ASIAN CITIES IN THE 21ST CENTURY

Contemporary Approaches to Municipal Management

Volume V Fighting Urban Poverty
ASIAN CITIES IN THE 21ST CENTURY
Contemporary Approaches to Municipal Management

Volume V
Fighting Urban Poverty

Proceedings of a Forum in Shanghai, People’s Republic of China
26-29 June 2000

Edited by
Naved Hamid and Mildred Villareal

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IV
CONTENTS

FOREWORD

I. SUMMARY 1

II. OPENING STATEMENTS 11

Chen Liangyu 11
Standing Vice Mayor, Shanghai Municipal Government,
People’s Republic of China

Masaru Yoshitomi 13
Dean, Asian Development Bank Institute

Myoung-Ho Shin 19
Vice President (West), Asian Development Bank

Lou Jiwei 25
Vice Minister, Ministry of Finance,
People’s Republic of China

III. ADDRESSING URBAN POVERTY ISSUES 29

Karina Constantino-David 32
Professor of Community Development,
University of the Philippines, and
Former Secretary of Housing and Urban Development
Coordinating Council
Philippines

Xu Kuangdi 45
Mayor, Shanghai Municipal Government,
People’s Republic of China
Dinesh Mehta
Coordinator, Urban Management Programme
United Nations Centre for Human Settlements

Asad A. Shah
Manager, Water Supply, Urban Development and Housing Division (East), Asian Development Bank

Bambang Sungkono
Chairman, Regional Development Planning Board
Jakarta, Indonesia

Lajana Manandhar
Program Coordinator
LUMANTI Support Group for Shelter, Nepal

IV. CREATING JOBS FOR THE POOR

Weng Fulin
Mayor, Fuzhou Municipality, People’s Republic of China

Jayshree Vyas
Managing Director, Shri Mahila Sewa Sahakari Bank Ltd., Ahmedabad, India

Benjamin R. Quiñones, Jr.
Programme Coordinator, Asian and Pacific Development Centre, Malaysia

V. POOR NO MORE: REDUCING POVERTY THROUGH PARTNERSHIPS

Omar Z. Kamil
Mayor, Colombo, Sri Lanka

Mary Racelis
Director, Institute of Philippine Culture, Ateneo de Manila University, Philippines
VI. WORKING TOGETHER TO IMPROVE SLUMS 109

Pongsak Semson
Inspector General, Bangkok Metropolitan Administration, Thailand

Arif Hasan
Chairman, Orangi Pilot Project, Research and Training Institute, Karachi, Pakistan

Emiel Wegelin
Director, Institute of Housing and Urban Development Studies, Rotterdam, Netherlands

VII. PROVIDING HOUSING FOR THE POOR 139

Prasanna K. Mohanty
Commissioner and Special Officer, Municipal Corporation of Hyderabad, Andhra Pradesh, India

Andrew Regalado
National Director, Habitat for Humanity Philippines Foundation, Inc.

Somsook Boonyabancha
Secretary General, Asian Coalition for Housing Rights and Managing Director, Urban Community Development Office, Thailand

VIII. IMPROVING SERVICE DELIVERY TO THE POOR 169

Naved Hamid
Senior Economist, Asian Development Bank

Rabial Mallick
Project Leader, Christian Institute for the Study of Religion and Society, Calcutta, India
IX. NETWORKING 191

Fahmy Ismail 192
Deputy Municipal Commissioner,
Colombo Municipal Council, and Secretary General,
CityNet-Sri Lanka National Chapter

P.U. Asnani 199
Vice President, City Managers’ Association of Gujarat,
Ahmedabad, India

X. GETTING RID OF URBAN WASTES 205

Mary Jane C. Ortega 207
Mayor, City of San Fernando, Philippines

A.H. Md. Maqsood Sinha and Iftekhar Enayetullah 214
Waste Concern, Dhaka City, Bangladesh

Kunitoshi Sakurai 224
Professor, University of Okinawa, Japan

XI. CONCLUDING REMARKS 235

S.B. Chua 236
Director, Capacity Building,
Asian Development Bank Institute

LIST OF PARTICIPANTS 243

ABBREVIATIONS 259
In recent years, most governments in Asia have undergone a dramatic change in their functioning by devolving certain responsibilities for delivery of public services to local governments. However, this demands the right mix of skills and experience of local leaders for them to manage effectively their new responsibilities.

The Asian Development Bank (ADB) has identified improvement in management and public service delivery at the municipal level as a priority area in its governance agenda and, since 1997, together with the ADB Institute, has been organizing workshops aimed at creating awareness of recent developments in public-sector management at the local government level. Participants share experiences of successes in reforming municipalities and in motivating citizens and municipal managers to embrace change.

Three workshops were held between October 1997 and March 1998. Two were organized under an ADB regional technical assistance on governance and development, which facilitated citizens’ initiatives to promote municipal government reforms in Lahore, Pakistan, and Dhaka, Bangladesh, respectively. The third was the ADB Institute-sponsored Municipal Management Forum in Tokyo, Japan.

The proceedings of these three workshops were published in 1999 as Volumes I-III in this series, Asian Cities in the 21st Century: Contemporary Approaches to Municipal Management.

Subsequently, the ADB Institute and ADB initiated a series of Asian Mayors’ Forums to enable
Asian mayors and city leaders to discuss governance issues at the local government level, share experiences in urban change, identify crucial municipal issues, and establish linkages and networks. The forums help mayors and city leaders keep abreast of new developmental issues affecting Asian cities and identify reforms that they could pursue in the delivery of municipal services to enhance the quality of life of their citizens.

There have been three Asian Mayors’ Forums to date. The first was held in Cebu, Philippines, in December 1998, cosponsored by ADB, the ADB Institute, and the City Government of Cebu. The second, the proceedings of which were published as Volume IV in the *Asian Cities in the 21st Century* series, was held in Colombo, Sri Lanka, in June 1999, and was cosponsored by ADB, ADB Institute, Colombo Plan Secretariat, United States Agency for International Development (USAID) Regional Urban Development Office for South Asia, US-Asia Environmental Partnership Program, Urban Management Programme of the United Nations Development Programme (UNDP) and the United Nations Centre for Human Settlements (UNCHS), Konrad Adenauer Foundation, German Agency for Technical Cooperation (GTZ), and the Colombo Municipal Council. That volume contains the experiences of municipal leaders and representatives of development agencies in improving governance and delivery of municipal services, particularly through partnerships with the private sector and nongovernment organizations (NGOs).

The present volume contains the proceedings of the third Asian Mayors’ Forum, which focused on the theme *Fighting Urban Poverty* and was held in Shanghai, People’s Republic of China, on 26-29 June 2000. It was attended by 109 participants, including mayors, city administrators, local government officials, NGOs, and private-sector representatives from 16 countries, and bilateral and multilateral aid
agencies, including the UNDP/UNCHS Urban Management Programme, The Urban Governance Initiative of UNDP, the USAID Regional Urban Development Office for South Asia, the US-Asia Environmental Partnership Program, and of course, the ADB Institute and ADB. Other international organizations such as the Institute of Housing and Urban Development Studies, Rotterdam, and CityNet were also represented.

The individual contributions in this volume have been condensed and substantially edited from the participants’ original presentations in view of publication constraints.

We are grateful for the invaluable contributions of the participants and resource persons at this Forum. S.B. Chua coordinated the Forum. Michiko Yoshida assisted in its organization. The Shanghai Municipal Government Team, headed by the Honorable Mayor Xu Kuangdi, hosted the Forum and ensured that all the participants received the best hospitality. Shipra Narang prepared the introductory section for each chapter. Jay Maclean provided editing services and Ramiro Cabrera did the cover design.

We trust that this series will make a positive contribution to the literature on municipal management. Further, we hope it will prove to be a useful resource for city managers in their efforts to improve the quality of life of their citizens and thus promote the development of responsive and effective local government.

Masaru Yoshitomi
Dean, Asian Development Bank Institute

Shoji Nishimoto
Director, Strategy and Policy Department
Asian Development Bank
I. Summary

Despite remarkable economic growth in Asia and the Pacific in recent decades, the region remains beset by high levels of poverty. Nearly one billion people are living on less than one dollar a day, and many of them are in urban areas. Poverty reduction has become a priority concern for most developing countries in the region, and development agencies, nongovernment organizations, and the private sector are increasingly working together in this area. The Asian Development Bank (ADB), in particular, has responded to this concern by reexamining its own role in development, as a result of which poverty reduction has become its overarching objective. It was appropriate, therefore, to dedicate the millennial Asian Mayors’ Forum to the theme of fighting urban poverty.

The Forum, held on 26-29 June 2000 in Shanghai City, People’s Republic of China (PRC), was focused on addressing urban poverty issues; creating jobs for the poor; reducing poverty through partnerships; working together to improve slums; providing housing for the poor; and getting rid of urban wastes. There were also special sessions on improving service delivery to the poor and networking. Another important component of the Forum was a field trip to the Pudong new industrial area and Suzhou Creek, which enabled participants to view these high-priority urban programs in Shanghai.

The Forum commenced with the opening of the Exhibition on Innovations in Fighting Urban Poverty. The Exhibition (Box I.1), while demonstrating the programs of cities and development agencies that have direct impact in
Fighting Urban Poverty

### Box I.1. List of Exhibition Participants

<table>
<thead>
<tr>
<th><strong>Municipalities</strong></th>
<th><strong>Development Partners</strong></th>
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<tr>
<td>Fuzhou, PRC</td>
<td>ADB</td>
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<tr>
<td>Ho Chi Minh City, Viet Nam</td>
<td>Asian and Pacific Development Centre</td>
</tr>
<tr>
<td>Jaipur, India</td>
<td>Governance and Local Democracy Project (USAID)</td>
</tr>
<tr>
<td>Lahore, Pakistan</td>
<td>Institute for Housing &amp; Urban Development Studies Urban Management Programme</td>
</tr>
<tr>
<td>Mandaluyong City, Philippines</td>
<td>US-AEP</td>
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<tr>
<td>Marikina City, Philippines</td>
<td>NGOs</td>
</tr>
<tr>
<td>Matale, Sri Lanka</td>
<td>Habitat for Humanity Philippines Foundation, Inc.</td>
</tr>
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<td>Negombo, Sri Lanka</td>
<td>Lumanti Support Group for Shelter, Kathmandu, Nepal</td>
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<tr>
<td>San Fernando, Philippines</td>
<td>Waste Concern, Dhaka, Bangladesh</td>
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<tr>
<td>Shanghai, PRC</td>
<td>Andhra Pradesh Urban Services for the Poor</td>
</tr>
<tr>
<td>Tarlac City, Philippines</td>
<td>Urban Poverty Reduction through Community Empowerment in Colombo</td>
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<td>Environmental Management with Poverty Concerns in Nonthaburi, Thailand</td>
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- Improving Housing Conditions for Medium- and Low-income People
- The “Nhieu Loc-Thi Nghe” Canal Program
- Income Generation Through Waste Management
- Zone for Animal Protein Production
- Center for Education and Consciousness
- Adopt-a-home for Kayumanggi-Ginhawa-Busilak
- Employment for the Jobless
- The Garden of Hope
- Bringing the Government Closer to People
- Squatter-free Marikina
- Promoting Self-employment
- Community Development Meeting with Low-income People
- Improving Living Conditions of the Poor
- Solid Waste Management—Controlled Dumpsite and Sanitary Landfill
- Urban Infrastructure Development
- City Government of Tarlac and Habitat for Humanity—A Public-private Partnership in Solving Urban Poverty
- Benchmarking as a Means of Improving Municipal Service Delivery
- Enterprise Management Centre
- Global Smart Partnership Network
- Integrated Solid Waste Management
- Andhra Pradesh Urban Services for the Poor
- Urban Poverty Reduction through Community Empowerment in Colombo
- Environmental Management with Poverty Concerns in Nonthaburi, Thailand
- US-Asia Environmental Partnership Program
- Housing for the Poor
- Lumanti Living Well in the Urban Century
- Community-based Urban Solid Waste Management in Dhaka
- Promotion of Recycling and Resource Recovery from Solid Waste
reducing poverty, also generated discussion among the participants outside the Forum sessions.

The Forum sessions consisted of presentations on certain themes by a mayor/city leader, NGO representative and/or development agencies/private-sector representative. The presentations were followed by discussions both in plenary and in separate small-group sessions where participants exchanged experiences in greater detail, brought forth many issues and problems, and discussed possible solutions. The themes, outlined below, and associated discussions form the chapters of this volume.

Addressing Urban Poverty Issues (Chapter III) describes urban poverty concerns besetting most Asian cities today and how these are being dealt with through two levels of intervention: (a) by focusing on communities and community-based organizations and building their capacity, and (b) through decentralization to the local government level.

Creating Jobs for the Poor (Chapter IV) discusses three different perspectives of employment, savings, and credit initiatives in tackling the issues of livelihood and income security for the poor. The discussions among participants focused on the impact of the programs described, the opportunities and constraints, sustainability, and replicability. Interventions from the floor dwelt upon the need to encourage self-employment, and the consequent need for training and "re-skilling". The need for a paradigm shift from traditional welfare-oriented credit schemes to contemporary microfinance and employment-generation programs, was also recognized. The common thread running through various cities’ experiences with employment and income generation was that the cities need to move from being providers of employment to becoming facilitators, creating enabling environments for skills upgrading, creating
Fighting Urban Poverty

opportunities, and increasing access to investment capital.

Reducing Poverty through Partnerships (Chapter V), comprises a specific case study of Colombo and a review of a range of poverty-reduction partnership initiatives and experiences across Asia. Experiences in India, Pakistan, Sri Lanka, and the Philippines, in particular, highlighted that for poverty alleviation efforts to succeed, there must be a shift in traditional bureaucratic approaches to contemporary management orientation. The responsibility for initiating and building partnerships lies most definitely with city governments. The city leadership must have a clearly articulated vision, well-defined goals, and a willingness to engage stakeholders in a "dialogue for development".

### Key Issues for Creating Jobs for the Poor

- Lack of capacity of local governments to generate gainful employment
- Ad hoc deployment of already scarce resources
- Glaring absence of a focus on skill development and training

### Major Issues for Reducing Poverty through Partnerships

- Need for a strong political will to build partnerships with poor constituents
- Role of NGOs
- Need to build capacities of not only local governments but also civil society

Working Together to Improve Slums (Chapter VI) brings to the fore issues related to land and security of tenure, modalities of slum improvement,
operational constraints, and potential for replication. Cross-sectoral viewpoints—from a public agency’s perspective and an NGO’s standpoint—were followed by a bird’s eye view of slum improvement programs over the last three decades and the lessons that we have not learnt from them. The discussions centered on community organizations, which emerged as probably the only way to make effective interventions in slum areas and informal settlements. Poor communities engaged in solving their day-to-day problems require technical and managerial support to improve their solutions. They are, however, averse to “owning” plans developed by others. It was highlighted that a shift from a project-based approach to slum improvement to an integrated program approach to poverty alleviation is urgently required.

### Key Issues and Recommendations for Slums Improvement

**Key Issues**
- Availability of land
- Security of tenure

**Recommendations**
- Involvement of stakeholders
- Capacity building of the urban poor
- Strengthening local governments
- Improving correlation between national policies and local action impacting on the poor

*Providing Housing for the Poor* (Chapter VII) not only highlights national diversity in housing situations, but also presents three completely different approaches to supporting low-income housing for the poor. There is a range of housing
development options that have been tried and tested in various Asian countries. They include on-site community improvement, land sharing, reconstruction and development, land exchange, and readjustment. The essence of the discussions was that the role of local governments as enabler is quite critical. Governments must play the role of facilitator, enabling the land and housing market to operate freely, and regulating it as required to ensure equity. Additionally, local governments must ensure that all actors, not just the formal private sector, participate in the housing development process.

The participants also discussed the issue of land, and went on to recommend that two levels of intervention for land management be implemented. At the national level, there is a need to set out policy clearly, modify and simplify legislation, and develop a policy environment for private-sector participation. At the local level, it is important to ensure that housing for the poor is part of the city master plan or structural plan and not an ad hoc exercise.

Improving Service Delivery to the Poor (Chapter VIII) discusses how benchmarking and continuous improvement strategies can be effective in enhancing delivery of municipal services to the citizens, and the use of report cards for assessing their performance, effectiveness, and user-responsiveness in Calcutta and New Delhi in fighting urban poverty.

Networking (Chapter IX) illustrates by example the importance of organizing professional bodies of city managers and networks of cities for exchanging information and experiences, and identifying, documenting, and transferring best practices.

Getting Rid of Urban Wastes (Chapter X) illustrates different experiences and good practices of waste management given that the problems of solid waste are overwhelming Asian cities. Suggestions for improving waste management
emphasized, first and foremost, reduction in the volume of waste that enters the municipal system. This can be done through waste segregation at source, community-based composting, etc. It was also highlighted that legislation related to solid waste needs to be strengthened and stringently enforced. Also, inclusion of the informal sector in solid waste management, especially collection, segregation, and recycling is important. Private-sector participation emerged as a useful mechanism being used by a number of cities. However, whatever the technological and management options adopted, community awareness and involvement are critical to the success of the intervention.

The discussion that followed was varied and detailed and one of the most pertinent issues raised was waste management in slums and informal settlements. The poor and disadvantaged people who inhabit such settlements are the most critically affected by the pollution and unsanitary living conditions caused by waste "mis"management. Local governments, through mayors and other city officials, play a key role in decision making for urban waste management. This role must be performed in partnership with a wider cross-section of stakeholders in order to ensure sustainability.

Chapter XI contains the closing remarks of S.B. Chua who noted the richness of the deliberations, highlighted the achievements of the Forum, and summarized some of the key messages of the resource speakers.

The concluding session of the Forum, Where Do We Go From Here?, was dedicated to formulating concrete recommendations and actions on how cooperation among the participating cities can be expanded to increase the usefulness of the Asian Mayors’ Forum in promoting change and fighting urban poverty. A proposal for a follow-up was presented, a three-year program for urban local bodies to mainstream poverty reduction in their
Fighting Urban Poverty

policies and operations either by (a) institutionalizing processes for fighting urban poverty, or (b) initiating a major pilot project to reduce urban poverty. The program would be accorded technical support from bilateral/multilateral organizations such as the ADB/ADB Institute, Urban Management Programme, The Urban Governance Initiative, CityNet, and other such agencies.

The proposal was discussed by participants in groups based on national/subregional representation. Groups were, however, free to discuss any other recommendations for follow-up.

The Philippines group endorsed the proposal and formulated a detailed program for its execution. This included visits among participating cities, preparation of urban poverty profiles, collection and dissemination of information on best practices, and institutionalization of an award system with the assistance of ADB and other sponsors.

Representatives from India committed to undertake wide-ranging programs for poverty reduction. Proposals included massive slum improvement programs based on participation, labor contribution, central and state funding, capacity building, and skill development. The group also emphasized that municipal bodies must demonstrate commitment by earmarking at least 10 percent of their own funds for poverty alleviation.

Delegates from Bangladesh, Bhutan, Nepal, Pakistan, and Sri Lanka stated that each city in the subregion would identify and work on a major pilot project to be achieved within three years. The proposals to this effect would be submitted in three months and would necessarily involve stakeholder participation, and include a poverty profile. The urban local authorities from the subregion committed to contribute financial and other available resources and to mobilize additional resources for the program.
A group of participants from East and Southeast Asia, including PRC, Indonesia, the Republic of the Fiji Islands, Lao PDR, Malaysia, Thailand, and Viet Nam, emphasized that institutionalization is the key to combating urban poverty. They endorsed the program presented and agreed to submit proposals to this effect. The local governments also committed to undertake one major pilot project in the areas of solid waste management, housing, capacity building, and city governance.

The donor agency representatives resolved to set up mechanisms amongst themselves and other support agencies for screening proposals. They also agreed to support national forums with membership of a select group of cities, and to extend support to associations of mayors. It was also decided to build an information database of available in-country resources and existing expertise in reducing poverty.
II. Opening Statements

CHEN LIANGYU
Standing Vice Mayor, Shanghai Municipal Government
People’s Republic of China

Cities are the important carriers of industrialization and the engines of the modern economy. During the present transition from one century to the next, the information revolution has taken place. It has made cities all over the world face important historic challenges and opportunities. With the coming of the new era, more importance should be given to strengthening international communication and cooperation among cities. The Asian Mayors’ Forum is a very significant event in this regard, and Shanghai City gives its full support to this Forum.

As the biggest economic entity in the People’s Republic of China (PRC), Shanghai is now facing the coming of the new century with a proactive attitude. We are aiming to pursue the economic and social development of Shanghai on the basis of urban information and to radically improve our global competitiveness. We have the confidence to meet this challenge and opportunity when the PRC enters the World Trade Organization and economic globalization.

At present, we are accelerating construction of the Shanghai information port. Within this year it is expected to form an internationally advanced information network platform and multilevel city-area network with wide band, high speed, and big capacity. The annual gross production in the information industry will exceed Y100 billion. It will
Fighting Urban Poverty

The important point is to enhance the combination of industry and academe and promote industrialization of the outputs of science and technology.

become an important pillar of industry in Shanghai. At the same time, the industrial structure will be adjusted to pay more attention to the progress of science and technological innovation. The important point is to enhance the combination of industry and academe and promote industrialization of the outputs of science and technology. We will concentrate our strengths on accelerating the development of the science and technology park in Zhangjiang at Pudong. We will actively utilize modern information technologies to transform traditional industries. Urban infrastructure will be continuously developed on a large scale. Road transportation and high-class roads will become new investment focal points.

In the course of urban development and adjustments in the industrial sector, Shanghai has been faced with some difficulties and challenges. These include the loss or transfer of staff positions, environmental pollution that has accumulated through the years, and the burden of transforming old areas. Thus, we have tried hard to move forward in order to develop the economy, expand employment, transform the old areas, improve the environment, and promote better living conditions among the people. We have established social security systems for medical care, retirement, unemployment, and low-income groups. Moreover, Shanghai is in the process of transforming 3.65 million square meters of old sheds and shabby houses in the central areas of Shanghai City; this is expected to be finished before the end of 2000.

We plan to increase net employment by 0.3 million positions in the next three years over the whole city. Shanghai is also developing a three-year plan for urban management and environment rehabilitation. The plan attempts to improve water pollution treatment, solid waste management, urban green areas, and ecological systems, and to promote clean energy use.
The Forum this year has undoubtedly a very practical significance for the cities in Asia, especially for those that are reforming both their economic system and economic structure. We believe that this Forum will present many experiences of city management, explore relevant issues, and result in new measures for overcoming urban poverty and promoting the healthy development of cities in the region.

Finally, I hope this meeting is very successful, and wish every delegate a happy time in Shanghai.

MASARU YOSHITOMI
Dean, Asian Development Bank Institute

The Asian Development Bank Institute is indeed pleased to be able once again in this Forum to work with our other cosponsors, the Asian Development Bank (ADB); the Regional Urban Development Office, South Asia, of the United States Agency for International Development (USAID); the United States-Asia Environmental Partnership Program; the United Nations Development Programme (UNDP)/United Nations Centre for Human Settlements (UNCHS) (Habitat) Urban Management Programme; The Urban Governance Initiative of UNDP, Kuala Lumpur; and CityNet from Japan. We are also grateful to the Shanghai Municipal Government for kindly agreeing to host this Forum and for tirelessly assisting us by making the excellent arrangements for the conduct of the Forum.

Theme of the Forum: Fighting Urban Poverty

Notwithstanding the 1997/98 financial and economic crisis, our region has achieved remarkable growth over the past several decades, with some countries achieving consistently double digit economic expansion year after year. This has led
Fighting Urban Poverty

We cannot be proud of our achievements when the majority of our citizens continues to remain poor.

the World Bank and others to describe our achievement in the period before the crisis as the Asian Miracle. However, despite such good economic performance, the Asia-Pacific region has high incidence of poverty. In fact, we are home to close to a billion of the world’s 1.3 billion poor, defined as those surviving on less than one dollar a day. A large majority lives in the urban areas. Many are from the cities represented in this Forum today. We cannot be proud of our achievements when the majority of our citizens continues to remain poor. It is time that we double our effort to help them and that is what this Forum is all about.

Urban Poverty Issues

How can we best help the urban poor? If we are to be of any help to them, we must first understand the problems they face. The problems of the urban poor are often more formidable and frequently more acute and complex than those faced by the rural poor. Their problems, as I see them, are

- a higher sense of deprivation and demoralization than their poor cousins in the rural areas;
- access to food only through trade, whereas their rural counterparts can gain access to food directly as well as through trade;
- typically poor education, accompanied by lack of experience and skills;
- unstable incomes, mainly earned in the informal sector, often by retrieving and selling wastes or by performing minor personal services;
- little protection from sickness and injury;
- unpredictable demand for their services;
- little human capital and almost no physical capital;
- no access to credit markets;
discrimination in the provision of
government services; and
often illegal settlements with no access to
education and health services, usually in dirty
and unhealthy environments or in slum areas.

The poorest of the poor are in households
with the largest number of consumers relative to
income earners. Frequently in households in which
there is no income, the most disadvantaged are the
children, their mothers, and grandparents.

As I enumerate their many problems, I
wonder if fighting urban poverty will be too tall an
order. I know that it will not be easy, as poverty
reduction involves resolution of multidimensional
social and cross-cutting issues. However, we must
not lose heart. How should we go about doing it?

First, we need many people like yourselves
to be involved. We need all of you represented here,
the mayors, the nongovernment organizations
(NGOs), the private sector, the multilateral and
bilateral agencies, and other government agencies
to do your part. Fighting poverty can only succeed
if all stakeholders including the poor themselves are
involved. Second, our region is a dynamic one as
demonstrated in the past when, as I had indicated
earlier, it achieved rapid economic development.
We need to use the strength of the region to focus
on poverty reduction. We should concentrate in
supporting pro-poor growth strategies. Third, we
must improve our own knowledge and capacity on
poverty reduction. Part of the Forum’s objective is
to do just that. Fourth, we must adopt a strategy
and set some priorities in areas where assistance
should be provided. We have accordingly targeted
two priority areas as session topics in this Forum:

Creating Jobs for the Poor
Poor No More: Reducing Poverty Through
Partnerships
Fighting Urban Poverty

We Can Do It: Working Together to Improve Slums
Providing Housing for the Poor
Getting Rid of Urban Wastes

Creating Jobs for the Poor

We thought that the first thing we must do is to make better use of the only asset that the poor have in abundance: their labor. If we can create employment for them and let them earn an income, it will go a long way toward generating the funds they need to feed, clothe, and house themselves. But how can we create jobs for the poor? Some of you have achieved great success in this and we want to hear and learn from the mayors, the NGOs, and the private sector how this was done. We want to listen to you on how you manage to attract labor-intensive investments; increase the entrepreneurship of the urban poor so they can start small-scale enterprises such as food stalls, candy production, etc.; and upgrade their skills to enable them to find employment.

Poor No More: Reducing Poverty Through Partnerships

The next question we want to ask concerns who are the people who can help. The people who can help are you. We know that no single agency or government will be able to do the job by itself. We need help from the governments, the multilateral and bilateral aid agencies, the NGOs, the community organizations, the private sector, and the poor themselves. We need to tap the resources and expertise of everybody to cooperate and work together as partners to help our less fortunate citizens get out of poverty. We know that partnerships have succeeded well in providing health, education, and water supply, and in creating employment for the urban poor in some cities. We want such
information to be disseminated. The discussion in this session will focus on development and financing of urban development investments through public-private sector partnerships that directly address poverty reduction in terms of jobs created, access to basic infrastructure and services, and development of holistic urban community processes to enable the poor to participate in the political and economic mainstream.

We Can Do It: Working Together to Improve Slums

Many of our cities are overcrowded with inadequate sanitation facilities that often result in the proliferation of urban slums and marginal settlements. This has directly caused our environment to deteriorate. You often hear of communal riots and inadequacy of basic services. They all contribute to the physical degradation of cities. But some cities in Asia have successfully managed to solve some of the slum problems. We want to learn how they did it. We want to know how some cities have successfully adopted an integrated approach to provide physical infrastructure like housing, sanitation, drainage, community latrines, etc., that have resulted in slum improvement.

Providing Housing for the Poor

Decent shelter remains one of the basic needs of people. Due to lack of resources, the urban poor are unable to meet this basic need. So what do they do? They encroach on government or private land or build temporary shelters in whatever space is available to them. We want to hear how some cities have come up with various types of socialized housing programs that have successfully addressed this need of the poor.
Fighting Urban Poverty

*Getting Rid of Urban Wastes*

As cities become more populated, increasing quantities of urban wastes are generated. Municipal waste management is complex and often, when garbage is not collected on time, the urban poor have no choice but to throw their wastes in the streets and canals, causing deterioration of the environment, contaminated water supplies, and increased impoverishment. We need to create awareness of proper hygiene, sanitation, and waste disposal. Thus, we decided to include this session to focus on the fact that getting rid of urban wastes is the collective responsibility of the various stakeholders and also on appropriate measures to improve municipal waste management.

Finally, we need your active participation and your subsequent contribution to help our less fortunate citizens achieve better living standards. The hope is on you, because you, as mayors, do exert a vast amount of influence on the lives of the people that you represent. The ADB Institute can only do so much to support you, through this Forum, to do more for the poor. It is our hope that you gain additional insights from your colleagues, which on return to your cities will help you to place poverty reduction at the forefront of your agenda for effective urban governance. This Forum will have achieved its objectives if a year from now you tell us that you have redirected and redoubled your efforts to assist the poor. We would then have cause for some celebration.
I am very happy to be here with you. ADB is delighted once again to join forces with the ADB Institute and to work with our cosponsors in staging this, the third Asian Mayors’ Forum.

I would like to express deep gratitude to the Shanghai Municipal Government and its staff for their warm hospitality and for making this Forum possible. ADB’s presence in the PRC is really growing: just two weeks ago, we opened our resident mission in Beijing.

ADB and Poverty Reduction

I am particularly pleased that the Forum’s main theme is Fighting Urban Poverty, because the eradication of poverty is the central, dominant concern of ADB.

Ladies and gentlemen, the human race is clever enough and has enough physical, financial, and intellectual resources available to it to end absolute poverty in the world within a generation. The targets set by the UN and others are not so ambitious and recognize the practical and political obstacles that separate actuality from ambition. But let me say that global social stability is at least as important as global financial stability. What we must put in place is a global architecture for poverty reduction. Efforts must be made at global, regional, national, and community levels if we want to see our world truly free of absolute poverty.

Last year, ADB reexamined its own role in development. I am happy to report that it rededicated itself to fighting poverty. Poverty reduction is now its overarching objective. ADB’s long-term strategic framework is being rethought. All of ADB’s strategic development objectives will

The human race is clever enough and has enough physical, financial, and intellectual resources available to it to end absolute poverty in the world within a generation.
Fighting Urban Poverty

be now pursued in ways that help end poverty. A fundamental shift has begun in the way ADB conducts its operations. Every loan we make, every technical assistance grant we provide, is now expected to make a practical contribution to the cause of poverty reduction.

**Poverty Reduction Strategy**

ADB is deploying a poverty reduction strategy built on three pillars: pro-poor, sustainable economic growth; social development; and good governance. I would like to discuss these with you briefly.

First, pro-poor, sustainable economic growth is growth that increases economic opportunities, raises workers’ productivity and wages, and increases the public revenue available for basic health care, education, and amenities. In East Asia, most countries reduced the incidence of poverty by half or more in just two decades; this is a clear demonstration of the importance of economic growth for poverty reduction.

Second, economic growth can most effectively reduce poverty if it is accompanied by well-targeted programs for social development, which can increase employment opportunities for and living standards of the poor. Every country needs a comprehensive poverty reduction strategy that provides adequate budget allocations for development of human capital, targets basic social services for the poor, removes gender discrimination, addresses population growth, and provides social protection.

Third, good governance is absolutely critical to poverty reduction. ADB strongly supports the improvement of governance in its borrowing countries. Sound, transparent, and accountable public institutions are indispensable elements for pro-poor growth and social progress. The sustainability of growth, the enhancement of social
equity, the participation of the poor, and the administrative efficiency and effectiveness of government are all in jeopardy without good governance.

**Fight against Urban Poverty**

While most of Asia’s poor live in rural areas, urban poverty is an increasing challenge for the public authorities. People leave the land for the city in search of employment and a better way of life, but all too often they end up with no work and no prospects. Thus, many cities of Asia are homes to squatter communities, in which life is lived with no amenities and little dignity. The urban poor are too often caught in a vicious circle of deprivation. Local government resources are often exhausted just in providing palliatives for ever-increasing numbers of people. There is nothing left for investment in economic growth and the poor are condemned to stay poor.

Ladies and gentlemen, the situation for the urban poor is desperate. We need renewed dedication, revitalized efforts, and vigorous action if we are to confront and overcome urban poverty.

**ADB’s Poverty Reduction Framework**

ADB wants to intensify its cooperation with its developing member countries (DMCs) in fighting poverty, both in the towns and countryside. We have developed a framework in which ADB and other international agencies can join forces to help DMCs. Let me mention some of its elements.

First, ADB has set itself specific targets against which to measure its own progress in helping to reduce poverty. From 2001 onwards, at least 40 percent of our public-sector lending will be for poverty reduction projects. There will be emphasis on social and infrastructure development to provide...
Fighting Urban Poverty

the poor with access to essential services, including electricity, access roads, water supply and sanitation, education, and primary health care. Put the basics in place and keep them there, ladies and gentlemen, and you give the poor a chance to earn income and break free from destitution.

Second, we are formulating country-specific antipoverty strategies leading to partnership agreements with DMC governments. Bangladesh and Mongolia have already signed such agreements, which stipulate monitorable goals for poverty reduction and social development by 2010, and they commit ADB to support government efforts to reach them. Support for urban development investment through public-private sector partnerships figures strongly in our thinking. We are also updating our broader country operational strategies to ensure a better and more consistent focus on poverty reduction.

Third, ADB has put together a new private-sector strategy. A competitive and efficient private sector is a primary engine of development. It is the major creator of income opportunities. We believe it to be an essential component of an effective and lasting attack on poverty. I would mention here that we see a key role for the private sector in the development of small and medium enterprises.

Fourth, and related to what I just said, ADB has developed a new microfinance strategy. It entails support for innovative, sustainable programs aimed at poverty reduction, and it requires the integration of microfinance programs into the overall financial sector programs of each country. We see microfinance as a powerful tool for helping the urban poor to start small enterprises as well as upgrade their skills so they can find a job.

Fifth, ADB is looking for new financing mechanisms in the area of poverty reduction. For example, in May 2000, ADB’s Board approved the establishment of the Japan Fund for Poverty
Reduction in an initial amount of US$90 million. This fund will be used to provide grants for poverty reduction and capacity-building efforts associated with ADB loan projects.

Sixth is the all-important matter of dialogue, not only with DMC governments but also with other stakeholders, including NGOs and—most notably—the poor themselves. We are very mindful too of coordination with multilateral and bilateral aid agencies, including the World Bank and UN agencies.

Finally, ADB is using its technical assistance funds to study poverty-related issues in its DMCs. For instance, ADB recently cosponsored an international conference in Beijing on the PRC’s Poverty Reduction Strategy. The conclusion was that poverty reduction efforts in the next decade should focus on the poor areas of western PRC, on ethnic minorities, and on improvements to the quality of life. ADB endorses the PRC’s drive to develop its impoverished western regions. Over the next three years, ADB lending for projects in the west is likely to rise to 75 percent of its total PRC lending. ADB is also undertaking an urban poverty study in the PRC. This will help the Government to measure urban poverty and identify an analytical framework in line with ADB’s poverty strategy. It may lead to more investments similar to the US$25 million it put into a water supply project in Chengdu, the capital of Sichuan Province. A similar urban poverty study will be undertaken shortly in India, and others may follow.

Portfolio Consequences

As a consequence of our renewed efforts to fight poverty, ADB’s portfolio of water supply, wastewater, and sanitation projects is likely to increase steadily. I need hardly tell you, ladies and gentlemen, that reducing the extent of waterborne disease

ADB’s portfolio of water supply, wastewater, and sanitation projects is likely to increase steadily.
substantially enhances the well-being of the poor. Clean drinking water is absolutely basic for development and improvement of living conditions. So too is provision of wastewater services. These are very much a matter of concern to municipal authorities, as is also the provision of shelter for the urban poor. ADB is looking again at ways to provide housing loans to low-income households.

**Conclusion**

Distinguished participants, these are some of the things ADB is doing. Among you are policymakers from our DMCs and international scholars. I thank you for coming to this Forum to share your views and experiences and I want to hear your comments on our work.

I am confident that this Forum will contribute to a deeper understanding of the nature and causes of urban poverty and of the challenges that lie ahead in tackling it. I hope it will yield practical recommendations for joint future actions. Poverty is overwhelmingly the social issue confronting Asia in the 21st century. We must all work seriously together, yet with glad hearts, to make our region a better place, to make our cities fit to live in, and to make our citizens more healthy, better fed, and better educated.

*Poverty is overwhelmingly the social issue confronting Asia in the 21st century.*
LOU JIWEI  
Vice Minister, Ministry of Finance  
People’s Republic of China  

I am pleased to have the opportunity to attend this Forum. Please allow me, on behalf of the Ministry of Finance of the PRC, to extend our warm greetings at the opening of this meeting and our heartfelt welcome to all the representatives present.

Since the PRC joined ADB, friendly cooperation of both sides has continuously developed. As of April 2000, ADB has provided a total of approximately US$9.5 billion in loans to the PRC. The loan projects involve many sectors, such as agriculture, forestry, water conservation, and environmental protection. ADB has also offered about US$0.17 billion for technical assistance to the PRC, which has mainly been used in research on the macroeconomy and policy. These loan and technical assistance projects have played important roles in promoting economic reform and development in the PRC. I believe that, with the economic reform in the PRC deepening constantly, friendly cooperation between the PRC and ADB will be further developed.

The PRC is a large developing country that is undergoing transition to a socialist market economy. In the process of transition, the great responsibility of policymaking falls on our shoulders. We must maintain fast and sustainable economic growth, adapt ourselves to drastic structural adjustment, steer and accelerate the process of urbanization, set up an organizational structure that fits into all these processes, and introduce appropriate policies. Faced with such great policymaking responsibility, we should enlarge our horizon, understand the actual situation of the dual economy and the social structure in the PRC, attach great importance to the significance of the urban development and urbanization process, pay close
Fighting Urban Poverty

In the past two years, we have invested more than Y100 billion in the areas of ecology restoration, pollution control, and urban environment improvement.

attention to the problems of urban poverty and environmental pollution brought about by urbanization in other countries, and learn from their approaches how to address these problems earnestly on the basis of our present situation.

The PRC Government has made sustainable efforts over a long period in all these aspects. In the past two years, with the implementation of expansionary fiscal policy and reinforcement of measures, we have invested more than Y100 billion in the areas of ecology restoration, pollution control, and urban environment improvement. We have also made great endeavors to reduce urban poverty by improving the present system and ensuring a basic living standard.

The PRC Government has now implemented a basic living-standard insurance system and an unemployment insurance system for laid-off workers in state-owned enterprises; a minimum living-standard insurance system in urban and township areas; and established and gradually improved a pension and health insurance system for urban and township residents that combines government and individual contributions. At present, 668 cities and 1,638 townships throughout the country have established a minimum living-standard insurance system.

Since July 1999, the PRC Government has enhanced the living standard of urban and township residents to a great extent, including increasing the basic living wage, unemployment insurance benefits, and minimum living-standard insurance benefits for laid-off workers in state-owned enterprises by 30 percent; enhancing the pension distribution standard; and enhancing the allowance and favorable treatment standard for soldiers on active service, veterans, disabled veterans, and their families.

The PRC’s large population makes the task of helping the poor very hard. With the development of urbanization and the continuous increase in the
number of cities, towns, and urban populations, the cities are confronted with such problems as heavy employment pressure and deterioration of the environment. Mr Deng Xiaoping, the general designer of PRC reform and opening-up policies, stated that the nature of socialism is to liberate and develop productive forces, eliminate exploitation, remove polarization, and finally reach the objective of common prosperity. To solve the problems arising from urbanization, the PRC must adopt the basic requirements of developing a socialist market economy. With the deepening of economic reform and the adjustment of industrial structure, the PRC Government has full confidence to make use of all available resources to solve the difficulties and problems of urban development.

This Forum is very timely and necessary. It provides us a very precious opportunity to communicate. We would like very much to take this opportunity to further strengthen cooperation with ADB and other international organizations and learn about valuable experiences on urban management in other countries.

I would like to express my heartfelt thanks to the ADB Institute for their great efforts. At the same time, I hope through this meeting we can strengthen international links; jointly make strong efforts to eradicate poverty; and promote the stable, healthy, and sustainable development of cities.
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,
Fighting Urban Poverty

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.*
Addressing Urban Poverty Issues

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.
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

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...
Addressing Urban Poverty Issues

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.

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
Fighting Urban Poverty

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. 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
Fighting Urban Poverty

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.

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
Fighting Urban Poverty

overwhelmingly voted in the present administration, were buoyed by initial pronouncements. The business community and the dominant church 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. 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
Fighting Urban Poverty

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;
Addressing Urban Poverty Issues

- 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
Fighting Urban Poverty

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.

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.
Addressing Urban Poverty Issues

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.

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
Fighting Urban Poverty

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.

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

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
Addressing Urban Poverty Issues

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.

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,

We can repeat the mistakes of the past or we can help to shape the future.
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 ¥120 in 1993 to ¥280 in 1999 so that residents benefit from economic development in the city.

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
Fighting Urban Poverty

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.

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
Addressing Urban Poverty Issues

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.
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.

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
Fighting Urban Poverty

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.
Addressing Urban Poverty Issues

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
Fighting Urban Poverty

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.
Addressing Urban Poverty Issues

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.
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.
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.

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
Fighting Urban Poverty

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.

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,
Addressing Urban Poverty Issues

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 governorial instructions, and which covered 36 subdistricts; and the Community Environmental
Fighting Urban Poverty

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

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;
Fighting Urban Poverty

- 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.

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.
Fighting Urban Poverty

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
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
Fighting Urban Poverty

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.
IV. CREATING JOBS FOR THE POOR

In this session, three presentations were made describing experiences of poverty alleviation programs across Asian cities.

Mr. Weng Fulin described the efforts of the Fuzhou Municipal Government in keeping urban unemployment below 2 percent, largely through direct interventions for employment and income generation. The city is encouraging scientific research personnel to start their own enterprises and trying to expand and develop regional labor markets to promote the reemployment of laid-off workers. There is also special emphasis on the problems of vulnerable groups. Basic living allowances are provided to these groups to guarantee their livelihoods.

Ms. Jayshree Vyas presented the mechanisms developed for bringing about improvements in the living and working conditions of marginalized poor, especially women, and mainstreaming them into the formal economy of the city. She described the activities of Mahila Sewa Bank, a cooperative bank originally set up by 4,000 women who contributed Rs10 each (about US$0.25) in 1974. It provides banking services to poor illiterate women and has become a viable financial venture. The most important achievement of Sewa Bank, however, has been the transformation it has helped bring about in the perception of policymakers regarding microfinance. She emphasized the fact that slum dwellers make a substantial contribution to cities and have a rightful place within them. Efforts must be intensified, therefore, to integrate them within
the cities in which they live, with respect to economic activity, service delivery systems, and social fabric.

Mr. Benjamin R. Quiñones Jr. gave a broad overview of the role of microfinance institutions across Asia and analyzed the long-term impact of microfinance initiatives on employment, production, and income. He described the evolution of microfinance programs into their present form and the increasingly significant role being played by micro-enterprises in creating urban employment.

The focus of discussions was on the impact of the programs described, the opportunities and constraints, sustainability, and replicability. Interventions from the floor dwelt upon the need to encourage self-employment, and consequently the requirement for training and "re-skilling". The need for a shift from traditional welfare-oriented credit schemes to contemporary microfinance and employment-generation programs was also recognized. The common thread running through various cities’ experiences with employment and income generation is that the cities need to move from being providers of employment to becoming facilitators, creating enabling environments for upgrading skills, creating opportunities, and increasing access to investment capital.

WENG FULIN
Mayor, Fuzhou Municipality
People’s Republic of China

Solving unemployment is a common issue faced by city mayors worldwide. A new round of unemployment always follows reform and changes of economic structure, and may be caused by various factors. One is industrial upgrading, which has deprived laborers with obsolete knowledge and skills of job opportunities. Another is the deepening
Creating Jobs for the Poor

reform of state-owned enterprises, which has made unemployment more visible. Similarly, the increasing number of young people of working age is forcing the city government to create more job opportunities.

In order to solve the unemployment problem effectively, the Fuzhou Municipal Government (FMG) has spared no effort to promote economic growth and encourage foreign and local investments. Particular emphasis has been on developing and upgrading labor-intensive industries to create more job opportunities. Based on the different requirements of job hunters, the FMG has integrated government guidance and the role of the market mechanism to create more job channels; efforts were also made to achieve a balance of supply and demand, and promote full employment. Through arduous and painstaking work, the FMG has kept the unemployment rate in the city below 2 percent. Following are some of FMG’s ways of effectively tackling the unemployment problem in the city.

Encouraging Scientific Research Personnel to Start Their Own Business

With their good knowledge and expertise, scientific research personnel have a great advantage in the job market. The reasons for failing to bring them into full play in the labor force and their temporary unemployment may lie in the fact that they lack necessary links and contacts with enterprises, and lack the pioneering orientation necessary to start a business related to their expertise.

To tackle this problem, the FMG is promoting contact between scientists and business by sponsoring regular job fairs and establishing a talents market through the Fuzhou Talents Reserve Center. The Center is responsible for examining and recommending registered clientele. It provides such
services as free supply-demand information on the labor market and job consultations. The establishment of this Center ensures that scientists have enough time to find a job tailored to their expertise. FMG also provides a monthly living allowance to graduates for up to one year and a dormitory financed from the local budget.

The FMG also encourages scientists to start their own business by giving them preferential treatment in business and tax registration. Enterprises set up by scientists in line with the industrial policy of the city are given further support, such as by reduction in loan interest.

The city government provides financial aid for high-tech projects developed by scientists, a subsidy of up to 60 percent of needed funds, as long as the projects are examined and affirmed by the local scientific and technological administration.

**Reemployment of Laid-off Workers**

Throughout the PRC, state-owned enterprises are currently experiencing strategic adjustment and restructuring. The radical changes involved bring commensurate increase in numbers of laid-off workers. To solve this problem, the FMG initiated in 1994 a project of reemploying laid-off workers and has encouraged government at various levels and the entire community to promote and take part in this project.

First, the FMG has actively promoted the establishment of a labor market and a reemployment service network. In addition, job fairs and job information briefings are held to provide reemployment opportunities.

Second, the FMG has encouraged laid-off workers to work in the foreign and private sectors, rather than relying on state-owned enterprises. The community service and other tertiary industries have been greatly developed so that some laid-off workers
have become street cleaners, green-space protectors, guards for households, and guardians of children going to and from school.

Third, the FMG has encouraged laid-off workers to start their own business by giving them preferential treatment and policies for securing a permit to enter the market, applying for certificate and license, paying less taxes and charges, etc. FMG has also provided services to them in various fields including information exchange, technological support, administration guidance, and financing. A relaxed and better environment for laid-off workers to start their own business has been formed and a situation of "the employed help the unemployed" has become normal in Fuzhou City.

The Newly Emerged Urban Labor Force

The population in the baby boom of the 1960s and 1970s has reached or is reaching employment age now. The FMG has made great efforts to mitigate the resulting employment pressure in different ways. School education has been prolonged. The FMG has popularized junior middle-school education, developed specialized vocational middle-school education, and supported universities in Fuzhou City to expand their enrolment. Also, courses in schools have been regulated. FMG requires middle schools at municipal level to make a strict market investigation before offering enrolment. The education administration regularly issues predictions on employment status and provides guidance for setting up departments, majors, and courses in schools to ensure that the courses meet the market demands. Consequently, the employment rate for the past four years has been higher than 90 percent. Further, schools have strengthened teaching in professional skills that will enable students to improve their abilities to become self-employed. For students unable to study at
Fighting Urban Poverty

universities, the middle schools have set up professional skill-learning teams and have enhanced training through course design and probation, so that students can find jobs that match their hobbies and skills.

Living Allowances for Laid-off Workers, the Retired and Other Vulnerable Groups

It is extremely difficult to tackle the unemployment of vulnerable groups such as old-aged or disabled people and those without technical skills. For them, the FMG established in 1999 a social relief system, in which three types of guaranteed basic allowances are provided, covering respectively, pension insurance, basic living allowances for laid-off workers, and minimum subsistence allowances for residents and the unemployed. In this way, the needs of vulnerable groups in the city are guaranteed.

JAYSHREE VYAS
Managing Director
Mahila Sewa Sahakari Bank Ltd.
Ahmedabad, India

Like many other cities in the world today, Ahmedabad has been a victim of the problems of rapid urbanization and overpopulation. In addition, Ahmedabad is facing a serious problem of increasing unemployment because of the closure of a large number of textile mills in the city over the last two decades.

About 1.2 million, or 42% of the total population are poor. They live mainly in informal, often illegal, settlement clusters and are engaged in petty vending, home-based activities or manual labor services. A recent report on Ahmedabad City has found the population within these informal settlements to be growing faster than the overall
Creating Jobs for the Poor

population. In general, they are unorganized, invisible, marginalized, exploited by traders and moneylenders, have very low bargaining power, no social security protection, and are very vulnerable.

Participation in the Urban Economy

However, what municipalities and governments often forget to consider is the contribution of informal residents to the city’s economy. A recent survey by the Gujarat Institute of Development Research showed that despite rapid industrial development, the informal sector continues to dominate the urban economy. The study revealed that in 1997-98, the informal sector accounted for 77 percent of total employment and 46 percent of the income generated in Ahmedabad. Although the economic contribution of the poor is enormous, they do not receive commensurate civic facilities as do the nonpoor. Most often, they are bypassed from participating in city planning and management activities.

The Self-employed Women’s Association (SEWA) Trade Union

The Self-employed Women’s Association (SEWA) decided to form a trade union of poor, urban women workers, who are significant and active contributors to the city economy, to reclaim their rightful place in the economy and in the city. The trade union, registered in 1972, was aimed at mainstreaming the marginalized poor into the formal economy of the city. The approach of SEWA includes

- capital formation at the microlevel to own assets;
- capacity formation to stand firm in increasingly competitive markets;
- access to social security to combat the chronic problems arising from inadequate

What municipalities and governments often forget to consider is the contribution of informal residents to the city’s economy.
Fighting Urban Poverty

child care, health care, shelter, and insurance facilities; and

- building collective and organized strength to negotiate, participate, and represent their own interests at various levels of the policymaking processes.

SEWA has been helping its 220,000 members to form their own organizations. These organizations exist for the benefit of the self-employed women members of SEWA, are owned and democratically managed by self-employed women, and aimed at self-reliance of women—both financially and managerially. Over the last 28 years, SEWA has been instrumental in bringing about notable improvements in the living and working conditions of ready-made garment workers, bidi-rollers (cigarette rollers), vegetable vendors, waste-paper pickers, and home-based workers.

For instance, through organizing and collective bargaining, the wages of the ready-made garment workers have been included in the minimum wages schedule of the Gujarat Government. The bidi-rollers have been recognized by the Government as legitimate workers, and issued identification cards. They have become entitled to minimum wages and are provided with direct access to scholarship schemes for their children. The vegetable vendors have been recognized by the Supreme Court of India, and accorded with the right to work and a space in which to work. The Government also supported the waste-paper pickers by giving them the right to collect waste paper from government offices, while the home-based workers were granted full rights as workers by virtue of an International Labour Organisation declaration.
Creating Jobs for the Poor

The Mahila Sewa Bank

The members of SEWA Union were caught in the vicious circle of poverty due to lack of capital, low income, indebtedness, and lack of assets. Because of lack of financial support from formal financial institutions, they had to borrow from moneylenders at very exploitative rates. Thus, these women decided in 1974 to form their own financial institution, which is not exploitative, uses a suitable mechanism, and treats them with respect. Around 4,000 women contributed Rs10 each (around US$0.25) to form the Mahila Sewa Bank. It was registered as an urban bank under the dual control of the Reserve Bank of India and the Gujarat Government. It provides banking services to poor illiterate women and has become a viable financial venture.

Twenty-five years ago, women who did not have the confidence to give their correct names to bankers because they were considered "nonbankable", today sit on the Board of the Bank, take important policy decisions, and monitor and review its performance. To date

- 125,000 poor women of Ahmedabad City are saving regularly and have built collective savings of Rs250 million;
- 30,000 poor women have borrowed for business capital, buying trade equipment, exporting goods, improving or buying houses, etc. for a total disbursement of Rs350 million; and
- total cash turnover by all such poor women is Rs200 million.

Nearly half of Sewa Bank's loans have been provided to wives of laid-off textile workers so they could start their own business.

Women who did not have the confidence to give their correct names to bankers... today sit on the Board of the Bank.
Fighting Urban Poverty

I remember quite clearly that when we registered as a bank we were advised by many that a bank owned by and catering to the credit needs of poor women was a "suicidal venture." Today, due to sustained efforts of the Sewa Bank, the perception of policymakers regarding microfinance has also changed. The Central Bank of India has declared a policy of mainstreaming microfinance activities in the country. Many of the microfinance institutions are linked with formal banks under government programs.

Sewa Bank has also been very active in providing housing finance to women living in kuccha (mud) houses without collateral, through simple procedures and door-to-door service. Such inputs help, especially the home-based workers, to increase their productivity and income, bargaining power, volume of business, savings in recurring expenses, and working hours. Better housing and working conditions enable them to improve the quality of their product, own assets, and ultimately provide sustainable employment not only for themselves, but for others as well.

Slum Improvement

Sewa Bank has been an integral partner of the slum improvement program called *Parivartan*, meaning transformation, which is being implemented by the Ahmedabad Municipal Corporation (AMC).

The *Parivartan* scheme transforms the physical habitat of informal-sector workers by providing internal paved roads, individual toilets, water supply, sewerage connection, stormwater drainage, street lighting, and solid waste management/landscaping. These services are provided on an equitable cost-sharing basis, which requires residents to deposit a minimum of Rs500 (approximately US$12) before AMC undertakes the physical work. However, community members were
hesitant to hand over their money until they saw actual results. The Sewa Bank not only provides financial and credit-related services in the program, but also serves as a trusted financial intermediary for Parivartan, playing the dual role of centralized cash collector prior to hand-over to the AMC, and providing credit to meet individual contributions where required.

Sewa Bank’s other sister organization, Mahila Housing Trust (MHT), which provides technical assistance for housing services, is also a partner in the Parivartan process. MHT motivates the communities to participate in the process and facilitates the formation of registered community associations to represent the interests of residents and help them in building direct links with the municipality. MHT also builds the capacity of communities to elect leaders, register and run their own associations, and provide better health and child care; and trains them in other skills so they are able to maintain effectively the newly acquired infrastructure. There are 20 areas currently under the Parivartan process, covering approximately 5,000 families.

Insurance

Our working experience made us realize that the economic life of the poor is frequently disturbed due to sickness, accidents, maternity, death of family members, flood, riots, cyclones, and other contingencies. In the formal sector, they would have been covered/protected by social security schemes. With the objective of helping them during these crises and ensuring that their capital formation process is not hindered, SEWA linked its members with insurance companies and started providing integrated insurance service in 1991.

We also realized the benefit of preventive action. For instance, while analyzing health
Fighting Urban Poverty

insurance claims, we found out that some illnesses were caused by drinking water within one geographical area. Our linkage with the municipal corporation helped us in rectifying the problem and in reducing sickness. Similarly, damage to mud houses formed the highest number of claims during floods. We designed a special housing loan scheme named Pakki Bhint i.e. "cement walls", for converting mud houses into cement houses.

Other Support Services

*Health Care:* The SEWA health cooperative runs a central drug store in the city, which is recognized by the municipal corporation as a distribution center for low-cost, generic life-saving drugs. The city health care system and the poor health care clients are linked up and teams of barefoot doctors, midwives, and community health workers are trained and managed by SEWA’s health cooperative to extend basic health care to 60,000 families annually.

*Child Care:* Around 50 child care centers in Ahmedabad City are run by SEWA’s child care cooperative, which is providing education as well as nutrition to the children of poor families.

*Design and Marketing Support:* SEWA is conducting market research and preparing designs for individual members, groups, and women’s cooperatives that are promoted by SEWA. It also conducts exhibitions and seminars on marketing.

*Training:* Leadership, managerial, and skills training are provided by the SEWA Academy, SEWA’s training unit.
The traditional concept of credit for poverty alleviation has a strong welfare orientation. This approach has not been very effective in making poor people bankable. It failed to provide credit access for a significant number of poor households. Financing institutions hardly recovered their costs from operating revenues because interest rate ceilings prevented them from charging market rates. Credit discipline deteriorated as the outreach of government-supported credit programs increased in the initial years, then lost momentum, and eventually sank under the weight of loan arrears.

The welfare-oriented approach also failed to strengthen people’s organizations. Rather, dependency on government handouts weakened many cooperatives by spawning corruption, mismanagement, and inefficiency. Most of those that survived were taken over by local elite who redirected the flow of subsidized credit to themselves.

Successful microfinance programs of the 1990s drew valuable lessons from the mistakes of welfare-oriented credit to the poor and took measures to avoid them. Two fundamental measures adopted by contemporary microfinance programs are worth mentioning. The first is the design of the institutional delivery mechanism with a cost-effective instrument for targeting the poor, which should comprise

- an instrument for defining, characterizing, or identifying poor households, e.g. a housing index;
- an organizational structure for cost-effective delivery of financial products and services, e.g. self-help groups, group centers;
Fighting Urban Poverty

- financial products and services suited to the needs of poor households, e.g. progressively increasing loan size, payable on a weekly basis; and
- capable staff committed to poverty-oriented lending.

The second measure is the design of the terms and conditions of the financial service that enable an institution to recover operating costs from operating revenues. This involves

- setting interest rates on loans such that they cover the cost of funds, the administrative and operating expenses, and losses arising from loan defaults;
- avoiding recruiting expensive staff when jobs can be done by less expensive workers;
- instilling credit discipline in order to achieve a repayment rate of at least 95 percent;
- embarking on savings mobilization as early as possible to reduce dependence on external donor agencies, and to build institutional capacity for self-reliance; and
- establishing an appropriate legal personality of the organization to deal with the poor.

Impact of Credit on the Poor

There is widespread belief that credit used in productive activities contributes directly to an increase in output, income, and employment. It is for this reason that policymakers in many developing countries have anchored their poverty alleviation programs on the provision of credit resources to the poor.

If indeed it can be shown empirically that credit directly increases output, income, and employment, then the impact of credit on the poor can be inferred from the breadth and depth of
Creating Jobs for the Poor

outreach of microfinance institutions (MFIs). The breadth of outreach refers to the number of customers and the amount of financial services, particularly the number of depositors and borrowers and the amounts of deposits and loans outstanding. The depth of outreach is the extent to which lower-income segments of the population have access to financial institutions and their services.

A survey by the World Bank’s Sustainable Banking for the Poor (SBP) Program in September 1995 of around 1,000 MFIs in 101 developing countries reported a combined outreach of 46 million active savings deposit accounts and 14 million active loans. Around 80 percent of MFI outreach in the SBP survey was in Asia, 15 percent in Latin America, and the balance in Africa.

Very few MFIs can boast of client numbers in excess of 100,000, and most of these MFIs are found in Asia. Table IV.1 summarizes the outreach figures provided by 92 MFIs in Asia and the Pacific generated in a 1996 survey by the Asian and Pacific Development Centre (APDC) Bank Poor ‘96 Programme. Their combined outreach in 1996 was 26.28 million individual clients. Excluding the Grameen Bank and other big MFIs of Bangladesh and Bank Rakyat Indonesia (BRI), the average MFI in Asia had less than 3,000 clients. On average, each client received US$28 in loans and deposited US$9.

From these figures, one can deduce the employment impact of microfinance. As credit enables a household to operate an income-generating project, a microcredit program that allows continuing access to credit resources actually sustains self-employment of the household members. Assuming an average household has 3 to 4 working members engaged in the household enterprise, the microfinance programs of the 92 MFIs surveyed by APDC would benefit between 78 to 104 million self-employed individuals in the Asia-Pacific region.
Fighting Urban Poverty

In terms of the depth of outreach, the vast majority of the clients of MFIs in Asia can be classified as income-poor, or those whose incomes fall below the national poverty line as defined by their respective countries. An exception is Sri Lanka, where MFIs tend to cater more to households that are not poor than with those that fall below the poverty line.

But does microfinance actually create employment? An analysis of large MFIs in several countries showed that the impact of credit on employment was directly related to the volume of

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### Table IV.1. Outreach of MFIs in Asia-Pacific Countries, by Number of Clients and Activity, 1996

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of MFIs* Reporting</th>
<th>No. of Clients (million)</th>
<th>Total Value of Loan Portfolio (US$ million)</th>
<th>Average Size, Loans Disbursed (US$)</th>
<th>Average Size, Deposits (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>10</td>
<td>5.74</td>
<td>218.23</td>
<td>38.0</td>
<td>10.1</td>
</tr>
<tr>
<td>PRC</td>
<td>5</td>
<td>0.08</td>
<td>0.93</td>
<td>11.2</td>
<td>0.2</td>
</tr>
<tr>
<td>India</td>
<td>15</td>
<td>2.49</td>
<td>6.87</td>
<td>2.8</td>
<td>2.9</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3</td>
<td>16.75**</td>
<td>2.03</td>
<td>612.0</td>
<td>180.0</td>
</tr>
<tr>
<td>Malaysia</td>
<td>6</td>
<td>0.08</td>
<td>11.80</td>
<td>149.7</td>
<td>85.0</td>
</tr>
<tr>
<td>Nepal</td>
<td>9</td>
<td>0.06</td>
<td>1.80</td>
<td>31.0</td>
<td>4.8</td>
</tr>
<tr>
<td>Pakistan</td>
<td>6</td>
<td>0.34</td>
<td>6.20</td>
<td>18.3</td>
<td>24.4</td>
</tr>
<tr>
<td>Philippines</td>
<td>16</td>
<td>0.04</td>
<td>7.98</td>
<td>191.6</td>
<td>30.7</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>7</td>
<td>0.33</td>
<td>4.90</td>
<td>14.8</td>
<td>10.3</td>
</tr>
<tr>
<td>Thailand</td>
<td>3</td>
<td>0.30</td>
<td>2.25</td>
<td>7.4</td>
<td>0.6</td>
</tr>
<tr>
<td>South Pacific</td>
<td>3</td>
<td>0.01</td>
<td>0.35</td>
<td>46.7</td>
<td>53.3</td>
</tr>
<tr>
<td>All Asia-Pacific</td>
<td>92</td>
<td>26.28</td>
<td>269.17</td>
<td>28.0***</td>
<td>9.0***</td>
</tr>
</tbody>
</table>

* Includes only those reporting to APDC Bank Poor '96 survey.
** Composed of 2.3 million credit accounts and 14.5 million deposit accounts.
*** Excludes Indonesia. Including Indonesia, the figures are US$225.3 and US$112.3, respectively.

investments in new technology employed by the households in their enterprise. Compared to a control sample of nonborrowers, the borrowers with the highest income growth had highest rates of investment in technology and of hiring family members. However, the difference in employment between borrowers and the nonborrowers was less than one person on average. Amongst the big MFIs, only the BRI unit desa scheme, which caters to businesses larger than the sample average, recorded employment increases larger than this (i.e. 5.8 persons). Significant hiring of nonfamily members was carried out only by larger enterprises.

Conclusions

These findings indicate that borrowers from the poorer sections of society tend to give priority to household survival needs over enterprise development. Thus, when credit programs do not provide a facility to address consumption or emergency needs, available cash will always be used to meet those needs rather than to purchase new technology or to gain access to training or to markets. Nevertheless, credit for microenterprises can be an effective instrument for creating jobs for the poor because microenterprises are labor intensive. They use less capital, which implies a more efficient use of the scarce factor of production.

It is important that microfinance programs supported by local governments are designed to reach significant numbers of poor households. Too many development-oriented projects initiated as "pilot" projects disappear after the project period. For sustainability, both the operations of the MFI and the enterprises financed have to be profitable. It is also important that the partner MFI has financial products suited to both the household consumption and enterprise development needs of the poor.
Providing capacity-building support to MFIs for the development of technology-oriented financial products is probably the most important contribution that local governments can provide.

MFIs that have been operating for a considerably long period of time have developed financial products that enable the poor to purchase a specified technology, such as minor irrigation equipment, motorized sewing machine, solar panels for drying agricultural products, or even cell phones. By making these technology-oriented financial products available to poor households, the MFI expands its portfolio while contributing to an increase in the poor household’s production possibilities. Providing capacity-building support to MFIs for the development of technology-oriented financial products is probably the most important contribution that local governments can provide for the institutional development of MFIs in their constituencies.

Finally, local governments should provide a policy environment that is conducive to MFIs. Supporting subsidized credit programs implemented by local government personnel or by other government line agencies will do great harm to the financial viability and sustainability of MFIs.
V. POOR NO MORE: REDUCING POVERTY THROUGH PARTNERSHIPS

This session comprised a specific case study of Colombo and a review of a range of poverty-reduction initiatives and experiences across Asia.

The point that poverty can be substantially and effectively reduced only through partnerships among various stakeholder groups—the local government, private business sector, civil society, and indeed, the poor communities themselves—was reinforced by the presentation on the initiatives of the City of Colombo. The Mayor of Colombo, Mr. Omar Kamil, outlined briefly the urbanization and development scenario in Sri Lanka and went on to describe the initiatives of the city of Colombo in reducing poverty.

Most of the under-served settlements have been encouraged to form community-based organizations called community development councils. The community leaders are encouraged to meet council staff weekly to obtain attention on the services required. Mr. Kamil described a program wherein Rs1.5 million has been made available to each of the 53 elected councilors for provision of services in under-served settlements.

Dr. Mary Racelis gave an in-depth overview of poverty reduction initiatives in Asian cities. She underscored and illustrated the fact that involvement of urban poor people in the process of consultation for development decision making is a time-tested measure to enhance the appropriateness and sustainability of any actions. It is imperative,
Local and national governments must perceive and treat the urban poor as citizens deserving support and dignified treatment. Therefore, to strengthen mechanisms for on-going, systematic consultations with the urban poor, NGOs, and other civil society supporters. She emphasized that local and national governments must perceive and treat the urban poor as citizens deserving support and dignified treatment, in order to be able to tap their initiatives effectively and develop win-win solutions to problems of urban poverty.

Examples from India, Pakistan, Sri Lanka, and the Philippines, in particular, highlighted that for poverty alleviation efforts to succeed, there must be a shift in traditional bureaucratic approaches to contemporary management orientation. The onus of initiating and building partnerships lies most definitely with city governments. The city leadership must have a clearly articulated vision, well-defined goals, and a willingness to engage stakeholders in a "dialogue for development."

OMAR Z. KAMIL
Mayor, Colombo, Sri Lanka

The City of Colombo is the financial and commercial center of Sri Lanka, probably because the port of Colombo for the last one or two centuries served as the hub of the import-export economy of the country. Colombo is a coastal town, 37.25 square kilometers in extent. It has a resident population of nearly 1 million people and a daily transient population of 500,000, who commute for commercial, educational, and other purposes.

The Colombo Municipal Council, a democratically elected body, is entrusted with the task of local administration, and is not only the oldest local authority in Sri Lanka but also one of the oldest in South Asia.
Colombo and Poverty Reduction Efforts

Colombo has launched a number of poverty reduction exercises in which the participatory approach has been of focal importance. About 400,000 residents live in settlements whose identity is marked by inadequate services and small plot size, although this group enjoys a reasonable income through various means.

As a means of mobilizing community interest, most of these settlements have been encouraged to form community-based organizations called community development councils (CDCs). The community leaders are encouraged to meet council staff weekly to obtain attention on the services required. The mayor presides over monthly meetings in the Town Hall to discuss development needs and every Wednesday, the mayor, the commissioner, heads of departments, and other officers are available at one location to bring concerted attention on the multidimensional problems of the community members.

Some of the large-scale development efforts launched in the city failed to recognize and respond to the smaller-scale problems of the community in the settlements. In order to provide and improve basic services for them, the council has now made available Rs1.5 million to each of the 53 elected councilors. They can now identify projects in low-income areas, which are not necessarily vested as council property, to provide facilities such as drinking water, sewerage connections, toilets, paving of roads with concrete slabs, metalling of roads, electrical lighting for common areas, and many others. By 1999, 627 projects had been implemented under this scheme and by the end of 2000 the number should exceed 1,000.

The Council also undertakes welfare measures aimed at major identified public health issues. The following welfare measures are provided...
Fighting Urban Poverty

until such time that the settlements have adequate essential infrastructure:

- free western medicine dispensaries;
- free ayurvedic dispensaries;
- free maternity homes;
- free community centers;
- subsidized reception halls; and
- free midday meals for children attending religious schools.

Other projects are undertaken to provide the poor with better chances for social mobility, including sewing training centers, educational counseling, career guidance, preschools, day-care centers, study halls, information technology facilities, and a free library service.

Conclusion

Poverty in Colombo has numerous facets that continually change due to social, political, and financial reasons. A major gap in the system to reduce poverty has been the lack of mechanisms to identify and respond to needs. The informal sector has to be recognized as an important part of the population and incorporated into the mainstream of the economy and culture. The barriers to education, entertainment, asset ownership, and other fields should be opened to them.

MARY RACELIS
Director, Institute of Philippine Culture
Ateneo de Manila University

Those closest to the problem are best able to offer workable solutions. This adage has by now become widely accepted in social change circles, corresponding as it does to the principle of people’s
participation in decision making. If poverty is to be overcome, the voices of Asia’s urban poor, who make up one third to more than one half of metropolitan populations, need to be heard systematically on policy formulation, planning, implementation, and evaluation of government actions impinging on their lives.

These assertions highlight several basic features of good governance—accountability, transparency, efficiency, and equity through participation. Moreover, the involvement of urban poor citizens in governance enhances the sustainability of any agreed-upon actions to improve their lot. As distinguished urban specialists, David Satterthwaite and the late Jorge Hardoy, have emphasized, "The most important resource for the future city is the knowledge, ingenuity and organizational capacity of citizens themselves."1

Government and private-sector leaders aiming at overcoming poverty in their cities, therefore, are well advised to strengthen mechanisms for ongoing, systematic consultations with the urban poor and their supporters among NGOs and other civil society groups. This does not mean that poor people’s views must prevail under any and all circumstances. Rather it implies that government entities are responsible for leveling the playing field and encouraging disadvantaged communities to negotiate as peers around their own interests. In that way, they stand a chance of gaining their fair share of assets, information, and a decent life.

**Reinforcing Multisectoral Partnerships in Megacities**

But how do urban governments in rapidly growing metropolitan regions develop principled...
partnerships with the most disadvantaged groups of poor people? How can community-level interaction between government and people take place in the context of megacity settings? It is appropriate to recall here the famous adage, "A journey of a thousand miles begins with the first step." One must resolutely resist the temptation to find the scale of the problem so daunting as to invite a kind of paralysis or inertia. Rather, one simply takes the first step. This means government officials periodically meeting face-to-face with a range of poor men and women in their neighborhoods, since vulnerable groups feel most at ease in their home turf.

This sets the stage for building and strengthening community initiatives. Government officials need not, indeed should not, offer anything initially, but simply listen and learn. This crucial process is followed by developing in an interactive way government responses that take people’s concerns seriously, that produce results closely adhering to the constituents’ wishes, and that build these processes into mega-urban administrative systems.

Fortunately, the late-20th century provided ample evidence of urban poor communities in Asian cities with an already sound track-record for undertaking self-help activities. These may have developed under their own aegis, through partnerships with community-based NGOs or, occasionally, academic groups, or alternatively, with enlightened government entities. Whatever the case, successful partnerships take time and a good deal of interaction before reaching levels of genuine trust and collaboration. What often starts out as a contentious relationship, fuelled by suspicion, distrust, and frustration on all sides, can—through good will, exploratory actions, and flexibility—turn into fruitful partnerships. Citizens satisfied with their government’s performance offer proof that the latter is doing things right.

Successful partnerships take time and a good deal of interaction before reaching levels of genuine trust and collaboration.
To overcome poverty in Asian cities, mayors need to center their attention and resources firmly on the poor. When poverty is defined as the lack of something, like housing, credit, water, and sanitation, governments tend to initiate welfare programs of service delivery that provide basic income or food, and enhance access to services, credit, shelter, and skills. Efficient bureaucracies offer simple and clear objectives, identify the poor, and focus on their needs with some precision, and create exclusive delivery systems targeting the neediest.

If, however, poverty is seen in its broader multidimensional aspects of powerlessness and deprivation, people empowerment sets the terms for service delivery. In this case, NGOs usually take the lead in helping people learn how to articulate their views, decide on and take the requisite actions, and gain a sense of control over their future. They organize people’s involvement in the planning, implementation, and monitoring of the program, and work toward its sustainability. This experience increases poor people’s capacities to tackle local problems in increasingly sophisticated ways as issues grow in complexity.

People’s participation in urban poverty alleviation covers a wide range of community-based activities in Asia, some in partnership with government. They include construction of housing; upgrading of local infrastructure for water; sewerage, drainage systems, and roads; and periodically mobilizing for community clean-ups. Local poor groups have organized ways to counteract illness among their infants and children through immunization campaigns; improve nutrition, health education, and early child development; and

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Fighting Urban Poverty

mosquito spraying during dengue outbreaks. They have warded off threats to safety and well-being, like child abuse, idleness, and drug-experimentation among out-of-school youth; violence against women; alcoholism and joblessness among men; and depression, deteriorating health, and a declining sense of self-worth among older persons.

Together they have accumulated immense reservoirs of social capital by building chapels, temples or shrines; sharing assets, skills, and contacts with powerful people; setting up savings clubs; organizing participation in the festivals that renew family and community bonds; engaging in reciprocal favors like borrowing and lending money, food, chairs, and eating or cooking instruments; accompanying a friend to the police station to bail out a drunken husband; assisting neighbors during births, marriages, homecomings, and deaths; settling fights and other community conflicts; and building up their collective firefighting and policing capabilities. The intensity of interaction in urban poor settlements generates communication links that inform households of impending evictions, land acquisition opportunities, job openings, the arrival of important people, and impending government plans for the settlement, especially if they pose threats like demolition and eviction.

Governments that recognize the importance of community bonds and build on their strengths are most likely to nurture effective and lasting people-NGO-government partnerships. The advantages of these links lie in the "ownership" and ready implementation by community residents of programs aimed at transforming them into income-earning families with satisfactory levels of living and enhanced well-being. In the process, their sense of commitment to the broader concept of community encourages them to work out ways of voluntarily keeping public spaces clean, attractive, and danger-free; seeing to the upkeep of local infrastructure like
footpaths, meeting centers, public latrines, drainage canals, and garbage disposal systems; and helping childless older people survive.

**Learning from People and NGOs**

Asia offers abundant examples of community-initiated and -sustained self-help activities and, fortunately, more and more instances of governments willing to back these efforts. They set the tone for "the informal city," a concept that emphasizes the dominance of informal-sector activities that serve not only poor people and communities but Asian cities as a whole. The economically better-off formal sector could not operate without the wide range of cheap products manufactured in small slum establishments, the recycling of goods through an extensive second- and third-hand market, and the availability of services ranging from domestic help to construction labor, from small-scale transport to street vendors and their wide array of products conveniently and cheaply furnished. The informal city in which poor men and women live is the context in which stakeholder partnerships flourish. A few examples illustrate this point.

Focusing on the poor and enabling them to become poverty-free by 2005 drives the Grameen Trust’s goals for two thirds of its estimated 3 million member-borrowers in over 26 countries. This large Bangladesh NGO knows from experience that utilizing people’s own criteria for success in poverty reduction results in programs most useful to them.

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Fighting Urban Poverty

A group of poor Bangladeshis worked out their 10 criteria for a poverty-free life in this way:

- a tin-roofed house;
- beds or cots for all family members;
- access to safe drinking water;
- access to a sanitary latrine;
- school attendance by all school-aged children;
- sufficient warm clothing for the winter;
- mosquito nets;
- a home vegetable garden;
- no food shortage even during the most difficult time of a very difficult year; and
- sufficient income-earning opportunities for all adult members of the family.

In India, an alliance involving the Society for the Promotion of Area Resource Centers (SPARC), the National Slum Dwellers Federation (NSDF), and Mahila Milan (MM) showed the Government that if it turned land for low-income dwellings over to poor people, the latter could build cheaper and better houses than the Government could. As a result, pavement dwellers and railway informal settlers in Mumbai organized five projects that acquired land and built homes for 3,551 families. In Sholapur, two projects obtained land for 1,184 families; in Pune, three projects housed 1,301 families; in Kanpur, four projects for 486 families; and in Bangalore, two projects for 316 families. In other cities, poor groups showed remarkable creativity by hiring a contractor to construct a medium-rise building and selling 24 of its flats to middle-income families, thereby enabling 74 poor families to obtain their flats free.

In the first decade of its existence, the alliance learned a great deal as it tried new

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Poor No More: Reducing Poverty through Partnerships

approaches to housing large populations. Where they once had to plead with the Government for decent shelter, today communities demand land tenure and access to loans for self-help housing. In constructing these homes, they have challenged existing norms and building standards that used to exclude poor people from decent housing. The alliance transformed the mindset and accompanying behavior of poor people by (1) creating organizational capability in their settlements and linkages between the community and outside stakeholders; (2) building capacities and locating resources within and outside communities to facilitate problem-solving processes; and (3) enhancing people’s abilities to negotiate with city, state, and other officials for long-term solutions.

In General Santos City, Philippines, centralized top-down decision making during the dictatorial Marcos era of the 1970s and 1980s resulted in forced evictions of many urban poor families to four relocation sites far from the city center. The lack of basic facilities, distance from livelihood sources, and inhuman demolitions so incensed the relocatees that they formed solid alliances to resist eviction. When the city government ignored their suggestions for alternative sites, they sought the intervention of national authorities and, to illustrate their determination, invaded the alternate site. This show of power and a new city administration more open to consultations with the people led to a land acquisition scheme negotiated with urban landowners through KPS, a support NGO.

The new city mayor acted favorably on an appeal from the people’s organization that a nearby government site, originally intended for a nursery and city jail, be transformed into a resettlement site.

Her decision to accredit KPS as the task arm of the local government’s Urban Poor Council boosted that NGO’s credibility, especially among landowners, and facilitated cooperation among the city, community associations, and the KPS. By the time the voluntary relocation took place, the landowner had installed a water system and donated a soap-making machine for income generation; the city engineer had made his trucks available for the move; the city agriculturist had provided fruit tree seedlings for the new settlement; and the city Economic Management and Cooperative Development Office was organizing the community association into a cooperative for soap making and related activities.

By 1995, the city had established the City Housing and Land Management Office and the Urban and Development Housing Act Coordinating Council. It implemented 12 land acquisition projects with KPS, furnishing financial assistance, equipment, and infrastructure for the relocation site, and engaging in land-dispute resolution. At the same time, the contributions of the community and KPS made the project affordable to the city government. "Moving out day" became a festive occasion attended by city officials and well covered by the local media, as the people transferred to their new settlement. The partnership of government-KPS-people’s organization continued to prosper, illustrating among other things that innovative, pro-poor local governments could forge effective partnerships without having to wait for national government initiatives to get underway.

In Thailand, the Government allocated US$50 million in 1992 to initiate the Urban Poor Development Program under the National Economic and Social Development Plan. A new Urban Community Development Office (UCDO)

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was to implement the program under the National Housing Authority (NHA), yet remain independent of the NHA by virtue of having its own project committee and administrative system. Its Board was composed of three government officials, three community leaders, two NGOs, and a representative from the private sector. With Government cast as one of the important stakeholders rather than the sole decision maker, genuine partnering arrangements evolved.

Given the UCDO’s autonomy and its dynamic people-oriented leadership, the community-based organizations (CBOs) thrived. People’s capabilities were recognized and reinforced through land identification, housing loans, saving and credit associations, and various training programs in community planning and management. UCDO’s role was that of facilitator, while communities formulated and implemented their plans. They generated substantial funds for development and decided how these were to be allocated. Here again, one finds that community self-managed projects are quicker, cheaper, more flexible, and show better repayment rates than government housing schemes.

Not all went smoothly, however. NGOs and CBOs whose previous orientation had featured confrontational modes against the central Government had as much difficulty adjusting to the spirit of partnership and decentralization as did local government officials. Conservative rules and regulations governing existing bureaucratic structures, exacerbated by turf-conscious ministries, proved to be incompatible with the new bottom-up processes and dynamic community institutions. A great deal of creativity, good will, and negotiation...
Fighting Urban Poverty

had to come into play, often spurred by NGOs, in order to reorient the recalcitrant bureaucracy⁷.

In Cambodia, participatory urban development among urban informal settlers in low-lying slum areas of Phnom Penh had communities doing site planning and selecting infrastructure options. The Municipality of Phnom Penh constructed the major storm drain, purchased land for relocation, and undertook earth filling, while residents agreed to work on drainage and garbage removal, water supply, land improvement, stronger walkways, street lighting, and savings and credit schemes. To affirm their agreements, Government, community, and the NGO jointly signed a community contract detailing infrastructure service contributions⁸.

Nepal’s Lonhla Drainage Construction Project, which envisioned a sewerage system that included the building of toilets to serve a lower-caste community of butcher (khadgi) families, brought strong protests from neighboring farmers. They feared that the butchers would dump their animal wastes and the remains of slaughtered buffaloes in the sewerage ditch. Several meetings between the two communities, NGOs, and ward personnel were held at which the engineers explained the project dimensions, answered questions, and reviewed a range of issues with all parties until people were satisfied enough to forge agreements. In working out the frictions that inevitably emerged in the course of implementing this agreement, the engineers agreed to reposition the sewer line. Each set of stakeholders gained a


Poor No More: Reducing Poverty through Partnerships

clearer understanding of what its particular role was to be. The municipal corporation and the ward committee rendered financial support and undertook coordinated construction in the communities with the cooperation of the residents. The latter provided labor and materials for constructing the toilets, the butchers refrained from dumping wastes into the canal, and the NGO coordinated the multistakeholder activities. When the Government immediately repaired a water pipe its work crews had damaged, its credibility rose. The project saw relatively smooth sailing after that. Its successful completion illustrates the importance of reinforcing trust among the stakeholders, especially the intended beneficiaries.

Pakistan’s world-renowned Orangi Pilot Project, detailed elsewhere in this volume, has demonstrated how an informal settlement of 900,000 people living in 94,122 houses in the hills west of Karachi made dramatic changes for the better to their communities. Contributing their own funds and labor, low-income families built flush latrines in their homes, laid underground sewerage pipelines in their lanes and maintained the neighborhood intermediate collector drain. Large-scale treatment plants and sewerage lines were constructed under government aegis. Such fruitful internal-external collaboration brings maximum benefits to the success of such projects.

Equally impressive examples of how significantly empowered groups can contribute to upgrading urban settings appear everywhere in Asia. While they give cause for rejoicing, one cannot ignore the darker side of the picture: genuine partnerships still remain the exception rather than the rule. Most urban officials continue to adopt stances ranging from passive noncooperation at best to outright retaliation against communities that dare exert claims over services, asset sharing, and information.

Most urban officials continue to adopt stances ranging from passive noncooperation at best to outright retaliation against communities that dare exert claims over services, asset sharing, and information.
Partnerships between initially hostile stakeholders like CBOs and government entities or landowners are not easily forged. Typically, they require a great deal of patience, a modicum of trust, and large doses of mutual respect. Modes of interaction may feature extensive negotiation, argument, and protest, and considerable pressure from one side or the other. In the process, government officials lament the perceived shortcomings of NGOs, charging them with every thing from naivete and ignorance of government policies and procedures, to deliberately misleading community groups and to being communist agents!

While the first generation of rural-urban migrants 30 years ago may have tolerated neglect and succumbed to government-developer-led forced evictions, happy simply to have some kind of toe-hold in the city, their urban-born children are proving less submissive and more demanding—in the manner of true urbanites. Over the past decades, more and more of them have organized ways to improve their surroundings and build up the social capital of collaborative, helping behavior that brings about infrastructure improvement, establishes locally-managed safety measures, and enhances neighborly interaction and quality of life. When local and national governments support rather than repress these initiatives, they benefit from an enormous reservoir of energy, talent, and commitment that is an asset to any city administration.

Yet, all too often, it is only when communities are organized, informed, and aware of their rights that government departments are forced to respond and grudgingly turn their rhetoric about poverty alleviation into reality.
Principled Partnerships to Overcome Urban Poverty

The wide-ranging cases cited above of successful community action, heightened by collaborative problem solving with government and private-sector groups, yield important insights for overcoming poverty. These can help reorient government approaches to promoting multistakeholder partnerships and alliances that benefit the poor.

While many guidelines already exist, it is important to ground them in the emerging realities of 21st century megacities as well as in rapidly growing secondary cities and towns. The major imperative is to foster mechanisms enabling the citizenry to mobilize on the basis of community or street/lane clusters, neighborhood blocks, and local political units, and that systematically facilitate people-friendly access to higher local and national officials. Included here is everything from traditional face-to-face communication between people and politicians/government bureaucrats, on the one hand, to well-staffed community relations offices and computerized city services, on the other.

In Andhra Pradesh, India, for example, computerized municipal governments can now issue permits and certificates to their constituents in a manner of minutes, where formerly the latter had to wait days or weeks. Corruption was rife and the inefficient system particularly victimized the poor, who had to keep returning to follow up the papers. Oppressed by officious bureaucrats seeking bribes "to locate their files" and facing the prospect of yet another day’s earnings lost, the defenseless poor client would have to pay the price. Today, citizens can complain about corrupt officials and

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practices at the regular quarterly community consultations that all officials are required to conduct. There, government representatives and their constituents review the commitments made during previous visits and assess progress in their implementation. Lagging officials are taken to task for inaction or slow responses by the community and eventually by their supervisors as well.

The London-based City Development Strategies Initiative has identified 18,000 key figures in the largest 500 cities in Latin America, Africa, and Asia. They form a network furnishing a monthly database for sharing important information among urban authorities worldwide. Available on electronic mail are case studies, expert views, examples of best practices, and information on plans, projects, and opportunities related to cities and urbanization (E-mail: info@citydev.org and Internet: www.citydev.org).

Lessons learned

- Urban poor communities worldwide have the capacity to organize themselves around issues of common concern and take responsible action to promote their well-being and that of the city as a whole.
- Partnerships between government entities, people’s or community organizations, and NGOs require time, personal and institutional commitment, and a problem-solving approach to achieve the levels of mutual respect and trust needed for success and sustainability.
- Urban governments aiming at poverty eradication need to understand and appreciate people’s efforts at improving their lives, to listen to their voices, and support their proposals for government participation in their developmental activities.
Urban and national government entities that perceive the urban poor as citizens deserving support and dignified treatment rather than as problems or as undesirable, undeserving residents, will be better able to tap people’s initiatives effectively and work out win-win solutions to local problems of urban poverty.

Urban poor groups lack information on government procedures, laws and ordinances, and technical requirements in order to move ahead successfully on their initiatives; when they overcome this gap, often in partnership with NGOs, they move forward quickly.

Identifying the interests of other stakeholders, like private business, media, labor unions, religious institutions, academic organizations, and others, and drawing them into consultative processes improve multistakeholder partnerships.

Communities and neighborhoods are not homogeneous, being made up of diverse groups with differential levels of power. The more vulnerable and least empowered among them, who deserve special attention in participatory governance, are the poorest of the poor, women, children and youth, older persons, disabled persons, ethnic and religious minorities, and other marginalized groups.

Despite their often disadvantaged personal situations, urban poor women make up a large proportion of strong leaders and members of community organizations, and sustain the greatest interest in pursuing activities to improve the lives of their families and communities.

Important as people’s participation in governance is for poverty eradication, the structural causes of poverty and increasing
disparities between rich and poor on the national and global scene likewise demand serious attention.

**Orienting Urban Governments toward Poverty Eradication**

Remembering the lessons already cited, urban mayors interested in working toward poverty-free cities can take a number of actions through partnerships with people, NGOs, other civil society groups, and business. Included in this roster are local and national governance mechanisms able to respond to, and support, strong participation of the organized urban poor in decisions about their communities, their cities, their nation, and their world. This calls for mayors and city officials who prioritize the needs and voices of the poor, and serve notice to their staff that performance evaluations will focus on their adherence to poverty-oriented criteria.

**Pro-poor governance**

Pro-poor orientation means more frequent visits to low-income communities for discussions with residents and implementation of their recommendations. Of great help are well-staffed, people-friendly, community relations offices in city hall, where people feel welcome to raise issues, seek redress, and obtain information related to their community needs. Also important are budgetary allocations by local councils giving priority to basic services in poor communities like clean water, sanitation, health, drainage, family planning, education, housing, site upgrading, recreation, anti-pollution measures, and environmental considerations. Linking neighborhood committees with their counterparts on the city or municipal council will allow better sharing of resources,
especially access to land, and will highlight the importance of public services, including street lights, public telephones, postal services, convenient transport, police precincts and patrols, and fire fighting equipment in the area.

Training neighborhood leaders in the intricacies of public administration and finance, and demystifying information and other forms of new technology will greatly expand the rapport between people and a modernizing government. Community radio and television, and locally accessible websites can disseminate key information. Indeed, the entire process of legislation, planning, and budgeting needs to be open and shared, with public hearings and their agenda announced widely and well in advance.

Drop-in centers for street and working children offering bathing facilities, a bed for the night, health care, job training, counseling, and scholarship programs to keep working children in school even as they continue to help support their families, will minimize their drift toward becoming full-time street children. Without this kind of attention, they face increasing alienation from their families and the prospect of being lured into criminal gangs, prostitution, and drug syndicates. A special desk at the police station staffed by trained police women, social workers, and counselors catering to women and children in conflict with the law further reduces victimization and alienation.

Providing credit, training, and marketing assistance for small-scale entrepreneurs, and curtailing police harassment of petty traders and peddlers will greatly enhance the income potential of poor families. So too will legitimizing the myriad informal businesses that poor communities generate and rely on, like neighborhood nursery schools, mini-factories, family-run food stalls, small shops selling minimal stocks of basic commodities, informal transport like pushcarts and motorized

Indeed, the entire process of legislation, planning, and budgeting needs to be open and shared.
Fighting Urban Poverty

Minimizing forced evictions in favor of on-site upgrading or nearby relocation will keep earning opportunities intact. Pedi-cabs, water and electricity distribution, repair shops, and waste recycling services. Minimizing forced evictions in favor of on-site upgrading or nearby relocation will keep earning opportunities intact and not subject economically struggling families to the severe disruptions posed by sudden relocation to distant out-of-town settlements offering few immediate economic opportunities.

It is important to remember that in fighting to remain in their shanty sites, urban poor people are making rational economic choices, opting for trade-offs that improve their welfare levels. Poverty and the conditions of cities limit their choices and virtually compel them to live in slums in order to be near the people who will purchase their services. Their choices, therefore, need to be broadened through rising income levels or changes in land and housing markets beneficial to them. An urban land reform program aimed at poor beneficiaries would, for example, drastically minimize land speculation and undertake firm and sensitive land-use planning.

These examples of possible actions are only a few of the measures city governments can take to enhance the lives of the poor and establish in the broader public mind their right to a fair share of assets, services, information, and dignity. In keeping with the concept of participatory governance, government officials should recognize that every community has a different mix of preferences, and that specific groups within the community may have countervailing priorities. The only way to respond meaningfully is to dialogue with specific communities in their own settings and enable them to work out differences into compromises or consensus.

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Poor No More: Reducing Poverty through Partnerships

Planning with people

One urban specialist recommends that urban governments start with a local poverty profile to fill in information gaps and define the main issues in preparation for neighborhood and city-wide consultations. This calls for research to assess the ways in which the poor are identified in the city, how they perceive their own lives there, and their attempts to overcome undesirable elements. Municipal or state policies that create and sustain poverty are also highlighted. National poverty indicators may not always be easily adapted to local conditions, however, nor does their broad framework usually distinguish adequately between urban and rural poverty.

Next comes the convening of consultative workshops with stakeholders to review the research results and link them to specific local conditions in the process of developing a program of action. Funds and a local support team to implement the follow-up activities emerging from the consultation are then sought.

Built into the process is a monitoring system focusing on the urban poor, city authorities, and the city itself. Indicators of benefits to the poor include their perceptions of services, poverty reduction and improvement, and their increased self-esteem. Indicators for city authorities entail their degree of knowledge of the urban poor, ability to design instruments to assess the poverty situation, and capacity to mobilize funds within the city for poverty reduction, including from the private sector, NGOs, and government. The third area of assessing the city itself looks at the integration of the poor into the city, the ability of urban poor organizations to influence public action, the existence of a social pro-poor consensus among nonpoor stakeholders,
and the perception and behavior of better-off city residents toward the urban poor.

Electoral accountability to marginalized constituents

The growing sophistication of marginalized urban dwellers and the higher educational levels of second- and third-generation urban poor groups offer fruitful potential for effective consultations and negotiations with government and other stakeholders. City officials who recognize this will find that they have everything to gain by forging genuine partnerships of trust and respect. Once people have been involved in the process of crafting solutions, they readily take up the cudgels for implementing and sustaining them.

But city officials who resist going even halfway to consult with or listen to their people, who refuse to recognize that Asia’s bustling cities benefit enormously from the energy and vitality of people in the informal sector, and who deny poorer constituents their just share of resources and dignity will be judged part of the problem, not the solution.

At the very least, because the urban poor sector plays a pivotal role in electing local officials, no mayor in a democratic system can disagree with Mandala Parishan Mayor Sreenivasulu’s caution, "If you forget the people, they will forget you!" At the polling places of the 21st century, poor voters will remember the candidate who worked to bring them and their families lives of quality and dignity.

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VI. WORKING TOGETHER TO IMPROVE SLUMS

This session brought to the fore issues related to land and security of tenure, modalities of slum improvement, operational constraints, and potential for replication. Cross-sectoral viewpoints from a public agency’s perspective and an NGO’s standpoint were presented, followed by an overview of slum improvement programs over the last three decades, and the lessons that we have not learnt from them.

Dr. Pongsak Semson outlined the common characteristics of slums in Bangkok, the problems, experiences, policy, practice, and solutions. The Fifth Bangkok Metropolitan Development Plan states clearly that the focus in slum development must be on establishment and networking of community organizations, reengineering of community and official administrative structures, and development of information systems. Implementation of these policies has already been initiated. Dr. Semson concluded that people in slums are most critically affected by lack of opportunities, and need support in this respect. All efforts to assist them must eventually help them become self-reliant.

Mr. Arif Hasan described the famous Orangi Pilot Project (OPP) established in 1980 in Karachi, Pakistan. The objectives of the OPP are to understand the problems of slum settlements in Orangi and their causes, and develop solutions that people can manage and afford. The OPP has developed models to overcome the constraints that governments face in providing development to informal settlements. Mr. Hasan’s presentation
Development does not take place with funds only, but through development of skills, self-reliance, and dignity.

Focused on the scaling-up process of the pilot program that is now underway. He elaborated on the achievements of the project and concluded that development does not take place with funds only, but through development of skills, self-reliance, and dignity. The three are closely interlinked and make relationships within community, and between community and government agencies more equitable. This change in relationships is the key factor that brings about changes in government planning procedures and ultimately in policies.

Dr. Emiel Wegelin of the Institute of Housing and Urban Development Studies, Rotterdam, presented an analytical overview of slum improvement programs over the past three decades. He described the nature of evolution of slum improvement initiatives, beginning from primarily physical interventions toward low-cost housing. The approaches have been modified over the years, from a housing orientation to one of poverty reduction, from projects to programs, and from being based in specialized housing institutions to local government.

Dr. Wegelin highlighted the critical factors for success in any improvement activity: political commitment, mobilization of communities to enhance demand-responsiveness and cost effectiveness, formal security of land, and sensitization to the long-term perspective. He also outlined the policy perspective required to make improvement programs work. Integration of slum settlements in the broader city economy and recognition of improvement as a process of facilitating poor households’ shelter, employment, and income-generation activities were key issues.

The discussions centered on the theme of community organization, which emerged as probably the only way to make effective interventions in slum areas and informal settlements. Poor communities are engaged in solving their day-to-day problems on a full-time basis and require
technical and managerial support to improve their solutions. They are, however, averse to "owning" plans developed by others. A shift from a project-based approach to an integrated program for poverty alleviation is urgently required.

PONGSAK SEMSON
Inspector General
Bangkok Metropolitan Administration, Thailand

Bangkok, the capital city of Thailand, is a port as well as a financial, business, and industrial center, and tourist area. The official number of Bangkok residents has doubled since 1971 to 5.6 million, but it is estimated that the daytime population may now reach 9-10 million.

Slums in Bangkok

The Housing Authority of Thailand has defined "slum" as a congested community where sanitation is substandard, water is polluted, and surroundings are damp and dirty—conditions that may harm the health, safety, and morality of people. Generally, slums are low-income housing arrangements in the informal sector.

There are 1,300 slum communities in Bangkok inhabited by 880,000 people, comprising 210,000 families in 180,000 houses. The Bangkok Metropolitan Administration spends US$7 million annually on slum improvement.

Profile of Slum Communities in Bangkok

Education: one third of the population in the communities has lower than primary school education.
Fighting Urban Poverty

Employment: 82 percent of people in the communities are employed.

Social Aspects:
Crime: 79 percent of all communities have no serious crimes.
Disaster Prevention Training Course: 81 percent have been trained.
Fire Extinguishing Equipment: 61 percent of communities have adequate fire extinguishing equipment.
Primary Education: 100 percent of children aged 7-14 are educated.
Birth Certificates: 100 percent of children 15-years old and lower have birth certificates.
Care of Disabled: 85 percent of the disabled are cared for properly.
Social Activities: 80 percent participate in social activities.

Public Health:
Baby Weight: 90 percent of newborn babies are within the standard weight range.
Vaccination: 96 percent of children below 6-years old are vaccinated.
Sanitation: 5 percent of the population have diarrhea, which is below the health standard.
AIDS Information: 90 percent of families have been informed about AIDS.
Clean Water: 93 percent of families can access clean water.
Public Sanitation: 84 percent of the communities take part in the Public Sanitation Campaign, which is lower than standard.

Narcotics: 56 percent of all persons have no narcotics problems.

Gambling: 59 percent of the communities have no gambling.
Religion: 94 percent of all families participate in religious activities.

Slum Improvement Policy

Although Bangkok needs the cooperation of the national Government to reduce the severity of slum problems, the city has carried out a number of slum improvement programs on its own. In the Fifth Bangkok Metropolitan Development Plan (1997-2001), the following policies are stated.

- The establishment of slum community organizations should be accelerated.
- The knowledge and skills of communities’ voluntary committees will be upgraded.
- Development activities for agricultural groups, occupational groups, and other workers will be carried out annually.
- Networks of child care centers and nurseries are to be promoted.
- Five fundamental services are to be provided.
- Networks of organizations working to minimize the incidence of narcotics, AIDS, and crimes are to be supported in 300 communities each year.
- A housing development fund is to be provided.
- Coordination and public relations are to be promoted for issuance of house registration and birth certificates in 1,200 communities.
- Vocational training, including agricultural knowledge and skills, is to be ensured for 15,000 people.
- Two more vocational training centers are to be established.
- Twelve centers for agricultural studies are to be established with one vocational network group in each of the four districts, and four vocational groups in four communities.
Fighting Urban Poverty

- Suburban markets and stores in communities will be organized.
- The agricultural environment will be improved and the use of chemical substances in agriculture reduced.
- Community and official administrative structures are to be reengineered.
- The information and database systems have to be improved, including establishment of an information center for community development.

These policies have been acted on through the following projects:

- **92 million Baht Project**, to buy land that was taken back by landowners.
- **Phan Din Thum Phan Din Thong Project** (*Moral and Golden Land Project*), to develop communities on the basis of the morality of the people.
- **Civic Society Project**, to get communities involved in public activities.
- **Youth Project**, to give youth the opportunity to have a place where they can share their problems and identify solutions.
- **Children’s and Women’s Rights Project**, to protect the rights of children and women.
- **Community Fund Project**, to provide funds for lending to community members for investment purposes. Community members manage the funds.
- **Occupational Training and Job Creation Project**, to train and create a job market for the unemployed.
- **Three-utility School Project**, to use schools in Bangkok not only for education but also for sports and recreation for people in slum communities.
Working Together to Improve Slums

- *Narcotics Prevention Project*, to prevent narcotics problems in all possible ways. For example, a narcotic prevention center has been established in each community and is managed by community members. Seminars about narcotics are regularly organized.

**Slum Improvement: Problems and Critique**

Many people migrate to Bangkok because it has more incentives and opportunities than rural areas. Improving the incentives and opportunities in rural areas is one way to reduce this migration. There should be a policy that links incentives for individuals to remain in rural locations with incentives for targeted industries to move into those areas. It has been suggested that industries could support training centers in the north and northeast areas where they wish to relocate. The policy could provide a sufficient density of skilled workers, available at lower cost than in Bangkok, to allow industries to relocate. Infrastructure and tax privilege systems should also be designed for industries as another incentive to relocate.

Industries could also be relocated at the outskirts of the city, in which case these areas must be developed as subcities or subcenters with adequate infrastructure, education, public health, housing, and other primary facilities including businesses and services.

While slums expand naturally and need support, this support has to be limited or it will be seen as a welfare incentive for rural people to migrate. There are many examples where public officials and politicians pander to slum dwellers for political reasons, which only worsens and extends the problem.

Support should also be provided systematically. For example, the Government can strengthen groups in slums through professional
training. However, these courses will be worthless if the trainees do not have a job prospect or capital for investment. Government may need to assist in these matters and tap the private sector for support. But more importantly, slum dwellers should learn to be self-reliant—to understand their problems and solve them by themselves.

ARIF HASAN
Chairman, Orangi Pilot Project, Research and Training Institute
Karachi, Pakistan

The programs of the Orangi Pilot Project (OPP) are well documented through books, reports, and monographs. These programs have influenced a number of government and donor projects, and CBOs and NGOs in Pakistan, which are in the process of replicating them. The OPP, on the basis of its 20 years of work with communities, has become involved in developing city-level alternatives to government plans and is pressing for these alternatives to become policy.

The Karachi Context

Karachi requires about 80,000 housing units per year. Building permits are issued for no more than 26,700 units per year\(^1\). It is estimated that 28,000 new housing units per year are developed in katchi abadis or illegal subdivisions of state land\(^2\). Additional units on existing lots have not been estimated. Meanwhile, most of Karachi’s inner city has been taken over by the grain, chemical, and metal markets, the solid waste recycling industry,

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transport and cargo activities, and housing for male laborers.

It is estimated that more than 50 percent of Karachi’s population live in about 700 katchi abadis. Of these, 539 abadis having 386,000 housing units can be regularized. An ADB and World Bank loan of Rs427.1 million was provided in 1984 for the implementation of a Katchi Abadi Improvement and Regularization Program. This loan was meant for 101 katchi abadis. Work has been completed (residents say it has not) in 33 abadis and leases have been issued to 108,245 housing units. Meanwhile, new abadis are being created every day.

The Orangi Context

Orangi lies in District West, Karachi City. It has a population of more than one million (more than 10 percent of Karachi’s population) and covers an area of about 3,200 hectares, 500 of which were developed by the Karachi Development Authority (KDA). Apart from this formally planned area, the township consists of katchi abadis developed through the informal subdivision of state land. The settlements began in 1965 and expanded rapidly in the mid-1970s. Most of the population is working class and belongs to different ethnic and linguistic groups.

The Orangi Pilot Project

The OPP was established in 1980 by Akhtar Hameed Khan, the renowned Pakistani social scientist. The objective of the Project was to understand the problems of Orangi and their causes, and develop solutions that people could manage, finance, and build. To achieve this objective, people would

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require technical guidance and managerial support to implement the solutions, backed-up by technical and social research.

After years of work, the OPP identified four major problems in katchi abadis: sanitation and housing quality, employment, health, and education. People organize themselves to try and overcome these problems but in the absence of technical and managerial guidance and credit support, their solutions are usually substandard or unsuccessful.

In 1988 the OPP was upgraded into four autonomous institutions:

i) the Orangi Pilot Project-Research and Training Institute (OPP-RTI) dealing with sanitation, housing, education, research, and training;
ii) the Orangi Charitable Trust (OCT) dealing with microcredit;
iii) the Karachi Health and Social Development Association (KHASDA) dealing with health; and
iv) the OPP Society, which channels funds from the Infaq Foundation (a Pakistani charity) to the other three institutions.

Orangi Pilot Project Programs

The Programs of the OPP institutions are described briefly below. Of these, the sanitation and microcredit programs have expanded into other cities. The sanitation program has had a major impact on donor, government, and NGO projects.

Sanitation Program

Sanitation was the major problem identified by Orangi residents. OPP-RTI held meetings in the lanes of Orangi and informed the people that it would
Working Together to Improve Slums

provide them technical assistance in building their underground sewage system if they formed a lane organization with an elected or nominated lane manager. Financial and health-related advantages of the system were also explained.

Once the lane organization was formed, the OPP-RTI technical staff surveyed the lane, established benchmarks with the help of the lane manager, and prepared a map and estimate for the work, which was handed over to the lane manager. The lane manager collected money from the people and organized the work while OPP-RTI supervised it but was not involved in financial matters. Since a lane consists of only 20 to 40 houses, there were no major problems of mistrust or disagreement.

Initially, only those lanes near a natural drainage channel applied for assistance. Later when other lanes applied, the OPP-RTI identified the location of collector drains. It was hoped that the local government would fund these but it refused to do so. Subsequently, a confederation of lanes using the collector drains was formed to finance and build the collector drains with technical advice from OPP-RTI.

OPP-RTI tapped the assistance of students and staff of technical and professional academic institutions in doing a survey to identify secondary sewers in Orangi. This developed a closer link between OPP-RTI and the academic institutions, which transformed the curricula of these institutions, and as their graduates join government agencies, it is hoped that government attitudes will also undergo a change.

There are 7,256 lanes in Orangi containing 104,917 houses. Of these, 6,082 lanes containing 91,531 houses have built their sewage systems. The houses have also built their latrines and 409 collector sewers have also been built. The people have invested Rs80.7 million (US$1.50 million) in this effort. If the government had done this work, the cost would have been at least seven times more.

The people have invested Rs80.7 million (US$1.50 million) in this effort. If the government had done this work, the cost would have been at least seven times more.
Fighting Urban Poverty

The reason for the success of the OPP-RTI sanitation model was that the cost per household of Rs900 (US$16.50) was affordable to the beneficiaries. The cost was made affordable by carrying out technical research, modifying engineering standards, and making procedures and methods of work compatible with the concept of community management of construction and self-finance.

The OPP-RTI identified four barriers that communities face in adopting this model:

- **Psychological Barrier:** communities feel that infrastructure development is the work of government agencies. This barrier is overcome once communities accept that the lane in front of their house belongs to them.
- **Social Barrier:** this is overcome once a lane organization is formed and is able to identify clearly its immediate objective.
- **Economic Barrier:** this is overcome once the cost of development becomes affordable.
- **Technical Barrier:** this is overcome by availability of designs, estimates, tools, and training.

Based on its work, the OPP-RTI developed the "internal-external" concept for sanitation, in which there are four levels of sanitation: a sanitary latrine in the house; underground sewer in the lane; neighborhood collector sewer; and trunk sewer and treatment plant. The first three constitute "internal" development that low-income communities can finance, manage, build, and maintain. The fourth item constitutes "external" development and can only be carried out by government agencies or NGOs, if they are wealthy or have access to donor funding.

The OPP-RTI has prepared plans and estimates for the conversion of Orangi’s natural
drains into box trunks. With the support of its lane organizations and community activists, it has lobbied with the Karachi Municipal Corporation (KMC) and the District Municipal Corporation for financing this conversion. As a result, in this financial year the KMC has financed the building of two box trunks at a cost of Rs14.3 million (US$0.26 million). These trunks will serve 850 lane sewers to which 17,000 houses are connected. The land reclaimed by this conversion and the slab of the drain itself are already being used as a community space.

There have been many spin-offs of the OPP-RTI sanitation model. An ADB-funded project (PAK-793, 1990) was modified after the OPP-RTI lobbied for its "internal-external" concept to be made part of the project concept. As a result of this OPP modification, a project that was to cost Rs1,300 million was modified to cost Rs36.2 million. Lane activists, trained by the OPP-RTI, supervised the construction of the trunk sewers and did not permit the contractors to do any substandard work as is normally done in government contracts. In addition, infant mortality in areas that built their sanitation systems in 1983 fell from 128 that year to 37 in 1993. The lanes have been turned into places of social interaction and children's play areas. Values of properties have increased and people are improving their homes.

Housing Program

OPP-RTI research established that almost all Orangi houses were substandard because their building materials were of poor quality, skills were inadequate, and the contractor and mason relationship with the house owners was inequitable.

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Fighting Urban Poverty

The study identified the local building-components manufacturing yard (called a thalla) and its owner (thallawala) as the most important actors in the housing drama. The thallawala provides building materials, skilled labor, and often credit for house building. As such he is also the architect and housing bank of the Orangi residents.

The program has upgraded the quality of concrete blocks by mechanizing their production at the thallas and by introducing the manufacturing of cheap pre-cast concrete roofing elements at the thallas to replace tin sheets. In addition, advantages of proper curing of concrete and good aggregate were also explained to the thallawalas and the house builders. The new houses can now carry a second floor. Thallas were given credit (an average of Rs75,000 or US$1,400) and advice for mechanization and improvement.

So far, 54 thallas have made use of the OPP-RTI package. In the process they have more than tripled their production, increased employment and financial returns, and Orangi has become a major exporter of machine-made concrete blocks and roofing elements5.

Ninety-six Orangi masons have been trained to use the new technologies and they in turn are training their apprentices. Technical guidance is being provided to communities on design, costs, and the nature of the relationship they should have with the thallawala and skilled workers whom they employ. After failing to get regular architects to set up practices in Orangi, OPP-RTI initiated a two-year program for training educated young men from the Orangi communities as para-architects. The first team of two para-architects has developed a substantial clientele, most of whom want their homes improved. Approximately 4,000 units per

Working Together to Improve Slums

year benefit from the housing program’s technical research and its extension.

**Orangi Charitable Trust (OCT) Microcredit Program**

According to the Karachi Development Plan 2000, 75 percent of Karachi’s labor force is employed in the informal sector. The major problem of this informal sector is that it has no access to credit. Credit from the informal market carries an interest rate of 8 to 12 percent per month. OCT estimates that there are more than 23,000 small businesses in Orangi employing more than 120,000 persons.

The OCT’s microcredit program lends to people already running businesses. It also considers lending to people who wish to establish new businesses provided they are employed in those businesses. So far, 6,921 units have benefited from the OCT program and Rs133.944 million (US$2.25 million) have been disbursed. Recovery rate is 92 percent. The overhead recovered at 18 percent per year is Rs24 million (US$0.44 million).

The program has been replicated by 38 NGOs and CBOs outside Karachi. The OCT has provided these organizations with a credit line and training. The program has also had a major influence on the concept of the microcredit bank being promoted by the Government of Pakistan.

**Education Program**

There are 682 private schools and 76 government schools in Orangi. Entrepreneurs, community organizations, and public-spirited individuals have put up the private schools. The OPP-RTI supports these schools by putting them in touch with government support institutions, relevant NGOs,

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Fighting Urban Poverty

and resource professionals. In addition, the OCT provides loans for the physical upgrading of the schools while OPP-RTI provides technical and design guidance. So far, 399 loans totalling Rs12.5 million (US$0.23 million) have been provided for upgrading 151 schools.

In 1995, the OPP-RTI school project was started. This project identifies young people who wish to open a school and provides a start-up grant of Rs3,000 to 12,000 to open a school in a rented room or a shack. When the school stabilizes, credit from the OCT is provided for its expansion and construction of classrooms. The school initiator is helped in acquiring a plot of land for the school. So far, 45 schools have been built in this manner and the program is expanding rapidly.

Because of the OPP-RTI education program, Orangi has a higher literacy rate and its schools are better in physical and curriculum terms than is the case in other katchi abadis. Many Orangi schools have now acquired computers and are training students in information technology. Young Orangi residents are becoming white-collar workers, college teachers, corporate-sector employees, and formal-sector entrepreneurs.

Health Program

KHASDA’s health program initially consisted of creating a women’s organization in lanes that had built their sewage system. A mobile health team visited the women’s lane organization every week for a period of six months, after which the visits were phased out. The team also arranged visits by government agencies to the lane for immunization; introduced population planning concepts and supplies; and gave advice on nutrition, child-care, and kitchen gardening. Although successful, the

7 Ibid.
Working Together to Improve Slums

program only reached 3,000 families and was far too expensive to expand to all of Orangi.

A survey showed there were 647 private clinics in Orangi and a number of traditional birth attendants (TBAs) as well. The present health program consists of training TBAs (377 have been trained) and vaccinators (148 have been trained) from the community. An extension program has been initiated with the private clinics, which are encouraged to employ the TBAs and vaccinators. Links between the government’s health department and agencies and the Orangi clinics have been established though KHASDA. The clinics were unaware of government support programs and these programs before had only targeted CBOs and NGOs (many of which had no experience in health issues). As a result of the modified health program, 102 clinics now receive vaccines and 124 clinics receive family planning supplies. These clinics now employ the trained TBAs and vaccinators.

Scaling-up the OPP-RTI Sanitation Model

Attempts to replicate the OPP-RTI sanitation model have been made since 1983 in various locations in Karachi. However, it was soon discovered that this was not possible without a local organization taking over the responsibility of social mobilization and technical support. This realization led to the training of local activists and technicians and the mobilization of community organizations. After this, replication within Karachi posed no problems because OPP-RTI staff and expertise have been available.

The most successful replication in Karachi has been that of Manzoor Colony where 153 lanes containing 2,950 houses now have underground drainage along with 36 collector drains. This entire system disposes into a natural drain that joins the sea. With the help of OPP designs and estimates,
Fighting Urban Poverty

the community lobbied successfully with the administration for converting the open drain into a box trunk. The conversion is now complete and carries with it the affluent of 1.5 million persons, not only of Manzoor Colony but also a large planned area of Karachi. Plans to install a treatment plant at the end of the box trunks are underway.

Of 13 NGO/CBO attempts at replicating the sanitation program outside Karachi, five have been failures, two have been remarkably successful, and four show signs of promise. In all cases except one, the NGOs and CBOs that replicated the program set up a small unit whose administrative and overhead costs were paid for by the OPP-RTI through its own resources or by arranging funds from WaterAid, a UK-based NGO. These costs have varied from Rs150,000 (US$2,750) to Rs450,000 (US$8,350) per year.

Wherever local initiatives have been successful, they very quickly establish a dialogue with local government in charge of sewage systems and press for the acceptance of the “internal-external” concept. Local governments are under pressure to perform and as such they informally accept this concept and support the communities. However, the provincial planning agencies do not accept this concept and its implementation takes place in violation of their standards, procedures, and plans. This violation is helped by the fact that the plans of these agencies do not get implemented; with the expansion of settlements and ad-hoc laying of infrastructure, the agencies’ plans very soon become redundant.

NGOs and CBOs that successfully replicate the OPP-RTI model are flooded with requests from other settlements to assist them. There have been failures and successes. The failures of some NGOs and CBOs to replicate the OPP-RTI program have been as follows.
Working Together to Improve Slums

- Failure to develop a technical-cum-motivation team, because the technical people do not come from within the community and leave whenever a better opportunity is available.
- Acceptance of large sums of donor money for expansion, because some NGO/CBOs do not have the capacity or the capability to expand their work accordingly. Accepting large sums of money has also led to financial mismanagement and in one case to the cancellation of funding.
- Subsidizing lane development, because where cost sharing takes place, there are invariably disputes, higher costs, and less empowerment of communities. Greater resources, that are not normally available, are then required and in their absence the program fails.
- Absence of patience, because the OPP-RTI sanitation model requires patience and time. NGOs/CBOs without such patience discontinue the program.
- Failure to keep in touch with the OPP-RTI and seek its advice.
- Failure to share accounts of the NGO/CBO with the community, which makes the community feel that the NGO/CBO is making money from foreigners or government agencies.

NGO/CBO successes in replicating the OPP-RTI program occur when the above situations have been avoided and where there has been availability of a map of the area or the expertise to prepare such a map; and regular weekly meetings to review progress, take stock, assign responsibilities, and identify weaknesses and the processes to overcome them.
Fighting Urban Poverty

New Issues for the OPP-RTI

With the expansion of the work of the OPP-RTI and the increasing number of communities and city governments (not provincial planning agencies) from all over Pakistan that wish to replicate the work of the OPP institutions, a number of new issues have surfaced. These are listed below.

i) The scale of work has become too large for the OPP-RTI to handle alone. OPP-RTI’s work is no longer with communities only. It is also doing advocacy and getting support of communities from all over Karachi for its methods. In addition, many students from universities and professional colleges visit the projects for orientation and research. To overcome this pressure, the OPP-RTI has established close working relations with other NGOs and CBOs. For example, through such collaboration, an ADB-funded US$100 million sewage project (Korangi Waste Water Management Project) was modified and the ADB loan cancelled.

ii) Policy issues. NGOs and CBOs replicating the OPP model very soon come in conflict with rules and regulations of government agencies or with the methodology of internationally funded projects. To overcome this, the OPP-RTI is proposing the holding of an annual congress of all its partners and making it a high-profile affair, which will present policy alternatives to the government.

iii) Community leaders turned mafia agents. Some OPP-RTI community activists who helped the neighborhoods build their sewage systems, became involved with contractors and land grabbers when the
natural drains were turned into box trunks. To counteract this, the OPP-RTI has begun a lecture series to give the communities a broader vision of development.

iv) Donor funding. Organizations and individuals who come for training to OPP-RTI use this association for acquiring funding from foreign donors but do not implement the OPP-RTI model or follow its methodology. OPP-RTI feels that it is being abused and is considering steps, including a change in its training procedures, to stop this from happening.

v) Professional staff. OPP-RTI has no problem training and recruiting para-professionals, technicians, and social organizers from within the community. However, professional staff are difficult to recruit. This is caused by the big gap between conventional professional training and the manner in which the OPP-RTI functions. It takes a long time for a trained professional to unlearn what he or she has learnt and very few have the patience to go through with it. Increasingly, universities and professional colleges are associating the work of their students with the Orangi programs, which will hopefully overcome this issue.

Conclusions

Communities are already trying to solve their problems; if technical advice and managerial guidance are provided, their solutions will improve. However, before one can support community efforts one has to understand the actors and factors involved in development-related work; their relationship with each other; and their social, economic, and technical strengths and weaknesses.
Fighting Urban Poverty

The most important tool in understanding a community is a map of their neighborhood and the documentation of its physical condition.

Development does not take place with funds, but through the development of skills, self-reliance, and dignity. The three are closely interlinked and follow each other in the order mentioned. They make relationships within communities, and between community and government agencies, more equitable. This change in relationships brings about changes in government planning procedures and ultimately in policies.

Capacity and capability building of government agencies can never be successful without pressure from organized and knowledgeable groups at the grass roots. Such groups can only be created by trained activists who are supported financially. Formally trained professionals and technicians are not an alternative to such activists. The formation of such groups forces transparency in the functioning of government agencies. The most important aspect of transparency is the printing of accounts and their availability to community members.

One of the major reasons for disasters in government planning is that ideal plans are made first and finances sought later. Often these finances do not materialize. Things would be very different if planning were done on the basis of a realistic assessment of available funds; if an optimum relationship can be arrived at between resources (financial, technical, and others), standards, and demands; and if planning recognizes that all three are dynamic and can change over time.

Finally, to promote Orangi-type programs and make them a part of government policy, it is necessary to restructure the curriculum of professional colleges, universities, and institutions that train public servants.
Working Together to Improve Slums

EMIEL A. WEGELIN
Director, Institute for Housing and Urban Development Studies, Rotterdam, Netherlands

Nature and Evolution of Slum Improvement

Historically, slum improvement was seen primarily as a low-cost alternative housing policy option, with the notion being that it would be more cost effective to upgrade substandard housing environments than to demolish them and rehouse the residents. If one looks at slum improvement in that way, it will also come as no surprise that the emphasis initially was primarily physical, focusing on public action in providing/upgrading neighborhood infrastructure and services, leaving private household action on structural improvement/extension to the residents themselves. This approach fitted well with the emerging notion that the State should move out of its role as a housing provider and become an "enabler" in support of private household and community action.

In the early years, slum improvement was conceptualized in the form of unconnected projects at neighborhood level in those neighborhoods that qualified on a score of physical degradation, more than as a policy approach. Over the years, the emphasis in slum improvement strategies has shifted from a housing orientation to an urban poverty reduction orientation, and a redefinition of the

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8 Early references to this notion are found in the classic 'Man's struggle for shelter in an urbanizing world' by Charles Abrams; it became mainstreamed in the 1970s by the World Bank (Housing Sector Policy Paper, 1975), based on the pioneering work done in the 1960s by John F. C. Turner and associates in the slums of Lima, Peru.
institutional anchor point from specialized housing institutions to local or municipal government9.

On a somewhat different institutional note, in some countries the State defaulted not only as a housing provider, but also as an enabler. Whole neighborhoods were left to their own devices and in a number of instances CBOs emerged that effectively assumed the enabling role by default; the Orangi Pilot Project in Karachi is a classic example.

This brought into sharp focus the need to determine which agency could best play the enabling role, a recognition that this role could well be different depending on the support element concerned, and that perhaps different actors were required for different support actions, even though the need for an orchestration mechanism would remain. Consequently, a wide range of arrangements in slum improvement planning and management emerged.

Lessons of Experience

Slum upgrading programs have generally comprised neighborhood infrastructure upgrading, including the provision and/or upgrading of walkways, microdrainage, neighborhood water supply distribution, solid waste collection, and sometimes communal sanitation. It is often complemented by legalization of land tenure, and sometimes dovetailed with a home improvement loan and/or small business development loan scheme and capacity building/training support.

Slum improvement programs have expanded significantly over the last 30 years. Supported by the international development community, upgrading of slum areas has emerged as one of the two main prongs of the enabling approach to improving the environmental conditions of the urban poor\(^\text{10}\). Following are some of the major lessons from these programs.

Upgrading slum/squatter areas is a highly politicized activity and requires a sustained level of political commitment, active mobilization of communities, and sensitization to long-term sustainability issues. Often, upgrading is still carried out as an ad hoc and short-term project activity, and therefore does not sufficiently address the larger problems of supply and demand of shelter and services in the broader urban setting.

There is a need for a more comprehensive approach to upgrading, including social (particularly primary health care and education) and economic services. Yet where this has been attempted, additional complications have often arisen. For instance, where provision of small business development loans is included in the upgrading program, there is often a coordination problem between the agencies involved (usually the municipality and one or more financial institutions). Similarly, where programs have included explicit measures to legalize land tenure, the complexity of managing this alongside services and infrastructure tends to increase.

The environmental benefit of isolated neighborhood upgrading has been shown to be

\(^{10}\) For example, slum improvement programs have been supported in their own right by the World Bank and the ADB, and have also comprised major components in more broad-based urban lending operations by these institutions. Slum improvement has been recognized as a core feature of the urban policy of both institutions. See ADB. 1999. Urban Sector Strategy. Manila:ADB; and World Bank. 1999. A Strategic View of Urban and Local Government Issues: Implications for the Bank. Washington DC: World Bank.
limited due to problems at the trunk end of the municipal infrastructure provision, for instance in organizing safe, final garbage disposal sites, and in developing effective city-wide drainage and sewerage systems with adequate treatment facilities.

Direct full cost recovery of public investment in slum improvement programs has been problematic, considering the need to keep solutions affordable for the urban poor, but also from the conceptual and operational perspectives. Programs that do not have a land tenure regularization component have generally relied on indirect cost recovery through local (mainly land/property) taxation, and/or have accepted that neighborhood infrastructure is a part of the wider urban infrastructure network and its associated financing problems. The implication of that view is, of course, that direct cost recovery in the narrow context of slum upgrading is not appropriate, and that there is a need to "unbundle" municipal services also at the neighborhood level in order to achieve any measure of cost recovery.

The broadening of perspectives on slum improvement has led to a move away from specialized housing-oriented implementation agencies, and in many countries, municipalities have become the lead agencies in implementing slum improvement schemes. This, however, begs the question of which is the most appropriate institutional location within the municipal organization for integrated program planning, budgeting, implementation, and monitoring of what in essence is a multisectoral program with widely differing (public-private) implementation arrangements.

All these issues can be dealt with more easily if there is a high level of participatory "ownership" among the residents of both the process and (by implication) its outcome. Yet, it must be emphasized that such stakeholder processes are neither easy nor
quick in their organization and management, even though they provide a much better chance of ultimate sustainability of the effort.

**What does it take to make it work?**

Three decades after the initial embrace by the international community of slum improvement as a major focus in shelter policy, there is now a rich and diverse store of lessons from experience, as summarized above. All of this suggests that we can do it, but that the appropriate mixture of ingredients varies significantly from place to place.

The starting point must be a perspective on why slums are there in the first place, namely as a result of market and public policy failure for a significant segment of urban society. This is undesirable, inefficient, and dangerous for the city as a whole. The objective of public policy must therefore be to integrate slum settlements into the broader city economy in the interests of all, not only of the slum communities themselves. This perspective is increasingly shared by urban policymakers the world over.

A second important policy perception to be clear about at national and local levels alike is that the bulk of housing for the urban poor will continue to be built by the urban poor themselves. The overwhelming evidence is that slum improvement schemes have led to a moderate acceleration of the normal organic process of low-income settlement formation and consolidation, including the provision of neighborhood infrastructure. It is important to view public action in slum upgrading as an ongoing process of assisting households’ shelter-, employment-, and income-generating opportunities.

An overriding requirement for success is sustained political commitment to the above underpinnings of the approach. Such political commitment is most important at the local level,
Fighting Urban Poverty

where the locus of the action lies. Therefore, at this level municipalities must not only continue to initiate and support slum upgrading schemes, but should also perceive such schemes as a standard feature of municipal services delivery.

Increased cooperation with neighborhood associations and other CBOs and NGOs will be necessary in making such schemes more demand oriented and cost effective. Priority setting and financing of infrastructure investments must be done through shared responsibility with the community, instead of for the community. Municipalities need to perceive communities and NGO/CBOs as potential partners in the planning and programming process, i.e. to help the search for innovative solutions.

For the approach to be successful, municipalities need to ensure adequate security of land tenure, in order to avoid eviction/displacement of low-income residents and to safeguard the sustainability of the physical investment both in households’ shelter and in infrastructure.

Municipalities need to enhance the intrinsic cost effectiveness of slum improvement schemes by ensuring that such neighborhood schemes are adequately linked into major trunk infrastructure. Therefore, at the city level also, municipalities must increasingly plan and program the development of municipal services in an integrated and participatory way, with the maximum extent of community participation possible.

To handle all the above effectively requires very careful consideration of the institutional location of slum improvement responsibilities within the municipal government structure, in order to reflect adequately the political commitment, to be able to forge effective partnerships with communities and their support organizations, and to effectively interlink with other municipal service departments and organizations.
Planning, programming, and budgeting capabilities of municipalities will often require to be enhanced in a major way to ensure that the processes are handled effectively and professionally. Integration of slum upgrading into the mainstream of municipal services delivery cannot be seen as an add-on job for a municipal engineer or town clerk. To do this well often requires major investments in municipal reorganization, and in augmenting and upgrading the quality and skills of municipal staff.

It is clear from the above that a long-term perspective is needed—there is no quick fix. International support institutions such as the development banks must be ready to support long-term programs by committing themselves not only to cofinancing slices of physical investments, but also to supporting capacity-building investments of the nature described above.
VII. PROVIDING HOUSING FOR THE POOR

This session highlighted the diversity in housing situations among countries and featured three completely different approaches to poverty issues.

Dr. P.K. Mohanty provided a detailed account of the housing scenario in India and the programs introduced by the national Government for housing the poor. He also recounted the initiatives of the Government of Andhra Pradesh and its achievements in housing delivery for the poor.

Mr. Andrew Regalado described the approach adopted by the Habitat for Humanity Philippines Foundation and its activities. In an analysis of the housing scenario in the Philippines, he touched upon the key shelter issues, especially in the context of the poor, and the role of various governmental agencies in provision of shelter and services. NGOs like Habitat for Humanity are assisting the Government in its efforts. The key message that emerged from Mr. Regalado’s presentation was that the gap between available and required housing is so large that it cannot entirely be bridged through direct interventions of the Government. Partnerships with stakeholders are essential; NGOs can play the critical role of forming an interface between poor communities and the city government. They can assist in empowering communities and building partnerships.

Ms. Somsook Boonyabancha made a forceful presentation on the problems of traditional models of housing development and the fresh approaches being adopted, especially in Thailand. She
highlighted the major housing problems for the poor, viz., the problems of substandard housing and living environment, and that of eviction. Speaking of the inability of the poor to access housing, she brought out the need to examine and evaluate past experiences in providing housing for the poor and to develop a comprehensive approach, an approach that would put the poor at the center of the development process. A piecemeal, project-based approach to housing cannot possibly work. She also drove home the point that all the poor must be included in this process, irrespective of their legal status.

Ms. Somsook’s presentation carried the message that building participatory-housing development processes is perhaps the only way of giving people a voice and choice on how and where they want to live. A comprehensive development process, such as that adopted by the Urban Community Development Office in Thailand, must begin with building community savings. Money brings people together and gives them communal decision-making power. Another key point that was highlighted was the need to network poor groups in order to consolidate their savings and strengthen their case while negotiating for basic needs. The poor normally live in scattered and disaggregated settlements. However, there are enormous resources within communities that can be tapped and channeled into the right direction.

In the open discussion following the presentations, participants observed that there is a range of housing development options that have been tried and tested in Asian countries. Some of these include on-site community improvement, land sharing, reconstruction and development, and land exchange and readjustment. The essence of the discussion was that the role of local governments as enabler is quite critical. Governments must play the role of facilitator, enabling the land and housing
Providing Housing for the Poor

market to operate freely, and regulating it as required to ensure equity. Additionally, local governments must ensure that all actors, not just the formal private sector, participate in the housing development process.

Discussions on this theme also centered on the issue of land, concluding that two levels of intervention for land management are required. At the national level, there is a need to set out policy clearly, to modify and simplify legislation, and develop a policy environment for private-sector participation. At the local level, it is important to ensure that housing for the poor is part of the city master plan or structural plan and not an ad hoc exercise.

PRASANNA K. MOHANTY
Commissioner and Special Officer, Municipal Corporation of Hyderabad
Andhra Pradesh, India

Approach to Housing Development in India

After Independence, housing in India was accorded a relatively low priority in the national development program, presumably with the objective of keeping it a private-sector activity. The low budgetary support given to the housing sector is evident from the fact that the first Five-year Plan of India allocated 7.4 percent of the total plan resources for housing; the share of housing in subsequent plans has ranged between 1.2 and 4.9 percent. Government agencies, however, played a strong supporting role in the provision of housing for the poorer sections of society, including allocation of land. Over the years there has been a gradual shift in the role of the Government from a ‘provider’ to a ‘facilitator’, ensuring access to developed land, basic services, building materials, technology, construction skills,
Fighting Urban Poverty

The facilitating approach aims at fostering strong public-private sector partnerships and finance so that housing can be undertaken as a people’s program. The facilitating approach aims at fostering strong public-private sector partnerships with the provision of appropriate incentives to the private sector; promotion of housing finance institutions; propagation of alternative building materials and technologies; and extension of support to NGOs, CBOs, cooperatives, and the private sector.

The Government of India and state governments adopted a two-pronged approach to housing development for the poor in the past, i.e., sites and services, and permanent housing. Under sites and services, basic infrastructure facilities like drinking water, internal roads, approach roads, drainage, and community toilets were provided. Beneficiaries were also given construction assistance to erect a small shelter. The permanent housing program, which has replaced sites and services, was initially confined to those beneficiaries who could avail of a loan facility. Later, several modifications were made to the program to address the housing needs of different target groups. The broad elements of the present approach of the Government of India to tackle the problem of housing the poor are

- special programs/targeted subsidies to the poor and vulnerable groups;
- loan assistance to government agencies/beneficiaries through the Housing and Urban Development Corporation (HUDCO) at below-market interest rate for housing and at the normal rate for infrastructure;
- creation of housing assets as part of employment and income-generation programs;
- promotion of cost-effective and eco-friendly building materials and technologies; and
- creation of an enabling environment for private-sector initiatives. Indira Awas Yojana
is an example, in which housing for various targeted groups is provided in rural areas through employment creation.

**Housing and Urban Development Corporation (HUDCO)**

HUDCO was established in 1970 as a fully-owned enterprise of the Government of India with an equity base of Rs20 million, to function as a national techno-financial institution to promote housing and urban development. The objectives of HUDCO are to provide finance for and undertake housing programs in both urban and rural areas. Key activities of HUDCO include:

- lending for housing programs such as urban housing, rural housing, staff rental housing, cooperative housing, working women’s housing, housing schemes through NGOs and CBOs, and housing through private builders;
- lending for urban infrastructure including land acquisition for projects, integrated land acquisition and development, integrated area development/new township projects, and city-level, social, and commercial infrastructure;
- consultancy services in the field of housing, township development, and infrastructure development;
- promotion of building centers for technology transfer and support to building material industries; and
- training in human settlements and technical assistance to borrowing agencies.

The borrowers from HUDCO are state urban infrastructure finance and development corporations, water supply and sewerage boards,
Fighting Urban Poverty

urban development authorities, state housing boards, the National Capital Region Planning Board, new town development agencies such as the City and Industrial Development Corporation, Mumbai municipal corporations/municipalities, improvement trusts, and private companies and agencies.

HUDCO’s operations extend over 1,760 towns and thousands of villages in the country. Since its inception, HUDCO has sanctioned 14,821 projects with a total cost of Rs48.51 billion (US$11.54 billion). HUDCO has contributed to the development of 10.14 million dwelling units and 4.7 million low-cost sanitation units. HUDCO’s infrastructure financing portfolio is growing at a phenomenal rate. During the last 10 years, it has sanctioned Rs12.24 billion (US$2.9 billion) for infrastructure projects covering water supply, sewerage, drainage, solid waste management, low cost sanitation, etc.

National Housing and Habitat Policy 1998

In 1994, India adopted the National Housing Policy (NHP), which recognizes the key role of the Government as facilitator rather than provider of housing services. The National Housing and Habitat Policy (NH&HP) 1998 is a continuation of the NHP. It calls for a housing revolution in the country and focuses on the changed roles of various stakeholders in the housing development process in the new economic environment of liberalization and globalization. The broad aims of NH&HP are

- creation of surpluses in housing stock either on rental or ownership basis;
- providing quality and cost-effective housing and shelter options to the citizens, especially for vulnerable groups and the poor;
Providing Housing for the Poor

- guiding urban and rural settlements to ensure planned and balanced growth and healthy environments;
- making urban transport an integral part of the urban master plan;
- using the housing sector to generate more employment and achieve skill upgrading in housing and building activities;
- promoting accessibility of dwelling units to basic facilities like sanitation and drinking water;
- removing legal, financial, and administrative barriers for accessing land, finance, and technology for housing; and
- forging strong partnerships between the private, public, and cooperative sectors in housing and habitat projects.

The NH&HP envisages a key role for the Government of India in promoting policy and legal reforms, facilitating the flow of resources to housing and infrastructure through such measures as fiscal concessions to investors and promoting the creation of a secondary mortgage market. The state governments are expected to gradually withdraw from direct construction of houses, liberalize the legal and regulatory regime to give a boost to the housing and infrastructure industries, promote the private sector and cooperatives, and facilitate access of the poor to land, finance, low-cost and locally-suited engineering solutions, and participatory designs.

The Two Million Housing Program

The National Agenda for Governance—the election manifesto of the present Government—recognizes "housing for all" as a national priority. It has set as a target the construction of 2 million additional houses every year, of which 0.7 million are to be in urban...
areas and 1.3 million in rural areas. A program of this magnitude is expected to result in an investment of about Rs80 billion in housing construction activities. This should also boost cement, steel, and other building material industries in addition to creating substantial employment in this sector. Every million rupees spent by the construction industry generates about 75 person-years of employment.

**The Andhra Pradesh Model: Self-help and Mutual Help**

Andhra Pradesh is a pioneer state for implementing innovative housing programs for the poor on a large scale. The State Housing Corporation Limited, established in 1979 to formulate, promote, and execute housing schemes for the weaker sections of society, had constructed about 3.6 million houses by 31 March 2000; of these 2.4 million were in rural areas. It has been ranked first in the country in the implementation of housing for the poor in rural areas since 1991-92. Households with an annual income of Rs13,000 or less have been eligible for houses under various schemes since 1996-97. Fifty percent of the houses are earmarked for scheduled castes and scheduled tribes, 33 percent for backward castes, 7 percent for minorities, and the remaining 10 percent for other economically weak groups. The funding of the housing program includes subsidy from the government and loans from various financial institutions for the repayment of which the government stands guarantee, irrespective of the ultimate recovery from beneficiaries. Loans are mobilized from HUDCO, life insurance and general insurance corporations, and commercial banks.

The basic concepts and features based on which the Weaker Section Housing Program is being implemented in are as follows:
Providing Housing for the Poor

• "self-help and mutual help" by the beneficiaries and their full participation in decision making and implementation, consequently resulting in their capacity building;
• the concept of a "core house", which is easily expandable depending upon improvement in the economic position of the beneficiaries and their needs. The adequacy of the accommodation is not relevant as the government gives only fixed financial assistance to the beneficiary;
• cost-effective and eco-friendly building materials and construction technologies; and
• the principal bank branch system in handling finances. The amount due to beneficiaries is directly credited to their individual bank accounts. One bank is designated as the nodal or principal bank for each scheme. The nodal bank promotes banking habits and thrift and credit among beneficiaries.

Some Directions for the Future

Although the NH&HP emphasizes the facilitating role of the government in housing, public-sector agencies are not absolved of the responsibility of providing housing to those segments of the population that cannot be served by the market. However, a new approach is needed for issues such as

• consultations with beneficiaries on location;
• design and cost aspects of shelter;
• affordable shelter options for the very poor;
• integration of income generation and housing;
• eligibility criteria for availing of housing finance and providing collateral;
• easier availability of plots and houses from public and private providers;

Public-sector agencies are not absolved of the responsibility of providing housing to those segments of the population that cannot be served by the market.
Fighting Urban Poverty

- assistance for house construction and speedy approvals for construction of infrastructural services; and
- simplification of documentation and procedures.

Housing subsidies often benefit the salaried employees of the formal sector including the government and the recipients of tax concessions for housing investment. Implicit subsidies to beneficiaries of social housing schemes arise from loan waivers, low cost-recovery rate, concessional interest rates, and inefficiencies absorbed by the agencies. The schemes involving a combination of concessional loan and subsidy affect the extension of viable nonsubsidized finance, based on rigorously enforced cost recovery.

The state governments need to adopt a policy on the regularization of tenure and conferment of leasehold or occupancy rights to slum dwellers, at least in areas not needed by public agencies. The NH&HP emphasizes the granting of occupancy rights to slum dwellers and providing support for progressive slum redevelopment and improvement schemes. Also, physical and social planning should be city wide so as to integrate the informal sector in the city’s economy and social life.

With the Union Budgets for 1998-99 and 1999-2000 according a new thrust to housing in the National Agenda for Governance, the central and state governments have initiated an agenda for housing sector reforms. The reform areas include

- public-private sector partnerships to ensure a fair return on investment to the private land owners/developers through guided development and availability of serviced sites for allotment to low-income families at affordable prices;
Providing Housing for the Poor

- measures to control the continuing spiral of land prices, speculation, shortage of developed land, and increasing pace of unregulated and environmentally damaging land development;
- increased availability of developed land through measures such as reservation of 5 percent of the land in larger areas as a land bank for economically weaker sections and low-income groups, and for land pooling, land readjustment, etc.;
- restructuring of housing finance institutions to meet the housing finance needs of the formal sector as well as the poor and the informal sector; a revision of current eligibility norms that inhibit the flow of a significant proportion of funds from the formal sector to the poorer sections of the population is needed;
- establishment of linkages with informal credit systems along with granting security of tenure to slum dwellers and reforms related to land title, building regulations, etc., with a view to assisting the poor to access institutional finance for housing;
- community resource mobilization through schemes such as an insurance-linked savings-cum-loan-cum-subsidy scheme for shelter for the poor engaged in informal sector activities, under which a house is insured for Rs25,000 against damage due to fire, lightning, flood, storm, tempest, cyclone, etc. for a nominal one-time premium of Rs150;
- increased involvement of NGOs/CBOs/cooperatives to promote self-help, mutual help, thrift and credit, self-management, community empowerment, etc. There is a need for shifting to community-based nonsubsidized loan mechanisms, as adopted
Fighting Urban Poverty

by SEWA in Gujarat, targeted at the poor and sustained by beneficiary savings for shelter and group guarantees;

• promotion of high-density housing in selected areas in cities through appropriate amendments to zoning and land-use regulations to obviate costly land acquisition and high infrastructure costs;

• adoption of small-lot zoning in parts of large-lot layouts, making it mandatory on the part of developers to divide part of the land being developed into small plots and make them available to the poor;

• promotion of rental housing through the balancing of landowner and tenant interests so that a supply of housing at affordable rents is ensured and there is an incentive for people to build houses for themselves and for others;

• propagation of cost-effective and eco-friendly building materials and technologies, and up-scaling of innovative products to make them marketable and amenable for mass application; and

• making municipalities responsible for programs of poverty alleviation and slum improvement in urban areas and for mobilizing local support and effort.

ANDREW REGALADO
National Director, Habitat for Humanity Philippines Foundation, Inc.

Habitat for Humanity Philippines (HFHP) is the national affiliate of Habitat for Humanity International (HFHI), a housing movement dedicated to the vision of eliminating poverty-type housing and homelessness from the face of the earth by building houses with and for the lowest 30
Providing Housing for the Poor

percent of the income-generating strata. HFHI’s ultimate purpose is to put shelter in the hearts and minds of people in such a powerful way that poverty-type housing and homelessness become socially, politically, and morally unacceptable.

Millard and Linda Fuller established HFHI in the US in 1976 as a privately funded and volunteer-led organization. It came to the Philippines in 1988. As of December 1999, HFHI had built a total of 60,000 homes around the world, including 2,776 units in the Philippines. Another 2,000 homes will be built through different programs in 2000 in the Philippines alone. This effort is in turn part of a larger one that is targeted at building a total of 20,000 homes by 2005.

Programs

Part of HFHP’s success is based on a pioneering system it has developed and perfected over the years, which uses both traditional and unconventional means to perpetuate a self-sustaining housing program with the poor.

First, HFHP solicits and accepts traditional donations, such as cash and gifts, as well as donations of construction materials. These donations go into a fund, which we call "Fund for Humanity", and which is used to pay for the construction of the housing units.

Second, HFHP is able to lower construction costs through volunteer labor and this is where Habitat’s system is unique. Volunteers are invited to work side by side with home-partner families and no skills are required for this feat. HFHP also makes use of a concept called "sweat equity". Sweat equity is a novel concept in which prospective homeowners are required to put in at least 400 person-hours of construction work in building their own house and that of their neighbors.

Volunteers are invited to work side by side with home-partner families and no skills are required for this feat.
Finally, and most significant, home-partners are not given the houses. They are required to pay for the cost of the construction in installment payments, on a nonprofit, no interest basis, over a long period with an inclusion of an inflation clause. Their payments, in turn, go back into the Fund for Humanity.

These payment terms instill discipline, rigor, and a sense of responsibility in the lives of the home-partners and also allow them to contribute to a fund that is used to help others in building a home with another family in need. And this makes them truly a part of the whole HFHP. That is the reason why they are called "home-partners" rather than "beneficiaries", and why it is "building with people in need" rather than "building for people in need". These home-partners are oriented on the works of HFHP and are also trained in capacity building.

**Family Selection**

HFHP selection criteria are that the family must

- belong in the lowest 30 percent of the economic strata;
- have the capacity and willingness to pay for the house;
- be a member of the target organization or community that is being housed;
- have no capability to borrow from any funding agency;
- not have any real property;
- be from the informal sector; and
- be willing to partner with HFHP through rendering sweat equity and participating in its programs.
Providing Housing for the Poor

Affiliate Formation

HFHP adopts affiliate development as a key strategy to create awareness and support in eradicating poverty housing all over the country. An affiliate is an independent Habitat for Humanity organization that is duly registered in the Securities and Exchange Commission. It has its own constitution, by-laws, and board of trustees. The affiliation process has six basic stages, and usually takes six to twelve months depending on the commitment of the core group in an area. There are currently 16 affiliates in the Philippines.

Operations Development

Affordability. HFHP’s responsibility as a nonprofit organization is to determine what a simple, decent, affordable, and healthy house is and build it. Although it is HFHP’s role to help determine the design of the house, HFHP also takes into consideration the important elements that make a house a livable one. In the Philippines National Capital Region, the cost of the house must not exceed P85,000 (about US$2,000) including labor and administrative expenses, with a repayment schedule of 15 years. This cost may be lower in other HFH projects outside the Region. Skilled laborers are employed to supervise the construction, although hiring is kept to the minimum due to the participation of individuals as volunteers and the home-partner families rendering "sweat equity", which lowers the labor aspect of the house cost.

Sustainability. The repayment scheme through the revolving Fund for Humanity sustains the program on a long-term basis. Also, the inclusion of an inflation clause conforms to the house-for-a-house concept. This concept enables one family to pay the cost of one house after 15 years that will be
Fighting Urban Poverty

built with another family in need. At present, the average repayment rate of all the affiliates in the Philippines is 70 percent, with a target of 85 percent. These repayments stay within the affiliate to be used in the construction of more houses and in the building of more communities.

Providing the community a "sense of ownership" of the project also affects the sustainability of the program. Families are empowered by having the opportunity to decide on the process of construction of their homes. They can choose a house design that is feasible, affordable, and decent. A homeowners’ association is also organized, which helps in the collection of the monthly amortization and in the implementation of the programs.

Challenges. Since the members of the HFHP and affiliate boards of trustees are volunteers, their time and commitment with HFHP is not on a full-time basis. It is important that each affiliate hire staff to do the administrative and day-to-day works of the programs.

It is inevitable that problems within the community arise, especially with the diverse background of the home-partner families. HFHP provides a venue for them to interact through teambuilding activities, value formation seminars, and other community-related projects.

Project Development

Initiatives. The program of HFHP received a tremendous boost through the 16th Jimmy Carter Work Project (JCWP) in 1999. Former US President Jimmy Carter started lending his name to Habitat for Humanity in 1984 through the annual international Habitat event. Carter, together with his wife Rosalynn, came to the Philippines to build homes with 14,000 volunteers, including 2,500
volunteers from 32 other countries. In that week, these volunteers in six sites built a record of 293 new homes across the country. This special project has resulted in a wider donor and volunteer base, better name recall, and inquiries for affiliation from all over the country.

But with a housing need of 4.2 million units, HFHP is driven to expand its programs. With the success of the JCWP ’99, HFHP thought of sustaining the interest of the public by involving the youth. Thus, the Youth Build 2000 project was launched. This project is to lay the groundwork for the Campus Chapters and Youth Programs (CCYP) of Habitat for Humanity. The project uses school and youth groups as volunteers in building houses.

Pilot Projects. Aside from special events, HFHP ventures into new endeavors through pilot projects. A very distinctive one is the integration of Christians and Muslims in one community in the Iligan City affiliate. With the principle of inclusiveness and diversity, HFHP hopes that this model community will help build peace in the war-torn Mindanao area.

Partnerships

HFHP has partnered with different churches, civic organizations, NGOs, schools, youth groups, corporations, government units and agencies, international groups and linkages, national government alliances, communities, and individuals in many ways.

The most common way is through fielding volunteers to the different HFH affiliates. Some also support in the material and financial needs and other basic facilities and services through donations and in-kind gifts. Other partners help in the establishment of livelihood projects to sustain the community.
Fighting Urban Poverty

HFHP’s latest milestone is partnership with the National Housing Authority (NHA) and LGUs. A memorandum of agreement in 1999 between HFHP and NHA makes the latter responsible for land acquisition, site development, submission of the list of bona fide families, coordination with the LGU, securing government permits, and assistance in training and livelihood projects. HFHP determines qualified home-partners, constructs houses with the prospected homeowners, and helps value formation of the selected home-partners.

SOMSOOK BOONYABANCHA
Secretary General, Asian Coalition for Housing Rights and Managing Director, Urban Community Development Office, Thailand

A report from the Asian Coalition for Housing Rights Eviction Watch Program revealed that during 1996-1997, about 254,000 families (about 1.5 million people) were evicted from their homes in Asian cities, and another 2.2 million people were under imminent danger of eviction. For most people living in poor communities, eviction poses the most severe threat to their daily lives, and has many consequences:

- destruction of intricate social and survival networks;
- destruction of life savings and family assets;
- increased cost of living;
- destabilized household economies; and
- worsening conditions of poverty.

When eviction is followed by resettlement in state-planned relocation colonies on the fringe of the city, many people find these places too far from jobs, schools, and survival networks and opt to find a place in another slum nearby. After eviction,
Providing Housing for the Poor

many end up as informal renters in nearby slums, where their living expenses are even higher, and their security in life several notches lower. In effect, the overall problem of the city has not been solved, but made worse.

The Need for a New Approach

There is a need for a new vision for urban poor housing development in the new millennium. In past decades, cities did not understand their own uncontrollable development situation and were reluctant to accept all the poor as bona fide citizens. Thus, problems were solved on an ad-hoc basis. A more comprehensive approach is needed, which can be adjusted and integrated into each city in order to achieve authentic community and housing development at scale.

One approach to this is for the city to make the urban poor groups active partners in the city development process and gradual housing development. However, it is necessary that the city develops new attitudes towards the poor, acquires new skills to listen and understand the poor, and uses their strengths in the development process. The city should also change its role from that of an "authority" to a facilitator in building the power for development using all city partners, especially the poor. Many attempts to launch this new approach have failed because the institutions concerned retained their conventional attitudes. Finally, the city should create new collaborative spaces for various city development efforts, including housing for the poor that will allow relevant actors to work together harmoniously and productively. This paper elaborates on these views and provides some examples from Thailand.
Fighting Urban Poverty

Key Elements of the New Approach

Following are some of the key elements of the approach.

The poor must become the active agents of development, at the center of the process.

- Find ways to work in which the poor become the subject of the housing development project, not the object. The poor must become the active agents of development, at the center of the process, not the recipients or beneficiaries of somebody else’s idea or project.

- Include all poor people who live in the city. Successful planning must accept the reality of the poor’s need to exist and work in the city. The poor may have different status and legitimacy, but it is a matter of understanding and finding different ways to work on a process of inclusion, not exclusion.

- Make use of participatory housing development processes as a means of legitimization, inclusion, and learning for the poor and for all parties involved.

- Major planning and development activities and their implementation in the city should be decided on and managed through a partnership of local development actors such as the city administration, NGOs, and urban poor federations. This partnership should work together as a team to deal with development processes and other related institutions.

- All possible resources should be channeled to support this local, collaborative process to address city-wide housing development problems.

- The roles of central government organizations should be changed to facilitate and support the partnership between municipalities and urban poor organizations.
Providing Housing for the Poor

instead of following the old, unworkable pattern of centrally planned, implemented, and controlled decision making.

A Comprehensive Development Process

Following are some possible directions for development according to the new approach proposed above. This process could be initiated in any Asian city, beginning with small-scale simple activities and leading to city-wide processes. With support from national development organizations, the process can move much easier and faster, but any city can proceed without this national backing through extensive coordination with other concerned organizations. The process can be developed through the following seven steps, which are described in detail below:

1. starting the process of community savings and credit activities;
2. networking of urban poor communities;
3. city-wide survey of all urban poor communities;
4. supporting community development activities;
5. planning for housing solutions for all urban poor settlements in the city;
6. learning about diverse housing development options; and
7. development of credit for housing development.

1. Starting the Process of Community Savings and Credit Activities

Community-managed savings and credit programs have emerged as one of the most powerful tools for drawing together the many people and disparate groups that exist within poor communities.
Because they are controlled and operated by community people themselves, savings and credit programs build a community’s own resource base. People can develop themselves and provide for their own needs, both individually and collectively, through the ongoing process of regular, concrete decisions that are inherent in collective management of a savings and credit program. This process is grounded on daily services, is quick and simple, and relates to the real daily needs of the urban poor—as defined by the poor themselves.

Savings and credit activities also create an ongoing process for the community members to learn about each other’s lives, how to manage together, and how to relate to outside systems with better financial strength that will enable them to achieve more than their daily needs. This means that the poor can enjoy the pride that comes from being owners of a process, not merely recipients waiting for mercy from outside. And if these community processes can link up with a good credit system, poor communities will be able to access formal financial resources in order to support their own development process, which they can manage.

2. Networking of Urban Poor Communities

Experiences in several Asian countries show that scattered and small-scale savings and credit groups, when they develop further and become more mature, are likely to link to other groups and form networks with some kind of connected financial base. These larger collaborations provide groups with access to greater financial resources, knowledge, and enhanced clout when negotiating for basic needs. They also lead to further collaboration and networking. This process has political implications, since the stronger status of large networks makes it possible for the poor to deal with larger, structural issues related to their
Providing Housing for the Poor

problems—issues that were beyond their capacity before.

It is important that community networks be organized from the bottom up, from the smallest constituency acting as the base to link with larger constituencies. In Thailand, community networks begin by linking communities in the same district or city, then link together at provincial, regional, and national levels. There are also community networks that link with each other around the same common development issues, such as networks of communities located on state railway land, communities along canals, or communities linked by shared enterprises or welfare activities.

3. City-wide Survey of all Urban Poor Communities

The purpose of a city-wide survey of poor communities is to gather overall information about the lives and living conditions of the urban poor. Such a survey also makes an effective community network builder, since the surveying process involves making many new contacts with urban poor groups around the city. The survey process gives the poor a rigorous tool for understanding, learning about, and comparing the different situations in which they live. After the survey, the community network can help new groups to organize and start community saving and credit activities as well as other necessary development activities. Apart from that, a survey will provide well-rounded information on the urban poor in the city as the basis for further development and planning.

4. Supporting Community Development Activities

Housing development among all urban poor groups in the city will take time to plan and achieve.
Fighting Urban Poverty

Provision of a community environment fund has enabled poor communities to work together on a wide range of community development projects.

Meanwhile, the city can develop a "community development fund" that poor communities can tap to implement proposals for their own development activities. The experience of the Urban Community Environment Activities and the Urban Community Development Office in Thailand has been that the provision of a community environment fund not exceeding US$25,000 per city per year has enabled poor communities to work together on a wide range of community development projects. It has proven to be a simple, cheap means to city-wide community development and stronger community networks.

5. Planning for Housing Solutions for all Urban Poor Settlements in the City

After the survey, several workshops should be held to share the information and start developing housing solutions that work for all urban poor settlements.

One example of this process can be found in the city of Nakhon Sawan in central Thailand. The process started with a community survey conducted by the community network, carried out in all urban poor settlements in the city in the beginning of 1999. They found 47 slum communities, in which about one third of the city’s residents live. Shortly after the survey, meetings were held with officials from the municipality and the National Housing Authority, in which all the surveyed settlements were legally recognized and formally linked to the development process. All 47 settlements are now in the process of organizing themselves and setting up savings activities.

Land tenure conditions in all the settlements were then examined and inventoried. It was agreed that all communities that can stay in the same place should be improved—in terms of their occupation status and security of tenure, and in terms of their physical environment—and that community
residents should work together to plan these improvements. The settlements that for various reasons were less secure in their current locations would be moved to a large piece of unused government land in the city to build a new resettlement community, with new social and environment conditions planned by the residents. Careful coordination with the Provincial Governor and the Provincial Unit of the national Treasury Department throughout the land negotiation process made for this positive result.

Another detailed family survey in those communities intending to shift to this new land was followed by a series of workshops to plan out all aspects of the new community—layout, infrastructure, construction management, etc. After the relocation plan is approved, the National Housing Authority will include the project in their development plan to be implemented accordingly.

As shown in the example of Nakhon Sawan, the process of housing planning should be highly participatory. If the urban poor can first work together to understand the status and conditions of their current land and housing, they will be in a much better position to propose improvements to their communities or relocate to more secure settlements elsewhere. Each community would have its own plan, and when all these community plans are put together, we could have a rough city-wide housing plan for all urban poor groups. This city-wide plan could be developed by the urban poor themselves, with some support from the development agencies, municipality, and government.

6. **Learning about Diverse Housing Development Options**

There are several technical alternatives for housing development. For many cities, "housing
Fighting Urban Poverty

development" only means relocation and building high-rise apartments. In fact, there are many other options that have been tried and proven in Asian cities. Some of these follow.

- **On-site community improvement.** This is by far the best, cheapest, and easiest way to preserve community systems and maintain development from the past that can be linked with the future. Many urban communities look dilapidated and unhealthy mainly because there is no security of land tenure. With proper assistance, simple, culturally-appropriate, creatively-built, diverse forms of housing will automatically appear, forming the community’s own physical identity in the city.

- **Land-sharing.** In communities under immediate threat of eviction or to make way for necessary city development projects, one of the first options to consider is land-sharing. Land-sharing offers a way between a former slum community and a particular landlord or city development to "share" land by means of compromising.

- **Reconstruction and redevelopment.** Another option is to redevelop the former slum or urban poor area and to provide housing options for residents within the new development area. However, since private developers usually control most development of this type, community people tend to be made "recipients" of the project, and are often unable to stay on. Only when there is careful discussion and thorough participation of the communities in the planning process can such redevelopment options work for the needs of the poor.

- **Land exchange and land readjustment.** Land readjustment, due to new encroaching
Providing Housing for the Poor

roads or infrastructure, usually requires considerable negotiation to determine the right extent and nature of adjustment or exchange of land, and offers a way for urban poor housing to find its proper place in the process of such exchange and readjustment. Municipalities can coordinate with city planning offices or take the role of arbitrating negotiations with affected landlords so that the latter can benefit from the new development, and be persuaded to agree with the adjustment plans before finalizing the road route or new infrastructure.

- **Removal to nearby public land.** In case there is no other option but to remove a poor community from the land it occupies, a search for nearby public land can be undertaken jointly by the community and the city. This way, the communities can stay in the vicinity, thus maintaining their economic and social relationships as much as possible.

- **Searching for possible public land to be developed for urban poor housing.** The city should try to find available public land in different locations around the city in order to start building a "stock" of land for urban poor housing. Some cities have such stocks written into their development plans; many do not. In the past, keeping aside adequate urban land for low-income housing development was not included in the priority list of most governments, so the problem is not a lack of land, per se, but a lack of commitment to supplying land for low-income housing. Municipalities tend to take little responsibility for dealing with housing or searching for land for housing, creating a real land vacuum in most Asian cities. In almost all cases, there is plenty of unused land available, but a lack of commitment to providing it for housing purposes.
Fighting Urban Poverty

land available for this purpose under various ownership.

- *Getting the private sector and real estate sector involved.* In some countries, there is a policy that every housing development project by a private developer must include a certain proportion of units for urban poor families. Although the implementation of this policy may be questionable, it provides another possible option in using the development and financial strength of the private sector to deliver more housing for the urban poor. Most cities in the region tend to give the private sector too much freedom and too many incentives in choices of development for profit alone. We do not organize this sector properly or utilize its capacity and strength as an active partner in delivering urban poor housing that has urban poor participation and consent.

- *City planning.* The city should actively involve more people in its planning to find a balance between housing and other city development activities. Most city planning activities are controlled by central planning organizations or technicians who have nothing to do with the real activities in the city. Furthermore, city planning today always concentrates on generating economic opportunities, planning for profit, and planning for blind economic growth rather than concentrating on the well-being, housing, and environment of the city and its people.

7. Development of Credit for Housing Development

In the absence of viable housing and development institutions for the poor, the financial
mechanisms and community processes that are developed through community savings and credit groups have important roles to play. Savings and credit groups and networks provide an alternative system where much-needed financial resources for development can directly flow to the target urban poor groups in the form of credit, and in ways that can be managed by the people themselves. The important considerations should be the forms and conditions of the credit in order to relate to the affordability level, the way of life of the poor, the particular development subjects such as income generation, and the powerful external market.

Housing development funds or flexible types of housing credit allow flexible community housing development activities to take place in projects of various size, location, housing type, affordability, and situation suitable to the particular poor community.

The major role of credit for habitat is to support the people’s own housing process, and further strengthen the existing potential in an organized way. The city can develop this fund with support from central government agencies that allow the process to work more at the city level. The city can also establish links with banks or other financial development agencies. However, it is best if the city and urban partners can establish their own urban poor development fund as a focal resource for facilitating city urban poor housing and other related development activities.
VIII. IMPROVING SERVICE DELIVERY TO THE POOR

This session included description of a unique approach to improving municipal services and the results of a survey that highlights the delivery problems in two cities.

Dr. Naved Hamid described the process and achievements of the ADB Benchmarking Project, which was launched in mid-1998 to pilot test the use of benchmarking and continuous improvement in selected Asian municipalities to improve the delivery of six services.

The project has demonstrated that benchmarking can be successfully applied to identify improvement potential and help drive change. However, governments are quite often reluctant to introduce objectivity into the system, document processes as they exist, and measure performance. The prerequisite for benchmarking to succeed, as in all other municipal practices, is the political will and commitment of the city managers.

Mr. Rabial Mallick described the results of a Report Card survey for assessing municipal performance, carried out in New Delhi and Calcutta. The findings reflect the inability of municipal bodies to cope with poverty and its various manifestations. The weak financial position of municipal institutions and the inefficient manner in which finances are managed were highlighted as a major impediment to effective governance.
NAVED HAMID
Senior Economist
Asian Development Bank

Providing affordable, comprehensive, and good-quality municipal services to increasing numbers of urban residents is a major challenge faced by most city managers today. Most often, cities do not have the commensurate resources to deliver these services, which used to be the responsibility of central governments. Cities also face the problems of squalor, congested traffic, deteriorating infrastructure facilities, disillusioned communities, and often, political unrest.

All these challenges drive municipalities to reinvent their systems and processes. In doing so, they are borrowing change strategies that have proven successful in the private sector and increasingly have been picked up by the public sector. Two change strategies that have been successfully used in the private sector and by many local governments in the USA, Australia, and other OECD countries are benchmarking and continuous improvement.

Since these techniques have not been used in developing countries, ADB decided to pilot-test their application in selected Asian cities as tools for improving the delivery of municipal services.

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1 An earlier draft of this paper was presented at the East Asia Urban and City Management Course, 1-14 May 2000, Singapore, organized by the World Bank Development Institute and National University of Singapore. The paper is based on the experience of ADB’s regional technical assistance (RETA) on Enhancing Municipal Service Delivery Capability. The inputs from RETA consultants Bob Hood, Bryn Campbell, and Mildred Villareal in the preparation of this paper are gratefully acknowledged.
What are Benchmarking and Continuous Improvement?

Benchmarking may be described as a process that aims to stimulate improvement through comparisons of services, processes, and performance between organizations. The comparison is made on the basis of key performance indicators that cover, for example, the timeliness of the service, the quality of the service, customer satisfaction, and cost or price of the service.

There are two types of benchmarking that can be applied in the public sector. The first is internal benchmarking, which involves comparison of similar operations or functions within the same organization, with the objective of sharing knowledge from one successful part of the organization to another. It is commonly used by multinationals or multisite organizations because it allows them to determine their internal performance, identify their best internal procedures, and then transfer them to other sections of the organization.

The second type is process or generic benchmarking, which involves a comparison of specific processes with those in the "best" organizations, in order to identify innovations. Customer service is particularly suited to this type of benchmarking, as well as general processes like payroll, accounts payable, personnel management, and computer operations.

Benchmarking requires trained staff to conduct the necessary analyses of existing practices, identify performance indicators to assess service performance, and develop proposals for change. Service staff must be involved in the benchmarking process so that they develop the commitment to

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Continuous improvement describes an organization’s operating culture, in which it is always seeking ways of improving its products, services, and performance of management and staff. It also achieves greater success if it is conducted within the context of a continuous improvement strategy rather than a once-only initiative.

The Benchmarking Project

The ADB Benchmarking Project to pilot-test the use of benchmarking and continuous improvement in the delivery of public services, began in August 1998 in 10 selected municipalities. The project was also intended to create an active network of cities for exchanging information on the benchmarked services as well as urban issues that mayors and city managers were concerned about.

The Benchmarking Coordinators

Traditionally, organizations attempt to achieve change by hiring consultants but this has the downside that it often fails to achieve sufficient skills transfer and change ownership. For the ADB initiative, selected municipal staff were chosen to lead the benchmarking and continuous improvement program in their respective municipalities. Given their knowledge of the

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municipality’s scope of services, personnel, culture, problems, and systems, they would be much more effective agents of change than consultants. Moreover, their participation with other cities’ coordinators would provide them with an ongoing network of professional colleagues that would enable them and their municipality to apply these techniques in the future. These persons were designated as Benchmarking Coordinators and two were chosen from each participating municipality.

**Applying Benchmarking to City Services**

Two services were chosen for the first round (Round 1) of benchmarking and continuous improvement: resolution of customer complaints and public grievance, and solid waste management, education, and enforcement. Two other services, property tax assessment and parking regulation, were studied in Round 2. These services were selected because improvements in them would be evident to city residents and would not require much capital expenditure.

**The Benchmarking and Continuous Improvement Cycle**

The ADB Benchmarking Project was seen as a process that consists of five steps as represented in Figure VIII.1. The first step was laying the foundations of the project. The second step entailed forming and training teams, defining and measuring processes, and fixing the problems that had obvious solutions. The third step involved comparing processes and performances with those in other cities, analyzing differences, and identifying better practices. The fourth step called for establishing causes and developing new solutions. The last step was carrying out the improvement proposals
Fighting Urban Poverty

approved by the steering committee\textsuperscript{4} and sustaining these improvements. These steps are detailed below.

Figure VIII.1 The Benchmarking and Continuous Improvement Cycle

\textit{Step 1: Laying the Foundations}

This stage involved setting up communications with the municipalities, forming the oversight steering committee in each municipality, getting their commitment, allocating resources for the

\textsuperscript{4} The steering committee was made up of several representatives from different levels of the municipality and usually chaired by the mayor, deputy mayor or the most senior municipal manager. Its authority extended to all activities and decisions concerning the project, including the resources to be allocated during project implementation.
implementation of the project, confirming the overall project plan, and a two-week training session for the Benchmarking Coordinators.

**Step 2: Analyzing the Current Process**

After their training, the Benchmarking Coordinators recruited teams for the first two services. They trained these teams (drawn from the services concerned and not from management) on the techniques and led them to define and map the processes of selected services; collect performance data or indicators for benchmarking; and analyze data and identify areas in which the delivery of services could be improved.

a. **Defining the Scope of the Service.** Municipalities were expected to examine similar service processes, so it was important to adopt common definitions. Reliance on a one-line service description would inevitably frustrate later comparisons. To achieve a shared view of what the services meant, the Coordinators used a service definition worksheet that provided for a general description of the service, service outputs, service customers, service goals, service standards, and current performance.

b. **Process Mapping.** A process map is a flowchart of the activities that make up the delivery of a service. Process mapping is the first step in understanding how a service is delivered. Once a process is mapped it can be critically analyzed to identify opportunities to improve it by simplifying, error proofing, or even developing an entirely new process.
The Benchmarking Coordinators and teams prepared process maps for each service delivery. Initially, the teams found it difficult to prepare the process maps, mainly in deciding upon the level of detail to map and in extracting information on the exact activities in their current services. Too much detail makes the benchmarking process time consuming and confusing. Too little detail frustrates the task of identifying the improvement possibilities. Practice makes perfect; it was reasonable to expect that teams would gradually develop their judgement on the level of detail required for effective benchmarking. Detailed process maps for the services being examined were presented during the Regional Benchmarking Coordinators’ Workshop held in Kuantan, Malaysia, in April 1999.

For benchmarking to be effective, there has to be a right set of performance measures for all the services.

Performance Measures. For benchmarking to be effective, there has to be a right set of performance measures for all the services. Performance measures provide a means of comparing services across cities and indicate the success or failure of the changes implemented. Also, they can be used to recognize and reward staff achievements.

The Benchmarking Coordinators and teams collected performance measures for the first two services on the basis of timeliness, quality, cost or price of the service, and customer satisfaction for each service. It would be fair to say that the cities in this project have hardly any systems of performance indicators. They may have information on "activity levels", but not on time spent or expenditure on the activity. All the cities needed assistance in defining performance measures. Consultants provided them with definitions and methods for collecting information on performance.
Step 3: Making Comparisons with Partners

The process information was regularly shared through E-mail and also during the two regional workshops for Benchmarking Coordinators, the first in Kuantan, and the other in Melbourne, Australia, in October 1999.

During the Kuantan workshop, the Benchmarking Coordinators shared data, ideas, and experiences, and compiled their assessments of best practices (Table VIII.1), which stimulated a lively discussion among the Coordinators and enabled them to analyze the weaknesses and opportunities for improvements in their own municipalities.

In the Melbourne Workshop, the Benchmarking Coordinators presented the recommendations and changes for Round 1 subjects, and the findings and best practice features for Round 2 subjects. They visited several Melbourne municipalities to witness practices and meet practitioners of benchmarking and continuous improvement.

Step 4: Generating Better Services

Observing a practice in one municipality triggered the process of change in other municipalities. In addition, the comparisons between municipalities served as the basis for the teams to review all the available information, investigate the potential root causes of their problems, and identify improvements that could be made in the existing services. In some cases, improvement proposals by teams were drawn from the best practices identified in the Kuantan workshop rather than a fully developed critical analysis including measurement comparisons. In such cases, the Coordinators were advised to look beyond the best practice comparisons and to use the full information available. The improvement proposals made by the teams were presented to their steering committee for approval and support.
Step 5: Bringing About Change

Once the steering committee approved the improvement proposals, the teams committed themselves to a timetable, assigned responsibilities, and implemented the plans. They also presented the plans to concerned employees in order to build enthusiasm and support for the new goals. However,
several municipalities were not able to implement improvement proposals as planned due to various problems, discussed in the next section.

The successful municipalities implemented changes that increased customer orientation, improved quality and coverage of services, and enhanced revenues; customer complaints resolution has dramatically improved by such measures as public assistance centers, telephone hotlines for complaint lodgment, training customer complaint staff, daily radio programs to air complaints and provide feedback, and monitoring complaints all the way to their resolution.

In solid waste education and enforcement, the innovative practices adopted included development of education programs for school children; waste separation by residents; daily collection of domestic solid waste with supporting information, education, and communication campaigns; and deputizing individuals and CBOs to issue citation tickets and impose on-the-spot fines on offenders. Some municipalities have started to use vacant lots as paid parking spaces, erected new parking signs to ease the flow of traffic, and revised parking regulations. Also, significant opportunities for increasing revenues from property tax emerged.

Implementation Issues and Challenges

Only a few municipalities were able to achieve significant improvements in service delivery due to various issues that affected implementation. Most of these issues were common across municipalities and also occur in other public organizations and often in the private sector. In summary, they were as follows.

Lack of Commitment. Most Benchmarking Coordinators experienced difficulty in getting the commitment of their teams because of such factors.
Fighting Urban Poverty

as workload, other priority work as demanded by the immediate supervisor, and absence of tangible benefits for the team members.

*Resistance to Change.* Any effort to change is met with some form of resistance or adverse reaction from those who are directly affected by the change. For instance, the affected municipal staff did not want to cooperate in implementing the change for fear that they would be displaced in their jobs, or worse, lose their jobs.

*In a number of cities the support provided by the mayor/steering committee was inadequate.*

*Lack of Top Management Support.* To ensure the support of the mayor and the steering committee, letters were sent to the mayors regularly, informing them about the project’s progress and achievements, and mayors were invited to the annual Asian mayors’ forums. However, in a number of cities the support provided by the mayor/steering committee was inadequate.

*Coordinator Incapacity and Discontinuity.* Since the Coordinators and work-based teams were not familiar with technical subjects in the project, particularly process mapping and performance measurements, the consultants conducted follow-up training for the teams during a second round of city visits. They also worked with the Coordinators to capture the correct data and define relevant performance measures. However, the Coordinators’ lack of experience in the subject severely limited their capacity and confidence to get their teams to document all the improvement opportunities available. Also, several cities did not sustain continuity in Coordinators.

*Inadequate Information.* Information systems varied significantly across cities. Some cities did not have information about individual services; if they had them, they were not updated and difficult to
measure. The issue of defining and acquiring performance measures was an ongoing challenge that required extensive support by the consultants during their various city visits.

Weak Communications Across Cities. Language differences between the cities, and between the cities and the consultants caused difficulties, especially during the training, sharing of experiences in the regional workshops, and cross communications. As the process called for comparison between cities and regular consultation with consultants, more time had to be allowed than planned for cities to make their comparisons before the regional workshops, and in the discussion of experiences and best practices during the workshops. Also, key training materials were translated into Bahasa Indonesia and Mandarin through the initiatives of Indonesian cities and Shanghai.

Differences in City Size and Service Standards. Differences in scale and standards of the services resulting from the different sizes of the project cities prevented some cities from adopting or adapting various practices that worked well in other cities. This is a factor that will have to be taken into consideration in establishing future benchmarking partnerships.

Networking

An important by-product of the project was the establishment of networks focused on driving change and improving quality of urban services. Apart from electronic exchanges and participation of the Benchmarking Coordinators in the regional workshops, the mayors had the opportunity to meet and exchange information through the Asian mayors’ forums. The project also brought together
several donor agencies that are active in the urban areas of Asia. The partners included the Urban Management Programme of UNDP/UNCHS, which sponsored Lahore (in Pakistan), and the German Agency for Technical Cooperation (GTZ), which sponsored Bandung and Surabaya (in Indonesia). The ADB Institute actively supported the project by organizing the Mayors’ forums, and funding their World Wide Web (WWW) site, the production of training manuals, and publication of project materials.

The project’s WWW site (http://asiancities.benchmarking.acig.com.au/) contains the latest information on all services being benchmarked and links to all participating municipalities and project partners.

**Conclusion**

The pilot work with municipalities has proven that benchmarking can be successfully applied to identify areas of potential improvement and help drive change. Benchmarking and continuous improvement foster self-help, rather than a continuance of relying on experts to diagnose problems and propose solutions. Although the project was not intended to provide funds for improving infrastructure facilities, it has, in fact, helped the cities increase their revenues—for example, in Bangalore by improving its performance in levying and collecting property taxes, and in Cebu and Colombo by levying higher parking fees as part of their process of improving parking availability and traffic flow.

There is of course, no easy solution to a city’s problems. Even benchmarking and continuous improvement require effort, dedication, and persistence. They do, however, offer an exciting, cooperative way of enabling cities to have deeper understanding of their processes, to deal better with
Improving Service Delivery to the Poor

their problems, and to provide affordable and quality services to their residents.

RABIAL MALLICK
Project Leader, Christian Institute for the Study of Religion and Society,
Calcutta, India

To achieve sustainable development, good governance of cities must focus on eliminating poverty, creating jobs and sustaining livelihoods, protecting and regenerating the environment, and advancing the status and position of women in society.

Estimates of urban poverty in India indicate that around 76 million people do not have access to basic urban services. Any strategy for alleviating urban poverty has to incorporate schemes for providing basic services to the urban poor who reside in slums in the inner cities and peripheral areas of large cities.

With the enactment of the 74th Constitutional Amendment, municipal bodies have been bestowed with a set of responsibilities specially designed to meet the challenges of poverty reduction and improving the conditions of the poorer sections of society living in slums and squatter settlements. With poor financial health, lack of strategic planning, and lack of a professional approach, it was indeed a difficult task. However, the amendment visualized the urban local bodies to become facilitators and guides to formation of effective democratic institutions through partnerships with the private sector and NGOs/CBOs, rather than to remain centralized controllers.

Estimates of urban poverty in India indicate that around 76 million people do not have access to basic urban services.
Community Participation

The participation of the community in the work of the local government no doubt improves its economic, social, and cultural perspectives. As accepted the world over, development starts at the grass-roots level and the initiative, creativity, and energies of the people can be used to improve their own cities.

NGOs and CBOs have advantages in mobilizing the community and promoting development at the grass-roots level. They are good at reaching and mobilizing the poor and remote communities. They use participatory, bottom-up, grass-roots processes in project implementation and help the poor to gain control of their lives. They are more flexible and innovative than governments in carrying out projects. They promote sustainable development. Finally, they are potentially good at organizing and representing bodies in civil society. There is acceptance of the fact that as a result of their motivation and comparatively small-scale operations, NGOs are more adaptable and sensitive to local conditions. They are more prepared to listen to and promote self-reliance in the poor.

Survey

The Christian Institute for the Study of Religion and Society (CISRS) carried out a survey in Calcutta and Delhi to ascertain the views of a wide section of people. The respondents included senior municipal officials and representatives of civil society groups including NGOs/CBOs, corporate officials, academic scholars, youth leaders, etc. The survey was conducted on the basis of a questionnaire supplied by The Urban Governance Initiative of UNDP and covered the following subjects related to urban governance: participation, rule of law, transparency, responsiveness,
Improving Service Delivery to the Poor

consensus orientation, equity, effectiveness and efficiency, and accountability.

General observations that emerged from discussions at both Calcutta and Delhi included the following.

- Municipal institutions are not able, adequately and equitably, to provide access to basic shelter, infrastructure, and services to a major segment of the population, most of whom are the poor.
- The weak financial position of municipal institutions and the inefficient manner in which their finances are managed constitute a major impediment to effective governance.
- The participation of the private sector in urban development has to be ensured.
- Excessive and misplaced regulations and systems have acted as a major barrier to proper management of the cities.
- Corruption and indifference of officials and the lack of public protest to major problems have been serious impediments.
- The process of democratic decentralization (as envisaged in the 74th Amendment) has yet to become meaningful and effective.

One may conclude that severe infrastructure deficiencies; the highly regulated land and property markets (in both cities); the limited financial resources of the local governments; and the inadequate managerial, institutional, and technical capacities of local governments have been major constraints to the adequate handling of social and economic development. Despite the 74th Amendment, the statutory basis of the role of cities in promoting social and economic development remains unaltered as far as Calcutta and Delhi are concerned.
Fighting Urban Poverty

Calcutta Scenario

In greater Calcutta, the slum population is five million or 38.5 percent of the total population of 13 million. The slums are concentrated over an area of 21.35 square kilometers; the population density is 100,000 inhabitants per square kilometer.

Citizens from all walks of life were interviewed to solicit their views on the pattern of urban governance prevailing in the city. These included senior municipal and government officials, the Mayor of Calcutta, academic scholars, representatives of NGOs/CBOs, private-sector officials, and youth leaders. The major findings are enumerated below:

- Involvement of civil society organizations, specially NGOs and CBOs, in social development work has only just started and is definitely not up to desired levels.
- Decentralization in administrative functioning has not taken place because, although there may be political will, the attitudinal change to bring about devolution of powers has not occurred.
- The Calcutta Municipal Corporation has no effective planning strategy for a major section of the poor population, especially those who live in unregistered slums, squatters, and pavement dwellers.
- The functioning of the municipality is very poor because of rampant corruption, inefficiency, and lack of sincerity and willingness to carry out duties and meet responsibilities.
- Poor financial management and lack of resources for development work severely affect the poor and lower-income groups.
- There is a lack of interest in increasing the revenue base through higher property...
taxation, etc., which would provide funds for social development and improvement of basic services.

- Greater participation of NGOs and CBOs and giving them specific responsibility in social development work would have a positive effect in improving the conditions of the city’s poor.
- Involving the private sector in development work would be beneficial.

**Delhi Scenario**

No other Indian city has grown so phenomenally as Delhi in the recent past. Being the capital of the country and the biggest business center of northern India, it attracts a large number of persons from all over India. It is estimated that by the turn of the century, Delhi’s population will exceed 14 million. The population density in Delhi is presently around 13,464 per square kilometer.

Like in many parts of the country, mushrooming of slums has been a disturbing feature of urban Delhi for nearly five decades. There has been a tremendous proliferation of squatter settlements in Delhi from 1951, when there were some 12,700 squatter households, to 1994, when the number reached 400,000.

Many of the poor are living in *jhuggi jhompri* clusters, which are informal illegal settlements, mostly on government lands. There have been several attempts at improving these settlements: conversion into a resettlement colony in which housing conditions are much better and a minimum of civic amenities are provided on the community-level basis; provision of complexes, containing basic facilities; and resettlement to small developed plots for which affordable loans payable over 15 years have been made available by the Delhi Cooperative Housing Finance Society.
Fighting Urban Poverty

We interviewed a wide spectrum of people including senior municipal officials, officials from urban development and planning agencies, representatives of NGOs and CBOs, women activists, and the newly elected Mayor of Delhi. The major findings follow.

- The lack of financial resources has been an impediment to concentrated work in the social sector.
- Corruption and inefficiency have not been checked because of lack of sincerity and dedication of officials on the one hand, and lack of people’s resistance/protest on the other.
- Despite lofty ideas, programs, and allocation of resources, equity in governance is still distant and the poor continue to suffer.
- Authorities with different political affiliations work at cross-purposes and in the process strategic planning is the casualty.

Conclusion

Cities are economically crucial for most countries. In fact, the economic performance of cities will determine the economic prospects of nations. The crisis of governance in most countries can only be resolved through wider local participation at the urban and community level. The process of political decentralization, already advanced in some countries, must continue and transform the current weak governance of cities into more accountable and transparent administration and participation.

To be more specific, governing cities requires a four-part plan.

- An institutional framework that can meet the growing needs of land, infrastructure, and services must be designed. The earlier
practice of ignoring the potential of the market has no relevance today because the private sector has demonstrated its potential in spheres such as land, infrastructure, and services.

- The financial viability of city governments has to be built up by (a) reduction of reliance on public funds; (b) appropriate pricing of public goods and services, and implementation of the principle of cost recovery from beneficiaries; and (c) forging partnerships with the private sector.

- The existing legislative and regulatory instruments of cities require adjustment for effective governance. Most instruments available to city governments are outdated; it is necessary to increase the efficiency of urban markets through enabling regulations and procedures.

- Meaningful partnerships with civil society organizations, especially NGOs, must be forged for social-sector development, so that there is perceptible improvement in the conditions of the urban poor.

The existing legislative and regulatory instruments of cities require adjustment for effective governance.
IX. Networking

There were two presentations on networking arrangements that have been successful in improving municipal services delivery, particularly to the poor.

Dr. Fahmy Ismail described the role of CityNet in transferring and implementing effective practices. Elaborating on the concepts of best practices and peer-to-peer learning, he stated that it was not enough to simply document best practices; the critical issue is that of transferring and extending these practices effectively to a wide range of cities. He enumerated the presently-used indicators of effective transfer, which include participation, transparency, accountability, inclusion, financial feasibility, and sustainability.

In his presentation on the concept and establishment of the City Managers’ Association of Gujarat (CMAG), Mr. P.U. Asnani elaborated further on the need to establish mechanisms for exchange of information. This is one of the objectives of CMAG, the others being training and advocacy. CMAG conducts events such as workshops and symposia on contemporary urban issues on a regular basis for its members. The presentation once again brought to the fore the importance of such organizations and networks in the urban sector.
Fighting Urban Poverty

FAHMY ISMAIL
Deputy Municipal Commissioner, Colombo Municipal Council, and Secretary General, CityNet-Sri Lanka National Chapter

CityNet is the regional network of local authorities for the management of human settlements. Starting with 28 members in 1987, it currently has over 110 members representing 19 countries, including local governments, development authorities, national organizations, NGOs, and research and training institutions, mostly in Asia and the Pacific. CityNet has consultative status with the UN Economic and Social Council, and is a unique and innovative institution that puts the idea of "local-local" dialogue and partnership in practice.

CityNet’s ultimate goal is to help urban managers in the Asia-Pacific region to work for more people-friendly cities that are socially just, ecologically sustainable, politically participatory, economically productive, and culturally vibrant. Its main areas of activities are poverty alleviation, environment and health, municipal finance, and management of infrastructure and services. CityNet is committed to local initiatives. It is progressively decentralizing as it grows, by promoting subregional nodes and national chapters. CityNet-Sri Lanka National Chapter is one of the successful examples.

CityNet recognizes that the identification of best practices is not sufficient and goes further by initiating and developing guidelines for transfer and implementation of best practices. This initiative was taken in close collaboration with UNCHS and UNDP.

This paper will only touch the surface of the guidelines and provide a succinct summary. For a complete set of guidelines, you are encouraged to

1 This presentation was prepared with assistance from the CityNet Secretariat.
contact the CityNet Secretariat to obtain their publication.

**Transferring Best Practices**

A transfer is a structured process of learning. Key components of a transfer can be identified as "knowledge derived from real-world experience together with the human expertise capable of transforming that knowledge into social action." A transfer implies, at a minimum, the identification and awareness of solutions, the matching of demand for learning with supply of experience and expertise, and a series of steps that need to be taken to help bring about the desired change. Such change may range from policy reform, management systems, and technology to attitudes and behavior.

- Transfers typically fall into three main categories: technical—the transfer of skills and technology applications/processes; informational—the transfer and exchange of ideas and solutions; and managerial—a system or series of decision-making and resource allocation processes that can be transferred and adapted.

Some examples of successful transfers include the transfer of Yokohama’s technical expertise on flood control to the Bangkok Metropolitan Administration; the development of information materials on solid waste disposal by the Municipality of Olongapo to the Municipality of Tansen; and the transfer of managerial methods of the Mahila Sewa Bank (India) to Sevanatha (Sri Lanka).

The elements and processes required for an effective transfer, as in CityNet’s guidelines, are summarized in Fig. IX.1.
Fighting Urban Poverty

Figure IX.1. Elements and Processes of Transfer
Networking

A transfer can be deemed successful even if it has encountered several obstacles during its development and implementation. The following process indicators provide a nonexhaustive checklist for actors involved in the transfer process. They should be viewed as a tool for assessing an initiative’s development and effectiveness:

- participation;
- transparency;
- accountability;
- inclusion;
- financial feasibility; and
- sustainability.

These indicators should provide participants with a framework for qualitative feedback on the status and potential success of their initiatives. It is recommended that as the actors develop and proceed with the transfer process, additional indicators be considered.

Obstacles to Transfer

Many challenges and obstacles can impede the implementation and adaptation of a transfer. By recognizing common obstacles, participants and hosts can make better use of their resources and time, and focus on issues involved in ensuring an effective transfer. For this reason, it is highly recommended that peer-to-peer learning\(^2\) and study tour exercises involve all key stakeholders, including elected officials, technical and managerial staff, and community leaders. A few obstacles and recommended responses are listed on the following page.

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\(^2\) As used in CityNet’s guidelines, this is the process of exchange of knowledge, expertise, and experience between people and organizations that have similar roles and responsibilities and face similar issues and problems.
## Fighting Urban Poverty

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political resistance to change</td>
<td>Face-to-face meetings and discussions among elected officials can help overcome reluctance to engage in institutional change.</td>
</tr>
<tr>
<td>Staff resistance to change</td>
<td>Peer-to-peer learning and on-the-job training can help empower staff and allay fears that new ways of doing things may affect one’s power base or cause major disruption in “standard operating procedure”.</td>
</tr>
<tr>
<td>Inappropriate rules and regulations</td>
<td>&quot;Seeing is believing&quot; — peer-to-peer learning and study tours can often be more convincing than textbook solutions, and help create the awareness and understanding of the need to modify outdated rules, regulations, and norms.</td>
</tr>
<tr>
<td>Corruption</td>
<td>Best practices have, in many cases, forged a win-win situation, thus overcoming the traditional &quot;win-lose&quot; options that underlie corrupt practices. The involvement of stakeholders and partners also contributes directly to more transparent and accountable processes.</td>
</tr>
<tr>
<td>Inability to work across departmental or divisional boundaries</td>
<td>Study tours and staff exchanges involving a team of decision makers and stakeholders can help forge a team spirit and break down fiefdoms. They can also provide an opportunity to reexamine the respective roles and responsibilities of different work units.</td>
</tr>
<tr>
<td>Little or no local involvement in policy formulation and decision making</td>
<td>Through best-practice transfers, the effectiveness of partnerships with grassroots and community-based organizations can be effectively demonstrated.</td>
</tr>
</tbody>
</table>

196
It is important to note that flexibility is a requirement for any transfer process. Not all obstacles can be predicted, but through the transfer process, participants can learn from hosts about what to expect and eventually minimize the impact of obstacles. By weaving flexibility into the design flow of a project, all parties involved can work proactively towards overcoming challenges, rather than reactively.

**Evaluation of Transfers**

The sustainability of a transfer and the implementation of an innovative practice rely upon the follow-through process and an honest evaluation of both the innovation and the transfer. Prior to the transfer, a clear monitoring plan should be devised to provide a framework by which progress can be assessed, impact measured in accordance with initial objectives or anticipated results, and the implementation process analyzed for lessons learned.

The effective transfer of a practice is not simply replication but rather an innovative adaptation using lessons derived from successes as well as failures. Developing a solution applicable to a community’s specific problem is itself a good practice and should be evaluated and documented for the benefit of others.

The following steps are proposed for effective evaluation of a transfer.

- Gather key participants together as a group to evaluate the results of the transfer.
- Develop a list of criteria from the previous stages of the transfer process that best represent the critical factors of the project.
- Using the criteria developed by the participants, develop a survey feedback instrument to be distributed to and
completed by community stakeholders, e.g. residents, NGOs, businesses, government.

- Collect, compile, and document survey results.
- Identify key success and problem areas.
- Schedule on-going evaluative processes to highlight successes and discuss remedies/alternatives for problems.

Role of CityNet and Networks in General

The exchange of information and experience among local organizations can only take place with accurate and current information, which is increasingly being transmitted through intricate networks. Intermediary organizations such as international, bilateral, and national organizations, universities, think tanks, and NGOs are opening up channels of contacts and communication among cities. Their role is an important aspect in this process because they provide the necessary guidance and expertise for successful implementation and continuation of a project.

CityNet serves not only as repository of information, but also actively shares information and expertise in a packaged form that is adequate to the needs of each member. CityNet also acts as a catalyst, facilitator, or broker of transfers, assists in the implementation, and often sponsors transfers.

Workshops and seminars form the starting point for exchange among CityNet members. Technical Cooperation among Cities in Developing Countries study visits often follow from workshops, allowing members to learn directly from one another and replicate good and best practices elsewhere. Advisory services are CityNet’s successful niche activity, whereby it identifies an appropriate expert or team, and arranges for them to visit other members needing advice or support on a specific problem.
These guidelines are still a work in progress and CityNet welcomes any comments, suggestions, or inputs.

P.U. ASNANI
Vice President, City Managers’ Association of Gujarat
Ahmedabad, India

Most urban local bodies do not know how to handle the serious problems they face because of lack of in-house capacity. Quite often, they go abroad to find the solutions, unaware that their neighbors have done something great that could solve such problems. In Gujarat, there was no forum to support professional development of urban managers or to raise the sensitivity of state and central government on urban issues. Also, there was no sharing of successful experiences and no dissemination of information.

To overcome these deficiencies, the City Managers’ Association of Gujarat (CMAG) was formed during the Urban Managers’ Workshop in May 1997, with the help of USAID and the International City/County Managers’ Association (ICMA) of the USA. The participating mayors, commissioners, and senior local officials worked for two days and decided to form CMAG as a professional, nonpolitical body with three objectives:

- exchanging and disseminating information on urban issues, best city management practices, technologies, and cross-country management experiences;
- training and upgrading the skills of local managers, engineers, and local health officials; and
- advocacy.
The first objective was met through networking with national and international bodies, documentation of best practices within the state, making a database of experts/services/technologies, publications (newsletters, manuals, books), developing audiovisual media, and providing exposure to urban managers within and outside the country.

Training and skill upgrading were done through workshops, seminars, short training programs, regular in-house discussions/brainstorming sessions, use of think tanks, and overseas training.

Advocacy was taken up by placing urban issues on the agenda of state government. Some of the issues that we wanted to bring to the attention of the central and state governments are:

- devolution of full powers to urban local bodies to strengthen their financial base in terms of the 74th Amendment of the Constitution;
- the need for total autonomy of municipalities to raise taxes and introduce nontax revenues;
- inclusion of the cities in infrastructure master plans at the state and central level;
- tax exemption on municipal bonds;
- encouragement of the privatization concept;
- development of a cadre of professional city managers;
- financial support for infrastructure development in the cities in view of their economic contribution; and
- urban agglomeration planning through a consultative process.

Membership in CMAG is categorized as institutional, individual, associate, and patron. The institutional members include all municipal corporations, urban development authorities, and
municipalities in Gujarat with a population of more than one 1 million; institutions involved in research, training, or urban management; and NGOS involved in providing municipal services. The associate members include municipalities with populations less than one million; students connected with urban design, planning, management, and other related urban services; individuals who are eligible to become members of the association but cannot be given membership due to the prescribed limit on individual membership, which should not exceed 50 percent of institutional membership; and professionals engaged in activities related to urban planning, management, design, and governance. The patrons include the mayors of municipal corporations in Gujarat and industrial houses. Associate members and patrons do not have voting rights.

CMAG has a small office equipped with two computers, telephone, and email facilities; and a collection of books on urban management, governance, and related fields. There is a full-time consultant, with two assistants, who coordinates CMAG activities under the guidance of the executive committee.

Activities of CMAG

Workshops

Since 1997, CMAG has conducted several workshops for its members in association with other institutions. The subject areas have included strategic planning, stress management, the judicial system, handling public complaints, operation and maintenance of water supply and sanitation systems, and other practical methods for handling various urban problems.

The outcomes of these workshops are noteworthy. For example, the Workshop on
Fighting Urban Poverty

Improving Financial Resources of Urban Local Bodies Through Non-Tax Revenues, held in December 1997, resulted in the submission of a memorandum to the Government of Gujarat requesting autonomy for these bodies to raise financial resources from nontax revenues and impact fees.

During a Symposium on Best Practices and Transferability, 14 short-listed best practices were presented, selected from 59 practices that were documented in the Best Practices Catalogue. CMAG also awarded trophies to some municipal bodies for best practices, and gave citations to others.

Newsletter/Publications

CMAG publishes a quarterly newsletter for its members. It also circulates interesting articles to its members taken from sources such as the Internet. CMAG also publishes reports of its workshops.

International Exposure

CMAG has sent representatives to the ICMA Annual Conferences, the Asian mayors’ forums, and training programs at the University of Illinois. The International Managers Exchange Programs have enabled city managers from India to visit cities in the USA and vice versa to learn how different cities are managed and how problems are solved. These international exposures help CMAG disseminate and share best practices with its members through regional workshops, seminars, and training programs.

Other Programs

CMAG identifies experts in various fields and makes them available to its members. This allows local bodies to choose the right experts to assist them
with their needs. CMAG also provides project-specific technical assistance to cities through panels of experts.

CMAG plans to implement an urban indicators and performance measurement program, establish an urban management center for continuing education, prepare the urban agenda for 2021 for the cities of Gujarat, and develop a World Wide Web site for dissemination of experiences and information.

Based on the experience of Gujarat over the last three years, four more states have come forward to network with CMAG and form their own associations. It is also expected that additional states will organize their own associations, which will network with each other for continuous capacity building, sharing of experiences, and dissemination of information and knowledge.
The problems of solid waste are overwhelming Asian cities. This session helped share experiences and good practices of waste management in different cities.

Ms. Mary Jane Ortega described her administration’s efforts in San Fernando, Philippines, to change archaic systems and develop new arrangements for waste segregation, transportation, and controlled dumping. Mayor Ortega emphasized that waste management, just like other critical urban problems, is best tackled in partnership with communities. She described how the NIMTO (not in my term of office) phenomenon—when political leaders refrain from taking far-sighted but not ‘popular’ decisions—is afflicting Asian cities. Mayors were urged to avoid this syndrome and act with foresight on waste management issues.

Mr. A.H. Md. Maqsood Sinha described the process of decentralized community-based composting, which has been introduced by his organization in Dhaka and other cities across Bangladesh. This innovative process has several benefits in addition to reducing the cost of managing the enormous amount of domestic waste. It frees land that would have otherwise been used for centralized landfilling, creates employment, and reduces the extensive use of chemical fertilizer in the soil. The presentation went on to draw pertinent lessons from the experiment.

Dr. Kunitoshi Sakurai put forth a very useful step-by-step guide for improving solid waste management in cities. He outlined the problems...
Fighting Urban Poverty

related to municipal solid waste management in Asian cities and highlighted the fact that even though provision of collection and disposal services for municipal refuse often consumes as much as 20 to 40 percent of municipal revenues, it is not perceived as deserving high priority. He also emphasized that institutional strengthening and sound management practices are essential requirements to ensure efficient service provision, and listed some key strategies towards better solid waste management.

One of the most pertinent issues raised in the ensuing discussion was related to waste management in slums and informal settlements. The poor and disadvantaged people who inhabit such settlements are the worst affected by the pollution and unsanitary living conditions caused by waste mismanagement. Local governments, through mayors and other city officials, play a key role in decision making for urban waste management. This role must be performed in partnership with a wide cross-section of stakeholders in order to ensure sustainability.

Suggestions for improved, efficient, and effective waste management emphasized, first and foremost, reduction in the volume of waste entering the municipal system. This can be done through adoption of techniques such as waste segregation at source, community-based composting, etc. It was also highlighted that legislation related to solid waste needs to be strengthened and stringently enforced. Also, inclusion of the informal sector in solid waste management, especially collection, segregation, and recycling is important. Private-sector participation emerged as a useful mechanism that is being used by a number of cities across Asia for tasks ranging from primary and secondary collection to disposal of waste. However, whatever the technological and management options adopted, community awareness and involvement are critical to the success of the intervention.
MARY JANE C. ORTEGA  
Mayor, City of San Fernando, Philippines

San Fernando City lies 270 kilometers north of Manila. It became a city by an Act of Congress in 1998. The population is 102,000 during weekends but about 130,000 to 150,000 during weekdays because, aside from being a provincial and regional capital, it is also a center of education and trade. The city prides itself in being one of the most peaceful cities of a peaceful region.

Municipal Solid Waste Disposal System

San Fernando generates an average daily per capita waste of 0.30 kilograms. Out of the 59 barangays or villages, only 26 barangays, mostly urban, are serviced by the open dumpsite in Barangay Canaoay, a village near the airport. The 33 barangays in the rural mountain area resort to backyard dumping, composting, or burning.

As the host of Wallace Air Base, San Fernando was the recipient of a grant from USAID for the construction of a sanitary landfill in 1983. San Fernando, under then Mayor—now Governor—Justo O. Orros, Jr., bought 4.5 hectares of land as the site; USAID built the fence and building for the landfill. In 1986, USAID turned over the building, but the municipal government could not operate the landfill because of lack of such components as a backhoe, bulldozers, grader, and garbage trucks. Also the access road to the site was not then paved.

It was only in 1997 that the site was used as an alternative to the old site in Barangay Canaoay. It was not an engineered landfill; we operate it as a sanitary landfill. We work on a day-to-day basis, i.e. the backhoe digs what is needed for the garbage collection of the day, the grader covers the garbage with soil, and the bulldozer compacts the area. Our two compactors were given by the Japan
Fighting Urban Poverty

International Cooperation Agency because we were consistent winners in the Clean and Green Program.

**Garbage Containers and Sanitary Technicians**

We conducted consultations with stakeholders such as the sanitary technicians or garbage collectors and learned about their difficulties. For instance, since we do not have lifters, we used empty drums for garbage collections. These drums were distributed along the highway and in some designated areas. During garbage collection, the garbage collectors would first manually transfer some of the trash to a bamboo basket, or *tiklis*, because the full drum was too heavy to lift. When the drum was half empty, they would lift it and throw the rest of the garbage into the truck.

So, we innovated. We replaced the drums with concrete garbage containers in the shape of the *tiklis* so that people cannot steal or move them elsewhere. These concrete containers were marked *NABUBULOK* and *HINDI NABUBULOK*, meaning biodegradable and nonbiodegradable, respectively. This was also our way of educating the people to segregate wastes at source.

We chose the *tiklis* shape so that we could put the bamboo basket into the containers. Now our garbage collectors do not have to transfer the garbage manually. All they have to do is lift the bamboo baskets and throw the waste directly into the truck. Another reason for the use of *tiklis* is that they are biodegradable, unlike plastic bags. We have asked weavers to weave wire along the ears and bottom of the baskets to make them stronger. We have a village that specializes in weaving bamboo baskets; thus, they gain an additional means of livelihood.

The garbage collectors also complained about the varied kinds of trash they pick up, especially from hospitals. We contacted the
Getting Rid of Urban Wastes

hospitals about this and encouraged them to use the incinerator purchased by the Regional Medical Center. In our educational drive, we also emphasized that no dead animals should be thrown in the garbage containers.

Since our garbage trucks are few and prone to breakdowns, we encouraged the wealthier villages to purchase their own garbage trucks. Three barangays have already done so. We pay them a certain sum to cover the salaries of drivers and garbage collectors.

Waste Pickers

There are 20 waste pickers who were originally working at the open dumpsite at Canaoay. They travel 12 kilometers daily and when they complained that the cost of transportation had increased, I offered them a small capital grant for a livelihood project. This would save them from commuting while at the same time help the city government train new waste pickers in the new area. They showed interest in being helped with other livelihood activities, but wanted to continue working as waste pickers. When I asked them to choose one or the other, they chose to remain waste pickers. This proves that there is money in recyclable materials.

The waste pickers are not city government employees but are under contract with the barangay captain of Mameltac, the site of the sanitary landfill. In turn, the barangay captain pays the city P5,000 monthly for the exclusive right to pick the recyclables and he sells them to a factory 200 kilometers south of the city. This factory sends a truck to pick up the recyclable materials every two weeks. As our way of supporting the wastepickers, our City Health Office gives them annual health checks. We also constantly remind them not to allow their minor children to help them at the landfill.
Fighting Urban Poverty

The sanitary technicians used to pick the recyclables themselves and would even allow their friends to come up into the truck to select and pick trash while making the routes. We discouraged this because it scattered plastic and paper from the truck during segregation. Besides, this practice reduced the quantity of trash available to the waste pickers.

Social Impact

The Parish Pastoral Council used to be against the landfill because they had not seen a model landfill. The concept they had of landfills is what we have in Manila, which is far from being a model. We have encouraged tour visits for that Council and other NGOs to the landfill site. We have also asked the school principals to bring students on a field trip once a year to the landfill and to the ten-hectare botanical garden so that students can appreciate the importance of waste management and the regreening of the countryside.

We explained to the different stakeholders the "not in my backyard" (NIMBY) and the "not in my term of office" (NIMTO) syndromes. NIMBY refers to people who throw their trash into idle land but not their backyard, and to people who want their trash collected but not dumped in their own community. NIMTO refers to most political leaders, who do not want to confront the problem of trash. They do not care if a leachate affects an aquifer; instead they leave the problem for the next chief executive. Normally, the mayors’ term of office is only three years but we can be re-elected twice, for a total of nine years.

We espouse that we should tackle the problems now. We have seven hectares of land and we are in the process of acquiring another two hectares. We hope to increase the area to ten hectares, and with proper recycling, composting, and waste management, we hope to stretch the life span of the landfill to at least fifteen years.
Solid Waste Ecological Enhancement Program

San Fernando is one of the six LGUs participating in the Solid Waste Ecological Enhancement Program (SWEEP) of the Department of Environment and Natural Resources (DENR), through which we were given a feasibility study grant for a landfill by the Canadian International Development Agency through the World Bank. Golder Associates, a Canadian firm, won the bid for the feasibility studies. They required an increase in the original landfill area of 4.5 hectares. While we were in the process of negotiating for the acquisition of additional land, Golder started the feasibility study.

During their visits, we learned more about the proper operation of a landfill. Aside from engineering landfill experts, they also sent a sociologist who advised us as we conducted public consultations on the need for an engineered landfill, on properly managing the relocated residents of the newly acquired land, and on other important benefits of the landfill. They also advised us that our soil is mainly clay that could be used to line the future engineered landfill. We were also advised not to dig deeper than three meters so as not to affect the aquifer.

Golder and Associates knew that our budget was limited to P80 million, and we wanted an engineered landfill that could address the problems of leachate, methane gas collection, and vermin. They assured us that with that budget, we could have a functional and environment-friendly landfill.

We have submitted the feasibility study to DENR for their Environmental Certificate Clearance, and have made arrangements with the World Bank for a loan to construct the landfill. The loan is payable in 15 years with a three-year grace period. So far, we have had the support of all community residents, although some detractors made an issue
Fighting Urban Poverty

about putting the next generation into debt because of the loan. I told them the project would benefit not only today’s generation, but also the next. Therefore, they should share in the cost.

Through SWEEP, we undertook a two-week study tour in the USA in 1998. In one location, we saw a landfill beside a subdivision. There was a buffer zone and pipes installed for emitting scents. Cinnamon is emitted at lunch time and lime or lemon in the evening. We cannot afford to do that. However, we planted 200 scented trees and fragrant flowering plants on our landfill site so that aside from beautifying the place, we could have fragrant scents.

Our landfill, although not yet engineered, is a site for study tours by LGUs. Such visitors are briefed about our City Development Strategy (CDS), which was developed through technical assistance from the World Bank. In the CDS, the environment is one of our main thrusts because we believe that aside from helping create a sustainable environment, it is the key for tourism and economic growth. The visitors are also briefed about how we maintain, operate, and make the landfill healthy and beautiful. We have shown them that lack of funding is not a deterrent to improving the status quo. Through innovation, consultation, participation, and the wholehearted support of all sectors of the community, we can move ahead.

Solid Waste Association of the Philippines

During our visit to the USA, we were hosted by the Solid Waste Association of North America (SWANA), which has been in existence for 36 years. I suggested that we form a Solid Waste Association of the Philippines (SWAP), composed of the LGUs participating in SWEEP, so that we could echo what we have learned.

A year later, the World Bank and USAID funded the first National Solid Waste Conference
in Manila. Before this, we met in Cebu to share best practices in solid waste management, when the organization of SWAP became a reality. During the Solid Waste Conference, we presented the draft constitution and by-laws of SWAP. These were approved by the participants and SWAP was registered with the Securities and Exchange Commission. SWANA presented SWAP a plaque on its organization and technical assistance was made available to our members.

Conclusion

Education in whatever field cannot be done overnight. It is a slow, tedious process. We should concentrate on the youth but we should not neglect the adults. We must share the different best practices in the Philippines, but recognizing that one single best practice cannot answer the needs for comprehensive solid waste management. While recycling is good, it is only one component. In the US, 35 percent recycling is the target, but here in Asia, we can perhaps reach 60 percent, because there is money in trash and in a developing country, that is important. We have to teach our households to segregate at source, but we have the waste pickers to complete the segregation.

Composting, recycling, and reusing wastes are all good practices, but are not enough to address all the problems of waste. Landfills are also needed, and if we want to maximize the life of our landfills, all sectors have to cooperate to observe the different best practices.

Collecting garbage is a role of local government. We have to implement the user-pays principle. At present, our constituents feel that their taxes should answer for garbage collection, as this is one of the basic services due them. We collect garbage fees only from business establishments at a very minimal rate. During consultations, residents
agreed to pay a minimal amount for garbage collection, but this was not enough to cover the cost of waste management. Thus, we further agreed that once the engineered landfill is in place, we would also collect garbage fees from residential areas.

The homes in squatter areas cannot afford to pay garbage fees, but that does not mean that this service will be denied them. In our squatter areas, as well as in 22 barangays that have been adopted by CBOs and NGOs, there is an Operation MIA ken MULA, which is advice to clean our surroundings and plant trees.

The Philippine Navy, which is based in our city, has been helping us clean the beaches on two days every month for the past two years. This has raised cleanliness awareness among residents in coastal areas.

A.H. MD. MAQSOOD SINHA AND IFTEKHAR ENAYETULLAH
Waste Concern, Dhaka City, Bangladesh

Dhaka, the capital of Bangladesh, is one of the fastest growing metropolises in the world, with an annual average growth rate of 6.6 percent. The population of Dhaka megacity in 1999 was estimated at 10.4 million in an area of 1,353 km², while that of Dhaka City Corporation (DCC) was estimated at 6 million in an area of 344 km². The six million residents of Dhaka generate about 3,000 tonnes of solid waste per day. The City Corporation is responsible for management of this enormous quantity of solid waste, only 42 percent of which is collected. The rest lies on roadsides, open drains, and low-lying areas, contributing to the deteriorating quality of Dhaka’s environment.

There is, however, a gradual recognition of waste as a resource. In an attempt to recover the value from organic waste, Waste Concern, a
research-based NGO, initiated a pilot project in 1995 for community-based decentralized composting, integrated with primary collection of solid waste. Its purpose was to develop a composting technique that was not capital intensive; was located near urban residential areas; caused minimum nuisance from odors and flies; produced an environmentally safe product; and was suited to Dhaka’s urban conditions.

Table X.1 shows the physical composition of solid waste from different areas of Dhaka City. It may be seen from the Table that a major portion (70 to 80 percent) of the solid waste in the mixed, residential, and commercial areas is organic (food and vegetable waste, garden waste, tree trimmings, and straw). This large proportion of organic waste indicates the potential of recycling it into compost. There is a good market for compost, because the land use in Greater Dhaka and its adjoining areas is mainly agricultural.

**Why Decentralized Composting?**

The existing physical plan and socioeconomic situation of Dhaka strongly suggest decentralization of the composting system because

- a decentralized composting system is more labor intensive and less costly than centralized composting;
- such decentralization is well suited to our environmental, social, and economic conditions;
- low-cost, easily available local materials and simple technology can be used in this technique;
- such decentralization improves community participation in garbage separation and reduces the volume of solid waste at the source;

_A decentralized composting system is more labor intensive and less costly than centralized composting._
Fighting Urban Poverty

The Project: Community-based Decentralized Composting

Waste Concern initiated a community-based decentralized composting project in Section-2 of Mirpur Housing Estate, Dhaka. A small vacant lot (1,000 square meters) was made available by the

<table>
<thead>
<tr>
<th>Component</th>
<th>Mixed Waste (% by weight)</th>
<th>Residential Waste (% by weight)</th>
<th>Commercial Waste (% by weight)</th>
<th>Industrial Waste (% by weight)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Vegetable Waste</td>
<td>70.12</td>
<td>59.91</td>
<td>62.05</td>
<td>26.37</td>
</tr>
<tr>
<td>Paper Products</td>
<td>4.29</td>
<td>11.21</td>
<td>6.28</td>
<td>7.59</td>
</tr>
<tr>
<td>Plastic, Rubber, &amp; Leather</td>
<td>4.71</td>
<td>17.67</td>
<td>4.62</td>
<td>6.01</td>
</tr>
<tr>
<td>Rags</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Metals</td>
<td>0.13</td>
<td>0.15</td>
<td>0.28</td>
<td>–</td>
</tr>
<tr>
<td>Glass &amp; Ceramics</td>
<td>0.25</td>
<td>0.37</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Wood</td>
<td>0.16</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Garden Wastes, Tree Trimmings, &amp; Straw</td>
<td>10.76</td>
<td>8.76</td>
<td>2.86</td>
<td>4.32</td>
</tr>
<tr>
<td>Cloths</td>
<td>4.57</td>
<td>18.93</td>
<td>46.2</td>
<td>46.2</td>
</tr>
<tr>
<td>Rocks, Dirt, &amp; Misc.</td>
<td>5.01</td>
<td>2.30</td>
<td>4.62</td>
<td>9.49</td>
</tr>
<tr>
<td>Moisture (%)</td>
<td>65</td>
<td>50</td>
<td>54</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: World Bank

- significant improvement can be achieved in the collection of solid waste;
- the costs incurred for collection, transportation, and disposal of waste by municipal authorities are reduced; and
- income and job opportunities for the poor, socially-deprived informal workers, and small entrepreneurs are enhanced.
Lions Club (Dhaka Northern) for a composting plant. The Lions Club initially allowed a three-month period to observe Waste Concern’s performance. The plant has been in full operation since 1995 and the support of the Lions’ Club has continued. The prime goal of this demonstration project was to explore the technical and commercial feasibility of labor-intensive, aerobic composting in Bangladesh.

Community Mobilization for Waste Collection

Waste Concern gave special attention to assessing the need and aspirations of the beneficiaries, and community involvement in the project. Thus, before initiating the project, Waste Concern conducted a questionnaire survey amongst the residents of the estate to determine their opinion on solid waste management, willingness to participate in any improvement program, and their willingness to contribute. The survey revealed that more than 80 percent of the residents of the locality were not satisfied with the existing solid waste management service of the DCC. Most respondents supported the idea of an alternative door-to-door solid waste collection scheme. In addition, 77 percent of the surveyed households were willing to pay Tk15 to 60 per month to any organization for door-to-door waste collection. These findings encouraged Waste Concern to initiate the project. (The remaining 23 percent of respondents said they would not pay for this service since they are already paying conservancy tax to the DCC.)

In addition to community mobilization, Waste Concern has also been working to build awareness among the city dwellers regarding source separation, recycling, and resource recovery of solid waste. Waste Concern has developed posters, training manuals, training programs, and research for building awareness. It has also established links
Fighting Urban Poverty

with the residents’ association in the project neighborhood.

Identification of Potential Users of Compost

Before starting the project, we conducted a detailed survey of farmers as potential users of compost, which showed that there was good demand for compost in Dhaka and adjoining areas. In fact, 94 percent of the farmers in one area were interested in buying compost. It was alarming to note from the survey that present farm yields were less than that 10 years before. Nearly 80 percent of the farmers blamed this on excessive use of chemical fertilizer and lack of organic manure. Most respondents stated that they were not using organic manure simply because it was unavailable.

Collection of Solid Waste

The door-to-door system introduced by Waste Concern now collects two tonnes of domestic organic waste (free from toxic and clinical wastes) per day from 700 households in the project area. Modified rickshaw vans are used for collection. Solid waste from the restaurants and vegetable markets is also collected.

Adjoining neighborhoods have also started door-to-door solid waste collection schemes and formed CBOs.

The door-to-door solid waste collection scheme of Waste Concern has a demonstration effect as well. Some 200 households are participating in a similar program run by another CBO, while adjoining neighborhoods have also started door-to-door solid waste collection schemes and formed CBOs. Waste Concern plans to expand its waste collection activities to 1,000 households and has also launched an environmental awareness program with the help of the community.

For door-to-door waste collection, the households each pay a monthly charge of Tk15. Initially the fee was Tk10 per month, and was
increased as households appreciated more the benefits and service. Income from the solid waste collection service is spent on the wages of the part-time van drivers and waste collectors. The system is thus self-sustaining. Waste Concern is planning to ask other CBOs working in the adjoining neighborhoods to bring their collected solid waste to the recycling and resource recovery plant.

**Composting Technique**

Two composting techniques were tested: the Chinese covered pile system and the Indonesian windrow technique. From field experimentation, it was found that the former was not appropriate for community-based projects due to odor problems, although it may be a viable option for composting in larger dumpsites. The Indonesian technique has some odor when the windrows are turned, but this is tolerable.

Thus, we used the aerobic Indonesian windrow technique. The collected solid waste is separated and sorted in the resource recovery (composting) plant located within the community. A carbon-nitrogen ratio of 35 to 50 is optimum for aerobic composting. The carbon-nitrogen ratio of solid waste is slightly higher (carbon, 22.6 percent; nitrogen, 0.4 percent) in Dhaka. At higher carbon-nitrogen ratios, nitrogen may be a limiting nutrient. In our project, we use chicken and cattle manure to optimize the nitrogen content. Sawdust is also mixed with the waste to increase air space, enabling proper aeration and reducing the density of the compost mixture.

The compostable organic waste is heaped into piles under a covered shed, which improves the efficiency of the decomposition. In addition, the shed protects the compost workers from rain and heat. To enable the bacteria to obtain sufficient oxygen, the pile is aerated using bamboo aerators.
A pile temperature of 55-65 °C is optimum for aerobic composting. Turning over the pile along with the bamboo aerators is the method used to maintain pile temperature. Turning associated with watering facilitates rapid decomposition and also moves the nondecomposing materials from the exterior of the pile into the interior, providing new food sources for the bacteria. The temperature of the pile determines when to turn it. The temperature is monitored and records are kept of temperature trends. The process of composting has very little odor.

The composting process requires 40 days for decomposition and another 15 days for maturing. After maturing, the compost is screened into different grades and packed for marketing. Waste Concern is trying to reduce the decomposition time by using innoculums (compost digester) to accelerate decomposition. At present, 500 kg of compost is produced every day from two tonnes of solid waste. Six women from the informal sector are working in the composting plant.

**Marketing of Compost**

There is a good market for compost around Dhaka. At present Waste Concern sells its compost to a number of outlets such as fertilizer marketing companies and nurseries at Tk2.5 to 5.0 per kg. The quality of compost is monitored in the laboratories of the Soil Science Department of Dhaka University.

We are now trying to promote the sale of nutrient-enriched composts (compost blended with chemical fertilizer) and have signed a memorandum of understanding with a fertilizer marketing company, which will purchase our bulk compost, enrich it, and market the product. The Ministry of Agriculture has approved six brands of enriched compost specifically for rice, wheat, potatoes, vegetables, tobacco, and tea.
Getting Rid of Urban Wastes

Financial Feasibility of the Project

Production of compost involves fixed costs in construction of the composting plant and its operational costs. The construction cost of our three-tonne capacity plant was around US$10,000. Annual operating costs total about US$4,000, which includes salaries of the manager and 12 workers, and cost of utilities and raw materials. Annual income from the project is at present US$10,500, about 80 percent of which is from compost sales, the remainder being the charges to households for the service. The return on investment shows that the project is viable.

Other Benefits from the Project

Apart from the financial benefit, there are a number of other advantages of decentralized composting, as proven by our plant, such as

- lower waste management costs by reducing the volume of solid waste—a three-tonne community-based plant can save DCC nearly US$18,000 and 1,095 square meters of landfill area per year;
- improvement in the overall environment of the neighborhood by minimizing illegal disposal of waste on roads, drains, and vacant lots;
- generation of employment for the poor, especially women, and new prospects for small entrepreneurs to take part in the recycling business; and
- the process returns organic matter to the soil and minimizes the use of chemical fertilizers.

A three-tonne community-based plant can save DCC nearly US$18,000 and 1,095 square meters of landfill area per year.
Lessons Learnt

The following conclusions and lessons can be drawn from the pilot project of Waste Concern.

- **The success of a community-based program depends largely on identifying and addressing the communities’ needs while sustainability of the project depends on involving them in the cost-recovery/cost-sharing process.** Our experience showed that people do not object to paying a higher service charge once they see tangible improvements.

- **Community-based projects have a demonstration effect.** In our case, the number of participating households increased over time and CBOs formed to create similar services.

- **NGOs can play an important role in initiating and demonstrating new concepts and providing technical know-how and training to others.** The idea of a community-based composting plant was a new concept in Dhaka. DCC was not interested and even the Lions Club was initially skeptical. Waste Concern gave several presentations explaining the project activity before the Lions Club was convinced to help.

- **A small-scale compost plant can be located within the community, provided that an appropriate scientific composting method is followed.** Special attention should be given to avoiding odor problems and maintaining aerobic conditions.

- **A decentralized compost plant can be commercially viable.** Many entrepreneurs are approaching Waste Concern for technical assistance and training.

- **Women from the informal sector are interested to work in composting plants, and...**
Getting Rid of Urban Wastes

- it is socially acceptable. Most of the female workers in our plant previously worked in garment factories and as domestic help.

- Marketing of compost is the major problem. This problem can be overcome by involving specialized fertilizer marketing companies. Compost enriched with nutrients is more easily marketable in rural areas than raw compost. Media can also play a vital role in popularizing compost. Government has to develop a policy conducive to marketing compost.

Despite the achievements of Waste Concern, however, the program has been slow to expand. Replication of the concept in other communities, city corporations, and municipalities has been rather difficult. At the national level in Bangladesh, there is no policy on solid waste management for city corporations and municipalities.

Prospects

There are several trends and developments that make us optimistic about future progress. The most important and long-term benefit from Waste Concern’s pilot project is the growing awareness, which has made a significant contribution to the national and local debate on solid waste management. For the first time in Bangladesh, urban organic waste is being recovered in an economically sustainable and viable manner. Almost all the national newspapers in Bangladesh have published special features on our project. Several hundred representatives from government authorities, external support agencies, universities, the private sector, journalists, and foreign delegates have visited the site since it opened in 1995. Some of them are beginning to question the traditional assumption that waste management should be centralized as the sole
Fighting Urban Poverty

responsibility of local authorities. Others are beginning to appreciate that most of the urban waste in Bangladesh can be utilized positively with economic and environmental benefits.

Replication of the Project by Government and Municipal Authorities

Recently, the Ministry of Environment and Forests, with support from UNDP under its Sustainable Environment Management Program, initiated replication of our project in four wards of the DCC area. Moreover, the World Bank and Swiss Development Cooperation are planning to replicate the project in Khulna, the third largest city in the country. DCC has recently agreed to provide land to Waste Concern for establishing a community-based composting plant. The Public Works Department has also provided public land in six government residential colonies in Dhaka for the same purpose. It is now believed that as awareness grows, government policy and market forces will combine to realize the huge potential of composting throughout Bangladesh.

KUNITOSHI SAKURAI
Professor, University of Okinawa, Japan

Through the Rio Earth Summit, it was widely recognized that the developing world’s growing urban populations need attention and that the most critical and immediate problem facing developing-country cities is the impact of urban pollution derived from inadequate water, sanitation, drainage, and solid waste services; poor urban and industrial waste management; and air pollution, especially from particulates. This set of problems is collectively dubbed the "brown agenda". The Earth Summit also recognized that local authorities and local
Getting Rid of Urban Wastes

communities are best able to take concrete action on their urban environment. Without doubt, mayors have to play a crucial role in the protection of city residents’ well-being from deterioration of the urban environment.

One of the most important environmental problems facing cities is pollution from municipal solid waste. This document provides a guide for mayors to improve the management of this waste.

**Existing Situation of Municipal Solid Waste Management in Asian Cities**

Municipal solid waste is defined to include refuse from households; nonhazardous solid waste from industrial, commercial, and institutional establishments (including hospitals); market waste; yard waste; and street sweepings. Municipal solid waste management (MSWM) encompasses the functions of collection, transfer, treatment, recycling, resource recovery, and disposal of municipal solid waste.

The first goal of MSWM is to protect the health of the population, particularly that of low-income groups. Other goals include promotion of environmental quality and sustainability, support of economic productivity, and employment generation. Achievement of MSWM goals requires sustainable solid waste management systems, which are adapted to and carried out by the municipality and its local communities.

MSWM is a major responsibility of local government. It is a complex task that requires appropriate organizational capacity and cooperation between numerous stakeholders in the private and public sectors. MSWM in most Asian cities is highly unsatisfactory and frequently a source of complaint by the public and anxiety to concerned officials.

In low-income Asian countries, large cities such as Calcutta and Karachi generate around 0.4 to 0.7 kilograms of solid waste per capita per day,

*The first goal of MSWM is to protect the health of the population, particularly that of low-income groups.*
while in middle-income countries, cities like Bangkok, Kuala Lumpur, and Manila generate around 0.5 to 1.0 kilograms of waste per capita per day. The amount of solid waste generated in large Asian cities is typically 3,000 to 5,000 tonnes per day.

Most Asian cities dispose of their solid waste in landfills. Recycling is limited to “waste picking” by the informal sector. The difficulty of finding and managing landfills, combined with the strain of keeping up with growing demands, has led to inadequate solid waste collection, recycling, and disposal systems.

Solid waste generation is expected to increase substantially with economic growth. For example, while Mumbai produces 1.2 million tonnes of solid waste per year, Tokyo, with about the same population, produces 4.5 million tonnes. The increased amounts of domestic and commercial waste that are generated tend to include more nonbiodegradable or toxic components. The increased use of disposable plastic syringes is complicating the management of medical wastes in many countries. The increasing amount of industrial toxic waste adds to the problem, both because of its impact on health and the high cost of cleanup.

MSWM frequently suffers more than other municipal services when budget allocations and cuts are made. Even though provision of collection and disposal services for municipal refuse often consumes as much as 20 to 40 percent of municipal revenues, it is not perceived as deserving high priority. Cost recovery is not emphasized and the financially starved agencies are unable to meet operating and maintenance costs or capacity expansion needs. Efforts of people employed to collect, dispose of, and recycle wastes are rarely appreciated.

Institutional strengthening and sound management practices are required to ensure
Getting Rid of Urban Wastes

Efficient service provision. Collection should be decentralized to the local municipal level or lower, while disposal responsibilities should be at the level of the metropolitan region to ensure that the process is environmentally sound. More attention needs to be paid to financing capital requirements as well as meeting recurring costs. Municipalities should strive to recover the costs of collection through user charges, while disposal costs could be met through local taxes and/or intergovernmental transfers, given the environmental benefits of sound disposal.

The potential role of the private sector (both informal and formal) in MSWM needs to be explored. Recycling of solid wastes could reduce pressure on the collection, disposal, and handling systems. Informal-sector waste pickers already operate marginal recycling operations in many Asian cities. There are ample opportunities for participation by the private sector and community groups in dealing with household wastes. Contracting out the management of transfer stations, processing facilities, landfills, and special industrial waste facilities is a feasible option.

Five Strategic Measures to Improve MSWM

1. Firm Commitment of the Relevant Authorities for Better MSWM

   Credibility of the authorities is vital. This can be attained through the following.

   • Establish an appropriate and sustainable service level based on the people's willingness to pay and the authority's capacity; allocate human and financial resources necessary for the achievement of that level; and keep the promise to the people.
Fighting Urban Poverty

- Establish adequate legislation on MSWM and enforce it strictly (e.g. anti-littering laws).
- Maintain communications with service users and contractors. Delivery of reliable services is a prerequisite for user cooperation such as proper use of refuse bins and timely payment of user charges. Fair treatment of private contractors through punctual fee payment, etc. is a precondition for successful contractual work. Mistreatment of private contractors will lead to disastrous results.

2. Strategic Planning

Planning is the essential path to cost-effective use of limited resources. Some steps to take include the following.

- Carry out basic surveys to determine the present state of MSWM and identify service demand and supply, problems and potentials, and priority areas. A solid waste generation survey and MSWM service survey are essential. An old Chinese proverb says that if you know your enemy (MSWM problems) and yourself (available resources) you will never lose in 100 battles.
- Project future service demands and the required supply.
- Plan and implement the improvement of MSWM in a step-by-step process.
- Use pilot projects to study technical feasibility and socioeconomic viability of new approaches and disseminate the results after necessary modifications.
- Pursue multisectoral approaches to achieve cost-effective improvement,
e.g. cooperation with the education sector through school education on solid waste management; cooperation with the tourism industry through clean-up campaigns.

3. Waste Minimization First

In line with the internationally recognized waste management hierarchy, the first priority should be given to waste minimization (reduction at source). It should be followed by reuse, recycling, treatment, and land disposal, in that order. Some relevant measures include the following.

- Introduce economic incentives such as a deposit-refund system to promote recycling. In this system, customers pay a deposit for, e.g. a beer or soft-drink can or bottle, and get back the deposit when they return the container.
- Carry out workable pilot projects on home composting/gardening with the aim of improving nutrition and reducing waste at source. Migration of young people to towns causes a sudden change in their diets resulting in an imbalance in nutrition. Home composting/gardening to produce vegetables and fruits can be a solution to this problem. Such a practice can reduce the frequency of solid waste collection as well as service cost, and prolong the life of landfills.
- Strengthen health education using all available media to motivate people toward better health practices such as source reduction of solid waste.
4. **Improvement and Cost Saving in Collection Services**

The collection service is the most expensive unit process of MSWM. Improvement and cost saving here will generate the financial resources necessary for sanitary landfills. There are several ways to achieve these aims.

- Conduct time and motion studies of collection works to identify areas requiring improvement.
- Standardize refuse bins that people can afford and phase out the use of 55-gallon steel drums.
- Select less sophisticated vehicles that can be maintained locally. Vehicle size should take into account maneuverability on local roads. Vehicles with a low waste-loading point and tipping facility are preferable.
- Determine collection service areas, routes, frequency, and schedules to provide necessary directions to drivers, contractors, and the public/service users so that all parties can collaborate effectively.
- Use the services of private contractors wisely.

5. **Use of Savings for Final Disposal Improvement**

Careful siting and management are the key to a successful landfill project.

- Select the most appropriate technology for treatment and final disposal. For Asian cities, this usually means a sanitary landfill. Incineration of domestic refuse
Getting Rid of Urban Wastes

should be carefully evaluated from the technical, environmental, and financial point of view.

- Upgrade the management of landfills in phases from crude open dumping to controlled tipping, and eventually to sanitary landfill.
- Select sites for future landfill carefully. Selection criteria include distance from collection areas, distance from nearest houses, access road, capacity/volume available, downstream water use, permeability of underlying soil, groundwater table, availability of cover soil, initial structural requirements, agreement of land owners, and distance from the nearest airstrip.
- Allocate the necessary human, physical, and financial resources for the construction and operation of the landfill. Provision of inadequate resources amounts to being penny-wise and pound-foolish. The use of private contractors for landfill operations may be a good alternative when proper management of heavy equipment by the public sector is difficult.
- Strive to achieve better communication with waste pickers, particularly with their leaders, in order to establish an orderly system at the landfill site that is acceptable to both parties. Eradication of waste picking by the police or military will result in a hostile confrontation.
Fighting Urban Poverty

From Vicious Circles to Positive Circles

The Vicious Circles in MSWM and Disposal

A vicious circle in MSWM is widely observed in Asian cities. Limited financial resources assigned to the collection service, together with poor management, make the quality of the service unsatisfactory. The refuse collection schedule is rarely met. This damages the trust of the general public in the service and their willingness to pay for it is severely eroded. As a result, the responsible authority cannot raise enough financial resources in spite of the increasing service demand caused by rapid urbanization.

Final disposal also has a vicious circle. Because of its low priority, very little money is provided to manage the site. As a result, the site is usually a crude open dump with all its negative implications. No one wants such a facility in his/her vicinity—the NIMBY (not in my back yard) syndrome. This makes the siting of future landfills within reasonable distance from the city/town center very difficult, pushing up the transportation cost and leaving a far reduced financial balance for landfill management. In addition, dump sites located far from the city/town will tend to result in illegal dumping because collection vehicle drivers often cannot resist the temptation of dumping their waste closer to the collection points.

Development of a Positive Circle

Asian mayors have to break these vicious circles once and forever and establish positive circles instead. For example, if brand new vehicles are provided as a grant from the national government or some donor agencies to replace old vehicles for, say, commercial waste collection, this would be a
Getting Rid of Urban Wastes

good opportunity for you, as mayors, to start a positive circle.

Arrival of new vehicles enables you to establish a reliable collection system for commercial waste. This will in turn facilitate the introduction of a user-pays system for commercial waste. Collected fees can be used, for example, for the improvement of existing dumps. Landfill operation can be contracted out to a local construction company to avoid the problems associated with government operations (slow decision making, poor equipment maintenance capability, lack of stand-by equipment, etc.). With your proper supervision, contractors will operate a landfill far better than will the public sector. This will turn the open dump into a controlled landfill, which will definitely make it easier for you to overcome the NIMBY syndrome in the acquisition of future sites within a reasonable distance. Thus, the positive circle begins its momentum. You must keep this momentum going and strengthen it as more resources are generated.

The above-mentioned scenario to exert a change from vicious to new positive circles is only an example. A number of other scenarios can be developed and implemented. It is up to you, as mayors, to initiate the development of an appropriate scenario for your city/town.
XI. **Concluding Remarks**

**S. B. CHUA**  
Director, Capacity Building  
Asian Development Bank Institute

We have now come at the end of three-and-a-half days of discussion on what we should do to help the urban poor. During this time, we have deliberated and exchanged views and experiences in formal and informal sessions. Judging from your active participation, it appears to me that the Forum has been useful in helping all of us acquire new information and ideas on how best to help our fellow citizens get out of poverty.

We have been well entertained and had the opportunity of enjoying the hospitality of our Chinese friends. We were invited to a sumptuous banquet by the Mayor of Shanghai, his Excellency, Mr. Xu Kuangdi, where he was kind enough to share with us how the Shanghai Municipal Government transformed the city into one that is now recognized internationally as a city that has low incidence of urban poverty.

We had a night tour of the city and the river cruise and we saw the beautiful lights on both sides of the Huang Pu River. We also saw Shanghai City by day when we were taken to Suzhou Creek and the Pudong area, a showpiece of exemplary city development by the People’s Republic of China and our Shanghainese friends in particular. If we were to judge the level of development in Shanghai as the standard, the PRC could be classified in the not distant future as a developed rather than a developing country. Certainly, we are
very impressed by its rapid development and its
double-digit growth year after year, and maybe
that is its secret of getting rid of urban poverty. It
certainly has enlightened me and I am sure all of
you as well.

We listened to many eminent speakers who
have outlined for us how to provide jobs for the
poor, how to upgrade slums, how to provide housing
for the poor, and how to get rid of urban wastes.
You as participants were wonderful with your patient
listening and questioning.

So as not to disappoint our resource speakers,
I thought that the least we could do is to recall some
of the key messages that they want us to remember.
There are many, many important messages, but I can
only highlight some of them for you.

To be effective in helping the poor, we need
political commitment first of all. As mayors
you can play a very important role and, as
Dr. Masaru Yoshitomi, Dean of the ADB
Institute said, mayors do exert a vast amount
of influence on the lives of the citizens whom
they represent.

Appropriate policies have to be designed to
help the poor and these policies should be
implemented in a consistent manner and
followed through, even if there may be
frequent changes of mayors in some cities.

We could not agree more with the Mayor of
Shanghai that the poor have to be taken into
account in the overall development of any
city and that they be provided with social
safety nets, as Shanghai has done. Certainly,
it is a good lesson that we can all learn from
Shanghai.

The Vice Mayor of Shanghai spoke of the
need to have international cooperation so
that we can learn from one another. We can
also learn from the good practices and avoid
the pitfalls to effectively help the poor get out of poverty. His comment fits in very well with the Forum’s objectives.

- The Vice President of ADB, Mr. Myoung-Ho Shin, encouraged us to establish a global architecture for poverty reduction. He emphasized that social stability is as important as global financial stability.

- Dr. Masaru Yoshitomi explained to us that growth could account for 60 percent of poverty reduction and the nature of growth is important for fighting poverty. However, more work has to be done in this area to help guide policymakers in their efforts to help the poor get out of poverty apart from through growth.

- Prof. Karina Constantino-David, our keynote speaker, warned us against allowing cities to grow beyond their carrying capacity. Other speakers echoed her views by telling us that perhaps we should also give priority to developing new cities and expanding the smaller ones.

- Others tell us that we need to improve governance in local city management, empower the poor, and develop multistakeholder partnerships with NGOs, community organizations, government agencies, etc. In effect, all are saying that everybody has to be involved if we are to have any success in curbing urban poverty.

- Still other speakers point to the need to take into account the level of development of a country when recommending what action a country should take to fight urban poverty.

- Even in the same country, no two cities can adopt the same modalities for curbing urban poverty. What works in one city may not necessarily work in another city. However, what is important is that we must share
knowledge of the best practices and adapt them in our own city as we see fit.

- On creating jobs for the poor, direct intervention by city governments through development of labor-intensive enterprises appears to be one option. Fuzhou City has demonstrated to us how it achieved success through direct intervention schemes for creating employment and income generation for the urban poor. Other means include training and retraining of the poor for self-employment and providing alternative means of livelihood. Participants share the majority view that providing credit for financing micro-enterprises appears to be an effective method of creating jobs for the poor. However, all agreed that the more appropriate role to be played by local governments in the long term would be to create an enabling environment for better job options for the poor.

- All agreed that if we all work together, we could improve and perhaps get rid of slums. Actual case studies point to the need to first establish community-based organizations and build their capacity if we are to be effective in getting rid of slums. Involvement of the community is a must to ensure success, as demonstrated by the cases outlined by Dr. Pongsak Semson, Inspector-General, Bangkok Municipal Authority in Bangkok, and by Mr. Arif Hasan, NGO representative, in his presentation of the Orangi Pilot Project in Karachi. All speakers emphasized that the key to success for slum improvement is to adopt a program rather than a project approach and to involve the poor in all stages, with the municipal governments acting as the focal point for all poverty programs.

All agreed that if we all work together, we could improve and perhaps get rid of slums.
Concluding Remarks

- Mr. Wegelin of the Institute of Housing and Urban Development Studies indicated to us that if we are to succeed in upgrading slums, the first thing we need to do is integrate slum settlements in the broader city economy in the interest of all, not only of the slum communities themselves. Next, slum upgrading must be seen as an ongoing process of facilitating shelter, employment, and income-generating opportunities. Involving women in the process is important in view of their power.

- There are various ways by which environmentally friendly houses could be provided to the poor. The cases presented point to the need to involve the community and the beneficiaries themselves as partners to enable socialized housing programs for the poor to succeed. The message that the speakers conveyed is that the poor must be included because they are the key actors and if you exclude them, you will have a recipe for disaster. Other issues that need to be addressed are land ownership and security of land tenure, and capacity building of the urban poor.

- On getting rid of wastes, the message appears to be that waste is not waste: waste is a resource. Landfill and open dumpsites are no longer acceptable options nowadays. One alternative is regeneration. A community-based waste approach involving households in the process is one option that has been successfully used in Dhaka and elsewhere for solving the waste problem. Dr. Sakurai from the University of Okinawa suggested that mayors are the key stakeholders for solving the problems of urban wastes. He emphasized that we should change the vicious circle to a positive circle.
and outlined the steps for solving these problems through conversion of the solid waste management approach to the recycling waste management approach.

Fighting poverty is not new. The problem is that there is more rhetoric than action. There has not been much success—close to a billion poor continue to live in our part of the world. If this Forum enables us to move one more step forward in fighting poverty, it will be an important step. I want to leave you with a story that may enable us to work harder toward fighting poverty.

One day someone lost his well-paying job but shortly was able to find another job that paid much less. He felt down and out and he wondered how he would be able to survive. He reflected and wondered how others in poor countries with a lot less than he had were able to survive. So he decided to visit a poor country to find out for himself. One day during his visit, he saw a big crowd in the city and wondered what had happened. There was a woman with four children who were struggling to survive on one dollar a day. In her desperation, she cut off the arm of one of her children in the hope that she will be able to raise the awareness of her plight and that her collection through begging will be sufficient for their survival. This incident changed the man completely and he decided to help even though he was so much poorer now than before. By the way, this is a true story.

I am sure you must have other similar stories to tell. In this story, the woman and her four children represent the poorest of the poor. They need our help. Let us give them our help.

I am very pleased indeed that you have now come forward and that every mayor attending this Forum will be preparing a program with a specific time frame to effect improvements on return to his or her home country. At the appropriate time, you
will inform the respective sponsors on what you have accomplished. We are really looking forward to you taking the first step to redouble your efforts to help the urban poor. Let us all help contribute to reducing poverty in this part of our world.

I would now like to thank our host, the Shanghai Municipal Government, for their hospitality and for the effort that its staff have made to enable us to conduct the Forum successfully in Shanghai. I would also like to thank the resource speakers, the moderators, the chairpersons, and our cosponsors for their contributions. I would also like to thank you as participants for your active participation and your contribution. Finally, I would also like to thank Gie Villareal and Michiko Yoshida, who worked behind the scenes, for their immense contribution and for their patience and dedication in solving a myriad administrative and logistical problems.
List of Participants

A. RESOURCE SPEAKERS

Mr. P.U. Asnani
Vice President, City Managers’ Association of
Gujarat and Urban Environment Infrastructure
Representative, India
E-mail: cmag@vsnl.com

Ms. Somsook Boonyabancha
Secretary General, Asian Coalition of Housing
Rights (ACHR) and Managing Director,
Urban Community Development Office
Bangkok, Thailand
E-mail: achrsec@e-mail.ksc.net

Prof. Karina Constantino-David
Professor, University of the Philippines
and Former Secretary, Housing and Urban
Development Coordinating Council, Philippines
E-mail: kcdavid@philonline.com

Hon. Weng Fulin
Mayor, The Fuzhou Municipal People’s
Government
Fuzhou, PRC
E-mail: fao@mail.si.net.cn

Dr. Naved Hamid
Senior Economist, Strategy and Policy
Department
Asian Development Bank
E-mail: nhamid@adb.org
Fighting Urban Poverty

Mr. Arif Hasan
Chairman, Orangi Pilot Project - Research and Training Institute
Karachi, Pakistan
E-mail: ahasan@digicom.net.pk

Dr. Fahmy Ismail
Secretary-General, CityNet National Chapter of Mayors, Sri Lanka and Deputy Municipal Commissioner, Colombo, Sri Lanka
E-mail: munici@slt.lk

Hon. Omar Z. Kamil
Mayor, Colombo Municipal Council
Colombo, Sri Lanka
E-mail: munici@slt.lk

Mr. Rabial H. Mallick
Assistant Director, Christian Institute for the Study of Religion and Society
Calcutta, India
E-mail: rabial@cal.vsnl.net.in

Dr. Prasanna K. Mohanty
Commissioner & Special Officer Municipal Corporation of Hyderabad
Hyderabad, India
E-mail: mohantyp@satyamonline.com

Hon. Mary Jane C. Ortega
City Mayor
City of San Fernando (La Union), Philippines
E-mail: csflu@sflu.com

Mr. Benjamin R. Quinones
Programme Coordinator, Asian and Pacific Development Centre
Kuala Lumpur, Malaysia
E-mail: benq@pc.jaring.my
List of Participants

Dr. Mary Racelis  
Director, Institute of Philippine Culture,  
Ateneo de Manila University  
Manila, Philippines  
E-mail: mracelis@mindgate.net

Mr. Andrew O. Regalado  
National Director, Habitat for Humanity  
Philippines Foundation, Inc.  
Manila, Philippines  
E-mail: Andrew.R@habitat.org.ph;  
hfhphil@habitat.org.ph

Prof. Kunitoshi Sakurai  
Department of International Communication  
University of Okinawa, Okinawa, Japan  
E-mail: kunitoshi@mth.biglobe.ne.jp

Khun Pongsak Semson  
Special Advisor, Bangkok Metropolitan  
Administration  
Bangkok, Thailand  
Fax: (66-2) 225 8276

Mr. Abu Hasnat Md. Maqsood Sinha  
General Secretary, Waste Concern  
Dhaka, Bangladesh  
E-mail: wastecon@dhaka.agni.com

Ms. Jayshree A. Vyas  
Managing Director, Shri Mahila Sewa Sahakari  
Bank Ltd.  
Ahmedabad, India  
Fax: (91-79) 657 6074

Dr. Emiel Wegelin  
Director, Institute For Housing and Urban  
Development Studies  
Rotterdam, The Netherlands  
E-mail: ewegelin@wirehub.nl; e.wegelin@ihs.nl
B. LOCAL GOVERNMENT OFFICIALS

Bangladesh

Hon. Sheikh Tayebur Rahman  
Mayor of Khulna, Khulna City Corporation  
Khulna  
E-mail: mayorkco@khulnanet.net

Bhutan

Hon. Phuntsho Wangdi  
Mayor, Royal Government of Bhutan  
Thimphu  
E-mail: tpucity@druknet.net.bt

Cambodia

H.E. Than Sina  
First Vice Governor, Municipality of Phnom Penh  
Phnom Penh  
E-mail: thansina@bigpond.com.kh

China, People’s Republic of

Hon. Chen Deming  
Mayor of Suzhou, Suzhou Municipal Government  
E-mail: cdm@suzhou.gov.cn;  
Chendm@public1.s2.js.cn

Mr. Chen Liangyu  
Executive Vice Mayor, Shanghai Municipal Government  
Fax: (8621) 2552761
List of Participants

Mr. Li Chen  
Section Chief, External Finance & Economy  
Division  
Shanghai Municipal Finance & Taxation Bureau  
E-mail: smftbwb@public1.sta.net.cn

Mr. Li Hong  
Deputy Director- General  
Foreign Affairs Office, Fuzhou Municipal People’s Government  
E-mail: Fao@mail.si.net.cn;  
Lihong@mail.si.net.cn

Mr. Shen Bonian  
Vice Mayor, Guangzhou Municipal People’s Government  
Fax: (86-20) 8334 0347

Mr. Wang Qin  
Vice Director General, Fuzhou Planning Commission  
E-mail: Fao@mail.si.net.cn

Hon. Xiu Liu  
Mayor of Huhhot, The People’s Government of Huhhot  
Fax: (86-471) 696 3538

Hon. Xu Kuangdi  
Mayor, Shanghai Municipal Government  
Fax: (8621) 2552761

Mr. Zhai Hong Xiang  
Deputy Mayor, Beijing Municipal Government  
Fax: (86-10) 6519 3662

Mr. Zhang Dai Zhong  
Standing Vice Mayor, Wuhan People’s Government  
E-mail: whzdz@sina.com
Fighting Urban Poverty

The Republic of Fiji Islands

Hon. Mataiasi V. Ragigia
Lord Mayor of Suva
Suva City
E-mail: townclerk@is.com.fj

India

Hon. Shanti Desai
Mayor, Municipal Corporation of Delhi
Fax: (91-11) 397 1774

Dr. S. P. Aggarwal
Municipal Commissioner,
Municipal Corporation of Delhi
E-mail: mcd.delhi@smy.sprintrpg.ems.vsnl.net.in

Mr. K. Jairaj
Commissioner, Bangalore City Corporation
Fax: (91-80) 222 3194

Hon. Umakant Joshi
Mayor of Vadodara and Chairman,
All India Council of Mayors
E-mail: vmc Vadodara@Satyam.net.in

Hon. Narayana
Mayor, Mysore City Corporation
Fax: (91-821) 529 033

Hon. Anuradha Panchumarthy
Mayor, Vijaywada Municipal Corporation

Hon. Takkalapalli Rajeshwar Rao
Mayor, Warangal Municipal Corporation
List of Participants

Mr. Marimadaiah Shivanna  
Chairman, Standing Committee for Taxation  
Finance & Appeal  
Mysore City Corporation  
Fax: (91-821) 529 033

Hon. V. Sivankutty  
Mayor, City Corporation of Thiruvananthapuram  
E-mail: mnajeeb@iname.com

Hon. Souterpet Sundari  
Mayor, Mangalore City Corporation  
Fax: (91-824) 456 557

Hon. Nirmala Verma  
Mayor, Jaipur Municipal Corporation  
Fax: (91-141) 234 274

Indonesia

Hon. H. B. Amiruddin Maula  
Mayor, Makassar

Mr. Bambang Dwi Hartono  
Vice Mayor, Surabaya Municipality  
Fax: (62-31) 534 5689

Mrs. Tri Rismaharini  
Head of Spatial Plan and Land Use Section  
Planning and Development Board,  
Surabaya Municipality  
Fax: (62-31) 546 1077

Mr. Pohan Maulana  
Vice Mayor, Medan City Local Government  
E-mail: Sekretariat@pemdamedan.go.id
Fighting Urban Poverty

Mr. Bambang Sungkono
Chief, Regional Development Planning Board
Jakarta Capital City Administration
Fax: (62-21) 386 0521

Mr. Slamet Riyadi
Head of Urban Division
Semarang City Government
Fax: (62-24) 542 522

Mr. Dada Rosada
City Secretary, City Government of Bandung
Fax: (62-22) 421 8682/423 7331

Mr. Muhammad Anwar
Relation Section, Education and Training
Provincial Government of West Java
Bandung
Fax: (62-22) 423 7331

Mr. Gugum Gumbira
City Government of Bandung
Fax: (62-22) 421 8682; 423 7331

Mr. Aris Sudradjat
Head of Local Revenue Office
City Government of Bandung
Fax: (62-22) 421 8682

Lao PDR

Hon. Bounneung Douangphachanh
Mayor of Vientiane
Vientiane Urban Development and Management Committee
E-mail: viudp@pan-laos.net.la
List of Participants

Mr. Saisana Prathoumvan
Project Manager, PIMU
Vientiane Urban Development and Management Committee
E-mail: viudp@pan-laos.net.la

Malaysia

Hon. Dato’ Talaat Bin Husain
Mayor, Ipoh City Council
E-mail: talaat@mbi.gov.my

Hon. Dato’ Mohamad Bin Saib
President, Kuantan Municipal Council
E-mail: mohdsaib@mpk.gov.my

Mr. Mohd. Nor bin Amran
Assistant Planning Officer
Kuantan Municipal Council
E-mail: mohdsaib@mpk.gov.my

Mr. Mohd. Shabarudin bin Abdul Hamid
Assistant Engineer
Kuantan Municipal Council
E-mail: mohdsaib@mpk.gov.my

Mongolia

Dr. T.S. Erdenebold
Director, International Cooperation Department
Ulaanbaatar City Government
E-mail: narerdene@mongol.net

Nepal

Hon. Buddhi Raj Bajracharya
Mayor, Lalitpur Sub-Metropolitan City
Fax: (977-1) 521 495
Fighting Urban Poverty

**Pakistan**

Mr. Muhammad Arbab  
Administrator, Local Government,  
Elections & Rural Development Department  
Peshawar Municipal Corporation  
E-mail: mcp@pes.comsats.net.pk

Mr. Yasub Ali Dogar  
Administrator, Metropolitan Corporation Lahore  
E-mail: mis@lahore.org.pk; mcl@pol.com.pk

Mr. Abdul Haque  
Administrator, Karachi Metropolitan Corporation  
E-mail: admtr@cybernet.com.pk

**Philippines**

Ms. Cynthia G. Cajudo  
Vice Mayor, Olongapo City  
E-mail: olongapo@hvisions_com

Hon. Bayani F. Fernando  
Mayor, Marikina City  
E-mail: marikina@mozcom.com

Hon. Felipe Antonio Remollo  
Mayor, Dumaguete City  
E-mail: mayor@dumaguete.net

Mr. Woodrow S. Maquiling  
Vice Mayor, Dumaguete City  
Fax: (63-35) 225 0636

Hon. Sulpicio S. Roco, Jr.  
Mayor, Naga City  
E-mail: ssr@naga.gov.ph
List of Participants

Hon. Gelacio R. Manalang
Mayor, Tarlac City
E-mail: tar_city@mozcom.com

Mr. Jose Antonino I. Palomar
Executive Assistant to Mayor Manalang
Tarlac City
E-mail: tar_city@mozcom.com

Mr. Erlito Duduaco
City Information Consultant
Tarlac City
E-mail: tar_city@mozcom.com

Mr. Miguel A. Tañedo
City Councilor and Chairman, Committee on
Urban Poor
Tarlac City
E-mail: tar_city@mozcom.com

Mr. Jose M. Evangelista
San Fernando City
E-mail: csflu@sflu.com

Mr. Remson G. Lubiano
San Fernando City
E-mail: csflu@sflu.com

Sri Lanka

Hon. A.T.K Chandradasa
Mayor, Moratuwa Municipal Council
E-mail: Morlib@sltnet.lk

Hon. G.H.N. Chandrasiri De Silva
Mayor, Kurunegala Municipal Council
E-mail: mckg@sltnet.lk
Fighting Urban Poverty

Hon. Rohana Dissanayake
Mayor, Matale Municipal Council
Fax: (94-66) 23 093

Hon. T.B. Harindranath Dunuwille
Mayor, Kandy Municipal Council
E-mail: Harindra@ids.lk

Hon. M.D.A. Hemachandra
Mayor, Badulla Municipal Council
Fax: (94-55) 22114

Hon. Ananda Munasinghe
Mayor, Negombo Municipal Council
E-mail: swanee@asianet.lk

Hon. M. Jayaratne Perera
Mayor, Dehiwala Mount Lavinia Municipal Council
E-mail: Dmmclib@sltnat.lk

Mr. M.Z.M. Mansoor
Member of Municipal Council and Project Development Committee
Dehiwala Mount Lavinia Municipal Council
E-mail: art1@sri.lanka.net

Mr. H.N.P. Wanigasuriya
Dehiwala Mount Lavinia Municipal Council
E-mail: Dmmclib@sltnat.lk

Hon. A.W.D.B. Seneviratne
Mayor, Nuwara Eliya Municipal Council
Fax: (94-52) 22276

Hon. S. Chandra Silva
Mayor, Sri Jayawardenapura Kotte Municipal Council
Fax: (94-1) 862 941
List of Participants

Thailand

Hon. Phummisak Hongsyok
Mayor, Phuket Municipality
E-mail: phummisak@phuket.ksc.co.th

Hon. Suraphong Putanapibil
Mayor, Rayong Municipality
Fax: (66-38) 870 091

Mr. Yinyon Seniwong Na Ayudhya
International Affairs Officer
Bangkok Metropolitan Administration
Fax: (66-2) 224 4686

Viet Nam

Ms. Pham Phuong Thao
Vice Chairwoman
People’s Committee of Ho Chi Minh City
Fax: (84-8) 829 6988

Ms. Tran Thi Hieu Hanh
Protocol Officer
Foreign Affair Office, Ho Chi Minh City
Fax: (84-8) 825 1436

C. NGO REPRESENTATIVES

Dr. Vivek S. Agrawal
Trustee Secretary, Centre For Development
Communication
Jaipur, India
E-mail: cdcjpr@datainfosys.net
Fighting Urban Poverty

Mr. H.M.U. Chularathna  
Executive Director  
Sevanatha Urban Resource Center  
Colombo, Sri Lanka  
E-mail: sevanata@sri.lanka.net

Ma. Lourdes Fernando  
Chairman, Marikina Tourism Council  
Marikina City Hall, Philippines  
E-mail: marikina@mozcom.com

Ms. Lajana Manandhar  
Program Coordinator, LUMANTI Support Group for Shelter  
Lalitpur, Nepal  
E-mail: lajana@lumanti.wlink.com.np

Mrs. Ma. Teresa Regalado  
Volunteer, Habitat for Humanity Philippines Foundation, Inc.  
Manila, Philippines  
Fax: (63-2) 536 8413

D. REPRESENTATIVES OF DEVELOPMENT AGENCIES

Ms. Stacy E. Bonnaffons  
Commercial Environmental Specialist, United States Asia Environmental Partnership (US-AEP)  
Makati City, Philippines  
E-mail: usaepadb@mail1.info.com.ph

Mr. Nathaniel von Einsiedel  
Regional Coordinator, Urban Management Programme (UNDP/UNCHS)  
Klong Luang, Pathumthai, Thailand  
E-mail: ump@ait.ac.th
List of Participants

Dr. Dinesh B. Mehta
Global Coordinator
Urban Management Programme (UNCHS)
Nairobi, Kenya
E-mail: Dinesh.Mehta@unchs.org

Ms. Shipra Narang
Network Coordinator, South Asia Urban Management Programme Regional Office For Asia
New Delhi, India
E-mail: umpsa@nda.vsnl.net.in

Mr. Prafulla Pradhan
Programme Manager
Urban Governance Initiative (UNDP)
Kuala Lumpur, Malaysia
E-mail: prafulla.pradhan@undp.org

Mr. Toshihiro Tanaka
Assistant Resident Representative
United Nations Development Programme
Beijing, PRC
E-mail: toshihiro.tanaka@undp.org

E. ASIAN DEVELOPMENT BANK INSTITUTE

Dr. Masaru Yoshitomi
Dean
E-mail: myoshitomi@adbi.org

Mr. S.B. Chua
Director, Capacity Building
E-mail: sbchua@adbi.org

Mr. M.G. Quibria
Senior Advisor to the Dean
E-mail: mgquibia@adbi.org
Fighting Urban Poverty

F. ASIAN DEVELOPMENT BANK

Mr. Myoung-Ho Shin
Vice President, Region West
E-mail: Mhshin@adb.org

Mr. Asad Ali Shah
Manager, Water Supply, Urban Development and Housing Division (East)
E-mail: ashah@adb.org

Mr. Munawar Alam
Project Implementation Officer
India Resident Mission
E-mail: malam@adb.org

G. SECRETARIAT

Ms. Ma. Mildred R. Villareal
Consultant
Asian Development Bank
E-mail: mmvillareal@adb.org

Ms. Michiko Yoshida
Program Assistant
Asian Development Bank Institute
E-mail: myoshida@adbi.org
## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ADBI</td>
<td>Asian Development Bank Institute</td>
</tr>
<tr>
<td>CBO</td>
<td>community-based organization</td>
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<tr>
<td>DMCs</td>
<td>developing member countries</td>
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<tr>
<td>HRG</td>
<td>Housing and Resettlement Group</td>
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<tr>
<td>LGUs</td>
<td>local government units</td>
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<tr>
<td>MFIs</td>
<td>microfinance institutions</td>
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<tr>
<td>NGO</td>
<td>nongovernment organization</td>
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<tr>
<td>OPP</td>
<td>Orangi Pilot Project</td>
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<tr>
<td>SEWA</td>
<td>Self-employed Women's Association</td>
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<tr>
<td>UMP</td>
<td>Urban Management Programme</td>
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<tr>
<td>UNCHS</td>
<td>United Nations Centre for Human Settlements</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
</tr>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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