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**URBAN GOVERNANCE AND POVERTY:
LESSONS FROM A STUDY OF TEN CITIES**

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I. Introduction

The research on which this paper is based was concerned with the relationship between city governance and urban poverty. It is now widely accepted that governance is much more than the formal institutions of government. Governance includes the whole range of actors within civil society, such as community-based or grass-roots organisations, NGOs, trade unions, religious organisations and businesses, both formal and informal, alongside the various branches of government and governmental agencies, both national and local. The paper explores how city governance and its associated institutions and processes affect the lives of the urban poor.

Key questions explored in the research were:

- What accounts for whether, and how, the poor benefit from urban economic growth?
- How can and do the poor bring their influence to bear on the agenda of the various institutions of city governance?
- What political and institutional systems, processes and mechanisms, both formal and informal, result in inclusive and pro-poor decisions and outcome?

The study addressed these questions through a series of ten city-level case studies in Asia, Africa and Latin America. These cities were selected to represent a variety of economic situations, institutional settings, and approaches to poverty reduction. In all the cities there is a process of decentralisation and democratisation, more far-reaching in some than in others. Inevitably, making comparisons between a very diverse group of cities is difficult. There are also dangers in drawing general conclusions from individual cases, since what happens in any particular city is a product of a multitude of economic, social, political and cultural factors and processes which may be unique to that city. Nevertheless, there are a number of interesting and important issues which emerge from these case studies and which have wider relevance.

The priorities of the urban poor are evident: increased incomes, more secure livelihood opportunities, better services, greater security, improved housing conditions, and better access to resources such as credit and education. The struggles that they face have been evident in all our case study cities. Economic growth opens up opportunities, not least because there is more funding to go round. But economic growth alone does not ensure access for all to basic needs, and can in turn increase inequality and social exclusion. The processes of city governance can play a significant part in enabling the urban poor to improve their position, or – all too often – in preventing them from doing so. Much depends on the institutional and

¹ Based on Devas N. et al. (2001), *Urban Governance and Poverty: Lessons From a Study of Ten Cities of the South*, IDD School of Public Policy for DFID. Amendments by Richard Batley.

political processes at work in that city. Formal programmes to address poverty – whether government, donor or NGO driven - have tended to neglect the political and institutional processes which shape the outcomes.

In the following sections, the issues are analysed according to the six key themes identified for this research:

- The impact of economic growth on poverty, and the scope which city governments have for influence over this
- The livelihood strategies and social networks of the urban poor
- The role of civil society
- City governance and urban politics
- The capacity and responsiveness of city government
- Access to land, housing, infrastructure and services.

In the final sections, we draw out some policy implications for governments (national and local), NGOs, and other practitioners, as well as for donor agencies.

The Case Study Cities with approximate populations

Ahmedabad, India: State capital, 3 million
Bangalore, India: State capital, 6 million
Cebu City, Philippines: Provincial capital, 700,000
Colombo, Sri Lanka: National capital, 700,000
Johannesburg, South Africa: Largest city, 4 million
Kumasi, Ghana: Regional capital, 800,000
Mombasa, Kenya: Second largest city, 700,000
Recife, Brazil: State capital, 3.2 million
Santiago, Chile: National capital, 4.7 million
Visakhapatnam, India: Port/industrial centre, 1.2 million

Note: population figures relate to the city / municipal area; in several cases, the population of the metropolitan area is much larger

II. City Economic Growth and Urban Poverty

Urban economic growth is a necessary but not sufficient condition for urban poverty reduction. With the general trend to decentralisation and local democracy, the room for manoeuvre at the local level has increased. There is a growing realisation that cities need to respond flexibly to a changing global market place and must 'market' themselves in order to encourage inward investment. The more developed cities of the South (e.g. Santiago, Johannesburg and Cebu) are very much part of this agenda, while some others (such as Mombasa and Kumasi) seem unable to establish a coherent strategy.

The most powerful mechanism by which urban economic growth influences poverty is through the labour market and employment growth, both formal and informal. This mechanism has been particularly strong in Southeast Asia. But the quality and pattern of economic growth also matter in terms of the impact on poverty and employment creation. In particular, as other studies have shown, high levels of inequality limit the positive impact of growth on poverty. It is clear that successful formal sector growth - often but not always in manufacturing - is a prerequisite for poverty reduction. The informal sector cannot on its own compensate for a failure in the formal sector. Yet in many cities the so-called 'informal sector' provides far more livelihood opportunities than the formal sector. Policies designed to attract corporate investment, unless well managed, can all too easily destroy those livelihood opportunities by pre-empting well-located land and repressing informal sector businesses for the sake of the city's image.

At the urban level, 'flexibility' in responding to a changing environment, the provision of physical infrastructure - often on a large scale - and investment in human capital are all important. The instruments for these are often at a national level, in terms of macro-economic policies, labour policies, trade and industrial policies. However, with decentralisation, municipal governments have an increasing role, and how they use that role can have a significant impact for the urban poor.

In general, cities like Ahmedabad, where the business community engages with the municipal government, seem to be more successful in encouraging growth. This, however, does not necessarily mean that the position of the poor improves. But where local political conditions permit, the poor may be able to secure benefits. This has occurred through processes of 'vote bargaining' politics in India, the more representative patronage politics in Cebu, and participatory budgeting in Recife. While geography and history clearly have a major impact on the potential for urban economic growth, urban governance also matters. The negative and factional politics of Mombasa, within the wider political economy of Kenya, explain much of the failure of the city to develop its enormous economic potential as a deep-water port. Despite the efforts of the previous mayor, the business community has not been significantly engaged with the municipal government.

Municipal governments have a number of tools at their disposal to influence - positively or negatively - economic change, and the impact of that change on the urban poor. The provision of basic infrastructure is a major contribution that they can make. It is clear that the failure to provide physical infrastructure - especially power and water - is limiting private sector industrial growth in many Indian cities such as Visakhapatnam and Bangalore, despite all the hype around hi-tech industry in the latter case. At the same time, in Visakhapatnam, the DIFD-funded Slum Improvement Project illustrates the positive impact that improvements to

neighbourhood infrastructure can have on the poor, particularly in terms of their quality of life. But such a projects approach needs to be complemented by investments in city-wide infrastructure.

The maintenance and development of human capital, through health services and education, are also of critical importance to the urban poor. These services are often the responsibility of municipal governments, albeit largely funded from the centre in most cases. Even where funds for these services are earmarked, delivery is subject to local political processes. This highlights the importance of strengthening local accountability for the delivery of such services.

Control over land and planning are important tools which municipal governments can use. Conventional 'master planning' has rarely been helpful and in some cases can be counter-productive for the poor. By contrast, incremental development, mixed land use and diverse tenure allow linkages between formal and informal businesses to develop. Planning regulations can also affect how households are able to use housing as a productive asset. Competition for urban land and the claims that different stakeholders have on urban space are important features of urban politics. The challenge is to design systems that allow the market to operate without disadvantaging the poor through forced removals. In Kumasi, the traditional system of land allocation, combined with the modest size of the city and the relatively low rate of economic growth, seem to have allowed the poor relatively easy access to land.

Excessive and inappropriate regulation and relocation of the informal sector can be particularly damaging. In a number of these case study cities, heavy-handed enforcement of repressive regulations resulted in the destruction of livelihoods, while clearance of traditional trading areas for 'mega-projects' disrupted vital economic networks and destroyed social capital. In Cebu, by contrast, confrontation between the city authorities and street traders resulted in the adoption of a more pragmatic policy of 'maximum tolerance' towards the informal sector. Violence and the perception of insecurity, as in Johannesburg, also tend to destroy social capital and undermine economic growth prospects. An important conclusion from this research is that it is far easier for municipal governments to destroy jobs, livelihoods and social capital than it is to create or rebuild them. It is therefore important to be as concerned about preventing 'bad governance' as it is to encourage 'good governance'. In this formulation, 'bad governance' refers to those policies and actions of the municipal government which limit economic and social opportunities and undermine social capital.

In all this, the poor are not merely passive. The research has shown how 'voice' can limit such negative policies and actions. Informal traders are acutely aware that demolition and relocation – often to peripheral sites – would destroy their livelihoods, and are often able to mobilise support against such actions. This has occurred in different ways in several of our case study cities, highlighting the importance of democracy and 'voice' in providing some protection for the poor from the worst excesses of bad government.

III. Understanding Urban Poverty, Livelihood Strategies and The Social Networks of The Urban Poor

The characteristics and determinants of urban poverty are complex. Income-based poverty lines are set too low in relation to living costs for many urban households. Consumption-based indices, while considered more appropriate if adjusted for local cost of living and inflation, may not capture all deprived households and individuals. Unlike rural poverty which is highly correlated with access to off-farm employment or to land, urban poverty is determined, characterised and accompanied by a multiplicity of factors and goes beyond participation in labour markets or access to shelter as central determinants of urban poverty. The urban poor are vulnerable because of insecure tenure, crowded conditions, inadequate basic services, environmental hazards and unsafe living environments. They can less easily fall back on subsistence production, are vulnerable to volatile monetised economies and in many countries have borne the brunt of economic reform and the adverse social impact of recession and structural adjustment policies during the last two decades.

The persistent marginalisation and exclusion of the urban poor can often be traced to the formal and informal processes by which economic opportunities and public goods and services are presented or allocated. These processes reflect the relationships between poor households and communities and formal social, economic and political organisations, including city level government agencies and NGOs. They are also shaped by a range of informal institutional arrangements that impact on the ability of low-income and vulnerable urban dwellers to secure or enhance their well-being. These informal institutional arrangements – understood here as rule-enforcing mechanisms, including customs, norms and values, religious beliefs and social and solidarity networks – often structure the poor's access to employment, commodity markets, land and housing, services, personal security in the home, as well as wider social support.

The differentiated nature of urban poverty

A broader and more multifaceted understanding of urban poverty recognises that urban households are poor when the resources they command are insufficient to achieve a reasonable minimum level of welfare. However, simply conceptualising urban households as poor may not capture all those who are especially deprived within them, for example women, older people and sometimes children, especially girl children. It also fails to capture the perceptions of social disadvantage held by low-income people themselves, which can arise as much from perceived injustice in social relationships as from material deprivation. What all this suggests is that deprivation and vulnerability are invariably accompanied by relational dynamics such as social exclusion. As the case of the Diepsloot area of Johannesburg suggests, in an already marginal informal settlement, where the poor live side by side with the very poor, the latter are further excluded by the former who have prior claims and privileged access to municipal decision-making structures.

In the cities studied, social exclusion derives in part from lack of access to labour markets and economic processes, for example on the part of unemployed youth in Johannesburg. However, exclusion is also founded in the palpable experiences of people living in a particularly stigmatised locale, as was found in Santiago, or a specific social group

as was evident from the operation of caste in some of the Indian cities. This served to cut people off from local, national, let alone global networks of information and power. For example, in the mixed income neighbourhood of Yeoville in inner city Johannesburg, foreign African migrants were excluded from social and political participation through xenophobia. Despite being numerically dominant, women market traders in Kumasi were excluded from decisions about the city's market. Moreover, as the case of Santiago suggests, even when economic growth leads to aggregate gains in per capita income and a reduction in urban poverty, this is no guarantee against persistent pockets of poverty, increases in income inequality and area-based social exclusion.

The livelihood strategies and social networks of the urban poor

In the absence of successful metropolitan strategies for urban poverty reduction, low-income urban dwellers are obliged to draw on their own resources, including informal economic activities and social networks. Focusing on livelihood initiatives serves to highlight the importance of human capabilities. Indeed, urban people in poverty engage in multiple and resourceful efforts at survival, betterment and security, within their families, households and communities. They seek to command and mobilise resources through a mix of labour market involvement, savings, loans, productive and reproductive activities, asset pooling and social networking. They draw in turn on a range of assets - human, financial, physical, environmental, and social assets. Their access to and use of such assets is also influenced by policies, institutions and social relationships operating at the city level. It is in this respect that linkages can be made between the livelihood strategies of the urban poor and institutions of urban governance.

The findings from the city studies refute conventional wisdom that social networks and reciprocal norms are more likely to be a feature of rural rather than urban family and community life. On the contrary, these micro-level institutions are crucially important to survival and security in urban contexts. However, they are also more likely to be commercialised and to constitute a drain on the resources of the not-so-poor by the very poor. For example dowry obligations in Indian cities and funeral costs in African cities can far exceed the outgoings expected of poor households in rural contexts. A crucial policy lesson to be drawn from analysis of family and community level social networks is not to resort to a residualism that relies on families and communities to provide social support, while government and markets abdicate responsibility for social provision. Rather it implies the need to recognise and build on mutuality as an important element to be taken into account in state-society analysis, including at the level of urban local governance.

Beyond the family and kinship networks, the urban poor set up wider networks of self-help, community support or mutual insurance that constitute effective parallel institutions to governments and markets which might fail them. In Kumasi there was evidence of pseudo-kinship relations and welfare obligations at work, including communal labour and youth groups engaging in community work. Networks may also develop around financial assets, such as the market-led clusters involved in the land market in Bangalore, or informal savings groups, variously known as *susus* (Kumasi), *chit funds* (Bangalore) and *stokvels* (Johannesburg). Additionally, social networks can evolve in relation to area-based interests such as street committees, neighbourhood watch or protection groups, and community-based

organisations. Networks may also arise around social identities such as migrant and hometown associations in African cities, caste-based groupings in Indian cities or the work-based organisations seen in the case of Cebu. For example, in Bangalore, social differentiation like caste can be transformed into complex local economic and political alliances which open up connections to wider networks of information and power. While it is difficult to make comparisons or generalisations from the ten city studies, it can be argued that generally the greater the reach of these networks, the better the access provided to contacts, information, resources and decision-makers.

Informal norms and networks do not always operate in parallel to formal institutions but can also be found within them. Existing formal organisations can be turned into vehicles of informal support, by appealing to the informal institutions at work within them. In the case of Kumasi, for example, the reach into urban governance structures by traditional authorities was used as an avenue of influence for the urban poor, and as a countervailing force to failing local government. Similarly, it was found in Bangalore that formal land markets were subverted, altered and made more accessible to the urban poor, by the operation of mutually dependent and reinforcing informal institutions operating both alongside and inside formal ones. Such networks represent a complex balance of interests that compete and coalesce and cannot be easily formalised. Sometimes they are important in providing social security and stability for the urban poor, but they can also serve to embed them in restricting and asymmetrical relationships that act against long-term social change.

Nevertheless, in some cases, the research found that informal institutions and tight-knit networks were surpassed by formalised collective responses, such as city government-led participatory budgeting in Recife and city-wide membership organisations as in Cebu. In such cases it was possible for urban governance to be stretched beyond clientelist relationships, to a situation where the poor had some sort of autonomous (albeit circumscribed) power. However, just as important are examples of the urban poor informally influencing governance processes by foot-dragging, the offering or withdrawing of group support to politicians, and a range of other exit strategies. The lessons for policy here are that informal local level institutions intersect 'upwards' with formal institutions, including the local state, and 'downwards' with social relations operating at the micro-level of households and communities. While existing local level social networks and informal institutions can serve to support poor groups and communities, they are palliative and not necessarily transformative. Nevertheless, for better or for worse, they are deeply embedded and intricately interwoven with the formal institutions underpinning urban governance and as such, urban professionals and practitioners ignore them at their peril.

IV. Civil Society and Urban Poverty

Civil society has been promoted as the institutional solution to people-centred, participatory and inclusive development. Many have questioned whether such characteristics can be generalised across the sector, pointing out that many civil society organisations are set up to serve the interests of the well-off and/or to defend sectional interests. But the emerging picture suggests that civil society's contribution to poverty reduction is subtle and complex. Civil society includes a wide range of different organisations that vary in their willingness and capacity to address urban poverty.

Grassroots organisations

Informal and formal associations abound in low-income settlements, and urban life is collective in many respects. These associations support low-income families as they construct much of the urban fabric in Southern towns and cities. Families construct their houses with family, friends and neighbours. They provide themselves with basic services and infrastructure, sometimes with municipal support. Whatever the municipality provides, it does not do so spontaneously. Communities lobby, request, negotiate and/or undertake mass action to bring public resources to the development of the informal areas in which they are living. Collective activities are also important for jobs and employment. Informal networks rapidly spread information about what opportunities are available. Trade associations assist in establishing collective buying arrangements, informal 'insurance' to pay fines and the shared childcare and selling activities needed to blend work and family responsibilities. They also lobby government for improved conditions and protection from harassment. The more formal associations may also offer credit and training opportunities.

These collective endeavours make urban living possible for the urban poor. For local government and development agencies anxious to address urban poverty, they offer an important resource. Grassroots organisations help to set priorities, co-ordinate labour and financial contributions, identify problems in government programmes and suggest their possible resolution, and help to ensure the relevance of professionally driven interventions, as illustrated by the Community Development Forum in Diepsloot.

However, it should also be recognised that many grassroots organisations act to reinforce patterns of inequality and social exclusion. The organisations are often dominated by men, particularly men of higher status and/or higher incomes. The acquisition of land and infrastructure services may be shared but this should not be assumed. The benefits secured by community leaders are often personalised, helping to further the assets or career opportunities of the leadership, extend their land holdings and add to political connections. Whilst generalised benefits may be secured, their distribution may not be even-handed.

Women and the poorest members often take only a passive role in their residents' associations, both because they see few benefits and because the benefits that are secured are given to them in their role as dependants. Opposition within the community (if it happens) may be repressed, sometimes violently, in power struggles for the few resources that are available. Poor information and little practice of accountability mean that suspicions may be created, even if there is no abuse. But these tendencies are not inevitable. In part they are encouraged by the ways in which city development takes place and particularly by clientelistic politi-

cal systems. More open political systems that provide information about resource availability and allocations encourage rule-based allocations. City-wide federations of grass-roots organisations, and open negotiations between collective associations of the urban poor and government agencies offer opportunities for securing resources in a less clientelistic manner. Increased citizen participation and making political representation more representative help to reduce the scope for patronage and dependency. Meanwhile, increasing the flow of resources for basic infrastructure, services and access to land also helps to reduce the scarcity on which clientelism depends.

Non-governmental organisations

NGOs are working in all the cities included in this study. They may do one or more of the following:

- undertake their own developmental initiatives, generally on a small scale and with little observed impact on wider decision making
- provide services for the government, potentially sacrificing their independence to access public or donor funds in order to scale up provision, with the impact on the poor depending on the design, scale and location of services provided
- act as intermediaries between residents and public sector agencies, although since NGOs are not membership organisations the interests they represent may not be those of the poor and the accountability of the organisations may be to their funders rather than to residents
- support grassroots initiatives and create structures for the co-ordination of unorganised interests or community groups, enabling the latter to increase their influence on political decision making, as in the case of the organisation of street vendors in Cebu
- campaign for civil rights and political participation, especially during struggles to end authoritarian rule, and undertake civic education once democratisation has commenced.

NGOs are often seen as a panacea to anti-poor development as they are assumed to be skilled in ensuring that the poor have a leading role in local strategies. However, despite expectations, the NGO sector did not generally emerge as being of major significance in poverty reduction.

There are four reasons for this pessimistic assessment. Firstly, some NGOs are simply business ventures with no real interest in serving the poor. Secondly, NGO programmes are, almost universally, small and in most cases without any clear strategies for multiplication. Third, opportunities for policy change may be passed by because there is a poor link between operational activities and advocacy. Hence even when NGOs are successful in project activities, these initiatives may not be multiplied. Fourth, NGOs themselves may have weak links with communities, tense relationships with community leaders and little capacity to organise and support the poorest citizens.

There are exceptions. SEWA, the Self-Employed Women's Association in Ahmedabad, whilst not strictly an NGO, is an example of successful professional support to

the urban poor. In Cebu, NGO support appears to have been useful to the urban poor. As has been found to be the case elsewhere, joint committees of local officials and experienced NGO staff members have begun to change the working practices of the local authority to benefit the poor. In Alexandra, a low and lower-middle income suburb of Johannesburg, residents appreciated the additional educational and health services offered by NGOs.

Civil society and the state

Civil society does not make its contribution to poverty reduction in isolation. Relations between municipal governments (politicians and officials) and civil society are critical in understanding outcomes. Clientelist bargaining strategies may favour existing elites in low-income settlements whilst more open discussions may offer opportunities for community leaders who wish to be accountable and for a membership that wishes to be more involved.

Relations between the government and civil society generally take place in one of three fora:

- informal lobbying and negotiation (almost exclusively at the level of the settlement)
- participation in governmental poverty programmes, and
- lobbying and advocacy for policy change.

Relations between community leadership, local officials and politicians are important to understanding the outcomes in terms of access to services, infrastructure improvement and land security. There is much negotiation particularly but not exclusively around election time, and it is in this rich interchange that many outcomes are determined, rather than in the formal world of policies and bureaucratic practice. The better organised groups can exploit these transactions to their advantage. In Cebu, a federation of community organisations and NGOs has had a significant effect on recent mayoral elections by endorsing candidates on the basis of their commitment to pro-poor policies. However, as shown by the experience of traders in Cebu, progress is often slow. Pro-poor government activities may be hard to secure in practice even when the policy changes have been made because of a reluctant bureaucracy and the established interests of groups such as the construction industry that dominate urban development. Moreover, (as noted above) it is the poorest and most vulnerable that are most likely to be excluded.

Within the cities studied, there is a small number of programmes that have specifically sought to be inclusive and/or pro-poor, and a larger number of programmes that have been open to a more collaborative and consultative relationship with civil society. The outstanding examples are the participatory budgeting programmes in Brazil and the Community Mortgage Programme in the Philippines. The role of Community Development Councils under the Million Houses Programme in Colombo is a further, although historic, example. Whilst the assessment is broadly positive, these programmes do not provide easy answers to the search for inclusive and pro-poor mechanisms for development. The experiences demonstrate the difficulties associated with vested interests within the government authorities, the need for flexibility in order to be able to address the diversity of situations of the very poor, the lack of implementation capacity for comprehensive infrastructure and service programmes, and the

tendency for elected community representatives to become separated from those that they represent.

One of the emerging lessons is that such programmes can assist in federating and networking civil society groups within the city, securing many positive benefits. However, poorly designed government programmes may increase competition (and hence reduce solidarity and support) between civil society groups.

NGOs appear to be poorly prepared for policy advocacy and lobbying. There is relatively little city-wide lobbying undertaken by other types of civil society organisations, although there are some exceptions such as the trade associations in Cebu. NGOs appear to be taking on service delivery roles rather than being critics of government policies in a number of the cities. When policy advocacy does take place, it may be poorly directed and ineffectual. However, it can be argued that NGOs are simply directing their efforts where they can be most effective. Experiences in Cebu and elsewhere suggest that low-key joint NGO, community and government planning and preparation of poverty programmes may be a more effective way to secure change than high profile, often antagonistic claim-making. More confrontational strategies may be appropriate in some circumstances, and many of the NGOs (particularly those in recently-democratising states) have experience of opposition as well as collaboration. At a national level, in some countries, NGOs appear to be pursuing these higher-profile, policy roles. However, the studies suggest that local-city level governance may require something else. In many cities, NGOs and grassroots organisations are seeking to engage, work with and jointly explore new options for urban development with their local authorities and higher level government institutions. As NGOs explore their choices with respect to confrontation, collaboration or contracting, many appear to believe that collaboration is the more successful strategy at the local level in the new era of decentralization and democratisation.

V. City Governance and Urban Politics

Public decision-making requires mechanisms to represent and reconcile conflicting interests. To what purpose and in whose interests decisions and actions are taken in cities depends on the structure and operation of the political system, the relative power and influence of the actors involved, and the nature of the relationships between them, not just at the city/local level but also at the national and state/province levels. All the cities studied in this research are located in countries that are democratising their political systems, following longer or shorter periods of authoritarian rule. Generally, democratisation at the national level has been accompanied by democratic decentralisation. Even where, as in India, political democracy has been sustained at national level, democratic systems at city level were often suspended for periods in the 1980s and only in the 1990s has local democratic space been widened and safeguarded. On the face of it, therefore, conditions for political decision-making responsive to the interests of poor residents are auspicious in all the cities studied. In practice, the picture is mixed. The cities are diverse and dynamic, and their political systems, practices and outcomes reflect this complexity.

Political actors

To understand the political system and processes at the urban level, it is first necessary to identify the key political actors, ascertain how they perceive their interests and seek explanations of how they act. In the cities studied, actors playing an important political role include:

- **Politicians and political parties.** Executive mayors are the most significant politicians at city level, but elected councillors or local leaders and national/state politicians may also be important. Elected executive mayors wield considerable power and may be responsive to the needs of poor residents if their votes count (as in Cebu). Appointed chief executives are not locally accountable: in Kumasi, the appointed mayor is able to override elected Assembly members. Political parties rarely have a coherent policy platform; instead they are treated by aspirants to political office as a means of organising and delivering the necessary votes.
- **Public sector agencies,** including both local and higher levels of government. Bureaucracies and their staff often promote their own agendas (involving self interest, professional standards), resisting or subverting local political decision making; and co-ordinated action is often hindered by competition between agencies. Their actions are sometimes favourable to the poor, as when national poverty programmes are implemented even where local political priorities are different. But they may also be antithetical, as when regulations or pricing structures discriminate against poor people. The division of responsibilities, power and resources between central and local government is an important determinant of the latter's ability to respond to local priorities and needs, as is the extent to which parastatals are involved in the delivery of essential services. Where local government is overshadowed by parastatals accountable to higher level political and administrative interests, municipal capacity is likely to be undermined.

- **NGOs** which, as discussed in Part IV, pursue a variety of strategies and adopt different modes of operating.
- **Trade unions** often played an important role in struggles against authoritarian rule, but they are primarily concerned to protect the interests of their members and so may resist change. Examples are the trade unions of municipal workers in India and South Africa. Union members are rarely the poorest of the poor. Changes, for example to municipal service delivery, and the outcome of union resistance to them, may or may not be beneficial to the poor.
- **Enterprises and their associations** range along a continuum from large scale enterprises, whose significance to the local economy is such that they may wield systemic power without needing to enter into explicit political alliances, to micro-enterprises, which are unlikely to be able to influence decision making to their advantage without organisation. Examples of micro-enterprise associations include Kumasi's market traders and Cebu's street vendors and trisikad drivers. Although economic enterprises may have interests in common, such as improved infrastructure, they are also often in competition. Those with greater political influence may explicitly or implicitly support public actions that harm the prospects of others, especially those operating in the informal sector, for example clearances of street vendors from city centre streets, which have occurred at various times in Kumasi, Mombasa, Cebu and Colombo.
- **Associations**, ranging from informal groups based on identity or voluntary membership to formal associations, with or without a political agenda.
- **Residents**, who - unless organised into associations around their interests or area of residence - can exert power and influence over political decision making only through their votes or the cultivation of personal contacts within the political or bureaucratic system.

Political structures, strategies and practices

The exercise of power and influence through political strategies and practices also needs to be understood in order to assess its responsiveness to the needs of the poor. Political strategies may be played out through formal political structures and procedures or through informal relationships. In a representative democracy, elected representatives supposedly acquire authority through free elections and their party affiliation, and exercise it broadly in line with public opinion. For the poor, the critical components are representation and accountability: do the representative mechanisms adequately represent their interests and can elected representatives be held to account for their performance, with respect to both their electoral promises and their probity?

In simple majoritarian *electoral systems*, minority (and even majority interests split between political parties) are not adequately represented, and the confrontational mode of decision-making may sit uneasily with cultural traditions of consensus and compromise. Conceptions of the purpose and exercise of 'representation' influence how elected representatives behave once in office: whether they further the interests of their financial backers or known supporters, fulfil their electoral promises, advance their own political careers or line their own pockets. Where there are significant concentrations of poor people and ward-based elections,

some of the city case studies indicate greater responsiveness by councillors to their constituents than in at-large electoral systems. In Bangalore, for example, ward councillors are accessible and accountable to poor voters, who bargain their votes for the benefits that councillors can deliver, reflected in the much higher electoral turnouts in low income than higher income wards. However, systems of proportional representation, or mixed systems as in Johannesburg, may give better representation to minorities. Quota systems, in which a proportion of seats are reserved, as in India or the Philippines, attempt to ensure that groups such as women and minorities are adequately represented, but raise issues of accountability to those they are supposed to represent.

The arrangements for *executive control* are also important. An elected executive mayor may deliver more decisive city government and clearer accountability than an executive council system, but the checks and balances may be fewer and the risks greater than in a system where councillors have both legislative and executive powers. Whether that is the case depends on the scrutiny powers available to the legislature and its ability to exercise them, as well as on the management arrangements. Political decisions are strongly influenced by the short time horizons of the political process. Short term, visible projects take precedence over the longer term, mundane or less visible tasks required to improve service delivery and infrastructure maintenance, operationalise regulatory frameworks or improve municipal organisational capacity. Rules on terms of office (length of term, frequency of elections, eligibility for re-election etc.) are, therefore, potentially important.

City or metropolitan government is remote from residents, giving rise to a democratic deficit which can be overcome by instituting representative systems at a sub-city level. Cebu's Barangays and Recife's micro-regions are examples of accessible elected bodies that influence decisions on expenditure and can respond to local priorities.

To complement the formal structures of representative democracy, the case study cities demonstrate the need and potential for *direct, deliberative or participatory democratic mechanisms*. These include integration of organised interests into the political structures, as in Recife, Cebu and Johannesburg; formal consultation of interests such as the Advisory Groups in Colombo; involvement of users in service management; and participatory democracy at neighbourhood level, as in Colombo (under the former Million Houses Programme) and Recife. Such mechanisms of representation can ensure that the views of the poor are heard in policy making, programme design and implementation, especially at a project or area level. However, some poor groups may be excluded.

Finally, a variety of mechanisms of *accountability* are observed in the cities studied, ranging from elections, through voice (public meetings, a free media), to the exercise of controls internally by the executive and/or legislature and externally by central government, the judiciary or another independent body. The mechanisms vary in their effectiveness and accessibility to the poor. Detailed assessment of local circumstances and practices is needed to select and design an appropriate combination.

Political relationships and political systems

Political culture, formal structures and procedures, and the practices of key actors interact, giving rise to relations of different types between actors, and to different outcomes. The experience of the cities studied indicates a continuum:

- At one extreme are authoritarian regimes, in which coercive or command power is exercised by an authoritarian leader (or oligarchy), with or without the trappings of formal democracy. Decision-making is firmly in the hands of the leader or small elite, to whom the bureaucracy is subordinate. The interests of groups not critical to maintenance of control tend to be addressed periodically and unsystematically, if at all. However, even to authoritarian regimes, the appearance of legitimacy is important, and windfall benefits to excluded groups may be used to secure their compliance, if not their active support, as in Santiago and Cebu before the return to democracy.
- Many ostensibly democratic regimes are in practice highly clientelistic. Decisions are made informally and the allocation of resources depends on the balance of power between patrons and clients. Politicians, bureaucrats and residents are all locked into personalised relationships, as both patrons and clients. Thus in a system in which municipal capacity is lacking, resources inadequate and bureaucratic processes lack efficacy, it is important for residents and businesses to cultivate not only political but also bureaucratic relationships. Characterised in Bangalore as a 'porous bureaucracy', the informal exchange relations between patrons and clients at all levels may provide some of the poor with channels for obtaining access to services as personal or group favours. The negotiations involved require persistence on the part of the poor, and may involve the payment of 'tips' (Kumasi) or bribes. As democratisation proceeds, the scope for group lobbying increases, and groups may be able to extract benefits in return for their explicit political support, as in Bangalore.
- In inclusive consolidated electoral politics, the bureaucracy is directed by and accountable to political decision-makers, channels exist for deliberative and collaborative decision making incorporating a range of actors including poor groups, and access to services is by entitlement. Cebu, Recife and Johannesburg show some of these characteristics.

All cities – not just those in this study - fall short of an ideal of democratic, inclusive politics and effective management, many by a long way. Nevertheless, the cities studied indicate clearly that politics matters, and that it is possible to identify features of political systems and processes that are more likely to result in local governance activity that is responsive and appropriate for poor urban residents.

VI. Capacity and Responsiveness of City Government

Whatever the political processes, city governments are generally quite constrained in their capacity to address the needs of those in poverty. A large proportion of the city's poor may live beyond the boundary, in adjoining small municipalities and villages with minimal resources to meet their needs. In Ahmedabad, the urban periphery where many of the poor locate is divided between 163 village, town and municipal councils, together with a number of special purpose agencies. In Santiago, as in many Latin American cities, the urban area is divided between a number of municipalities, with the poor being concentrated in those jurisdictions with fewest resources (the six richest municipalities in Santiago have six times the per capita revenues of the six poorest municipalities). In Johannesburg, the main justification for replacing the lower-tier councils with one, very large, uni-city government was to facilitate the redistribution of resources across the city.

In addition, many of the key functions (land allocation and development, housing, water, health, education, policing) may not be the responsibility of city government, and therefore not subject to local democratic accountability. Nevertheless, there are levers which city governments can use to improve access and services even if they do not have ultimate responsibility for those functions. Overlapping responsibilities between the city and higher levels of government also undermine accountability. The Bangalore case shows how the tendency for the state level to pre-empt key responsibilities (e.g. over land and slum housing) constrains the ability of the city to address the needs of the poor and reduces whatever influence the poor have over the things which affect them.

Constraints on city government

Many city governments are constrained by political conflicts with higher levels of government. This is particularly severe in India, where opposing parties may be in power at state and municipal level. All three Indian cities in the study experienced political conflicts with state governments, although the 74th Constitutional Amendment has now placed limits on the power of state governments to interfere with municipal government. In Colombo, the Western Provincial Council has regularly sought to obstruct actions by the Municipal Corporation to improve conditions in poor communities, perceiving such interventions to be a political threat. In Kenya, the central government has at times interfered in the operations of the Mombasa Municipal Council on political grounds.

They may also face legal constraints in addressing the needs of the poor. City governments in several case study cities are finding ways to improve conditions in informal settlements, although some still seem to be reluctant even to recognise their existence. But they are sometimes up against legislation that prevents spending public resources in settlements where residents do not pay property tax (as in Colombo, until the mayor was able to obtain a dispensation), or in slums which do not conform to official classification (as in Bangalore). Outdated regulations about minimum plot sizes, housing development standards or trading licences also place impossible burdens on the poor.

Weak technical and managerial capacity in city government is a critical constraint in several cities, particularly in Africa. In Johannesburg, there is considerable capacity, but until recently this has been focused on delivering high standard services to the minority. Reorient-

ing the administration to serve all citizens requires a profound cultural shift, including changing attitudes about what are appropriate service standards.

A particular problem in most cities is the inadequacy of the available information: on poverty, on livelihoods of the poor, on environmental conditions and even on service levels and deficiencies. As a consequence, officials tend to concentrate their efforts on known needs and on the most pressing demands, which are likely to come from the better off and comparatively well served. A number of the cities in the study were attempting to develop pro-poor strategies and policies, but most lacked a clear understanding of the differentiated nature of poverty, or of the vulnerability of the livelihood situations of the poor. Even poverty reduction strategies are only a starting point: they have to feed through into the day-to-day policies and practices of the organisation.

Financial resources

Probably the greatest constraint is the inadequacy of financial resources. Typically, the revenue sources assigned to municipal governments are unsatisfactory – often low yielding, hard to collect and inequitable in their impact. Nevertheless, most of the cities in this study, being large, have substantial tax bases, notably from property and business (e.g. business licences, business turnover taxes, octroi in some cities in India, and market fees - the largest revenue source in Kumasi). Yet in most cases revenue collection performance was poor – typically only 60-80% of property tax revenues are actually collected (with government agencies often the worst defaulters). Some managed to make significant improvements in tax collection, notably Ahmedabad (largely through the determination of one particular Municipal Commissioner) and Cebu. Among the case study cities Johannesburg has one of the highest proportions of billings actually collected. Yet, ironically, it was the failure to collect all the revenue due, and the fact that the accounting system tended to obscure the true position, which precipitated that city's fiscal crisis.

Meaningful decentralisation requires the transfer of fiscal resources to the local level. But fiscal equalisation often means that large cities receive relatively smaller transfers than other local governments because of their substantial local revenue base. This has been the case in Johannesburg. The extent of inter-governmental fiscal transfers varies widely among the cities. With the exception of Johannesburg and Mombasa, all the case study cities received substantial transfers. Recent decentralisation programmes have greatly increased the resources available to the city governments in Cebu, Recife and Kumasi. Unusually by comparison to the practice in many countries, the transfers to these cities seem to have been accompanied by a high degree of local discretion over the use of the resources. In the first two cases, this has allowed considerable expansion in expenditures benefiting the poor, and in the case of Recife, facilitated the participatory budgeting process. In Kumasi, the resources available from the Common Fund remained firmly under the control of the chief executive, to the extent that even the legal requirement that part of the resources be used to support income-generating activities of the poor was ignored (a situation repeated in most districts in Ghana).

However, significant flows of financial resources for the urban poor often by-pass city government altogether. Resources for housing construction – probably the most important flow of resources for the poor in South Africa – have up till now been channelled through provincial rather than local government, although local governments play a role in their use.

In Santiago, there is a multiplicity of government-funded programmes directed at the poor, several of which by-pass the municipalities. In Kumasi, although local offices of central ministries like health and education supposedly come under the Metropolitan Assembly, control of financial resources remains firmly with the central ministries.

Use of resources

Budgeting and financial systems are vital to ensure proper use of resources. In all cities studied, there is a formal process by which elected representatives scrutinise and approve the annual budget. But that process may be little more than a formality in which elected representatives have minimal scope to influence budgetary choices. Even where they do have some influence, key decisions remain in the hands of the executive. In particular, where the city fails to collect the level of revenues estimated in the budget, cuts have to be made during the course of the year. This process puts decisions back into the hands of the executive (mayor, finance director, etc.). In some cases, revenues are deliberately over-estimated in order to gain approval for the budget, while the executive operates a 'shadow budget' reflecting the resources which are really available. Pet projects of local councillors, some of which could be expected to benefit the poor, are likely to be casualties of this process.

In Cebu and Recife (and generally in Latin America), the officially approved budget represents a ceiling on spending, allowing the mayor considerable discretion about what activities are implemented within this. In addition, the executive may have access to extra-budgetary funds which can be used at its discretion. These elements of executive discretion are not necessarily bad – the executive needs to have some control over the use of resources – but they generally lack transparency, offer opportunities for corruption, reinforce clientelistic power relationships and weaken the avenues of influence by the poor through ward councillors.

Leadership

What happens within a city depends at least in part on the personal qualities of the mayor and other civic leaders. Clearly some leaders are more responsive to the poor and have more vision, more integrity, more dynamism, and a greater capacity to make the system deliver than do others. It was a particularly dynamic municipal commissioner who turned around the financial position of Ahmedabad and laid the foundations for more effective city governance. Recent mayors in Cebu, Colombo and Recife, whilst open to criticism on various counts, have all been able to achieve things which were of benefit to the poor. Adopting a pro-poor agenda is important, but moving that beyond rhetoric and into policy and practice depends – in large part – on the commitment and dynamism of the city's leadership. However, that leadership must be exercised within an adequate framework of public accountability, to avoid the emergence of personal fiefdoms. It also requires an environment which allows dynamic, responsible and responsive leadership to emerge, and an institutional framework that obliges leadership to deliver results for the poor, not as favours but as a matter of routine.

VII. Access to Land, Housing, Infrastructure and Services

One of the most direct influences city governments have on the scale and nature of poverty is in what they do or do not do in regard to provision for water, sanitation, drainage, solid waste collection and health care and in supporting housing construction and improvement. City governments' influence on land markets is also important since the possibilities for lower income groups to obtain housing with infrastructure and services is much influenced by the opportunities available to them to obtain land.

The contribution to poverty reduction

The potential contribution of city and municipal authorities to poverty reduction is often under-estimated, as discussions of poverty reduction usually focus on inadequate incomes or consumption, and on the role of national government and international agencies in addressing this. Yet within the multiple deprivations associated with poverty, city and municipal authorities usually have considerable scope to address:

- unsafe, insufficient, inconvenient and often expensive water
- unsafe or inaccessible (and often expensive) sanitation
- lack of solid waste collection
- lack of health care.

Inevitably, the quality and extent of housing, infrastructure and service provision is influenced by local power structures, including the extent to which low income groups can influence local government policies and resource allocations, and by the relationships between local government and higher levels of government.

Four reasons support a greater attention to improving housing, infrastructure and services for lower income groups:

- the under-estimation of the burden of the disease, injury and premature death associated with poor quality housing, infrastructure and services, including the economic and social costs (for instance income lost to ill-health or injury or medical costs)
- the enhanced income-earning opportunities from home-enterprises (the scope and scale of which is often improved by more space, better water supply and electricity) and, for owner-occupiers, the enhanced value of the house as an asset. Improved infrastructure can also 'increase incomes' - for instance as a piped water supply not only improves the quality and quantity of water available but also reduces the daily or weekly bill for water obtained from vendors
- the potential scope for effective city government action, since primary responsibility for the provision of water, sanitation, drainage, health care and garbage collection usually rests with city or municipal government, even if provision may be delegated to private or non-governmental agencies
- the many precedents which show the possibilities for significant improvements with relatively modest resources.

Inadequacies in provision

Most of the city studies highlight the inadequacies in infrastructure provision, even in some of the most economically successful cities such as Cebu and Bangalore. In general, the wealthier the city or the nation, the greater the proportion of the population adequately served with environmental infrastructure and services, although the quality and capacity of local governance also influence this.

In regard to water, Santiago is the only case study city where nearly all of the population are adequately served. A high proportion of Johannesburg's population is also well served, although there are still considerable numbers lacking adequate provision. For the other cities, there are large sections of their population with no access to piped supplies and large sections with difficult access and/or irregular supplies. For instance, in Bangalore, more than half the population depends on public fountains, many of which supply contaminated water because of poor maintenance or broken pipes. In virtually all cities, those inhabitants lacking formal provision often have to pay high prices to informal providers. In most cities, official statistics under-state the inadequacies in water supply by classifying all those with 'access to piped supplies' as adequately served, even if the water supply in the pipes is irregular and of poor quality, or when access is through public standpipes shared with hundreds of others. In Mombasa, a large section of the population with water pipes had seen no water in their pipes for several years.

In regard to sanitation, most of the low-income population in all but Santiago and Johannesburg have inadequate provision. Official statistics again under-estimate the scale of the problem because they assume that if a household has access to a latrine, it had adequate sanitation. Large sections of the population whose only access to sanitation is through communal latrines where queues are common (and whose quality was poor) are classified as having 'adequate sanitation'. The case studies of Ahmedabad, Bangalore and Cebu highlight how a significant proportion of the population lack sanitation facilities and defecate in the open or into plastic bags (what is termed 'wrap-and-throw' in Cebu). In Kumasi, nearly 40% of the population depend on 240 poorly maintained public toilets.

In most of the cities, large sections of the population have no regular garbage collection services. The inadequacies are particularly notable in Kumasi, where only high-income areas are served by (highly subsidised) house-to-house collection. Low income areas are served by skips, but even these are infrequently emptied, and not all areas are included. In Mombasa, attempts to privatise garbage collection resulted in increased charges which the poor were unwilling or unable to pay, with the result that the private contractor abandoned the service provision in the areas concerned.

Some city authorities are giving more attention to improving infrastructure and services in low-income areas. In Johannesburg, one of the city authority's main fiscal commitments to poverty reduction has been to improve provision to those areas denied it under the apartheid government, although the city's fiscal crisis caused this effort to stall. In Visakapatnam, a DFID-funded slum-upgrading programme has had a major impact on access to services. The pilot Slum Networking Project in Ahmedabad sought to develop a new model for providing services in low income settlements, involving a partnership between the municipal authorities, the private sector, local communities and NGOs. Although this project faced difficulties that led to the withdrawal of the private sector partner, the municipal authorities

still hope that the programme can expand to reach all 'slums' by 2003. In Cebu, a wide range of partnerships has been established between municipal government agencies, local NGOs and people's organisations to provide social services, and these have improved provision, especially for primary health care, communal water and sanitation facilities.

Access to infrastructure and services through access to land

The city studies document the complex political economy which influences who gets land for housing. Most urban governments have some influence over who obtains land for housing (and under what terms), its quality and location, and the likelihood of it being provided with infrastructure and services. The ways in which they allocate the land they own or control, define land uses and implement the zoning and planning controls influence whether and where low-income households can legally acquire land on which to build their homes.

National and local government attitudes to informal settlements and to the extra-legal ways in which low-income groups can acquire land (ranging from support for legalisation and upgrading illegal settlements, via tolerance, to opposition and eviction) also influence who gets land for housing. There are obvious links between infrastructure provision and the legality of land occupation. Agencies responsible for different forms of infrastructure or services are often reluctant to provide services to those living on illegally occupied or sub-divided land or land acquired through traditional means – indeed they may be legally prevented from doing so. There are also particular difficulties in providing infrastructure and services to the many informal settlements that have developed on steep slopes or flood plains or have unclear plot boundaries.

Although higher income groups and powerful economic interests benefit most from government policies, the case cities illustrate a range of possibilities for low-income groups to obtain land for housing, and for this land to be supplied with infrastructure and services. This is not only in terms of what government agencies do but also in what they permit. For instance, in Kumasi, while local government delivers little for low-income groups, at least many low-income households can find land for housing through traditional or extra-legal land acquisition systems. But at the same time, speculation and inefficient use of land (e.g. vast plots which remain undeveloped) greatly increase the costs of infrastructure and make access to services by the poor more difficult. Cebu is notable for having a programme specifically to support the transfer of land ownership to illegal settlers from the official owners, although the finance available to do this, and the complex institutional procedures, limit the programme's scale.

In the more prosperous cities, urban governments generally face greater difficulties in ensuring access to land for poorer groups. For instance, in Johannesburg, rising land prices and the opposition of higher income groups have limited the government's capacity to increase land availability for poorer groups in central areas.

The ease with which low-income groups can obtain housing, and the price paid for it, is of considerable importance to livelihoods. This lies not only in the proportion of household income that has to be spent on housing but also in the extent to which the location provides ready access to, and space for, income-earning opportunities.

Governance and infrastructure

The extent to which environmental infrastructure is available to lower income groups is influenced by at least two factors:

- how far local governments respond to diverse needs of different low-income groups; and
- local governments' capacity to meet their responsibilities for the provision of environmental infrastructure and services, which often depends on good relations with higher levels of government.

Among the case studies, there are great contrasts in the extent of influence that the urban poor have on urban governments' infrastructure and service provision. In Cebu, although the city government restricts the influence of people's organisations and NGOs in determining policies and influencing resource use, it supports a wide range of social programmes implemented by such groups. In Colombo, there was a period when the Million-Houses Programme allowed low-income groups a much greater role in improving infrastructure and services through community action planning. But it proved difficult to sustain the more participatory model for a number of reasons, including the lack of local leadership and ownership and the use by government of the community development councils for cost recovery. In Bangalore, low-income groups have at least some influence on the Municipal Corporation, but the Corporation lacks power and resources. The powers and resources are concentrated in the Development Authority which has little interest in prioritising the environmental infrastructure needs of poorer groups and little accountability to them.

Any city or municipal government's capacity to act is influenced by its relationship with higher levels of government. Two factors need emphasising. The first is the extent to which higher levels of government (at national or state/provincial level) ensure that urban government structures are representative and accountable to their citizens. The second is the extent to which higher levels of government allow urban governments the power and resources to fulfil their responsibilities over the last 15 years. Most nations have undergone some form of decentralisation that has affected urban governments. In Cebu and Ahmedabad, this has given the city authorities more scope for improving infrastructure and service provision. But it is still common for power and control over funding for most infrastructure investment to be retained by higher levels of government, as is evident for Bangalore, Santiago and Mombasa. One reason for this is to keep power and resources in the hands of the party in power at national or state level. Nor should it be assumed that the introduction of elected municipal governments and mayors necessarily ensures more effective infrastructure and service provision, especially - as in Mombasa - where higher levels inhibit the development of effective urban government.

VIII. Lessons for Policy and Governance

A number of implications for policy and governance emerge from this study:

1. **There is an urgent need for better information on urban poverty:** not just income data but also indicators which permit a better understanding of the multi-faceted and differentiated nature of poverty, vulnerability and exclusion at the city level, as well as of the livelihood strategies of poor urban dwellers.
2. **The multi-dimensional nature of poverty means that there are multiple opportunities for intervention.** However, interventions need:
 - to be tailored to the particular local context
 - to recognise the social, economic, and political processes – informal as well as formal - operating at the local level
 - to value, and avoid undermining, the delicate social and economic relationships, including location-based trading networks, social capital and social safety nets, which enable those in poverty to survive
 - to recognise and build on social networks, altruism and mutuality among the urban poor, but without expecting these to bear the weight of social support in the absence of public provision
 - to ensure that the poorest and most vulnerable are not excluded from programmes addressed to the poor in general.
3. **'Bad governance' undermines the position of the poor.** Since it is easier to destroy jobs, livelihoods, networks and communities than it is to create them, it is important to address those aspects of 'bad governance' which undermine the position of the poor before, or at the same time as, seeking to adopt more complex interventions to address poverty. In particular, oppressive regulation of the informal sector can destroy livelihood opportunities for the poor.
4. **The various elements of civil society can play a vital part in relation to poverty reduction, but their limitations need to be recognised:**
 - interventions should seek to work with and build on existing grass-roots organisations within poor communities, whilst recognising that these may not be representative and may be exclusionary, particularly of minority groups and the poorest, and that formalising such organisations may reinforce such exclusion
 - approaches that recognise the plurality of competing interests within low-income communities will provide a breadth of opportunities for income and asset creation that is likely to benefit the poorest citizens
 - federating and networking GROs/CBOs at the city level enables them to work more effectively, and helps to prevent officials and politicians from

manipulating community leaders, so long as these organisations maintain close links with the people they are supposed to represent

- the local knowledge and experience that NGOs possess can make them important partners, but they have their limitations in terms of scale and local accountability; therefore, care should be taken when selecting individual agencies, and NGOs should not be used as gate-keepers to the poor
- while some NGOs have had a beneficial influence on policy at local and/or national level, many are poorly equipped for an advocacy role and may have weak links with the communities they claim to speak for
- trade unions, associations of small-scale producers and other civil society organisations can all play a valuable role in aggregating the interests of poor groups in order to lobby or bargain for improvements, or to provide common services; but they often do so in ways which exclude non-members and potentially disadvantage the poorest and most vulnerable
- traditional authorities (chiefs) are still important in certain places; although often appointed by higher levels of government, and frequently resented as being not democratically accountable, they can provide a countervailing force and an alternative avenue of influence for the poor where local government performs badly; in certain cases, they may facilitate access to land for the poor.

5. **For GROs/CBOs and NGOs, moving beyond confrontation to politics of engagement with city government may offer benefits for the urban poor.** As GROs/CBOs and NGOs consider their strategies, shifting from 'expose-oppose' to 'expose-oppose-propose' (as in Cebu) may be more productive. This may take the form of joint committees of community representatives, NGOs, councillors and local government officials, which offer the potential for developing inclusive and pro-poor policies and practices. Adopting the role of contractor for government-initiated programmes may create dependence on the state and reduce NGOs' freedom for manoeuvre. However, along with other more innovative and autonomous activities, direct involvement in the implementation of government programmes may offer substantive experience in those programmes, with the potential for high-profile advocacy and building capacity among professional groups through demonstrating more participatory approaches.
6. **Political relationships at city level are complex, informal as well as formal, and often opaque, but they can, and often do, deliver some benefits for the poor.** This is more likely when combined with mechanisms of 'vote bargaining', but often occurs in a clientelistic manner which reinforces the dependency of the poor. Interventions to address urban poverty need to recognise these complex political relationships and to avoid imposing simplistic solutions which undermine those arrangements which currently deliver at least some benefits for the poor.
7. **Democratisation at the local level has widened the scope for the urban poor to make their claims,** and for urban politics to move beyond clientelism towards

more open political bargaining. Whilst, almost by definition, the poor have less influence over the levers of power, by their sheer numbers and by their persistence they can and do make their voice heard and thus achieve some gains.

8. **The design of the city-level political system, including arrangements for electoral representation and executive control, is important.** Whilst it is clear that no one model of urban government is necessarily superior to any other, some observations can be made:
 - a directly elected mayor has to demonstrate a degree of responsiveness to the poor majority in order to get elected, whereas a centrally-appointed mayor does not, and can over-ride the wishes of locally elected representatives
 - elected councillors representing poor wards can provide an avenue for influence for their poor constituents and must demonstrate a degree of responsiveness to them, whereas election by party list gives power to the party machine
 - however, proportional representation (PR) systems are likely to give a more balanced representation, especially to women and minority groups; thus, it may be desirable to have a mixed system of ward councillors and councillors elected by PR (as in Johannesburg), or some system of reservation of seats for particular groups (as in India and Philippines)
 - multi-partyism can offer opportunities which civil society groups, including the urban poor, can make use of to bargain for improvements; however, in many contexts, multi-partyism reduces local politics to factionalism, reinforcing ethnic or religious rivalries
 - the detailed design of the system matters, including the spatial scales of representation, the checks and balances between executive and legislature, and the relationship with higher levels of government; but it also depends on the specific local context, so that specifying general rules is inappropriate.

9. **Periodic elections alone are not a sufficient mechanism of local accountability and participation.** They need to be complemented by a range of mechanisms of direct, deliberative and participatory democracy which enable citizens, and particularly the poor, to have a voice in the decisions which affect them.

10. **Elections also need to be accompanied by effective and accessible mechanisms for holding elected representatives and officials accountable.** In this, the availability of information, for example about the resources available and their use, and the transparency of decision-making, are crucial for challenging patronage and dependency.

11. **The media play a vital role in disseminating and interpreting information.** Independent and investigative media were important in several of the case study cities. Local radio was important in some cases, providing accessible information, particularly to a non-literate population.

12. **Decentralisation in many countries has focused attention on city government, but most city governments face severe constraints.** Together with democratisation, decentralisation of responsibilities and resources can bring benefits for the urban poor. Many city governments are rising to the challenge, but others have severe constraints of capacity and vision about how to address the needs of those in poverty. There is evidence that, with decentralisation and democratisation, city governments do change, and that they can become more efficient and responsive.
13. **City governments should be strengthened, rather than assigning important functions to other agencies over which there is little or no democratic control,** such as parastatal agencies, or higher level government agencies, where accountability is more remote. Where operational efficiency requires a separate agency, lines of accountability to democratically elected local representatives should be clear.
14. **A number of specific constraints faced by city governments need to be tackled:**
 - institutional and legal obstacles that city governments face in providing the services needed by the poor, for example in informal settlements, should be addressed, so that services can be delivered in a locally accountable manner
 - improved city level information is needed on poverty, environmental conditions and access to services
 - capacity building is required, in terms of staff skills and management systems, and of appropriate attitudes and practices to meet the needs of those in poverty
 - by-laws, regulations, building and planning codes need up-dating so as to support and not inhibit the livelihood opportunities of the poor
 - systems of revenue collection and expenditure management and monitoring need to be strengthened, so as to increase, and make better use of, resources
 - budgeting systems need to be more transparent and open to scrutiny by elected representatives, civil society and the media
 - the allocation of national fiscal resources between jurisdictions should be equitable, taking account of (and being at least partly conditional upon) the use of those resources to benefit the poor, and without leaving municipalities with unfunded mandates
 - rather than arbitrarily interfering on political grounds, higher levels of government need to provide a supportive environment which enhances good performance and ensures accountability (e.g. through external audit and publication of information).
15. **The personal qualities of civic leadership can also make a difference.** This requires an environment that encourages dynamic, responsible and responsive civic leadership to emerge, and an institutional framework that ensure that the poor benefit not just through favours but as a matter of routine.

16. **Civic education is needed.** Some city governments are resistant to change. Civic education and capacity building should be provided to those involved in designing and operating local political systems, including relevant central government ministries, elected representatives (mayors, councillors and local community leaders), the managers and staff of local bureaucracies, and local residents and their associations. Such education and support can be provided through NGOs, local government associations and other bodies.
17. **For larger cities, there is a strong case for a two-tier system of government:**
- an upper, metropolitan level which can plan, co-ordinate and mobilise resources across the city; the metropolitan boundaries need to be wide enough to incorporate peripheral areas where the poor are located; such a strategic unit is likely to be large and hence remote from citizens, so that a level below that is required
 - a lower level which is small enough to be close to and accessible by citizens, and which receives an equitable share of city-wide resources so as to be able to address the needs of its residents, particularly the poor; this would correspond to the principle of subsidiarity
 - the relationship between the two levels can be problematic, but systems need to be devised to ensure that the city-wide authority is responsive to the needs expressed at the lower level, and that resources are shared equitably.
18. **The aspect on which city governments can often have the greatest impact on poverty reduction is through the direct provision of infrastructure and services, and ensuring access to land for housing and economic activities.** This involves maintenance of infrastructure – something too often neglected - as well as initial capital investment. Such interventions can increase income opportunities for the poor as well as reducing costs, time losses and risks to health. Even where municipal governments do not have direct control (for instance, in relation to land), they have levers of influence (e.g. willingness to legalise and regularise tenure, adoption of realistic zoning, land development regulations and building codes). Whilst city governments have limited resources, they need to redirect those resources towards the infrastructure and service needs of the poor.

IX. Lessons for Donors

Whilst all of the considerations in the previous section are of relevance to donor agencies, there are a number of specific points of direct concern to donors, both official and non-governmental:

1. **If donors are to be effective in addressing urban poverty, they need to engage with the institutions of city governance**, including local NGOs and community organisations as well as city government, not just with national government. If there are no appropriate, accountable and representative local institutions with an enduring presence, then they should not seek to undertake a programme.
2. **Donor funding should not be channelled exclusively through national governmental institutions**: there is a need for other funding mechanisms which the urban poor and their organisations can access, both through non-governmental channels and through democratically accountable city and sub-municipal governments.
3. **Donor-funded interventions need to respond to the needs and priorities of the urban poor, and to build on whatever is already happening locally that is positive**, rather than by-passing existing institutions, processes and networks. But it must also be recognised that community organisations (GRO/CBOs) may not be fully representative or inclusive.
4. **Donors should consider undertaking a 'political appraisal'** to accompany the 'institutional appraisal' normally required during project design, in view of the complexity of local political processes with competing interests, and the need for these processes to be understood rather than undermined.
5. **Long-term engagement is required**. Effectively addressing the needs of the urban poor may require a transformation of city governance. This is likely to necessitate a long-term engagement by donors. Little of lasting value is likely to be achieved within the two-to-three year time horizon of most donor projects.
6. **Building sustainable institutions, capacity and processes can be undermined by excessive financial resources from outside in the early stages**, and by unrealistic production or service delivery targets.
7. **External funding remains critical for the costly, city-wide infrastructure in most cities**. Long-term poverty reduction is likely to entail a city-wide approach to urban infrastructure, rather than just isolated projects. But top-down, supply-driven, donor-funded interventions can damage the interests of the urban poor.
8. **Donor co-ordination is important**, to prevent local institutions being overwhelmed with competing programmes and conflicting administrative and reporting requirements.

Annex: Working Papers

Theme Papers

1. City Economic Growth - Elizabeth Vidler
2. Urban Economic Growth and Poverty Reduction - Philip Amis
3. Households, Livelihoods and Urban Poverty - Jo Beall and Nazneen Kanji
4. Who Runs Cities? The Relationship between Urban Governance, Service Delivery and Poverty - Nick Devas
5. Civil Society and Urban Poverty - Diana Mitlin
6. The Urban Environment - Fiona Nunan and David Satterthwaite
7. Rural-Urban Interactions - Cecilia Tacoli
8. Urban Governance, Partnerships and Poverty: A Preliminary Exploration of the Research Issues - Carole Rakodi

Stage 1 Case Studies

9. Urban Governance, Partnership and Poverty in Colombo – Austin Fernando, Steven Russell, Anoushka Wilson and Elizabeth Vidler
10. Urban Governance, Partnership and Poverty in Kumasi – David Korboe, Kofi Diaw with Nick Devas
11. Urban Governance, Partnership and Poverty in Mombasa – Rose Gatabaki-Kamau with Carole Rakodi
12. Urban Governance, Partnership and Poverty in Johannesburg – Jo Beall, Susan Parnell and Owen Crankshaw
13. Urban Governance, Partnership and Poverty in Cebu – Felisa Etemadi
14. Urban Governance, Partnership and Poverty in Santiago – Alfredo Rodríguez and Lucy Winchester with Ben Richards
15. Urban Governance, Partnership and Poverty in Bangalore – Solly Benjamin with R Bhuvaneshwari
16. Urban Governance, Partnership and Poverty in Ahmedabad – Shyam Dutta with Richard Batley
17. Urban Governance, Partnership and Poverty in Visakhapatnam – Sashi Kumar with Philip Amis

Cross-City Analyses from Stage 1

18. Urban Economic Growth, Governance and Poverty: A Comparative City Review – Philip Amis and Ursula Grant
19. Valuing Social Resources or Capitalising on Them? Social Action and the Limits to Pro-poor Urban Governance – Jo Beall
20. Connections between Urban Governance and Poverty: Analysing the Stage 1 City Case Studies – Nick Devas

21. Governance and the Urban Environment: A Comparative Analysis of Nine City Case Studies – Fiona Nunan and David Satterthwaite
22. Civil Society and Urban Poverty – Overview of Stage I Cases – Diana Mitlin

Stage 2 Case Studies

23. Urban Governance in Kumasi: Poverty and Exclusion - Rudith King, Dan Inkoom and Kodjo Mensah Abrampah
24. Towards Inclusive Urban Governance in Johannesburg - Jo Beall, Owen Crankshaw and Susan Parnell
25. Towards Inclusive Urban Governance in Cebu - Felisa Etemadi
26. Democracy, Inclusive Governance and Poverty in Bangalore - Solomon Benjamin and Bhuvaneshwari R
27. Urban Governance, Accountability and Poverty: The Politics of Participatory Budgeting in Recife, Brazil - Marcus Melo with Flávio Rezende and Cátia Lubambo

Additional Studies

28. Participatory Budgeting in Brazilian Cities: Limits and Possibilities in Building Democratic Institutions - Celina Souza
29. Poverty Reduction and Employment Generation: The Case of AGETUR, Benin - Blandine Fanou with Ursula Grant
30. Urban Politics and Governance: A Review of the Literature - Carole Rakodi
31. Reducing Urban Poverty: Drawing Lessons from Recent Urban Programmes - David Satterthwaite

Policy Briefing Paper

Urban Governance and Poverty: Lessons from a Study of Ten Cities in the South.

Nick Devas, with Philip Amis, Jo Beal, Ursula Grant, Diana Mitlin, Carole Rakodi and David Satterthwaite, June 2001

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