Towards more pro-poor local governments in urban areas

SUMMARY: *This paper discusses five areas where local governments play a particularly important role in reducing poverty in urban areas:*
- *supporting low-income groups to obtain land for housing;*
- *the provision of basic infrastructure and services to improve housing and improve livelihood opportunities;*
- *integrating "pro-poor" orientations within support for economic growth;*
- *improving access to justice for poorer groups;*
- *local political and bureaucratic systems which poor or otherwise disadvantaged groups can access and influence.*

It also discusses how local government's capacity to reduce poverty is influenced by its relationship with higher levels of government, and what approaches international agencies can take where anti-poor attitudes prevail within local government.

I. INTRODUCTION

URBAN POVERTY IS greatly influenced by what city or municipal governments do or do not do – a fact that is often overlooked. Discussions of poverty and of the best means to reduce it generally focus on the role of national government and international agencies, with poverty defined and measured only in terms of inadequate income. As an understanding of poverty widens to encompass other aspects (poor quality, insecure housing and inadequate provision for water, sanitation, drainage, garbage collection, health care and schools), the greater potential contribution of local government becomes apparent. If poverty reduction is also seen to include respect for civil and political rights and the services that provide protection from economic shocks, disasters and violence, the potential role of local government is further enhanced.

The range of responsibilities assigned to local government agencies or departments differs from nation to nation, but it always includes functions that relate to poverty reduction. In most urban centres in low and middle-income nations, however, local governments fail to meet many of these responsibilities, or interpret them in ways that are disadvantageous to poorer groups.

This paper draws on 12 city case studies, published in the April 2000 issue of *Environment and Urbanization*,[1] which discuss the potential for local governments to reduce poverty. These studies highlight the importance not only of what local governments do but also of the nature of their relationship with civil society. The cities examined include some from among the highest-income countries in the South (Chile) and the lowest (Mali and Mozambique). They include several that have been successful in terms of economic growth (Cebu, Visakhapatnam, Bangalore and Santiago) and others that have not (Mombasa and Kumasi). They also include several cities that have sought to position themselves as centres for foreign investment within their wider region (Santiago, Cebu, Johannesburg and Bangalore). Interesting themes that emerge include:
- the range of political structures in local governments, some more accountable and responsive to urban poor groups than others;
- the limited powers, resources and capacities to raise revenues for most city authorities, with higher levels of government controlling most resources and decisions about investment;
- the complex political economy within all the cities, which influences who gets land for housing, infrastructure and services; and
- the capacity of local government policies and practices to increase rather than decrease poverty through such policies or actions as eviction or constraints on low-income livelihoods.

II. THE MEANS BY WHICH LOCAL GOVERNMENTS CAN REDUCE POVERTY

a. Access to Land for Housing

MOST URBAN GOVERNMENTS influence access to land for housing through zoning and planning controls and through the allocation and use of public land. Government attitudes to the informal settlements which house much of the population in most of the 12 cities, and to the extra-legal means by which low-income groups acquire land for housing, are also critical and range from support for upgrading and legalization, to tolerance, to opposition and to support for eviction. Not surprisingly, in all cities, middle- and upper-income groups and powerful economic interests benefit most from government policies. But there is a considerable range among these 12 cities in the possibilities open to low-income groups to obtain land, build their own homes and develop their livelihoods. These possibilities hinge more on what governments allow to happen than on what they actually do. In Maputo, Kumasi and Bamako, for instance, local governments deliver little for low-income groups but many low-income households can find land for housing through traditional or extra-legal land acquisition systems. These systems have their drawbacks, however. They do not serve all low-income residents (for instance, in Kumasi, non-natives have more difficulty getting land this way); they can make land sales difficult, complicating life if people need to move; and they often produce settlement patterns that are poorly coordinated with existing infrastructure systems, thereby limiting the provision of services. These systems also tend to commercialize as city economies develop.[2]

In larger and more prosperous cities, local governments generally have more difficulty helping lower-income groups to access land for housing. In Johannesburg, for instance, rising land prices and the opposition of middle- and upper-income groups have limited the government's capacity to increase land availability for poorer groups in central areas.

The links between access to housing and livelihoods are significant – both in terms of the proportion of household income that has to be spent housing and in terms of the access to income-earning opportunities which housing location provides, and in the capacity of housing to serve as space for livelihoods.[3]

b. The Provision of Basic Infrastructure and Services

All city or municipal governments have some responsibility for ensuring provision of infrastructure and services, although there are variations in this regard among the 12 cities: some have sole responsibility, some share responsibility with higher levels of government, and some take a supervisory and regulatory role for private sector or NGO providers. There are obvious links between access to infrastructure and access to land; agencies responsible for infrastructure may be reluctant or unable to serve those living on illegally occupied or sub-divided land or on land acquired through traditional means. There are also practical difficulties in providing infrastructure to many informal settlements – those on steep slopes or flood plains, for instance, or those with unclear plot boundaries.

The critical role of basic infrastructure and services in reducing poverty is often underestimated by international agencies. They fail to recognize the scale of the health burden suffered by low-income groups and the extent to which illness, injury and premature death can be avoided through better quality housing and adequate provision for water, sanitation and drainage. These also result in lower health care costs and, along with high quality, readily available health care and emergency services, can greatly reduce the time lost to illness and injury.[4] Most of the city studies show that provision for water and sanitation is much worse than official statistics suggest.[5] Inadequacies in provision are highlighted in all 12 studies, even in the more economically successful cities such as Cebu and Bangalore.

- In Kumasi, most of the population has inadequate provision for water and sanitation; 40 per cent rely on 400 poorly maintained public latrines for which long queues are common, while 8 per cent have no sanitation facilities and defecate outside.
- In Bangalore, estimates suggest that more than half the population depends on public fountains – many of which are poorly maintained and supply contaminated water. More than 100,000 households have no toilet facilities.

Many city authorities are working to improve infrastructure and services in low-income areas. In Johannesburg, one of the city authority's main fiscal commitments has been improved provi-

2. See, in particular, the papers on Kumasi and Bamako listed on the back page; also Yapi-Diahou, Alphonse (1995), "The informal housing sector of the metropolis of Abidjan, Ivory Coast", *Environment and Urbanization* Vol 7, No 2, pages 11-29; and Kaitilla, Sababu (1999), "The invisible real estates: housing investment in customary land in Papua New Guinea", *Environment and Urbanization* Vol 11, No 1, pages 267-275.

3. See the paper on "The home as a workplace" by Peter Kellett and A. Graham Tipple, listed on the back page.

4. The paper on Visakhapatnam (listed on the back page) emphasizes the importance of infrastructure and service provision for poverty reduction, and illustrates the critical links between illness, debt and impoverishment. It also describes how poor health among low-income workers limits their capacity to increase their incomes. This is one of several papers that describes upgrading programmes and it reports on how much the upgrading programme (which reached 200,000 people) was appreciated for (among other things) reducing flooding, making roads passable and reducing the burden of collecting water.

5. There are now many detailed city case studies from many countries to show that official statistics for the provision of water and sanitation in urban areas (including those published by UNDP and the World Bank) greatly understate the inadequacies in provision. For more details, see Hardoy, Jorge E, Diana Mitlin and David Satterthwaite (2001), *Environmental Problems in an Urbanizing World*, Earthscan Publications, London.

sion to those areas denied it under the apartheid government. In Bamako, changes in government policy during the 1990s supported legalization of illegal settlements, and upgrading brought important benefits to many lower-income groups. The pilot slum networking project in Ahmedabad sought to develop a new model of upgrading, involving a partnership between the municipal authorities, Arvind Mills (one of the city's largest enterprises), community-based organizations and local NGOs. Difficulties led to the withdrawal of Arvind Mills but the municipal authorities still hope that the programme can expand to reach all "slums" by 2003. In Cebu, a range of partnerships has been established between municipal government agencies, local NGOs and people's organizations to provide social services and improved provision, especially for primary health care, communal water and sanitation facilities and the prevention of sexually transmitted diseases.

c. Combining Support for a Prosperous Economy with "Pro-poor" Orientations

One difficulty facing all city governments is attracting new investment that can, at the same time, bring direct benefits to low-income groups. In Cebu, rapid economic growth has not brought increased incomes for most of the city's population. In Bangalore, the development authority's focus on economic growth has even increased impoverishment for many groups, whose settlements and workplaces were cleared to make way for infrastructure and residential developments that bring them little benefit.

International businesses are adept at making cities offer them large concessions. The possibility of a Microsoft or a Ford factory stimulates public sector efforts to ensure the availability of land and high quality infrastructure for these factories – even when access to land and basic services are lacking for half the city's population. Many of the promised financial concessions limit local benefits from new investments. Within a world economy where so much production is mobile, local authorities need to enhance the capacity to attract investment, but not at the expense of their local economies. Limited public resources may be better used in supporting the expansion or start-up of local enterprises rather than the demands of international companies, especially where investments bring few multiplier linkages for the city's economy. The case study of Bangalore shows the conflict between attracting external investment and supporting the diverse local economies which support most poor (and many non-poor) groups and contribute much to Bangalore's prosperity. Most government funds and land allocations in this city serve the corporate sector, and local economies receive little public support.[6]

6. See the paper on Bangalore by Solomon Benjamin listed on the back page.

Urban governments need to build and combine the following capacities:
• attracting new investment;
• increasing local revenue, thus allowing more investment in infrastructure and services which bring immediate benefits to urban poor groups; and
• supporting the prosperity of the economies through which most low-income groups obtain their livelihoods.

In Cebu and Ahmedabad, by increasing local revenue bases, city authorities have permitted greater investment both in economic development and in the improvement of basic service provision.

7. One example of this is the special agency set up in Mali (AGETIPE – the Agency for Construction of Public Works and Employment Creation) which has supported many small-scale public works throughout Bamako; see the paper on Bamako by Mariken Vaa listed on the back page.

A "pro-poor" orientation within economic policies has at least two dimensions. The first is direct support for expanding employment or increasing incomes for poorer groups – for instance, through labour-based public works and support for community-based initiatives.[7] The second is the scope allowed to low-income groups to develop their own livelihoods. City governments may have little capacity to increase income levels for poor groups, since these are influenced by many factors beyond their control, but they can do much to undermine livelihoods. The different case studies reveal different official approaches – from those that seek to provide support for hawkers and informal markets (as in Cebu and Johannesburg) to those that actively repress them (as in Kumasi). The paper on Johannesburg also shows how the need for organizational change (in this case away from old apartheid models of local government) and for good fiscal performance (to help attract new investment) can distract attention from poverty reduction. It is also a reminder of the difficulty of changing complex institutional structures so that they can deliver on the pro-poor stance of many elected councillors and government officials.

Providing infrastructure and services to unserved areas benefits those working there as well as those living there. In Visakhapatnam, the "slum" upgrading programme not only improved housing and basic services but also improved business by reducing flooding, making roads more

passable, increasing the length of the day (through street lighting) and increasing the use of outside space. A fifth of the households interviewed reported that economic circumstances had improved with the upgrading.

d. Access to Justice

Most urban governments have an important role in ensuring access to justice and law and order, and in providing or supporting the legal institutions through which low-income (and other) groups can protect their rights. (They are also usually responsible for enforcing pollution control, labour regulations and regulations on occupational health and safety.) The critical contribution of lawlessness and violence on poverty has been underestimated.[8]

e. Local Political and Bureaucratic Systems which Poor and Disadvantaged Groups can Access and Influence

The extent to which low-income groups or other disadvantaged groups can influence urban government obviously affects the extent and nature of "pro-poor" policies and activities in the areas mentioned above. There are many examples of more responsive urban governments – for instance, the healthy cities programme in the city of Leon,[9] the environment and development programmes in Ilo[10] and Manizales,[11] and participatory budgeting in Porto Alegre and other Brazilian cities.[12] Among the 12 case studies, there are great contrasts in the extent of the influence of the urban poor on urban governments. In Cebu, although city government limits the influence of people's organizations and NGOs in determining policies and influencing resource use, it does support a wide range of social programmes implemented by such groups. There are also mechanisms in place through which people's organizations and NGOs are able to influence who gets elected and what they do.[13] In Colombo, the Sri Lankan government's Million-Houses Programme allowed low-income groups a much greater role in improving infrastructure and services through community development councils and community action planning. Interviews and group discussions with residents reveal that government staff listened to them and provided funds without bribes or political influence. But community leaders also pointed to less positive aspects. For instance, they saw local and international NGOs as being the primary beneficiaries. Local politicians also felt threatened by the direct support to the community level, a factor that has proved problematic in other cities where government or international agency programmes have sought to provide support direct to low-income groups. In Sri Lanka, it proved difficult to sustain participatory models in the face of widespread poverty, entrenched government institutions and power structures antagonistic to community participation.[14]

III. THE RELATIONSHIP BETWEEN LOCAL GOVERNMENT AND HIGHER LEVELS OF GOVERNMENT

THE CAPACITY OF any city or municipal authority to act is obviously influenced by its relationship with higher levels of government. Two aspects need emphasizing. The first is the extent to which higher levels of government (at national or state/provincial level) ensure that urban government structures are representative of and accountable to their citizens. The second is the extent to which these higher levels allow urban governments the power and resources to fulfill their responsibilities.

Most nations have undergone some form of decentralization over the last 15 years. In the cases of Cebu and Ahmedabad, this has given the city authorities more scope for development. But in many nations, decentralization has not been accompanied by increased local democracy or by more effective municipal governments.[15] It is common for power and control over resources to be retained by higher levels of government. This was evident in Maputo, Bangalore, Santiago and Mombasa, despite very different local contexts and government structures.

The most common reason for this is the desire to keep power and resources in the hands of the party in power at national or state level. In India, the federal government has provided greater support for democratic decentralization and has transferred the main responsibility for poverty alleviation to municipal authorities. In Ahmedabad, the municipal authorities were able to capitalize on this and to increase revenue generation and capital investment drawn from its own revenue. But in Bangalore, power and access to public resources remain concentrated in state level institutions and national agencies with little or no representation of Bangalore's citizens.

8. Moser, Caroline O N and Jeremy Holland (1997), *Urban Poverty and Violence in Jamaica*, The World Bank, Washington DC, 48 pages; also Moser, Caroline O N and Cathy McIlwaine (1999), "Participatory urban appraisal and its application for research on violence", *Environment and Urbanization* Vol 11, No 2, pages 203-226.

9. Montiel, René Pérez and Françoise Barten (1999), "Urban governance and health development in León, Nicaragua", *Environment and Urbanization* Vol 11, No 1, pages 11-26.

10. López Follegatti, Jose Luis (1999), "Ilo: a city in transformation", *Environment and Urbanization* Vol 11, No 2, pages 181-202.

11. Velasquez, Luz Stella (1998), "Agenda 21; a form of joint environmental management in Manizales, Colombia", *Environment and Urbanization* Vol 10, No 2, pages 9-36; also Velasquez, Luz Stella (1999), "The local environmental action plan for Olivares bio-comuna in Manizales", *Environment and Urbanization* Vol 11, No 2, pages 41-50.

12. The April 2001 issue of *Environment and Urbanization* (Vol 13 No 1) includes a paper by Celina Souza on "Participatory budgeting in Brazilian cities: limits and possibilities in building democratic institutions" (pages 159-184).

13. See the paper on Cebu City by Felisa U Etemadi listed on the back page.

14. See the paper on Colombo by Steven Russell and Elizabeth Vidler listed on the back page.

15. For instance, there is little evidence that decentralization in Ghana has helped produce a more effective, accountable local government for Kumasi; the central government-appointed chief executive of Kumasi has kept power and there are very few resources available to the sub-metropolitan assemblies, town councils and unit committees for ensuring more effective local responses to poverty reduction. For more details, see the paper on Kumasi by Nick Devas and David Korboe listed on the back page.

16. Ramirez, Ronaldo (1996), *Local Governance Models: Decentralization and Urban Poverty Eradication*, Development Planning Unit, University College London, 11 pages.

The introduction of elected municipal authorities and mayors does not necessarily ensure more effective municipal governments. For instance, in Mombasa, higher levels of government inhibit the development of effective urban government. In many nations, despite decentralization, the political, financial and technical capacity to define initiatives and to start new developments and programmes remains with politicians, ministries or agencies at higher levels of government.[16]

IV. CONCLUSIONS

THERE ARE MANY ways in which the institutions, policies and actions of local governments can help to reduce one or more of the multiple deprivations suffered by most of those with low incomes. These include improving the access of poor groups to land for housing, infrastructure and services. They include political and legal systems which protect civil and political rights and allow low-income households more scope to develop their livelihoods, develop their own community initiatives and influence public policies. But there are also limitations – for instance, local governments have little capacity to increase low-income groups' incomes directly, although they have important roles in making their cities attractive to new investment and in avoiding policies that destroy livelihood opportunities for low-income groups.

Urban poverty is always located within the complex political economy of each city. It is obvious (but often forgotten) that unless political systems allow poorer groups to influence policies and resource allocations, there is little likelihood of effective poverty reduction. City or municipal authorities can more effectively meet their legal responsibilities for infrastructure and service provision if they work cooperatively with community-based organizations. To be effective, they need to establish formal lines of communication with community efforts and to support existing initiatives – as well as developing accountable and transparent mechanisms for providing support. They also need to develop the capacity to understand the priorities of their lower-income citizens, including the different needs of different groups. Researchers have a role in this – as shown by the insights of community activists in Colombo, by residents and community organizations in El Mezquital and by those involved in the participatory assessment of upgrading in Visakhapatnam. Participatory assessments can help to identify the range of deprivations and the different groups and different priorities that exist among "the poor".

Some points are especially relevant to the growing number of international donors that are developing urban policies, namely:
- the need to develop channels that provide support directly to community-based initiatives, especially where local governments have little interest in poverty reduction. The case study of El Mezquital shows how modest support from external agencies can help improve conditions although it also shows the limitations of such support in addressing the very limited income-earning opportunities available to its inhabitants;
- the need for long-term support for city authorities within political systems that allow them to be accountable to and responsive to low-income groups – with a recognition that building local capacity can be a slow process, especially where city authorities are weak;
- the need to recognize the failure of official statistics to capture the scale and nature of urban poverty, in part because they are too aggregated to reveal intra-urban differentials and in part because of inappropriate poverty definitions (income-based poverty lines, for instance, that fail to allow for the high cost of non-food necessities in many urban settings and that do not highlight the many other aspects of deprivation);
- the danger of external agencies promoting unrealistic "urban management" agendas that are in conflict with local capacities and power structures.[17]

17. See, in particular, the paper on Maputo by Paul Jenkins listed on the back page.

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