

Fighting Poverty in an Urban World

SUPPORT TO URBAN DEVELOPMENT



SIDA POLICY INFO

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POLICY NAME: Fighting Poverty in an Urban World – Support to Urban Development

POLICY TYPE: Thematic and Specific Sector Policy

ISSUE DATE: 1 October 2006

POLICY OWNER: Department for Infrastructure and Economic Cooperation, Division for Urban Development (INEC/URBAN)

VALIDITY: This policy replaces 'Towards an Urban World - Urbanization and Development Assistance' (1995). This policy is valid until 1 October 2011.

SUPPORTING DOCUMENTS:

INEC/URBAN Issue Papers – a series launched in 2006

More Urban – Less Poor, Tannerfeldt, G & Ljung, P, Earthscan, London (2006)

Promoting Gender Equality, Policy (2005)

Promoting Peace and Security, Policy (2005)

Caring for the Historic Environment, Guidelines (2005)

Pure Water. Strategy for Water Supply and Sanitation (2004)

Private Sector Development – Policy Guidelines (2004)

Guidelines on Microfinance (2004)

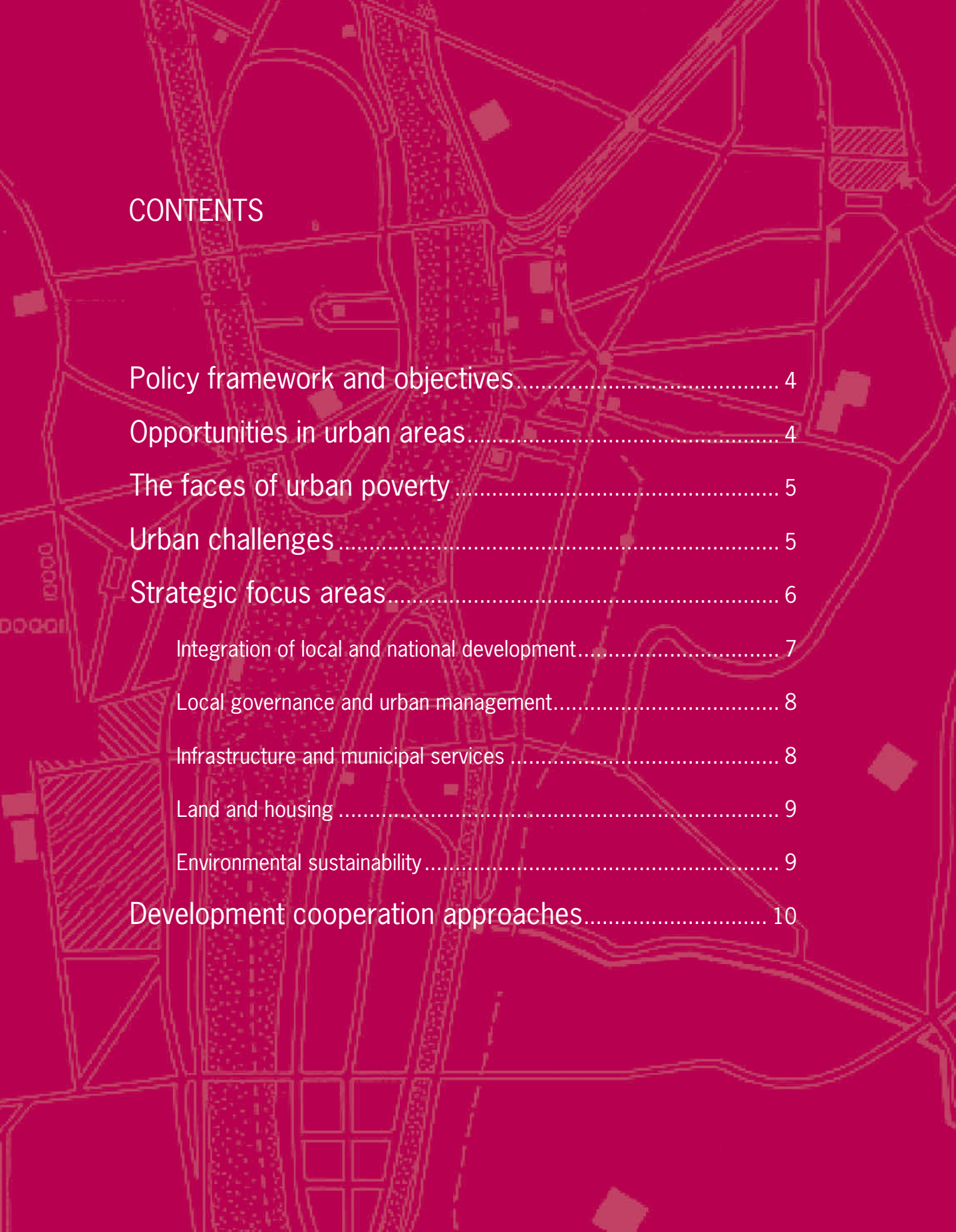
Position on Climate and Development (2003)

Policy for Credit-Financed Development Cooperation (2001)

Urban Transport in Swedish Development Cooperation (1999)

Policy on Financial Sector Development (1997)

See www.sida.se/urban for more information.



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Urban area in this policy means a city, town or other settlement, including peri-urban areas, where the majority of the population has an income in the urban economy.

Policy framework and objectives

This policy describes the purpose, focus areas and approaches for Sida's support to urban development. The policy is intended for Sida staff, to facilitate the integration of urban issues into Sida's development cooperation, as well as for dialogue with donors, partner countries and other potential partners in civil society or the private sector. It demonstrates why appropriate urban development is key to economic growth and poverty alleviation at both local and national levels.

The overall objective of the policy is to promote the development of sustainable cities where all citizens have opportunities to improve their living conditions and thus can further contribute to the development of their city and country. This policy is aligned with the Universal Declaration of Human Rights, which stipulates: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services". It is also aligned with the United Nations Millennium Declaration and Goals (particularly those targeting environmental sustainability, reducing loss of environmental resources, access to safe drinking water and sanitation and improving the lives of slum dwellers), and the Habitat Agenda, adopted by the Istanbul Summit in 1996 and reaffirmed by the UN General assembly in 2001.

Sida's support to urban development is guided by the Swedish Policy for Global Development with the goal "to contribute to an environment supportive of poor people's own efforts to improve their quality of life". The focus is on reduction and prevention of poverty in urban areas based on the perspectives of the poor and a rights perspective – meaning that poor men and women are recognised as active participants, when appropriately supported and encouraged, to make their voices heard, their needs expressed, and their rights to a decent life defended.

Opportunities in urban areas

Urban and rural development are **complementary** and are part of the same development process.

Urban areas are engines of economic, scientific and cultural development and often foster democratic movements. The urban economy is crucial for national economic development; two-thirds of the GDP of many countries is already generated in major urban centres, and 80% of future anticipated economic growth will be in cities. Appropriate urban development does not only benefit cities but enhances rural development too; they are not alternative, but mutually reinforcing. Urban areas also play an important role as providers of markets, services and employment for rural surroundings. Urban areas are often centres for an engaged civil

society, and for knowledge, information and other social resources that provide foundations for democracy. The challenge is to recognise, nurture and use this potential to benefit urban development that is pro-poor and socially, economically and environmentally sustainable.

The faces of urban poverty

Urban areas in developing countries are characterised by extreme differences in income and living conditions, across diverse cultures and population groups, but the extent of urban poverty is difficult to measure. Deficiencies in statistical systems and inconsistencies in definitions make aggregates uncertain. This means that differences in the situation of poor men, women, boys and girls must be taken into account to understand urban poverty.

The poor in urban areas, many under the age of 20, face multiple problems. They are highly dependent on the cash economy in the informal sector, have limited productive assets, such as land and housing, and lack opportunities for education, employment and health care. Many are forced to make a living in unhealthy working environments, pay excessive prices for basic necessities like shelter and water, and live with the continual threat of eviction from their dwellings. The urban poor often reside in informal settlements – slum dwellers represent about 925 million people globally. They exist primarily on marginal or sensitive land susceptible to environmental and industrial hazards.

Migrants are often unable to register as residents, which deprives them of voting and other residential rights. The urban poor often lack a voice and are excluded from plans and decisions regarding the city's or country's development.

The **performance of urban areas** is a critical factor for **poverty prevention and alleviation**, and will determine the economic fate of nations and regions. Development of the private sector is a prerequisite for urban economic growth.

The urban poor are never safe. The poor are exposed to greater health risks from water and air pollution and accidents linked to overcrowding at home as well as in the neighbourhood. Crime and violence, including domestic violence, have a dramatic impact on the living environment in urban areas.

Urban challenges

Urban areas are experiencing unprecedented growth. The United Nations estimates that more than half the population of developing countries will live in urban areas by 2017. Almost all future population growth will take place in the urban areas of developing countries, particularly in medium-sized cities. It is projected that two billion new residents will live in cities in the developing world within 25 years. Africa is today the fastest urbanising area in the world – around twice as fast as

Rapid urban growth in developing countries is a combination of high rates of **natural population growth** and **migration**.

Urban areas often occupy land close to sea or other vulnerable water bodies. **Environmental degradation** threatens ecosystem productivity and human food supply.

Urban development is seldom defined as a sector and analysed as such. Poverty reduction strategies have given too little recognition to the **potential of urbanisation for economic and social development**.

Latin America and Asia – with an annual urban growth rate of close to 5%. Today nearly 40% of Africans – about 300 million people – live in cities. This urbanisation process is not reversible, and occurs in smaller towns as well as larger cities.

Urban growth causes a significant strain on all resources. Government resources to deliver services are overstretched. Urban areas have low rates of service delivery for the poorest. An estimated 70% of the urban population in the least developed countries live in slums without secure tenure, proper shelter, water, sanitation, waste management, electricity, transport and other infrastructure and social services. Inequalities between men and women are present in all these spheres and need to be acknowledged and remedied.

Natural resources such as land, water and air are in peril and cities have a major impact on the local and regional environment. Unsustainable use of natural resources undermines food production, has negative health effects and affects poor urban and rural residents' ability to support themselves.

HIV prevalence is usually higher in urban areas, which demands additional resources to deliver services such as medical care, clean water and appropriate shelter to HIV-positive people. In addition, human capital is lost, which negatively affects development. Lack of urban infrastructure and security affects not only the urban poor but also limits business opportunities, employment and economic development of the city overall.

To date, national development strategies, including poverty reduction strategies, have given too little recognition to the problems and potential of urbanisation. In addition, little attention has been paid to the need to boost financial and human resources at local levels of government to match the increasing responsibilities as a result of decentralisation. This is particularly striking given widespread deficiencies at local levels of government, where resources are scarce, planning capacity is poor, corruption is prevalent and institutions are weak.

Strategic focus areas

Sida shall include the urban dimension in its poverty analyses and other diagnostics, to highlight the multi-sectorial aspects of urban development and better incorporate them into Sweden's cooperation strategies and dialogue with partner countries. Sida shall support integrated urban development using multi-sectorial approaches to tackle a wide range of development issues, and shall target its efforts to the following areas:

- Integration of local and national development
- Local governance and urban management
- Infrastructure and municipal services
- Land and housing
- Environmental sustainability

Sida's support shall focus mainly on small and medium-sized urban areas. Sida's overall approach shall aim to involve a multitude of stakeholders, including central and local governments, communities, civil society including grassroots organisations and the private sector in participatory processes to define priorities for local development.

Sida shall support the development of institutional frameworks (such as policies, laws and regulations), capacity development of institutions (such as local governments, NGOs and other drivers of change) and communication among these institutions. Research that incorporates the conditions of poor men, women and children and the differences in their situation is also an area for Sida support, since developing countries need national capacity to research the links between poverty and urbanisation as well as on pro-poor growth.

Integration of local and national development

Efforts to alleviate urban poverty must reflect a deep understanding of its causes and characteristics; a clear articulation of urban poverty dimensions in local development plans; and a comprehensive treatment of urban development in national plans and priorities to combat poverty. Urban development and poverty alleviation within urban areas also require an integrated effort across all levels of government, to support efforts at local and national levels. As many countries are engaged in decentralisation processes, efforts will be needed to ensure that increased local responsibilities are coupled with increased fiscal and human resources.

Sida shall support initiatives to better understand urban poverty, including a gender perspective and HIV and AIDS dimensions, in the urban context. To this end, it shall promote improved tools for measuring and analysing urban poverty, including supporting partner countries in the development of local research capacity in relation to poverty analysis, including gender issues and urban development. Sida shall also encourage the integration of urban poverty analysis into local, as well as national, plans and strategies. Sida shall also support local governments

Poverty deprives people of the freedom to determine and shape their lives. The different situations for **men, women, boys and girls** must be taken into account as well as the fact that urban and rural poverty are different.

Establishment of **inclusive planning** and coordinating mechanisms at city or municipal levels to address urban poverty reduction, slum upgrading and environmental challenges, facilitates investments in these areas.

For people affected by **HIV or AIDS**, access to housing and local infrastructure, especially water and sanitation, is critical.

in engaging in dialogue on national poverty reduction strategies, and shall facilitate active participation by local authorities in setting parameters for change in the relative roles of local and national governance structures.

Local governance and urban management

Sustainable urban development requires local governments that are capable, transparent, and efficient and work in partnership with the private sector, NGOs and representatives of urban poor communities for better urban management. Democratic practices and human rights are critical elements of good governance. Local governments need to manage urban finances to improve living standards for all groups in society and facilitate local economic development.

Sida shall support local governments in acquiring the tools and capabilities needed for efficient and effective urban planning and management, applying a gender perspective. The approach should be based on fiscal responsibility, accountability, democracy, social opportunities and security in order for the poor to access human rights and environmental protection. This may include support for reforms, training in municipal development, technical assistance, or other means to strengthen local or regional institutions. Sida shall promote the involvement of the private sector, NGOs and CBOS in urban development as well as the strengthening of civil society by supporting participatory processes. Sida shall also promote cross-country partnerships and exchange of experiences. Partnerships between Swedish government entities and municipalities and actors in developing countries, as well as between developing countries, shall be encouraged, as shall cooperation between research institutions.

Infrastructure and municipal services

Infrastructure and municipal services such as water, sanitation, energy, urban transport and solid waste management provide the backbone for social and economic development, sustainable use of natural resources and long term poverty reduction. These services need to be pro-poor, financially viable and environmentally sustainable. The public sector must continue to play a major role in the provision of services and the financing of investments. Similarly, the private sector and community groups can, in the right circumstances, play a useful role in service provision and capital for investments can be mobilised from private investors and financial markets.

Sida shall support increased access to urban infrastructure and local services for the poor, preferably in a broad context of urban development. Important factors are choice and affordability issues of the

urban poor, financial sustainability as well as health and environmental impact. Sida shall provide support to investments linked with policy reforms, institutional strengthening and capacity building at the level of local governments and utilities.

Land and housing

Land and housing constitute major assets and are the key for people having access to most public services, a more secure existence and a sense of inclusion in society. Secure housing also opens opportunities for home-based formal or informal, small scale production. Equal housing rights require improved property rights and other forms of secure tenure with a clear gender perspective, especially for the poor, who are most at risk of forced evictions. Land markets and market-based housing finance systems are crucial for adequate housing, slum upgrading and overall economic development. They also catalyse domestic investment and local capital markets. However, growing urban centres can be sources of conflict over land and water.

Sida shall support local and central governments and civil society to strengthen capacity for urban planning including pro-poor design codes and land management, and to develop equitable, rights-based and transparent land legislation and housing policies that enable increased choice and access to housing. Sida shall support the development of housing for the poor, including public space. Such support for new housing as well as housing improvements can include development of appropriate financing mechanisms within private and public institutions (loans, guarantees, targeted subsidies), and appropriate technical solutions for housing the poor. To make this effective, Sida shall support dialogue among relevant stakeholders. In addition, Sida shall also work on sustainable post-disaster reconstruction. Sida shall, when relevant, support coordination with initiatives for rural planning and development of secure land and water tenure, and the resolution of conflicts due to growth of urban areas.

Environmental sustainability

Uncontrolled urban growth causes severe environmental problems and negative health effects, within and outside urban areas. The urban and rural poor are especially exposed and their livelihoods may be threatened. Effects of natural hazards, such as earthquakes, droughts and floods, are made worse by environmental degradation and climate change. Rapid urban growth, if not properly addressed, has an adverse impact on the environment at local, national, regional and global levels. Protection of the environment requires action from a local to a global

Several million **forced evictions** take place around the world every year despite the fact that **access to housing** is recognised as a **basic human right** by the UN. People who are being evicted not only lose their homes but also, in most cases, their livelihoods and social security nets.

Strategic Environmental Assessments (SEA) and **Environmental Impact Assessments (EIA)** are important tools for integrating environmental issues into urban planning and other forms of strategic decision-making.

Poor people suffer more often when old town areas are renewed, since they often live and work in such areas. Granting poor people **influence over planning and implementation** can counteract this.

scale. Historic environments – considered global public goods and non-renewable resources – need to be similarly protected. Local governments and civil society must be strengthened to mitigate degradation of the urban environment, protect health and the built historic environment.

Sida shall support the global public goods agenda by assisting developing countries to implement environmental conventions and use their historic assets sustainably. Sida shall support efforts to reduce vulnerability and improve resilience to natural and man made disasters. Support shall include development and implementation of national and local environmental strategies. The environmental legal framework shall be supported and include capacity development. Sida shall also support civil society to advocate and monitor environmental issues and associated health problems. It is also important to encourage private sector engagement.

Development cooperation approaches

Sida's support is aimed primarily at the country level, contributing with grants, soft loans and in-kind capacity building to support government efforts at the local and national levels, as well as directly to communities and civil society. Sida shall support comprehensive urban development in harmony with other donors, in accordance with the 2005 Paris Declaration on Aid Effectiveness, and shall continue to build on its previous experience of joint or parallel financing with other development partners.

Sida shall also support urban development initiatives at global and regional levels in order to promote coherent development strategies and utilise regional synergies, as well as to scale up interventions at national levels. Sida, together with major multilateral organisations and other donors, participates in urban programmes and networks, such as the Cities Alliance and UN-HABITAT, that operate at global, regional and national levels. This form of cooperation is critical to keeping urban issues on the global development agenda as well as global learning and policy consistency across partners.

EDITORIAL SUPPORT: BATTISON & PARTNERS

DESIGN & LAYOUT: EDITA

PRINTED BY EDITA, 2006

ISBN 91-586-8290-2

ART. NO: SIDA30526EN

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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