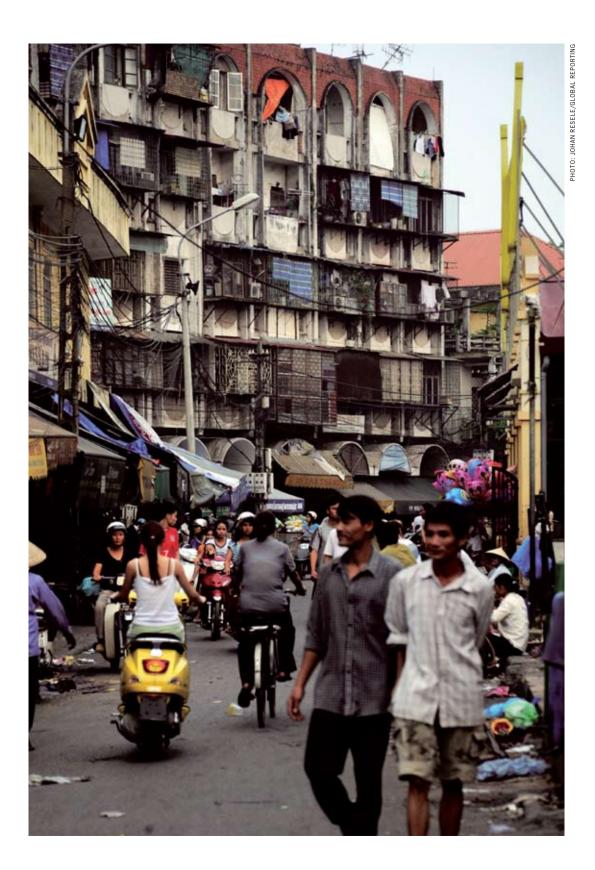


The World Goes to Town

- Sweden in the Urban World





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The World has just passed an important landmark in the history of humanity when more than half the world population are living in urban areas. This trend will continue and by 2030, urban populations are expected to grow by another 2 billion. Africa will add almost 400 million urban residents, China 350 million and India 270 million. Urban areas could be the place for human dignity with positive impact on poverty alleviation and prevention if the potential of cities is materialized, but they could also be centres of human disasters.

Cities as Hubs of Activities and Growth

Cities are the cradle for economic, democratic and social development, bringing together innovators, entrepreneurs, financiers and academics. They attract people hoping for a better life for themselves and their children. Cities provide opportunities, economies of scale, and a future with more choices. The urban economy is the engine of national economic growth, representing today approximately 80% of the annual increase of global wealth. The dynamics of the rural-urban linkages are vital for the livelihood and the economy of rural and urban dwellers alike.

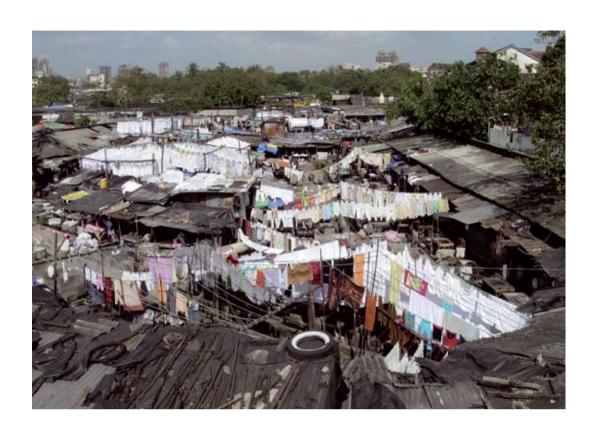
The Quest for Environmental Sustainability Will Be Won or Lost in Cities

Cities are also blamed for causing environmental catastrophes, for marginalising communities, and for diminishing the quality of life of the poor. The population of slum dwellers is increasing and is reaching 1 billion, caused by the failure of governments to prepare and plan ahead. As a result, cities are sometimes characterised as centres of disease, social unrest and insecurity. Cities are also at risk from industrial hazards, natural disasters and global warming.

A successful city must balance social, economic and environmental needs. A successful city should offer investors security, efficient infrastructure, and particularly water and energy, for all. It should put the needs of its citizens at the forefront of – and also involve a broad array of stakeholders in – all its planning activities. A successful city recognises its natural assets, its citizens and its environment and builds on these to ensure the best possible returns.



This brochure is based on Sidas policy 'Fighting Poverty in an Urban World – Sida support to urban development' issued October 1, 2006. Further information could be found on www.sida.se/urban



Urban Trajectories

Cities have grown together with the human culture for thousands of years. Initially many were trading posts or strategic military centres. Today cities are at different stages on their urban development trajectory where some have evolved from trading centres to manufacturing hubs and to service centres, while some cities in middle/high-income countries are now becoming amenity cities basing their economies on high tech industry, hospitality and tourism services. Therefore, the economic, governance, spatial, and environmental characteristics vary and the strategic responses are different.

Slums are Growing

A city should be open and accessible giving everyone the opportunity to take advantage of its resources. However, city authorities cannot always keep up with fast population growth and demand for new infrastructure services. Since almost all population growth will continue to take place in cities of the developing world where long-term and integrated planning often is deficient; large numbers of people run the risk of ending up in unplanned informal settlements. These settlements, urban slums, are often characterised by overcrowded living environments with poor health conditions, with deficient or inadequate water and sanitation, electricity, waste

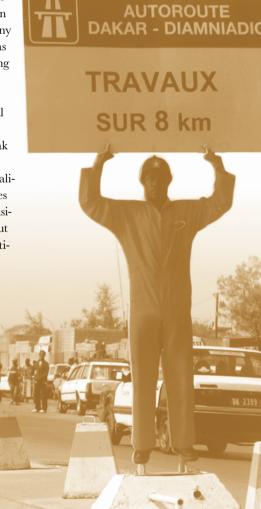
management and other services. In addition, the urban poor have to settle in areas that are prone to both environmentally as well as technologically induced hazards.

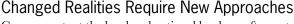
If left unaddressed, we may witness an upcoming urban crisis where city dwellers will become increasingly vulnerable and where the urban poor will be hardest hit. The growing poverty together with enormous inequality may also cause segregated societies with social unrest. Since life in the city is often monetized with high costs for services compared to life in rural areas, urban poverty is also often underestimated when measured as the proportion of people living under one or two dollars a day.

Africa on the Move

The demographic transformation in Africa from predominantly rural to predominantly urban is historically unprecedented and the fastest population change ever experienced by mankind – averaging almost five per cent per annum over the past two decades. Cities are growing through predominantly natural urban growth but also through in-migration and incorporation of peri-urban areas. In many parts of Africa the slums are growing twice as fast as the formal parts of the cities. One third of Africa's poor live in urban areas but with as much as two thirds of those living in slums. Many countries are confronting bigger demands to manage urban areas than they appear able to handle. African urbanisation is also taking place in a context of more severe constraints than other country groups faced in other periods - notably, full exposure to the pressures of global competition, more limited outlets for external migration, and depredation of the productive workforce and of family security due to HIV and AIDS, which also drains the weak capacity of local administrations.

There is currently a strong worldwide trend towards decentralisation and democratisation. However, in several African countries decentralisation remains essentially asymmetrical – meaning responsibilities are often decentralised to the local government level without increasing the resources, be it financial or human. The democratisation process is also facing huge challenges with ethnic conflicts and weak democratic institutions, all weakened by centralism.





Governments at the local and national level are often not prepared for the urban transition, or even regard urbanisation as a threat to development and thus bad. Many cities suffer the effects of genuinely bad national and local urban policy, including misguided incentives, little financial autonomy, and the consistent exclusion of much of the population on which the whole city depends. Clearly this challenge is greatest in Africa where, not coincidentally, policies have been the weakest.

The international donor community still needs to acknowledge the role of cities. Few development agencies have adopted policies and strategies to promote the positive impacts of urbanisation. The current positive trend of budgetary support which have given a more careful appreciation of demands from the countries, have so far mostly resulted in central government allocations, excluding the local government sphere from international funding. A shift towards supporting local development efforts is called for.

The window of opportunity is closing fast. In the coming 25–30 years the build up area in Africa will expand by a factor of 5. The new city landscape is thus not yet built and politicians and planners have huge opportunities to plan for the expansion. With policymakers in denial, urban growth has taken place in a haphazard and unregulated fashion on the peri-urban periphery, resulting in the growth of new slums. However there are huge potentials for meeting this challenge if politicians and city administrators plan in advance, getting 'ahead of the curve'.

A Call for Fundamental Changes of Planning Methodologies

The accelerating rate of urbanisation has often overtaken the capacity of national and local authorities. The urban development agenda covers a wide range of areas, including housing, infrastructure services, social and community facilities, local economic development and environmental improvements and protection. There is an urgent need to look at urban development from a perspective that integrates physical, economic, social, cultural, environmental, as well as institutional aspects in urban development.

The response to urban challenges could not be based on maintaining existing roles, economic structures, and institutional status quo. Rather, it should be based on adaptability and resilience. The success of a city will be determined by how it responds to shocks generated by rapid changes in its external and internal environments.

The traditional method of Master Planning has proven to be inappropriate and needs to be replaced by a more strategic planning approach as development is much more than only physical development. As the resources of a city is mostly with individuals and private



companies the arena of stakeholders needs to be broadened, including business sector and local communities, especially the excluded people in slums.

The future of cities will be based on choices and leadership. Local leaders should therefore manage the strategic planning process to identify actions to improve economical, social, and ecological and governance aspects, and get all stakeholders and investors facing one direction by pursuing a common vision. Strategic planning could target scarce resources to a few key strategic thrusts with high potential payoff.

This approach is referred to as integrated planning or city development strategies, which is a strategic process backed up by strong political ownership and good public participation of the private and community sector focusing on identifying strategic actions for improving housing, transport and water provision.

Sida has supported integrated and strategic planning for a good many years. One example is the the Integrated Urban Development Programme implemented in three South African municipalities between 1996 and 2007.



PHOTO: CHRISTER KJÖRNEBERG

Comprehensive Urban Planning in South Africa

In an early phase of the Swedish – South Africa urban cooperation programme, a comprehensive urban planning process was undertaken in the participating municipalities. The planning process moved from pre 1994 zone-planning and development control concepts, to a new integrated and participatory approach in order to achieve spatial, functional and racial integration of hitherto segregated cities. Throughout the process, the previously top-down planning approach in the municipalities also became more horizontal and inclusive.

The resulting Comprehensive Urban Plans (CUPs) described new municipal development strategies for sustainable use of physical, social, cultural, environmental, and economic resources. The spatial parts of the plans also formed the basis for continued planning for new housing areas, streets, public transport, meeting places and market stands.



Planning for People Friendly Societies

Nelson Mandela Metropolitan Bay Municipality (former Port Elizabeth Municipality), one of the municipalities that participated in the Swedish – South Africa urban cooperation programme, has moved on with its planning approaches and in 2005 the municipality received a world leadership award in town planning with its "Sustainable Communities Planning" – concept. The concept is based on so called Sustainable Community Units, residential areas where walking distances never should be more than 30 minutes to the central area of the unit. The majority of the daily needs should be able to be fulfilled within this unit and the challenge is for municipalities, inhabitants, NGOs, and the private sector to jointly plan for this to materialise. Sida has assisted the project by financing a Sustainable Community Planning Guide.

The Sustainable City Concept

Today's cities are part of the global environment. Their policies, their people and their quest for productivity have an impact far beyond the city borders. Global policymakers recognise that cities have a tremendous impact on issues ranging from local economic stability to the state of the global environment. Over the past 50 years, cities have expanded into the land around them at a rapid rate. Transport systems have been built to support this physical growth and valuable farmland has been eaten up and car dependency has increased. This calls for a fundamental shift of paradigm.

To be environmental effective, cities should address the city morphology/form, the efficiency of the urban transport and mobility, the loss of agricultural and recreational land, air pollution, the access and quality of the water supply and wastewater, the public health consequences and their vulnerability for natural hazards.

These problems formed the background of the Swedish initiative and presentation of the Sustainable City concept by the representatives of the Swedish Government, Sida and the Swedish Trade Council at the World Summit for Sustainable Development in Johannesburg in 2002.

Sida believes that the Sustainable City concept could form a starting-point for further development of methods and tools concerning sustainable urban development in developing and transition countries. The concept may for example support a city in embarking on an integrated and strategic development planning process. One contribution to these tools is the preparation of a Manual for Support to Environmentally Sustainable Urban Development, which is now being tested as a pilot project in the City of Skopje in Macedonia, and in Visakhapatnam in India.

Making Use of People and their Strengths

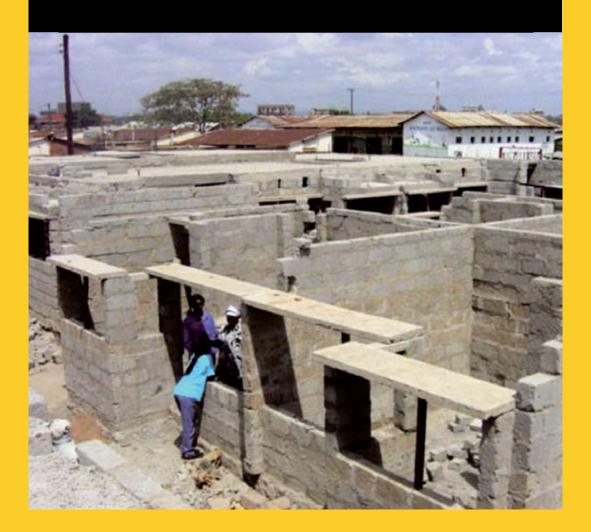
People who come to the cities aspire to lead a better life. They are dynamic actors with a strong drive to build their livelihood including a home. People's hope and energy should be put to use, not prevented and neglected. The participation of individuals and the private sector is therefore essential in the city development.



The Community-Led Infrastructure Finance Facility (CLIFF) was set up to help local organisations scaling-up the delivery of adequate and affordable housing and basic services for slum dwellers. CLIFF provides a variety of financial support in the form of grants for technical assistance, capital investments (on a revolving basis), and knowledge management. CLIFF is building on the notion that many slums are sitting on valuable land which could be utilised more efficiently by the slum dwellers, but also for commercial purposes, if a number of issues are unblocked. These issues include regularisation of land, mobilisation of capital, engagement of the local government and organising the urban poor. Building the capacity of organisations of the urban poor is developed incrementally and includes mobilisation of slum dwellers, establishment of savings groups to pool finances, conducting community mapping, and implementation of pilot projects, mostly involving sanitation or housing.

The success of such projects could build the confidence of local government and provide the platform to negotiate for additional resources to scale up projects. It builds on revolving loan funds leveraged by pooled community savings to establish a capital base for housing loans and basic services.

CLIFF now supports a portfolio of 23 housing and basic services projects in eight cities in three countries.



to fight segregation, and a way of enabling people instead of making them just objects of measures. Public participation is thus an important ingredient in the creation of sustainable communities, not only when it comes to urban planning. The organisations of the poor have often proven to be strong actors which, in collaboration with local governments could make a difference.

Housing for the Urban Poor

The home is central in all people's lives. For many it is a workplace, for others it is a place to study, it can be a place of investment and savings, and for the family it is the heart. And it is a fact that the majority of the world's urban poor have built their homes themselves.

In the cities, poverty has other characteristics than in the country-side; cash income is more important, transportation is an essential need and there are few possibilities to rely on own land for planting vegetables and herbs or to keep animals. Poor urban areas are usually densely populated with low quality of water, electricity, drainage, healthcare, schools, sanitation and many other basic needs. The most appealing signs of poverty are the housing conditions.

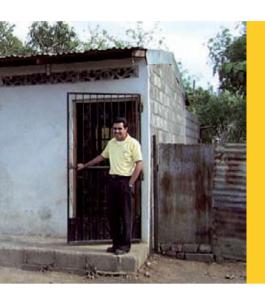
From the 60s the ambition in many countries has been to construct low-cost houses for the urban poor. Few developing countries have however enough resources to subsidise housing to assist its poorest citizens to a decent life. Most 'social housing' programmes have only been able to finance a small fraction of the needs and, even worse, have missed their target population with subsidies ending up with the middle-class. There have also been attempts to simply evict the poor from their informal settlements with bulldozers.

One solution is to build on existing structures and to support incremental improvements that can be made to existing houses and structures. In time, families may also manage to earn some income that enables them to improve their houses, perhaps they can afford to buy bricks and even build top structures. People use their own creativity to improve their conditions with the means they have and the steps can be very small, but yet so important.

Micro-credits for Housing Upgrading

Housing micro-credits are increasingly being used to improve the living conditions in poor areas. The sector is growing and could play a crucial role for people who want to construct or renovate a house. Commercial banks have historically not been very interested in micro-credits, but have lately become more interested. For twenty years, Sida has supported housing micro-finance programmes in Central America for the construction and improvement of housing that have successfully reached households with very low incomes.





The Sida experience in Central America

Sida has assisted the development of national and regional financial institutions in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. The scheme has successfully provided loans to around 90,000 households, representing close to 500,000 people of whom more than half are women.

A well defined methodology for housing micro-credits has been developed. The idea is to give loans at commercial rates for gradual improvements of housing. Loans are generally small, up to 1000 dollars and should be paid back within 2–3 years. With loans of this kind a temporary shack can quickly be transformed into a solid home. Construction advice is normally provided together with the loans.

Inadequate Infrastructure Causes Poor Health and Poor Economic Development

Poorly functioning cities are often characterised by lack of electricity, deficient water supply, no sewage treatment, poor roads and chaotic transportation. This makes not only a hazardous living environment for the residents but decreases the economic performance of the city.

It is widely recognised that cost-effective, reliable, and affordable infrastructure services are critical for sustainable development, and a prerequisite for achieving economic, social, and environmental goals. The catalytic role of infrastructure in poverty reduction has been recognised in the Millennium Development Goals (MDGs), which single out targets for slum eradication and access to water supply and sanitation service to be achieved by 2015. Although not explicitly stated as goals, access to other infrastructure services such as electricity, transport, and telecommunications is essential for achieving the health, education, gender, and income poverty goals.

In an urbanising and competitive world, the performance of cities in particular their environmental, energy, mobility, and public health sectors will become increasingly important. Such considerations need to be integrated into the planning process. For example, to date, urban form has been largely the product of market forces rather than planning. Future planning and policy frameworks should consider and incorporate environmental considerations to generate more efficient urban forms. Similarly, environment and energy considerations have been "add-ons". Now energy considerations need to be reflected in spatial form and building design, driven by appropriate policy frameworks, and supported by strong political will.

The provision of adequate water, electricity and transportation services is crucial for the well being of the citizens. The challenge of increasing waste volumes is also becoming an issue in cities.

Livelihood Improvement and the Informal Sector

The improvement of livelihood opportunities in terms of employment, both in the informal and formal sectors is fundamental for the liveability in cities. Unless the income of lower income households can be increased, it is difficult to sustainably reduce poverty. Increases in the incomes of low-income households require economic growth. If the value of the urban economy cannot be increased, it is very difficult to generate the fiscal resources needed for public investments.

Even though living conditions in most informal settlements are harsh, these areas also contain a vitality documented through alternative informal systems. People try to find ways of surviving through all kinds of activities; establishment of small barbershops, vegetable stands, car repairs, bars and small food places, small training institutes etc. Although not formal, these systems do function and if formalised and supported by the authorities they would be able to contribute significantly to the city on a larger scale.

People that engage in informal trade in the city centres are often perceived as a problem of public order by the police whereas traders are evicted on a regular basis. It could be argued that it is not the informality in itself that is the problem; the real problem is the inability of the formal system to incorporate the informality into the formal labour market. Experiences from the micro credit sector have shown that support to informal traders and service providers could develop formal job opportunities.

Sida has experiences from supporting the development of small enterprises through micro credit schemes but is also supporting international initiatives such as the ILO programme for employment creation.



Sida's Support to Urban Development

Sida's support to urban development complies with the principles and goals expressed in the Millennium Development Goals and the Habitat Agenda, as well as with the Swedish Policy for Global Development. Sida's support to urban development has been formulated in the Sida policy 'Fighting Poverty in an Urban World' issued October 1, 2006.

The overriding objective for Swedish development cooperation is:

"To contribute to create opportunities for poor people to improve their living conditions".

Sweden's support for urban development aims to achieve this objective by fighting poverty in urban areas. Issues requiring specific consideration in the urban context include:

- Using multi-sectoral approaches Sida support integrated urban development using multisectoral approaches to tackle a wide range of development issues
- ► Integration of local and national development support for decentralisation processes and the integration of poverty analysis into local and national plans and strategies.
- ▶ Local governance, urban management and planning the promotion of good local governance and urban planning involving the private sector and civil society. The sustainable city concept will play an important role in Sidas new urban planning initiatives.
- Cooperation with regional actors support to urban development initiatives at regional and global levels by cooperating with major regional organisations and institutes.
- ► Infrastructure and municipal services support for increased access to urban infrastructure and local services by the poor.
- ► Land and housing strengthening the capacity for urban land management and assisting the development of transparent land legislation and housing policies.
- ► Environmental sustainability and adaptation to climate change support for the implementation of environmental strategies, climate change adaptation, including providing support to the reduction of vulnerability to natural and man-made hazards.

For more information please contact;

Department for Environment, Climate Change and Sustainable Services, Thomas Melin, Pelle Persson or Camilla Andersson; see also www.sida.se/urban PHOTO: JOHAN RESELE/GLOBAL REPORTING

Halving the poverty by 2015 is one of the greatest challenges of our time, requiring coopreation 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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