37

8.10 The Primer uses a dual track approach. One track seeks to lower GHG emissions through mitigation (Climate change management) programmes of energy efficiency, the use of non-fossil fuels, controlling urban sprawl, improved public transport and recycling waste and water reclamation. The other track addresses, through adaptation programmes, the consequences of climate change and the increased frequency and intensity of extreme events and disasters that climate change is creating.

4th HMG White Paper on International Development

8.11 As part of developing the 4th HMG White Paper on International Development, DFID is presently considering options to make an effective and enhanced contribution to the challenges and opportunity of urbanisation.

8.12 These options include strengthening partnership and resource allocation to key institutions, including UN Habitat, the World Bank and Cities Alliance. The newly strengthened core research capability could be deployed to deepen understanding and improve targeting of interventions. Greater interaction with other Whitehall government partners is possible. Key country programmes could intensify engagement in urban and urban-rural link challenges. The growing appetite for North-South and South-South city-linkages, twinning arrangements and knowledge sharing are also areas for consideration. And new partnerships with foundations and a wider range of donors, institutions and civil society actors are possible.

Annex A

INTERNATIONAL DONOR INTERESTS ON URBANISATION AND POVERTY

How effectively are developing country governments and donors addressing the challenges presented by urban poverty? The donors considered here are: the ADB, the AfDB, the UNDP and selected bi-lateral donors.

GENERAL

The types of investment from donors that can potentially improve the lives of poor urban dwellers and the quality of slums/poor urban neighbourhoods include such elements as:

— Governance.
— Environment (climate change, pollution control and clean air, etc. as well as planning policies, urban design, provision of green space, disaster planning, etc).
— Poverty reduction and social considerations (education, gender, employment, etc).
— Land use, registration and tenure.
— Infrastructure (water and sanitation, roads, electricity, etc).
— Services (transport, healthcare, municipal services, etc).
— Urban local economic development.

35 (ibid: p11).
In addition, concerns about climate change and the current economic downturn are affecting donor responses to urbanisation and poverty, as outlined below:

(1) Climate change is leading to more money being allocated to the urban sector, particularly on mitigation and adaptation (areas where cities are thought to be significant players), and which is also allowing organisations previously not involved in development, to allocate money (e.g. the European Investment Bank now has a mandate from the EU to invest in climate change mitigation and adaptation in developing countries; the German Ministry of Environment has opened up a line of support to work in the urban sector in developing countries). Climate change is seen to be both an opportunity for greater focus on the urban sector, but also to be taking focus away from targeted programmes such as urban poverty reduction or slum upgrading.

(2) The fallout from the financial crisis, and the stimulus packages introduced by various countries and lending agencies have a strong focus on investing in urban infrastructure. The financial crisis will undoubtedly lead to greater urban poverty however there is little direct focus on poverty reduction or slum-upgrading. The focus is mainly on job creation through infrastructure works, many of which will take place in cities. As yet, most countries and donors are indicating that funding will increase or be maintained.

There appears to be little focus on urban poverty or slum upgrading as a specific programme theme or investment goal. Often poor housing and poverty tend to be identified as downstream impacts rather than actual targets. Some anecdotal reasons given for this were that these projects tend to be more difficult and “messy”, with results that can be hard to demonstrate. It would appear that donors and countries now consider climate change to have a higher priority, and profile than urban poverty and have changed focus accordingly. Also there is the continuing belief (sometimes but not always, true) that poverty is worse in rural areas.

However, there is an emerging sense that urban issues are rising in prominence and that resources should be commensurate with the high global rate of urbanisation, having spent the past decade being under-funded, dispersed and not receiving attention. There is some optimism among urban professionals that these issues are now higher on the development agenda, however, this is mainly with regards to infrastructure. There was less of a consensus that urban poverty reduction, housing or slum upgrading would start to receive more direct investment.

1. **Asian Development Bank**

*Activities and emphasis of ADB:*

— Since late 1960s, approximately 200 urban projects have been funded and implemented by the ADB, totalling approximately USD15 billion.

— Much of ADB’s lending and technical assistance has focused on urban water supply, sanitation, and wastewater management.

— The financial crisis has brought an increased focus on urban infrastructure and ADB spending in the urban sector has recently increased to USD2 billion per year (from around USD1 billion per year on average previously).

— Within the ADB, there has been an increasing focus on the urban sector since about 2006.

— The current guiding policy document of the ADB, Strategy 2020, summarises ADB urban priorities as follows:

  — **Liveable cities.** To improve the quality of life for their inhabitants and to reduce the carbon footprint of Asia’s cities—i.e., the amount of harmful greenhouse gases produced—ADB will assist Developing Member Countries (DMCs) and their municipalities in addressing a range of environmental problems resulting from rapid urbanisation. These include reducing air and water pollution, supporting cleaner modes of transport, improving systems for solid waste management, and reducing urban waste.

  — **Urban infrastructure.** ADB will focus on water supply, sanitation, waste management, and urban transport. ADB’s infrastructure operations will not be limited to building physical assets. They will also include improving the delivery of infrastructure services, which will create an enabling environment for the private sector. ADB will: (i) build DMCs’ capacity for better infrastructure management, (ii) promote institutional and policy reforms that enhance operational efficiency and sustainability of infrastructure projects, and (iii) support logistical systems to increase trade and investment.

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38 These numbers were given by an ADB urban sector specialist but it is not known how they were calculated or what is included as “urban”. The point the ADB person was trying the make is that both focus and funding are increasing. The USD2 billion figure is not an official target.
— **Approach:** In terms of operational approach, the ADB emphasises engaging with the private sector.

— **Guiding documents:** In 1999 the ADB produced an Urban Sector Strategy, which was reviewed in 2005 in light of developments such as the MDGs. A further review was completed in 2006, the findings of which pointed out the fact that ADB investment was nowhere near commensurate with the rate of urban growth in the region and led to an increased focus on the urban sector within the ADB. As a result of the 2006 Review, the urban sector was included in the ADB strategy document, *Strategy 2020* and a document called *Managing Asia’s Cities* was produced. These documents led to the establishment of the Cities Development Initiative for Asia (CDIA), an organisation promoting investment in cities (in collaboration with GTZ, with additional funding from SIDA and Spain).

— **Types of projects:** A brief review of ADB projects from 2008 reveals a broad view of the scope of the urban sector. Initiatives include elements of urban water supply and sanitation, housing, urban drainage and flood control, urban transport, urban environment, slum improvement, sites and services, (urban) institutional strengthening and capacity building, urban land management, urban governance, and urban finance. Poverty reduction components and micro-credit are also endorsed as part of the urban sector, when included in urban development projects.

— **Climate change** is having an impact on re-focusing resources towards climate proofing cities, enabling sustainable development and elements such as cleaner and more extensive public transport.

— **Loans and TA:** In 2009, the ADB will be providing loans and technical assistance to approximately 47 projects broadly considered to be in the urban sector. Some examples include the Second Neighbourhood Upgrading and Shelter Sector project in Indonesia (USD700,000 in technical assistance) and the Rajasthan Urban Sector Development Investment Program in India (USD150 million loan). Of the proposed projects, 17 are technical assistance projects and 30 are loans.

— **Institutional development:** the ADB currently has a cross-regional Urban Community of Practice (UCOP) focusing on the urban sector. In 2001, the Bank was reorganised and urban sector expertise was re-distributed throughout other sectors and became somewhat diluted. The urban sector is addressed under broader themes such as governance and social development and competes for resources in larger groups such as transport or water policy, the latter often traditionally focused on rural areas. The UCOP redresses this previous organisational change somewhat, and has raised the profile of the urban sector within the Bank. The relative influence of urban sector issues declined from 1999 to 2006 but has increased since then.

— **Partnerships:** Since 2002, ADB has worked with the Cities Alliance (CA) to support the preparation of certain City Development Strategies and the Cities Without Slums action plan. ADB is supporting the Clean Air Initiative for Asian Cities together with the WB. ADB collaborates quite extensively with GTZ. The CDIA is a partnership between ADB and GTZ. ADB and DFID have worked together on country-level initiatives in Kolkata and Madhya Pradesh in India.

— **Human resources:** ADB currently have plans to hire 20–30 new staff in 2009, with specific urban-sector expertise, to be based in the Manila office. This is significant as it will approximately double its urban specialists.

### 2. African Development Bank (AfDB)

#### Activities and emphasis of AfDB:

**Background:**

The AfDB’s first Strategic Plan was produced for the 2003–07 period. There was little consideration for the urban sector in this Plan. According to the most recent Annual Report (2007), the 2003–07 period had the Bank’s priorities as agriculture and rural development, with greater emphasis being given to water and sanitation in rural and peri-urban areas, and to human capital formation through primary education and health services.

The justification for this is the fact that, although urbanisation is increasing, Africa is still predominantly rural (although there is obviously a great deal of variation between countries) and suffers from lack of access to very basic services, food and water. The 2008–12 Strategic Plan has a stronger focus on infrastructure as a key priority area, particularly transport, power and ICT.

There is some sense within the Bank that urban issues will grow in prominence in the next few years, particularly once the Urban Strategy (see below) is finalised. The rate of urbanisation in Africa is significant and increasing. Climate change will have a major impact on urbanisation in Africa; the AfDB anticipate a potential influx of farmers into cities due to lack of water, drought and crop failure.
Rural-urban linkages have also been identified to be important: farmers currently produce more for export than they do for the burgeoning local urban population so food security and agricultural policies are closely linked to urbanisation and urban policy and planning.

Urban Strategy:

— The AfDB is currently developing an urban strategy (started in 2008) and aims to complete it, including an action plan and results-based management framework, some time in 2009. There is a draft format but this in not publicly available yet.

— An urban strategy was prepared in the 1990s but it was not influential in terms of the Bank’s activities and is no longer available. The new strategy is intended to be more integrated and actionable.

— The new draft strategy has identified several “pillars”: infrastructure, governance, private sector development and cross-cutting issues (which are gender and climate change). These may change in the final strategy.

Current Work:

— Currently, AfDB’s work in the urban sector mostly takes place under the infrastructure and water departments and does not have an “urban” focus as such. There are few urban poverty or slum upgrading projects.

— The AfDB estimates that urban work accounts for 15–20% of its portfolio, mostly in water and infrastructure. They anticipate that the strategy, when it comes in to effect, will increase this proportion but there is no firm target.

— There is no dedicated urban department, and no plan to create one.

— There is a sense within the Bank that urban issues are now getting more attention. In particular, there is a greater focus on urban poverty.

Some projects that the AfDB has/is supporting include:

**Ghana Urban Poverty Reduction Project**: Began in 2005 and is on-going. This project is aimed at achieving MDG 1 on eradicating extreme poverty and hunger and focuses on economic development and job creation.

**Shelter-Afrique (approved February 2009)**: A USD 30 Million Line of Credit (LOC) and a USD 7.5 Million equity investment will be provided to Shelter-Afrique. The LOC will be used for on-lending to private real estate developers and housing finance companies to finance housing projects and related infrastructure services. The equity investment will strengthen Shelter-Afrique’s capital base. In addition, a Technical assistance grant of USD 0.95 million will be provided by the ADB-managed Fund for African Private Sector Assistance (FAPA), a trust fund established by contributions from the Government of Japan to finance capacity building activities. Shelter-Afrique is a pan-African housing finance and development institution established in 1981 by African governments, the AfDB, Africa-Reinsurance Co. and Commonwealth Development Corporation Group (CDC), to mobilise funds and support provision of sustainable housing in Africa.

3. UNDP

Activities and emphasis of UNDP:

— The UNDP has few activities that are clearly linked to the urban sector. Its current Annual Report (2008) makes little mention of cities and none at all of slums.

— Under the category of Democratic Governance: decentralisation, local governance and urban/rural development, expenditures from 2004–07 are reported to be USD 990 million.

— UNDP tends to channel its support through groups like UN-HABITAT and the UN Millennium Project (which published a report, *A Home in the City. Report of the Task Force on Improving the Lives of Slum Dwellers* in 2005) and through its country programmes.

— UNDP has a strong research and poverty reduction/achieving the MDGs approach but it is not very strongly or comprehensively focused on the urban sector in terms of overall strategy. It is not known if there are any clear plans to change this but there are no obvious signs that there are.

Some projects that the UNDP has supported in the past include:

**Philippines**: A series of interventions in the Philippines which established a citizens’ watch for monitoring progress towards achieving the MDGs at the city level. These MDG-focused projects have raised awareness among city bureaucrats and the citizens at large to marshal efforts towards MDG achievement. The initiatives promoted collaboration among departments in planning and delivering basic services to meet the

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39 An AfDB staff member kindly gave the author of this paper a briefing on what the strategy was likely to include. The draft itself is not being circulated outside of the Bank yet.
MDG targets in 13 cities across the country. These cities’ laws, ordinances and policies were improved to make them more responsive to the MDGs, human rights and gender. The projects ultimately improved access to public goods and services for poor and disadvantaged groups. The success drivers included poverty profiles and development baselines (which form the basis for setting local MDG targets), twinning cities with local resource institutions, and knowledge-based constituency feedback mechanisms that made the local government units more accountable. The model has been documented and is being disseminated throughout the Philippines. (Source: 2008 Annual Report).

Urban Management Programme: The UMP was one of the largest global technical assistance programmes in the urban sector. It started in 1986 and was a joint undertaking of UNDP, UN-HABITAT and the World Bank. The programme worked to develop and apply urban management knowledge in participatory urban governance, alleviation of urban poverty and urban environmental management, and facilitate the dissemination of this knowledge at the city, country, regional and global levels. It was a ten-year programme ending in 2006 and was primarily carried out by UN-HABITAT.

City Development Strategies: The UMP has implemented City Development Strategies in several cities to further improve the capacity of municipal authorities to implement participatory management mechanisms. These cities include Bamako, Mali; Cuenca, Ecuador; Colombo, Sri Lanka; Johannesburg, South Africa; Santo Andre, Brazil; Shenyang, China; Tunis, Tunisia and cities in the Lake Victoria Region namely, Kampala, Uganda; Kisumu, Kenya; and Musoma, Tanzania.

4. OTHER DONORS

Activities and emphasis of other donors:

Other donors identified to have a commitment to working on urban issues include SIDA, Germany (through GTZ, KfW and BTZ), SDC (Switzerland), AusAID, Japan, Spain and France. The most prominent are probably SIDA, and the German government, which tends to focus on environment and infrastructure.

SIDA (Sweden)—a strong urban poverty focus, particularly in Africa (its work in Asia has been reduced in recent years although it has been supporting the CDIA). SIDA did have a dedicated urban development department but this has been dispersed throughout other departments. According to its own documents, SIDA’s priorities in the urban sector are: urban development; infrastructure and local services; land and housing, and environmental sustainability but it is one of the few donors with a reputation for also focusing on urban poverty reduction and slum upgrading. Some projects undertaken by SIDA in recent years include: Housing credit schemes and slum improvement programmes in Central America, Africa and Asia; supporting sustainable urban development in Bangladesh where the strategy for development cooperation includes a particular urban development strategy, and a long-term programme on housing in South African cities.

Germany (BMZ, GTZ, KfW)—German government support to the urban sector had waned and then been revived in recent years. Through GTZ, direct focus on the urban sector is funneled through the Governance theme (Urban and Municipal Development sub-theme). GTZ is a co-sponsor (with the ADB) of the CDIA. Other themes, such as Environment and Infrastructure also relate to the urban sector. There is not a major urban poverty reduction approach. BMZ supports the urban sector through GTZ, KfW and various NGOs.

SDC—the SDC’s focus on the urban sector has diminished in recent years and its activities are limited at the moment. At one stage, it was quite actively involved in the urban sector (through, for example, support to urban governance in Vietnam, co-sponsoring Cities Alliance cities in preparing City Development Strategies). Currently they have few projects directly in the urban sector although a project in Georgia works to build social housing for internally displaced persons, and provide community support.

AusAID—AusAID work focuses mainly on urban infrastructure. Spain—Spain appears to be newly focusing on the urban sector. They recently gave support to the CDIA.

Agence francaise de developpement (AFD)—the AFD has a strategic focus on cities in francophone countries and former French colonial cities (such as Hanoi and Luang Prabang). As of a 2006 strategy document, it noted that the importance of the urban sector was expected to increase gradually. AFD is particularly known to support culture and heritage projects in cities, in addition to its focus on infrastructure, environment and services. Some examples of AFD projects include: urban upgrading in Haiti, Cities Without Slums, Morocco and Tunis subway line extension. They are also currently supporting a consultant to assist the ADB to develop its urban strategy.

Japan (JICA, JBIC)—Japan is strongly focused on infrastructure and environment, working mostly in the Asia region.
STATEMENT ON DFID’S COLLABORATION WITH THE WORLD BANK GROUP

INTRODUCTION

1. This statement summarises current and possible future collaboration between DFID and the World Bank Group on urbanisation and poverty.

PARTNERSHIPS WITH THE WORLD BANK ON URBAN DEVELOPMENT

2. DFID has partnered with the World Bank in recent years on urban development issues, including urban poverty, through a number of global, regional, and country level activities. DFID’s funding has helped the Bank leverage its own resources for technical assistance, analytical work, and parallel project financing, resulting in a deeper engagement on policy issues and a strengthened project pipeline. These particularly include activities in Africa and South Asia, with collaboration also in other regions. Work with the Bank on water and sanitation has been important in addressing the needs of the urban poor through the provision of basic services.

3. DFID’s support for the World Development Report 2009, *Reshaping Economic Geography*, included about £450,000 for preparation of the report (£250,000) and the production of the innovative film, *Seeing Development in 3D* (£200,000), used extensively for dissemination of the Report’s key messages.

4. DFID has provided $350,000 through Cities Alliance (see Annex C) for the Bank’s work in Africa, on “Mainstreaming Urban in Poverty Reduction Strategies.” This was used to support analytical work on urbanisation/urban policy/urban poverty issues and dissemination in five African countries (Ethiopia, Ghana, Tanzania, Kenya, and Mozambique). The funds were used to mobilise additional World Bank and donor resources. The studies were used for in-country dialogue on urban issues within the context of wider host-government policies and have provided the basis for possible new World Bank investment operations in Tanzania, Kenya, and Ethiopia. In Mozambique, the analytical work is helping the Bank prepare a new Country Assistance Strategy which will include a new urban project.

5. Urban LandMark* and the World Bank Institute have signed a Memorandum of Understanding setting a framework for developing collaborative projects. Each has committed US$375,000 in parallel funding in the first year. The aim is to build urban knowledge and capacity to effectively respond to challenges and opportunities faced by African urban policy makers. This will include access to international best practice, increased understanding of their national urban realities and efforts to rapidly increase urban management capacity.

6. DFID’s grant ($200,000) through Cities Alliance for Ghana provided support for economic and sector work being developed by the World Bank with the Government. The work is focussed on municipal finance, local investment climate assessment and land issues. This is feeding into the World Bank’s country dialogue and project pipeline.

7. DFID has collaborated extensively with the World Bank in India in their work in several states. This includes funds for project preparation ($0.8 million) and institutional strengthening in the Ministry of Housing and Urban Poverty Alleviation. In addition, DFID is providing parallel support ($20 million) to the urban poverty component of the Bank’s technical assistance project. This will support (i) a policy unit inside the Ministry; (ii) training centres and training courses for city officials; and (iii) pro-poor approaches to service delivery.

8. In the Indian States of Madhya Pradesh and West Bengal, DFID’s city institutional strengthening work is being followed up by the Bank with the preparation of investment lending for the improved delivery of services. A DFID trust fund is helping the World Bank prepare their Urban Water Supply and Sanitation Business Plans in the states of Maharashtra, Rajasthan, and Haryana. Once completed, these plans will be used for project preparation and other project proposals.

9. A recent DFID grant for Pakistan was used by the World Bank for the “Punjab Property Tax Workshop”, through which experts worked with the Government and presented their work. The outcomes include a medium term tax policy, a framework for a decentralised property tax policy and administration and a draft new property tax law. Follow up work is expected to result in a World Bank technical assistance loan or a project component in the Large Cities Programme for implementing tax reform.

10. In Afghanistan, the World Bank and DFID are each providing 50% (about $200,000) of the funding for a sub-national Governance and Service Delivery Specialist, based in Kabul for two years. The specialist is working closely with Bank and DFID staff, Government and other donors under the overall guidance of Bank task team leaders, in order to strengthen urban local governments and their accountability to urban communities.

11. Other work with the World Bank includes support in Indonesia through the DFID supported Decentralization Support Facility. This is aimed at supporting the Government’s decentralisation efforts, in services delivery through project financing, procurement and knowledge management.

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*Urban LandMark is based in Pretoria and was set up in May 2006 with DFID funding of £1 million over two years. It aims to influence policies and practices in South Africa to improve poor people’s access to well-located urban land.*
12. In the West Bank and Gaza, DFID is working with the World Bank in the provision of technical assistance in housing, including for the Ministry of Public Works and Housing on a framework for public private partnership for housing development. This includes defining criteria for public investment in external infrastructure for housing developed by private sector, the development of a housing policy and mortgage finance.

POSSIBLE FUTURE COLLABORATION WITH THE WORLD BANK

13. The World Bank is currently undertaking an Urbanisation Review as a follow up to the World Development Report 2009 in the preparation of a new Urban Strategy. This will provide new analytical tools to assist the Bank in its engagement with countries interested in understanding and responding to urbanisation challenges. The Review will initially be applied to selected countries to assess the urbanisation trends and approaches to addressing the possible impacts.


15. Potentially DFID could collaborate further with the World Bank on some of these strategic challenges, as well building on the existing regional and country work. As well as the Urbanisation Review, several new products are to be launched by the Bank, to be implemented in countries wishing to address pressing urbanisation and poverty problems. The Bank is seeking partnerships with interested donors on:
   - Slum upgrading,
   - The Global City Indicators Programme (GCIP) and Vulnerability Assessment, and
   - A new Urban Governance Programme.

STATEMENT ON DFID’S WORK WITH CITIES ALLIANCE

INTRODUCTION

1. The Cities Alliance is a global coalition of cities and their development partners which provides matching grants in support of slum upgrading and city development strategies. Aims include promoting the positive impacts of urbanisation and reducing urban poverty. It was launched in 1999 jointly by United Nations Human Settlement Programme (UN-HABITAT) and the World Bank to help developing countries to address the growth of slums and the long term health of their cities.

THE ROLE OF CITIES ALLIANCE

2. The work of the Cities Alliance is based on the potential for urbanisation to address long term urban and rural poverty. National and city governments are therefore encouraged to devise strategies and policies to promote the benefits and opportunities of urbanisation. This sometimes contradicts national policy frameworks that hinder or distort urbanisation, as well as a focus on rural poverty by many international development agencies.

3. Working in poorer donor recipient countries and through its members, the Cities Alliance offers support in two main areas: (i) Assisting city and national governments on slum upgrading programmes, and (ii) supporting long-term city development strategies (CDS). The current 2008–10 strategy emphasises a longer-term approaches that can be taken to scale. Cities Alliance is aligned with the Paris Agenda for harmonisation of efforts and the use of country or city delivery systems.

DFID’S PARTNERSHIP WITH CITIES ALLIANCE

4. DFID has worked with the Cities Alliance in two significant programmes, namely the Community-Led Infrastructure Finance Facility (CLIFF) and the Slum Upgrading Facility (SUF).

5. Established in 2002, CLIFF provides finance to organisations representing the urban poor for housing and related demonstration projects. The facility is active in India, Kenya and the Philippines, with prospects for consolidation (especially in Kenya) and further expansion. Donor funds are channelled through Cities Alliance to Homeless International for a wide range of agencies and to attract resources from other agencies.

6. Cities Alliance is seen as having expertise that could help support the efforts of local CLIFF partners. This includes, for example, a programme of targeted support to the slum-dweller organisations in Nairobi, particularly their efforts to undertake slum enumerations and mapping, building on support being offered by the University of Nairobi.

7. The SUF is a technical cooperation and seed capital facility whose central purpose is to test the potential for increased access to formal credit for slum dwellers’ organisations, enabling them to implement slum upgrading projects. The pilot project began in 2004 and is implemented by UN-HABITAT with the support of Cities Alliance.

Annex C
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POTENTIAL FUTURE COLLABORATION WITH CITIES ALLIANCE

8. Early consideration is being given to specific work in India, building on DFID’s relationship with Cities Alliance through activities such as SUF and CLIFF. This could be a knowledge-based arrangement through the provision of support to the Government of India’s National Urban Renewal Mission (JNNURM).

9. DFID may be able to work with Cities Alliance on new thinking and research on urbanisation, including City Alliance’s potential role as a response to both urban and rural poverty. New approaches might include the use of international development assistance to facilitate learning between developing countries and cities and exchanges between their learning institutions.

Annex D

STATEMENT ON DFID’S WORK WITH UN-HABITAT

1. Mandated by UN Resolution 56/206, UN-Habitat is the UN agency for human settlements, to promote socially and environmentally sustainable towns and cities, with the goal of providing adequate shelter for all. UN-Habitat’s work is related to MDG Goal 7, Targets 10 and 11 which respectively concern access to water and sanitation and improving the lives of slum dwellers.

2. UN-Habitat has received core funding for the UK since being included in the 1997 White Paper on International Development. DFID represented the UK on the Governing Councils from 1999 to 2007 before this passed to the UK Permanent Representation to the United Nations Headquarters in Nairobi in 2009.

3. DFID’s 2000 Target Strategy Paper (TSP) on Urban Poverty confirmed its support for UN-Habitat and set out DFID’s approach to urbanisation and urban poverty, citing the slum improvement programmes it then had, mainly in India and Kenya.

4. DFID worked with UN-Habitat to find better ways of working on slum upgrading on a continuing rather than a project based basis, leading to the UN-Habitat Slum Upgrading Facility (SUF). The resulting Pilot Programme was supported by DFID with US$10 million in conjunction with the Cities Alliance World Bank Trust Fund, together with US$4.5 million from Sweden and $4.8 million from Norway.

5. A SUF Consultative Board was formed in 2004 representing the banking and finance sectors, the slum dwellers themselves, as well as the donors’ interests. A three year SUF Pilot Programme started in late 2006 and is scheduled to conclude in December 2009. However, at its most recent meeting the SUF Consultative Board has recommended a further two-year consolidation phase to December 2011 in order to track the evidence of commercial loans being made by local banks to slum dwellers’ own projects, that operate with the backing of guarantees from the “Local Finance Facilities” (LFFs) created by SUF. These LFFs ensure that the guarantees and other credit enhancements are developed and administered at the local level (either municipal or national) with the technical and financial support of SUF at the global level.

6. UN-Habitat has recently set out its overall goals and objectives in its Medium Term Strategy and Institutional Plan 2008–13 (MTSIP), agreed at its 2007 Governing Council 21st Session—the 58 member state “board” that approves its work programme and budget on behalf of the General Assembly.

7. UK annual core funding for UN-Habitat has been sustained at £1 million, supplemented by steadily increasing contributions from Norway, Sweden, Spain and the Netherlands.

Annex E

UK GOVERNMENT WORK WITH BRAZIL, RUSSIA, INDIA AND CHINA ON URBANISATION

Within the wider question of, “How effectively are developing country governments and donors addressing the challenges presented by urban poverty?” this briefing summarises “How the UK Government/wider Whitehall networks are influencing and helping the BRICs (Brazil, Russia, India, China) (especially India & China) with the challenges and opportunities of urbanisation.”

1. RELEVANT PUBLIC SERVICE AGREEMENTS (PSAs)

Government action on urbanisation and poverty in BRICs countries mainly falls under three of the 30 new PSAs, as follows:

A more secure, fair and environmentally sustainable world

PSA 27  Lead the global effort to avoid dangerous climate change
(lead Defra (now DECC))

41 The 30 cross-government PSAs were introduced in the 2007 Comprehensive Spending Review as the basis for government spending from 2008–11; each has a lead department with named departments as delivery partners.

PSA 28 Secure a health and natural environment for today and in the future  
(lead on sustainable development—Defra, delivery partners include CLG)

PSA 29 Reduce poverty in poorer countries through quicker progress towards the Millennium Development Goals  
(lead DFID, delivery partners include HMT, FCO, Defra)

The UK government also supports the eight UN Millennium Development Goals (MDGs). Of particular relevance to this enquiry is the MDG 7 target, “to achieve significant improvement in the lives of at least 100 million slum dwellers by 2010”.

2. Overview

There is considerable activity between the UK government and BRICs countries addressing the challenges and opportunities of urbanisation and poverty reduction, but this has evolved under a variety of programmes. Levels of involvement in each country are very different, depending on the nature of bilateral relations and historic ties. Language is also a factor, as historically it has been easier to develop links with India than the other BRICs countries. UK departments are also involved in a wide range of multilateral donor programmes. Thus, there is no coordinated urban programme, but a large number of relevant initiatives.

The main focus on poverty reduction and urbanisation has been in India, where DFID and its predecessor, the former ODA, have had a long-term commitment that has focused on delivery of basic urban services and municipal capacity building. India is the only one of the four BRICs countries to be a DFID bilateral focus country. India is DFID’s largest country office, and DFID has well-established programmes both at national and state level, notably the Urban Services for the Poor programmes in West Bengal, Madhya Pradesh and Andhra Pradesh. Other recent programmes have looked at micro-finance, SME support, and the poorest areas.

In China, the extent and speed of urbanisation has resulted in a growing environmental awareness. In 1997, China published a national report on sustainable development which introduced for the first time the idea of “harmonious development between man and environment”, now a key policy. The UK’s bilateral activity with China has expanded significantly over the last five years, with a focus on sharing experience to promote “harmonious development”. In this context the UK-China Sustainable Development Dialogue, a cross-government initiative led by Defra with active involvement of CLG and DFID, has been important. In addition, the UK is making a major contribution to the World Expo 2010 in Shanghai, with its theme of Better Cities, Better Life, and the FCO’s Strategic Programme Fund is active in China, with 27 projects listed in autumn 2008.

In Brazil and Russia, bilateral urban programmes have been more muted, pursued principally under the FCOs Strategic Programme Fund. Russia is an emerging donor, so recent focus has been on partnership. In Brazil there is a significant opportunity for south-south (and south-north) learning around the country’s innovative programmes in participatory urban governance and slum upgrading. For example, participatory budgeting has been operating in some Brazilian cities for about 20 years and is now being piloted in the UK. At present much of the debate on these programmes remains in Portuguese so is not widely accessible. The next World Urban Forum (UN Habitat’s biennial event) is being held in Rio de Janeiro in March 2010, probably around the theme of Right to the City, which would be a good opportunity to strengthen links; at the last two WUFs the UK delegation included a minister but was otherwise small.

Climate change is an important new policy focus, which although not specifically “urban” has an urban dimension. There is considerable activity in the run-up to the United Nations Climate Change Conference in December 2009 (Copenhagen Conference), which will review a replacement for the Kyoto agreements that expire in 2012. DECC has taken over from Defra in running the joint programme with DFID on climate change. Other smaller initiatives on climate change include the FCOs Strategic Development Fund and the climate change debates promoted by the British Council, both of which have included the BRICs countries.

UK departments are involved in many multilateral initiatives that address urban challenges and opportunities, for example Cities Alliance a multi-donor initiatives working through the World Bank Trust Fund, and the OECD’s Territorial Development Policy Committee which has an urban workstream.

The sections below give more detail of these initiatives.

3. Sustainable Development Dialogues

Lead—Defra, working with CLG, FCO, and DFID.

Defra has lead responsibility for the UK’s sustainable development strategy, as part of its remit is developing an initiative of the former PM, to establish dialogues on sustainable development with the emerging economies of China, India, Brazil, South Africa and Mexico.

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The Sustainable Development Dialogues (SDDs) seek to encourage mutual learning on incorporating sustainable development values into government policy. The aims are to deliver commitments made at the World Summit on Sustainable Development (Johannesburg 2002), to help fulfil the MDGs, and strengthen UK international leadership on sustainable development, an objective of the 2005 sustainable development strategy. Work plans with China and Mexico have been agreed, and are being developed with the other countries. The budget was £11 million over four years.

3.1 UK-China SDD

UK-China SDD, launched in 2005, is progressed through prime ministerial and ministerial summits. The Chinese partner is the Ministry of Housing and Urban and Rural Development (formerly the Ministry of Construction). The UK lead has been Defra working closely with CLG and DFID China. The SDD focuses on four themes: sustainable consumption and production; natural resource management; sustainable urban development, and capacity building and governance for sustainable development. An MoU on Sustainable Cities was signed during the PM’s visit to China in January 2008, which sought to:

1. Support the creation and implementation of Dongtan eco-city
2. Set up partnerships between the Dongtan Institute for Sustainability and Thames Gateway institutes for Sustainability and Urban Renaissance.
3. Create a “virtual academy” to promoting innovation on sustainable development
4. Conduct collaborative research studies on urban regeneration and low income urban housing

The projects on “housing for low-income families” and “urban regeneration” are nearly complete, with support from the cities of Sheffield, Glasgow, Nanjing and Wuhan and case studies of best practice. Draft recommendations are being finalised, and these will be published in either Hong Kong or China later in 2009. A project has been completed with Yunnan Province to share best-practice in industrial resource efficiency and waste management. A new theme of financing for sustainable development is proposed for 2009.

3.2 UK-Mexico SDD

An MoU for the UK-Mexico SDD was signed in 2006, and a work programme agreed in 2007 around six priorities: national governance for sustainable development; climate change and energy; sustainable tourism; sustainable consumption and production, sustainable urban development and/or sustainable cities, and natural resources management. The Mexican partner is the Ministry of Foreign Affairs, and UK lead is Defra working with the FCO in Mexico City. Three levels of coordination are envisaged: ministerial meetings, senior management, and expert working groups.

Sixteen projects have been initiated over a three-year period. As reported in June 2008, 12 were current, of which three had an urban focus: a) promoting “transit-oriented development” in Mexico City; b) a sustainable urban study for the Metropolitan Urban Region of the State of Nuevo Leon, and c) closure of municipal dumps in Nuevo Leon. The dialogue also encourages south-south learning between participants.

3.3 UK-India SDD and UK-Brazil SDD

Agreements have been signed and the programmes are being developed.


Expo 2010 is a major event in Shanghai from 1 May—31 October 2010. According to the Expo 2010 website, “Shanghai hopes to build a powerful and lasting example of sustainable and harmonious urban living”: 186 countries and 47 organisations have confirmed participation, and 70 million visitors are anticipated. Preliminary events are being held in different countries.

Coordinated by the FCO, the UK pavilion and programme will aim to provide an upbeat message about global engagement and help position UK business in a crucial emerging market to gain profile, and encourage trade links between China and the UK. The programme will also support debate on wider themes such as more eco-friendly urban environments and low-carbon growth. Up to 50,000 visitors a day are expected to the UK pavilion. From the public sector, core sponsors include: FCO, UKTI, British Council, BERR, Defra, CLG, DfT, English Regional Development Agencies; and DCMS, and from the private sector AstraZeneca, Barclays, BP, Diageo and GKN. The budget for the pavilion is £13.8 million, including £1.8 million contingency, with costs being borne by FCO, UKTI and the British Council. City councils and private sector partners are being encouraged to participate, for example London and Liverpool are in

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discussions about contributing to the Urban Best Practice Area. The Core Cities group, a network of major regional UK cities—Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield will also be involved.

5. DFID Country Assistance

DFID has four priority policy areas: climate change; international reform; promoting growth and peace and security, and works toward delivery of the MDGs in 22 bilateral focus countries.

India is the only one of the BRICs countries to be a bilateral focus country and is DFID’s largest country programme, with a planned budget of £825 million over the period 2008–11. There is a significant urban dimension to the India country programme, focussed on the provision of basic urban services and municipal capacity building. Of note are the well-established Urban Services for the Poor programmes in West Bengal, Madhya Pradesh and Andhra Pradesh.

China is now a middle-income country, and DFID’s bilateral programme is being wound down. The focus is on partnership working in areas where the UK has particular expertise, for example through the UK-China SDD (Section 3.1 above). DFID is collaborating with DECC on climate change, and with the WB and ADB on the Clean Energy Investment Framework and the Climate Investment Funds in China.

Russia now having upper-middle income country and G8 membership status, DFID closed its bilateral development programme in Russia in March 2007. Russia is an emerging donor, so DFID is working with the WB and EC on coordinating aid, and public administration reform. Brazil is also an upper middle-income country, but with a highly inequitable income distribution. The bilateral programme was phased out by March 2006, but DFID is working regionally with the World Bank and IDB.

DFID also supports multilateral or other partners other agencies implementing urban projects. Examples include:

— Cities Alliance, which has worked extensively on City Development Strategies and other project in China, Brazil, India and the Russian Federation. The UK is one of 16 country members of Cities Alliance.
— Community-led Infrastructure Finance Facility (CLIFF) which seeks increase poor urban communities’ access to commercial and public sector finance for infrastructure and housing, by providing bridging funds.
— Slum Upgrading Facility (SUF) run through UN Habitat which supports city governments in enabling the provision of low-income housing.

6. World Urban Forum: WUF3, Vancouver; WUF4, Nanjing

The World Urban Forum is the biennial open event for UN-HABITAT. For the last two WUFs, CLG and DFID have combined to provide the UK presence and CLG has taken the lead. Baroness Andrews attended WUF3 in Vancouver in June 2006, and Ian Wright attended WUF4 in Nanjing in November 2008. Otherwise the UK input was limited. WUF5 is in Rio de Janeiro in Brazil in March 2010; discussion on the UK’s participation is on-going.

7. FCO’s Strategic Programme Fund

The FCO’s Strategy Refresh introduced the Strategic Programme Fund in 2007, replacing the Global Opportunities Fund, 2003–07. It has 11 programmes, three of which have an urban dimension, outlined below.

7.1 Climate Change and Energy (2007–08 budget £4.5 million)

This programme seeks to strengthen evidence and encourage policy development to mitigate climate change, and create an enabling regulatory environment to encourage investment in a low carbon economy. Eligible countries include Brazil, Russia, India and China. Programmes in the BRICs countries have included:

— India—Promotion of biofuels—for electrification in remote settlements.


Departmental Strategic objectives:
— "promote good governance, economic growth, trade and access to basic services;"
— "promote climate change mitigation and adaptation measures and ensure environmental sustainability;"
— "respond effectively to conflict and humanitarian crises and support peace in order to reduce poverty;"
— "develop a global partnership for development (beyond aid);"
— "make all bilateral and multilateral donors more effective;"
— "deliver high quality and effective bilateral development assistance; and"
— "improve the efficiency and effectiveness of the organisation."

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— Russia—Building Capacity for Effective Implementation of the Kyoto Protocol in the Kuznetsk Coal Basin—to increase awareness of greenhouse gas reduction opportunities mining, power generation and chemical industries; an energy statistics training programme run by International Energy Agency (IEA).50

— China—Enhancing Energy Data Quality and Transparency—aimed to work in partnership to improve data collection and training of statisticians.

— Brazil—Local Renewable Energy Model Communities—to improve energy sector governance in three Brazilian pilot cities: Betim, Belo Horizonte and Porto Alegre.51 The Betim pilot is run by ICLEI:Local governments for Sustainability, and has built demonstration energy-saving houses.

7.2 Human Rights (2007–08 budget £2.9 million)

The Human Rights Programme supports policy priorities under International Priority 7: “Promoting sustainable development and poverty reduction underpinned by human rights, democracy, good governance and protection of the environment”, and aims to promote respect for human rights. Priority countries for different parts of the programme include China, Russia and India. Projects include:

— India—Promotion of biofuels—for electrification in remote settlements.

— Liaoyuan Detention Centre Monitoring Project—a pilot bringing independent monitors into a detention centre.

— Combating torture: Brazil—helping train the judiciary, police and prison staff to identify and report cases of torture.

7.3 Sustainable Development (2007–08 budget £1.4 million)

The Sustainable Development Programme contributed to UK sustainable development objectives by focusing on: improving environmental governance, promoting growth and supporting livelihoods, and achieving more sustainable forest management. Brazil is one of the priority countries

8. DEPARTMENT OF ENERGY AND CLIMATE CHANGE (DECC)52

DECC was set up in October 2008 taking over responsibility for climate change from Defra. The Climate Change Act came into force in November 2008, which aims to help the UK’s transition to a low carbon economy in the UK, and to demonstrate international leadership by the UK leadership in tackling climate change.

Internationally Defra/DECC have been working through the EU, and the UN Framework Convention on Climate Change (UNFCCC), with a particular focus on the creation of a durable post-2012 agreement to replace the Kyoto Protocol. The next major event is the United Nations Climate Change Conference 7–18 December 2009 (Copenhagen Conference).

The International Environmental Transformation Fund (EFT) is a £800 million joint DFID/DECC fund set up in 2007, and the Climate Investment Funds are multi-donor partnerships (see Section 5.2). A UK-China climate change working group has been established, and various projects in India are looking at technology transfer between developed and developing countries.

9. BRITISH COUNCIL

The British Council promotes debates on three core themes: the creative and knowledge economy; climate change, and intercultural dialogue. Many of the initiatives include several countries and are often promoted in collaboration with Commonwealth, EU or other partners. Some of the initiatives have urban relevance. Themes under the Society Programme include: law and human rights; gender equality; economics and management; ethnicity, communities and social inclusion; governance and information, and participative democracy. The My City initiative will be launched in Istanbul in 2010 during celebrations for the European Capital of Culture, as part of the European Commission’s Cultural Bridges Programme.

China53

The British Council in China is the Cultural and Education Section of the British Embassy. Projects include:

— Low Carbon Futures—part of the global climate change security project.

— Sino-European Public Administration Project (with the European Institute of Civil Service).

— Sino-British Unemployment Insurance Project (UIP) (completed Jan 2006).
— Sino-British Social Innovation (3-year project with China Centre for Comparative Politics and Economics, and the Young Foundation).
— COMPACT Project (with the NGO Research Institute of Tsinghua University, exploring the UK model of cooperation between government and the third sector).

India
Projects in India include Intercultural Dialogues, and Low Carbon Futures.
— Low Carbon Futures—focus on mitigating the effects of climate change in urban environments—developing networks and resources.
— Intercultural Dialogue—aims to engage new constituencies in India and the UK in debate and exchange.

Brazil
Projects include work on the 2009 World Economic Forum, on human rights and governance, and inter-regional dialogue. An inter-regional conference on “Protecting Rights and Delivering Justice” was run in Brasilia, in September 2009.

Russia
The British Council in Russia is participating in the international Creative Cities project, launched in spring 2008, which aims to give young, influential people the tools to transform their cities. It works in partnership with public and private organisations, and is identifying cities in the UK, Eastern Europe, Scandinavia and Russia. An event on Urban Regeneration—Innovation not war was held in December 2008 with the Russian Centre for Contemporary Architecture.

10. OECD’S TERRITORIAL DEVELOPMENT POLICY COMMITTEE (TDPC), OECD

Various UK departments contribute to the OECD’s Territorial Development Policy Committee, its main international forum on regional policy, which has working parties on: urban areas, rural areas and indicators, to which various UK departments contribute, including CLG, ONS and DG Environment, Scotland. It is mandated to focus on three themes: generating regional competitive advantage; promoting effective and innovate governance, and developing policy-relevant indicators. The OECD is increasing its engagement with non-member emerging economies, and has undertaken projects in Brazil, China and South Africa, including a study in 2008 to improve the competitiveness and governance of the Cape Town Region.

11. OTHER INITIATIVES

There is a wealth of international activity promoting by the UK professional institutes and their associated charities which addresses the challenges of urbanisation. Many of the built environment institutes have a strong international presence, working through either regional offices or through cooperation agreements with country affiliates, for example the Royal Institute of Chartered Surveyors, Royal Town Planning Institute, Royal Institute of British Architects, and Institution of Civil Engineers.

There are also many built environment special interest groups and NGOs, for example: Engineers Against Poverty; RedR UK; Practical Action; Engineers without Borders; Engineers for Overseas Development; WaterAid UK; Article 25 (formerly Architects for Aid); Architects Sans Frontiers; Architecture for Humanity; Build Action (surveyors); RTPI International Development Network; the umbrella group—BOND (British Overseas NGOs for Development); Commonwealth Local Government Forum; Commonwealth Engineers’ Council; Commonwealth Association of Planners; Commonwealth Association of Architects, and Local Government International Bureau. The devolved administrations in Wales and Scotland also support overseas initiatives. There has not been time in this enquiry to research their specific activities in the BRICs countries.

City governments also have initiatives in emerging economies, for example twinning arrangements between major cities in the UK and China.

Annex F

ON-GOING URBAN DEVELOPMENT PROGRAMMES SUPPORTED BY DFID

Andhra Pradesh Urban Services for the Poor (APUSP) was a partnership project between the Government of Andhra Pradesh and DFID, which resulted in a sustainable improvement in urban governance and reduction in the vulnerability and poverty of the urban poor in Andhra Pradesh. The project was launched in 1999 and completed in March 2008 with a total financial commitment of £94.4 million grant funds. It initially covered 32 Class I towns in Andhra Pradesh (population exceeding 100,000) but, after the mid-term review, project coverage was extended to 42 towns.

Kolkata Urban Services for the Poor (KUSP) was started in 2003, with a financial commitment of up to £102 million over 7 years. It is a partnership with the Government of West Bengal to improve urban governance, access to services for the urban poor, economic development and livelihoods. It initially covered all the municipalities in Kolkata Metropolitan Area (KMA) except Kolkata Municipal Corporation, but specific components of the programme have now been extended to all the other (85) municipalities in West Bengal including:

- Preparation of development plans.
- Roll out of accounting reforms.
- Preparation of citizens’ charters.

Kolkata Environmental Improvement Project (KEIP) DFID is working with AsDB to support sustained improvement in the environmental health and quality of life for the communities served by Kolkata Municipal Corporation (KMC). DFID support is in the form of a grant of up to £28.3 million over six years alongside the AsDB loan for infrastructure upgrading/creation. The DFID component specifically supports capacity building activities with KMC.

Madhya Pradesh Urban Services for the Poor (MPUSP) includes a financial commitment of £41 million over a period of five years, and initially covers four cities: Bhopal, Gwalior, Jabalpur and Indore. Once satisfactory progress has been demonstrated in these cities it is expected that a programme of limited reforms will be extended to a further 10 towns. The support complements the AsDB funded Urban Water Supply and Environment Improvement Project (UWSEIP) for the urban poor and will support the reform of the state and municipal corporations. It is strongly aligned with Government of India national policy and the JNNURM.

Policy Unit Support to MoHUPA for implementation of JNNURM and UIDSSMT. This project of £1.5 million is being implemented through the DFID Trust Fund with the World Bank and is providing for a team of policy experts to work alongside senior management in the Ministry to set strategies and take forward initiatives to ensure the effective implementation of the two missions.

What has been achieved so far?

The DFID projects have been successful in reforming urban service provision—city revenues have increased, Citizens Charter and e-governance measures have been introduced, urban poverty cells have been established and community linkages have been transformed. The achievements of these schemes are seen as being model examples of urban reform and through our support to Government of India at the national level the experience and learning from these schemes is being used in the implementation of JNNURM.

Specific achievements from DFID-supported initiatives are as follows:

APUSP

- CMAPP—(Comprehensive Municipal Action Plan for Poverty Reduction) evolved and implemented in all municipalities, for infrastructure planning and interventions in poor settlements.
- Municipal Reforms include; Efficiencies in procurement procedures, accounting reforms, property tax assessment and collection, new tax net, complaint management systems.
- The creation of all-women self-help groups, federating them, and linking them to banks.
- Upadhi programme on wage employment.
- Municipalities’ own resources increased by 300%.
- Initiatives on energy saving and on water and sanitation reform.
- Third party quality assurance for all municipal works.

KUSP.

- Quick slum survey based completed in all slums in KMA area.
- Development planning in all 40 ULBs.
- Accounting Reforms with the Government of West Bengal in all 40 ULBs, switching over to the new accounting system from FY 2006-07.
- OD reforms being supported in the Municipal Administration Department, and the ULBs.
- Slum infrastructure work in progress and 3rd Party Quality Assurance procedures introduced.
- Slum infrastructure being executed through community contracting—through the all women Community Development Societies.
- E-governance system procured. Being rolled out across 40 ULBs.
— Public Affairs Foundation, Bangalore conducting citizens’ satisfaction survey of 40 ULBs.
— Community based urban sanitation pilot implemented in Kalyani municipality. Support being
  provided to GoWB to prepare and implement a state wide, community based urban sanitation
  strategy.

KEIP
— Significant increase in KMC’s resource mobilisation.
— Organisational reform initiative in progress to delegate functions downwards and set up
  corresponding accountability mechanisms within the existing three tier structure at the
  Corporation, borough, and ward levels.
— GIS mapping in progress for the KMC area, as well as the system design for e-governance,
  including business process re-engineering and accounting reforms.

MPUSP
— City level workshops completed to firm up early action plans.
— State level and city level technical support teams in place to begin implementation.

Next steps for DFID
The key constraint to effective utilisation of JNNURM and UIDSSMT funds is proving to be the
  capacities at state and city level. Our ongoing urban schemes are primarily aimed at capacity building at
  local government level to allow cities to implement the reforms, access the funds and use them well.

With GoI and other partners we are providing capacity building for the effective implementation of
  JNNURM. We have agreed to extend the pilot phase of support at the national level and design of a further
  programme of support of around £13.5 million is ongoing. This project will be closely aligned to the World
  Bank programme, but focussing on the poverty elements.

Urbanisation in Bihar is low at 10% and there has been little investment in infrastructure in urban areas,
  thus inhibiting their role as growth centres. As part of our developing engagement in Bihar we are designing
  a project that will draw on our wider urban experience in India to improve the capacities of the urban local
  bodies for effective municipal governance. This will be alongside infrastructure investments in the urban
  areas from World Bank and AsDB and will allow those loans to be used most effectively and the
  infrastructure to be managed for the benefit of all citizens.

SOCIAL IMPACTS OF THE FINANCIAL CRISIS: DFID COUNTRY OFFICE REPORTS
DFID’s country offices have provided a brief situation report on the economic and social implications of
  the financial crisis, giving a “snapshot” of what is happening at household level in the countries where we
  work. The key headlines regarding the social impacts are presented below.

A. IMPACTS
1. Impacts are starting to be seen across more countries. However, more than half of the snapshot
  reports highlighted the lack of real time social impact data. In Bangladesh, Indonesia, Malawi and
  Central Asia DFID offices have commissioned their own rapid research.

2. Poverty levels are projected to be increasing. Whilst in many countries the impact of the crisis on
  national poverty figures has not yet been assessed in Indonesia projections from the Government indicate
  2-3 million “new poor” in 2009–10 as a result of crisis. In Tajikistan the anticipated 30-40% decline in
  the remittances inflow may result in a 15–20% increase in poverty. There are media reports of increasing
  cases of suicides in one region due to the increasing poverty. Unofficial estimates in Pakistan suggest that
  the poverty headcount may have increased from 22% in 2006 to between 35% and 40%.

3. The impacts of the 2008 food price increases are starting to become apparent. Evidence from food
  security assessments released since the last snapshot indicates that a number of countries saw declines in
  food security as a result of both domestic factors and the food price crisis. This may result in the poorest
  households entering the financial crisis with a depleted asset base. In Afghanistan in 2008 the average
  household spent between 75% and 80% on food, compared to 56% in 2005. Assessments also found that
  35% of households were eating below their daily requirement.

      Bangladesh, Burma, Cambodia, Central Asia, Indonesia, Pakistan, Vietnam, Burundi, Ethiopia, Malawi, Nigeria, Rwanda,
      Sudan, Tanzania, Uganda, Zambia and Caribbean.


      This is based on the WB analysis that “the remittances in Tajikistan have contributed by half to the significant reduction of
      poverty level from 80% in 2003 to 53% in 2007”.

      In Kenya, a 2008 survey found that between 2007 and 2008, the percentage of Kenyans unable to meet basic food needs in rural areas rose from

      National Risk and Vulnerability Assessment.

      Kenya Food Security and Steering Group.
44% to a startling 77%.\textsuperscript{62} Yemen imports 91% of its wheat and 100% of its rice and was particularly impacted by the food price crisis. Estimates of the impact range from the elimination of all the poverty reduction gains over the past 10 years (World Bank) to a doubling of extreme poverty (UNDP). Some countries highlight that it is difficult to distinguish the impacts of ongoing domestic crises and the compound effects of the food, fuel and financial crises.

4. However, whilst prices have declined, in many countries they remain higher than before the crisis. In most cases\textsuperscript{63} this is attributed to domestic factors such as market failures, government demand for stock replenishment, adverse weather conditions and seasonality. In Ethiopia, prices are above global market levels and food inflation in February 2009 was 61.1%.\textsuperscript{64} Even higher increases are reported in rural markets and in conflict areas. This has resulted in an increase in the numbers of people dependent on food aid.\textsuperscript{65} In Afghanistan wheat prices have declined slightly but the prices of other commodities have risen significantly and are expected to remain well above historical levels. In Pakistan, year on year food price inflation was at 22.9% in February 2009, compared to 34.1% in August 2008.\textsuperscript{66} In Bangladesh, food prices are 20% higher than before the spike.

5. There are concerns of continued food insecurity in 2009. In Zambia an assessment in December 2008 identified 674,000 people needing immediate food assistance, due both to food scarcity and higher prices. In Nigeria there are fears that poor households could face moderate to extreme food insecurity before the lean period throughout the country. Although in Uganda food and fuel prices have fallen in recent months recent analytical work based on household survey data from 2006 suggests 700,000 people living near the poverty line may have been affected by the increasing food prices since mid 2007.\textsuperscript{67} Schools in Uganda have also been cutting back on the amount of food provided to pupils due to higher food prices.

6. There are signs in rural areas where the poor are net sellers of food of increasing food prices having positive effects. Research from Ethiopia indicates that price increases seem to have had a marginally positive impact on rural areas as 45% of the population are net food selling households. Similarly, in Vietnam 59% of poor households are net sellers of rice\textsuperscript{68} and UNICEF estimates that the overall increase in food prices will benefit rural areas, helping reduce poverty further.\textsuperscript{70}

7. The effects on the urban poor are highlighted in many country reports. This is due largely to job losses (Vietnam and China) and the ongoing higher prices of food (Nigeria, Ethiopia, Uganda and DRC) which continues to negatively impact net food consumers. In Vietnam, rapid assessments suggest that demand for casual day labour has decreased by 50% (70% for construction). In DRC, there is anecdotal evidence of families in Kinshasa returning to “delestage”—where half the family eat one day and the other half the next day.

8. There is some evidence that the urban poor are vulnerable to poor working and living conditions and are less well covered by social protection programmes. In Vietnam urban migrants in the informal sector have limited access to personal, state or private sector safety nets. Few have fixed assets, many are in temporary accommodation, and access to basic social services is constrained. In Cambodia there are reports that overtime pay is down and workers are leaving the garment factories as salaries are inadequate to meet rising prices. In Indonesia, whilst Government social protection schemes in rural areas are well functioning, urban and peri-urban areas are far less well covered and it is feared this is where the most significant impact of the downturn will be felt. Migrant labourers in China are de facto excluded from critical social protection programmes. Many of these restrict support to those unable to work, which automatically excludes unemployed migrant workers. Due to the prevailing registration system they may also be excluded from access to public services in both labour-receiving cities and labour-exporting rural areas.

9. The financial crisis and reduction of job opportunities has raised concerns about the treatment and violation of migrants’ rights in Russia. It is reported that there are frequent attacks on migrant workers and xenophobic behaviour. According to official data\textsuperscript{71} in 2008, 600 dead bodies of migrants were sent to Tajikistan from Russia.

10. The vulnerability of migrants returning from urban to rural areas is highlighted (China, Vietnam, Cambodia and Burma). In China, estimates by the Ministry of Agriculture suggest 20 million migrants have returned to rural areas.\textsuperscript{72} These are known as the “three without”: people who have no land to farm, no

\textsuperscript{62} 59% to 71% in urban areas.
\textsuperscript{63} Zambia, Ethiopia, Ghana, Nigeria, Uganda, Afghanistan, Tajikistan.
\textsuperscript{64} The price of maize is 130%+ than the 2004–08 average.
\textsuperscript{65} Estimated to be 4.6 million in January 2009 and expected to rise.
\textsuperscript{66} Trends in Inflation, State Bank of Pakistan, http://www.sbp.org.uk
\textsuperscript{67} This data has not been released yet and could be sensitive.
\textsuperscript{69} Impacts of Rising Food Prices on Poverty and Welfare in Vietnam, Linh Vu & Paul Glewwe, 2008.
\textsuperscript{71} Migration Service of the Ministry of Interior Affairs, Republic of Tajikistan.
\textsuperscript{72} The number of 20 million is not precise, and different critiques suggest it may be higher as well as lower. The numbers would be much higher if un—and under-employed migrant workers remaining in cities were included.
other available jobs and no stable source of income. In Cambodia about a quarter of a million workers migrate to other countries, much of this informal migration to Thailand. A large portion of these migrants are expected to lose their jobs due to the effects of financial crisis in host countries.

11. There are concerns of social unrest. With unemployment at 48.2% in Tajikistan and not enough employment opportunities for the thousands of laid-off labour migrants the risk of social unrest is “high” in the coming months. In Vietnam strikes doubled in the first three months of 2008 as migrants saw their wages eroded by high food prices and there are fears of social unrest. In the DRC, with a population already disgruntled with a non performing government, the impacts of the downturn could be a further source of social unrest and there remains a “real threat”.

12. NGO budgets are being impacted by the downturn and unfavourable exchange rates. Malawi, Uganda and Bangladesh report reductions in NGO budgets and the possibility of scaled back programmes. In Malawi Action Aid is shedding 31 of 87 country staff and Tearfund plans to wind down its projects earlier than planned. Such cuts will have a negative effect on poor and vulnerable households who were accessing services and such households may find it difficult to build resilience.

B. RESPONSES

13. Kenya, Indonesia, Bangladesh and Nigeria have established taskforces and committees to monitor the impacts of the crisis and potential responses. Analysis and data collection is occurring in Ghana and Vietnam with donor support.

14. In some countries, a change in the discourse around social protection is noted. Although Tanzania is assessed by the IMF and by DFID as not being particularly vulnerable to the crisis, the global interest in social protection has fuelled the local discourse. In Pakistan the PRSP finalised in January 2009 gives greater emphasis to social protection measures than the previous strategy. In Zambia, a number of donors in country have become more vocal about the need for social protection measures since the start of the crisis. In Uganda, recent discussions with the Ministry of Finance indicate that the government will now accept a new cash transfer scheme.

15. Many countries are introducing new programmes or scaling up existing social protection programmes.

16. China is one of the clearest examples of where the crisis is seen as an opportunity to rapidly expand the social security system. The authorities have recently announced that £85 billion (RMB 850 billion) will be spent over the next three years on increasing and improving health care coverage. Parts of the fiscal stimulus will also directly address the social impacts of the crisis. Support for the health sector is also being enhanced in Ghana where the Government is proposing free/cheaper access to health insurance for children.

17. Income support is being scaled up in some countries. In Ethiopia, the wage rate in the Productive Safety Net Programme (PSNP) will increase in 2009 (on top of the 2008 increase) and a greater proportion of the transfer will be in food. A new risk financing mechanism will allow the PSNP to be further scaled up if necessary. In Ghana the LEAP Programme will be expanded in 2009 to cover 35,000 extreme poor households (compared to 8,000 in 2008). In Pakistan the Benazir Income Support Programme has been launched. With a budget of £300 million for 2008–09 this will provide income to 3.4 million eligible families. The Government expects to increase coverage by 2010–11 to 7 million families—or 25% of the population. In the Kyrgyz Republic there has been a moderate increase in social benefits including a 20% increase in pensions from April 2009. Social assistance measures including the Unified Monthly Benefit, the Monthly Social Benefit and the Guaranteed Minimum Consumption Level have been scaled up to help mitigate the impact of rising prices on the poor. Yemen has also increased the number of beneficiaries of its Social Welfare Fund.

18. Ghana has introduced support for basic schools through provision of free uniforms and exercise books. The school feeding programme will be extended to cover all public primary schools. Micro-credit schemes are also being expanded in Ghana to cover rural finance and particularly rural women entrepreneurs.

19. Support for the agriculture sector is being scaled up in some countries. In Ghana the Government is looking into ways of encouraging more youth to be engaged in agri-business since agriculture has the greatest potential for the creation of more jobs. In Tanzania the government intends to concentrate on farm

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73 UN.
74 UNICEF.
75 Although it is noted that there is some conflation of short term crisis mitigation with permanent social protection plans.
76 Such as the European Commission and the World Bank.
77 This is partly to do with the personalities involved, rather than the impacts of the global slowdown.
78 Ethiopia, Ghana, Kenya, Bangladesh, Central Asia, China, Pakistan, Vietnam and Yemen.
79 This is in addition to the fiscal stimulus measures announced in November 2008.
80 In January 2009 the Cabinet agreed upon a reform process for the BISP around three broad themes: (a) improvement of the targeting and beneficiary enrolment process; (b) use of proxy means testing (a poverty scorecard) to make decisions about eligibility; and (c) establishment of effective institutional arrangements for managing the programme administration and monitoring. This reform will form the basis for streamlining and consolidation of similar cash transfer programmes and moving from a universally targeted wheat subsidy to a targeted one.
81 Although this relates to a broader process of reform to improve pro-poor targeting.
input subsidies and investment in longer term agricultural productivity. The Government of Pakistan will provide additional support to the agriculture sector through a 20% increase in the wheat procurement target compared to the previous year, and greater credit to the sector. In Yemen the Government has responded to the food price increases through a push for greater cereal production.

20. Employment support has been enhanced in a number of countries. In Cambodia, although the Government has tended to play down the crisis it has nonetheless begun to develop a policy response including developing a more comprehensive social safety-net for the poorest and training schemes for laid off workers. In Vietnam, additional funds have been allocated to a national job creation programme, providing preferential credit for vocational training and help for those who have lost jobs to find alternative employment. A $1 billion stimulus package includes interest-free loans for enterprises which have cut more than 100 workers or 30% of staff. This will pay salaries, social and unemployment insurance. The Government has also introduced a new Rapid Poverty Reduction Programme to address chronic poverty in 61 districts.

21. Despite fears of declines in aid flows in many cases donors are scaling up their support to government social protection responses.

22. In Malawi some donors are planning to scale up their support in agriculture and infrastructure. In Zambia the EC has provided extra funding towards an urban food voucher scheme. In Yemen the EC has €6 million euro to compensate for food price rises and the World Bank has provided $10 million for an extended public works programme. In Vietnam the Australian Government is reviewing its programme in the light of the crisis and the EU is considering more focus on poverty reduction.

23. In Kenya, an additional $50 million programme is about to be considered by the World Bank to support the OVC programme (joining DFID’s Social Protection programme). This has been under development for some time, but the Bank do consider it as contributing to their response to the global crisis.

24. In Pakistan the World Bank will support social protection through: a Poverty Reduction Support Credit as a budgetary support operation; a Social Safety Net Development Policy Credit (in the order of $200 million); and the Social Safety Net Technical Assistance Credit (in the order of $60 million). USAID has signed an agreement with WFP valued at $22.4 million to provide food for 2,710,000 individuals, (including 405,000 primary school students) in the North West Frontier Province, Balochistan, and parts of Sindh province. The EC has selected Pakistan as one of the beneficiaries of its global food facility. EUR50 million would be made available for agricultural productivity and direct food transfers.

25. In Cambodia donors have agreed to identify key programmes that might provide employment or facilitate growth and find ways to speed them up. The World Bank has committed $10m earmarked for social protection.

26. A response from Zambia highlighted the potential tension between policies targeted at the “new poor” resulting from the financial crisis and policies targeted at the chronically (often rural) poor. In Zambia 85% of the poor live in rural areas in much greater poverty than the urban poor. However, there is a risk that in response to the global crisis, social protection plans could be targeted towards people directly impacted eg relatively wealthy unemployed miners living in towns, at the expense of Zambians living in extreme poverty and vulnerability with or without the crisis. Cambodia raises a similar point; although the economic crisis is pushing both donors and the government to pay more attention to social protection, there is evidence that the people being most strongly affected by the crisis are not the poorest.

Supplementary written evidence submitted by the Department for International Development

EXPLANATION

Following the submission of the Memorandum for the Urbanisation Inquiry of the International development Committee, dated 24 April 2009 (version 1.3a), the Committee has requested a short supplementary submission setting out how DFID organises its urban experience, as this is not presented in the main submission. This could be in the form of an organogram or some text outlining the arrangements.

The requested information is provided on the following pages. An abridged version of the Department’s overall organisation chart accompanies this supplementary submission. This illustrates the location of urban expertise and programme funding within the Department.

82 This will be achieved through front-loading $200 million of IDA funds.
84 However, all measures proposed in the “fiscal stimulus” package already feature in the government’s budget, so cannot be considered as additional or as a direct response to the crisis.
85 Although donor budget cycles may mean that any declines will not be seen for several months.
86 This excludes DFID support, information on which was not requested in the snapshot exercise.
87 IFAD, USAID and MCC.
DFID STAFFING ON INFRASTRUCTURE AND URBAN DEVELOPMENT

Summary

1. DFID employs fewer sector specialist advisers than in the past, recognising the cross-cutting nature of development and that most of the challenges we face require a multi-disciplinary approach. Infrastructure advisers are expected to have a working knowledge of all sectors, although they also have deeper knowledge of one or more sectors, such as roads, buildings or water.

2. DFID continues to sustain a high professional capacity across all infrastructure issues, through the use of its infrastructure, livelihoods and environment advisers. This includes staff employed at HQ and in country offices, as well as staff seconded to strategic positions in other international organisations.

3. At present, DFID has 42 Infrastructure and Urban Development Advisers deployed in these various ways. This comprises 19 UK-based staff and 23 located either overseas or with external organisations. Collectively these comprise DFID’s Infrastructure Cadre under the Infrastructure Head of Profession.

4. The Infrastructure Head of Profession based in HQ is the first point of contact on urbanisation issues. Furthermore, several HQ based advisers have urbanisation knowledge and experience that is called upon when required.

5. In addition to in-house advisers, DFID has access to external expertise through established resource centres under call-down contract arrangements.

6. Responsibility for our various urbanisation programmes lies with the appropriate funding department within DFID, supported by their own Infrastructure and Urban Development Adviser or the Infrastructure Head of Profession. These are summarised in the following table;

<table>
<thead>
<tr>
<th>Programme</th>
<th>Responsible DFID Unit</th>
<th>Responsible Directorate</th>
<th>Advisory Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Funding to UN-Habitat (£1 million per year—£5 million paid to date)</td>
<td>United Nations and Commonwealth Department</td>
<td>International</td>
<td>Infrastructure Head of Profession</td>
</tr>
<tr>
<td>Slum Upgrading Facility (SUF) (£5.9 million)</td>
<td>Global Funds and Development Finance Institutions Department</td>
<td>International</td>
<td>Private Sector Infrastructure Policy Manager</td>
</tr>
<tr>
<td>Community Led Infrastructure Finance Facility (CLIFF) (£6.8 million)</td>
<td>Global Funds and Development Finance Institutions Department</td>
<td>International</td>
<td>Private Sector Infrastructure Policy Manager</td>
</tr>
<tr>
<td>Water and Sanitation Programme for the Urban Poor (WSUP) (£3.95 million)</td>
<td>Global Funds and Development Finance Institutions Department</td>
<td>International</td>
<td>Private Sector Infrastructure Policy Manager</td>
</tr>
<tr>
<td>India Urban Development Programmes (Current and planned commitment £236 million)</td>
<td>India Country Office</td>
<td>Country Programmes</td>
<td>Senior Livelihoods Adviser</td>
</tr>
<tr>
<td>Bangladesh UNDP Programme (DFID commitment £60 million)</td>
<td>Bangladesh Country Office</td>
<td>Country Programmes</td>
<td>Senior Livelihoods Adviser</td>
</tr>
</tbody>
</table>

7. This advisory support arrangement is aimed at effective management and monitoring of the various programmes, with the Head of Profession providing oversight for coordination and dissemination purposes.

8. Reference to the attached partial organisation chart shows our urbanisation programmes under three different directorates, reflecting budgeting and coordination requirements. Overall professional oversight remains with the Head of Profession, Infrastructure, who is located in the Growth and Investment Group of the Policy and Research Directorate.
International Directorate

**Director General International**
Martin Dinham

**EUROPE AND DONOR RELATIONS DIVISION**
Director
Anthony Smith

**UN, CONFLICT AND HUMANITARIAN DIVISION**
Director
Moazzam Malik

**INTERNATIONAL FINANCE AND DEVELOPMENT EFFECTIVENESS DIVISION**
Director
Rachel Turner

**International Directors’ Office**
Judith Herbertson

**Conflict Humanitarian & Security Department**
Phil Marker

**Stabilisation Unit**
(cross Whitehall unit)
Richard Teuten

**United Nations & Commonwealth Department**
David Hallam

**United Nations & Commonwealth Department**
UK Rep. UNESCO (Paris)
Peter Landymore

**United Nations & Commonwealth Department**
UK Del. FAO (Rome)
Jim Harvey

**Aid Effectiveness and Accountability**
Sarah Cooke

**International Financial Institutions Department**
Sally Taylor

**Global Funds & Development Finance Institutions Department**
Gavin McGillivray

A – United Nations & Commonwealth Dept
Core Funding for UN-HABITAT

B – Global Funds & Development Finance Institutions Dept
Funding for CLIFF, SUF and WSUP

June 09

Key:
SCS
Supplementary written evidence submitted by the Department for International Development in response to the evidence session held on 1 July 2009

DFID’S CONTRIBUTIONS TO UN-HABITAT

The UK’s £1 million contribution for financial year 2008–09 was received by UN Habitat on 26 May 2009. We agreed measurable performance indicators with UN Habitat before transferring the money. We are keen to see UN Habitat play a more integral part within the UN at country level; ensure its programme of work is effectively carried out; and improve the monitoring and evaluation of its work programme. The Memorandum of Understanding for our contribution was signed in March, although there was a short delay while funds were transferred into UN Habitat’s bank account.

We are currently reviewing UN Habitat’s 2008–09 performance and, subject to satisfactory performance, we expect to release our 2009–10 contribution in autumn 2009.

Written evidence submitted by the Development Planning Unit, University College London

1. INTRODUCTION

1.1 The Development Planning Unit (DPU), University College London, is an international centre with over 50 years experience of addressing issues related to urban and regional development, and urban development policy and planning in Africa, Asia, Latin America and the Middle East. Our mission is to strengthen the knowledge and capacity of professionals, institutions and citizens at local, national and global levels to design and implement innovative and sustainable policy and planning for urban and peri-urban areas.

1.2 The DPU’s work on urbanization and poverty draws upon synergies across our research, postgraduate teaching, practice-based work, and knowledge sharing and advocacy. Our research is action and policy oriented, interdisciplinary and builds on South-North and South-South partnerships and learning alliances. In carrying out its activities, the DPU has worked with DFID, UN HABITAT, UNDP and other agencies in the UN family, the Commonwealth Secretariat, and all major donors involved in urban development.

1.3 The DPU, along with others in the development field, has actively promoted critical views of urbanization and poverty, among which the following two ideas are of key significance for policy and planning. Firstly, urbanization is a positive process serving as an “engine of economic growth” and as an arena for the diffusion of innovation and progressive collective action to address poverty and inequality. In particular, the concentration of urban population give rise to opportunities for economy of scale, while the diversity and multi-cultural character of urban populations is a positive factor promoting creativity. Secondly, slums and informal settlements contribute positively to the socio-economic and political life of cities and urban areas, and governments should seek to support and build on the energy and endeavours of poor women and men, girls and boys, instead of treating them as illegal, stigmatising them and creating obstacles to their development.

2. FACTUAL INFORMATION

2.1 Framing the issue of urbanisation and poverty

2.1.1 In framing this evidence, it is important to recognise that the term “cities” be understood in a sense which reflects the enormous variety of cities and urban areas that are found in the urban continuum. Recognition of this diversity is crucial because in the last two decades, the fastest urban growth has occurred not in large cities, but in medium-sized and small urban centres. Moreover, any understanding of urbanisation and poverty must crucially recognise the socio-economic and political importance of both urban-rural linkages and changes in the “peri-urban interface” In the 1980s and 1990s DFID-supported research contributed greatly to elevating the importance of both in development debates.

2.1.2 Furthermore, the term “slums” disguises the enormous heterogeneity of the places and conditions under which poor women and men, girls and boys live in cities and urban areas. Areas defined as “slums” often comprise diverse populations on the basis of class (not all slum dwellers are poor), gender and lifecycle, ethnicity, religion and disability. In addition, depending on the context, poor people can be located in different areas of the city that may not be labelled as “slums”, for example, in historic city centres, in recently occupied areas on the periphery of cities, as well as in central city slum tenements. An understanding of this diversity provides a unique opportunity to address difference and equality in the promotion of peaceful and secure cities.

2.1.3 Recognition of this diversity also calls into question the dominant understanding of property rights only as titled ownership. The variety of land and housing situations in cities and urban areas indicates a much broader range of forms of secure tenure from outright titled ownership, to right of use, leasehold, as well as to collective forms of tenure. A focus on property titling in policy to secure property rights, has been a source of market driven evictions when not put in a wider policy framework which protects the rights of the poor to housing and land.
2.1.4 With its promotion and adoption of the sustainable livelihoods approach, DFID has provided a good basis to build on and embrace the contribution that poor people in a variety of spatial, socio-economic and political conditions can make to cities and urban areas. A recognition of the assets of poor women and men, girls and boys in their diversity, opens up new paths for understanding urbanisation and poverty, and possible policy and planning directions, which a needs approach often disguises.

2.2 DFID’s remarkable and now diminished international contribution

2.2.1 In the 1980s and 1990s DFID was a leading actor in the urban development arena, playing a prominent role among international aid agencies. Since 2000 this role has largely been eroded and its international presence is much less influential. Although DFID’s work on issues such as urban/rural linkages, sustainable livelihoods and community driven financial facilities for housing and infrastructure has made a valuable international contribution, the dispersal of urban expertise and the resulting loss of any institutional entity to address the specific issues of cities and urban areas, has hindered DFID’s capacity to maintain this leading role. This is a crucial issue, in the light both the limitations of some of the policies of international agencies and the considerable current and future challenges facing the urban developing world.

2.2.2 Goal 7, Target 11 of the MDGs, as recognized in the House of Commons call, does not respond to the scale of urban residents living without secure tenure, adequate housing and infrastructure, only addressing approximately 10% of this need. It is widely recognised that even this target is unlikely to be met by 2015. In addition, in the slum index set up to measure Target 11, the fifth sub-index on security of tenure and evictions has been dropped, excluding a key variable in the assessment of progress. Furthermore, while recognising the importance of the measurement of targets and outcomes, it could also be argued that the MDGs have diverted attention from creative and innovative local initiatives under way in many contexts at the city and community scales, as well as from the structural and causal dimensions of poverty.

2.2.3 Goal 7, Target 11 of the MDGs plays an influential role in the “Cities Without Slums” campaign run by Cities Alliance, an alliance set up in 1999 by UN HABITAT and the World Bank housed in the World Bank. While “Cities Without Slums” might be a catchy slogan, it is neither feasible nor desirable in some of its consequences. Slums play an important role in the growth and development of cities, and if adequately supported by governments, they will upgrade and consolidate to maximise the human potential of its dwellers. The slogan has also been manipulated by some governments to justify slum clearance and forced evictions.

2.2.4 The Community Led Infrastructure Finance Facility (CLIFF), financed through Cities Alliance and coordinated by Homeless International of which DPU is a founding member, has demonstrated how successful community-driven processes in slum upgrading can be when the right kind of capital and technical support is provided. DFID has been the lead donor for CLIFF and will hopefully continue to support its expansion into other countries.

2.2.5 The United Nations Housing Rights Programme (UNHRP) launched in April 2002 as a joint initiative by UN-HABITAT and the Office of the United Nations High Commissioner for Human Rights (OHCHR), is a positive initiative for secure tenure which goes beyond the narrow concept of property rights, and could be strengthened with donor support.

2.2.6 The newly launched Slum Upgrading Facility (SUF) is an innovative programme for the development and support to Local Finance Facilities for slum and settlement upgrading. DFID has been a major funder and supporter of SUF, and the facilities that it has created will continue to need additional capitalisation and support in the future if the model is to spread more widely.

2.3 Future challenges for urbanisation and poverty

2.3.1 The DPU would like to highlight three critical challenges that are particularly relevant for urbanization and poverty, and that we have encountered in our recent work. These are: hunger and the urban food crisis; disasters caused by climate hazard; and forced and market-driven evictions.

2.3.2 Hunger and urban food crisis: Planning currently continues “as if” energy and finance are plentiful and the effect of emissions can be neglected, while city marketing focuses on attracting the finance sector and tourism, on the assumption that a trickle-down effect will improve conditions for the poor. All these assumptions must now be called into question, and policy must face up to fundamentally different realities in the coming period. The urban poor are particularly vulnerable to such uncertainties: as the sustainable livelihoods methodology shows, their livelihoods hover close to a tipping point where their networks may collapse and be difficult to reconstitute. Worrying trends include a growing insecurity in the provision of water to the urban poor and rising food prices. Reasons for the latter include a shift of speculative investment from property to the food market in the current economic crisis, and the increase of biofuel plantations and the new tendencies for wealthier countries pre-emptively to buy up large tracts of food

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88 The case for a focus on urban development was clearly made in the DFID Strategy Paper on “Meeting the Challenge of Poverty in Urban Areas”, one of 8 papers sub-titled “Strategies for Achieving the International Development Targets”, DFID, 2001. The acknowledgements noted the “Substantive contributions have been made by a Drafting Group led by the Development Planning Unit (DPU), University College London”.
producing land, for example in Africa. This suggests that a major food security crisis is in the offing, but urban strategies continue as if unaware of it, even though it would have a devastating effect on the poor, given their endemic problem of lack of entitlements and their precarious livelihoods.

2.3.3 Disasters caused by climate hazards: The ecology is now entering a period of increasingly unpredictable and extreme events, the ill-effects of which will tend to be concentrated disproportionately in poorer urban districts with the least adequate provision for protective infrastructure and services. The principal driver of increasing loss of life as well as social and economic vulnerability is poverty (limiting individual, household and community investments) and exclusion (limiting public investments and services). Climate change not only exacerbates existing risks but also reveals new hidden vulnerabilities as more urban and peri-urban locations are exposed to more intense floods and storms.

2.3.4 Forced and market driven evictions: There is evidence that over the last three years forced evictions in cities and urban areas have increased dramatically in frequency, number, level of violence and often in scale, involving hundreds of thousands and even millions of people in at least 60 countries. They are gradually becoming an insidious common practice in lieu of progressive long-term urban planning and inclusive social policies. Each year they affect the lives of millions of children, women, men and the elderly, most of them poor, destroying homes, livelihoods, social networks and political capital. They also jeopardise the attainment of the Millennium Development Goals. At the current pace, 60 to 70 million people will have been evicted between 2000 and 2020, a dramatic number when compared with the Target 11 objective of improving the living and housing conditions of 100 million slum dwellers by the year 2020. This is a central challenge for our urban future. Despite the devastating effects of forced evictions, local initiatives taken at various levels and by different actors do indicate that solutions are possible and that evictions not only must but can be averted and addressed in a suitable way to realise Human, Land and Housing Rights.

3. Recommendations

3.1 Policy recommendations for DFID

3.1.1 Urban issues need to be mainstreamed and made more visible in the organization. At the same time, there is a need for a specific “centre” within DFID where resources and knowledge can be brought together, in order to catalyze changes, mainstream urban activities, liaise with UK constituencies, sectors, geographic regions and international agencies actively involved in urban related issues and finance aid projects addressing the challenges of urbanization and poverty. An effective way to address these challenges therefore is to establish an urban entity at a high decision making level and with a significant level of resources. Even if the format of this entity draws on lessons from past experience at DFID, it does not mean a “re-opening” of the previous institutional format.

3.1.2 An urban development policy is urgently needed. It could be a two-pronged policy to support both central and local governments. With respect to the latter, cities and local governments are a crucial and emerging actor to address the challenges of poverty and urbanization. There is a need to strengthen DFID’s engagement with local government. Localizing aid through strong support to local governments is important, not only to support community led initiatives or to improve the access to basic services for the poor, but more importantly to strengthen democratic governance and the construction of well planned, rights based cities, which are respectful of citizens’ diversities.

3.1.3 Support to central governments is important (i) to promote a decentralization process from central to local and regional/provincial governments, and (ii) to redistribute wealth between rich and poor cities and regions. In doing this, the difficulties for poor cities associated with municipalisation of education, health and housing need to be addressed. The support to decentralization of power, based on the principle of subsidiarity should not necessarily mean the full transfer and de-concentration of education, health or housing responsibilities from the central to the local level.

3.1.4 Support to local governments and to the international organizations networking local governments is important to (i) strengthen institutional capacities to address the challenges resulting from a growing decentralization that brings a new set of responsibilities; (ii) finance programmes and projects, primarily to address the issues mentioned previously; (iii) support the municipal programmes and facilities that are in turn fostering community-driven initiatives; (iv) support initiatives to develop a unified and organized voice through provincial, national and regional networks or associations of cities and local governments, such as UCLG-Africa, who could be key DFID partners; and (vi) provide matching resources with UK cities that are engaging in aid projects in priority fields to be determined in a newly drafted DFID Urban Policy.

3.1.5 Just as it did in the 1980s and 1990s, DFID should once again play a leading and progressive role in the global urban agenda and arenas of debate. This could be achieved through various channels and definition of priorities: (i) being pro-active with respect to the United Cities and Local Governments, the
recently established political and technical voice of cities and governments in the world; (ii) increasing its active engagement, primarily with UN HABITAT Programme, and with other specialized organizations in the UN system on specific issues such as the Advisory Group on Forced Evictions, or Urban and Municipal programmes; and (iii) establishing a more permanent dialogue with and support to the Development Dialogue Committee of the OECD.

3.2  A proposed research and development agenda for DFID

3.2.1 To document the innovations from local governments, local communities and local alliances of actors in successfully addressing unemployment, disasters, evictions, hunger, discrimination and other dimensions of poverty. This experience should be analysed in order to deepen our understanding of how these innovations can be scaled up or down as cities implement partial or full responses to current challenges. They should also explore the opportunities of initiatives building collective rights, which go beyond participation of individuals or households. Current documentation efforts are weak and inadequate relative to the scale and wealth of the responses which are constantly being created locally, and a more systematic documentation would be an important step towards the production of knowledge and effective methods of intervention. A permanent observation system should be put into place and some of the existing urban observatories should be supported.

3.2.2 Managing urban growth: The urbanization of poverty in developing countries is an indication of the inability of governments to manage urban growth. To effectively address this, it is necessary to strengthen poor households’ assets while ensuring pro-poor economic growth at the city level. More applied research at city level is necessary to explore the linkages between strategies promoting pro-poor economic growth, the role of local governments in guiding growth and the livelihoods of poor women and men.

3.2.3 Understanding the changing nature of slums, informal settlements, inner cities poor neighbourhoods, in all their diversity. This understanding is still limited and partial. Changes are continuous and occur at an extremely rapid pace, reflecting an extraordinary capacity of poor women and men and their organizations to find ways to survive in extremely difficult environments. Understanding these changes is necessary to tailor pro-poor policies to the specific realities of urban dwellers. For instance, poverty in a decaying inner city area might primarily affect old people living alone whereas in a recently formed slum youth employment might be the priority.

3.2.4 Understanding the urban planning necessary to mitigate risks of disasters in the context of climate change. In managing such risks, there is a significant overlap between disaster risk reduction (DRR) and climate change adaptation, though these agendas have evolved independently until now. DRR can deal with current climate variability and be the first line of defence against climate change, being therefore an essential part of adaptation. Conversely, for DRR to be successful, it needs to take account of the shifting risks associated with climate change and ensure that measures do not increase vulnerability to climate change in the medium to long-term. Embryonic work on the integration of urban planning, DRR and climate change adaptation at urban level needs to be strengthened. More understanding is necessary of how to manage risks and uncertainties for all shocks and stresses in a coherent locally driven framework in which adaptation measures are rooted in the particulars of each local economic, social, political and ecological context. In response to these challenges, the key must be resilience. Because the crisis is complex, the best form of resilience is diversity. Aid policies, focusing on building a diverse range of strategies, should recognise that, inherently, the urban poor have a capacity for finding solutions, and for self-management. This will be particularly important in the area of resource management. Proven methodologies such as participatory budgeting municipal levels should be emphasised.

3.2.5 Understanding the causes and the mechanisms of forced evictions. Evidence from the field indicates that the causes of forced evictions in urban areas are often multiple and are changing through time. Insufficient attention has been paid to market driven processes that fuel massive and often ruthless evictions. The same holds true, but to a lesser extent, for gentrification processes that affect primarily historic and heritage cities and neighbourhoods, and for the social and economic cost of sometime consensual relocation faced by the urban poor after eviction. An understanding of the causes and of the underlying mechanisms is essential to design preventive approaches and address the roots of the problem.

3.3  City to city decentralized cooperation

3.3.1 More can be done to strengthen the UK involvement in City to city cooperation, which can make a valuable contribution to the challenges mentioned in the present report. Over the last 20 years, decentralized cooperation has grown into a major trend of aid and yet few UK cities have a portfolio of cooperation projects or are actively engaged in this form of aid. A large number of cities, for instance in Spain or Sweden are earmarking 0.7% to 1% of their budget for aid and solidarity, thereby fulfilling international community guidelines. The experience of UK cities in issues such as multicultural management of cities, participatory democracy or allotment gardens and peri-urban agriculture could bring a great deal to potential partner cities in the South.
3.3.2 Cities that would engage in decentralization cooperation could get matching resources from DFID and/or other relevant government departments. The mechanisms and procedures of operation could draw from successful experiences from European cities and countries.

UK cities could also increase their participation in international initiatives such as the Forum of Local Authorities for Social Inclusion.

Supplementary written evidence submitted by the Development Planning Unit, UCL

A NOTE ON COMMUNITY INFORMATION WITHIN CODI’S WORK

Prepared by Ruth McLeod, Development Planning Unit, UCL for the International Development Committee

The Community Organisation Development Institute (CODI) implements a nationwide community upgrading programme in Thailand. CODI extends loans to organised communities for settlement upgrading including land acquisition, housing improvement, housing construction, infrastructure installation and livelihood based activities. Communities are also encouraged to form networks. Some of these are city or regionally based. Others are linked to a specific livelihood base or a common kind of location. For example communities living along river banks formed a network, as did taxi drivers. The one thing that all these communities and their networks shared in common is a base in community savings and loans.

In January 2003 a new programme—the Baan Maankong Programme91 (BMP)—was launched with a target to achieve 200 cities without slums within five years. CODI has the responsibility of overseeing that programme and is currently working in 230 cities, still basing it working around a fundamental principle of working with community based savings and loan groups.

Information generated by communities themselves provides the basis for planning all the initiatives that receive loans. People make a survey of their existing slum communities—how many people live there. Each community in the network decides what the survey is good for and that goes up on the community board—the details about what questions will be asked, how they will be asked, what the forms will look like, who will ask the questions. Then there is a need for checking the information when it is collected by people. It’s not a highly technical survey but it provides the basic information about who’s there. As projects are implemented plans are put up in community halls including all the expenditure. People are able to see how costs are working out, who is repaying and who is behind. Making this comprehensive range of information available is an excellent way to counter attempts at corruption and bribery.

Written evidence submitted GALVmed

— The promotion of livestock health is a key and often overlooked aspect in addressing the challenges presented by urbanisation and poverty in developing countries.

— 80% of the world’s poor depend on agriculture and livestock for survival. Loss of their main source of livelihood pushes poor people to seek refuge in crowded urban slums, where they often continue to raise livestock in unsanitary conditions and where disease becomes an increased risk.

— One of the first non-profit organisations to address this pressing challenge and gap in development aid, GALVmed is working to develop livestock medicines and raise awareness of the issue, in an effort to promote sustainable livelihoods for the rural and urban poor.

1. GALVmed welcomes the opportunity to submit evidence to the Select Committee Inquiry: Urbanisation and Poverty.

2. GALVmed, a not-for-profit global alliance currently funded by the Bill & Melinda Gates Foundation and the UK Department for International Development (DFID), is working with key partners to make a sustainable difference in access to animal health medicines for poor livestock keepers, protecting livestock and saving human life.

Urbanisation in Developing Countries

3. In coming years, Sub-Saharan Africa, the least urbanised region in the world is expected to sustain the highest rate of urban growth in the world, as people move away from poor rural areas to look for new sources of livelihood in cities.92

4. By focusing on livestock health, GALVmed is addressing urbanisation and poverty in two important ways:

91 See CODI Update No. 5, March 2008 for a comprehensive overview of 50 projects support within the Baan Mankong Programme. www.codi.or.th

(a) Reducing the influx of rural dwellers into overcrowded cities: Sustaining Livestock Keepers’ traditional livelihood in rural areas and main source of income, thereby reducing the number of rural poor moving into urban areas and slums

(b) Improving the livelihood and living conditions of poor urban dwellers: In cases where urban dwellers do keep animals, in close proximity, it is vital to ensure that the animals are healthy and remain a source of livelihood and do not increase the threat of disease in urban slums

5. In 2007 only 0.04% of total aid to developing countries went to the Livestock sector.89 80% of the world’s poor live in rural areas and depend on agriculture and livestock for survival.

For most people in developing countries, livestock represents the only asset that can be converted into cash. Farming in these countries needs to be made more attractive and sustainable with less risk through better control of livestock disease and improved market access, offering poor people viable and attractive alternatives to moving to cities. To avoid a food-gap, Farming must be made genuinely viable and sustainable to the next generation. A recent report by the Tegemeo Institute at Egerton University, (cited in “The Daily Nation”), suggests that the average age of Kenyan farmers is 59 years of age. 42.3% of the population in Kenya is below 14 years old. About 30 per cent of farmers are older than 65 years, suggesting that Kenya is relying on the older generation for its food production.

6. GALVmed is working with partnerships on the ground to address some of these issues, seeking to protect livestock and save human life by:

(a) Developing, registering and launching several vaccines, pharmaceutical and diagnostic products by 2015

(b) Partnering with organisations in developing countries to ensure sustainable research, production and delivery of new products to poor livestock keepers;

(c) Educating stakeholders on the links between livestock and poverty and the role of livestock health in achieving the Millennium Development Goals, including the eradication of extreme poverty and hunger and ensuring environmental sustainability;

(d) Facilitating dialogue and collaboration in research efforts for new livestock vaccines, medicines and diagnostic systems

(e) Identifying the weak-links in value chains which act as barriers to the accessibility and affordability of livestock diagnostics, medicines and vaccines to poor people.

7. By protecting livestock from preventable diseases, and addressing a major gap in development assistance, GALVmed believes it can deliver lasting improvement to the livelihoods of millions of rural and urban poor.

Changing Diets, Growth in Demand & Increased Disease Risk

8. In developing countries, as people move from rural to urban living, their diets change due to higher incomes and more female employment. People eat more meat, milk and eggs and more convenience foods (adding the significant world-wide problem of obesity).

9. If the growth in demand is met in developing countries by large-scale highly intensive producers, as is predominantly the case, there is the risk of pollution of ground water and nuisance from flies and odours from abattoirs in tropical countries with high humidity. Such production units are often located in peri-urban areas where food safety policies are often absent or lax.

10. The growth of production and processing activity within cities and in peri-urban situations pose heightened risk of animal-borne, infectious and zoonotic disease (passing from animals to humans).

11. Many people who live in slums and in peri-urban situations keep livestock, (including goats, chickens, cattle, pigs, ducks, rabbits, turkeys). They do so out of sheer necessity to be able to survive and in spite of byelaws banning urban livestock keeping and in the absence of support structures. The care of livestock in urban situations is often undertaken by women and children. Cramped space makes keeping livestock more viable than growing crops, though such farming also takes place. Recommendations are made in the report of the workshop Urban livestock keeping in sub-Saharan Africa edited by RICHARDS, J.I. and GODFREY, S.H., which states:

The studies found that urban livestock keeping benefits the poor and provides a way of diversifying livelihood activities that are accessible to vulnerable groups, as well as providing a source of locally produced food projects for people living near the livestock keepers. There are, however, issues such as access to clean drinking water, product safety, environmental contamination and the risk of zoonotic diseases that need to be addressed.

89 The Organisation for Economic Co-Operation and Development.
I am writing on an individual basis as a university researcher (Professor at University College London) and consultant who has worked for more than forty years on many issues related to urbanisation and poverty in Latin America and other poor countries. In the process I have carried out research in low-income settlements in numerous poor cities (financed by DFID, ESRC, IDRC, Leverhulme Trust and United Nations University among others) and advised various UN bodies (most regularly UN-Habitat), the Inter-American Development Bank and the World Bank.

I welcome the Parliamentary Committee’s interest in the issue of urbanisation and poverty, something that has received all too little interest over the years from UK governments or from academia in this country. I hope that more may be done to help poor people in the cities of Africa, Asia and Latin America. However, I am concerned that too many recent statements about urban poverty have tended to ignore much of the accumulated knowledge that we have gathered about how people live in poorer cities. Too many recent statements are likely to over-generalise about living conditions, to use inappropriate and often pejorative language, and to seek panaceas when it is quite clear that any solutions must be piecemeal and locally generated. I fear that the second paragraph of your statement of intent, despite its good intentions, runs the same danger.

My statement is based on the research and consultancy that I have conducted over 40 years. I have published 10 books, edited four others and written over 150 refereed articles on issues related to urbanisation and poverty. I will refer to a handful of these items in this submission. I wish to address the misuse of the term slum, the issues of property rights and tenure, the need for better urban governance, the implications of the financial downturn and trends in urban crime and violence. Above all else I wish to remind the Committee that the cities of Africa, Asia and Latin America are very diverse and, despite the obvious temptations, little value is likely to be gained from making grand generalisations about poverty and urbanisation. While there are common problems the diversity of conditions in Addis Ababa, Mumbai and La Paz suggests that local approaches have to take precedence over international conventional wisdom.

Use of the term “slum”: In a recent paper I have denounced the way that the term slum has re-entered the habitat vocabulary after many years of being banished from most expert’s lexicons. Use of the word “slum” runs the danger of recreating many of the myths about poor people that years of careful research have discredited. The UN has employed the word in order to publicize the seriousness of urban problems and to improve its ability to attract funding with which to tackle the issue. But in using such an emotive word the UN risks opening a Pandora’s box. The “Cities without Slums” campaign implies that cities can actually rid themselves of slums, an idea that is wholly unachievable. The word is also dangerous because it confuses the physical problem of poor quality housing with the characteristics of the people living there. The UN knows that earlier research has rehabilitated most “slum dwellers” but ignores the danger of conjuring up all of the old images. In the process, the campaign also offers an oblique invitation to governments to look for instant solutions to insoluble problems. Demagogic governments have always shown a willingness to demolish slums despite the fact that experience has shown that policy to be ineffective. I fear that the new campaign will encourage more to employ this foolish policy. Words need to be employed carefully and I would urge the Committee to avoid using this long-discredited, but currently fashionable, word.

The need for better urban governance: It is absolutely clear that too many poor people live in cities that are badly managed and where governments do too little to provide them with essential infrastructure and services. Nevertheless, there are instances of good urban governance in poorer countries which would repay...
greater attention. Two Colombian cities (Bogotá and Medellín), two Brazilian cities (Curitiba and Porto Alegre) and Santiago in Chile demonstrate that it is possible to transform urban management and to improve people’s lives in the process. Too little is known about these cities and the lessons that they possibly offer to less well-governed places. How to turn a badly governed city round is not an easy task but the example of Bogotá, with its recent spectacular fall in criminality, its splendid new public bus system, its health and food campaigns, and its increasingly transparent and honest forms of government, is well worth studying.  

It is to be noted that while Bogotá has benefited from decentralisation, a currently fashionable international development policy, most Colombian cities have not been up to the task of running their own affairs—a further message that panacea of any kind should be avoided.

6. Property rights: Recent international development policy has been too anxious to insist that the key problem facing low-income people is the lack of property rights. Policies concerning the issuing of title deeds, upgrading shantytowns and increasing the availability of micro-finance for low-income housing have all been linked to the topic of property rights. While none of these are wholly misguided policies, they tend to miss the key issues that stop poor people improving their shelter. While some governments have been rightly condemned because they have evicted poor people from “illegal” areas, anti-eviction campaigns miss the point that there would not be so many “slums” in Africa, Asia and Latin America if most governments had been actively evicting the poor. The truth is that over the years most governments have actually encouraged irregular urban development and more recently have introduced policies to upgrade those settlements. While upgrading policies are to be welcome, there is a missing ingredient in most governments’ policies: almost no government in Africa, Asia or Latin America has planned for the future expansion of informal settlement. The rediscovery of some kind of sites-and-services policy is badly needed.

7. The populist message of the eminent publicist Hernando de Soto96 is that issuing title deeds to the poor will transform their lives. It is a recommendation popular with many governments because it is an extremely cheap way of apparently helping large numbers of people. However, my research suggests that his arguments misunderstand reality in informal settlements and that their popularity with governments is based on populism rather than evidence.

8. Tenure: up to one billion people across the globe live in rental accommodation or share shelter with members of their family. Despite this huge number, tenants and their landlords are largely invisible to most government policy makers. Over the last twenty years or so, virtually every government in the world has adopted housing policies that have privileged home-ownership. They have been oblivious of the dangers that this involves for both cities and the national economy (eg sub-prime mortgage lending and urban sprawl). This policy bias has distorted the shape of our cities, our vision of how we should live and arguably even social harmony. Encouraging home-ownership is perfectly reasonable, providing that it does not harm those who do not wish to or who cannot own. But all too often it does precisely that. I have done work over the years for UN-Habitat in recommending a more tenure-neutral policy.97 I would suggest that home ownership is not a requisite for a high quality of urban life. After all, Zurich and Geneva, two cities regularly garlanded as the world’s most liveable urban areas, have achieved this lofty status with very low levels of home-ownership. If Zurich and Geneva, with more than three-quarters of their inhabitants renting accommodation, can offer such an excellent quality of life and in the process avoid a sub-prime crisis, surely that experience suggests that rental tenure offers just a few advantages?

9. The implications of current global financial downturn for urbanisation in developing countries: globalisation and recent increases in trade have helped many poorer countries reduce poverty. Unfortunately, those countries and cities which did best during the boom will fare worst in the extended recession. The really poor cities in Africa and parts of Asia and Latin America benefited little from the boom and will be less affected by the current recession. However, there is a real danger that aid flows will be reduced further and foreign investment in key infrastructure projects will slow. Even more dangerous is the reduction in remittances, a form of outside assistance that genuinely reaches the poor. Another danger is that where exports were generated in rural areas, recent falls in commodity prices will encourage more farmers and their families towards the cities. The key point, however, is that it is dangerous to generalise across poor countries in terms of the impact of the current downturn on poor people. For example, some cities are much more dependent on remittances than others.

10. Crime and violence: Concern is currently being expressed that the economic downturn will help to fuel urban violence. Growing poverty and inequality is expected to raise crime levels. Since crime levels in cities like Caracas, Johannesburg and Managua are already appallingly high, this is a genuine concern. Fortunately, there is little evidence to support that fear. Over the past decade, Bogotá and Medellín, for example, managed to cut homicide rates both during periods of economic decline and times of economic growth. In the vast majority of cases where urban violence has risen it has been linked to the drug trade. The most violent cities in Latin America and indeed in Southern Africa all have major drug problems, partly due


97 Gilbert/Alan, Viewpoint. Slums, tenants and home-ownership: on blindness to the obvious, IDPR, 30 (2) 2008.
to local consumption but mainly over the struggle to control drug traffic. The recent experiences in northern Mexico exemplify the problem. In my opinion, the UK government could most realistically contribute to a reduction in urban crime levels internationally by adopting a more realistic drug policy at home.

**Written evidence submitted by Habitat for Humanity**

1. Habitat for Humanity:
   1.1 Vision—a world where everyone has a safe, decent and appropriate place to live.
   1.2 Has a Christian ethos and works with people from all faiths and none who are living in housing poverty, based on their need, in rural, peri-urban and urban areas.
   1.3 Was founded internationally in 1976 and has since assisted more than 300,000 families in over 90 countries.
   1.4 Has a range of methods to assist families from soft building loans, training, local capacity development, save and build schemes, water/sanitation, house renovating, house building, land tenure, advocacy….
   1.5 Works in partnerships with many other organisations.
   1.6 Has so far assisted over 20,000 tsunami families with new or renovated homes in five different countries.

2. How effectively Developing Country Governments and Donors, particularly DFID, are addressing the Challenges presented by Urban Poverty:
   2.1 Habitat for Humanity (HFH) believes that governments in developing countries, and donors, are not effectively addressing the challenges presented by urban poverty. This is based on our extensive operations and presence in many developing countries, as well as HFH’s experience working with a number of bi-lateral development organisations worldwide.
   2.2 We believe that the two main reasons donors tend not to focus on urban poverty is that they believe 1) that rural poverty is both more prevalent and more acute in absolute dollar terms and 2) that urban poverty is very complex and often requires multi-sectoral approaches, something aid agencies struggle with due to structural reasons. Both of these rationales miss the mark though, and we believe now is the time for DFID to reassess the current status quo, in light of overwhelming evidence that urbanisation is fast becoming a serious socio-economic issue worldwide.
   2.3 HFH certainly believes in the importance of dealing with rural poverty, in fact, while we do not disaggregate our work with a rural/urban lens, the majority of the work we implement is based in rural areas. However, we strongly believe that there is a great need to focus on urban poverty issues from a much more holistic perspective—and by doing so, this should in fact support efforts in rural areas. Urbanisation can create engines of growth and, if managed properly, can have tremendously positive impacts on reducing urban, peri-urban and rural poverty.
   2.4 While it is true that urban poverty may be more complex, it is also true that if handled well, the impacts on the poor can be felt in much greater numbers and in more lasting, sustainable ways. Ensuring that cities have the ability to deal with growth will enable large number of families to take advantage of the opportunities afforded through living in cities. It is the need to ensure that the cities have the policies and programmes in place to foster, rather than hinder, the development of their citizens, that lies at the heart of our approach to supporting the urban poor.
   2.5 International Development agencies can and should play a much greater role in developing, supporting, implementing and tackling the urban poverty agenda.

3. DFID’s Contribution to Meeting the MDG 7 Target which seeks to Improve the Lives of Slum Dwellers:
   3.1 Millennium Development Goal 7, Target 11 states that by 2020, the lives of at least 100 million slum dwellers must be significantly improved. Slums, which are characterised by a lack of durable housing, insufficient living areas, little or no access to improved water and sanitation, and tenure insecurity, currently house over one billion people and are growing daily. In 1990, there were nearly 715 million slum dwellers in the world. By the time the Millennium Development Goals were created, the population of those living in slums had increased by over 30%. UN-Habitat estimates that if current trends continue, there will be 1.4 billion slum dwellers by 2020. In a world with soaring urban populations, urbanisation has become nearly synonymous with the development and expansion of slums. According to UN-Habitat, cities in the developing world “will absorb 95% of urban growth in the next two decades, and by 2030, will be home to almost four billion people.”\(^{98}\) At this rate, even if MDG Target 11 is met by 2020, improving the lives of 100 million slum dwellers will not be enough. According to DFID’s 2007 Annual Report, most countries have made “negligible” or “negative” progress toward meeting the 2020 target.

\(^{98}\) UN-Habitat (2006), State of the World’s Cities 06/07, viii.
3.2 What DFID is doing to help:

3.2.1 DFID is currently funding several organisations and initiatives focused on the issue of urban slums. These include the following:

3.2.2 Providing £1 million to UN-Habitat in 2007.

3.2.3 Providing Cities Alliance, a coalition of cities and their development partners, with £3 million over four years.

3.2.4 Supporting the Community Led-Infrastructure Financing Facility. The CLIFF was established in 2002 to provide finance to organisations of the urban poor for infrastructure and housing demonstration projects. The fund has changed the banking and municipal policies to promote slum upgrading, and leveraged additional finance from public and private sectors. As of 2007, roughly £5 million had been disbursed.

3.2.5 Providing the UN-Habitat managed Slum Upgrading Facility, which provides technical assistance to help municipal governments mobilise domestic capital, with £7.3 million. SUF is currently focused on four countries: Indonesia, Sri Lanka, Tanzania and Ghana.

3.2.6 Funding several research initiatives including their 2007 paper on land rights and is also working on water and sanitation projects in several regions.

3.3 While these are certainly noteworthy initiatives, they are relatively small investments compared to the size of the problem. Housing focused programmes comprised a particularly small percentage of DFID’s £4.5 billion budget in 2007—less than 1%. As urbanisation continues to intensify, slums are no longer peripheral settlements; rather they have evolved into central, distinctive components that have become the defining characteristic of cities in the developing world. Surely, more attention and resources must be devoted to addressing this crucial issue.

4. The provision of Basic Services and Infrastructure in Slums, including Energy, Housing, Transport, Sanitation, Water, Health and Education:

4.1 “Slums” are defined in various ways, but the core elements come down to three factors. First, slum households lack security of tenure. Second, their physical housing is inadequate, in terms of living space, durability, and safety. Third, slum households lack access to basic services.

4.2 Poor infrastructure and service provision to urban slum-dwellers significantly decrease their life chances and make it more difficult for them to participate effectively in evolving urban economies, thus perpetuating their poverty and marginalisation. While slum-dwellers can sometimes self-produce adequate shelter, they typically cannot provide infrastructure and services, for which they rely on the state and/or the private sector. Lack of public service provision increases the cost of living for slum-dwellers (in terms of both money and time) and undermines their ability to accumulate assets and improve their life chances.

4.3 Additionally, slum conditions have a disproportionately negative impact on health, particularly when it comes to children. As Lisa Harker points out, children living in poor or overcrowded conditions are more likely to experience respiratory complications, be at risk for infections and suffer from mental illness and behavioural problems. Rates of disease have also been associated with the quality and specific attributes of the housing available. These issues, in turn, have an adverse affect on children’s chances later in life, especially in education.

4.4 For this reason, public programmes that address infrastructure, and service provision for slum dwellers are critically important in order to address the cycle of urban poverty and marginalisation. Although private sector initiatives can and do address part of the problem (particularly transport), there is no substitute for state investment in infrastructure and service provision to urban slum areas. Such investment is the quintessential “public good”, provision of which underpinned the evolution of urban economies in the developed world.

4.5 The problem is that many cities in the developing world do not recognise slums as “official”, permanent parts of the city, and therefore do not prioritise such “public good” investment. The first, critical step for public policy therefore, is to develop ways to encourage municipal governments in the developing world to recognise the permanence of slum populations and their responsibility to provide infrastructure, services and planning procedures that are a precursors to development. Of course, the political will to do so depends greatly on the availability of resources to provide infrastructure and services. For this reason, development aid strategies must combine advocacy for slum acceptance with resources flows to enable infrastructure and service provision.

5. Supporting Opportunities for Employment and Livelihoods for the Urban Poor:

5.1 One of the key issues contributing to urban poverty (as well as rural poverty) is lack of income and limited employment opportunities. While the urban economy provides opportunities for many and is the basis for growth and job creation, not all those living in cities benefit from these opportunities. The urban poor face challenges of low skills, low wages, unemployment and under-employment, a lack of social

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insurance and unsatisfactory working conditions. In some countries, the spatial location of slums, inadequate infrastructure, and negative stigma are also constraints to employment. The heavy reliance on the cash economy means that the urban poor are particularly vulnerable to shocks.

5.2 The majority of the urban poor work in the informal sector. Available estimates suggest that the size of the sector ranges from 30 to 70% of GDP in developing countries. While the informal sector provides employment for many who cannot enter the formal labour market and supplies goods and services typically not offered by the formal sector, it is also characterised by relatively poor working conditions, lack of social insurance, operating outside the legal system, and is more vulnerable to economic fluctuations, which particularly affect the poor who have relatively little savings.

5.3 Unemployment is typically higher for the urban poor, as is underemployment. For example in Dhaka, Bangladesh unemployment rates for the poorest male workers are about 10%, twice that of the wealthiest (5%). For women, about 25% of the poor are unemployed compared to 12% of the non-poor (World Bank, 2007a). Youth unemployment is a major problem in many cities, and increasingly linked to growing social problems and urban unrest. Average youth unemployment rates for 2003 were highest in the Middle East and North Africa Region (25.6%) and Sub-Saharan Africa (21%), and lowest in East Asia (7%) (ILO, 2004).

5.4 The deplorable slum living conditions, including the lack of employment, the low status accorded to residents by those in better neighbourhoods, foster stress and low self esteem and affect youth in particular. These problems manifest themselves in a variety of ways. One is violence. A study of three Rio de Janeiro favelas over a 30-year period found a broad improvement in the economic standing of those remaining in these areas and of the one-third of original families who had moved to better neighbourhoods. But the increased violence in the favelas had caused some families to relocate and had sharply reduced the social capital of those who remained because they were afraid to be on the streets.

5.5 Low-income populations in the developing world use their home as both an asset and an income strategy, for example, renting a room or operating a small shop or home-based industry. Typically these families do not have access to affordable financing. Being forced to improve their housing incrementally, consistent with their current household income, reduces their opportunities to leverage their skills and assets. The costs of incremental construction are often compounded by their limited building experience and lack of access to construction consultation and affordable materials, severely compromising their access to durable, healthy, secure shelter.

5.6 Habitat for Humanity has developed Habitat Resource Centres (HRC) to provide support to thousands of low-income households in countries which include Afghanistan, Indonesia, the Philippines, Thailand, Vanuatu, Pakistan, and Vietnam. The HRC provides resources based on a housing value chain analysis and market demand through a range of shelter-related economic and livelihood development strategies. This pilot was successfully taken to scale following the 2004 Indian Ocean tsunami.

6. The Role of Property Rights in Improving the Lives of Slum Dwellers:

6.1 Habitat for Humanity focuses on the issue of property rights by looking at the much broader issue of secure tenure. Insecure tenure often lies at the heart of poverty housing, depriving the poor of even the most basic physical, economic and psychological security of adequate shelter. More than 20% of the world’s population struggles, on a daily basis, to stay in houses or on land where they live.

6.2 Security of tenure, or the ability to live in a place without fear of eviction, provides a catalytic asset that can enable people to better their housing, their environment and their life chances. It can increase economic growth, address inequalities, and reduce poverty in developing countries. Security of tenure can provide opportunities for investment and the accumulation of wealth and in some cases can encourage business development. Furthermore, security of tenure is about more than just economic assets. Secure tenure can provide a source of identity, status and political power and serve as a basis for the pursuit and acquisition of other assets like electricity, clean water and sanitation. Still, barriers to tenure security remain in many countries. These barriers include insufficient legal and regulatory systems, excessive land regulation, gender discrimination, corruption, inefficient or inadequate land registration systems, the disintegration of customary and traditional protections and the lack of political will around the issue. In addition, millions of people are displaced each year by natural disasters and violent conflicts.

6.3 Nowhere is the issue more pressing than in slum communities where secure tenure not only helps families overcome barriers to better housing, but also fosters other social and economic benefits, creating greater opportunities for families who need them the most. Slums and squatter settlements are growing daily in urban areas, sprawling farther and farther from city centres as land prices continue to rise. The price of even the cheapest home in the formal sector excludes the majority of residents in many cities. These residents are forced to build, buy or rent in informal (or “squatter”) settlements, where housing is neither restricted nor protected by laws and regulations. Such informal settlements now house an estimated one billion people.

6.4 Tenure security for the poor is flexible and varied. It includes a politician with the will to issue a proclamation against eviction, a municipality or government extending basic infrastructure and services to informal settlements, and issuing state-backed titles to every individual homeowner in an informal settlement. Legal literacy training and writing wills can be an effective means of improving tenure security as well. While all of these solutions are viable and realistic, change will not come easily or quickly. An incremental strategy focusing first on increasing the perception of tenure security (de facto tenure security)
and moving slowly towards formal, legally protected tenure security (de jure tenure security) should be most effective. This gradual process would channel initial benefits to current residents while giving the market time to fully mature so current low-income residents who decide to sell their rights might receive greater compensation.

6.5 Without international support, the poor in many developing countries will never come close to realising the degree of tenure security that can be such a catalyst to a better life. It is imperative that governments of developed nations, through foreign assistance funding and other appropriate channels, set measurable goals and increase resources to support the poor’s access to secure tenure around the world.

7. The Implications of the Current Global Financial Downturn for Urbanisation in Developing Countries:

7.1 For the first time ever, it is said that as of last year, the majority of the world’s population is now urban-based as opposed to rural. Traditionally this is seen as an outcome of urbanisation ie the migration of people from rural to urban areas. However we believe—and there is growing evidence to suggest—that urbanisation is driven by three factors:

7.1.1 Differential population growth, ie faster population growth and new household formation within existing urban areas, compared with in rural areas, is the main driver of global relative urbanisation.

7.1.2 Growth of rural towns into urban centres is another major factor. People are not necessarily leaving rural areas to come to existing cities—rather, smaller cities and towns are growing and in many cases incorporating rural populations who have not physically moved.

7.1.3 Physical migration continues to be significant, but it is probably fair to say that the great historical rural-to-urban migrations have already taken place in much of the world, excepting Africa.

7.2 The implication of this is that contemporary urbanisation is no longer primarily driven by the “attraction” of cities to rural dwellers. Given this, the current global economic downturn is not likely to slow urbanisation—indeed, it may well increase it.

7.3 First, rural economies will suffer the effects of the downturn as export markets for agricultural commodities, particularly non-food crops, weaken. Established processes of consolidation of agricultural production, in which smaller producers sell land or lose lease agreements to larger landowners, will gather pace.

7.4 Second, loss of rural livelihood strategies has not been the only factor impelling rural-to-urban migration. Urban areas provide a much wider variety of livelihood strategies than rural areas. Manufacturing and service activities in urban areas can be parsed into smaller and more specialised activities, allowing millions of households to make a survival living doing some small thing as part of a larger value chain. This process attracts migrants even when rural economies are strong.

7.5 Third, reduced development aid flows, and public sector investments in rural areas (including investments in infrastructure, such as dams and railway lines, that just happen to be located in rural areas), will probably diminish, reducing the supply of rural jobs.

7.6 Fourth, reduced investment in property development in regions such as the Persian Gulf has already dramatically reduced the demand for migrant labour from South Asia and the Philippines. Many of these migrants originate in rural areas, and may well go to cities in their own countries in search of work. In China reduced property and industrial investment has already resulted in significant reverse migration out of the coastal cities—but in many cases these migrants return not to farms, but to larger urban towns and protocities in the hinterland.

7.7 It is impossible to say exactly what will happen, but the safest interpretation would be that the world’s urban populations will continue to grow, both absolutely and as a proportion of the global population.

8. Conclusion

8.1 In conclusion, increased urbanisation and consequently the growth of slums can no longer be viewed as a secondary problem. While we support DFID’s contributions to meeting MDG 7 Target 11, we must acknowledge that more resources and focus need to be given to urban areas and improving the lives of slum dwellers.

8.2 Habitat for Humanity has demonstrated effective ways to improve the lives and life chances of those living in urban poverty. What this has taught us is that urban poverty is very complex, yet if it is properly addressed—by combining housing and shelter with other key interventions and services—the impacts on the poor can be felt in much greater numbers and in more lasting, sustainable ways.

8.3 We are grateful to the committee for taking a serious look into urbanisation and poverty and any additional focus you can bring to this very important issue will be greatly appreciated. We look forward to working with the committee in the future on this and other important international development issues.
Written evidence submitted by Homeless International

This response is from Homeless International, a Charity Registered in England and Wales, which was founded as the UK civil society response to the 1987 International Year of the Homeless. Homeless International is the international agency of the National Housing Federation in the UK which represents 1,300 Housing Associations. Homeless International provides financial and technical support to Community Development Organisations (CDOs)\(^\text{100}\) that enable the urban poor to develop partnership strategies with local governments and the private sector that will produce shelter and settlement solutions that are economically, socially and environmentally sustainable.

Except where referenced, the statements below are drawn from Homeless International’s experience over 21 years, working with locally based partners in the global South, and from its coordination of the DFID and Sida funded Community-led Infrastructure Finance Facility (CLIFF) in India, Kenya and the Philippines.

In 1996, the UK Government made a commitment to the Habitat Agenda,\(^\text{101}\) and confirmed this again in 2001 as part of the Istanbul + 5 review.\(^\text{102}\) In September 2000, at the United Nations, the UK Government, with 149 other heads of state pledged to achieve the Millennium Development Goals (MDGs), including what was to become Target 11, “to improve the lives of at least 100 million slum dwellers”.

This submission seeks to emphasise firstly, that there is little need to reinvent practice or policy, as the strategies identified within the Habitat Agenda continue to be as relevant as they were in 1996, secondly, that there is need for greater commitment to the implementation of these agreements, and thirdly, considering the magnitude of the deficit and challenge, the urban poor, who constitute between 50 and 70% of urban populations in developing countries, need to be engaged in the processes of slum upgrading, redevelopment and resettlement\(^\text{103}\) in order to achieve sustainable and scalable delivery.

The Habitat Agenda corresponds strongly to priorities in the UK, where the need to provide good quality housing for all, ensure decent incomes and access to opportunity, and to build sustainable cities remain at the core of Government policy.

Homeless International invites the Select Committee for International Development to call on DFID to fulfil their existing commitments to the Habitat Agenda, and to MDG 7 Target 11 by:

- Adopting a strategy that is city-focussed, and distinct from national priorities.
- Adopting a strategy to strengthen local government capability, and its capacity to act independently, to plan and address the needs of present and future urban populations.
- Adopting a strategy to strengthen the role of Community Development Organisations (CDOs) to effectively engage in the processes of urban development and slum upgrading and to ensure greater accountability.
- Working in partnership with the UK Social Housing Sector (Housing Associations, other Registered Social Landlords and the Homes and Communities Agency), the Chartered Institute of Housing, and the Local Government Association to build the capacity and capability of both local government and CDOs in the global South.

The following response refers to each of the questions posed by the Select Committee:

1. How effectively are developing country governments and donors, particularly DFID, addressing the challenges presented by urban poverty

“Slums are the products of failed policies, bad governance, inappropriate legal and regulatory frameworks, dysfunctional markets, unresponsive financial systems and not least, a lack of political will.”\(^\text{104}\)

1.1 Global Scorecard on Slums\(^\text{105}\)

The scorecard for performance against MDG Target 11 lists just eight countries as “on track” (countries experiencing rapid sustained decline in slum growth rates in urban areas and/or those with a low slum prevalence), 21 countries as “stabilizing” (countries starting to stabilise or reverse slum growth rates but in need of regular monitoring to sustain performance), 23 countries “at risk” (countries experiencing moderate

\(^\text{100}\) The description “community development organisation” includes a variety of civil society or third sector institutions such as community-based organisations, federations of the urban poor, cooperatives, non-governmental organisations working in an intermediation or implementation role. UK equivalents would include Housing Associations, Arms Length Management Organisations and Cooperatives.

\(^\text{101}\) The Habitat Agenda was adopted by 171 governments at the United Nations’ Habitat II conference in Istanbul in 1996. The Agenda provides a practical roadmap to an urbanising world, setting out approaches and strategies towards adequate shelter for all and the achievement of sustainable development of the world’s urban areas.


\(^\text{103}\) Slum upgrading includes a variety of strategies to improve slum living conditions (for example improving drainage or sanitation); redevelopment involves comprehensive replacement of existing housing and infrastructure; whilst negotiated resettlement may be necessary for slums located on unsafe ground or on land that is needed for city infrastructure development.


to high slum growth rates and requiring remedial policies to reverse growth in numbers of slum dwellers) and 50 countries as “off target” (countries with already high slum proportions facing rapid sustained growth rates and which require immediate, urgent action to slow down or reverse slum trends). Of the “off target” nations, 36 are located in Africa, six in Latin America and the Caribbean, two in the Middle East and six in Asia.

1.2 Local and national factors contributing to countries being “Off Target”:

- Resistance to urban migration:
  - Policies that advocate that the poor are better off in rural areas and that migration to urban areas should be prevented. Such positions are unintentionally reinforced by proponents of rural and agriculture development within aid agencies and organisations.
  - Efforts to maintain cities as the exclusive preserve of powerful elites, and to either deny access to new urban immigrants, or to ignore their existence and resist their inclusion or “citizenship”.
  - Concern that urban immigrants will drain city resources, despite the opposite being true.
- Forced evictions and relocations to the urban periphery, resulting from a concern for the city’s image internationally.
- Concern that slum upgrading and providing secure tenure will attract even more migrants.
- Reluctance to decentralise local government functions, including the necessary authority and public funding.
- Underfunded and often dysfunctional local government which is unable to plan, regulate or coordinate the activities of actors involved in urban development or slum upgrading.
- Politicalisation of local government, clientelism, and the corruption of procurement procedures.
- The absence of integrated city development planning to guide spatial, economic, environmental, infrastructural, institutional and financial development.
- The urban poor constitute 50 to 70% of the urban population in developing countries yet are excluded from development processes. Even in democratic countries there tends to be little relationship between National/Local government and the poor beyond the ballot box.

Homeless International Recommendation:

- DFID should support and strengthen local government institutions, and encourage the decentralisation of responsibilities, policy management, decision-making authority and resources, including revenue collection.
- DFID should support the preparation of City Development Strategies or Integrated Development Plans at city level. These plans would establish an enabling planning and policy environment, and a set of institutional arrangements to coordinate the roles and contributions of local government, private sector and civil society institutions.
- DFID should support and strengthen Community Development Organisations (CDOs) as key stakeholders in planning and slum upgrading processes. The role that CDOs can play has been effectively demonstrated through the Community Led Infrastructure Finance Facility (CLIFF), a programme coordinated by Homeless International and funded by DFID and Sida.

1.3 Some international aid factors contributing to countries being “Off Target”:

- Flaws in Poverty Reduction Strategy papers (PRSPs):
  - One of the core principles of the PRSP approach involves “coordinated participation”, which requires civil society involvement. It is questionable that in contexts in which organisations of the urban poor are not recognised and there general dearth of civil society organisation, that PRSPs can be seriously taken to represent the needs and priorities of poor urban communities.
  - A second core principle of the PRSP approach is “comprehensiveness”, which requires recognition of the multidimensional nature of poverty. ComHabitat revealed that PRSPs show a general lack of focus on, and understanding of, urban poverty issues. This prevents governments and donors being able to take advantage of the considerable opportunities that exist within urban areas to address poverty, reaching the MDGs and building an infrastructure for long-term economic growth and sustainable development.

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106 CLIFF is coordinated by Homeless International and currently operates in India, Kenya and the Philippines. See www.homeless-international.org/clip.
107 ComHabitat is a partnership of government and other agencies working to improve human settlements in Commonwealth countries, formerly funded by DFID. See www.comhabitiat.org
Urban poverty is often underestimated, unrecognised and poorly understood. In many nations, official poverty lines define significantly fewer urban dwellers as being poor than would be suggested by an examination of nutritional levels or health outcomes in urban areas.\(^\text{109}\) Statistics on MDG indicators that contrast figures for rural and urban areas mask the deprivation in urban slums\(^\text{110}\) where rates of water and sanitation coverage and education enrolment can be many times lower, and child mortality many times higher, than richer urban neighbourhoods.

Homeless International Recommendation:

- PRSPs are an unreliable basis for establishing priorities for aid assistance, or determining Direct Budgetary Support allocations. Until local governments are effectively decentralised, and organisations of the urban poor are properly represented, priorities should be determined through City Development Strategies or similar processes.

2. **DFID’s contribution to meeting the MDG 7 target which seeks to improve the lives of slum dwellers**

By DFID’s own admission “Progress is lagging: Overall in developing regions the percentage of urban population living in slums may have decreased slightly. However, urban population has increased rapidly so that, in 2007, the majority of people will live in urban areas for the first time in history. This urban growth has resulted in a larger number of people living in slums. This is particularly the case for sub-Saharan Africa, where cities have grown most rapidly, and with almost equal growth in their slums (4.5% annual growth between 1990 and 2001). This means that about three quarters of the urban growth is in slums. In South Asia also, there remains a very high proportion of slum dwellers, despite a small decrease.”\(^\text{111}\)

2.1 Shifting Focus and Fragmentation:

DFID cannot be held solely responsible for Target 11, but its early leadership of the Habitat Agenda and MDG 7 Target 11 has declined. There has been departmental restructuring, diminished technical personnel, and neglect in providing information about performance against target 11. For example the last factsheet on Urban Poverty & Slum Dwellers was produced for DFID’s website in 2006; other MDG targets receive more attention in DFID’s information and communication. The multi-sectoral nature of slum upgrading requires integration and coordination of activities and resources which is not aided by DFID’s departmental and funding fragmentation.

2.2 The Community Led Infrastructure Finance Facility\(^\text{112}\) (CLIFF)

The DFID and Sida funded Community Led Infrastructure Finance Facility (CLIFF) has demonstrated the capabilities of organisations of the urban poor to successfully engage in the design, planning, financing and implementation of basic services and housing provision. Although such provision is normally the responsibility of local government, in the vast majority of urban contexts it is simply incapable or unwilling to respond to the needs of slum dwellers. It is imperative therefore, that slum dwellers are mobilised, organised and capable to meet their own needs. CLIFF supports such initiative. Another feature of CLIFF is that it facilitates the joint engagement of donors (DFID and Sida), intermediaries (Homeless International and Cities Alliance) and local implementing partners (SPARC, PACSII and Pamoja Trust and Akiba Mashinani Trust) in planning, monitoring and evaluation, and in so doing, fosters greater appreciation of the delivery chain, and the role and responsibility of each actor within it.

2.3 Lessons from CLIFF

- Sustainable and scalable slum upgrading and re-development requires effective collaboration between local and national government, organised communities and Community Development Organisations (CDOs).
- CDO are a critical interlocutor in any institutional framework established at city level for slum upgrading, redevelopment or relocation.
- CDOs require capacity and funding to perform effectively.
- National and local governments can fulfil their own mandates by facilitating and resourcing the work of CDOs.
- City Development Strategies are essential to coordinate the activities of local government and CDOs.

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\(^{112}\) Outcomes of the Networking session on the Community Led Infrastructure Finance Facility CLIFF, held during the World Urban Forum, Nanjing, 2008.
Homeless International Recommendations:

— DFID should elevate the issues of urbanisation and urban poverty growth alongside climate change.

— DFID should devote a larger share of increased ODA to human settlements programmes and urban development, not only to meet MDG 7 target 11, but also the other MDGs that are dependent upon a safe and healthy living environment.

— DFID should coordinate its urban focus. Slum upgrading is a multi-sectoral and cross-cutting intervention requiring integration and coordination between development finance, governance, infrastructure (water, sanitation, energy, housing, transportation), services (health, education), and climate change investments.

— DFID should increase “funding to finance community-based slum upgrading” as a Quick Win for achieving the MDGs; and explore options to leverage and blend finance from public and private sources.

— DFID should develop new mechanisms of capital financing for urban development, exploring with donors options to use debt forgiveness finance to capitalise local funds, which are accessible to local governments and CDOs and can be used to support slum upgrading, negotiated resettlement and infrastructure provision.

3. The Provision of Basic Services and Infrastructure in Slums, including Energy, Housing, Transport, Sanitation, Water, Health and Education

Cities are littered with the remnants of projects, previously considered to be panaceas, and single sector programmes. The Habitat Agenda, UN Habitat’s Challenge of Slums and a plethora of other guideline documents by the Cities Alliance, the Institute of Housing Studies and others articulate best practices related to land and tenure, regulatory frameworks, domestic infrastructure (water and sanitation), public infrastructure (roads, transport, urban markets), housing, social infrastructure (schools, clinics), security and safety issues, social exclusion, etc. There is no need for reinvention, or redrafting. What is most important is that the prioritisation of interventions and investments is demand-driven, and that the development process is viewed strategically.

Homeless International Recommendations:

— DFID should support and strengthen local government institutions, and encourage the decentralisation of responsibilities, policy management, decision-making authority and sufficient resources, including revenue collection authority.

— DFID should support the preparation of City Development Strategies or Integrated Development Plans at city level. These plans would establish an enabling planning and policy environment, and a set of institutional arrangements to coordinate the roles and contributions of local government, private sector and civil society institutions.

— DFID should support and strengthen Community Development Organisations (CDOs) as key stakeholders in planning and slum upgrading processes. CDOs can play a critical role as trusted intermediaries, and implementing agencies.

— DFID should support investment in urban development and slum upgrading. There is ample evidence to demonstrate that cities serve as the generators of economic development and that housing infrastructure has considerable multiplier effects.

4. Supporting Opportunities for Employment and Livelihoods for the Urban Poor

Best practices suggest that a participatory planning approach and the creation of partnerships between slum communities and the public, private and NGO sectors serve to build local capacity and create employment. The supply chains involved in slum upgrading generate employment in professional services, construction materials manufacture and supply, construction management and labour, maintenance, financing, households goods, etc. The introduction of public infrastructure such as roads transport, market spaces serves to generate new economic activities and sources of income. Similarly social infrastructure (schools, clinics) generates thresholds that stimulate economic activity.

113 UN Millennium Project (2005a) Investing in Development: A practical plan to achieve the millennium development goals, New York: UNDP.
5. The Role of Property Rights in Improving the Lives of Slum Dwellers

Property rights have an important but limited and context-specific role in improving the lives of slum dwellers. Land remains a critical bottleneck in addressing slum upgrading and housing backlogs, including land planning (future urban population growth), land provisioning (assigning land for the purposes of housing the poor), land suitability (location to jobs, infrastructure and services), transparent land release and acquisition procedures, and the cost of land (particularly where government does not provide land, and where the poor have to compete on open land markets).

Improving security of tenure is central to improving the lives of slum dwellers. Security of tenure enables slum dwellers to invest in the improvement of their own homes and living conditions and to access essential services, whereas the threat of forced eviction inhibits investment and places people in constant fear that their homes may be demolished. Security of tenure is not solely a matter of having legal title to the land. Individual title is not the only, and frequently not the most effective, means through which tenure can be secured. In fact “a title document just puts land on the market, it doesn’t give security of tenure”. Less focus has also been made on right of tenants or lodgers who rent a small space. Some countries have no legislation on tenancy rights, and where it exists it may be obsolete. Legal protection of tenancy rights would be of benefit to poor people—particularly for women.

DFID’s Policy Paper on Land, launched in July 2007 and entitled “Land: better access and secure rights for poor people” touches on two key issues. The first looks at how to unlock economic opportunities for poor people, by ensuring that they can access land fairly and efficiently, and the second tackles governance failures that prevent poor people from accessing land and securing their rights. In addition UN Habitat has issued the “National Campaign for Secure Tenure”, and “Secure Land Rights for All” which highlight best principles and practice. The challenge now is to implement these policies and principles.

Homeless International Recommendations:

— Precise strategies and policies for ensuring access to land, and security of tenure should be determined contextually.
— DFID should explore with donor countries options to exchange developing country debt, for land allocations for housing urban poor.

6. The Implications of the Current Global Financial Downturn for Urbanisation in Developing Countries

6.1 Costing achieving Target 11

The costs for improving the lives of 100 million slum dwellers and providing alternatives to new slum formation which would benefit another 700 million potential slum dwellers was calculated at $830 billion. This cost which now appears quite reasonable in the context of recent bank bail outs.

6.2 Housing as an Economic Stimulus

Public investment in housing and infrastructure can stimulate economic recovery and should be viewed as a productive investment, as emphasised by UN Habitat’s Executive Director in a recent speech.

“While the current financial crisis extends beyond the initial crisis of poorly-regulated housing finance systems, most experts agree that one of the most effective ways of stimulating economic recovery—or avoiding the slide into economic recession—is public investment in housing and infrastructure. China … decided last year to inject some $600 billion into its own economy, two thirds of it devoted to green infrastructure and pro-poor housing. Experts concur that investment in housing and urban infrastructure, properly planned and managed, helps create jobs and stimulates demand across all sectors of the economy. They also concur that these forms of investments help position cities and countries more competitively for the future.

… It is clear that housing is not a social expenditure but a productive investment. Developing countries should take cue from the massive bail out packages that developed nations have made to revive this sector.

Although housing finance in developing countries is in permanent crisis as displayed by expansive slums, the sector has not been able to attract the attention it deserves from Government as well as their development partners. For example, it still remains a struggle to have housing deprivation recognized as a critical dimension of poverty. Few developing countries readily include housing development into their poverty reduction strategies supported by the World Bank or UN Development Assistance Frameworks” (Anna Tibaijuka, Executive Director, UN Habitat).

117 UN Millennium Project (2005a) Investing in Development: A practical plan to achieve the millennium development goals, New York: UNDP.
118 Jane Weru, Executive Director, Pamoja Trust—personal communication.
121 UN Habitat: Secure Land Rights for All, 2008.
123 Tibaijuka, Anna, Opening Ceremony of the 22nd session of the Governing Council of UN-Habitat, Nairobi, 30 March 2009.
Homeless International Recommendations:

- DFID should devote a larger share of increased ODA to human settlements programmes and urban development, not only to meet MDG 7 target 11, but to stimulate local economies. There is ample evidence to demonstrate that cities serve as the generators of economic development and that housing and infrastructure development has considerable multiplier effects.
- DFID should develop new capital financing mechanisms for urban development, exploring with donors options to use debt forgiveness finance to capitalise local funds, which are accessible to local governments negotiated resettlement and infrastructure provision initiatives.

Written evidence submitted by the Indonesian Embassy in London

How effectively developing country governments and donors, particularly DFID, are addressing the challenges presented by urban poverty

1. One sample from the DFID project that has touched on the issue of slum dwellers is a project called “Civil Society Initiatives Against Poverty” in Surabaya, East Java Province which was implemented by ASIA Foundation and an Indonesian NGO during 2007–08. The main objectives of the project are:

   (a) To influence the policymakers to adopt a pro-poor regulatory framework to increase accessibility of services and economic opportunity for the poor. In particular, improving the accessibility of government sponsored health services for the urban poor.

   (b) Improve the governance, law and civil society; empower women; institute economic reform and development; and enhance international relations.

2. One of the main activities of the project is to increase accessibility of the government sponsored health services for the urban poor, in particular street children. Rp. 277,000,000 of assistance will be used over a 10 month period of implementation. The NGOs have provided reliable and in-depth research to show that the majority of poor people are not equipped with the proper documents, which effectively excludes them from the government service sponsors.

3. The impact of this has been a positive change in policy, practice and behaviour in one major public hospital in Surabaya to optimally use the pro-poor budget available for health service delivery without discrimination. In accordance with the evaluation from Citizen Voice & Accountability (CVA) in September 2008 conducted by several donor institutions including DFID, the project was regarded to be very effective and efficient. The evaluation concluded that the Indonesian NGO and ASIA Foundation have demonstrated how a civil society organization can work effectively in mobilizing and channelling the voice of marginalized poor citizens to realise their rights to public services.

4. The development assistance from DFID has focussed much on various aspects that are closely related with the achievement of MDGs particularly education, health, good governance, and poverty alleviation. DFID has also actively been assisting the Government of Indonesia’s effort in handling AIDS particularly in the province of Papua and West Papua. For the year 2007–08 the total amount of development assistance from DFID reached £40 million. DFID has also provided development assistance in the form of technical and humanitarian assistance for the reconstruction effort, in the aftermath of tsunami in Aceh and earthquake in Yogyakarta province.

The provision of basic services and infrastructure in slums including, health and education, sanitation, water, energy and transportation

5. With a large and rapidly growing population of 240 million people, tackling the problem of urbanization and poverty has increasingly become an enormous challenge for Indonesia. Based on recent studies, Indonesia’s level of urbanization by 2025 will reach 68%, and by the year 2020, Indonesia is expected to have five megacities and 23 cities with a population of more than one million people. With 60% of the total population residing in Java, Indonesia’s capital, Jakarta, remains the most populated city in South East Asia and by 2015 it is expected to be the 5th largest city in the world. With continuous inward migration, the province of Jakarta held a population density of 13,240 people per square kilometre in 2004 compared to the national average of 114 people.

6. The social effect of this problem, often referred to as over-urbanisation, despite creating explosive economic growth, it has opened up a myriad of social problems such as poverty, unemployment and an expansion of existing slum areas. However, at the same time there is a greater urgency to fulfil basic needs and infrastructure such as housing, education, health services, water, energy and transportation. In this regard, the Government of Indonesia has design multiple policies which have been implemented by various Ministries, furthermore with the support of regional government there is greater emphasis being placed on tackling the urbanization and poverty problem and in providing the basic needs and infrastructure.
7. To tackle the issue of poverty, since President Susilo Bambang Yudhoyono administration took office, the Government of Indonesia has adopted a strategy of “growth with equity” using triple track priorities aimed at encouraging growth (pro growth); increasing job opportunity (pro job); and reducing poverty (pro poor). In order to implement these priorities, especially for the low income people in rural as well as urban areas, the government has created several nationwide social security schemes such as Bantuan Langsung Tunai (“Direct Cash Assistance scheme”); Jaminan Kesehatan Masyarakat (“People’s Health Guarantee” scheme”) and Bantuan Operasional Sekolah (“Operational Assistance for School” programme); Program Keluarga Harapan (“Hope for the Family” programme); and the “Provision of Low Price Rice for Poor People” scheme.

8. In relation with the provision of basic infrastructure, particularly on the issue of facilities for education, the Government of Indonesia has increased its education budget every year and will reach 20% of the state budget, as stipulated by the Constitution, by the year 2009. The education budget increased from Rp 78.5 trillion (US$ 7.271 billion approximately) in 2005 to Rp 154, 2 trillion (US$ 14, 284 billion approximately) in 2008. The education budget will be used for rehabilitation and construction of thousands of school buildings; operational assistance for school programmes; and scholarship assistance for million of students who come from low income families starting from primary school until high school as well as at University level.

9. In order to reduce the drop out rate of students from low income families caused by financial difficulties, the government has designed “The Hope for the Family Programme” and a “Direct Cash Assistance” scheme conditional on parents sending their child to school and maintaining their child’s attendance. This programme has been implemented in 73 regions and cities. The Government of Indonesia has also increased the teacher’s salary (annual or monthly) from Rp. 842.000 (US$ 77.99) to Rp. 1.854 million (US$ 171, 74).

10. For the health sector, the government has also increased the budget from Rp. 5.8 trillion (US$ 463,177 million approximately) to Rp. 16 trillion (US$ 1, 482 billion approximately). The extra money will be used to support the health services in various regions and cities and the “People’s Health Guarantee” scheme. The programme to guarantee health services for low income people has now covered around 76.4 million people. The government has also reduced the price for generic medicines that are commonly used by low income people. In additional, the government has revitalised the birth control programme covering around 5.7 million people.

11. With respect to water and sanitation, since 1998 the Government has established a policy and mechanism to cooperate with the private sector in order to provide clean water. This policy was later strengthened by the government through Ministerial Decree No.409/KPTS/2002 by the Minister of Settlements and Basic Facilities in 2002, which has to regulate the working mechanism between government and private sector in providing water. The Government of Indonesia has also prioritised the provision of water and water management in the National Development Programme 2000–04 which stipulated the need to increase the service quality and management of a settlement area including clean water, waste water, drainage, public waste and flood mitigation. In this context, during 2005–06 the government also built clean water facilities for 1.1 million people living in urban areas.

12. For sanitation and waste management, the Ministry of Public Works which is the old Ministry of Settlement and Basic Facilities, has commenced research on the prospect of establishing a waste management scheme based on community initiatives and by engaging all stakeholders. Meanwhile the national government and regional governments as well as donor institutions are expected to assume the role of facilitators.

13. Relating to the provision of energy, Indonesia for several years has had to confront the problem of fluctuations in energy prices, particularly oil prices. This has prompted the government to prioritise energy security by promoting energy efficiency and reducing the burden of oil subsidies from the state budget by raising the price of gasoline several times between 2005 and 2007. The Government has also been promoting energy diversification by encouraging the development of renewable energy such as hydro-power, geothermal, and bio-fuel. Particularly in urban areas, the government has promoted the transfer of usage from kerosene burners toward liquid gas burners in order to foster energy diversification and energy security.

14. The Government is also now pro-actively increasing the electric power plant capatity throughout Indonesia. In this regard, the Government has launched 10,000 Megawatt programme to alleviate the problem electrictown supply in the islands of Java and Bali in 2009.

15. The Government of Indonesia has shown a strong commitment to improving transport and communication facilities as part of a strategy to assist economic development in the regions as well as to strengthen the unity of Indonesia. Since President Yudhoyono took office, the government has enacted the National Road Network Plan through Ministerial Decree in 2005. Furthermore, between 1999 and 2007, the government managed to increase the length of the national road network from 290,000 km to 396,362 km. In addition, the government has increased the infrastructure budget from Rp 21.9 trillion (US$ 2,028 billion) to Rp. 58 trillion (US$ 5,372 billion). This increase will be used for completing several important projects such as the bridge that will link Java and Madura as well as several airports in Indonesia’s major cities.
Supporting opportunities for employment and livelihoods for the urban poor

16. Since the year 2007, the Government of Indonesia has launched a national programme called “National Program for People Empowerment”, which is a coordinated effort to give assistance in order to create jobs and infrastructure improvements in rural and slum areas in cities. Initially, the amount of assistance was Rp 500 million (US$ 46,317) covering 2,891 Kecamatan (similar to Boroughs in London). In 2009, the government has committed to enlarge the target area to 5,236 Kecamatan and increasing the amount of assistance to Rp 750 million (US$ 69,476).

17. The government has also launched several programmes to support low income people such as the empowerment of small medium enterprise (SMEs) and the provision “Business Credit for People” scheme covering 950,000 people in order to support job creation and improve access to economic opportunities.

18. The Government of Indonesia has initiated an improvement for public services since 2006, particularly in relation to the registration of citizens with identification cards and improvement in the application process for driving licences, car number certificates, passports and tax payments. In this regard, the government has also launched a programme of free birth certificate registration in 100 Kabupaten (municipalities).

The role of property rights in improving the lives of slum dwellers

19. Since 2005, the government has started to launch a land registration programme by assisting the people in registering their land certificates so that their land has a clear legal entitlement and right. Until the year 2006 the registration programme reached 591,000 ha land. Particularly in disaster stricken areas like Aceh, the government has giving a free service to re-register the land that belonged to the people.

20. The government fully realises that land entitlement and land legal rights are a crucial part of agrarian reform aimed towards distributing and allocating land, especially for low income people, which consequentially would certainly help low income people to improve their livelihoods.

The implication of the current global financial downturn for urbanization in developing countries

21. The global financial crisis has created enormous challenge for macro-economic conditions in Indonesia. The Coordinating Minister of Economic Affairs, Mrs. Sri Mulyani Indrawati has predicted that Indonesian exports will contract by 3% in 2009 due to the slowing down of the economies of Indonesia’s trade partners. Investment will also likely be hit, down to 5.9% from the 7.5% as previously predicted, due to the credit crunch reducing the flow of money. All these factors, as Coordinating Minister Sri Mulyani has pointed out, would contribute to a higher rate of unemployment and poverty. As of January 2009, export-oriented industries have made 24,790 workers redundant, and were planning to lay off another 25,000 in the February 2009. Hence, the increasing rate of unemployment will certainly worsen both in the rural and urban areas.

22. The Government of Indonesia has allocated Rp. 73 trillion (US$ 6,762 billion) for 2009 as a stimulus package in cushioning the financial crisis’ impact on poor people. The majority of the stimulus package will be used for infrastructure projects aimed at generating growth as well as for empowerment programmes.

Supplementary written evidence submitted by the Indonesian Embassy in London

INTRODUCTION

This report was prepared to respond to the letter from International Development Committee inquiring about the effectiveness of current UK Department for International Development (DFID) in addressing the challenges presented by urban poverty in partner countries.

The Ministry of Housing has not received any assistance from DFID, however in this report will highlight the Ministry’s work and case studies related to the key issues of:

— The provision of basic services and infrastructure in slums.
— Housing finance.
— Post-disaster reconstruction.
— Security of tenure.

We hope that this report is useful for DFID in supporting developing countries in dealing with urbanization and poverty.
1. BACKGROUND OF INDONESIAN URBAN DEVELOPMENT

The Republic of Indonesia is an equatorial archipelago of over 17,500 islands (6,000 islands inhabited) extending about 3,200 miles or 5,150 kilometers East to West and 1,250 miles or 2,012 kilometres North to South. It is the largest archipelago in the world with 1,919,443 square kilometers or 741,098 square miles divided into 33 provinces. Indonesia is also the fourth largest (and the largest Moslem) population in the world with 218,686,791 people.\textsuperscript{124}

The Capital City, Jakarta (located on Java Island) has a population of 8,699,600 people in 2005. The city is surrounded by seven neighboring urban areas, better known as Metropolitan Area or Greater Jakarta or Jabodetabek (Jakarta-Bogor-Tangerang-Depok-Bekasi) with total population of 23,650.350 million people. The government of Indonesia estimates that the population of the Jabodetabek region will reach 32 million by 2016.\textsuperscript{125} As the capital city, Jakarta is referred to as the “window of Indonesia” as it is the national strategic center of activities including administration, education, trade, etc.

The level of urbanization has reached 50% in 2008 and is projected to reach almost 68% by 2025, mostly generated by migration from rural to urban areas (contributing 30–40% of urban population growth), natural population growth, and reclassification of areas from rural to urban. Geographically urbanization in Java Island already exceeds the national level (60%) compared to Sumatra (17.1%), Kalimantan (20.3%), Sulawesi (16.1 %), Irian Jaya (16.3%). However, migration amongst urban areas is also high.

Urban challenges in Indonesia are increasing with regard to urban poverty, pollution, traffic congestion, crime and violence, lack of access to almost all basic urban services and facilities such as clean water, sanitation, solid waste management, energy supply as well as haphazard urbanization or emergence of informal settlements (slums and squatters).

In the political sector, the decentralization in Indonesia was marked by the Laws 22 and 25 of 1999 that defined Regional Autonomy and Fiscal Decentralization. These laws devolved most government services and functions to local authorities—apart from defence and national security, foreign affairs, fiscal policy and religion. Since 2001, decentralization in Indonesia has entered new phase of consolidation, where actors are working to refine rules of game, reinvigorate decentralized governance, gather lesson learned, and replicate best practices. However, local institutions in many areas still lack the capacity to fulfil their new mandates effectively.

The National Long Term Development Planning is a national planning document which explicates the goals as stated in The Constitution of 1945 through national development vision and mission for 20 years period (2005–25). The objective of this long term plan is to pursue “sustainable development” which translates to a more compact, efficient, comfortable, healthy, prosperous and productive urban settlement. In addition, the National Mid Term Development Plan endeavours to reduce the unbalance development between islands, or even cities/urban areas.

2. POLICIES AND PROGRAMS

2.1 Urban and Rural Planning and Management

Spatial plan is not a new thing in Indonesia. Municipal (town and city) administrations applied urban development law (\textit{stadvorming ordonantie}) issued by Dutch Administration in 1948 until then in 1992 Government of Indonesia issued its own Law 24/1992 concerning Spatial Management (the law was considered ineffective in terms of land use control and then was replaced by Law 26/2007).

Under the Law 24/1992, government at all levels was obliged to prepare spatial plan. As the result, almost all provinces, municipals and regencies had already had at least a comprehensive spatial plan which was functioned as guidance in urban and regional development. Since Law 24/1992 did not regulate sanction, violation to prevailing spatial plan was not really considered as a wrong doing. Subsequently, violations were common and spatial plan became ineffective in directing spatial development.

Revision of spatial management law was not about strengthening regulations related to land use control but also broadening the scope of spatial management aspects. Consequently, spatial plans previously prepared are subject to adjustment in order to incorporate all spatial management aspects. Law 26/2007 defines the time limit for provincial governments to complete their comprehensive spatial plan adjustment by two years after the law was put into effect. For local government, comprehensive spatial plan adjustment should be completed within three years after the law was put into effect. The time limit is considered as “very short” but it represents that the founder of the law thought that spatial plan is very important and need to be prepared quickly.

\textsuperscript{124} Data Statistic Indonesia, 2005 census, Badan Pusat Statistik (BPS), Statistics Indonesia.
\textsuperscript{125} Idem.
The following table shows the status of the comprehensive spatial plan of provinces, municipals and regencies:

**Table 2.1**

<table>
<thead>
<tr>
<th>Administration Level</th>
<th>Adjustment Status*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Yet</td>
<td>On Going</td>
</tr>
<tr>
<td>National</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provenal</td>
<td>-</td>
<td>22</td>
</tr>
<tr>
<td>Local</td>
<td>278</td>
<td>173</td>
</tr>
<tr>
<td>(a) Municipal</td>
<td>46</td>
<td>43</td>
</tr>
<tr>
<td>(b) Regency</td>
<td>232</td>
<td>130</td>
</tr>
</tbody>
</table>


**Source:** Ministry of Public Works, 2009.

2.2 Urban Poverty Alleviation: Empowering Communities

The Government of Indonesia is committed to achieving the millennium development goals (MDGs). One such target within the MDGs is to reduce the poverty level by 50% in the year 2015. To reduce poverty from 16.58% in 2007 to 8.2% by the end of 2009 and to cut the unemployment rate from 10% in 2006 to 5% by 2009, On August 2006 the Government of Indonesia (GOI) launched the first nationwide poverty reduction program, comprising three cluster programs:

(a) The Social Protection System Program, primarily through the conditional cash transfer system targeting poor communities;

(b) The National Program for Community Empowerment or Program Nasional Pemberdayaan Masyarakat (PNPM); and

(c) The Micro Credit Program with focus on promoting pro-poor growth, with a special focus on small and medium enterprises.

The National Community Empowerment Program or “Program Nasional Pemberdayaan Masyarakat Mandiri (PNPMM)”, as an “umbrella policy” to create synergy amongst the various community empowerment programs and initiatives within the GOI, which have begun in 2007 and will run through 2015.

The PNPMM provides a basic framework for all central government poverty reduction programs and uses as a basis two existing poverty reduction models—community empowerment in urban and in rural areas through the Urban Poverty Project (UPP) and Kecamatan Development Project (KDP). Linked to these projects are an increasing number of sectoral programs that provide specialized inputs to improve the delivery of poverty services. Over time, local governments will be expected to integrate education, health, and agricultural service provision into PNPMM.

The PNPMM overall objective is to reduce poverty by promoting community participation in development planning and management.

The specific objective of PNPMM-Urban are:

(a) Achieve an “Empowered and Independent” community that is capable of overcoming local poverty problems through the application of the government policy of National (Independent) Community Empowerment Program (CNEP);

(b) Increase the capacity of the local governments to incorporate the participative development model as a basis of partnership with the community and local interest groups;

(c) Promote harmonization and synergy amongst the various community empowerment programs to optimize poverty alleviation;

(d) Increase the benefits towards the poverty affected communities towards increasing IPM and achieving the MDGs;

The PNPMM-Urban in 2007 has covered implementation of the program in 7,273 kelurahans in all 33 provinces in Indonesia. While the PNPMM-Urban in 2008 would expand to 8,813 kelurahans in 955 urban kecamatan in 245 cities/districts through the 33 provinces. This assistance is expected to increase to 11,039 kelurahan by 2009.
Table 2.2
TOTAL FINANCIAL COVERAGE OF PNPMM AND COMMUNITY GRANTS

<table>
<thead>
<tr>
<th>Category</th>
<th>PNPMM-Urban Coverage (Number of kelurahans)</th>
<th>Community Grants Allocation/Village (IDR)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
</tr>
<tr>
<td>Total Kelurahan</td>
<td>7,273</td>
<td>8,813</td>
<td>11,039</td>
</tr>
</tbody>
</table>


PNPMM-Urban design builds on the existing portfolio of CDD (UPP) operations. The executing agency is the Ministry of Public Works. A summary of the three components is given below:

(a) **Community and Local Government Capacity Building**

This component would support the facilitators to carry out social intermediation activities, training, workshops, press releases/conferences, and other mass communication activities, meetings and focus group discussions, and production of socialization materials and publications. This component would also support the training and socialization of local government staff on the PNPMM and leverage support from local governments to share costs of subprojects.

(b) **Kelurahan/Community Grants loans**

This component would support block grants for kelurahans to execute the sub-projects identified in the community planning. These sub-projects cover an open menu of poverty alleviation activities with a short negative list. Typical activities for this component fall into three categories: infrastructure, revolving loan funds, and social assistance.

(c) **Implementation and Technical Assistance**

This component includes the monitoring and evaluation of the project. It will also support of the consultants, and others technical assistance.

The PNPMM-Urban in 2007 has shown the impact to poverty reduction. The number of poor people in the year of 2007 as 23.6 million compare with the year of 2000 as 26.4 million (BPS 2008). Thus, the potential impacts of the PNPMM are projected to be significant. A preliminary economic assessment of the program showed that by 2009, when the program would cover all kecamatan at the proposed benefit level of IDR 3 billion per kecamatan, it could benefit nearly 14 million families and increase their income by 11 percent on average by providing about 60 days of work. Some 7–9 million households would be pulled out of poverty.

The additional income would benefit workers by raising the wages of all unskilled workers by reducing the competition from desperate workers who drive wages down. By developing economically productive roads, irrigation and drainage works, and water supply and sanitation works, the PNPMM will permanently increase employment and income; this increased purchasing power would help to activate village economies.

2.3 **Water and Wastewater (MDGs)**

MDG for water and wastewater (Target 10) recommends to half the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015. The primary indicator for measuring Target 10 is the proportion of populations who have access to safe water and sanitation.

The MDG target for access to safe water in Indonesia is 80% in year 2015. This access to safe water hopefully will be achieved as targeted in year 2015 with 48% piped water system and 32% non-piped water system.

Efforts to achieve MDGs target for water and wastewater in Indonesia has been conducted through improvement of water and wastewater quality, financial, institutional and legal support. Particularly for institutional and legal support, Indonesia has enacted laws and regulations (in term of presidential and minister regulations) to guide water and wastewater management and technical standards.
Figure 2.1
SCENARIO TO MEET NMDP AND MDG TARGET

<table>
<thead>
<tr>
<th>Year</th>
<th>Unprotected non-piped WS (MDG target)</th>
<th>Protected non-piped WS (MDG target)</th>
<th>Piped WS access (NMDP target)</th>
<th>Safe access (MDG target)</th>
<th>Piped WS access (NMDP target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>41%</td>
<td>37%</td>
<td>21%</td>
<td>59%</td>
<td>21%</td>
</tr>
<tr>
<td>2007</td>
<td>40%</td>
<td>36%</td>
<td>24%</td>
<td>60%</td>
<td>31%</td>
</tr>
<tr>
<td>2009</td>
<td>32%</td>
<td>37%</td>
<td>32%</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>2015</td>
<td>20%</td>
<td>32%</td>
<td>40%</td>
<td>48%</td>
<td>48%</td>
</tr>
</tbody>
</table>


The MDG target for access to basic sanitation facilities in year 2015 is 65.5%. Meanwhile, access to basic sanitation facilities in Indonesia in year 2007 have already achieved 69.3%. But, still there is 20% open defecation in urban and 40% in rural area. As consequently, 76.3% of 53 rivers in Java, Sumatera, Bali and Sulawesi island contaminated by organic pollutant, and 11 main rivers heavily contaminated by ammonium. There is still room for improvement from basic sanitation to adequate sanitation.

Access to adequate sanitation can be further improved by developing policy and institutional frameworks, promoting health seeking behavior, increasing capacities, building sanitation facilities in urban areas, and setting up a database and information system on basic sanitation. As targeted in National Midterm Development Planning, in the end of 2009 should be free from open defecation.
Figure 2.2
POPULATION ACCESS TO BASIC SANITATION FACILITIES ACCORDING TO RURAL, URBAN, AND TOTAL RURAL AND URBAN AREAS (IN PER CENT)

![Graph showing population access to basic sanitation facilities over time.]


2.4 Financing Affordable Housing
(a) Subsidized Home Mortgage Program

Table 2.3
TARGET AND ACHIEVEMENT OF HOUSING FINANCE IN MEDIUM-TERM DEVELOPMENT PLAN 2004–09

<table>
<thead>
<tr>
<th>Main activities</th>
<th>Target</th>
<th>Achievement</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>— Subsidy/Financial Assistance for Formal Housing</td>
<td>640,000 unit</td>
<td>End of status 2008 341,835 unit</td>
<td>End of status 2008 298,165 unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prognosis up to end of 2009 478,235 unit</td>
<td>Prognosis up to end of 2009 161,765 unit</td>
</tr>
<tr>
<td>— Subsidy/Financial Assistance for Vertical Housing</td>
<td>25,000 unit</td>
<td>End of status 2008 —unit</td>
<td>End of status 2008 —unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prognosis up to end of 2009 25,000 unit</td>
<td>Prognosis up to end of 2009 —unit</td>
</tr>
<tr>
<td>— Subsidy/Financial Assistance for Self-Help Housing</td>
<td>36,000 unit</td>
<td>End of status 2008 62,364 unit</td>
<td>End of status 2008 —unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prognosis up to end of 2009 95,964 unit</td>
<td>Prognosis up to end of 2009 —unit</td>
</tr>
</tbody>
</table>

Source: State Ministry of Public Housing, 2009.
(b) **Stimulants for Self-Help Housing Development**

During the period 2006—2008 the stimulant program has been implemented in 26 provinces throughout Indonesia with total funding from the National Budget of Rp. 73 billion (1 USD = Rp. 11,000) for 2009 (9000 units). A total number of 18,280 housing units were improved/constructed during the period of 2006–08 as shown in the following table.

<table>
<thead>
<tr>
<th>No</th>
<th>Province</th>
<th>Year 2006</th>
<th>Year 2007</th>
<th>Year 2008</th>
<th>Total National</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Sumatera</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>200</td>
</tr>
<tr>
<td>2</td>
<td>Riau</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>400</td>
</tr>
<tr>
<td>3</td>
<td>Riau Archipelago</td>
<td>--</td>
<td>--</td>
<td>200</td>
<td>--</td>
</tr>
<tr>
<td>4</td>
<td>Jambi</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>200</td>
</tr>
<tr>
<td>5</td>
<td>West Sumatera</td>
<td>--</td>
<td>90</td>
<td>200</td>
<td>--</td>
</tr>
<tr>
<td>6</td>
<td>South Sumatera</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>200</td>
</tr>
<tr>
<td>7</td>
<td>Bangka Belitung</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>100</td>
</tr>
<tr>
<td>8</td>
<td>Bengkulu</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>100</td>
</tr>
<tr>
<td>9</td>
<td>Banten</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>200</td>
</tr>
<tr>
<td>10</td>
<td>West Java</td>
<td>338</td>
<td>686</td>
<td>600</td>
<td>1,250</td>
</tr>
<tr>
<td>11</td>
<td>Central Java</td>
<td>1,708</td>
<td>834</td>
<td>550</td>
<td>1,150</td>
</tr>
<tr>
<td>12</td>
<td>DI Yogyakarta</td>
<td>--</td>
<td>81</td>
<td>300</td>
<td>--</td>
</tr>
<tr>
<td>13</td>
<td>East Java</td>
<td>1,130</td>
<td>867</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>14</td>
<td>Bali</td>
<td>205</td>
<td>180</td>
<td>300</td>
<td>--</td>
</tr>
<tr>
<td>15</td>
<td>West Nusa Tenggara</td>
<td>581</td>
<td>240</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>16</td>
<td>East Nusa Tenggara</td>
<td>--</td>
<td>201</td>
<td>150</td>
<td>--</td>
</tr>
<tr>
<td>17</td>
<td>East Kalimantan</td>
<td>--</td>
<td>60</td>
<td>100</td>
<td>--</td>
</tr>
<tr>
<td>18</td>
<td>West Kalimantan</td>
<td>--</td>
<td>--</td>
<td>100</td>
<td>--</td>
</tr>
<tr>
<td>19</td>
<td>Central Kalimantan</td>
<td>--</td>
<td>--</td>
<td>150</td>
<td>--</td>
</tr>
<tr>
<td>20</td>
<td>North Sulawesi</td>
<td>--</td>
<td>--</td>
<td>250</td>
<td>--</td>
</tr>
<tr>
<td>21</td>
<td>Central Sulawesi</td>
<td>--</td>
<td>--</td>
<td>100</td>
<td>--</td>
</tr>
<tr>
<td>22</td>
<td>South Sulawesi</td>
<td>400</td>
<td>425</td>
<td>200</td>
<td>300</td>
</tr>
<tr>
<td>23</td>
<td>South-East Sulawesi</td>
<td>--</td>
<td>70</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>24</td>
<td>West Sulawesi</td>
<td>--</td>
<td>--</td>
<td>150</td>
<td>--</td>
</tr>
<tr>
<td>25</td>
<td>Gorontalo</td>
<td>--</td>
<td>214</td>
<td>150</td>
<td>--</td>
</tr>
<tr>
<td>26</td>
<td>Maluku</td>
<td>--</td>
<td>120</td>
<td>200</td>
<td>--</td>
</tr>
</tbody>
</table>

**Total National**: 4,362, 4,068, 4,850, 5,000

*Source: State Ministry of Public Housing, 2009.*

Other advantages gained from this program are:

1. The allocation of provincial and local government local budget for housing sector;
2. The restructuring of provincial/local government administrative organization to take responsibility of housing development;
3. The participation of other stakeholders in low-income housing development such as the private sector (through corporate social responsibility funds), NGOs, local universities and cooperatives.

Formal land rights were not a prerequisite in the above programs under the condition that the Local Government provides a Letter of Recommendation.

In Pekalongan (Central Java), the housing improvement program had a significant impact on poverty reduction. In two years since the house improvement program was launched, the poverty level was reduced by 27%. Better housing conditions lead to higher productivity.

### 2.5 Post-reconstruction Disaster

Two years after the earthquake housing reconstruction has been completed. Housing reconstruction received highest priority, because many people use their house not only for shelter, but also to make a living, for instance by having a shop or a workshop, or by renting out rooms. Therefore, reconstruction of houses was essential for recovery of peoples’ livelihoods. Now that houses have been rebuilt and people are resuming their economic activities, the communities are eager to create a safer and healthier living environment and to make sure they are better prepared for future disasters.
Central Java is a disaster-prone area. Many villages are not only exposed to earthquakes and tsunamis but to a wide range of other possible hazards such as volcanic eruptions, droughts and flooding, landslides and large-scale erosion. In the past, people have more or less accepted these hazardous natural conditions as inevitable. The JRF initiated community-based planning process has increased awareness that advance planning and investment in mitigation and preparedness activities can reduce loss of life and economic impact of disasters.

Because of the limited resources in terms of available funding for preparation and project implementation, the ongoing JRF CSRRP disaster risk reduction component had to be limited to 101 villages in total. The actual need is much higher; so far a total of 243 villages in seven districts (Kabupaten) have been proposed for this program component. The Central-Java Province has expressed its desire to include even more Kabupaten in the program, not only to achieve a larger impact in terms of disaster risk reduction, but also to engage and train more district governments in preparing for future disasters.

The ongoing preparation of community settlement plans has increased the awareness of communities on disaster risks and options to mitigate these risks. People make no distinction between exposure to natural disasters and exposure to public health hazards related to poor water supply, sanitation and solid waste management. This type of health hazards would not cause instantaneous large-scale destruction associated with natural disasters, but nevertheless the communities are aware that the risks are severe because of continuous exposure, which would potentially cause many victims over the years, especially amongst the poorest. In many of the villages where community settlement plans are being prepared it was found that water supply, sanitation, and solid waste management problems are strongly related to previous disasters. Therefore it is proposed to expand the scope of the JRF CSRRP to include improvement of water supply, sanitation and solid waste management.

(a) Water Supply

The latest earthquake and the eruption of Mount Merapi have caused considerable changes in ground water tables resulting in prolonged periods of water shortages. Most people in the villages in the project area rely on dug-wells for drinking water supply. Since the latest earthquake many wells fall dry during the dry season, even though they may be as deep as 20 meters, meaning that people have to walk long distances to collect water from natural springs in the vicinity. Many households have to supplement the available water during the dry season with water supplied by tanker trucks, which is very costly.

Normally, during the dry season, water from dug wells is also used for agriculture. The dry season may last 4–6 months. During this period people can grow and harvest corn and groundnuts. Farmers manually water their plants one by one, using water from dug-wells in their fields. The drop in groundwater table means that also these wells fall dry. As a result the fields of these farmers now lay idle during the dry season, resulting in a considerable loss of income and often pushing the farmers back below the poverty line.

Most communities would greatly benefit from small-scale sub-village level (dusun) drinking water supply systems serving a few hundred households at most. Such systems would consist for instance of a single borehole (deep well) or a captured natural spring, a pumping station, a reservoir on high ground and some transmission pipes to supply water under gravity to clusters of houses. Additionally, construction of communal reservoirs to harvest rainwater would in some villages serve as an appropriate and sustainable technology to supplement water from other sources, especially for agricultural purposes during the dry season.

(b) Sanitation

The JRF housing program has supported 15,153 households constructing an earthquake resistant house. Although the JRF housing program was completed in July 2008, many houses are not yet equipped with sanitary facilities. The amount of assistance provided (IDR20 million per house) is sufficient to construct an earthquake resistant structure for a core house of 36m². However, beneficiaries are expected to complete the house by using their own funds. Not all beneficiaries have been able yet to finance construction of a toilet and septic tank and many have expressed the need to provide communal facilities.

Lack of proper sanitation is a potential health threat, especially to the poor. In the communities that have already prepared their community settlement plans it appears that many people (in some villages up to 30% of the population) still utilize rivers and canals for defecation, bathing and washing. The majority of the population uses simple private pit-latrines. Because of high soil permeability these latrines may cause pollution of nearby dug-wells.

A specific sanitation issue in many villages is related to husbandry. Many people have one or two cows, goats and a few chickens in a stall next to their house. The earthquake has not only destroyed houses, but also stalls and many people have not yet been able to rebuild proper stalls for their cattle. Some villages have proposed to build communal stalls. This would reduce environmental health problems and create opportunities for production of organic fertilizer and biogas because of scale advantages. These initiatives deserve to be supported and linked with JRF livelihood program components.
(c) **Solid Waste Management**

Many communities have identified flooding and stagnant water as serious disaster risks. Drainage networks often don’t function properly because of general lack of tertiary drainage and because of dumping of solid wastes in open drains and channels. As a result stagnant water frequently occurs, raising concerns over mosquito breeding. Solid waste piling up in riverbeds reduces discharge capacity and is one of the causes of flooding.

The JRF disaster risk reduction program will address stagnant water and flooding as major disaster risks, including (re-) construction of tertiary drainage as necessary. However, without proper solid waste management this problem cannot be fully resolved. In many rural villages with low residential densities burying of waste is an appropriate solution. In such cases increased community awareness and education would be sufficient to improve conditions. Closer to the urban centres, in villages with higher residential densities, solid waste management systems should be organised using the existing collection and disposal facilities of nearby towns.

In some villages women groups have taken the initiative to collect waste in separate buckets for organic material, paper and plastics. These women groups also process waste by making compost out of organic material, and by selling paper and plastics. In one village (Argorejo) women groups even recycle plastics by making plastic bags and sandals. Dry organic materials, especially leaves, are recycled as burning material for stoves. These encouraging small-scale initiatives for solid waste management and recycling improve the living environment, reduce health hazards, and provide income for the women engaged in these activities. Such existing initiatives should serve as examples for other villages. Linkages with the JRF livelihood program component will be intensified to maximise the benefits for the communities.

(d) **Community Education and Quality Assurance**

Community capacity building is crucial to ensure sustainability of assets created under this project. The scope of work of the community development facilitators should be expanded to cover all issues related to water supply, sanitation and solid waste management, ie:

- Educate the communities on public health issues
- Build community capacity to operate and maintain the assets created under the project
- Ensure that all infrastructure and facilities adhere to adequate quality standards
- Ensure that user contributions are collected and are sufficiently large to cover operation and maintenance expenses

Raising awareness on public health issues and the need to change old habits on sanitation and waste disposal is essential to reduce public health risks. The community development facilitators should assist in educating the communities accordingly.

The community capacity building effort should be expanded to enable the beneficiary communities to operate and maintain the assets created under the project. This would include establishment and training of community-based organisations (CBO) for operation and maintenance of water supply infrastructure and facilities, public sanitation facilities (MCK), and solid waste management. Best practise initiatives in the project area, such as separate collection of organic waste, plastics and paper, and waste recycling, should serve as examples to build capacity in other communities. Community-based organisations would operate and maintain the water supply facilities on behalf of the beneficiaries. The facilitators should educate and train these CBOs to ensure that water consumers will pay a user fee sufficiently large to cover all operational and maintenance costs, including depreciation costs of pumping equipment.

Quality assurance would first of all include high quality standards for construction of infrastructure and facilities. In many villages current practise is to save investment cost by utilising inferior materials such as pvc for water pipes and low capacity pumps. This results in high maintenance costs because of frequent pipe bursts and breakdown of pumping equipment. JRF CSRRP should only support construction of high quality works and procurement of good quality equipment. It is suggested to promote the use of solar panels to generate power for pumping equipment in order to reduce operational costs and increase overall environmental sustainability.

(e) **Local Government Capacity Building**

The community-driven approach is a leading principle of JRF-CSRRP aiming to empower communities to help themselves. However, for sustainability of project achievements it is of paramount importance that local government is fully engaged during the entire project cycle and committed to sustain the project outputs, to maintain assets created through the project and to ensure funding for operation and maintenance.
as necessary. Local government capacity building should ensure that local government takes all necessary precautionary measures to mitigate disaster risks in anticipation of future disasters and is well prepared to handle disasters whenever they occur. This is achieved through regular consultation, training and workshops involving all levels of government. Local government staff participates in project activities enabling transfer of knowledge in the field on community-based approaches and disaster risk reduction. Infrastructure deficiencies as identified by the communities and possible improvements are discussed with relevant government agencies as necessary. Local government is also closely involved in devising emergency evacuation plans, including regular simulation exercises.

The community settlement plans include an integrated five-year investment program with physical and non-physical components, only part of which is supported by JRF. Other projects should be financed and implemented through regular government budgets (APBN, APBD, etc) by the responsible government agencies. Therefore, community settlement plans must be approved by local government (Bappeda Kabupaten), which ensures appropriate ownership and follow-up. In consultations with local government special attention is given to spatial planning and building control measures in hazard zones (landslides, riverbank erosion, tsunamis, etc.), to be implemented through local planning policies and decrees, including enforcement measures as necessary. During design and construction stage regular consultation meetings are held with relevant local government agencies, especially Public Works and Pengairan, to make certain that designs and construction works adhere to government specifications and requirements, which is essential to ensure both an adequate sense of ownership and appropriate maintenance.

2.6 Security of Tenure

There is still no consensus on the translation of security of tenure in Bahasa Indonesia. For some institutions, security of tenure is considered as legal rights to land, leading to programs that support land certificates for the urban poor. The PRONA (Program Nasional) and LARASITA (Services for Land Certification) are programs delivered by the National Land Agency to reduce administration fees and speed up the process for the low-income communities. These programs are mostly targeted for communities in rural areas.

In urban areas, land issues are more complex. Slums and squatters along riverbanks and railways are most common in large cities of Indonesia. In some cities, these squatters are evicted with no alternative shelter and little or no compensation. In some cases such as in Ketelan, Solo (Central Java), the National Land Agency issues land certificates (leasehold certificates or HGB) for squatters along riverbanks. However, there are some reports that there have been “under the table” ownership transfers.

Forced evictions still occur in major cities such as Jakarta. The Local Regulation no 8/2007 on Public Order justifies these evictions. There is no shelter alternative for the evictees, and they often return to the previous location due to job opportunities in locations nearby. According to Wardah Hadifiz (Urban Poor Consortium) and Azas Tigor Nainggolan (Forum Warga Kota), security of tenure for squatters is not the issue of owning land certificates, but more an issue of legal identity. Squatters are usually considered as illegal citizens and are denied access to legal IDs. Without legal ID, squatters cannot gain access to education, health services and job opportunities. Several squatter communities along the riverbanks in Jakarta and Surabaya with the assistance of local NGOs were able to gain administrative status as Rukun Tetangga/RT or neighborhood unit. This has enabled the residents to get local ID cards, access to urban services as well as charity programs.

Written evidence submitted by the International Housing Coalition (IHC)

1. The International Housing Coalition (IHC) was pleased to learn that the House of Commons is reviewing the mission, goals, and programs of the Department for International Development (DFID). In the United States a similar examination of foreign aid and how to make it more effective is underway. The IHC, a non-profit advocacy organization based in Washington D.C., is actively involved in these reform efforts. In particular, it advocates that more attention should be given to the problems of poor housing, slums, and urbanization in the developing world. We hope that our comments will be of interest and use to the Committee of Inquiry.

2. Foreign assistance in the 21st century dictates a multi-sector approach with urbanization and urban poverty as key organizing principles. Half of the world’s population now lives in cities. It is estimated that 30% of that population, over a billion people, currently live in slums characterized by poor housing, unsanitary conditions, and a lack of basic services. With almost all future urban growth expected to be in the developing world, urban development is a compelling challenge that can have a significant impact on the future. Current aid priorities featuring poverty reduction and encompassing health, water and sanitation, education, youth unemployment, and climate change can all be more effectively and efficiently addressed through comprehensive urban assistance programs.
3. In addition, the global financial crisis will have a significant impact on the urban poor, who have no social safety net to protect them. The World Bank writes: “the urban poor are particularly vulnerable in times of crisis due to their heavy reliance on the cash economy, job losses and wage reductions in urban based industries, and no agricultural production to fall back on.” Slums are a reality, but by working with developing countries to manage the urbanization process, provide basic services, and generate economic growth, foreign aid can improve current conditions and counter the factors that threaten to generate huge growth in slums and urban poverty over the next decades.

4. The IHC generally supports DFID’s programs, policies, and priorities, and encourages DFID to expand and broaden its urban programming. For example, the IHC shares the view that the Millennium Development Goals (MDGs) provide an appropriate framework for foreign assistance programming, including MGD Target 7. Like DFID, the IHC is supportive of the Cities Alliance and recognizes the importance of working through community-based organizations that effectively represent the poor. The IHC particularly commends DFID’s work in India where slums and urban development are at the centre of its programming, addressing education, basic service provision, urban management, housing finance, health, and livelihoods including support to CLIF and SUF. However, it appears DFID’s urban programming outside of India is limited and, where present, restricted mainly to the water and sanitation sectors. While these are important priorities, the billion people living in poor housing in urban areas across the developing world would benefit from an expansion of this assistance. Indeed, urban investments are an efficient use of limited foreign assistance resources and essential to future poverty reduction.

5. While DFID is a leader in urban programming, the poor housing conditions and lack of basic services that exist in urban areas in the developing world do not receive the attention they warrant. While some donors support such housing-related activities as land titling and housing micro-finance, more attention needs to be given to developing projects to improve housing conditions in slums. Programs to encourage and assist both homeowners and landlords to expand and improve the informally built housing in the slums are needed. Projects to foster more efficient land markets, an essential but often overlooked aspect of urban development, would help to expand the supply of land suitable for low-income housing. Strengthening property rights is critical to giving security of tenure to slum dwellers and helping them to access micro-finance and other assistance. Encouraging the formation of housing advocacy groups in developing countries that can work with government to design programs and strategies to improve the housing conditions of the poor is another avenue to reducing urban poverty.

6. To bring you up to date on current foreign aid thinking in the U.S., there appears to be a growing recognition of the importance of urbanization and the challenges and opportunities posed by the growth of slums. There is an active movement to rewrite the authorizing legislation for U.S. foreign assistance (The Foreign Assistance Act of 1961) to reflect a twenty-first century approach to development. Congressman Howard Berman Chairman of the House Foreign Relations Committee is committed to producing a new foreign assistance act for consideration by Congress this year. Many groups are encouraging the Committee to incorporate the Millennium Development Goals into a new act. The IHC has met with his staff on several occasions to recommend that the new act specifically recognize the importance of urbanization and the current need, and future benefit, of focusing development resources on improving slum conditions.

7. Two other pieces of U.S. legislation currently under review by Congress highlight reducing urban poverty. Congressman Brad Miller has introduced legislation (the SLUM Assistance Act) to mandate the U.S. government to develop a strategy to improve housing, security of tenure, urban management, and development. Senator Richard Durbin has proposed a significant increase in funding for the existing water and sanitation for the poor act. The IHC is actively supporting both bills.

8. A number of the major U.S. foundations such as the Rockefeller and Gates Foundations are funding innovative urban initiatives in developing countries. The IHC recently received a grant from the Rockefeller Foundation to document the challenges and opportunities posed by urbanization in the developing world. The resulting White Paper will be published this summer.

9. In short, the IHC is optimistic that more attention and increased financial and technical resources will be directed by the U.S. Government to slums in the coming years, leading to the improved management of urban growth in the developing world.

10. Specifically, the IHC recommends improving U.S. foreign assistance by giving more emphasis to the challenges and opportunities of urbanization, by way of the following:

   — Proactively increase awareness about the challenges and opportunities of urbanization and growing slums; incorporate urban concerns in a U.S. foreign assistance strategy and recognize urban investments as a foreign aid priority

   — Increase the technical capacity of USAID and other U.S. assistance agencies to develop effective urban strategies and programs by significantly increasing staff and hiring urban development experts

   — Increase funding for urban areas, including improving the capacity of local and national governments in the developing world to plan and manage urban growth and improve coordination of funding mechanisms
Urban programs should have the following characteristics. They should:

(a) be multi-sectoral in nature, recognize intergovernmental relationships, and be funded by multiple donors;

(b) provide assistance based on the development of multi-year plans that recognize local needs and priorities;

(c) promote public-private partnerships in planning, programming and investment including self help initiatives to improve housing and public services;

(d) set clear goals and objectives and monitor and report on progress, results, and effectiveness; and

(e) learn from proven best practices and strategies.

Written evidence submitted by David Satterthwaite and Diana Mitlin, International Institute for Environment and Development (IIED)

Summary

The scale and depth of urban poverty is considerably underestimated within most low-income nations, many middle-income nations and globally. It is also mis-represented by the ways in which poverty is commonly defined and measured. This helps explain why many international agencies have no urban policies and are reluctant to work in urban areas on poverty reduction.

This note describes the scale of urban poverty and how and why it is often underestimated. Poverty is usually defined and measured by setting an income-based poverty line and assessing what proportion of the population fall below this. But most poverty lines are based primarily on the cost of a minimum food basket and make inadequate allowance for the cost of non-food necessities for:

- housing (much of the urban poor pay rent for their accommodation and even renting one room in an illegal shack can take 10–20% of their income);
- water (often purchased from vendors or kiosks because there are no piped supplies; this often takes 5–10% of their income);
- access to toilets (many urban poor households have no toilet in their home and use public pay-to-use facilities);
- health care (much of the urban poor have no access to public health care and have to pay to use private services, including unlicensed pharmacies to purchase medicines or get medical advice);
- keeping children at school (even if the school is free, costs for uniforms, exam fees, books, meals and transport are difficult to afford);
- transport (many low-income households live in informal settlements on the urban periphery, because housing is cheaper there or because they were pushed out of more central sites—but living here can mean transport costs to and from work and services take up 10–15% of household income).

Poverty lines that do not consider these costs often suggest that only a few per cent of a city’s population are poor, when 40–50% of the population lives in poor quality housing in illegal settlements lacking basic services. Assessments of poverty have to move beyond poverty lines to include attention to housing and services; also to the urban poor’s vulnerability to stresses and shocks and the lack of the rule of law and respect for their civil and political rights. As they do so, this highlights many other entry points for poverty reduction including key roles for local governments and for organizations of the urban poor.

In over 20 nations, federations formed by the urban poor (slum and shack dwellers and the homeless) have become important actors in development, working not only at community level but also at the level of cities and nations. These are federations of savings groups, mostly formed and managed by women slum and shack dwellers. These savings groups and the larger federations they form undertake many initiatives—upgrading homes or building new houses and community facilities (typically community-toilets with washing facilities). In many nations, these federations’ initiatives reach thousands of households, in some tens of thousands. But these initiatives are also to show governments and international agencies what the federations are capable of and to offer them partnerships in expanding their scale and scope. Many of these urban poor federations have developed successful large-scale partnerships with local and national governments—for instance in South Africa, India, Thailand and Malawi. Working with these federations and supporting their partnerships with local governments can greatly increase the effectiveness of

IIED has been undertaking research on urban poverty and how best to reduce it since 1977, in collaboration with research teams in 30 different developing countries. It has advised many international agencies on urban poverty reduction including the World Bank, Sida, UNICEF and WaterAid. Since 2001, it has been managing an International Urban Poor Fund that provides support direct to organizations and federations formed by slum and shack dwellers, working with Slum/Shack Dwellers International (SDI) with support from the Sigrid Rausing Trust, the Big Lottery Fund and, since 2007, the Bill and Melinda Gates Foundation.
international agencies’ urban poverty reduction programmes. Many federations have set up their own Urban Poor Fund through which external support can be channelled and careful records provided to funders as to how the funding is managed.

The scale of urban poverty

1. Table 1 gives estimates for the scale of different aspects of urban poverty in developing countries. At least 900 million urban dwellers “live in poverty” as they live in dwellings that are of poor quality and usually illegal and that lack adequate provision for water, sanitation, drainage, health care and schools. There are no precise figures in the Table because many aspects of poverty are not measured. For instance, in most developing countries, no data are available on two of the most important indicators for assessing the scale of poverty: household incomes and the cost of non-food necessities. Most poor urban households derive most or all their income from work in the informal economy for which there are no aggregate data on incomes.

<table>
<thead>
<tr>
<th>Type of poverty</th>
<th>Numbers of urban dwellers affected</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate income in relation to the cost of basic needs</td>
<td>750–1,100 million</td>
<td>No accurate figures are available on this and the total varies, depending on the criteria used to set the poverty line (the “income-level” required for “basic needs”)</td>
</tr>
<tr>
<td>Inadequate or no provision for safe, sufficient water and sanitation</td>
<td>More than 680 million for water and 850 million or more for sanitation</td>
<td>These estimates are for 2000 and are drawn from a detailed global UN review of individual city/urban studies.127</td>
</tr>
<tr>
<td>Severe under-nutrition</td>
<td>200 million</td>
<td>In many Asian and sub-Saharan African nations, 25–40% of urban children are underweight.</td>
</tr>
<tr>
<td>Living in housing that is overcrowded, insecure and/or of poor quality</td>
<td>924 million</td>
<td>Based on a 2003 global UN review of the number and proportion of people living in “slums”128</td>
</tr>
<tr>
<td>Homelessness (ie living on the street or sleeping in open or public places)</td>
<td>c. 100 million</td>
<td>UN estimate. There are also large numbers of people living on temporary sites (for instance construction workers and often their families living on construction sites) that are close to homeless.</td>
</tr>
</tbody>
</table>

2. But there is strong evidence on the scale of urban poverty from sources other than national statistics—for instance the number of urban dwellers with inadequate nutrition levels and the number who suffer premature death. Infant and child mortality rates for urban populations in low-income nations are often 5–20 times what they should be, if their families had adequate incomes, reasonable quality housing and good health care.129 There are also many case studies focusing on low-income urban populations that show very large health burdens from diseases that should be easily prevented or cured—for instance diarrhoeal diseases, intestinal parasites, TB and acute respiratory infections. It is common for a third or more of all urban children to be stunted within low-income nations.

The measurement of urban poverty

3. The number of urban dwellers who are “poor” is always much influenced by how poverty is defined and measured. If poverty is considered to encompass all those who have difficulties affording basic necessities and who are either homeless or live in poor quality, overcrowded and often illegal accommodation (because they cannot afford safer legal housing), then by 2000, at least 900 million urban dwellers were poor and the numbers are likely to have risen significantly since then (the urban population in developing countries has grown by over 500 million since 2000).130 If poverty includes all those who live in accommodation lacking protection from the most common life—and health-threatening diseases and injuries, then it would number at least 900 million. Of course, within these hundreds of millions of people

suffering urban poverty, there is considerable variation—from those who are destitute and suffering from acute malnutrition to those who can manage as long as there is no crisis (for instance a drop in their income, a rise in food prices or an income-earner being sick or injured). Table 2 illustrates this.

### Table 2

**DIFFERENT DEGREES OF POVERTY IN URBAN AREAS**

<table>
<thead>
<tr>
<th>Aspects of poverty</th>
<th>Destitution</th>
<th>Extreme Poverty</th>
<th>Poverty</th>
<th>At risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Income below the cost of a minimum food basket</td>
<td>Income just above the cost of a minimum food basket but far too low to allow other necessities to be afforded</td>
<td>Income below a realistic poverty line* but enough to allow significant expenditure on non-food essentials</td>
<td>Income just above a realistic poverty line.*</td>
</tr>
<tr>
<td>Housing with access to infrastructure and services</td>
<td>Homeless or living in a very poor quality shack that is no-cost or close to no-cost.</td>
<td>Very little to spend on housing—often renting a room in tenement or illegal or informal settlement shared with many others</td>
<td>More accommodation options—eg slightly more spacious, better quality rental housing or capacity to self-build a house if cheap or free land is available. The extent and quality of low-cost housing options is much influenced by government land, infrastructure and services policies and investments</td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>Typically none or very little (although membership of a community-based savings group may provide access to small amounts of credit for emergencies)</td>
<td>Often some capacity to save, especially with well managed savings and credit schemes; housing the most valuable asset for those who manage to “get their own home” even if it is illegal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vulnerability</td>
<td>Extreme vulnerability to food price rises, loss of income or illness or injury. Often also to discrimination and unfair practices (from employers, landlords, civil servants, politicians, the law……...)</td>
<td>Similar kinds of vulnerability to those faced by people facing destitution or extreme poverty, although less severe; often vulnerability to running up serious debt burdens; always vulnerability to illness/injury and its direct and indirect impacts on income</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* A realistic income-based poverty line would be one that was calculated based on real costs in each city and which took into account the cost of non-food essentials as well as the cost of an adequate diet.
4. But most official measurements of poverty do not include any consideration of the quality of people’s homes and access to basic services (such as water and sanitation). Governments and international agencies may talk about the number of people “living in poverty” but in most cases this is based on income measures with no assessment of their living conditions.\textsuperscript{131}

5. The scale of poverty in any nation is generally measured by defining a “poverty line” and all those whose income or consumption falls below this are “poor”. In many nations, more than one poverty line is used—for instance one for food poverty or extreme poverty (usually those whose incomes fall below the cost of a minimum food basket) and another for absolute poverty (which has a higher poverty-line, by adding some additional allowance for non-food needs onto the cost of a minimum food basket).

6. The proportion of a nation’s urban population or a city’s population that are poor can vary from a few per cent to 50%, depending on how the poverty line is defined. For instance, during the late 1990s, there were four different figures for the proportion of Kenya’s urban population who were poor, ranging from 1.2% to 49%,\textsuperscript{132} (although the 1.2% figure was very unrealistic and based on faulty data). It should be noted that half of the population of Kenya’s capital, Nairobi, live in informal settlements lacking basic infrastructure and services and have very high infant and child mortality rates;\textsuperscript{133} conditions for much of the population of other urban centres is not much better.

7. The fact that governments and international agencies use different bases for defining and measuring poverty helps explain why urban poverty levels can be very high in many middle-income nations and still low in many low-income nations (including some of the poorest nations). For instance, official poverty statistics suggest that Colombia and Ecuador have a much higher proportion of their urban population living in poverty than Ghana, Burkina Faso or Vietnam—but this because different criteria are being used to set poverty lines. The reason that urban poverty levels appear low for Ghana, Burkina Faso and Vietnam is because inadequate allowance was made for the cost of non-food needs in setting their poverty lines.\textsuperscript{134} The key issue here is that when poverty lines include a reasonable allowance for the cost of non-food necessities, it is common for 35–60% of the urban population in developing countries to have incomes below the poverty line.

8. Most governments measure poverty by setting poverty lines based on the cost of a minimum “food basket” and calculating what proportion of the population have incomes or food consumption levels below this. But the scale of poverty is influenced by the extent to which these poverty lines make an additional allowance for individuals or households to pay for non-food necessities—for instance for:

- housing (much of the urban poor pay rent for their accommodation and even renting one room in a shack lacking piped water and toilets can take 10–20% of their income);
- water (often purchased from vendors or kiosks because no piped supplies are available in their homes; it can represent 5–10% of their income);
- access to toilets (many urban poor have no toilet in their home and have to use public pay-to-use facilities or if they cannot afford these, they defecate into plastic bags or waste paper that are thrown away—the so called “wrap and throw” or “flying toilets” common in many cities);
- health care (large sections of the urban poor have no access to public health care and so have to pay to use private health care or go without and use unlicensed pharmacies to purchase medicines and get medical advice);
- keeping children at school (even if the school is free, there are often costs for uniforms, exam fees, school books, meals and transport that households struggle to afford. In many nations, large sections of the urban poor have to send their children to private schools because they cannot get into government schools; these may be very poor quality but they are still difficult for low-income households to afford);
- transport (many low-income households move to informal settlements on the urban periphery, because accommodation is cheaper here or because they were pushed out of a more central site but living here can mean transport costs to and from work and services take up 10–15% of household income).

\textsuperscript{131} The main exceptions are in Latin America where some governments collected data on individuals or households with “unsatisfied basic needs” such as poor quality housing and inadequate provision for water and sanitation.
\textsuperscript{132} Official statistics suggested three different figures in 1997: hardcore poverty 7.6%; food poverty 38.3%; absolute poverty 49%.
\textsuperscript{134} The PRSP of the Democratic Republic of the Congo also calculate differential non—food expenditures in urban and rural areas and concludes that the poverty line should be set at 31,195 CGF in urban areas and 14,900 CGF in rural areas per person per year.
Some poverty lines make no provision at all for the cost of these non-food necessities—so they greatly under-estimate the scale of urban poverty.

9. The obvious point is that non-food needs are expensive in larger and more successful cities and if no allowance is made for this in setting poverty lines, poverty in such cities will be greatly under-counted. In a recent Poverty Reduction Strategy Paper in Liberia, the text elaborates the differences in perception between citizens in urban and rural areas when it reports on the results of a participatory exercise to understand the ways in which citizens perceive poverty. The rural population perceived poverty as a lack of material objects, roads, market access, social structures and services, employment, housing, food and a large family size. In urban areas, people associate poverty with unemployment, low income, high costs for medicine and education and limited market access and sanitation.

10. Because it is difficult to gather data on the cost of non-food necessities (and to define a “minimum” set of necessities), many poverty lines are based on a multiple of the cost of a minimum food basket. But poverty lines may be just 1.15 times the cost of the food basket—or three times the cost of the food basket. Obviously, the scale of poverty is much influenced by which multiple is chosen. For most cities, a realistic poverty line would be at least two to three times the cost of the minimum food basket, because so many non-food necessities have to be paid for and are expensive—but most poverty-lines in Africa and Asia have much less allowance for non-food necessities than this.

11. Set a poverty line based only on the cost of food and apply it in a city—and in most cities, the scale of poverty will not seem serious. But look in this same city at the proportion of people living in very poor quality accommodation lacking provision for basic services and struggling to afford sufficient food (because these other items have to be paid for) and poverty can affect half or more of the whole city’s population. This is not to say that measuring poverty by setting a poverty line is wrong; what is wrong is setting poverty lines not based on an accurate assessment of the income needed for non-food necessities as well as for food.

The under-estimation of urban poverty

12. One paper published in 2003 suggested that there was little urban poverty in most African nations—and that only 1.2% of Kenya’s urban population, 2.3% of Zimbabwe’s urban population and 0.9% of Senegal’s urban population were poor in the mid—or late 1990s. A 2007 World Bank paper using the dollar a day poverty line suggested that less than 1% of the urban population of China, the Middle East and North Africa and East Europe and Central Asia are poor and that overall, 87% of the urban population in developing countries were not poor. Official statistics for cities such as Cairo and Pune (a successful city in India with three million inhabitants) suggest that only 1–2% of their population is poor. If these figures are accurate, clearly, addressing urban poverty is not a priority. But, if between one-third and one-half of most of these nations’ urban populations or these cities’ populations are facing serious deprivations (which is actually the case) and most of the growth in poverty is taking place in urban areas (which may be the case), the needs of the urban poor deserve far more attention. One particular worry here is how much the US$1 per person per day poverty line under-estimates urban poverty because this is one of the main indicators used to monitor poverty levels for the Millennium Development Goals. Incidentally, how can Cairo and Pune have such low levels of poverty when 30–40% of their populations live in illegal settlements lacking adequate provision for basic infrastructure and services.

13. Other reasons for the under-estimation of urban poverty include:

— The lack of attention to aspects of deprivation other than inadequate income, including inadequate, overcrowded and insecure housing, inadequate provision for water, sanitation, health care, emergency services and schools, vulnerability to stresses and shocks, and lack of the rule of law and respect for civil and political rights.

— The lack of knowledge of local contexts by those who define and measure poverty, in part reinforced by the lack of local data on living conditions and basic service provision. This often leads to poverty measures and hence urban poverty statistics that bear no relation to conditions on the ground.

135 Sahn and Stifel 2003, see note 7.
138 UN statistics on urban change suggest that virtually all the increases in population in low—and middle-income nations will be in urban areas over the next 25–30 years.
The many immediate and underlying causes of urban poverty

14. If poverty is defined and measured based only on people’s income or consumption, it may bias poverty reduction measures towards those that seek to increase incomes or consumption, obscuring the many poverty-reducing measures that can address other aspects of poverty. Eight different aspects of urban poverty are worth highlighting because this also highlights eight different areas in which poverty reduction may be appropriate:

(a) **Inadequate and often unstable income** (and thus inadequate consumption of necessities, including food and, often, safe and sufficient water; often, problems of indebtedness, with debt repayments significantly reducing income available for necessities) and/or incapacity to afford rising prices for necessities (food, water, rent, transport, access to toilets, school fees,...). The absolute dependence on the labour market to secure the income needed for survival may encourage households to have working children.

(b) **Inadequate, unstable or risky asset bases** (including educational attainment and housing) for individuals, households or communities, including those assets that help low-income groups cope with fluctuating prices or incomes.

(c) **Poor quality and often insecure, hazardous and overcrowded housing.**

(d) **Inadequate provision of “public” infrastructure** (piped water, sanitation, drainage, roads, footpaths, etc.), which increases the health burden and often the work burden.

(e) **Inadequate provision of basic services** such as day care/schools/vocational training, health care, emergency services, public transport, law enforcement.

(f) **Limited or no safety net** to ensure basic consumption can be maintained when income falls; also to ensure access to housing, health care and other necessities when these can no longer be paid for (or fully paid for).

(g) **Inadequate protection of poorer groups’ rights** through the operation of the law: including laws, regulations and procedures regarding civil and political rights, occupational health and safety, pollution control, environmental health, protection from violence and other crimes, protection from discrimination and exploitation.

(h) **Poorer groups’ voicelessness and powerlessness** within political systems and bureaucratic structures, leading to little or no possibility of receiving entitlements to goods and services; of organizing, making demands and getting a fair response. Also, little possibility of receiving support for developing their own initiatives and no means of ensuring accountability from aid agencies, NGOs, public agencies and private utilities, and of being able to participate in the definition and implementation of urban poverty reduction programmes.

15. It may be difficult for those who define and use poverty lines to accept this broader view of urban poverty, and it is difficult to incorporate many of the above aspects into quantitative measurements of poverty. But there are many examples of government, NGO or community-driven programmes that show it is important to describe the poverty situation in this way because of the following:

16. It helps shift official perceptions of “poor people” from being seen as “consumers” or “objects” of government policy to being seen as citizens with rights and legitimate demands who also have resources and capabilities that can contribute much to more effective poverty reduction programmes. It also implies a greater engagement with the groups facing deprivation.

17. It provides more entry points for poverty reduction and makes explicit the contributions that a much wider group of governmental, private sector, non-governmental and community-based organizations can make to poverty reduction. This includes integrating measures to improve housing conditions and associated infrastructure and services into poverty reduction, and understanding the multiple linkages between these and addressing other aspects of poverty.

18. It highlights the importance of aspects other than income. Many case studies show how the deprivations associated with low income were much reduced without increasing incomes, through increasing assets or safety nets or improving housing conditions and basic services, or through political changes that allowed low-income groups to negotiate more support (or less harassment). Governments generally have relatively little scope to directly increase poorer groups’ incomes, but have much more scope to address the other aspects of poverty noted above.

19. It recognizes the multiple roles that housing and neighbourhoods can have in urban poverty—and in poverty reduction. Housing in urban contexts generally has more influence on the incomes, asset bases, livelihoods, vulnerability and quality of life (and health) of low-income groups than external poverty reduction specialists recognize. Housing not only provides accommodation but is also:

- a location for getting to and from income-earning sources or possibilities and services;
- often a significant cost in individual or household budgets (so reducing this cost can mean more income available that can be spent on other necessities);
- for many, an important source of income (as a location where income-earning activities take place, especially for women, or where income is earned by renting out space);
the primary defence against most environmental health risks (which are more serious in urban contexts than in rural contexts if there is no provision for water, sanitation and drainage, because of the larger and denser concentration of people and their wastes).

— a valuable asset, for those low-income households who are “owner-occupiers” (even if this is in an illegal sub-division or squatter settlement where this ownership is not officially recognized);

— (for many low-income groups) the place where social networks are built that have great importance for households in helping them avoid poverty or cope with shocks and stresses.

20. Safer and more secure housing also provides households with more protection against the loss of their household assets from theft, accidental fires, extreme weather and disasters such as floods, landslides or earthquakes; it is almost always the poorer groups in urban areas that bear most of the costs from disasters.

21. One important aspect of poverty for large sections of the urban population with low incomes is the insecurity of their accommodation, either because they are tenants (and have little legal protection from instant eviction or from other unfair practices by landlords) or because they live in illegal settlements (with little if any security or protection against bulldozing). Forced evictions where informal settlements are bulldozed remain common, especially in Asia and Africa.

22. It may be assumed that higher incomes are the best way to help low-income households buy, build or rent better quality, safer, more secure housing. But there are often more possibilities for achieving this by making housing cheaper—for instance, through addressing the many constraints that unnecessarily increase the cost and reduce the supply of housing and of inputs into housing (land, materials, credit, infrastructure…). There are often many untapped resources that can help low-income households get better quality accommodation without increasing their incomes—especially through providing them with access to unused or under-utilized land on which they can organize the construction of housing, and to negotiate with local government to secure access to services.

23. There can be powerful complementarities between different actions to reduce poverty—for instance, as improved basic service provision improves health, reduces fatigue (for instance, water piped into the home replacing a long trek to fetch and carry water from a standpipe) and increases real income (for instance, from less time off work from being ill or injured and lower medical costs).

24. Acting on the other aspects of poverty often increases incomes for poorer groups. Better quality housing and basic infrastructure and services can increase poor households’ incomes. This may seem counter-intuitive, but better housing, infrastructure and services can increase real incomes through:

— enhancing income-earning opportunities for home enterprises (the scope and scale of which is often much improved by more space, electricity and better water supply and sanitation);

— expanded housing, allowing one or more room to be rented out;

— a good quality piped water supply that not only greatly improves the quality and quantity of water available to the household but, in many low-income settlements, also reduces the daily or weekly bill for water (which, for low-income households, often translates directly into increased food intake); and

— greatly reducing the loss of income from income earners having to take time off because they are sick or injured or because they are nursing other sick family members or because of the costs of medicines and treatment.

25. The importance of local resources and space for urban poor groups’ own initiatives. Many of the more successful poverty reduction programmes have been achieved through urban poor groups successfully negotiating resources and/or room for autonomous action and/or a halt to previous harassment from local authorities—often with little or no foreign funding involved.\(^{140}\) If this is generally true, this greatly widens the scope of local actions that can help reduce poverty.

26. Where the poor’s capacity to pay for improved services and for safer housing is limited, their capacity to negotiate with local authorities for less harassment (eg remove the threat of eviction for an illegal settlement) and very modest resources (eg the loan of equipment to help dig or clear drainage ditches, a weekly collection of solid waste…) can bring considerable benefits at very low cost.

27. The need for long-term support from governments and international agencies for “good” local governance in urban centres. In many urban centres, provision for urban infrastructure and services is so limited and the capacity to expand it so weak that many of those with “above poverty line” incomes, including even middle-income groups, cannot find housing with adequate provision for water and sanitation and for protection against natural disasters. “Good” local governance has importance not only for what it can contribute to poverty reduction but also for what it stops local governments from doing that increases poverty (for instance, programmes to bulldoze informal settlements and forced “resettlement” programmes that cause, exacerbate or deepen poverty).

New actors; the organizations and federations formed by the urban poor

28. In over 20 nations, federations formed by the urban poor (slum and shack dwellers and the homeless) have become important actors in development, working not only at community level but also at the level of cities and nations. These are federations of community-based savings groups, mostly formed and managed by women slum and shack dwellers. These savings groups and the larger federations they form undertake many initiatives—upgrading homes or building new houses and community facilities (for instance community-toilets with washing facilities). In many nations, these federations’ initiatives reach thousands of households; in some, tens of thousands (see Table 3).

Table 3
EXAMPLES OF THE SCALE OF THE SAVINGS AND WORK PROGRAMMES OF SOME OF THE URBAN POOR FEDERATIONS

<table>
<thead>
<tr>
<th></th>
<th>Number of settlements where there is a process(a)</th>
<th>Active savers(b)</th>
<th>Savings(c)</th>
<th>Houses built (number of families)</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIA</td>
<td>1986</td>
<td>5,000</td>
<td>US$ 1.2 million</td>
<td>6,000(c)</td>
</tr>
<tr>
<td>SOUTH AFRICA</td>
<td>1991</td>
<td>750</td>
<td>US$ 1.2 million</td>
<td>15,800</td>
</tr>
<tr>
<td>THAILAND</td>
<td>1992</td>
<td>42,700</td>
<td>US$ 206 million</td>
<td>40,000</td>
</tr>
<tr>
<td>NAMIBIA</td>
<td>1992</td>
<td>60</td>
<td>US$ 0.6 million</td>
<td>1,200</td>
</tr>
<tr>
<td>CAMBODIA</td>
<td>1993</td>
<td>288</td>
<td>US$ 145,000</td>
<td>3,300</td>
</tr>
<tr>
<td>PHILIPPINES</td>
<td>1994</td>
<td>148</td>
<td>US$ 631,830</td>
<td>13,388</td>
</tr>
<tr>
<td>ZIMBABWE</td>
<td>1995</td>
<td>62</td>
<td>45,000</td>
<td>n.a</td>
</tr>
<tr>
<td>NEPAL</td>
<td>1998</td>
<td>396</td>
<td>US$ 173,402</td>
<td>50</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>1998</td>
<td>130</td>
<td>US$ 29,469</td>
<td>100</td>
</tr>
<tr>
<td>COLOMBIA</td>
<td>1999</td>
<td>1</td>
<td>US$ 10,000</td>
<td>1</td>
</tr>
<tr>
<td>KENYA</td>
<td>2000</td>
<td>50</td>
<td>US$ 50,000</td>
<td>110</td>
</tr>
<tr>
<td>ZAMBIA</td>
<td>2002</td>
<td>45</td>
<td>US$ 18,000</td>
<td>–</td>
</tr>
<tr>
<td>GHANA</td>
<td>2003</td>
<td>15</td>
<td>12,000</td>
<td>–</td>
</tr>
<tr>
<td>UGANDA</td>
<td>2003</td>
<td>4</td>
<td>500</td>
<td>US$ 2,000</td>
</tr>
<tr>
<td>MALAWI</td>
<td>2004</td>
<td>100</td>
<td>US$ 50,000</td>
<td>660</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>2005</td>
<td>5</td>
<td>100</td>
<td>US$ 4,000</td>
</tr>
<tr>
<td>TANZANIA</td>
<td>2004</td>
<td>16</td>
<td>1,000</td>
<td>US$ 2,000</td>
</tr>
</tbody>
</table>

(a) The year in which significant savings scheme activity began and, in some instances, this precedes the year when the federation was established.
(b) This is the most meaningful measure of the scale of each federation—the number of settlements where grassroots activities are taking place to build collective capacity and catalyze grassroots-led development.
(c) The second indicator of scale, the number of people who save regularly
(d) Local currency values converted to US dollars.
(e) A further 30,000 households in India have got new housing not constructed by the federations there

29. But these initiatives are not autonomous of the state because the federations intend these to show governments and international agencies what they are capable of. They also offer governments and international agencies partnerships in expanding the scale and scope of these initiatives. Many federations have worked with local governments to undertake city wide surveys of informal settlements with enumerations and mapping for such settlements to provide the information base for upgrading. Most have demonstrated their capacity to build houses that are cheaper and better quality than those built by contractors. Many of the federations of the urban poor have developed successful partnerships with local governments and some have successful partnerships with national governments—for instance in South Africa, India, Thailand and Malawi. The growing number of these national federations and the increasing scale and scope of their work programmes have generated a growing interest among professionals and international agencies in the role of urban poor’s own organizations in urban poverty reduction—in part because of the limitations in conventional, state-managed, professionally directed initiatives (whether or not funded by international donors). Many federations have set up their own Urban Poor Fund through which external support can be channelled and careful records provided to funders as to how the funding is managed.

30. These federations have formed their own umbrella organization, Slum/Shack Dwellers International (SDI), that the federations manage with the support of the local NGOs that work with them. This provides the federations with a collective voice in their relations with international agencies. It also supports

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143 http://www.sdinet.co.za/
the many community-exchange visits between the federations (as they learn from each other’s work) and the visits of federation members to other nations where urban poor groups have shown interest in their work and methods. Some international funders have made funding available to SDI which is then managed by SDI’s board, on which representatives of the federations sit.  

Written evidence submitted by Luanda Urban Poverty Programme partner agencies: One World Action, Development Workshop, CARE Angola and Save the Children in Angola

EXECUTIVE SUMMARY

1. New approaches are being developed for working in a difficult urban environment such as Luanda, Angola. These can provide an important contribution to the development of more inclusive urban development, including in post-conflict situations, and in developing knowledge of how to work in such contexts.

2. At the heart of urban poverty are the issues of social and economic exclusion. Key in responding to these is the strengthening of inclusive democratic governance both in urban, municipal political structures and in service delivery.

3. Social exclusion, especially of women, is a major contributing factor to urban poverty. Women, men and children experience social exclusion when they are discriminated against based on their gender, ethnicity, race, caste, religion, language, sexual orientation, age, disability, HIV status, migrant status, where they live or combinations of these. This discrimination also exists within public institutions and services and legal systems, keeping people in poverty and excluded from decision-making processes that affect their lives.

4. Social inclusion occurs when we work with the most socially excluded and marginalised groups across the world so that they can engage with and transform the institutions and processes that discriminate against them.

5. Based on the experience of working with some of the most excluded women and men in Angola, we conclude that unless those who have been traditionally excluded from urban decision-making processes are included, decisions will discriminate against them and ignore their needs.

6. Enabling and supporting women and other excluded and marginalised groups to participate effectively in formal and informal urban governance and justice systems and helping establish an understanding of citizenship, improves and increases the state’s responsibility towards its citizens and the responsibility of citizens to the state. People from the most excluded groups will then be able to hold their municipal and national governments to account, to ensure their needs and interests are addressed and their human rights respected.

7. The DFID-funded Luanda Urban Poverty Programme (LUPP) fits into this category. The current phase of LUPP started in October 2007 and runs until September 2010, building on experiences since 1999.

8. To ensure that urban poverty is reduced in a sustainable way, the capacity of citizens to demand their rights to basic services and to dialogue with local authorities needs to be strengthened. The LUPP is enabling active citizens and their organisations to begin to participate in planning processes for local services and local authorities provided with technical and managerial support to create the conditions for effective service delivery. LUPP is achieving real impact both in terms of policy influencing as well as in making a difference at a practical level in the lives of poor women, children and men. LUPP is making a difference to building more accountable local governance in a very difficult urban environment.

9. LUPP has opened spaces for state/citizen engagement and has provided exposure at different levels to participatory approaches to urban development. This is providing the foundations for accountability mechanisms to emerge. To date the LUPP has been a successful initiative in the urban context of a post-conflict, fragile state. It has stressed the need to strengthen urban governance at all levels to ensure that all Angolans benefit from the growing economy. This focus echoes the conclusions of the Commission for Africa and much of DFID’s recent analysis—even with economic growth and peace, poverty will not be reduced without inclusive democratic governance.

Full submission by the Luanda Urban Poverty Programme partners, One World Action, Development Workshop Angola, CARE Angola, Save the Children in Angola to the International Development Committee

10. New approaches are being developed for working in a difficult urban environment such as Luanda, Angola. These can provide an important contribution to the development of more inclusive urban development, including in post-conflict situations and in developing knowledge of how to work in such contexts.

11. At the heart of much urban poverty are the issues of social and economic exclusion. Key in responding to these is the strengthening of inclusive democratic governance both in urban, municipal political structures and in service delivery. Poverty and vulnerability can lead to a scramble for resources as part of survival strategies.

12. Social exclusion, especially of women, is a major contributing factor to urban poverty. Women, men and children experience social exclusion when they are discriminated against based on their gender, ethnicity, race, caste, religion, language, sexual orientation, age, disability, HIV status, migrant status, where they live or combinations of these. This discrimination also exists within public institutions, legal systems and public services and keeps people in poverty and excluded from decision-making processes that affect their lives.

13. Social inclusion occurs when we work with the most socially excluded and marginalised groups across the world so that they can engage with and transform the institutions and processes that discriminate against them.

14. Promoting inclusive urban development is a key theme for all agencies and can provide an engaging link to many people’s experiences in different countries.

15. Based on the experience of Luanda and Angola we conclude that unless those who have been traditionally excluded from urban decision-making processes are included, decisions will continue to discriminate against them and ignore their needs.

16. We know from experience that enabling and supporting women and other excluded and marginalised groups to participate effectively in formal and informal urban governance and justice systems and helping establish an understanding of citizenship, improves and increases the state’s responsibility towards its citizens and the responsibility of citizens to the state. People from the most excluded groups will then be able to hold their municipal and national governments to account, to ensure their needs and interests are addressed and their human rights respected.

17. Thus while we welcome the emphasis on the capacity of States, we would like to stress that the urban level should not be neglected. We believe that it is possible for bilateral donors and international organisations, in partnership with others, to work at the urban level in a way that:

(i) recognises the centrality of developing services sensitive to gender, age, disability and HIV/AIDS
(ii) reduces material, social and human vulnerability
(iii) increases knowledge about a society, in particular about the strengths and weaknesses of its institutions and conflict risks
(iv) builds State capacity from the bottom by developing the capacity of urban/municipal institutions,
(v) helps to develop the capacity of other urban institutions and builds linkages with State institutions

18. The DFID-funded Luanda Urban Poverty Programme fits into this category. The Luanda Urban Poverty Programme (LUPP) has been ongoing since 1999, implemented by four international NGOs—CARE International, Development Workshop (DW), Save the Children UK and One World Action. It is supported by the Department for International Development. The current phase, Building Influence, Strengthening Governance, started in October 2007 and runs until September 2010. LUPP is implemented in four of nine municipalities in Luanda.

19. The Luanda Urban Poverty Programme very much welcomes the opportunity to contribute to the International Development Committee’s inquiry on “Urbanisation and Poverty”. We will base our comments and recommendations on the experience of our work in Angola, which is a country emerging from more than 40 years of conflict.

20. The Luanda Urban Poverty Programme has become an important example of a peacebuilding and post-conflict reconstruction programme which has its roots in work established during the conflict in the urban context of Angola’s capital city, Luanda. We present this initiative to the International Development Committee as a successful intervention in addressing urban poverty, initially in the context of a fragile state.

21. To ensure that urban poverty is reduced in a sustainable way, the capacity of citizens to demand their rights to basic services and to dialogue with local authorities needs to be strengthened. Active citizens need to be supported to participate in planning processes for local services and local authorities provided with technical and managerial support to create the conditions for effective service delivery. In short, there must be a focus on the interface of effective state institutions with active citizenship.
LUPP is achieving real impact both in terms of policy influencing as well as making a difference at a practical level in the lives of poor women, children and men. LUPP is contributing to making a difference to building more accountable local governance in a very difficult environment.

The capacity of active citizen’s organisations needs to grow to articulate demands for urban poverty reduction and to enhance dialogue and engagement with local government. Urban poverty reduction cannot be achieved without significant changes in the profound inequalities that exist in Angola by including in the many groups that are currently socially, politically and economically excluded.

Implementation of the decentralisation process and inclusion of key Millennium Development Goals (ie health and education) in the Government of Angola’s own programmes provide great opportunities and entry points to continue to promote pro-poor policies and good governance in Angola. The Government of Angola’s own plan to reduce poverty will require a great deal of drive and commitment and the allocation of funds at the lower administrative levels. Most importantly it requires active citizens to be organised, able to articulate demands and to plan and dialogue with local government. It is essential that countries which benefit from Angola’s oil wealth also invest in more effective systems to ensure that economic growth is inclusive and narrows the increasing gap between rich and poor.

LUPP partners work in collaboration with the Government of Angola to support the government to meet its declared goal of halving poverty levels by 2015. The programme is implemented in partnership with civil society organisations, NGOs, service providers and government departments/ministries. LUPP engages to promote pro-poor policies, especially in seeking to guarantee the provision of basic services to Angolan citizens.

The Luanda Urban Poverty Programme has pioneered pro-poor policies and best practices for Angola for post-conflict poverty reduction in urban Luanda. LUPP responded to the massive migration of war affected populations who fled to the relative safe-haven of Luanda to settle in the unserviced peri-urban mucusseaux and in the margins of the city. Luanda’s population has swelled ten-fold in the past 34 years, from half a million at independence in 1975, to over five million today. Working within an environment of chronic crisis conditions, LUPP has demonstrated and promoted sustainable, inclusive and replicable strategies (models, messages and approaches) for basic service delivery, livelihood support and effective poverty reduction.

LUPP’s core approach is to develop and demonstrate urban governance good-practice and to use these models to advocate for inclusive government policies, practice and service delivery that benefit the poor in urban areas. LUPP has been working with local administrations in four municipalities in Luanda to build their capacity to engage, dialogue and plan with citizens, and in this way, address the priority needs identified by communities. At the same time LUPP has worked with often fractured post-war communities to build their capacity to engage with local administrations in order to discuss their needs and work together to try and identify and implement solutions for them. Dialogue has taken place in a range of emerging spaces for engagement and dialogue. In this way, some of the priority needs of communities in Luanda have been addressed such as access to water and sanitation, electricity and the construction of schools. Community relationships with the police have improved. The municipal level activities have been complemented by an influencing strategy at Municipal, Provincial and National levels. Municipal Forums piloted by LUPP have been replicated and adapted all over the country through the Government’s new decentralisation programme.

LUPP’s three key areas of work are:

1. Municipal support for urban poverty reduction: Municipal institutions support the reduction of urban poverty through more participatory, accountable, rights-based and transparent governance

2. National and Provincial Policy Engagement: National and provincial policies and plans have a greater urban poverty focus, and enable the scaling up of good practice models.

3. Advocacy, Network Building and Spaces for Dialogue: An active network on urban poverty established and supported to engage effectively on urban policy issues with government authorities. This is founded on enabling marginalised citizens to have a voice in key decisions that affect their lives and livelihoods.

Achievements of LUPP to Date

The Luanda Urban Poverty Programme began in 1999, shortly after the outbreak of the final phase of conflict. Its goal was to reduce poverty in Luanda. Phase two of LUPP started in 2002, after the signing of the accords that brought an end to the civil-war, and focused on post-conflict recovery and planting the seeds for local-level democracy. The current phase (2007–10) began as the first national peace time elections were announced for September 2008. LUPP has made real strides over the past ten years around key issues, especially urban governance. The Programme has brought together methodologies and approaches in microfinance, water and sanitation, business development services, participatory urban governance and early childhood development that have become models for the Government of Angola and non government and private sector actors and are being replicated in Luanda and beyond. LUPP has received core support since 1999 from the UK’s Department of International Development (DFID) who have recognised LUPP as one of the most successful urban projects and one working in an extremely challenging environment.
LUPP's model for early childhood development that centred on community-managed crèches has proved successful for 1,600 residents and four markets that has influenced Luanda's waste collection strategy. Finally, and this is also being scaled up with European Union support. LUPP developed a solid waste collection service for 1,600 residents and four markets that has influenced Luanda’s waste collection strategy. Finally, LUPP’s model for early childhood development that centred on community-managed crèches has proved so successful that it has been adopted for a government programme implemented in 11 provinces.

LUPP has played a role in putting urban poverty high on the public policy agenda. As a result of LUPP advocacy and proactive engagement, the Government of Angola has established a National Urban Forum. LUPP’s experiences feed into national policy through the National Urban Forum, for which it provides a secretariat to the Ministry of Urbanism and Environment. The National Urban Forum provides a meeting space for policy discussion and debate between senior government members, municipal administration, local community members and NGOs. Issues such as land rights, participatory planning and citizen engagement in urban governance have been the focus of recent Forums.

LUPP has achieved real impact both in terms of policy influencing at a strategic level as well as making a difference at a practical level in the lives of poor women, children and men. LUPP has a proven track record of making a difference to more accountable local governance.

LUPP has gained the credibility of government partners through its continued and long-term engagement and its ability to demonstrate pro-poor and inclusive approaches:

- Government partners at all levels are now raising urban poverty in open forums. With LUPP’s constant and proactive engagement, the awareness and depth of understanding within government of urban poverty reduction is increasing. It takes time. Engagement requires credibility and trust, which the LUPP partners have now gained.

- Policy makers and practitioners are listening. LUPP is seen to have expertise to share with legitimacy demonstrated from working in the peri-urban areas/musseques with poor women, children and men.

- Government agencies at all levels are opening up for information, demonstration and lesson learning from the LUPP models and approaches – for policy debate, development of legal frameworks, supporting state citizen dialogue, and for service provision. There is growing demand for best practice principles and operational guidelines to support quality replication and scaling up both by government and other donors including selecting LUPP’s Municipal Development Forum as a pilot for decentralisation.

- LUPP has opened spaces for state-citizen engagement and has provided exposure at different levels to participatory approaches to development. This is providing an environment for debate and collaboration and is laying the foundations for accountability mechanisms to emerge. At the same time it is creating opportunities to change existing power relations and the formal and informal rules of the game. In some cases local government is listening and taking action based on concerns raised.

- LUPP’s development of best practice, community-managed approaches to basic service provision and livelihood support is providing practical solutions for poverty reduction and is having a real impact at the household and community level.

- LUPP is empowering ordinary people. It has been successful in building up alliances and networks from the various community based organisations. These are leading to increased participation and giving voice to poor people so that they can start to claim their rights. This is evidence of increased confidence, rights awareness and information sharing and working to find solutions independently from LUPP.

**Specific Achievements**

34. **Micro finance** LUPP was the first programme to develop and test micro-finance models in Angola. Through its direct work in micro-finance, the Programme has gained the credibility to successfully influence the Government of Angola, the National Bank of Angola and private businesses by demonstrating that micro-finance for the poor is an effective model and can be financially sustainable. On the level of influencing the policy and practice of others, LUPP has:

(i) Provided technical input in the drafting of new legislation on financial institutions to ensure that there is a provision for micro finance.
(ii) Provided the drive, technical and financial support to establish RASME (Angolan Micro Enterprise Network). This level of external influencing was made possible by LUPP’s groundbreaking work in micro finance and business development. LUPP established micro credit and savings solidarity groups and to make these interventions sustainable, LUPP has established an independent micro finance institution, called KixiCredito which has made loans valued at US$ 15 million last year to over thirteen thousand mainly women owned micro-businesses. KixiCredito is currently developing a housing micro-finance product.

35. Business Development Services LUPP has supported the creation of an independent Business Development Service that is now 100% sustainable. LUPP began by training trainers and the best of these have subsequently established an independent demand-driven private business providing business development training to poor clients at a cost of $25 per client.

36. Cooperatives for the extremely poor As an approach to reduce poverty among the extremely poor, LUPP has piloted consumer cooperatives, aimed at reducing the cost of basic products to poor families by bulk buying. There are now seven Consumer Cooperatives, each of which is 100% sustainable. Families report having increased the number of meals from two to three a day and using savings to support children attending school and accessing health care.

37. Water and sanitation LUPP has established and tested approaches and methodologies to water and latrine supply as well as solid waste disposal with a focus on the peri-urban areas, which are difficult to access. The greatest achievements have been to shift thinking within Provincial Government, Municipal Authorities and the water supply company, EPAL, towards community managed systems with significant involvement of citizen’s organisations (water committees and Area Development Organisations). Influencing achievements in water and sanitation have been possible because of many years of working in this sector through LUPP and through Development Workshop’s work prior to LUPP. In practical terms, LUPP’s outputs have been able to demonstrate real impact on the lives of poor citizens. Stand posts have increased the water supply per capita by more than double in those areas and illnesses associated with the quality of water have fallen. Importantly, the cost of water is three times lower than that supplied by private vendors.

38. The Luanda Provincial Government’s water authority EPAL has adapted and replicated the LUPP model with financial support from the European Union to reach over half a million people.

39. In terms of sanitation, 3,500 household latrines have been built during the life of the programme, plus 39 school latrines and two sets of latrines in market places (serving 1,200 vendors and clients), reducing open-air defecation in the project areas and improved environmental hygiene. The programme has demonstrated reductions in illnesses associated with poor hygiene and sanitation. The EU has initiated a programme in 2007 to scale up the LUPP model in Luanda.

40. In terms of solid waste disposal, LUPP has been able to demonstrate a willingness of citizens to pay for services that function effectively. This has influenced the Ministry of Energy and Water’s new cross-subsidy policy. The LUPP experience of establishing SELL as a private sustainable company servicing four market areas and 1,600 residents in Kilamba Kiaxi has been important and the Provincial Government continues to learn from LUPP’s experiences and technical advice; the new Luanda waste removal strategy has been informed by LUPP models. The state sanitation company ELISAL has turned to LUPP for technical advice in dealing with the complex issue of waste management in the inaccessible musseque baíros.

41. Urban governance In urban governance, significant advances have been made in developing approaches and methodologies for citizen/Municipal engagement and dialogue. These are demonstrating that it is possible to develop greater accountability to citizens in local governance while also enhancing the effectiveness of local government. The Kilamba Kiaxi Development Forum model is feeding into discussions of decentralisation. The models are being replicated through the national decentralisation programme lead by the Ministry for Territorial Administration (MAT) and the National Urban Forum chaired by the Ministry of Urbanism and Environment (MINUA).

42. The models can be broken into three areas:

(i) Forums and assemblies that bring together Municipal residents with local administration to plan jointly for municipal development, assess progress and access funding for new projects. A Development Forum was created in Kilamba Kiaxi with a membership of some 500 representatives from all sections of the local community. In a similar mode, a representative Consultative Council has been established in Hoji Ya Henda with the support of LUPP, that meets every quarter to review reports from the local Administrator, service providers, the police and civil society organisations and plan for the next quarter. With LUPP support the Municipal Consultative Council for Sambizanga Municipality has been convened for the first time and through a participatory planning process, developed its first municipal development plan and participatory budget. Using the framework of the newly published Decentralization Law and the Physical Planning Law, a participatory process is being mapped out for municipal development planning.
(ii) Local area associations, NGO consortia, water committees, youth groups, parent committees (créches) and others that provide spaces for inclusive representation and planning from the bottom-up. These feed into planning processes at Comuna and Municipal levels and demand the rapid resolution of problems such as breaks in the supply of water to standpipes and electricity failures.

(iii) Capacity building for local administration and government. This has involved feeding into courses provided by the Institute for Local Administration, providing opportunities for Municipal Administrators from other areas of the country to learn from LUPP’s experience. Support has been provided through LUPP to establish information management capacity inside Municipal Administrations and the Provincial Government, including GIS, maps, and support in monitoring progress against Municipal Plans.

43. Early Childhood Development (ECD) LUPP models for ECD for the poor have been especially important for four reasons:

(i) they provide poor children a “head start”, which has been shown to have a sustainable impact on school success

(ii) they improve children’s protection and health overall as they are no longer spending all day in market areas or are left to their own devices in their neighbourhoods

(iii) they allow women and men the opportunity to work more hours and to concentrate on their businesses, and

(iv) the créches have created employment for over 100 childcare workers. LUPP has allowed for the development of a sustainable community-managed créche model. The model has been adopted by MINARS and the Ministry is providing its own funds to expand community-managed créches into 11 Provinces across the country as well as more intensive support to piloting in three Provinces. Families report improved child health and a chance to begin adapting to education pre-school. They also report impacts on incomes as women can invest more time in productive work.

44. There is evidence of a shift in perceptions on inclusive and accountable governance systems. Municipal Administrations that have participated in local governance programs tend to be more open and engaged with citizens than in other Municipalities. There is growing recognition within Municipal Administrations of the common interests between citizens and governance in resolving problems. Those Administrations that are not yet engaged in participatory processes have been surprised by comments by Provincial Governors in support of this work. By working with Municipal Administrations and the GPL (Luanda Provincial Government) to establish and strengthen participatory approaches to planning and consultation with citizens, LUPP enabled Municipal and Provincial institutions to exercise more inclusive, participatory, accountable, rights-based and transparent governance. In the context of the first national and, in due course, local elections since the end of the war, LUPP has been and is an extremely timely and important initiative for post-conflict Angola.

45. LUPP has become a catalyst of policy change and change of practice in participatory urban planning on the ground, with people insisting on their rights as citizens to speak up on issues of importance to their lives and livelihoods and to influence urban planning and management. LUPP has been successfully laying the foundations for active citizens to become part of shaping their futures at Municipal, Provincial and National level in post-conflict Angola. The purpose of LUPP is to influence equitable, inclusive, pro-poor policies and best practices for Angola for poverty reduction in urban Luanda.

46. The policy influencing agenda is the overarching framework of the programme. LUPP seeks to influence poverty reduction in Luanda by:

— Demonstrating effective, sustainable, inclusive and replicable best practice strategies (models, methods and approaches) for basic service delivery (water, sanitation, rubbish collection, community créches), livelihood support (micro-credit, savings, Business Development Services (BDS) and consumer cooperatives), social capital, governance and poverty reduction more generally which can be effectively replicated in poor urban areas to bring about positive change in the lives of poor urban families;

— Facilitating active learning and understanding on urban poverty issues and policies by key stakeholders and producing strategic information on the lessons, messages and methods emerging from the models and approaches, adapted to demands for policy relevant information;

— Strengthening the commitment and capacity of local authorities and civil society to promote and implement inclusive and participatory local development;

— Promoting greater engagement, inclusion and accountability between government and civil society on urban issues, largely through the creation of spaces in which different actors can come into contact with the lessons, messages and methods, absorb their implications and take forward the work of integrating them into policy and practice.
47. LUPP is achieving real impact both in terms of policy influencing at a strategic level as well as making a difference at a practical level in the lives of poor women, children and men. LUPP has a proven track record of making a difference to building more accountable local governance in a very difficult environment. LUPP is becoming a ground-breaking example of policy influencing in an extremely difficult environment in a fragile state. LUPP has brought together methodologies and approaches in micro finance, water and sanitation, business development services, participatory urban governance and early childhood development that have become models for the Government of Angola, non-government and private sector actors and are being replicated in Luanda and beyond.

48. LUPP has opened spaces for state/citizen engagement and has provided exposure at different levels to participatory approaches to development. This is providing an environment for debate and collaboration and is laying the foundations for accountability mechanisms to emerge. At the same time it is creating opportunities to change existing power relations and the formal and informal rules of the game. In some cases local government is listening and taking action based on concerns raised.

49. LUPP’s development of best practice, community-managed approaches to basic service provision and livelihood support is providing practical solutions for poverty reduction and is having a real impact at the household and community level.

50. LUPP is empowering ordinary people. It is successfully building up alliances and networks from the various community based organisations. These are leading to increased participation and giving voice to poor people so that they can start to claim their rights. There is evidence of increased confidence, rights awareness & information sharing, and working to find solutions independently from LUPP.

51. Notwithstanding the challenging context, LUPP’s experiences over the past ten years have identified entry points that could help to have an impact on reducing poverty as measured by the MDGs. The Campaign Against Poverty is one of the two top goals for the Government of Angola in its medium term plan. However, how the Angolan Government can address poverty is not as clear. LUPP is a goldmine of practical approaches to reducing poverty and fills a gap for the Government of Angola in understanding how to address complex issues of urban poverty. Various levels of government have already shown interest in replicating LUPP approaches.

52. LUPP’s experiences since 1999 have been impressive and in particular in their capacity to bring citizens closer to Municipal authorities for joint planning. The Programme has shown that it is possible, even in the difficult urban environment of a fragile state, to enhance dialogue at the interface between citizens and state. LUPP has had considerable success in helping citizens to organise into representative groups and work together with Municipal Administrations to plan for services. As Municipal Administrations have become more confident about these methodologies, their enthusiasm has grown and LUPP has provided technical support to Municipal Administrations from 17 of the 18 Provinces of the country.

53. The current phase of LUPP is building on existing gains focusing on promoting pro-poor policies and service delivery through active citizenship and more accountable governance. The Programme emphasises creating sustainable capacity within Municipal Administrations and the Provincial Government. At the same time, it will reinforce the capacity of citizens’ organisations to negotiate for their rights to basic services and participation in democratic processes.

54. To date the LUPP has stressed the need to strengthen governance at all levels to ensure that all Angolans benefit from the growing economy. This focus echoes the conclusions of the Commission for Africa and much of DFID’s recent analysis—even with economic growth and peace, poverty will not be reduced without democratic governance.

Memorandum submitted by One World Action

1. At the heart of much urban poverty are the issues of social and economic exclusion. Key in responding to these is the strengthening of inclusive democratic governance both in urban, municipal political structures and in service delivery.

2. Social Exclusion, especially of women, is a major contributing factor to urban poverty. Women, men and children experience social exclusion when they are discriminated against based on their gender, ethnicity, race, caste, religion, language, sexual orientation, age, disability, HIV status, migrant status, where they live or combinations of these. This discrimination also exists within public institutions, legal systems and public services and keeps people in poverty and excluded from decision-making processes that affect their lives.

3. Social inclusion occurs when we work with the most socially excluded and marginalised groups across the world so that they can engage with and transform the institutions and processes that discriminate against them.

4. Promoting inclusive urban development is a key theme for all agencies and can provide an engaging link to many people’s experiences in different countries.
5. Based on the experience of One World Action and our partners work with some of the most excluded women and men in countries in Africa, Asia and Latin America we conclude that unless those who have been traditionally excluded from urban decision-making processes are included, decisions will continue to discriminate against them and ignore their needs.

6. We know from experience that enabling and supporting women and other excluded and marginalised groups to participate effectively in formal and informal urban governance and justice systems and helping establish an understanding of citizenship, improves and increases the state’s responsibility towards its citizens and the responsibility of citizens to the state. People from the most excluded groups will then be able to hold their municipal and national governments to account, to ensure their needs and interests are addressed and their human rights respected.

7. One World Action wishes to concentrate this submission on the impact of the Department for International Development’s work on promoting inclusive democratic urban governance.

8. The British Government is committed to fostering democracy and respect for human rights. Democratic, transparent and accountable government at every level is the corner stone of sustainable and equitable development and progress towards a world in which all women, men and children can enjoy and exercise their full human rights.

9. The Department for International Development policy documents Governance, Development and Democratic Politics (2007) and Reducing poverty by tackling social exclusion (2005) provide a good foundation for the development of more inclusive and so effective programmes addressing poverty and exclusion in the urban context.

10. DFID has a well developed and respected record within the fields of democracy and good governance. However the urban context has remained relatively ignored. Work remains to be done to ensure that adequate resources are allocated towards programmes which strengthen democratic, transparent and accountability urban government at both local and municipal levels, and which support and strengthen civil society organisations. Secondly, much remains to be done to ensure greater consistency between DFID’s work on governance and democracy and work in other areas, particularly social exclusion and working towards gender equality.

**BUILDING ACCOUNTABLE AND RESPONSIVE URBAN GOVERNMENT**

11. A key challenge for the 21st century is the development of new relationships between people and the urban governance institutions which affect their lives. Previously, strengthening civil society and active citizen’s organisations was seen as an alternative to a series of apparently unsuccessful attempts to make governments more responsive. It is increasingly evident that building (or re-building) relationships between citizens and their governments means going beyond “civil society” or “state-centred” approaches. There is a growing commitment to focus on how citizens and their states intersect and engage through new forms of participation, responsiveness and accountability. This active engagement of poor women and men is essential, but changes to administrative structures and procedures, laws and political processes are also required to produce more responsive and accountable governance, especially in the urban context.

12. Fundamental to deepening democracy at every level is the need to transform decision-making and political systems and structures to enable more equitable representation and participation of the poorest women and men. Two parallel and mutually reinforcing changes are necessary: enabling greater numbers of women and members of marginalised groups to be in decision-making positions, and at the same time, transforming the culture, structures, and organisation of decision-making and political life. In this way democracy can be strengthened and become a process for progressive change. Key to these changes is women and men having the right and the opportunity to participate politically.

13. Democracy in the urban context is critical to democracy nationally (and internationally) and to making urban governance work for poor women and men and their communities. We would argue for much greater attention to be paid to building inclusive democratic urban governance capacity at the local level. Local government, if skilled, genuinely democratic and accountable, and sufficiently empowered and resourced, can be a real guarantee of quality service provision to the poorest communities, and lay the foundations for a robust democracy at the national level.

14. A strong civil society and active citizen’s organisations are essential components of democratic decision-making and inclusive urban governance. Southern active citizen’s organisations, trade unions, women’s organisations, human rights organisations, community movements, and the media have important roles to play in ensuring greater consultation and participation on policy decisions, programme design and planning and implementation. DFID should recognise this role in all its development co-operation and allocate significant resources towards building and strengthening citizen’s movements and other active citizen’s organisations working on urban issues in cities and towns.

15. We would argue for significant resources to be allocated towards strengthening inclusive democratic culture at the local level, through support for capacity building in responsive and accountable governance of local government officials and representatives, right to information legislation, and public scrutiny processes.
Democratic Inclusive Urban Governance

16. Democratic inclusive urban governance is fundamental to tackling the crises and challenges of urbanisation and poverty facing our financial systems and democracies. Transparency, accountability and responsiveness are essential to developing democratic inclusive urban governance. Our research shows that when these principles permeate civil society/private sector/state relations, the likelihood of developing robust systems and institutions that are accountable to people are increased.

17. We urge DFID to take forward the commitments and policies outlined in the 2006 White Paper “Making governance work for the poor”. The 2006 document was clear in stating that governance was about “people and their relationships, one with another, more than it is about formal institutions—that the biggest difference to the quality of governance is active involvement by citizens”. This is vital in the urban context too.

18. As a central component of promoting democratic inclusive urban governance, One World Action’s “Just politics agenda for more women in politics” was developed as a set of recommendations aimed at governments, donors and civil society to support women to claim their political rights and to transform political agendas to address the needs and interests of women and men. We believe that women’s full participation in urban political life is the only guarantee that their rights will be protected and upheld. There is growing evidence that women’s greater representation in municipal political bodies makes a difference for women and society at large.

19. The backbone of democratic inclusive urban governance is informed and active citizens and their organisations. DFID’s February 2006 policy document “Civil society and development: how DFID works in partnership with civil society to deliver the MDGs” is a strong statement of purpose on DFID’s engagement with civil society. This document should contribute to strengthening and further developing DFID’s thinking in this area. It should also acknowledge the key role that active citizens and their organisations, especially women’s organisations, play in urban poverty reduction and in establishing and strengthening accountability and building good governance.

Gender Equality and Women’s Empowerment

20. Urban poverty and injustice will never be tackled until women have equal rights. DFID is unambiguous about this and the 2007 policy document “Gender equality at the heart of development” reiterates this commitment. DFID’s focus on educating girls, improving maternal health, fighting HIV/AIDS, investing in women entrepreneurs, addressing violence against women and girls, combating gendered aspects of conflict and security and aspiring to address women’s political representation are all putting women and girls at the heart of development. We welcomed the Gender Equality Action Plan (GEAP) where DFID further elaborated this commitment to gender equality. We were also pleased at the substantial progress that has been made since the implementation of the GEAP. This must be translated into DFID’s support for programmes and initiatives that address urban poverty and exclusion.

Social Exclusion

21. As DFID has recognised, social exclusion keeps people in poverty and is a major cause of why people fall back into poverty. Unless the most excluded and marginalised women, men and children are put at the heart of development, urban poverty elimination will not be achieved. The 2005 DFID policy document “Reducing poverty by tackling social exclusion” reiterates this point by stating that social exclusion matters to DFID because “it causes the poverty of particular people, leading to higher rates of poverty among affected groups and because it reduces the productive capacity—and rate of poverty reduction—of a society as a whole”.

22. DFID needs to ensure that adequate resources are allocated towards urban programmes which strengthen inclusive local and municipal governance democracy, transparency and accountability through:

- changes to administrative structures and procedures, laws and political processes, including processes of public scrutiny; and
- enhance the mobilising, analytical, advocacy and networking capacity of citizens’ movements, women’s organisations, trade unions, and other civil society bodies to contribute to decision making within these structures and procedures.

Written evidence submitted by Geoffrey Payne, Brenda Murphy and Cormac Davey

Reflections on the Session Held on 23 June 2009

Experience and discussions during the IDC session suggest that DFID be encouraged to revise its approach to funding, the development of its urban expertise and the level of priority it attaches to urban issues in order to be able to meaningfully contribute towards the problems of urban poverty. At a time when more than half of the world’s population lives in urban areas and slum populations are projected to increase from under one billion in 2005 to 1.5 billion by 2020 and three billion by 2050 (half of the current total world population), the urbanization of poverty poses a major challenge to national governments and the international community. Whilst UN-HABITAT, Cities Alliance and the World Bank are addressing these issues, there is a need for diversity in the approaches adopted to meet diverse situations.
A primary consideration within DFID in assessing its effectiveness appears to be the degree to which administrative costs are reduced as a proportion of the total aid budget. Whilst the intention that the maximum proportion of funds should benefit those for whom it is intended is honourable, this approach assumes that the key constraint to progress is money, rather than expertise. This is, however, often not the case and relatively small budget projects (often with high administrative costs) have yielded positive value-for-money poverty reduction results. Furthermore, there has been a shift towards allocating funding directly to governments based on Poverty Reduction Strategies (PRSP). Whilst this may seem good in principle, it is uncertain how effective or accountable this approach is in terms of actually reducing poverty. Poverty Reduction Strategies largely fail to adequately address urbanization or urban poverty issues.

Urban development and management is essentially a subject requiring expertise rather than massive funding. In fact, it is because urbanization is such a wealth creating process that it is happening so rapidly. The challenge is to manage the process in ways which enable all sections of the population to benefit, not just well placed minorities. A major reason for DFID’s high reputation in the past is that it possessed and deployed a cadre of competent and committed professionals working with local professionals and agencies to build local capability to address urban related issues. Repeated reorganizations have squandered DFID’s wealth of experience and professional expertise on development during the last ten years, exacerbating the fact that urban related issues have never been a very high priority.

DFID once provided ample opportunities for young professionals to work in this area, yet it now seems intent on reducing still further the very capability that earned DFID its high reputation in the past. As David Satterthwaite stated, DFID would do well to establish a professional cadre both from British and local sources in countries where DFID is active, as a means of increasing the ability to manage urban development in ways which address social, economic and environmental needs. Larry English similarly suggested that each DFID country office should have an urban expert. At present, there is a resurgence of interest among young professionals who want to contribute by building careers in development. DFID would do well to tap into this commitment.

As stated in the session, the constraints to progress in urban development are ultimately about governance and political will, rather than resources or know how. Information on a wide range of innovative policy instruments is available in the public domain. What is needed is a coalition of international, national and local stakeholders to build on what works locally, introducing approaches from other contexts on a selective basis. Again, building support for such approaches requires expertise predominantly, rather than large-scale funding. Indeed in April 2001 DFID produced an excellent urban strategy "Meeting the Challenge of Poverty In Urban Areas". A review and updating of this document would be a good step forward in building up an urban expertise base.

It needs to be recognized that cities in both developed and developing regions are major contributors to greenhouse gas emissions. Investing in urban management is therefore a key consideration in addressing climate change, not a distraction from it. Again, this is where expertise is required more than money.

Rather than allocating a substantial proportion of the aid budget through other donors, such as the UN, World Bank and EU, we urge the committee to recommend that DFID maintain and increase its independent contribution to development. We further urge the committee to recommend that DFID re-evaluates its approach to funding; develops and maintains urban expertise and gives higher priority to urban issues. A Shelter, Land, and Urban Management (SLUM) Assistance Act has just been put forward in the US House of Representatives. The bill aims to make addressing the challenges of slums a higher priority in US foreign aid programmes. DFID would do well to follow a similar step.

**Written evidence submitted by RESULTS UK**

**SUMMARY**

General statistics for health, education and income show that urban areas have an advantage compared with rural areas in terms of social indicators. However, aggregate statistics often hide significant internal differences within cities, masking the extent of urban deprivation. The poor live in informal settlements that are unrecognised by government and underserved by health, education, sanitation and other services.

_How effectively are developing country governments and donors addressing the challenges presented by urban poverty?_

— Vulnerable groups within the urban poor remain severely neglected. They face barriers to accessing services and are often served more efficiently by NGOs and informal systems than by government providers. DFID should encourage partnerships with non-governmental service providers to ensure that the poorest and most vulnerable are reached.

— The majority of funding allocated within urban environments does not target the most disadvantaged areas or groups. Sanitation funding in particular is often spent on upgrading existing networks, serving only formal areas of cities, rather than expanding facilities to informal settlements. A large percentage of health spending is directed to a small number of urban hospitals that do not serve the poorest communities.
The provision of basic services and infrastructure in slums: housing, sanitation, water, health and education.

— Many urban infrastructure projects are not inclusive of informal areas and do not reach the poorest members of urban society.
— It is often extremely difficult for the urban poor to access services, due to: a lack of a permanent address, leading to denial of services; discrimination; lack of infrastructure such as piped water; informal working conditions with long hours; and gender issues.
— Health levels among the urban poor are seriously affected by substandard and overcrowded housing, leading to the rapid spread of disease. In addition, the urban poor often delay seeking healthcare and resort to expensive private providers. Inadequate treatment of infectious disease increases the chance of drug-resistant strains. DFID should continue to invest in research and development of new diagnostics, treatment and vaccines for communicable disease, as well as encourage and facilitate establishment of long-term social protection systems.

Supporting opportunities for employment and livelihoods for the urban poor.
— Creating an environment in which the poor are empowered to work their own way out of poverty is fundamental to tackling the other aspects of urban disadvantage.
— Microfinance is a key tool and DFID should be channelling more resources through it.
— Investment in microfinance should allow it to go beyond credit, creating insurance and savings schemes so that the poor can develop a personal safety net to weather income and outgoing shocks.

The role of property rights in improving the lives of slum dwellers.
— Lack of property rights discourages investment, both from private and public resources, meaning that slum improvements are often difficult and contentious.
— In informal settlements, which house the majority of the urban poor, provision of services is lacking because residents are frequently not recognised by the government as citizens with full rights.
— Where services are available they are often more expensive because infrastructure is less developed, creating a double burden for the poor. Informal settlements are not usually served by piped water, meaning that water must be carried or driven into the settlement for sale, increasing the price, while the lack of accessible public health care forces many slum dwellers to use private healthcare.

Housing

1.1 Improving the living conditions of slum dwellers is a crucial component of global efforts to improve the lives of at least 100 million slum dwellers by 2020. If this is to be achieved on any meaningful scale it is clear that a massive investment will be needed. Central and local governments must assume a great deal of responsibility for making this happen, but they alone cannot meet the challenge. Mobilising private capital and enabling slum dwellers to improve their own housing conditions on a financially sustainable basis is crucial to achieving large scale results and microfinance has a key role to play in achieving this.

1.2 Low income households are not an attractive clientele for most formal sector institutions and it estimated that over half of the population in the world is not served by mainstream housing finance. The urban poor face many challenges in improving their living conditions, with irregular incomes and lack of access to long-term financing presenting perhaps the greatest impediments. This means that the poor either cannot afford to make improvements or are forced to borrow money from informal money lenders who frequently charge exorbitant interest rates leading to a downward spiral of debt and further impoverishment. Such problems are further compounded by a lack of legal rights to slum dwelling which make securing regular mortgages extremely difficult for the urban poor.

1.3 The cost of a typical house in the developing world is on average 10 times more than most annual salaries (compared to 2.5 to six times as much in the developed world). Because of the high costs involved the majority of the world’s poor have to build and improve their homes in stages and on an informal basis. It has been estimated that at least 70 per cent of all new housing is built informally through incremental housing rather than new home construction.

1.4 Housing microfinance schemes offer a proven and effective means of overcoming such problems, providing small, flexible loans to individuals to make improvements to their homes, or to build new low-cost homes on land already owned by the family or provided by a low-income developer. Their greater flexibility also means that microfinance lenders can accept alternative forms of collateral and non-traditional forms of guarantees compared to normal mortgage lenders, removing another barrier traditionally faced by the poor. Furthermore, such schemes have proven to yield high repayment rates making microfinance a sustainable and dependable business venture for those prepared to make such investments.

145 Housing Finance International (December 2006). “Scaling up housing microfinance for slum upgrading”. Solé, Regina Campa.
1.5 Making improvements to slum dwellings has many advantages compared to some resettlement programmes as it improves the quality of housing, infrastructure and services in the slums without splitting-up communities or forcing unnecessary upheaval and disruption compared to other methods such as slum clearance and forced resettlement. If DFID is to support potentially disruptive programmes it is important that they ensure slum dwellers are given the opportunity to input into both the planning and financing of the improvements. DFID should work to strengthen existing microfinance institutions and should work with them to ensure that microfinance for housing is made available to the very poor as well as the relatively better off.

1.6 Any form of forced resettlement should be actively discouraged due to the reasons stated above. However, if handled properly, resettlement can dramatically improve the living standards of slum dwellers by taking them out of informal, unregulated and often dangerous slum areas to new more appropriate and better serviced planned developments.

1.7 The most successful resettlement programmes are those that have significant input from those who will be living in them. Jamii Bora has provides an ideal example of how resettlement programmes can be run with their pioneering new town of Kaputiei in Kenya. This town, consisting of 2,000 homes and 3,000 business spaces as well as new schools has been designed with full participation of its members and is funded entirely through microfinance schemes. Each new house, consisting of two bedrooms, a bathroom, a kitchen and a sitting room costs the same each month as a one-room dwelling just outside the slums. This groundbreaking project shows just what can be achieved with appropriate planning and commitment, and amply demonstrates the enormous possibilities of housing microfinance.

1.8 DFID should learn the lessons provided by such innovative projects and incorporate the successful elements into their own strategies. The best solution, be it resettlement or building on current housing infrastructure will depend on the particular circumstances of different communities. DFID must ensure that strategies are implemented with the input of communities themselves. DFID is also well placed to assist in the dissemination of best practice methods through partner countries and NGOs with whom they work.

SANITATION AND WATER

2.1 Over 1 billion people lack access to safe drinking water, the overwhelming majority of them in developing countries. In addition, latest indications show that some 2.6 billion people, more than 40% of the world’s population, do not have access to basic sanitation. Safe water and sanitation is a vital goal in itself but it is also a prerequisite for achieving other targets. The lack of progress in sanitation is severely hampering progress towards meeting all of the MDGs, most notably in poverty reduction, infant and maternal mortality rates, combating disease and gender parity in education. Water and sanitation are vital for human health, and they are also one of the most cost-effective development investments that can be made; sanitation investments yield a return rate of $9.10 for every $1 invested.

2.2 In urban areas the lack of safe water and sanitation facilities can lead to dire public health situations. For example, in slums such as Matopeni, on the outskirts of Nairobi, many residents who lack access to sanitation facilities resort to using “flying toilets”—plastic bags into which people defecate, then throw away as far as possible. Heaps of tightly-tied polythene bags adorn the roofs the settlement, attracting swarms of flies. Some have burst upon landing, while others clog the drainage system. These conditions lead to high levels of infant mortality and numerous other health issues.

2.3 Despite this, water and sanitation coverage in cities is failing to keep pace with rapid urbanisation in developing countries. The MDG goal on sanitation is the furthest off track of all, and in some areas the number of people who are un-served by improved sanitation is actually growing rather than shrinking. According to the WHO, the world’s urban population increased by 956 million between 1990 and 2006, while the number of new urban users of improved water increased by only 926 million and of improved sanitation by only 779 million.

2.4 Currently rural water and sanitation are further off track for meeting the MDG (for example, according to the Asian Development Bank approximately 26% of countries for which there is data available are off-track on urban water supplies, whereas over 45% are off-track for rural water supplies). However, rapid urban growth, overwhelmingly occurring in informal settlements on the outskirts of cities, which rarely provide basic water and sanitation services even to existing residents, means that urban areas are key for future investment in water and sanitation. The proportion of the world’s population living in informal settlements is huge; although there are serious difficulties in defining “informal settlements”, estimates are that much of the urban population growth expected in coming decades will be in informal settlements. WaterAid report that “urban centres will account for two thirds of the water and sanitation MDG coverage gaps within the next two decades.”

149 WaterAid report that the average under-five mortality rate across eight informal settlements in Nairobi is 35% higher than the national figure, while in some slums it is more than twice the rural figure.
2.5 Multilateral and bilateral assistance for housing and urban infrastructure totals less than $5 billion annually, and less than 20% of this amount is for slum upgrading.\textsuperscript{155} If we look specifically at water and sanitation the picture is even worse: figures for the World Bank’s sanitation lending scheme show that 65% of funds went to formal urban areas between 2000 and 2005, with slums receiving only 6%.\textsuperscript{156} In order to tackle the growing number of slum dwellers without access to improved water sources and sanitation, international donors must refocus their efforts on informal settlements, expanding coverage rather than just upgrading existing infrastructure.

2.6 While currently the largest number of underserved people are in Asia (China alone has more people without improved water sources than the whole of Africa), WaterAid report that “Africa has the highest annual slum growth rate (4.53% per year), more than twice the global average, and is expected to have the largest number of slums by 2020”.\textsuperscript{157} Against this background it is crucial for international donors to reconsider where spending on water and sanitation is directed. Currently aid in this sector is not going to the poorest regions or countries.

2.7 Other levels of aid to water and sanitation also give cause for concern. While aid to some sectors has doubled since the mid-1990s, aid to water and sanitation has reduced slightly. A major investment of ODA is needed: UN-Habitat argue that “Increasing total ODA is a prerequisite for achieving target 11 [of the MDGs, which is improving the lives of 100 million slum dwellers by the year 2020], as is a commitment to channelling a significant proportion to the urban sector”.\textsuperscript{158} Despite this, ODA alone cannot tackle the scale of need in slums, but must also be used to contribute to enabling the mobilisation of domestic capital through tackling the barriers to infrastructure investments in informal settlements.

2.8 Access to clean water in informal settlements is rarely through official piped water supplies, which do not reach the majority of residents. Instead, slum dwellers depend on a huge variety of water sources, from illegal connections tapping into the “official” system, to sharing neighbour’s connections, to buying water from vendors supplying water from private boreholes or transporting water purchased through the official system into the slum area. Price differences often favour the better-off residents of cities, as they have access to cheaper piped water.\textsuperscript{159} Where there is no piped water, “water access tends to be characterized by diversity, inadequacy and high levels of sharing...the urban poor are confronted with lower quality and more expensive water services...However the key concern for the urban poor is not price but access.”\textsuperscript{160} Government and donor-sponsored investment in infrastructure must therefore go beyond improvement of the current piped water supplies, considering the mechanisms that the urban poor currently use to access water and ensuring that interventions are pro-poor, targeting poorer areas and developed in a participatory manner to ensure their appropriateness. If subsidies are to be used, as they are in Bogota, Colombia,\textsuperscript{161} they must be designed in such a way as to ensure they will not be “captured” by the more wealthy.

2.9 One of the major barriers to investment in water and sanitation infrastructure in informal settlements is the lack of security in land tenure. In many cities users can only apply for a connection to the piped water system if they have land security, and sanitation provision is similarly restricted. It is frequently difficult to mobilise resources for investment in water and sanitation infrastructure in informal settlements. Residents are likely to be unwilling to invest their scarce means in infrastructure that could be lost through eviction, while public authorities are often unwilling to be seen to encourage permanent settlement of sites through putting in services. In some cases informal settlements are built on private land, and services cannot be installed without permission from owners, who may be unwilling to give permission or to sell part of the land in order to avoid an impoverished settlement being established near their homes or businesses.\textsuperscript{162}

2.10 Lack of secure tenure can therefore be a major barrier to investment in infrastructure from both private and public sources; however the details of the problem are highly specific to the individual context. If water and sanitation services are to be successfully extended to cover informal settlements, considerable flexibility is needed from all parties, including international donors. Potential solutions to this problem are complex, but should be focused on preventing the threat of forced evictions in order to develop some security for investments and to ensure that the poor remain the beneficiaries of investment programs.\textsuperscript{163}

\textsuperscript{155} World Urban Forum (2004) Dialogue on Urban Resources. This figure is at the optimistic end of the scale—WaterAid report that only 1% of housing and urban development aid goes to slums.

\textsuperscript{156} WaterAid (2008) Turning Slums Around.

\textsuperscript{157} One of the major barriers to investment in water and sanitation infrastructure in informal settlements is the lack of security in land tenure. In many cities users can only apply for a connection to the piped water system if they have land security, and sanitation provision is similarly restricted. It is frequently difficult to mobilise resources for investment in water and sanitation infrastructure in informal settlements. Residents are likely to be unwilling to invest their scarce means in infrastructure that could be lost through eviction, while public authorities are often unwilling to be seen to encourage permanent settlement of sites through putting in services. In some cases informal settlements are built on private land, and services cannot be installed without permission from owners, who may be unwilling to give permission or to sell part of the land in order to avoid an impoverished settlement being established near their homes or businesses.

\textsuperscript{159} Maji na Ufanisi, an NGO working in the slums of Nairobi, report that water purchased from kiosks in the slums is on average three times the price of water obtained through the municipal piped system. See http://www.majiinaufanisi.org/projects/k-watsan.htm IPS News service report that water in Lomas de Manchay, a large slum on the outskirts of Lima, Peru, costs S3.22 per cubic metre, while a few blocks away in Rinc onada del Lago, one of the capital’s richest districts, it costs 45 cents. See http://www.ipsnews.net/news.asp?idnews = 46451

\textsuperscript{160} Society for International Development (2008), Urbanization and Water Briefing Paper.

\textsuperscript{162} We are grateful to James Morrissey of the Department of International Development, Oxford University, for input on the land tenure issue.

\textsuperscript{163} For more detail on possible solutions to the land tenure issue see “Informal Settlements and the Millennium Development Goals: global policy debates on property ownership and security of tenure”, Alain Durand-Lasserre, Global Urban Development Magazine, Volume 2 Issue 1 March 2006, which can be accessed here: http://www.globalurbanban.org/GUDMag06Vol2Iss1/Durand-Lasserre.htm
2.11 We believe that the Department for International Development should, as part of the dramatic increase of aid needed to reach the target of 0.7% of GNI, scale up investment in urban water and sanitation provision in order to tackle the rising numbers of underserved urban residents in the developing world. DFID should also advocate within the World Bank and other International Financial Institutions for increased investment, which must go beyond rehabilitating current infrastructure to ensure that water and sanitation is available to the huge number of urban dwellers living in informal settlements. DFID should work with their partners to tackle the issue of land tenure, ensuring that space is opened up to allow for domestic investment that is genuinely pro-poor and sustainable.

HEALTH CARE

3.1 The highest attainable standard of personal health is an inalienable Human Right, which, despite considerable political rhetoric and financial investment, continues to be out of reach for millions. The Millennium Development Goals aim for universal healthcare by 2015, however in the 15 years since countries pledged to meet MDG targets, 283 million more slum dwellers have joined the global urban population. If health related MDG targets are to be met there need to be significant steps made to meet target 11 of the MDGs, to improve the lives of 100 million slum dwellers by the year 2020.

3.2 Considerable progress can be achieved by strengthening national health systems. International donors must provide long term, predictable funding for a minimum of five years, to enable developing countries to adequately plan for strengthening national health systems to deliver basic services to those most vulnerable. Specific emphasis should be placed on human resources for health with many low-income countries having less than one health worker per 1,000 people against a minimum recommendation of 2.5/1,000. This investment must include not only resourcing for qualified health professionals, but support for community based health workers and non-government and private sector initiatives which reach vulnerable communities in informal urban settings.

3.3 Health system strengthening alone will not meet the needs of the growing number of urban poor, the majority of whom face challenges accessing formal health systems. Reasons for this may include stigma and discrimination amongst the general population, health staff unwillingness to work in slum areas because of safety concerns and denial of treatment at national health providers due to a lack of permanent address. Slum dwellers often turn to private medical practitioners, where they may receive sub-standard or expensive treatment. The urban poor are at a disadvantage in accessing care, yet it is reported they spend the same amount as the non-poor once they seek care, sustaining a considerable financial burden from illness.

National health system strengthening must include initiatives to scale up access to affordable health care for the urban poor. This may include pre-paid financing schemes for good-quality non-state providers and strategies to remove access barriers and user charges for national health services.

3.4 The majority of urban slum dwellers work in the informal sector, excluded from benefits available to formal sector employees such as minimum wages and regulated working conditions. Missing work means a loss of wages and slum dwellers may delay access to healthcare until an illness is acute. Once accessing healthcare, individuals may encounter the same difficulties attending clinics for regular follow up and treatment. International donors must support domestic governments in the implementation of social protection systems which reach the most vulnerable, including workers in the informal sector and women living in urban areas.

3.5 Little is known about the spectrum and burden of disease and morbidity in the informal settlements and urban slums of the world. The lack of such data hampers adequate health care resource allocation and provision of appropriate disease prevention services. DFID’s Research Strategy 2008–13 places an emphasis on knowledge gaps which are stopping progress towards the MDGs. We encourage the International Development Select Committee to call for emphasis within this strategy on assessment of the health burden and determinants of disease morbidity among slum residents at the community level.

3.7 Chronic diseases such as TB are easily spread in urban slums. TB has been on the rise since the 1980s, with much of the spread concentrated in South East Asia and Africa, regions where the share of poor as a proportion of the urban population is highest. Although progress is being made, the disease continues to have a disproportionate effect in urban areas, particularly on those people living with HIV/AIDS. It is clear

164 Universal Declaration of Human Rights (1948) and the Alma-Ata Declaration (1978).
165 In 2007, DFID estimated that 20% of UK aid (£515 million a year) goes to health.
that the growing number of slum dwellers, with inadequate nutrition and as a result weak immune systems, living in overcrowded, unhygienic and unsafe environments with limited access to treatment services, facilitate the transmission of communicable diseases such as TB.

3.8 Delay and inadequate treatment of chronic illnesses amongst slum dwellers may result in further complications, an example of this being the current rise in cases of multi and extensively drug resistant TB (M/XDR-TB). M/XDR-TB pose a serious threat to global health security and severely undermine efforts to implement tuberculosis and HIV/AIDS strategies aimed at reaching MDG targets. More than half a million new cases of M/XDR-TB are estimated to emerge annually as a result of inadequate treatment and subsequent transmission of TB; people living with HIV/AIDS are at particular risk of dying if affected. Drug-resistant TB is a man-made threat that has flourished because of a failure to adequately detect and treat normal TB, particularly within hard to reach urban communities.

3.9 MDR and XDR-TB can be halted but this will require flexible programs focused on community needs. An example of this can be seen in Operation ASHA, a non-profit organisation working in the urban slums in New Delhi. The organisation focused on the specific needs of the urban poor and established treatment centres within the community, located in small shops and huts. The centres are operated by community providers, from the early hours of morning till late in the night meaning that patients can procure medicines at a convenient time, without having to lose wages. In addition, highly trained counsellors from the slums served by the organisation are employed to support patients and address issues of stigma and discrimination. As a consequence of this community focused strategy, Operation ASHA has succeeded in reducing the default rate of TB treatment to virtually zero in the slum, thus halting drug resistant strains of the diseases.

3.10 Non-government organisations play an important role in meeting the health needs of urban poor. Domestic governments often do not have the capacity to regulate or work effectively with the private and non-profit sector and so do not capitalise on the role they play. DFID must provide direct support to governments to scale up and integrate these services in national health strategies.

3.11 International donors must also place greater emphasis on investment in the research and development of new tools and vaccines to prevent and manage communicable diseases such as TB and Multi-drug resistant TB amongst the most vulnerable urban and rural populations. The British government has played a leading role in this to date and must call for other international donors to equally contribute.

3.12 Clearly the physical aspects of urban poverty and slum dwellings (lack of access to clean water, poor sanitation, and poor nutrition) directly affect the health of the population and undermine investments made to improve other poverty indicators. The International Development Select Committee recommended in the report on the DFID Annual Report 2008 that more emphasis is needed on nutrition. Inadequate nutrition among the urban poor is directly linked to issues such as sanitation and water, education, health systems and social protection, gender equity, and the impact on and of diseases such as tuberculosis and HIV/AIDS. It is critical that DFID fully integrate a new nutrition strategy within existing poverty reduction and health care interventions.

3.13 Action for Global Health stress in their most recent report that allocation and delivery of aid must be “designed to achieve universal access to health and to benefit the poorest and most marginalised populations—through strengthening primary healthcare systems and addressing the social determinants of health”. Governments must be supported to build health systems based on equity, disease prevention and health-promotion. Adequate investment is needed in other sectors including water and sanitation, food security and nutrition, education, social protection, infrastructure and the environment to ensure health strategies reach and fully benefit the most vulnerable populations.

Education for Children in Slum Dwellings

4.1 With an increasing percentage of the world’s poor concentrated in urban areas, and many of them living in informal settlements or slum dwellings, the provision of basic services for the urban poor is a growing concern worldwide. General statistics for health, education and income show that urban areas have an advantage compared with rural areas, but often aggregate statistics hide the large internal differences within cities. Within-city data from UN-Habitat show significant educational inequalities between urban residents living in slum and non-slum areas, thereby challenge the perception of a uniform “urban advantage”.

175 Beijing “Call for Action” 2009.
176 27 High-burden countries with M/XDR-TB released a “Call for Action” in April 2009 in response to increasing numbers. They call upon international donors to coordinated actions and pledge to use financing mechanism such as the Global Fund to Fight AIDS, TB and Malaria. The Global Fund currently has financing gap of between $4—$10 million which urgently needs to be filled.
177 Operation ASHA, Stop TB Partner http://www.stoptb.org/partners/partner_profile.asp?PID = 60274
4.2 People living in slums, quite naturally, share many of the same problems in relation to education as poor people in general. Often they cannot afford to attend school because of the expenses involved; even though primary schools are free in many countries, indirect costs (such as uniforms, text books etc.) may prevent families from sending their children to school.\footnote{UNFPA (2007), \textit{State of the world's population 2006–07}; and UN Habitat, (2007) \textit{State of the World's Cities} 2007.} Transport burdens may limit children's access to school, particularly as many slums lack schools within their boundaries.\footnote{Garau, Pietro et al. (2005), \textit{A Home in the City}.} Poverty may force children and young people in slums to work from an early age, affecting their prospects of getting an education.\footnote{http://www.unhabitat.org/downloads/docs/5637_49115_SOWCR%202016.pdf} Targeted programs to tackle education disadvantage, such as Conditional Cash Transfers, should be focused on urban slums as well as on deprived rural areas in order to improve the educational opportunities for children and young people who would otherwise have to work.

4.3 Poor living conditions can have a negative impact on education, since children do better in school when they have a safe home environment and access to essential services, such as water, electricity and sanitation.\footnote{http://www.unhabitat.org/downloads/docs/5637_49115_SOWCR%202016.pdf} Overcrowded houses, prevalent in slum dwellings, affect education both directly (lack of room to do homework and disrupted sleeping patterns) and indirectly (absenteeism from school due to illness resulting from overcrowding).\footnote{Garau, Pietro et al. (2005), \textit{A Home in the City}.} Improvements in the education system must therefore go hand-in hand with improvements in living conditions generally in slum areas, including programs for infrastructure and housing upgrading.

4.4 There is some evidence that girls living in slum areas are at a disadvantage in relation to boys when it comes to education. Girls are kept at home more often than boys to do household chores and look after children, especially in slum dwellings where, due to the high proportion of migrants, there is an absence of extended family. A significant number of girls do not go on to secondary schooling because they become pregnant or are married early.\footnote{UNFPA (2007), \textit{State of the world’s population 2006–07}; and UN Habitat, (2007) \textit{State of the World's Cities} 2007.} Finally, the issue of sanitation within poorly facilitated schools is, according to UN Habitat, a serious barrier to education for girls, for whom proper toilet facilities are an important consideration.\footnote{http://www.unhabitat.org/downloads/docs/5637_49115_SOWCR%202016.pdf} Specific gender-targeted policies, improved access to sexual and reproductive health information, and improvement of sanitation facilities in schools can help girls to overcome some of the barriers to education. DFID should consistently press for a gender focus within country education plans that it supports, and ensure that specific problems affecting girls are addressed in project plans for the development of education services within slums.

4.5 Children and young people living in slum dwellings can face barriers to education because of a lack of recognition of the settlements in which they live. Official planning policies often do not recognise informal settlements, and therefore frequently the authorities are reluctant to set up basic public services, such as schools, within them. Anna Tibaijuka from UN-Habitat argues that “people without secure tenure, without an address, are simply not considered citizens. They are denied services such as water and electricity, education and health, access to information, transport and waste collection, banking and insurance etc.”\footnote{UNFPA (2007), \textit{State of the world’s population 2006–07}; and UN Habitat, (2007) \textit{State of the World's Cities} 2007.} Several sources describe the lack of government schools in slum areas and congestion in the class-rooms;\footnote{Garau, Pietro et al. (2005), \textit{A Home in the City}.} referring to the Mathare Valley area in Nairobi and large slum areas in Asia, NORAD concludes that in these areas “the right to health and education does not apply.”\footnote{http://www.stopchildlabour.eu/africatour2008/tour/kenya/final-country-report/; http://www.unicef.org/people/kenya 43469.html} The Kibera slum in Kenya faces similar problems: the area suffers from a significant lack of government schools, which means that the children and young people living there do not benefit from the free schooling introduced by the Kenyan government to the same extent as those living outside the slums.\footnote{http://www.unicef.org/people/kenya 43469.html} Children and young people from the slums may also face discrimination when trying to access schools outside of the slum, as schools may refuse to enrol them because their settlement has no official status.\footnote{http://www.unicef.org/people/kenya 43469.html}

4.6 While international donors’ support has been crucial to the removal of school fees in several developing countries, the case of Kenya demonstrates that policy changes in the education sector alone cannot ensure that all children are able to access the newly-free education system. DFID must work with its partner countries to tackle all barriers to basic education, including the issues of official recognition of slums and provision of basic facilities (more free local schools and improved living conditions), which are crucial for the improvement of the educational situation of children and young people living in the slums.

4.7 In conclusion, we believe that DFID should work with its partners to address the specific needs of disadvantaged urban children, particularly in ensuring that all children, no matter whether they reside in formal or informal settlements, can access free schooling. To ensure that the poorest families can take advantage of free education systems they should support partners to roll out targeted interventions to address the problem of child labour and school absenteeism due to domestic duties among the children of slum-dwellers, including where appropriate conditional cash transfers.

SUPPORTING OPPORTUNITIES FOR EMPLOYMENT AND LIVELIHOODS FOR THE URBAN POOR

5.1 Generating employment opportunities for the urban poor is vital to improving livelihoods and reducing poverty, and microcredit has long been recognised as effective tool for job creation and poverty alleviation in rural areas. However, microfinance schemes have emerged only quite recently as strategic ways of improving the economic circumstances (and hence living conditions) of the urban poor.

5.2 There are very good arguments for emphasising access to credit in poverty alleviation strategies. Firstly; microfinance allows poor people to protect, diversify, and increase their sources of income, the essential path out of poverty. The ability to borrow a small amount of money for self-employment purposes is a proven and effective way of improving livelihoods not only for those who take the loans but for their families and wider communities.

5.3 Microfinance also helps safeguard poor households against the extreme vulnerability that characterises their everyday existence. Loans, savings, and insurance help smooth out income fluctuations and mean there is money available to cover essential expenses even during financially difficult periods. The availability of financial services acts as a buffer for sudden emergencies, business risks, seasonal slumps, or events such as a flood or a death in the family, which can push many poor families further into poverty. Thus microfinance is an especially participatory and non-paternalistic development tool. It empowers and equips people to make their own choices and build their way out of poverty in a sustained and self-determined way.

5.4 Microfinance is unique among development interventions: it can deliver these social benefits on an ongoing, permanent basis and on a large scale. Many well-managed microfinance institutions throughout the world provide financial services in a sustainable way, free of donor support. Microfinance thus offers the potential for a self-propelling cycle of sustainability and massive growth, while providing a powerful impact on the lives of the poor, even the extremely poor.

5.5 Microfinance has grown tremendously in recent years, but estimates suggest that its potential market is £150 billion, compared with available capital of £2 billion. While it is difficult to quantify, recent estimates put the number of people of working age who lack access to financial services at three billion. Indeed, in many developing countries the number of people excluded from the mainstream banking sector is high, reaching 50% in Brazil, for example.194

5.6 For DFID, microfinance is part of a broader strategy to promote stronger and more inclusive financial sectors. Whilst this must be welcomed it should be noted that DFID support for microfinance schemes is fairly minimal with just £23 million allocated to microfinance schemes in 2005–06.195 It has been claimed by DFID that they have spent over £165 million to support microfinance and financial sector projects and had committed £140 million more at 31 October 2006196 but their failure to disaggregate data make it difficult to verify.

5.7 Although DFID undoubtedly recognises the benefits of increasing poor people’s access to financial services for the purposes of increasing employment, the level of support given to microfinance schemes remains minimal and does not reflect the potential that microfinance offers for enhancing employment opportunities in urban settings. We would therefore recommend that DFID give far greater support, both financial and technical, to help further develop microfinance schemes in urban settings throughout the developing world. It is important to ensure that DFID’s support benefits the very poor, making use of innovative microfinance initiatives that reach those who remain excluded from the commercial banking sector and from commercial ventures in microfinance, particularly in Africa where microfinance is not yet widely used. DFID should support existing and new microfinance institutions to enable them to go beyond offering credit and diversify into micro-insurance and micro-savings, allowing the poor to develop their own safety nets to improve resilience to income and outgoing shocks.

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**Education for Children in Slum Dwellings**

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Supporting opportunities for employment and livelihoods for the urban poor


Gareth Thomas MP, response to a question on “Microfinance Projects” from Peter Lilley MP, 26 Jan 2007, see http://www.parliament.the-stationery-office.co.uk/pa/cm200607/cmhansrd/cm070126/text/70126w0007.htm

Written evidence submitted by the Royal Institution of Chartered Surveyors (RICS)

ABOUT RICS

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Established in 1868, RICS is a Royal Charter professional body, acting in the public interest: setting and upholding the highest standards of excellence and integrity; and providing impartial, informed advice on the big issues for society, governments and business, worldwide.

With some 200 specialisms, the profession covers the whole lifecycle of land, property and construction, and the associated environmental issues: from land information management and measurement; through planning, environmental impact assessment and investment appraisal; to managing the construction process to ensure cost effectiveness, transparency and building quality; and advising on the most efficient use of buildings.

1. Poverty reduction, capacity building and disaster management: the role of professional skills

Professional skills in land, property and construction are only just beginning to be fully recognised in these fields. We would welcome the opportunity to work with the Select Committee and with DFID to raise awareness of the range of skills on offer; build local capacity; and promote a wider understanding of the fundamental importance of a properly functioning land, property and construction market for any successful or developing economy.

The World Bank has estimated the value of land and real estate at up to 70% of global wealth. In mature, sophisticated economies this value is realised and its importance as a mainstay of any successful economy is recognised. But in poor countries this value remains locked up—what Hernando de Soto has called “dead capital.” Land ownership may be impossible to prove in the absence of a proper legal framework or land registration system. The necessary financial services infrastructure cannot operate in these circumstances. Even if micro-finance/insurance could begin to be contemplated, the absence of effective building control, project management, cost control, international valuation and measurement standards, etc. deters inward investors. And of course there would need to be enough trained professionals to apply these standards.

RICS is making a contribution to the spread of international professional standards and building local capacity; but there is much more to be done in some of the poorest countries, particularly in Africa. We are keen to explore how we could work with DFID to develop indigenous professional capacity, and with national and local governments, to help to establish the pillars of an effective land and built environment sector in such countries.

2. The role of surveyors in relation to urbanisation and poverty

RICS is a member of the International Federation of Surveyors (FIG), which has recently published a report entitled Informal Settlements: The Road Towards More Sustainable Places. This states that the role of surveyors within informal settlements is to:

— Facilitate decision making that combines the economics of land development with the use of land, in a spatial and social context

— Seek to deliver plots for people to build their homes.

The report goes on to argue that this can be achieved by utilising the skills of surveyors to:

— Improve the living environments of people in informal settlements

— Create the conditions for lasting economic and social success through partnership working

197 http://www.fig.net/pub/figpub/pub42/figpub42_A4_web.pdf
— Use the most effective methods to achieve economic and social prosperity
— Build an energetic and open profession committed to working with others.

Both the FIG report and RICS recognise the fundamental importance of UN Millennium Development Goal 7, in particular the need to ensure access to safe drinking water, and generally bring about an improvement in the lives of slum dwellers.

3. Government action on land use: the pillars of a successful urban environment

All governments face difficulties in controlling and changing land use within rapidly expanding cities. Only governments are able to put in place and provide the basic infrastructure that will allow cities to flourish. There are six essential actions for governments:

— Provide a sound legal basis for the ownership and occupation of property
— Provide accessible means of enforcing contracts and resolving disputes
— Set up and run land registries to facilitate and guarantee transfers of property interests
— Establish physical planning and building regulations to control development and use land for the public good
— Manage the public sector’s own operational land and property
— Institute and operate a fair land and property tax system.

Even with such systems in place, as Professor Saad Yahya FRICS has noted: “While the law and official regulations are a pre-requisite, enforcement also has to be influenced by community-led norms and rules of behaviour.”

A significant obstacle to effective land use and housing in many developing countries is the lack of planning, implementation and management capacities within governments. An essential part of this system must be the release of a sufficient amount of land to cope with the housing requirements of an expanding population within an urban area. However, urbanisation can occur so quickly that it is difficult to deliver this land. To address this in the future, governments and communities must work together to ensure land is available.

If the relevant government does not provide sufficient land for housing development then demand from population growth in cities can only be met by informal settlements. Ensuring there is effective land use planning to provide plots for housing development should be a central aim for governments in countries where informal settlement is a problem, and DFID should help to establish this approach, drawing on professional expertise.

4. Case study: Morogoro, Tanzania

A recent research report carried out by Ardhi University in Tanzania and funded by the RICS Education Trust looked at the impact of peripheral land acquisition on indigenous communities’ livelihood in the area around the Uluguru mountains in Tanzania. The inability of the government to supply a significant amount of surveyed land for housing development has led to informal land transactions predominating in the area. This is compounded by a lack of knowledge and support regarding the legal framework for property transactions and the prevailing land law.

The report argues that: “Land-related conflicts were common in most of the study wards and they were related to competition for the scarce resource, and the failure of the government to provide enough plots for the growing population. Conflicts between individuals and the government were related to disagreement over the implementation provisions of the land acquisition legislation, which was partly caused by the low education levels and ignorance of the law of the majority of the people.”

5. Effective property rights

One of the consequences of rapid urbanisation has been that the most vulnerable people in certain societies have been placed in conflict with formal laws, simply to ensure their basic survival. It is often assumed that access to informal settlements is free, but often a fee has to be paid to a middleman before they can live in a particular area. This person then controls the settlement and those living there are under constant threat of eviction.

198 Land and Property Economics report for RICS Foundation and the UN ECE Real Estate Advisory Group, 2000, Supported by the World Bank and the European Bank for Reconstruction and Development.
200 The impact of peripheral urban land acquisition on indigenous communities’ livelihood and environment around Uluguru mountains Tanzania, Moses Mpogole and Sophia Kongela, Ardhi University, RICS Education Trust http://www.rics.org/Newsroom/Researchandreports/Researcharchive/mpogole_160309_research.html
An effective land registration system can help people have security without worrying about eviction, and encourage investment. In many cases land registration in the developing world covers only 30% of the country.\textsuperscript{201} Without effective controls there is a risk that slum upgrading will not happen and there may be increased corruption. If societies become used to working off-register and illegally, it will become normal practice. To help prevent this happening there must be an effective system of land registration established, which should be based around the following three principles:

\begin{itemize}
  \item Information identifying those people who have interests in parcels of land.
  \item Information about those interests eg nature and duration of rights, restrictions and responsibilities.
  \item Information about the parcels eg their location, size, improvements and value.
\end{itemize}

Rights to the title of a parcel of land will provide both individuals and businesses with the reassurance they need to utilise an area and its resources. Land registration can also give the confidence in security of tenure that is essential for governments to provide the incentive to poorer communities to implement effective housing and planning policies.

When looking at land rights it is important to examine the role of women in the system, as they can be excluded from ownership through customary rules and laws of inheritance. While it is important to take into account cultural traditions, changes to the system must not simply entrench existing inequalities. Providing women with better access to land can bring economic and social benefits to families and communities.

DFID should be aiming to help establish land registration systems in all developing countries, by working alongside professionals such as chartered surveyors who can provide expert advice, particularly through the UK Land Registries (which are already involved in capacity building in some countries) and indigenous experts.

6. Case study: Capacity building in land administration in Swaziland

Land registration was a key component of institutional reform in Swaziland, to increase organisational capacity for land administration. Before 1995 the UK Government provided long term support for the Swaziland Surveyor General’s Department, and following his retirement the opportunity was taken for major reform. This reform was carried out by two expatriate technical cooperation officers and a number of short term consultancy appointments. This approach successfully improved the department, and by 1999 it was able to operate without expatriate assistance.

One of the key outputs of this work was support for the completion of a cadastral or land registration database, alongside the implementation of digital map revision systems.\textsuperscript{202}

7. Infrastructure development

The haphazard development which characterises informal settlement often means that it is not connected in to infrastructure such as water, sewage, roads and public transport.\textsuperscript{203} This can be a particular problem when settlements are located in unsuitable environments such as hillsides which increase the cost of infrastructure connections.

Alongside planning for house plots, governments must also make provision for their connection to infrastructure in order to improve quality of life. Action must be focused on providing infrastructure and services to upgrade and regenerate existing settlements. Upgrading work such as this must involve the whole community and protect the natural environment. This type of work must be able to proceed without bureaucratic delays that can lead to excessive costs.

In many cases infrastructure development has not been able to keep pace with rapid economic growth or urbanisation. Closing this infrastructure gap now needs to be a priority for action. Costs of infrastructure development will act as a barrier to this work taking place. It may be the case that the public sector cannot necessarily be relied upon to supply and maintain this infrastructure and better use could be made of private capital and management skills. The growth of Public Private Partnerships as a tool for private sector investment could help increase the provision of energy, pipelines, telecommunications and water.

Both the public and private sectors in the UK have experience of working with PPPs and PFI, and this experience could be shared globally. Both DFID and UK Trade and Investment could provide assistance, and construction firms and banks from the UK could be involved in any arrangements.

\textsuperscript{201} Improving Access to Land and Shelter, Clarissa Augustinus, UN Habitat, 2009 http://www.fig.net/pub/fig wb\_2009/papers/nxt/nxt\_augustinus.pdf
\textsuperscript{202} Building Institutional and Organisational Capacity for Land Administration, Iain Greenway MRICS, FIG 2009.
\textsuperscript{203} Coping with Rapid Urban Growth, David Satterthwaite, RICS Leading Edge Series, RICS 2002.
8. Case study: Water Supply in Gaza

The supply of water is essential, and achieving this effectively is an enduring issue in all parts of the world. Areas with little rainfall, low water tables and high temperatures face particular problems which can be made worse by difficult economic, social and political conditions. Research carried out for RICS has examined the use of treated effluent to recharge natural water supplies and supply water for irrigation. This has been happening in Gaza since 2000 and has allowed the Palestinian Water Authority (PWA) to free up much needed natural water for human consumption.

The research shows that Gaza uses around 164 million m³ of water per year but total supply to the aquifer from which it draws most of its water is only 122 million m³, a shortfall of around 42 million m³ per year. Wastewater recycling could add 60 million m³ per year, according to the PWA. This water can be provided for irrigation more cheaply than other sources of water, benefitting the farmers that use it. The cost of 1 m³ is $0.037, compared with the $0.5 that farmers are currently paying. Farmers questioned for the research suggested that they would be willing to pay up to $0.14 per m³.

For the scheme to work more effectively, and be transferred to other countries, there needs to be adequate investment in facilities, a reliable source of power, a well trained workforce and a stable political environment.

9. Ensuring partnership working

If steps to deal with urbanisation and poverty are to be effective then it will be essential to work with the communities that will be affected by changes. Stakeholder participation will be essential at all stages, including design, implementation and management. One situation where this approach will need to be taken is when informal settlements are built on traditional lands. This has the potential to cause conflict between chief owners or heads of families, and formal legal and administrative structures. Governments need to establish a dialogue with the relevant groups on how these two systems can interact, to ensure that in the future land is fairly released for housing development.

The FIG report Informal Settlements: The Road Towards More Sustainable Places suggests a number of ways in which partnership working can be promoted. Steps include:

- Training of local communities and their leadership on land management activities.
- Assessing householders’ potential to contribute to upgrading costs and the options available to them.
- Establishing the roles and responsibilities of stakeholders.
- Integrating local, grass-roots institutions in infrastructure, management and training.
- Bringing together disparate inter-professional disciplines that contribute to the development of informal settlements.

10. Introducing effective building standards

Many building codes in countries with informal settlements originated during colonial periods and were often inappropriate for local environments, particularly in Africa. In many cases these regulations have remained unchanged.

One of the main barriers to effective building standards is the private and incremental construction of most slum housing. If professionals and contractors are not involved in the process, then there is likely to be less knowledge of standards and good construction practices. There may also be problems with enforcement if effective government frameworks are not in place.

Despite these barriers there is a real need to have some control over the use of materials, to ensure factors such as health and safety and ecological issues are being considered. DFID attention should be focused on assisting countries to put in place building standards which are appropriate to local environments. These must also take into account how homes are built and look at what building materials are available locally. Chartered surveyors could provide expertise to help this process, (and for example, are currently working on developing building codes in Haiti—see below.)

10. Disaster management and development—RICS Commission on Major Disaster Management

Following the Indian Ocean tsunami of 2004, RICS established a Presidential Commission to address how the surveying profession could do more to help vulnerable communities, particularly after they had been affected by a disaster. The Commission comprises chartered surveyors and other built environment professionals with a wealth of experience in disaster management and international development. Since then the Commission has advised Governments, humanitarian NGOs, the World Bank and UN agencies; and has worked with the World Economic Forum on guidelines for private sector involvement in humanitarian action.
11. The gap between relief and reconstruction

Reports from chartered surveyors working in Sri Lanka and other countries hit by the tsunami indicated an apparent “gap” between the immediate humanitarian relief phase, and large scale reconstruction. The Commission asked the University of Westminster to investigate this anecdotal evidence, and test it against analysis of the experience following earlier major disasters.

The resulting report “Mind the Gap! Post-disaster reconstruction and the transition from humanitarian relief”\(^{205}\) found overwhelming evidence of a gap—in funding, management and delivery—between short term, largely effective, humanitarian relief; and permanent reconstruction, which is “often inefficiently managed, uncoordinated and slow to get off the ground.” Survivors of major disasters too often spend years in unsatisfactory, temporary shelters, as the focus of aid, effort and media attention moves on to the next disaster.

12. Managing the process to build back better

It is axiomatic that disasters hit the poor hardest. The trauma and continuing risks faced by survivors are hugely increased by the world’s lack of a framework for managing the disaster cycle. One of the few good things to come out of disasters is the opportunity to “build back better”. In the context of slums, it is a catastrophic method of “slum clearance”, but nevertheless provides a golden opportunity to improve living conditions and the safety of millions. But that opportunity is too often missed, or comes too late for the affected communities. Aid is often wasted through a lack of professional project and cost management. The University of Salford is about to publish a generic Disaster Management Process Protocol\(^{206}\) (Consultative Draft attached) which we hope will improve the effectiveness of disaster risk reduction and recovery, including long term reconstruction, and take full advantage of opportunities to build back better, and for local capacity building.

We have learned from extensive discussions with various UN agencies, the World Bank, and major charities, that built environment skills are too little recognised in the disaster management world, and they have asked for the assistance of our Commission, our profession and the other built environment professions with whom we work closely, to help at both a strategic planning level, and on the ground. We have produced, in conjunction with other professional bodies in the sector, a guide to the built environment professions in disaster risk reduction and response, for humanitarian agencies.\(^{207}\)

13. BuildAction

The RICS BuildAction initiative, which has just been launched, places built environment projects for disaster response and risk reduction with member firms who supply professional services pro bono to the humanitarian sector organisation or government funding the project. Current and planned BuildAction projects include:

- Working with the Mumbai Municipality and the World Bank-funded Earthquakes and Megacities Initiative on a Disaster Management Plan to protect Mumbai’s 15 million inhabitants;
- a chartered quantity surveyor working on a key project for DFID on Construction Sector Transparency;
- a working group of RICS members in the Caribbean addressing the lack of building codes in disaster-prone Haiti;
- a cost and production feasibility analysis of low cost, low carbon building blocks to reduce disaster risk in Uganda (with The Good Earth Trust);
- supporting UNICEF’s global initiative on risk reduction through its Safer Schools programme, with a pilot project in Rwanda.

Other examples of chartered surveyors working on a variety of projects covering international aid, development and disaster recovery include disaster recovery work for DFID in Monserrat, a school construction project in Khartoum, a UN Habitat review of tribal and colonial land rights in East Africa, and mapping refugee camps in Gaza.

We have held discussions with DFID on various aspects of this work, and would welcome opportunities to further this relationship.

\(^{205}\) Lloyd-Jones, Max Lock Centre, University of Westminster. RICS, 2006 The Commission.
\(^{206}\) Generic Disaster Management and Reconstruction Process Protocol (Consultative Guide), University of Salford Research Institute for the Built and Human Environment, RICS, 2009.
\(^{207}\) The Built Environment Professions in Disaster Risk Reduction and Response—a guide for humanitarian agencies, Max Lock Centre, University of Westminster, 2009.
Written evidence submitted by the UK Local Government Alliance for International Development (LG-AID)

This is a response from the UK Local Government Alliance for International Development (LG-AID)—a partnership established to provide a single voice for UK local government in relation to international development.208

DFID made a commitment in Accra209 to ensure that developing country governments will “work more closely...with local authorities...in preparing, implementing & monitoring national development policies & plans”. It also committed to, “identify areas where there is a need to strengthen the capacity to perform & deliver services at all levels—national, sub-national, sectoral and thematic—and design strategies to address them”.

Decades of Aid programme delivery, review and revision suggest that, whilst vital, aid alone is not the answer to reducing poverty. As DFID’s previous White Paper—“Making Governance Work for the Poor”—recognised, DFID and other donors must focus on tackling the causal factors of poverty—through breaking down the institutional barriers to progress, building self-sufficiency, empowering communities and promoting real democracy on the ground. Strengthening local government is a critical part of that process.

“Devolving power and the provision of services to local units and layers of government has potential as an effective means of bringing politicians and policy makers closer to clients and making services more effective. However at the local level, institutions and participatory development mechanisms are often weak, resulting in poor service delivery” UK Commission for Africa 2005.

Therefore LG-AID invites the Select Committee for International Development to call on DFID to fulfil their Accra commitment and work with local government in the UK and in developing countries, in particular to:

— Adopt a departmental strategy for strengthening local government—promoting pro-poor and pro-planet local governance and decentralisation programmes.

— Work in partnership with local government actors, in the UK and developing countries, alongside other donor agencies, private sector and NGO groups, to elaborate and implement this strategy.

The following response below from LG-AID refers to each of the specific questions posed by the Select Committee in more detail.

1. How effectively developing country governments and donors, particularly DFID, are addressing the challenges presented by urban poverty?

   1.1 Enhancing impact of aid for urban communities—There “is a growing consensus that the Paris Declaration has fallen short in its objective of enhancing aid effectiveness. Part of this failure can be attributed to the great emphasis placed by donors on the mechanics of aid delivery rather than the development impact generated by aid. Another key weakness that has been highlighted is the absence of key development stakeholders” (United Cities and Local Government, UCLG 2009).210 To enhance the impact of aid for urban communities, DFID needs to work more effectively with local government actors—local, national and global. See Table 1 below.

   1.2 Direct Budgetary Support—DFID needs to work with national local government associations where they exist to ensure a coordinate approach to decentralisation and local governance strengthening. For example the Kenyan Local Government Association is currently developing a National Development Strategy for Local Government—linked to the central government’s national development plan. All donors can then effectively coordinate the local governance and decentralisation work they are doing via the national association and local government ministry, to ensure a more effective response.

Table 1

LOCAL GOVERNMENT CONTRIBUTION TO THE FIVE PRINCIPLES OF “AID EFFECTIVENESS”

<table>
<thead>
<tr>
<th>Principle</th>
<th>Local government contribution</th>
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<tbody>
<tr>
<td>Ownership</td>
<td>Where directly involved in development strategies, LG can strengthen democratic ownership at a local level. In particular to: promote social mobilisation; participatory planning, budgets and monitoring; produce national LG development strategies; contribute, via LGAs, to national consultations for plans and PRSPs.</td>
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208 The Alliance partners are: Commonwealth Local Government Forum (CLGF), Improvement and Development Agency (IDeA), Local Government Association (LGA), National Association of Local Councils (NALC) and Society of Chief Executives and Senior Managers (SOLACE).


1.3 Climate change—global urban challenge. Climate change cuts across the whole development agenda—especially in terms of urban areas, where an estimated 80% of Green House Gas Emission are emitted. Whilst the IPCC predicts the greatest climatic changes are expected in the northern hemisphere, it is clearly the developing nations that are least equipped to mitigate against and adapt to the threat posed. Indeed they are not adequately responding to current climate variability (ODI 2009). Many cities lie on the floodplains and coastal areas—half of Africa’s cities are on the coast or very close to it (IIED 2007). Locating cities on such sites is of strategic value—at least historically—in terms of being natural harbours, access to fresh water and fertile land. However, once situated in these locations, cities rarely move even in spite of severe disasters such as floods and earthquakes as too many have an interest in sustaining the site—for commerce, homes and institutions.

1.4 “There is a clear urban agenda focusing on more competent and accountable city and municipal governments, with adaptation built into development plans. But there is little evidence of national governments and international agencies responding to this. In most nations, National and state/provincial governments still concentrate most of the power and control over public investments. Most international agencies reinforce the power of central governments, as their funding goes through central governments. In addition, too many climate change experts see urban change as a local issue that they do not need to understand, let alone address. It is within urban centres and urban governments that so much of the battle to prevent climate change from becoming a global catastrophe will be won or lost. Yet when urban governments do try to respond, they receive little support” (IIED 2007). DFID must therefore ensure its programmes and aid specifically supports urban local government to face up to the climate challenge—helping them to integrate climate mitigation and adaptation strategies into local development plans, policy and practice.

1.5 Missing the urban crisis—around 3 million people are added to cities in the developing world every week according to UN-HABITAT’s State of the World’s Cities Report 2008–09. The report finds that the rate of change of the urban population in Africa is the highest in the world. And if trends continue, by 2050 half of Africa’s population will be urban. With 1.2 billion people living in cities and towns, African cities will soon host nearly a quarter of the world’s urban population (UN Habitat 2008). The pace of urban growth is phenomenal and not only in the “mega-cities” but also in medium-sized conurbations. This growth is occurring at a rate which many municipal authorities are unable to keep up with—faced by the

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Principle | Local government contribution
--- | ---
Alignment | Development strategies must be aligned with decentralized fiscal frameworks and resource transfer mechanisms, including through: linking national Local Government development strategies with national development plans and PRSPs; intergovernmental fiscal mechanisms to flow funds which support the implementation of development strategies at the local level; reducing transaction costs, as decentralized cooperation relies on partner country systems for procurement
Harmonisation | This must be embraced by all development actors, not just donors and partner countries. Through the UCLG Capacity and Institution Building (CIB) Working Group, member LGAs are working to enhance program coherence and coordination, promote collaboration on policy analysis, share practical knowledge and lessons learned from the collective experience of northern and southern LGAs, and reduce administrative burden on local partners. Through closer engagement with local government DFID could further promote aid harmonisation outcomes
Mutual Accountability | Northern and southern LGAs are working toward true co-management of decentralised cooperation programs, holding each other mutually accountable in planning and assessing progress in implementing country strategies and programs; Through the UCLG CIB working group, northern and southern LGAs have agreed to work toward a code of ethics reinforcing mutual accountability and transparency to each other as partners, to their constituents and to donors.
Managing for results | Keeping in mind donor requirements, northern LGAs are working with host country LGAs to develop, harmonized results-oriented reporting and monitoring frameworks, including indicator sets. Through working more closely with local government in country and providing the necessary resources and training, programmes could be better evaluated, leading to a stronger focus on targeted results

Adapted from UCLG 2009 (op cit).
joint pressures of economic decline, climate change, population growth/flows. Within Poverty Reduction Strategy Papers (PRSPs), there is little evidence of long term strategic planning for growth in urban populations and the consequent pressures on access to land (ComHabitat 2005).

1.6 Despite clear warnings DFID, along with other doors, continues to ignore the significance of the growing urban crisis. In-country DFID needs to work directly with national representative bodies, local government associations—where they exist—as well as central government ministries to ensure that its work (direct and indirect via development agencies, including the World Bank and EuropeAID, the Regional Development Banks) builds up the strategic and practical capacity of urban government and their communities.

1.7 International policy dialogue and coordination—DFID should build on the work of the world local government body—UCLG supporting national local government strategies, and other organisations like the Commonwealth Local Government Forum(CLGF), which coordinate the development work of local authorities internationally and provide support for building local democracy and good governance.

2. DFID’s contribution to meeting the MDG 7 target which seeks to improve the lives of slum dwellers

“One out of every three people living in cities of the developing world lives in a slum.” UN State of the World’s Cities 2008–09

2.1 Stimulating MDG-orientated Local Development Plans—The MDG slum target is clearly off track and this is in spite of the fact that the original target was criticised at the time for being unambitious. Clearly DFID cannot be responsible for this failure alone but it does have a strategic role to play in steering pockets of good practice (eg City Alliance, Community-Led Infrastructure Finance Facility (CLIFF), CLGF Good Practice Scheme) more into mainstream practice. DFID needs to examine how it can better contribute to ensure sustainable long-term self-sufficiency in addressing this issue within municipal government. Local government needs to address burgeoning slum communities, along with the full gamut of the MDG targets that are most relevant to their local communities ie demand-led local development plans. This will require ensuring their plans identify those targets that link local poverty priorities with national and global targets. Therefore DFID needs to:

— Work directly and indirectly (via WB, EuropeAid, UN and other funding routes) to build in-house local government capacity to achieve more pro-poor and sustainable local development strategies in partnership with all sectors of their communities.

— Working with national, regional and global local government associations, Local Government ministries and networks to build up tools to strengthen urban authorities’ capacity to plan for urban growth and slum upgrading.

— Support programmes that target joint local government/civil society strengthening and partnership working in achieving the slum target and other locally relevant MDGs.

3. The provision of basic services and infrastructure in slums, including energy, housing, transport, sanitation, water, health and education

3.1 Critical challenges for provision of basic services—Environmental health issues, such as a lack of access to clean water and sanitation; local air pollution; waste; poor housing quality; all pose massive burden on the health of the urban poor (UN Habitat 2008). Studies have show that urban child mortality can be higher than rural areas eg in Nairobi. Poor urban populations can more vulnerable to climate change threats (IIED 2007). Inadequate infrastructure also remains a major obstacle for sustainable urban development and economic stimulation (Tannerfeldt and Ljung 2006).

3.2 Decentralisation of finance and powers, as well as responsibilities—In SSA and North Africa, local government is still limited in its capacity to provide basic services. This is slightly greater in Asia and Latin America, and more significant in Eastern Europe and the former Soviet Union. Many countries have sought to decentralise service delivery without the necessary financial means and investing in establishing sufficient powers/technical capacity to allow authorities to deliver effectively. Municipal budgets typically require central government approval, however, in many countries fund allocation is not rational or transparent, they can be determined by political considerations and vary from year to year making it impossible to plan for infrastructural investments that may require capital outlay over a number of years (Tannerfeldt and Ljung 2006).
3.3 Promoting partnerships for slum up-grading and pro-poor service delivery—An internal stock-take of DFID’s work on Decentralisation and Local Governance in 2008 indicated that 70% of its work focused on supporting the delivery of core services (education, health, social, rural livelihoods). However this review was unclear to what degree this focused on the delivery of urban services. The review also noted that there needs to be willingness from local institutions to promote and implement pro-poor policies.

3.4 DFID therefore needs to work in partnership with local government ministries, civil society and local government bodies to provide incentives and the political push to ensure that decentralisation processes are more effective in promoting this agenda.

4. Supporting opportunities for employment and livelihoods for the urban poor

4.1 Strengthening local urban catalysts—Urban authorities can and should play a strategic role in this area—responding to the demands of their local communities to stimulate Small—Medium Enterprise (SME) start up and development, providing training and skills development for marginalised groups, and enhancing access to employment and business opportunities via improving transport and communication infrastructure. However this is often not the case in developing countries, partly due to lack of capacity, resources, powers and technical know-how.

4.2 Greening urban economies—As indicated by the Local Government Association publication “creating green jobs”, there is a huge potential for focusing on green technologies and approaches to produce both environmental benefits, as well as stimulate new business and working opportunities. For the UK, and looking at local carbon economies alone—investments in renewable energy, energy efficiency measures and climate adaptation, the LGA estimate that it could generate a minimum of 150 000 new employment opportunities. This could be significantly higher for developing countries.

4.3 Financial arbitration—“only bankers can get mortgages”. It is generally felt that financial institutions prefer clients with steady income and property with registered titles. The transaction cost of loaning to the poor is seen as high and staff are rarely trained to deal with them (Tannerfeldt and Ljung 2006). Local government can act as an arbitrator facilitating dialogue between the informal sector and formal service providers; and offer guarantees, aimed at improving the access of the poor to financial services eg for housing development as well as business generation. It can—given sufficient powers and resources—also provide mortgages itself. Local government therefore needs to be better equipped to adopt the most appropriate approach.

4.4 DFID needs to work with national associations, local government actors, CSOs and local government ministries to build in-house local government capacity in this critical area.

5. The role of property rights in improving the lives of slum dwellers

5.1 Security of tenure—Security of tenure is one of the five factors in the UN’s definition of a slum household, and is the indicator for MDG Target 11. Security of tenure enables slum dwellers to invest in the improvement of their own homes and living conditions and to access essential services, whereas the threat of forced eviction inhibits investment and places people in constant fear that their homes may be demolished. Slum dwellers, by virtue of where they live or their tenure status, are often excluded from access to key elements of city life. They may be excluded from citizenship—for example the right to vote and rights to subsidies and entitlements—or from full protection through the operation of law. Not having a formal, legal address can prevent slum dwellers from accessing services including healthcare, education, water, electricity and credit. This could be significantly higher for developing countries.

5.2 The United Nations Millennium Project report in 2005 concluded that improving security of tenure is central to improving the lives of slum dwellers. The report made it clear that there is a need to “Enact legislation against forced evictions and provide security of tenure. The forced demolition of urban slums has never reduced poverty—it creates poverty. Forced evictions have never reduced slums—they simply move slum formation elsewhere. Provision of secure tenure in existing informal settlements with the participation and contribution of existing residents is crucial to the process of slum upgrading. It is important to note that “security of tenure” describes a continuum of formal and informal legal arrangements that are highly context specific.”

5.3 Local government role and central government support—the Millennium project report highlighted the role of local government in this regard—“Local authorities should provide secure tenure to women and men in informal settlements in cooperation with national governments and slum dwellers. All local authorities, supported by the national government, need policies to ensure a supply of land to keep down prices and ensure alternatives to slums for the present and future. Two necessary first steps are to establish a system of effective land regulation to ensure the future supply of well located land as cities grow and to ensure that private transactions in the land market are based on transparent information.”

5.4 DFID should therefore focus on supporting local government ministries and local government directly, to promote secure rights of tenure, establish effective and sufficiently resourced systems of land regulation, and install good systems of governance (transparency, accountability etc) in land market transactions.

6. The implications of the current global financial downturn for urbanisation in developing countries

6.1 “It is clear that the slowdown is going to hit different places in different ways. Our response to the downturn must be tailored to local circumstance…Local councils are already showing they are best placed to respond to this economic crisis. They are at the centre of helping people, businesses and other groups through tough economic times ahead. When things go wrong, councils step in, both to help kick-start the economy when it hits rock bottom and to provide a safety net for people in need…It is councils that can keep people in their homes; that can get people back on their feet when they have lost their job; that can form partnerships with business; that can help keep the local economy going when the outlook is bleak.” Cllr Margaret Eaton, Chair of the LGA

6.2 Utilising UK Local Government expertise—In addition to all the challenges urban authorities already face in developing countries, they will be subject to huge pressures from the current economic crisis. As indicated above local urban government has a critical role to play to address such pressures. However they will need significant support and guidance to face up to the challenges. This will require DFID to focus much more directly on local government strengthening, as referred to above. In addition, it should tap into UK Local Government expertise that offers know-how that is directly relevant to this and other urban challenges. UK Local Government offers first rate practitioner knowledge that is directly relevant to the needs of development partners at local, regional and national levels. UK councils are at the forefront of good practice in public sector management, service delivery and performance improvement, including:

   - Multi-cultural service delivery—local councils are at the front line of providing core services to all sectors of our communities;
   - Locally strategic dialogue—English models, such as the Local Strategic Partnerships (LSPs) engaging core local partners and Multi Area Agreements (MAAs), ensure effective ownership on the ground and regional coordination of development processes;
   - Enhancing performance—Led by the Improvement and Development Agency (IDeA) English LG provides an institutional model of how to strengthen the local public sector internationally, including through tools such as the Beacon Council Scheme—which uses peer-to-peer learning and mentoring to enhance good practice;
   - Regeneration and local economic development—As UK central government has now recognised, it is local councils which play the central role in fostering economic prosperity and growth across their areas—stimulating training and employment, supporting Small and Medium Enterprises;
   - Climate mitigation and adaptation—councils are leading the way in terms of adopting a strategic approach to climate change across their local regions. This covers areas such as promoting energy efficiency, fighting fuel poverty, sustainable local planning and emergency/risk management.;
   - Local data collection and analysis—currently for many municipalities in the south there is poor data relating to the MDGs. This is required to assess needs at the local level and therefore ensure more locally relevant policy and action. UK local government could assist in developing the skills base for effective monitoring and adaptation

6.3 Supporting ‘Public Excellence Overseas’—A partnership model where local and central government take a more coordinated approach works well in other countries such as Norway, Netherlands, Canada, and Flanders in Belgium. In these countries we see strong and effective collaborations between central and local government that directly seek to increase the effectiveness of aid (See Table 2 for examples below).

6.4 LG-AID therefore calls on DFID to work with them, to develop a new model of partnership between central and local government in the to seek to increase the impact of UK aid programmes.

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<td>PUBLIC EXCELLENCE OVERSEAS—CENTRAL AND LOCAL GOVERNMENT FIGHTING GLOBAL POVERTY IN PARTNERSHIP</td>
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<td>Norway—promoting good practice</td>
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The Norwegian Agency for Development Cooperation (Norad, a directorate under the Ministry of Foreign Affairs) provides direct funding to send practitioners from local government (and the private sector) to contribute to development projects. “Professional and technical communities also provide valuable assistance as advisers and development partners in Norway’s partner countries”. “FK Norway” coordinates this in partnership with the Norwegian Local Government Association “SK”. The fund supports “international development road shows” around the country and municipalities hold events such as “international development weeks” and a whole range of community activities to promote understanding.
and engagement. Every year they give an honorary award—‘International Municipality’—to the municipality that “distinguishes itself through international involvement”, and is intended to serve as an inspiration to continue the good work. www.fredskorpset.no/en/FK2

Canada—Tapping into local expertise

Working in partnership with the Canadian International Development Agency (CIDA), FCM (the Canadian Municipal Association) uses Canadian municipal expertise to support local governance and democracy practices, and enhance the delivery of basic services. FCM’s International Centre for Municipal Development (ICMD) has partnerships with municipalities and national associations of municipalities in countries in Asia, Africa, Middle East, Latin America and Caribbean. ICMD has involved hundreds of elected and non-elected employees from Canadian municipalities in local development programs. Municipalities in the developing world seek FCM’s support to access unique Canadian skills that are critical to successful local development. Like Norway, FCM have an award for municipalities and individuals who have made an outstanding contribution to international development. www.fcm.ca/English/View.asp?x=484

Flanders—Partners in progress

The Flanders Local Government Association was approached by both the Flemish State Government and Belgian National Government to manage their government programmes for local development engagement. The Flemish Government has made over €2.5 million available over three years to support 40 selected Flemish municipalities participate in development programmes focussing on awareness raising in Flanders and capacity building and governance overseas. The Flemish programme started as a pilot scheme and, due to its success, has now been embedded in Flemish law. The Belgian National Government also has a programme that targets partner countries with programmes developed around their specific requirements. In addition to locally-targeted development outcomes, the domestic benefits of this work to Flemish local authorities have included staff development and valuable learning & input into policy work in areas such as ethics, energy and water.

Netherlands—Professional service support

The Association of Netherlands Municipalities (VNG) has a well established international reputation through its international consultancy arm—VNG International—the “International Co-operation Agency of the Association of Netherlands Municipalities”. This supports national Local Government Association Capacity building and municipal cooperation. They have also developed a methodology for evaluating the impact of cooperation. www.vng-international.nl/html/ourworkvervolg.html

Written evidence submitted by Jonathan Wood

HOW TO PREVENT NEW SLUMS ARISING

The issue that I wish to bring to the committee’s attention is somewhat different from those set out in its Terms of Reference but which I think is absolutely crucial to a sustainable future for developing country cities (DCCs).

Current projections see slum populations increasing by 40% by 2020 (from 1 to 1.4 billion). Even if this projection proves to be unduly pessimistic, and there are much enhanced interventions relating to the improvement of infrastructure and secure tenure in existing slum areas, several hundred million potential new slum dwellers will have to find somewhere to live. The question is therefore quite simple—how can we prevent, or at least, reduce, the incidence of new slums. To some extent this will occur if existing slums are legitimised as this can then facilitate a continual process of improvement, redevelopment and hence population increase. But this is unlikely to be enough. One of the reasons why poor households live where they do, and tolerate sub-standard living conditions, is that they have little or no alternative—there is nowhere else for them to go. This will continue to be the case unless alternative, and better serviced, locations are provided.

To my mind the only solution is to drastically increase access to developable land. In cities, where land has been available, small scale developers have been invaluable in providing some access to lower income households, yet these developments have often been illegitimised by an ineffectual planning system and ignored by the authorities in terms of providing infrastructure. Unless action is taken these areas will become slums of the future.

The bottom line is that unless steps are taken to prevent the creation of future slums, efforts to address the issue of existing slums will be no more than a partial solution.

This brings us to the wider issue of urban expansion in DCCs. Recent research has shown that most DCCs are expanding faster than their population and that many will double in size over the next 20 years. Yet few cities are doing anything to manage or plan for this growth (China is the main exception). The result is increasingly dysfunctional suburban areas, chronic traffic congestion and very long journeys to work.
What is surely needed is a concentrated programme of research, innovative thinking and pilot projects. These could include developing more effective (simpler) and flexible planning systems, securing increased contributions from developers and land owners for the provision of infrastructure and low income housing (I can find no evidence that low income households end up anywhere other than in slums without some government assistance), interventionist approaches to re-structuring fast-growing urban fringe areas, and building/safeguarding secondary road networks (as one researcher has suggested).

In this context, I still find it inexplicable that DFID's current research programme has no urban component. Mind you in the research I carried out, I found very examples of anyone (academics, consultants, national or city governments) really trying to tackle these issues, perhaps because developed countries never had to cope with scale of urbanisation now occurring, simultaneously with the impetus to rapid physical expansion provided by rising car ownership. Few attempts to address the issue of how to manage the physical expansion of DCCs in a more sustainable manner.

**Supplementary written evidence submitted by the Department for International Development**

Following the oral evidence session on 1 July 2009, we are pleased to advise the Committee that this Department has now agreed to a second phase of support for the Community-Led Infrastructure Finance Facility (CLIFF). We will be providing a further £15 million over a period of five years, commencing this year. Together with our support for the first phase, which commenced in 2002, this will bring our total contribution to CLIFF to £21.87 million.

This decision follows a favourable evaluation earlier this year of the progress made in the first phase, which has recently been completed. While preparation for a second phase was in progress, approval was reached only after the date of the oral evidence session and could not be reported at that time. The Committee might like to be aware of this new information while preparing their Inquiry Report.

CLIFF is a partnership between slum dwellers, non-government organisations, governments and the private sector aimed at increasing the availability of finance to improve living conditions for slum dwellers in developing countries. The new funding will expand the Facility into two more countries and within India and is expected to provide improved housing and sanitation for over 450,000 slum dwellers.

4 September 2009