

III. ADDRESSING URBAN POVERTY ISSUES

The thematic focus of the Forum and the context of urbanization and poverty within which it is placed, were sketched very ably in the keynote address by Prof. Karina Constantino-David. She spoke about the uncontrolled urbanization patterns, the widening chasm between the rich and the poor, systematic exclusion of the poor from the development process, and the misplaced emphasis on "economic growth" as the sole trigger as well as indicator of "development". Citing specific examples of Philippine cities, Prof. David highlighted the lopsided and inequitable nature of present-day economic policies, and also dwelt upon the hurdles encountered by those who seek to bring about a change in this "parasitic" development paradigm from top-down to bottom-up, and from centralized to decentralized systems of determining policy, resource allocation, and program implementation.

Prof. David also outlined some actions that could be taken by cities to tackle urban poverty on an immediate basis, including

- establishment of minimum quality-of-life indicators;
- learning from the poor;
- maximizing innovative initiatives;
- making the market work; and
- focusing on newly emerging cities.

The Mayor of Shanghai, Hon. Xu Kuangdi, narrated the historical development of Shanghai,

the adoption of the economic reform process, and the measures taken to combat poverty. These include establishment of the social security system; revision and adoption of the unemployment insurance system; creation of more reemployment opportunities; and ensuring the right of medical care and education for low-income residents of the city. He expressed the hope that through the common efforts of Asian mayors, more and more residents in Asian cities will have better lives and the future of Asian urban societies will be brighter.

A panel discussion on Addressing Urban Poverty Issues helped to define further and prioritize key poverty issues and set the tone for later deliberations. The discussion was moderated by Dr. Dinesh Mehta, who spoke about the many facets of poverty and highlighted its key dimensions from the perspective of the poor: survival—the level of income for minimal subsistence, goods or income substitution, and access to curative health; security—predictability of income, assets, and savings base, entitlements, and empowerment; and quality of life—public health concerns of clean water and sanitation, environmental hazards like flooding and fire, and discomfort and drudgery.

Dr. Mehta also expounded on the major challenges faced by cities in the 21st century. Apart from the exponential growth of urban populations in Asian countries, urbanization of poverty is perhaps the most significant development phenomenon of our times. He also spoke of the need to tackle poverty issues both at the national (policymaking) level as well as the local (operational) level. At the national level, effective responses to poverty would require acceleration of human development (access of poor to education, health, and basic services), and acceleration of economic growth, accompanied by improved distribution of income and wealth. At the local level, responses to poverty could take the form of

Urbanization of poverty is perhaps the most significant development phenomenon of our times.

improved urban governance, empowerment of the poor, and strategic partnerships of local governments and civil society for the poor.

Panelist Mr. Asad Ali Shah described ADB's new poverty reduction strategy. He highlighted the shift in focus from "income poverty" to "human poverty", which is a recognition of the fact that poverty is a multidimensional issue, the various aspects of which cannot be captured in something as simplistic as the one-dollar-a-day definition. He also touched upon causes and characteristics of urban poverty and listed key urban poverty issues:

- excessive spatial concentration in the largest cities;
- enormous requirements for low-cost housing;
- deteriorating urban quality of life;
- bypassing of the poor in the development process;
- lack of well-targeted poverty programs; and
- need for improved social protection.

ADB's poverty reduction strategy emphasizes the need for continued economic growth, improvement in economic efficiency and productivity, and improved governance. Renewed efforts of ADB towards poverty alleviation include developing country programs with a strong emphasis on poverty reduction, a microfinance development strategy, poverty-focused advisory technical assistance programs, and increased lending specifically for "poverty interventions".

The presentations from these two international agency perspectives led to an interesting debate on whether or not multilateral agencies should move from lending only to national governments to lending directly to local governments.

Poverty is a multidimensional issue, the various aspects of which cannot be captured in something as simplistic as the one-dollar-a-day definition.

Panelist Mr. Bambang Sungkono described poverty alleviation initiatives before, during, and most importantly, after the economic crisis that hit Indonesia in 1997. He recounted the overwhelming impact of the economic crisis on Jakarta City, which is largely dependent on tertiary-sector economic activities. A four-phase strategy focusing on (a) rescue, (b) recovery, (c) stabilization, and (d) development has been created to counter the impact of the crisis. The presentation brought out the need to make the initiatives of various agencies more coordinated and cohesive.

Finally, panelist Ms. Lajana Manandhar reinforced the last point mentioned above. Ms. Manandhar described the participatory consultation approach to address poverty issues being implemented by Lalitpur Sub-Metropolitan City, Nepal, in partnership with LUMANTI and the Urban Management Programme. She presented a brief poverty profile of Lalitpur and brought a message from leaders of poor communities in Kathmandu: we should look at the poor the way we look at our own friends and relatives and treat them accordingly.

KARINA CONSTANTINO-DAVID

Professor of Community Development,
University of the Philippines, and
Former Secretary of Housing and
Urban Development Coordinating Council,
Philippines

More than 80 percent of the present 60 megacities are found in the South.

In 1960, less than 50 percent of the then 19 megacities in the world were in developing countries. Today, more than 80 percent of the present 60 megacities are found in the South. In just four decades, our cities have grown spectacularly. All of our countries can boast of at least one major city that serves as the center of

governance and commerce. At the same time, we all have newer cities that are also developing at an alarming rate. While the presence of modern amenities marks our cities, a large segment of their populations lives with barely the basic necessities for survival. The urban poor eke out a living in the midst of affluence, scavenging from the remains of the consumerist lifestyle of our cities; they have been systematically excluded from urban development.

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

We set our sights on emulating the patterns of more developed countries, blindly importing and transplanting images of cities from the more affluent parts of the globe.

Parasitic Development

The problem with development is that it implies movement toward a goal. Through the years, this movement has focused primarily on economic growth. The hope and the promise were that there would be a trickle-down effect of growth. Towards the second half of the 1980s, the concept of sustainable development was introduced. Sustainable development was meant to correct the flaws of developmental thinking by balancing present economic growth against the needs of generations to come. But this kept us essentially on the same path of development except that the importance of the environment we share has come to the fore.

But even with the acceptance of sustainable development by governments and multilateral agencies, the realities have not changed for the vast masses of people in the South. A parasitic form of

In a very real sense, the irony of our cities is that they develop at the expense of the poor and our environment.

development is what we have. It is a development that blindly assumes that human and natural resources are inexhaustible. It sacrifices the poor and the environment at the altar of the market and its promises of economic growth.

Economic growth and its consequent patterns of consumption cannot be equated with an improvement in the quality of life. In fact, while the pursuit of economic growth has indeed produced increases in trade, investment, and output in general, it has also resulted in widening disparities and inequalities among people and nations. The transactional and utilitarian nature of the market has further disempowered masses of people and their environments.

The unquestioned development paradigm and the rush of our governments to compete in the global market have had disastrous results. On the one hand, cities have grown to attract foreign investments while on the other, our rural areas have stagnated. Finding no way out of poverty, rural folk migrate to the cities in search of wage work. But for an underdeveloped country to attract foreign investments, one prerequisite is low wages. These migrants swell the ranks of the urban poor, engaging in low-paying contractual jobs, surviving through the informal economy, and residing in informal settlements. In a very real sense, the irony of our cities is that they develop at the expense of the poor and our environment.

A more appropriate direction would be sustainable improvement in the quality of life.

A more appropriate direction would be sustainable improvement in the quality of life. This allows us to focus on the needs of the poor and the environment within the realities of each country without compromising the ability of future generations to meet their own needs. Sustainable improvement in the quality of life, as proposed by the Independent Commission on Population and Quality of Life, requires us to respect the limits of the globe's carrying capacity while at the same

time taking responsibility for the needs of people and the environment, our caring capacity. The antithesis of care is power and control, abuse, and aggression.

In order to take the path of sustainable improvement in the quality of life, it is important to start from the realization that the continued parasitism of society on the misery of the poor and the degradation of the environment will inevitably become the basis for the unsustainability and breakdown of our cities.

How Philippine Cities Illustrate Patterns of Parasitism

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

Of the urban population, about 10 million live in Metro Manila, which has an annual growth rate of 3.3 percent. More than 30 percent of the gross national product originates from here. But easily 3.5 million can be categorized as urban poor. Some 10,000 families live along the Pasig River alone, 32,000 families along the major tributaries, 45,000 families beside the railroad tracks, and the rest in pockets of urban decay that range from a

The continued parasitism of society on the misery of the poor and the degradation of the environment will inevitably become the basis for the unsustainability and breakdown of our cities.

Environmental degradation can be seen in various disasters that regularly occur—flooding, traffic chaos, homes destroyed by landslides and other earth movements, deaths of wildlife in the rivers and seas, etc.

handful of families to major slums in the tens of thousands of people.

The urban environment has long been abused by air, noise, and water pollution; inadequate waste disposal; and congestion. The carrying capacity, the maximum sustainable load that humankind can impose on the environment before it loses its capacity to support human activity, is in peril. Motorized transport accounts for 94 percent of the total organic gas in the air, 99 percent of the carbon monoxide, and 83 percent of the nitrogen oxide emissions. Industries release massive amounts of sulfur dioxide, and domestic and industrial waste is haphazardly dumped into the city's waterways and streets. Apart from these, environmental degradation can be seen in various disasters that regularly occur—flooding, traffic chaos, homes destroyed by landslides and other earth movements, deaths of wildlife in the rivers and seas, etc.

Even as we strain the carrying capacity of the metropolis, the inadequacy of our caring capacity is obvious. Metro Manila is home to the best of urban amenities in both the business and wealthy residential districts. But security services are a booming business to protect these sectors from the assaults of those who have much less. Tertiary health care and education are concentrated in the metropolis. But if one disaggregates primary health services accessible to the urban poor, they pale in comparison to those in rural areas; for example, there is one primary health unit for every 10,000 people in rural areas against one for every 50,000 people in the urban centers. Primary and secondary education may be of a slightly higher quality in cities, but the 1-to-50 teacher-pupil ratio makes basic learning unsatisfactory. At the college level, the scene is dominated by private universities, which charge a fortune for substandard education.

The seats of government, media, and the church are situated here as well. But basic minimum needs remain unmet.

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

Economic growth that is hinged on the messiah of globalization has been achieved on the backs of the poor and at the expense of the environment.

Which Actors and Factors Make or Break Cities?

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

Five distinct but overlapping power groups—the State, business, the dominant church, the media, and international aid agencies—although not monolithic, share responsibility for the deteriorating quality of life in cities. The model of development that underpins their actions is economic development through global competitiveness and foreign investments as the engine of growth, even though sustainable development, equity, and pro-poor rhetoric are ironically standard fare.

In the Philippines, the present administration doggedly pursues the same economic thrust as previous governments despite a pro-poor campaign line that ushered it into power. The poor, who

overwhelmingly voted in the present administration, were buoyed by initial pronouncements. The business community and the dominant church community nervously awaited clear directions on economic policy, decisive leadership, and transparency in the management of state affairs. Media has exposed much of the weaknesses of the government from the banal to the sublime. Donor agencies balked at what seemed to be a partial declaration of autonomy by some economic managers of government.

But while good governance remains elusive, the economic directions seem to have settled back to the same development paradigm. In the Housing and Urban Development Department, which I headed for 15 months, radical changes in policy were undertaken, including

- situating shelter within a broader national urban policy framework;
- allocating 80 percent of public resources for housing for the poor;
- expanding options for the lowest-income households through efficient rental markets;
- strengthening the community mortgage program and cooperative housing;
- housing finance reforms;
- localizing and decentralizing urban and shelter policy with an emphasis on ecological balance;
- ensuring effective participation of the poor; and
- redefining public- and private-sector roles to ensure a better distribution of responsibilities and risks.

These changes were met with angry protests from a portion of the business sector whose short-term interests were threatened.

These changes were met with angry protests from a portion of the business sector whose short-term interests were threatened. While most of the top-level government decision makers as well as foreign aid agencies welcomed these policy shifts,

they were diffident about confronting the self-interest groups. It was more comfortable for government functionaries to keep away from the fray while foreign aid agencies refused to take a proactive stance, hiding behind the convenient excuse of "noninterference" even as they spoke about their frustrations in private. Only a section of the World Bank took the bold step of immediately suspending negotiations for a major program on housing. In the final analysis, the political will for change was lacking.

Civil society—NGOs, people's organizations, academe, ideological blocs, and other voluntary organizations—were powerless in the face of these attempts to protect the status quo. First, the poor could only view the changes within the limited perspective of their immediate needs. Second, NGOs could not keep up with the policy debates, especially those that were systemic rather than concrete in nature. Third, some ideological blocs could not wean themselves away from a consistently oppositionist stance to anything emanating from government. Fourth, academics did not seem to take very much interest in policy vis à vis research. Finally, there was a yawning gap between civil society demands that were either very concrete or supremely conceptual, and the day-to-day requisites of change.

On a more concrete level, the case of the Pasig River Rehabilitation Commission provides a further illustration. The Pasig River is the major waterway of Metro Manila. It is a 27-kilometer stretch with dozens of tributaries that used to be the center of transportation, and economic and cultural activity. The river is dead. It is the dumping area of domestic and industrial waste, the largest septic tank in the country. On its banks, on stilts in the river and underneath the bridges that traverse it, are 10,000 informal settler families. Every administration for the past four decades has tried to

Foreign aid agencies refused to take a proactive stance, hiding behind the convenient excuse of "noninterference" even as they spoke about their frustrations in private.

revive the river; each one has failed. The present Estrada government decided to embark on an ambitious but attainable program to resurrect the river (dredging, revetment walls, minimizing water pollution, etc.), relocate the settlers within the ten-meter easement, restore a viable means of alternative transportation, and create open spaces along the banks.

The determination to achieve what others have miserably failed to do meant creating a commission composed of Cabinet members that would orchestrate the entire program. Apart from government resources, Danish International Development Assistance and ADB provided support. A crucial element was dealing with the settlers. Past attempts had resulted in protests; forcible, distant, and inhuman relocation; and ultimately the return of about 50 percent of the settlers.

Work on the Commission started in January 1999. A Housing and Resettlement Group (HRG) that I personally chaired was immediately set up, which included representatives from each of the affected local government units (LGUs) and representatives from the informal settlers and their NGO counterparts. The HRG arrived at a consensus on a framework to govern resettlement, jointly revalidated a 1977 family census, agreed on uniform parameters on the process of relocation, identified appropriate sites, scheduled each area for resettlement over a two-year period, and set up a monthly bulletin for accurate information to reach each of the communities. Among the innovations we introduced were

- voluntary relocation;
- priority for in-city, then near-city relocation;
- optional relocation sites for the communities;
- visits to sites by whole communities before they made their decisions;

- a graded lease-purchase scheme, starting at less than US\$10 a month;
- encouragement to LGUs to keep the settlers within their boundaries or to contribute a set amount to the receiving LGUs if the settlers could not be accommodated in-city;
- strong efforts to ensure that basic amenities and facilities—utilities, transportation, schools, health clinics, employment—were present in each resettlement area;
- for transparency, submission by the private sector of already-developed potential resettlement sites concerning which, apart from technical evaluations, the ultimate resident had the final decision; and
- the option for settlers to submit their own resettlement plans.

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

Looking back, we could have done better. One major problem lay in the funds. The processing time for ADB meant that funds would only be available by the year 2000. And yet President Estrada demanded action based on an extremely tight time schedule. At the same time, some communities that wanted to ensure that they would get the site of their choice also wanted to move while the schools were still being built. In the six

months since we resigned, there is restiveness in both the relocated as well as the still-to-be-resettled communities. The HRG has been effectively disbanded. The poor no longer have access to decision makers. The identified sites for the Pasig River resettlers have become areas for other communities that have been forcibly relocated, the promised facilities have not been completed, and the people no longer have a say in the sites to which they would be transferred.

The participatory nature of the HRG ensured that urban poor leaders and NGOs could sufficiently contain any disinformation because they themselves were part of the decision-making body.

Throughout the process, not all the problems came from government and foreign agencies. Academe was completely absent, when it could have provided much needed assistance in research and fresh insights. Some ideological blocs attempted to derail the process by raking up all sorts of fears. But the participatory nature of the HRG ensured that urban poor leaders and NGOs could sufficiently contain any disinformation because they themselves were part of the decision-making body. Although it was well worth it, the process was at times tedious and repetitive due to initially unreasonable demands like on-site relocation, where the land is given for free, and the lack of understanding of the complexities of resettlement.

The Challenges Ahead

A shift in our development paradigm is urgently needed. No, I do not refer to earth-shaking upheavals but to the simple resurrection of the importance of the rights of people and nature. In our frenzy toward economic development, our macroeconomic policies and the short-term outlook of political decision making have strained the carrying capacity of the earth and neglected our caring capacity for the rights and needs of the poor. But beyond the platitudes that regularly mark our public statements, there are practical initiatives that can be introduced or strengthened.

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

Decentralization to the local government level has the greatest potential to turn the situation around.

Allow me to mention a few of the actions that local governments can immediately undertake:

- *Minimum quality-of-life indicators.* Social policies are the visible expressions of a caring government. We can start by creating measurable and verifiable parameters for non-negotiable minimum quality-of-life standards for each of our cities. Indicators must be formulated with the active participation of civil society. Indicators that are able to measure outcomes can serve as a social contract between local authorities and their constituencies because they relate to concrete action and defined accountabilities.
- *Learning from the poor.* Social policy can only be effective if decision makers draw from the wealth of knowledge and skills of both technical experts and the poor. In the final analysis, a participatory process is the best guarantee for success
- *Maximizing innovative initiatives.* We do not need to reinvent the wheel. There are many useful innovative initiatives that can be

Social policies are the visible expressions of a caring government.

In this era of globalization, it is naive to dream of poverty eradication without addressing the market.

- mainstreamed and further strengthened. The Sustainable Cities Program of UNCHS and The UN Environment Programme and the City Development Strategies of the World Bank, although implemented in only a few areas, have had some positive results. Various microenterprise initiatives and cooperative movements in Asia have also shown that, if given the opportunity, the poor can manage their own economic development. In the field of health and education, many NGO-initiated programs are testimonies to successful alternative interventions.
- *Making the market work.* In this era of globalization, it is naive to dream of poverty eradication without addressing the market. Business and finance have long been viewed as the antithesis of poverty. But in much the same way as we have learned that we all share a finite earth, business has also come to accept the reality that massive poverty is not good for business. The past few decades have seen a slowly emerging trend where more business conglomerates have moved from an almost total lack of concern to charitable endeavors to involvement in social issues to self-imposed quality-of-life standards. Governments must speed up this development by providing the atmosphere that would encourage access of the poor to the market.
 - *Focusing on newly emerging cities.* If our megacities developed into monstrosities due to lack of planning and plain neglect, we have the opportunity to avoid the same mistakes in the newer cities. At the same time, dramatic technological advances, especially in mass transit and electronic communication systems, make it possible to create centers of governance, business, and

culture that need not be congested into defined and contiguous geographic areas. It is, therefore, imperative that local authorities in newly emerging cities muster the political will to anticipate the future and plan their cities beyond their terms of office.

We are fortunate to be leaders at the beginning of a new century. We can repeat the mistakes of the past or we can help to shape the future. I am confident that local authorities with the effective participation of business and civil society can make a difference for the poor and our environment. With the assistance of ADB and other multilateral institutions, all it takes is the political will to go against the grain of tradition, and the daring to care.

We can repeat the mistakes of the past or we can help to shape the future.

XU KUANGDI

Mayor, Shanghai Municipal Government
People's Republic of China

Now that the 21st century is approaching, the mayors of Asian cities have decided to get together in Shanghai to discuss the fight against urban poverty. This has great significance. For healthy development of the economy and society in cities, we must try extremely hard to ease and ultimately eradicate poverty. During the last half of the century, especially since the reform and opening-up policy 20 years ago, the Shanghai Government has considered the improvement of the living standards of the people in the cities as its primary goal. It tried to address the major problems of the people toward one end result—that the masses will have enough food to eat, clothes to wear, and a relatively comfortable life.

The general designer of the reform and opening-up policies in the PRC, Mr. Deng Xiaoping,

pointed out that "development is a strong agenda." Reviewing the status of Shanghai City, we noted that continuous development has always been our means of solving problems and making progress in improving the living standard of the people. When the PRC implemented the reform and opening-up policies in 1978, the gross domestic product (GDP) in Shanghai City was only Y59.2 billion. In 1999, the city had a GDP of Y403.5 billion. The GDP per capita is more than US\$3,700. At present, the annual average salary of the staff and workers in Shanghai City is Y14,147. The average expected life span of the residents in Shanghai City is 78 years. The average length of education per capita has reached 12 years. The living area per capita is more than 10 square meters.

Of course, in the process of the fast development of the urban economy, new issues have emerged. Shanghai has long been implementing a planned economic system. This has entailed transferring the old system into the new system of the socialist market economy. During the process, it has become an important task for the Government of Shanghai City to help the disadvantaged people in improving their capability for self-development and protecting their lives. At the same time, along with accelerated implementation of industrial structural adjustment, some surplus staff and workers in traditional industries and state-owned enterprises have left their original jobs. The Government and society have the responsibility to support them to develop new skills and find new employment.

Among the various measures that we have adopted are the following.

Basic Living-standard Insurance System

In 1993, Shanghai established the basic living-standard insurance system to provide social support

to residents whose families are living below the lowest standard. The Department of Civil Administration undertakes this work. As of May 2000, Shanghai City had targeted 142,408 urban and 23,544 rural persons as beneficiaries of the social security system.

In 1998, administrative stations in streets and towns were set up throughout the city in order to make the social services accessible to the residents. These stations provide social services such as processing applications for insurance policies.

Toward the end of 1998, Shanghai City established a computerized city-wide network for social support services. The network has largely improved working efficiency in relief and supporting works. At the same time, we increased the minimum living standard from Y120 in 1993 to Y280 in 1999 so that residents benefit from economic development in the city.

Toward the end of 1998, Shanghai City established a computerized city-wide network for social support services.

Unemployment Insurance System

The unemployment insurance system in Shanghai has two functions: to protect the basic living standard of laid-off workers and to provide an employment service for these workers and actively help them to get new jobs. On 1 April 1999, the newly revised "Unemployment Insurance System in Shanghai City" was formally implemented. The system provides insurance to unemployed people for a limited period only, and thus encourages them to seek employment actively. The Government has also strengthened its occupation guidance for unemployed people through a reemployment service center.

Reemployment Centers

In 1996, Shanghai City established pilot reemployment centers in the textile and electronics

industries. As of September 1999, there were 308 such centers, with a capital of Y3.5 billion, which cater to all the laid-off workers in the city. In 1999, the basic living allowance for laid-off workers was increased to Y318 per month. Today, 0.6 million laid-off workers can get new jobs through the reemployment service centers.

At the same time, the Government has strongly promoted the development of the public-benefit working organization set up to serve the public interests of the residents in the city, particularly to laid-off workers. At present the major available positions are related to security, cleanliness, maintenance, etc. Laid-off workers can submit an application and the Government grants employment within 24 hours. These public-benefit working organizations have been set up in every street in the city.

Health and Education Insurance for Low-income Groups

Since 1997, the city has given annual medical care and relief services to sick residents in urban areas.

Since 1997, the city has given annual medical care and relief services to sick residents in urban areas. More than 10,000 people have benefited from this service. This year, the Government began a quarterly medical relief and support service and extended it to poor rural families.

We provide an educational subsidy for the children of poor families. In 1999, Y105 million in financial subsidies was granted to students from poor families. About 10 percent of college students and 6 percent of high school students have enjoyed this subsidy.

In 2000, we started to implement a three-year plan for increasing employment by 0.1 million positions each year. At the same time, we strongly promote humanitarianism. A good tradition in the PRC is support for the weak and provision of relief to the poor. In the market economy, we still should

uphold this moral excellence. This is an important indicator for the society to become egalitarian.

The Shanghai People's Government will continue to put more effort into providing a comprehensive and efficient social security system in order to provide a more stable and harmonious social environment for economic development and also to give every resident in Shanghai City better living conditions. Through this, we will also increase the level and scope of people's security and enable all residents in Shanghai City, particularly those living below the minimum standard, to obtain more direct and more efficient support.

To exist and coexist is a basic right for everyone. Our theme for this year's Forum plays a very positive role in promoting healthy social development in Asian cities. We sincerely hope that through our common efforts, more and more residents in Asian cities will have better lives and that the future development of Asian urban societies will be brighter.

DINESH MEHTA

Coordinator, Urban Management Programme
United Nations Centre for Human Settlements

The issue of urban poverty is particularly important. Poverty has multifarious dimensions of increasing concern to the global community. Poverty is no longer based on income. It has many faces, and changes from place to place and across time.

Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school, not knowing how to read, not being able to speak properly. Poverty is not having a job, fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water.

Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school, not knowing how to read, not being able to speak properly...

Above all, poverty is powerlessness, and lack of representation and freedom.

Above all, poverty is powerlessness, and lack of representation and freedom.

One of the challenges that the world is facing is rapid urbanization. Some 51 percent of the world's population will be urban by 2010 and poverty is one of the key features of this rapid urbanization. More of the 1.3 billion poor people are found in the cities than in the rural areas, causing increased income disparities, marginalization of the poor, and slums. With structural shifts in the economy and unequal capitalization in cities, we see that the impact of globalization on the poor is quite adverse. We have not addressed the issues of poverty through our open economy and cross-border policies.

The decentralization of powers to local levels allows many cities to take greater responsibility for poverty alleviation, but other countries have not yet taken this track. I think that it is important for cities to be empowered. It is also important to note that the key to poverty alleviation in the cities is improved governance.

In responding to poverty at the local level, we need responsive and accountable local governments. We need approaches that include the poor to become an integral part of the decision-making process. We have to find ways by which we can empower the poor, recognize their organizations that exist at the community level, and engage other civil society organizations in policy advocacy on behalf of the poor. We need strategic partnerships with local governments and civil societies, and I am sure we will see or hear much more about partnerships in this Forum.

At UNCHS or Habitat, governance is an important issue. We have recently launched a global campaign on good urban governance. Its mission is to "promote pro-poor urban governance in the world". Its objective is to "increase the capacities of the local governments and other stakeholders to

practice good urban governance, raise awareness, and advocate good urban governance globally." The campaign aims to begin a normative debate on what really are the norms of good urban governance. We welcome your participation in this campaign as well.

Finally, I would like to emphasize that we need a local urban poverty reduction strategy founded on three pillars: empowerment, security, and opportunity for the poor. This strategy will enable cities to improve equity, efficiency, productivity, and governance by providing sustainable livelihoods, safe and secure living environments, and better quality of life for the urban poor.

We need a local urban poverty reduction strategy founded on three pillars: empowerment, security, and opportunity for the poor.

ASAD A. SHAH

Manager, Water Supply, Urban Development and Housing Division (East)
Asian Development Bank

Poverty reduction is now ADB's overarching objective and appropriate strategies are being formulated to address the poverty challenge in a comprehensive manner.

The multidimensional nature of poverty is clearly reflected in ADB's new poverty reduction strategy. In addition to the income/expenditure definition of poverty, poverty can also be defined as lack of access to basic social services like basic education and health care, shelter, and food security. For example, in the PRC, many of the rural migrants working and living in cities on a long-term basis are not income poor in that their cash incomes may be higher than the poverty line. However, officially regarded as temporary residents, many end up living in substandard housing and lack health or unemployment insurance. The implication is that if we focus on an income-based poverty line, we

overlook other areas of deprivation that are not captured by income alone but equally deserve a policy response. Urban poverty is, therefore, a complex subject that is difficult to understand, let alone address, accurately.

Causes and Characteristics of Urban Poverty

As urban poverty differs from country to country, the starting point must be a comprehensive examination of the constraints and opportunities for poverty reduction in each country. In the PRC, the principal causes of rising urban poverty in the last decade are (i) a sharp rise in job terminations and lay-offs, especially in the government sector, which is still by far the largest employer in urban areas; and (ii) erosion of the enterprise-based social welfare system and the lagged development of a "socialized" security system.

In most developing countries, the majority of the urban poor earn their incomes in the informal sector. Many day-laborers such as in South Asian construction or manufacturing firms are in the informal sector. Their incomes are relatively unstable because they have little protection from sickness and injury, given the unpredictable demand for their services. The urban poor are often discriminated against in the provision of government services. Illegal squatter settlements are typically not provided with schools or health services on the same basis as legal residents. In some developing countries, since governments intend to eventually relocate squatters to permanent and legal sites, basic services to squatter settlements are not provided. Unfortunately, this situation has persisted for years because governments have lacked the resources or the political will to provide permanent settlements and access to tenure.

Key Urban Poverty Issues

Based on our work in ADB, let me outline some of the key urban poverty issues.

First, in many developing countries, the poor have been bypassed in the development process. Some major groups where poverty incidence remains high have proved very hard to reach. These groups mainly include poor people on the fringes of or outside the monetized economy; people living in far-flung resource-poor regions; ethnic minorities; women and children; the elderly and disabled.

Second, there is excessive density of people in the largest cities, which have become, or are fast emerging as, megacities. This is a prominent issue as it manifests itself in terms of the highly charged problems of poverty and inequality, unemployment and underemployment, inadequate infrastructure and housing, deficient social services, and environmental degradation. These persistent ills indicate that urban populations are growing faster than the economic absorptive capacity and fiscal means of cities and municipalities. The recommendations emerging from a series of ADB-sponsored regional studies and seminars include

- the need for strengthening the decision-making process of municipal governments to enhance transparency and coordination;
- reducing waste generation and emission of pollutants;
- making land development and land transfers more efficient; and
- relying more on nongovernment sources of funds.

Third, governments need to develop well-targeted poverty-reduction programs. With better targeting, these programs could be more effective and less costly. Expanding and improving access of

Public subsidies are typically regressive in that more subsidies accrue to the nonpoor than to the poor.

the poor to basic education, primary health care, and basic social services are important for poverty reduction. However, most developing countries face two interconnected problems in the delivery of social services: (i) they need to generate more resources in order to expand and improve the quality of services; and (ii) public subsidies are typically regressive in that more subsidies accrue to the nonpoor than to the poor. Governments can raise additional resources through increased user fees at public facilities and by promoting the private sector. However, unless careful safeguards protecting the access by the poor to social services are established at the same time, both of these financing proposals could exacerbate the existing inequalities between the poor and the nonpoor.

Fourth, urbanization and the associated shift of poverty from rural to urban areas translates into enormous requirements for low-cost urban housing and shelter. Approaches to assist the urban poor in obtaining suitable shelter are best formulated as part of an overall medium-term housing policy program.

Fifth, attention needs to be drawn to the fact that despite economic progress, the quality of life in many developing cities is deteriorating. For urban sustainability, effective strategies need to be developed to find a balance between growth, equity, and environment. This means that local government capacity has to be strengthened, so that environmental considerations are integrated in urban development plans, with a focus on improving the living conditions of the poor.

Sixth, both the Asian financial and economic crisis and economic transition have underscored the need for improved social protection. An enormous amount of work coupled with significant political commitment is necessary for effective social protection measures to be put in place.

ADB's Role

Now, what can ADB do to help? Vice President Shin in his opening statement gave an overview of ADB plans and programs in fighting poverty in the Asia-Pacific region. Let me elaborate on a few points.

First, there is a need for continued economic growth. Economic growth in East Asia prior to the financial and economic crisis led to substantial reduction in poverty through increased economic opportunities; greater worker productivity and higher wages; and increased public revenues that could be used for basic health care, education, and infrastructure. There is also a need for direct poverty-reduction measures for basic infrastructure and services together with microcredit and other direct income-generating schemes.

Second, a major challenge of urbanization is to improve economic efficiency and productivity, while simultaneously reducing poverty and facilitating greater equity through a comprehensive social development program. Well-targeted social development is necessary in order to increase employment opportunities and living standards of the poor. Accordingly, more direct targeting of the poor will be done by ADB with slum improvement programs based on an integrated package of social, economic, and physical improvements.

Third, ADB is placing stronger emphasis on governance issues, particularly at the local government level. As an example, ADB's policy dialogue in water supply and wastewater projects in the PRC has focused on corporate governance and enterprise reform. In Indonesia, ADB's project for communities and local governments is promoting decentralization and administrative and fiscal autonomy. In India, ADB projects on urban development and housing have supported decentralization of operations from central to state to municipal government.

Well-targeted social development is necessary in order to increase employment opportunities and living standards of the poor.

Fourth, ADB's country assistance strategies and programs will be based upon partnership agreements, with a strong focus on poverty reduction. Such agreements have already been signed with Mongolia and Bangladesh. In the Philippines, a series of poverty consultations is being undertaken to craft a national antipoverty strategy and action program to identify (i) priority initiatives with the greatest impact for the poor; (ii) areas of cooperation and the role of stakeholders; (iii) resources needed for these programs; and (iv) monitoring mechanisms to assess progress in poverty reduction at national and local levels.

Fifth, ADB approved in June 2000 a microfinance development strategy aimed at ensuring permanent access to institutional financial services for most poor people and their small businesses in the Asia-Pacific region. About 95 percent of the 180 million poor households in the region still lack access to institutional financial services. To help the poor better access microfinance services, ADB will support awareness-building programs; disseminate information on service providers; provide skills training for women, ethnic minorities and disadvantaged groups; and assist community-based organizations to participate in microfinance projects.

Sixth, ADB will invest more in essential services for the poor and place more emphasis on income generation and employment. A project for basic urban services in Mindanao, Philippines, is currently at an advanced stage of preparation and a feasibility study for a project for the urban poor has also commenced. ADB's portfolio of water supply, wastewater, and sanitation projects has provided substantial benefits to the poor in many DMCs by (i) preventing increased incidence of waterborne diseases, and (ii) safeguarding the quality of drinking water and improving wastewater services.

About 95 percent of the 180 million poor households in the region still lack access to institutional financial services.

Seventh, ADB is setting specific targets. At least 40 percent of future ADB lending will be specifically for "poverty interventions", in which "core poverty interventions" will be specifically designed to address extreme poverty. These will be rigorously assessed and well focused to ensure that a majority of the clientele is below the poverty line. The balance of our public-sector lending will be channeled to "pro-poor growth interventions." These will aim to address impediments to broad-based economic growth, and could also directly enhance poverty reduction.

At least 40 percent of future ADB lending will be specifically for "poverty interventions."

Eighth, through advisory technical assistance, ADB is conducting poverty-related studies in some DMCs including the PRC, Indonesia, India, Lao PDR, and the Philippines. A regional study is being formulated to promote public-private sector partnerships in providing services to the urban poor.

ADB will also become more actively involved in the housing sector. In Mongolia, ADB assisted the Government in preparing the Housing Policy Law, National Housing Strategy and amendments to the condominium law and the housing privatization law. A housing-sector finance loan is currently being developed that will focus on low-income housing. A housing finance loan has also been provided to India and a follow-up phase II loan is currently under preparation.

Conclusion

Urban poverty in many Asian countries will remain a formidable challenge for years to come. It is important, therefore, to sharpen our understanding of the intricate dynamics of the problem and to disseminate effectively the results of analysis and research on the subject. The process should contribute to the formulation of progressively better policies and programs for poverty reduction. ADB is firmly committed to poverty reduction and we

intend to be effective and make a difference in partnerships with government, bilateral and multilateral agencies, and all other stakeholders.

BAMBANG SUNGKONO

Chairman, Regional Development Planning Board
Jakarta, Indonesia

Development philosophy in any state represents the attempt to overcome poverty. However, the form of policy approaches, measures, or programs to alleviate poverty may vary according to the period of time or the issues that arise during any particular period. In other words, poverty alleviation efforts should be in line with the prevailing development paradigm at the time.

Development policy from 1996 took the "growth through equity" approach, focusing on measures to improve the quality of human resources.

Between 1970 and 1995, development policy in Indonesia adopted the "trickle-down effect" paradigm. Economic growth was to be achieved by attracting large-scale investment, while equity was expected to come through the trickle-down effect. However, since this effect did not materialize as we had hoped, development policy from 1996 took the "growth through equity" approach, focusing on measures to improve the quality of human resources.

The Jakarta City Government's approaches to fighting poverty are based on different criteria for determining poverty. For policymaking, the criteria used are based on a concept devised by the national statistical bureau. Under these criteria, residents are classified as being below the poverty line if they fail to satisfy a minimum standard of basic needs for food—that is, expenditure for food being equivalent to 2,100 calories per capita per day—and nonfood, which is equivalent to consumption expenditure for essential nonfood consumption of those who live marginally above the poverty line. For operational purposes, however,

poverty alleviation programs are based on the Pre-Prosperous Plus Family concept formulated by the National Family Planning Coordination Board. According to their criteria, a family is categorized as a "Pre-Prosperous Plus Family" if

- the head of the family has been made redundant or does not have a job;
- one or more of the children has dropped out of school;
- the family cannot afford health care if a family member is sick;
- they cannot afford to eat at least two meals a day;
- they cannot afford to eat protein at least once a week.

Programs have already been introduced to deal with these issues. They include a labor intensification program intended to provide jobs for the unemployed through construction projects or maintenance of infrastructure and public facilities, and subdistrict renewal efforts known as the Kampung Improvement Program (KIP), designed to increase small-scale economic activity within local communities.

To gain a better understanding of the results of the implementation of Jakarta's approach to alleviating poverty, the following sections describe the results prior to and during the financial and economic crisis.

Poverty Alleviation Programs Prior to the Economic Crisis

Subdistrict development programs were implemented through the *Inpres Desa Tertinggal* (IDT) program, which was developed further by gubernatorial instructions, and which covered 36 subdistricts; and the Community Environmental

Grant (CEG) Program, which targeted 85 subdistricts categorized as poor slum areas.

Characteristics of the IDT program were

- economic empowerment of poor families;
- channeling of funds to communities in the form of revolving funds;
- ownership by the community groups of all existing assets and funds in the community; and
- support by Rural Development Mobilization Facilities.

The CEG program, assisted by the World Bank, had the following features:

- covered social, economic, and environmental development assistance;
- control of revolving funds by local foundations;
- loan interest rate based on agreement between the local foundation and community groups; and
- support by NGOs.

Fighting Poverty During the Crisis

The effects of the financial and economic crisis rendered our poverty alleviation measures all but meaningless.

Although poverty alleviation measures in the Jakarta Capital City Administrative Region (JCCAR) achieved considerable success, the effects of the financial and economic crisis in Indonesia, which began in mid-1997, all but rendered them meaningless. As a city largely dependent on tertiary-sector economic activities (trade and services), the effects of the crisis overwhelmed Jakarta. This is logical, given that tertiary-sector activities are strongly influenced by other sectors, principally the primary (agriculture and mining) and secondary (manufacturing) sectors. The impact reached a peak

in 1998, when the number of poor residents reached 861,000 compared with 378,000 in 1996; unemployment increased by more than one percent; and economic growth fell from 9.1 percent to -17.6 percent. A follow-on effect of these conditions was a reduction in accessibility to basic educational and health services.

The crisis has also made us aware that development approaches need to be enhanced with strategies to reinforce community institutional empowerment. In this way, development in the future can be carried out by the communities themselves (bottom-up), in contrast to the top-down and centralist approaches that have dominated until recently.

In anticipation of the impact of the crisis, several programs are being or will be implemented in four strategic phases. These are (1) rescue, from 1998 to 2000; (2) recovery, from 1999 to 2001; (3) stabilization, from 2001 to 2003; and (4) development, from 2002 to 2003.

The programs implemented during the rescue phase form a group known as the Social Safety Net. In the JCCAR, this comprises

- a food security program;
- labor intensification and employment-creation programs;
- social protection programs; and
- economic empowerment through the development of small and medium enterprises.

Several initiatives have been made in support of the Social Safety Net. Among them are

- provision of cheap rice for Pre-Prosperous Plus Families;
- provision of a food warehouse in each district within the JCCAR;

The crisis has also made us aware that development approaches need to be enhanced with strategies to reinforce community institutional empowerment.

- scholarships and operational funding assistance for schools;
- scholarships and food support for street children and orphanages;
- basic health and midwife services;
- nutritional improvement through efforts to ensure better nutrition for babies, children, pregnant women, and new mothers;
- training for new entrepreneurs and productive economic institutions; and
- productive and sustainable labor intensification.

In addition to the Social Safety Net, poverty alleviation efforts in the JCCAR have also been undertaken through a number of programs intended to stimulate or mobilize the economic recovery process. These programs are

- the Regional Empowerment for Economic Crisis Impact Mitigation (PDM-DKE) Program, which targets 265 subdistricts and focuses on job creation through physical and economic development activities, with funding from central government loans;
- the Community-based Activities Dealing with the Economic Crisis (CBEC) Program, focusing on 15 subdistricts categorized as very poor slum areas; the activities are distributed between the economic (50 percent), social (20 percent), and environmental (30 percent) sectors; funds are from regional loans disbursed and monitored by self-help organizations; and
- the Urban Poverty Alleviation (P2KP) Program, which takes in 201 subdistricts categorized as poor slum areas.

The positive macro-effects of these initiatives have been lowered inflation and bank interest rates

and improvement in school attendance. However, economic growth has remained negative, and there has been increasing unemployment and rising malnutrition in under-5-year-old children.

Constraints

Constraints faced by the JCCAR in poverty alleviation include the fact that each responsible agency has followed its own methods and systems. Also, due to disparate sources of funding, implementation is not well integrated despite the presence of an integrated poverty alleviation program that has been in place since 1998 under the coordination of the Office of Social and Welfare Coordinating Minister. There is as yet no real commitment to implementing community-based activities among bureaucratic circles and no real functioning of social controls and sanctions by the community. Finally, it is difficult to identify community institutions that have the quality and commitment needed to empower their communities.

There is as yet no real commitment to implementing community-based activities among bureaucratic circles and no real functioning of social controls and sanctions by the community.

Future Development

In the future, poverty problems will transform into housing problems, hence constituting one of the most crucial problems. Due to expensive housing rent and land prices, many people live in small, inappropriate rooms or dwelling units. Development of an appropriate housing policy will be a critical issue.

LAJANA MANANDHAR

Program Coordinator

LUMANTI Support Group for Shelter, Nepal

In Kathmandu Valley and Lalitpur, 70 percent of the population have an income of less than one dollar a day and they do not have access to basic facilities. My work with the LUMANTI Support Group for Shelter enables me to interact with poor people, who always talk about how they can achieve security of tenure, secured living conditions, secured life and good education for their children, and an income that guarantees their survival.

LUMANTI actually means memory. It was established in 1993 in memory of the late Dr. Ramesh Manandhar, the key person who initiated some activities for the urban poor people in Kathmandu. LUMANTI works directly with the poor in about 70 communities in Kathmandu, Lalitpur, and Timi municipalities to enable them to have safe and secured housing. We help to organize them in different community groups (women's, children's) and strengthen these groups by promoting horizontal exchanges for building self-confidence and capacities. The horizontal exchange programs are very regular, including visits by the poor to other South Asian cities or within Nepal to see what their colleagues have been doing to improve their quality of life, and to share their knowledge and learning. We map the communities and update the information data on their housing, living conditions, socioeconomic conditions, education, etc., so that we can share these data with government and other agencies.

Our knowledge of the poverty situation helps us negotiate with the Government when it comes to eviction cases. We promote savings schemes like housing savings, regular savings, and savings for emergency to help people improve their financial conditions and build their communities. We always

Our knowledge of the poverty situation helps us negotiate with the Government when it comes to eviction cases.

try to bring together the wards, municipalities, and other local governments in implementing community development programs in Nepal and encourage them to invest something in the communities that they have neglected before. We raise awareness among the policymakers, poor communities, squatters, and slum dwellers on the importance of proper shelter by holding model house exhibitions. We try to improve basic facilities like access to drinking water, parks, electricity, housing, and sanitation. Although these are being done at a very small scale in the small communities, they bring a lot of positive changes. Finally, we work together with the communities in planning for alternatives that will make their lives better.

We are happy to see the results of our efforts. There is now empowerment among the poor communities. There has been an increased level of confidence on security of housing, while the formation of groups and networks has improved the solidarity among the poor. There has been improved access to financial resources and basic facilities. Even the Government is slowly recognizing housing for the poor as an issue, which has resulted in the creation of dialogue opportunities between them and the poor.

At this juncture, I would like to highlight some of our city consultation experiences that the UNDP/UNCHS Urban Management Programme, South Asia, initiated in Lalitpur Municipality two years ago. The city consultation is a joint effort of Lalitpur Sub-Metropolitan City (LSMC) and a network of NGOs. So far, a poverty profile of the city has been prepared for the first time in Nepal. Different integrated pilot programs have been executed in five wards. Resources were mobilized from various agencies, NGOs, and the community. The Community Development Section of LSMC played an anchor role to sustain the process. Similarly, working groups and task force meetings

A poverty profile of the city has been prepared for the first time in Nepal.

were organized regularly to follow up and monitor the activities of the Urban Management Programme. This program paved the way for the local government, private sector, and civil society to come together to address the problems of the urban poor. The program built trust, credibility, coordination, and cooperation among LSMC and the participating organizations. Most importantly, Lalitpur Municipality established the urban poor fund and allocated a budget for a poverty alleviation program in the municipality.

As I said in the beginning, I interact with poor people almost everyday. Before I came here, I talked to some leaders from the poor communities in Kathmandu and told them that I was participating in the Asian Mayors' Forum where we will be talking about fighting urban poverty. I asked them what they would like me to share with you on their behalf. They said they have only one request to all of you, and that is to look at the poor people in poor communities the way you look at your own friends and relatives, and treat them as your friends, relatives, or partners. Although they have not been seen as city dwellers, they have always considered the city as their home and can contribute in whatever capacities they have toward building livable cities, if given the chance.

Look at the poor people in poor communities the way you look at your own friends and relatives, and treat them as your friends, relatives, or partners.