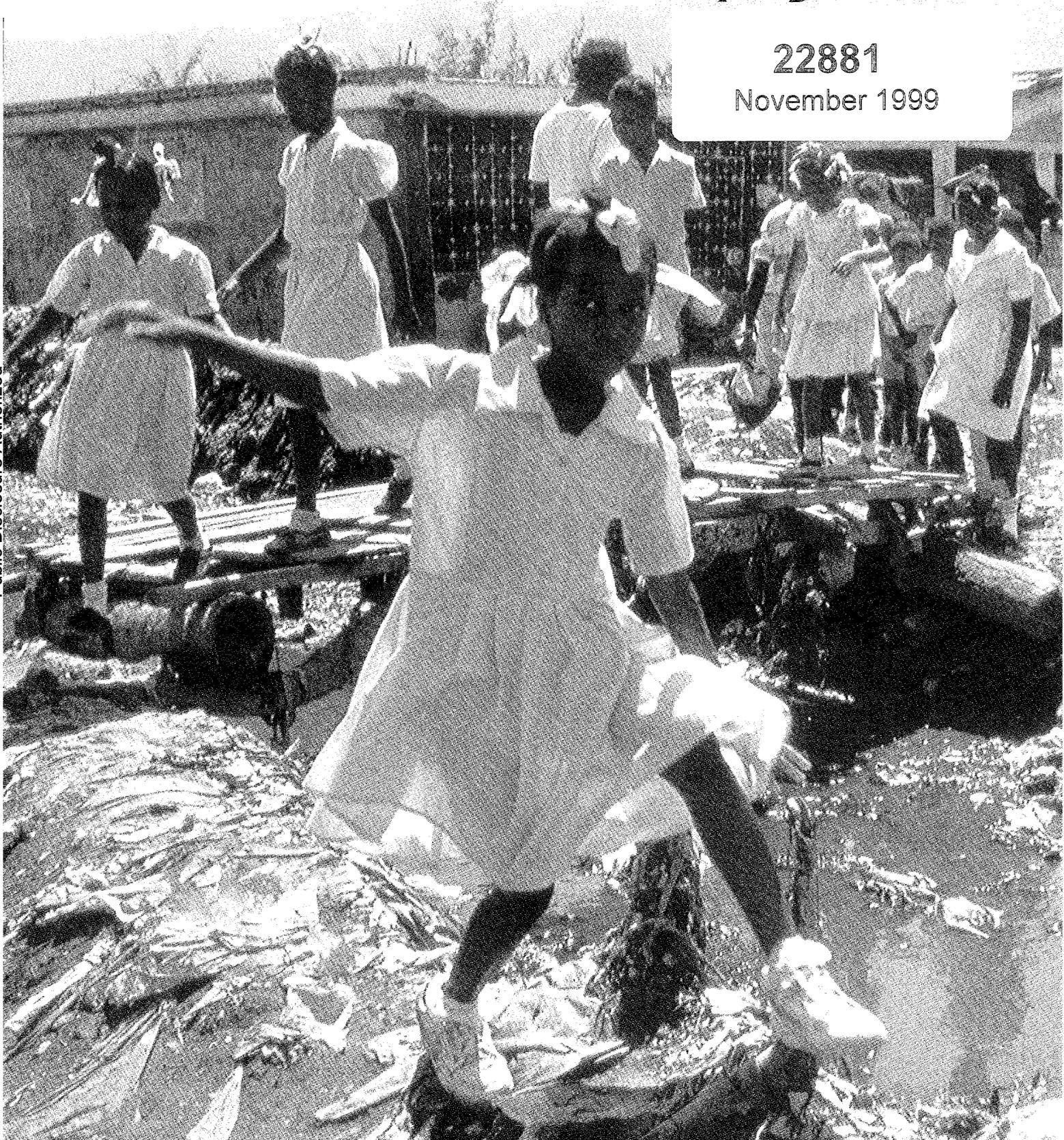


LIVING CITIES

A Special Report On Community Regeneration

22881
November 1999



LOCAL LEADERS DRIVE GLOBAL POLICY CHANGE

The Cities

ALLIANCE

Launched in May 1999 by the World Bank and UNCHS (Habitat), the Cities Alliance is creating a coalition of cities and their development partners committed to making unprecedented improvements in the living conditions of the urban poor. The Alliance aims to achieve this goal by mobilizing commitment and resources for citywide and nationwide upgrading programs which are conceived by local stakeholders within the broader framework of city development strategies. Working together with cities and their national and international associations on new tools and knowledge sharing, public and private sector partners in the Alliance will marshal their experience and knowledge to support both the formulation and implementation of these strategies. The Cities Alliance Consultative Group will serve as a global public policy forum to share the lessons learned and agree on policy orientations and standards of practice in areas related to the Alliance's goals. The Cities Alliance will draw upon the existing capacity of its partners for implementation. The objective is to catalyze partners' actions in ways that go beyond their individual actions and to help create a new coherence of effort in urban development cooperation. ●

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AFFORDABLE, COMMUNITY-BASED SOLUTIONS EXIST to provide the urban poor with access to basic services. Why then do 40 to 50 percent of city residents in many developing country cities—including the vast majority of the urban poor—live in slums and squatter settlements without access to clean water, sanitation, healthcare, roads and schools?

Slums and squatter settlements are the result of failures in governance and public policy in coping with rapid urbanization. Given this terrible legacy of failed policies and faced with the doubling of the urban population of developing countries over the next 25 years, how can we possibly hope to respond to this challenge? How can we ensure that the next generation of urban poor will benefit from the enormous opportunities for human development that urban life offers?

First, we must take up the challenge of urban poverty reduction as a global public policy issue. Strategies to improve the urban poor's access to city services must be developed beyond the boundaries of sector strategies and within the broader frameworks of both city development strategies and national poverty reduction strategies.

Second, we must capitalize on the trends of decentralization and democratization by working more directly with local authorities to help them respond to the issues facing the urban poor. Many local authorities now have the responsibility and authority they need to take decisions at the local level. Moreover, democratization has strengthened their accountability, and since the urban poor are voting in ever increasing numbers, their demands for basic urban services are now frequently showing up as political priorities for local leaders.



Third, to achieve the above we need to invest in a collective effort to harness the power of existing networks of local authorities, private sector institutions and development agencies. Investing together in a focused effort to broaden the benefits of local solutions through global learning will create a coherent effort necessary to dramatically scale-up the impacts of urban development investments.

The Cities Alliance is building a coalition of cities and their development partners to meet these challenges. It will draw upon the vast experience of community-based urban upgrading programs, while addressing the public policy, regulatory and institutional issues that have in the past constrained replication and scaling-up. Its strategy is to address inequities in the provision of basic infrastructure and services within the framework of broad-based city development strategies. This strategy has been inspired by courageous mayors in cities of all sizes and in all regions who are demonstrating the political will to invest in this opportunity.

Whether new urban residents over the next 20 years will live as disenfranchised citizens in conditions of misery and degradation, or in conditions of dignity and well-being, will depend to a great extent on decisions that we collectively take now. In a globalizing world, it is clearly in our self-interest to join forces to meet this challenge. ●

MARK HILDEBRAND
Manager, Cities Alliance

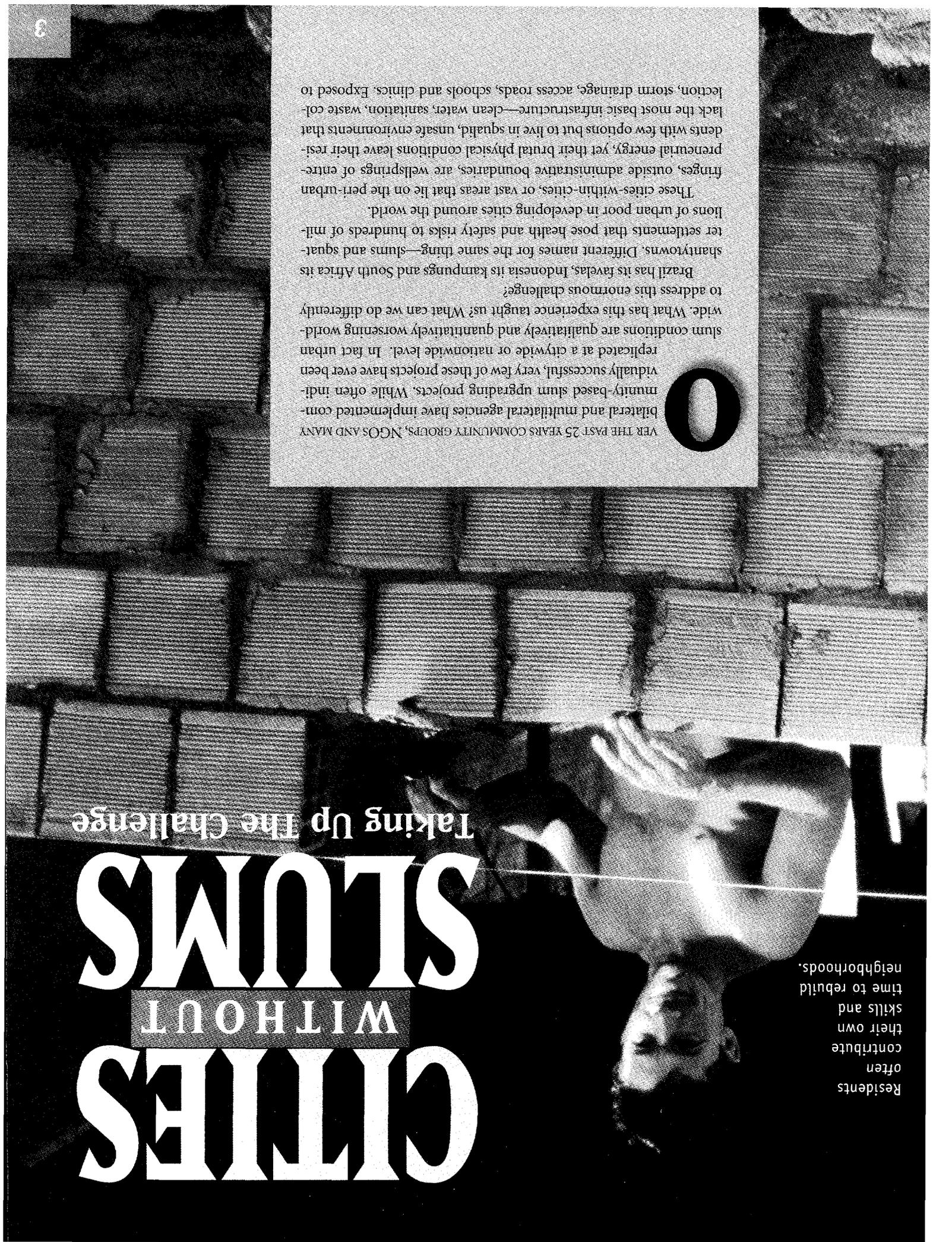
Taking Up The Challenge

CITIES WITHOUT SLUMS

Residents often contribute their own skills and time to rebuild neighborhoods.

OVER THE PAST 25 YEARS COMMUNITY GROUPS, NGOS AND MANY bilateral and multilateral agencies have implemented community-based slum upgrading projects. While often individually successful, very few of these projects have ever been replicated at a citywide or nationwide level. In fact urban slum conditions are qualitatively and quantitatively worsening worldwide. What has this experience taught us? What can we do differently to address this enormous challenge?

Brazil has its favelas, Indonesia its kampungs and South Africa its shantytowns. Different names for the same thing—slums and squatter settlements that pose health and safety risks to hundreds of millions of urban poor in developing cities around the world. These cities-within-cities, or vast areas that lie on the peri-urban fringes, outside administrative boundaries, are wellsprings of entrepreneurial energy, yet their brutal physical conditions leave their residents with few options but to live in squalid, unsafe environments that lack the most basic infrastructure—clean water, sanitation, waste collection, storm drainage, access roads, schools and clinics. Exposed to



Slums hold tremendous untapped potential for domestic capital formation.



TIAGO SANTANA

disease and crime, and more vulnerable to natural disasters, their populations are marginalized.

As urbanization proceeds at an unprecedented rate, the slums and squatter settlements in cities of the developing world are set to proliferate over the next 25 years in staggering dimensions, doubling in population by 2025. It will be the lives of these disenfranchised citizens—growing up in poverty and forced to drift between the city and its fringes—that will characterize the face of global poverty.

Slums hold tremendous untapped potential. The contributions of these individuals to the broader economy are considerable; they constitute the core of the urban labor force and have the potential to produce a significant share of domestic capital formation through self-built housing—yet their lives are made insecure by the absence of key public interventions that would catalyze and facilitate private investment. There are myriad stories, only some featured here, of how, given a chance, slums' residents' self-reliance, resourcefulness, and responsibility, vastly contribute to a city's success. Slum upgrading confers on them this chance.

In the 1970s, with the support of a host of international development agencies, the problems of slums and squatter settlements in the developing world were the starting point for urban poverty-alleviation actions. Pilot projects were carried out that improved communities' supplies of water, electricity and paved roads. These aimed to demonstrate to politicians that there were viable alternatives to bulldozing slums. The complexities of securing tenure for residents, recovering costs, devising targeted subsidies, strengthening institutions and winning over policy makers were also tackled by these early efforts, with varying degrees of success.

Over time and with experience, the upgrading concept has evolved and matured. Development agencies, along with NGOs and governments, have continued to refine their approaches to slum upgrading. What has been learned? That successful slum upgrading relies on a cooperative effort among citizens, community groups, community banks, businesses and local authorities to make improvements—from paving roads to improving health care. That investments in local public goods through upgrading and conferring security of tenure on slum dwellers, removing their fear of demolition or eviction, leverages private capital and stimulates people to begin to invest in improvements to their own homes and communities.

If conceived and executed well, these efforts enfranchise communities, instilling in their residents a commitment to the future. As Herclides Quinto Rangel, a longtime resident of an upgraded Rio favela proudly states, "We have progressed from favelados to citizens."

Upgrading has proved to be affordable, replicable and, most importantly, has the power to transform the lives of slum dwellers.

Yet, despite a few notable exceptions (the successful Kampung Improvement Program in Indonesia, for example), the institutional commitment and political will to expand upgrading citywide and nationwide have not been forthcoming. Replication and sustainability have also been limited, since often local authorities and private sector financial institutions have not been engaged in the process. In short, a favorable working environment—the political will and effective governance working with local consensus and the private sector—has been lacking. As a result, the urban poor remain alienated from property and finance systems.

But the global trends of democratization and decentralization are making dramatic impacts on this process. As the stories illustrate, democratization and decentralization are giving the urban poor a stronger political voice and local authorities more responsibility and control over their resources. This increased accountability is motivating political leaders to forge new partnerships with communities, civic groups and the private sector to create city development strategies to provide equitable and sustainable futures for all of their citizens. These visions are built around city economic strategies, engaging the private sector, including private financial institutions, and scaling-up service delivery to all of the city's slum areas.

The stories from Rio and Johannesburg are particularly inspiring examples of city development strategies where all partners are working together to scale-up service delivery to the urban poor as an integral part of broader strategies for economic growth and revival. Here are two cities working on the investment frontier, where courageous leadership at the local level, supported by slum dwellers and private enterprise, are investing in citywide upgrading programs to build civic capital for a brighter future. ●

The above is in part extracted from the "Cities Alliance for Cities Without Slums" Action Plan which was distributed at the World Bank's Annual Meetings in September 1999.

FROM FAVELADOS TO CITIZENS

Once considered "cities within cities"—an expression of their marginality—today the favelas are becoming increasingly integrated with the rest of Rio. *By Flavia Sekles*

LESS THAN 10 YEARS AGO, ONE OF THE most beautiful cities in the world, Rio de Janeiro, had one of the planet's most intractable urban problems. Of its 5.5 million inhabitants, a full quarter of the population lived in squatter communities, or favelas, occupying lands to which they had no title or right, in communities formed haphazardly along narrow streets or on the slopes of unstable hills.

Today, over 400,000 people have left the favelas, without moving or losing their homes. Through a program known as Favela Bairro, the government of Rio and the Inter-American Development Bank (IDB) have created a synergy between urban and social policy. By enabling favela residents to legalize their tenure, pay for good access to water and sanitation, paved and illuminated streets and footpaths, and phone and mail service, Rio is integrating the favelas into the rest of the city and transforming them into neighborhoods, or bairros.

"The favela represents a part of the culture of Rio, although until four years ago, it was a segregated entity, a second city within the city," says Rio de Janeiro mayor Luis Paulo Conde. "In the Favela Bairro, we chose to respect that cultural character of the favela, while integrating it into the formal city and ending our system of social apartheid." Rio's urban planners have long known that the unplanned parts of the city could never be removed from its midst. During the 1980s, the population in the favelas rose by 34 percent, compared with just 8 percent in the formal city.

From a practical standpoint, it would be impossible to raze the favelas, the economic and social costs of such a policy would be senseless. Even if Rio could build a new house for each favela family at a cost of around US\$20,000 each,

their residents would not be able to move away from the center of their economic livelihood.

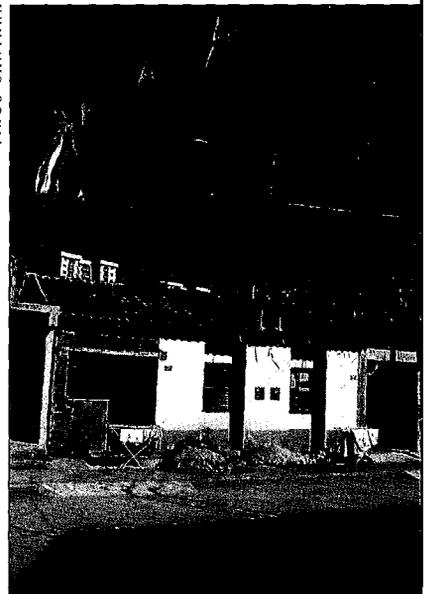
For years, the city tried to improve living conditions in the favelas through small, occasional public works projects that brought water, electricity or sewage systems to scattered communities. The projects did little to raise the quality of life in the slums. Previous programs also failed because urban planners tried to impose on favelas the norms of the formal city.

The Favela Bairro program seeks to correct the problems of the past by giving social policy precedence over urban policy. The central concept behind the slum upgrading program is that even the poorest families make a personal and material investment in the houses they build. "Favela Bairro was never a unilateral government intervention," says economist José Brakarz, a member of the IDB team that formulated the project with city officials. "By creating a personal stake for those who live in the favelas in the reconstruction and ultimate transformation of the place they call home from favela to neighborhood, the program established the basis of its success."

The program is working because it has no set model, says Sergio Magalhães, the city's housing secretary and one of the project's main architects. "This is a program that respects what already exists, without predetermined models of how, where or in what shape the streets or a main square should be. Each favela is a case by itself, molded by its pre-existing characteristics. Our urban planners' point of departure is a sense of respect for what the residents had already built before they got there."

The project is nearing the end of phase I, in which Rio and IDB invested about \$380 million. Started in 1996, the program initially focused on favelas with 500 to 2,500 families, which represent about three-quarters of the city's slum popula-

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JANICE PERLMAN

The lives of Herclides Rangel and his wife Catia Regina have greatly improved as a result of Rio's Favela Bairro program.

tion. So far, about 105 of the city's 300 favelas have benefited. Under limits imposed by the IDB, projects cannot exceed \$4,000 per family. Once residents are contacted with a proposal to upgrade their favela, a group of community leaders is identified to work with city planners.

Muddy and frequently impassable alleys are replaced with paved roads and, in some cases, cable cars. Shanties clinging to unstable hillsides are secured with concrete supports. The most precarious housing is removed. Sewage systems are built, and garbage that has piled up over the

years is removed. All houses are connected to a safe water supply, electricity and, in some cases, phone service. Uninhabitable areas of the favela are reforested.

To solidify a sense of community, a central plaza is created. A child-care center for children up to age 4 is built, as is a career assistance center, where residents can be trained on computers and get help finding jobs. Residents vote on the placement and design of each component of the project. When disagreements arise, creative solutions are sought.

Rio's favelas have been known for their crime, especially as havens for drug-dealing gangs, but the Favela Bairro program may be helping to discourage crime in these areas. "The desire of the residents of the favela to live in the city is essential to this process," says Magalhães. "The drug traffic, as strong an element as it may be, cannot change the will of a whole community. In any place where government is present, criminality drops."

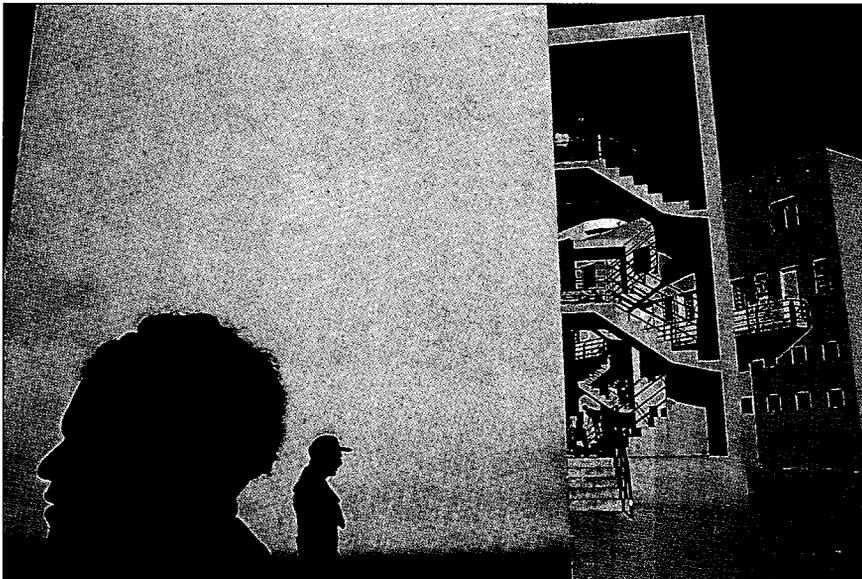
Still the drug gangs are there and pose a continuing challenge. During the summer, 12 people were killed in a weekend of gang warfare in one favela. The mayor has expressed concern that drug traffickers are having a bigger impact than expected on the projects, delaying construction by interfering with workers and, in some cases, trying to choose who is hired.

In Fernao Cardim, a small favela that was one of the first in the program, Herclides Quinto Rangel 74, who was one of the favela's original residents and an early member of its Resident's Association, is pleased with the result. "I feel so happy now. I come home more secure, no longer afraid of being assaulted by gangsters on every corner." He said he didn't even mind that the project managed to kill two large shade trees in creating the favela's central plaza. "You should have seen the mess it was before." He added, "We have progressed from favelados to citizens."

Phase II of the program should get under way at the beginning of next year, with nearly the same amount of money as the first phase. In the second phase, Rio wants to expand the child-care centers to accommodate children up to 14 years of age. The administration of the centers will be turned over to NGOs, which will bid for the right to run them. Training centers might also be expanded to include classes for residents without school diplomas.

By the end of the program's current projected run in 2004, Rio expects to have improved living conditions for 70 to 75 percent of its slum population, and to have tackled even the biggest favelas of the city, including Rocinha, which has

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Micro Enterprise In Small Cities

In 1997 the City of Rio established a Department of Labor to stimulate micro enterprise and self employment in low income communities as an integral part of its citywide slum upgrading program. One million inhabitants—over a quarter of the overall workforce—are self-employed. They face an enormous number of difficulties trying to develop their businesses. The Department of Labor runs various programs to help the small business person. They range from micro-credit schemes, computer technology training, business management and job training courses, technical assistance and other services. As part of the Favela Bairro program the Department of Labor set up "Rio On-line"—designed to give low income communities access to information and computer technology. Ten computer centers have been established since 1988 training 1,183 people in desktop publishing, computer programming and design. Micro-entrepreneurs can lease computers by the hour. Commercial space has also been built and leased by the city's department of housing to community residents. ●

48,000 residents, and Jacarezinho, on the outskirts of the city with 42,000. Besides the loans from IDB, Rio has secured financial support for the project from the European Community.

Critics of the program argue that by offering benefits to current favela residents, the city is motivating the creation of new favelas or the expansion of existing ones. "The favelas grow because of the benefits the city provides to its residents," says Rio resident Maria Lucia Massot.

Eight years ago Massot, an architect, bought a house in one of the city's middle class neighborhoods. Since then, she has seen what used to be a small favela across the street grow from 300 residents to 6,000. "Favela residents have access to social benefits without paying taxes, and there are no limits to where they settle and no long-term planning to limit the growth of the favelas," she says.

The program's defenders say the question of taxes is part of the "not-in-my-backyard" syndrome. While most of Rio's residents approve of the program, most would prefer that the favela closest to their home be removed.

Rio officials and IDB recognize the tax problem. Residents will only be able to pay property taxes once they gain title to their residences, and there is a long bureaucratic process to gain a title. Since, as of this writing, it has been less than a year since completion of the first project, most residents are not there yet.

Brakarz disagrees that the Favela Bairro program itself creates an incentive for favelas to grow. "No one lives in a favela by choice," he says. "There are no new waves of land invasions taking place. What we see is simply a demand for affordable housing."

The Favela Bairro program has received international recognition. Other governments, including Venezuela, Uruguay, Colombia, Bolivia and Argentina, have sought information on the program, and Brazil's own federal government wants to create a national program based on Rio's experience.

"What is sweeping the low-income neighborhoods of Latin America is the concept of empowerment," says Enrique V. Iglesias, president of IDB. "When governments give the people the right tools to upgrade their way of life, such as services and infrastructure, huge advances in neighborhood development take place. Homes and community activities become better, streets safer and new opportunities are created for the young." ●

FLAVIA SEKLES is Washington correspondent for Jornal do Brasil, a Rio de Janeiro daily.

JANICE PERLMAN, founder and president of Mega-Cities also contributed to this report.

During the go-go years of double-digit growth in Thailand, an architect like Somsook Boonyabancha could have grown very rich designing the gleaming office towers and luxury condominiums that turned Bangkok from a sleepy river town into a traffic-choked megacity.

Instead, the 1977 graduate of Chulalongkorn University carved a much different career for herself. Working both inside and outside of government, Somsook has devoted herself to alleviating poverty and transforming social relations in Thailand through innovative housing and small-scale development projects that have at their core her belief in listening to and learning from her people.

It was a lesson she learned early in her career when she was working with the National Housing Authority (NHA) on slum alleviation. Sent to "do something" about a slum, Somsook started talking—and really listening—to people in the community.

Out of this experience with NHA grew an innovative and world-renowned urban land-sharing program built around a mutually beneficial deal between urban squatters and the landowner who wants to develop for commercial purposes. Working outside of government and with local NGOs, Somsook created a system in which slum dwellers get new, more solid housing on a back portion of the plot in dispute, and the owner gets the street-front portion for immediate development. The program sought to avoid confrontations and to create a scenario in which everyone wins. The slum dwellers get quality housing at affordable cost and they become legal and secure. They also emerge, in Somsook's way of orchestrating such deals, organized and able not only to negotiate but to go on and deal with other problems.

Some 10,000 families have benefited from land sharing in Thailand since Somsook began the program in the early 1980s. She stopped working full time on land sharing when the government lured her back into service as managing director of NHA's Urban Community Development Office (UCDO) in 1992. With an initial capitalization of \$50 million for low-cost loans, Somsook is trying to use UCDO to expand the principles of community participation into other sectors.

UCDO provides low-cost loans to local groups for housing, land purchase and income generation. "This is not a bank as such," Somsook explains. "It is a way to stimulate a dynamic process."

Organizers from UCDO work with some 500 local community groups to get them ready to accept and implement their projects. A squatter community facing eviction, for example, can come to UCDO for help in negotiating with the landowner to purchase a tract of land. UCDO has provided start-up funds for a slum community to open a small clothing factory and helped them negotiate contracts to sew school uniforms for the local district.

"In a rapidly changing society, people need someone who can give them the tools to approach the capitalist system," says Somsook. "When it is working, the people gain a new political status. They can negotiate and change their situation. We give them the financial and institutional back-up."

Looking back on her career, Somsook doesn't regret forgoing riches for community development. "This is much more satisfying," she says. "Besides, I think there is no limit to a person's ability to make change." ●

A. LIN NEUMANN has covered Southeast Asia for NBC News, the San Francisco Examiner and other news organizations for 15 years.



THE GOING OFF RAILS

In Mumbai, a formalized land deal among slum dwellers, the railways, NGOs and the government succeeds in voluntary resettlement and new homes. *By Sheela Patel and Gautam Chatterji*

IN MUMBAI, A CITY OF MORE THAN 10 MILLION AND the commercial capital of India, the railways play a vital role for business and industry.

But the rail system provides more than a way in and out of Mumbai for millions of passengers each day; it also provides a home for some 20,000 people who have settled in the railway corridors, some living little more than one meter from the tracks.

These illegal settlements of poor migrants have existed for years, mostly ignored or overlooked. Whenever the railways have needed the land, they would evict the residents and demolish their shanties, but the houses would soon be rebuilt because the residents simply had nowhere else to go.

This stalemate approach has been challenged by a new problem-solving paradigm. In 1995, the

state government of Maharashtra and the Indian Railways needed to lay new railroad tracks. Rather than eradicate the surrounding slums, they looked to develop a win-win strategy for rehabilitation.

The effort brought NGOs and communities, state government and the railways together to design a partnership strategy. In the end, the government agreed to an experiment: the state government would give land, the railways would give resources to develop the land and the NGO Society for Promotion of Area Resources (SPARC) would help the rail dwellers move.

The CEO of the Slum Rehabilitation Authority arbitrated between the slum dwellers along the railway lines and the railways. As a result of his facilitation, several

precedents were set, each of which required innovative solutions and the participation of the state government, the railways and the slum dwellers.

Take, for instance, the land. The state had to convey the land to the slum dwellers. But the slum dwellers could only be given land after they lived on the site. It would take three years to build formal houses; by then, the momentum driving agreement on the strategy would be lost. The slum dwellers who wanted the land then suggested a two-step rehabilitation strategy: They would move to the land they were

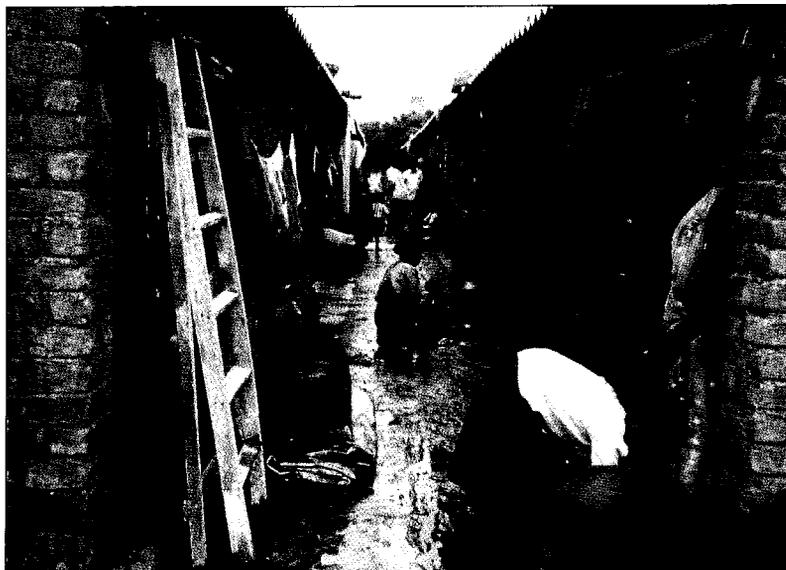
SHEELA PATEL



Above: Some 20,000 people have settled in the dangerous, noisy and dirty railway corridors of Mumbai.

Right: Nine hundred families now live in brick houses of 100 square feet each.

SHEELA PATEL



Healthy Places, Healthy Lives

being given and live in temporary housing in one area of the site while permanent structures were built elsewhere on the site.

This approach seems to have worked for everyone involved. Members of 900 households are living securely and safely on their own land, the trains can run faster and more track can be laid for new lines, benefiting commuters, the rail-ways and the city.

The housing on the new site is not ideal, but 120 to 150 square feet of space with community water and sanitation and paved roads is far better than the conditions in which these people lived along the tracks. And, because they are living on the land from the start, they “own” it, both in formal and personal terms. The residents of these relocated communities are forming cooperatives and flourishing credit programs. The poorest people who have no skills or jobs are working on the construction site, learning skills they can later use to get other jobs. Some are moving into new lines of work. They have moved their children into nearby schools, begun discussions with the local police on security issues and with the municipality on garbage collection. They are thus creating a true community, filled with ties and connections that will remain in place after the construction is completed.

Senior officials of the Railway Board in Delhi, impressed with the project, have begun discussions with the alliance to replicate this model in other parts of Mumbai. The city’s Slum Rehabilitation Authority advocates this strategy and has proposed to use it to relocate 11,000 other households.

The model community built with the two-step approach at Kanjur Marg has become a training site for local, national and international NGOs and government officials from other countries have visited the site. Authorities in Thailand have agreed to use the strategy to deal with slum dwellers living under its bridges.

As with any other project, the key elements are the legal and policy environment, the cooperation of the bureaucracy, and a strong, vibrant community network. When these elements come together, all the players emerge as winners. The Kanjur Marg experiment exemplifies voluntary urban resettlement that secures the entitlements of the poor even as it benefits the larger society. ●

SHEELA PATEL is the founding director of SPARC, an NGO that works on issues of the urban poor in India. GAUTAM CHATTERJI is the chief executive officer of the Slum Rehabilitation Authority of the government of Maharashtra.

Shobha’s finest moment was when she was called to a hut to help a woman give birth. “There were no clothes for the baby, so I tore up her husband’s best shirt to make diapers,” she explains. Shobha, a newly trained community health volunteer, epitomizes the transformation of Ekta Vihar, a once squalid shantytown in South Delhi. Ten years ago, Shobha lived in a make-shift hut surrounded by filth and disease. “Every time it rained, I thought my roof would blow off. There were no roads, no dispensary. There was garbage all around. Malaria and tuberculosis were rampant.”

Then, a Delhi-based NGO, Action for Securing Health for All, stepped in and mobilized the residents to form mahila mandals, or women’s groups. The first step was to help them get land tenure. Within a year, the city government had awarded plots of 12.5 square meters (135 square feet) and provided low-interest loans to cover construction costs.

Today, Shobha lives in a one-room brick house. Paved lanes have replaced narrow mud tracks. The fetid pools where residents once bathed have given



Shobha, a health volunteer in the South Delhi community of Ekta Vihar, is often the first line of defense against illness.

way to a community-managed toilet complex. There is a health clinic, a youth forum, a children’s club and even a primitive gym—unheard-of luxuries for most of Delhi’s 4 million slum dwellers.

There is also education. With picture flash cards, Shobha learned the basics of health and hygiene, how to deliver babies and administer shots. This is paying off; she notes that “The incidence of malaria and tuberculosis has come down.” Shobha now spends her days making rounds, medical kit in hand. “Before, I was not only uneducated, I was ignorant. Now I know a lot about low-cost home remedies. That makes me confident. When my son contracted malaria, I knew the treatment and the medicines. I did not have to rush to the doctor.” Shobha is now in a position to help others, thanks to the empowering quality of education. ●

PATRALEKHA CHATTERJEE is a New-Delhi based journalist who specializes in development issues.

CITY OF GOLD

Only recently on the brink of financial collapse, Johannesburg is now including everyone—even the poorest—in its strategy for competitive development. *By Adele Sulcas*

AFTER FIVE YEARS OF DEMOCRACY, JOHANNESBURG, South Africa finds itself teetering on the brink of collapse. It would seem that all should be well in the country's premier metropolitan center—responsible for 12 percent of GDP and home to about 11 percent of the population (3.8 million)—but in fact it is struggling to deal with massive economic and social problems. The city mirrors elements of a national crisis, with low levels of economic growth, high unemployment and extreme economic disparities among its citizens. It is racked by massive debt, hobbled by inefficient delivery of basic services and revenue collection, and plagued by violent crime. At the heart of its problems is the fact that a majority of its people live in poverty.

Under apartheid, Johannesburg, like all other South African urban centers, was fragmented along racial and economic lines. After the 1994 elections, it was transformed into a two-tier metropolitan system: a metropolitan government overseeing five separate mixed-race municipalities. The period that followed was one of administrative and political chaos. There was no clear allocation of resources or functions between the two tiers, nor were fiscal responsibilities defined, so the transition to the new system was not smooth and the servicing of old debt was not properly handled. Not surprisingly, the city soon found itself in a financial and service delivery crisis.

The new political leadership under the

African National Congress faced the threat of bankruptcy and the prospect of growing urban decay. They formed the Council of 10, a joint executive of the five former councils that grew in membership to 15 and, this year, renamed itself the Transformation Lekgotla—"lekgotla" being the Setswana word for "tribunal meeting of the elders." At the end of 1998, Ketso Gordhan, former director-general of the national Department of Transport, was appointed CEO.

Gordhan, whose performance-based contract includes turning a sinking ship into an attractive investment prospect, had been responsible for slashing the transport department's budget and trimming the once-bloated bureaucracy by two-thirds. In April Gordhan and Pascal Moloi, former CEO of one of the sub councils and now the transformation project manager, launched Igoli 2002, a sweeping, management-focused restructuring plan that aims to resolve, once and for all, Johannesburg's perpetual crisis.

Using the Zulu name for Johannesburg—"city of gold"—the plan aims to create a streamlined, cost-efficient "unicity" administration, eliminate duplication of functions, form city-based corporations and privatize some services, control costs and upgrade management skills.

Alleviating poverty is a major focus of the plan, Gordhan says. He offers the proposed model for water services as an example of how it will work. Currently, Johannesburg faces a backlog of 20 percent in terms of providing access to water, as well as huge wastage from unmaintained infrastructure and lost revenue because of "unaccounted for" water.

"Our answer to poverty is to have an institution that is capable of delivery," Gordhan says. In the case of water, that means "corporatizing" the function, creating a separately mandated utility and bringing in an experienced water company to run it.

"Cutting unaccounted-for losses by about 20 percent a year (achieving savings of US\$3.5-4.8 million), improving revenue production (earning another \$3.5 million or so) and raising capital so we can start addressing the backlogs is the minimum we can achieve."

Extrapolating that principle, he and his colleagues hope to provide land tenure to "everyone currently living in Johannesburg" within five years, and six kilolitres of free water to all residents, part of another plan-in-progress called Igoli 2010. "Even if you are living in a shack, at least if you own the land it's an investment and can be used as collateral," Gordhan says, adding that "We have to manage political, administrative, institutional, fiscal and financial reforms simultaneously, [and] we are building coalitions with our

communities, civic groups, labor unions, the private sector and other tiers of governments.”

Not everyone is on board. Some 20,000 members of two major unions are protesting against the plan, arguing that it will cause job losses (though Igoli 2002 is officially a “retrenchment-free” package). As in all periods of change, many are waiting to see results on the ground.

The coalition extends into the donor community. Through a partnership that links development agencies from the United Kingdom, the United States and France, and the Cities Alliance with the UN’s Urban Management Programme and the World Bank, donors are providing technical support to Igoli 2002 through, for example, a workshop on metropolitan policing with experts from Brazil, the United States and England.

While acknowledging the need to access international experience, Gordhan emphasizes that Igoli 2002 was created through a political process owned and driven by the South Africans themselves. The donors are responding to this plan at the invitation of the city’s leadership and under its management, he says.

Also on the cards: the long-awaited upgrading of the former townships, now a part of greater Johannesburg. The Bank will support (through technical assistance) Johannesburg’s plans for upgrading disadvantaged areas; key project locations being the townships of Alexandra and Soweto.

Leila McKenna, planning coordinator for Igoli 2002, says that Alexandra is a key focus. The approach—a holistic one—also recognizes the economic potential of “the entire corridor,” she says, referring to a main highway linking Alexandra, the burgeoning Midrand area and the Johannesburg airport. “If we just go for a housing strategy for Alex, we’re not going to deal with the fact that employment is an essential requirement for greater development,” she says.

The business plan intends to look at development of the area with respect to the approximately 500,000 residents already there. This means not displacing anyone, and catering to the community rather than isolated needs.

Two catalytic projects out of 10 “priority intervention zones” in Soweto are Baralink and Kliptown. Baralink has “remarkable potential because it is a central commuter and transport hub,” McKenna says. The aim is to relocate existing commuter-taxi ranks and construct new ones to improve access from the freeway and surrounding areas, and to open up land ripe for commercial investment. Kliptown, an area with historic significance for its apartheid-resistance, is the focus of mixed-use development that includes the establishment of a tourism train that

will run through Soweto all the way to Johannesburg’s central business district.

The Bank, USAID and the French development agency are providing support to the city’s economic development initiatives, notably the Newtown project—a former industrial zone of the inner-city now in decay. This is a culturally led urban regeneration initiative that seeks to create jobs by unleashing the potential of the existing creative and cultural activities. The Newtown project will be used “as an opportunity to raise issues around the role of arts and culture in urban regeneration from a national perspective,” says Steven Sack, national director of cultural development.

The Bank has developed the fundamentals for the city’s Economic Intelligence Unit, a system that monitors economic activities in the region. It will look at the types of economic activities in the formal and informal sectors, their location (e.g. township, inner city, suburbs) and the nature of the activities (e.g. small family-owned business, or larger vertically integrated ones). The unit will then set up “baseline” information on how many people have jobs, how many have access to water and electricity, and so on, as a way of seeing whether service delivery systems “are having an impact on the ground,” says



A sense of pride and identity is evident in this crowd celebrating a sports victory.

Junaid Ahmad, Deputy Resident Representative in the Bank’s Pretoria office. It will take the guesswork out of trying to understand the changing nature of business and the market.

Though these changes are still largely in the conceptual stages, and there is no “overnight solution,” says Ahmad, “laying this groundwork is crucial to poverty alleviation.” Assistance at the city level “may become as important as national assistance strategies” if other metropolitan centers can learn from one city’s experience. “If a city doesn’t get its fiscal story right and begins to go bankrupt you can forget about poverty alleviation measures,” Ahmad says. “People forget that when institutions of delivery aren’t efficient, it’s the poor that suffer.” ●

ADELE SULCAS is a journalist for The Sunday Independent, Johannesburg.

The aim is to provide land tenure to everyone currently living in Johannesburg within five years.

FROM MUD TO MARKETS

In Aguablanca, Colombia, a private foundation finances an evolving number of services tailored to the economy of the poor. *By Patrick Breslin*

Food of good quality and affordable cost is now available in the low-income community of Aguablanca.

WHEN MEMBERS OF THE CARVAJAL FOUNDATION FIRST saw the mushrooming slum called Aguablanca in Cali, Colombia, in 1981, they found an unusual and flourishing little business: parking lots for shoes. Without a land plan, without services or infrastructure, this community of tens of thousands of people lived tenuously amid frequent floods and a sea of mud. So inescapable was the mud that people leaving Aguablanca for work or errands would carry a clean pair of shoes to the nearest paved road. Before boarding a bus, they would leave their mud-caked footwear with someone living along the road who would guard it for a few pesos until the owner returned in the evening.

Mud wasn't the only problem. People lived in ramshackle cambuches made of cardboard, flattened tin cans, reed mats and sheets of plastic. With no guarantees against sudden eviction, they had no incentive to improve their houses. There were no city services, few jobs and plenty of crime.

Aguablanca today is no paradise. The majority of its inhabitants fall into the bottom two of the six socioeconomic strata into which Colombian statisticians divide the population. But the area, which contains close to 400,000 people, is no longer a slum. It is now largely made up of solid brick houses, many of them two stories high. There are health posts, hospitals, schools, some 6,000 local stores, paved streets, concrete drainage channels, bridges, neighborhood parks, some with swimming pools. A web of local organizations and religious groups provides child-care centers, vocational training and cultural activities for young people, shelters for expectant single mothers, and soup kitchens. The crime rate is no worse than the overall city average.

Many individuals and groups contributed over the years to turn Aguablanca around. But 1981, when the Carvajal Foundation decided to get involved, was clearly a seminal year.

Twenty years before, the Carvajals, a wealthy Cali family with a propensity for charity, created a family-run foundation to help solve Cali's social problems. They subsidized five community centers around the city, offering education through high school, health, cultural and recreational activities, and stores selling basic goods at low prices. In 1981, they decided to take on the challenge of Aguablanca.

By then, faced with the reality of thousands of people living in the district, the municipal government had incorporated Aguablanca. That decision led to a building boom. Aguablanca's residents, galvanized by their new security, scrambled to turn their cambuches into permanent houses. But the same speculators who had profited from the initial land sales were profiting again by selling construction materials at exorbitant prices.

In early 1982, Carvajal opened a construc-



PATRICK BRESLIN

tion materials “bank,” an enclosed space in the El Poblado neighborhood where manufacturers could get concessions to sell directly to the public. They paid Carvajal a percentage of sales in return for the space, utilities, sanitation, 24-hour security and overall administration of the enterprise. With this arrangement, Aguablanca’s do-it-yourself homebuilders could get good quality building materials at reasonable prices. The manufacturers enjoyed attractive profit margins in a booming market. The center generated new jobs for Aguablanca residents and with the income from the concessions, the center was self-supporting within two years.

Carvajal went on to open two centers in other Aguablanca neighborhoods, El Vallado in 1985 and La Casona in 1991. Most people needed loans to help them build. With the newly acquired land titles this was now possible. Carvajal invited savings and loan banks to open branches in the centers and lured architecture students from the university to help local residents with home design and building techniques.

From housing, Carvajal moved on to groceries. Most Aguablanca residents lived day to day, buying basics like cooking oil, sugar and coffee by the spoonful. The combination of the high prices charged by shopkeepers and the minute purchases meant they were paying at least twice as much for food as people in better-off parts of the city.

Despite the high prices, the neighborhood stores constituted an irreplaceable distribution system tailored to the economy of the poor. The trick, Carvajal staff realized, was not to try to replace the shop owners, but to work with them. Drawing on the previous experience with construction materials, in 1985 Carvajal opened a wholesale grocery market that gave producers and manufacturers direct access to a large number of shop owners at a single location.

Shop owners, instead of being the next-to-last link in a long supply chain, were now the only intermediaries between producers and customers, resulting in savings. Under their agreement with Carvajal, they passed some of the savings on to their customers and received training in running their businesses more efficiently. Soon, enough had signed up that they effectively set price ceilings throughout Aguablanca, lowering costs for about 70 percent of the consumers there by roughly 15 percent.

The centers have offered a steadily expanding menu of services since then. Public telephones and automatic tellers were installed, health clinics and post offices opened. Government services and a notary public were concentrated in storefront offices. The centers

also provided space for mini-businesses run by local people, like solid waste recycling and the manufacture of floor tiles and paving stones.

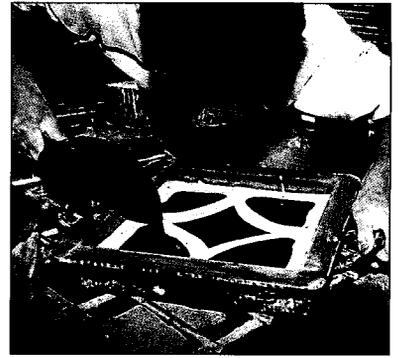
Education was the next major problem tackled. The schools that served Aguablanca were ill-equipped and most students lacked quiet spaces to do homework. With the help of a Spanish NGO, Foundation CODESPA, and a number of computers donated by IBM, Carvajal took Aguablanca into the digital era. La Casona, the third of Carvajal’s centers, offers local students a large study room and library, traveling lending libraries of books and educational videos for the schools, a Montessori-type classroom for preschoolers and 20 online computers. The equipment and facilities also support training courses to improve the skills of local teachers.

Carvajal’s basic services centers have become as permanent a part of the life of the district as is the plaza in towns and cities all over Latin America. Fifty-four manufacturers now sell directly through the centers. Some 6,000 local shop owners buy their merchandise there. Of the 450 jobs directly created by the centers, more than 90 percent are held by Aguablanca residents. And lower prices have left more disposable income in residents’ pockets.

But if the centers have become permanent fixtures, they are not static. They will probably keep changing, especially as others copy them. Carvajal has advised organizations in other Colombian cities and in half-a-dozen foreign countries that are interested in setting up similar centers to reverse the growth of slums. CODESPA has adopted the Carvajal model and is promoting it internationally.

Meanwhile, in Colombia, the same forces that have been driving rural Colombians to the cities for half a century are still out there. Squatters still arrive in Aguablanca. The construction materials banks Carvajal started almost 20 years ago are still there to help people like Carlos Prado, who earns a living by guarding parked cars. Prado, his wife and children recently moved from a cambuche built illegally near a drainage canal to a new subdivision in Aguablanca. With materials and technical help from the La Casona center, he’s already built the shell of their new house. “In the cambuche,” he explains, “There was no hope of advancement, no reason to invest in it. Frankly, many of the pesos I made went into drinking. But here, we can put down roots. Here, the next pesos I earn go into glass for that window frame beside the door.” ●

PATRICK BRESLIN is a Washington-based writer and program officer at the Inter-American Foundation.



Carvajal’s basic services centers have become as permanent a part of the life of the district as is the plaza in towns and cities all over Latin America.



The improvement of technician workshops in Kumasi, Ghana, has led to increased productivity and a reduction in crime. *By Kojo Larbi*

THE STENCH OF DIESEL HANGS IN THE AIR OF THIS dusty enclave where years of spilled fuel—tell-tale byproduct of the automotive service industry—has darkened the earth. But business has picked up greatly in this small section of Suame Magazine in southern Ghana in recent years, thanks to an infusion of US\$1.2 million in multi-lateral agency funding that has been used to pave roads, construct storm drains and install running water and electrical power. Today, the drone of heavy-duty power tools is replacing the clattering of hammers and chisels. And, in contrast to three years ago when business was limited to those vehicles that could navigate the pitted roads into Suame, today nearly all the cars and trucks in the Kumasi metropolis line up at the shops of mechanics, scrap metal dealers and other technicians.

Suame Magazine became the focus of government attention because of its economic potential. About 100,000 people work on Suame's 500 hectares (1,235 acres), making it the largest grouping of mechanics in Ghana. Moreover, since its rehabilitation, says Elliott Bartrop-Sackey, who was the project's coordinator, the area draws not just people from Kumasi but from other parts of the country to work in Suame or to learn an automotive trade. The

upgrading affected about 70 hectares (173 acres), the oldest section of Suame, where Bartrop-Sackey notes, about 60,000 people work.

"When the power stabilized, many of us were able to bring in heavy-duty electrical equipment," explains Godfred Oppong Peprah, a technician who put a lathe in his shop in the wake of the rehabilitation. Tenants were allotted more space—though some say they need even more to handle the increased business. As workers became more sure of their security on the land, they replaced their shacks with buildings with concrete foundations and walls of blocks made from sand and cement. Telephone service was extended to the new structures, and streetlights were installed.

Despite the upgrading, some problems persist. The tarred road that borders the site has already become pitted and covered with dirt, and some complain about power fluctuations. Some workers say they still do not feel safe leaving after dark for the trip home, but note that they are thankful that pilfering has been reduced.

The rehabilitation was a good idea, according to Samuel Owusu Ansah, secretary of the Legal Affairs Division of the Ghana Association of Garages, which enforces discipline at the Magazine. But "it covered too small an area and catered to too small a number of people." A vast area still remains to be tapped. This constitutes the main challenge facing the project in the future. ●

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Mechanics at work in a renovated workshop.



Thirty years ago, 60 percent of Jakarta's 4.8 million people lived in sub-standard settlements known as kampungs. Then, in 1969, on the initiative of the Jakarta City Council, the Kampung Improvement Program (KIP) was established as an independent agency to provide these settlements with basic amenities, sanitation and infrastructure and to foster self-sufficiency within the communities. Instead of razing the kampungs and building high-rise apartment blocks in their stead—a housing projects approach frequently used elsewhere—the program focused on upgrading what was already in place and recruiting the help of the people who lived there.

“The people are there, the houses are there. What is missing?” reflects Darrundono, who has been central in masterminding KIP projects since their inception. “We found out which leaders in the community were powerful and invited them to our KIP offices to discuss ways of improving the kampungs with minimal disturbance to people’s lives.”

An Indonesian Mastermind

Settlements were approached by KIP workers on an individual basis. At first, many kampung

dwellers were reluctant to accept the program, but when it became clear that people were not being displaced and that real improvements were being made, residents actively approached KIP asking to join. There were up to 1.2 million beneficiaries of KIP in the first five years.

KIP was given a further boost when, in 1974, the World Bank began assisting the Jakarta City Council. Per capita costs rose from US\$39 to \$118 (in 1993 dollars), facilitating more ambitious projects like building schools and health clinics. KIP took care to avoid gentrification in making these upgrades, since that could lead to dwellers “selling up” and establishing slums elsewhere. And even though property values rose by up to 400 percent within a year, only a few of the original owners sold and moved out; these were residents of properties along wide roads. In response, KIP built fewer roads and more footpaths.

In 1979, the central government, impressed by KIP's success and affordability, endorsed and adopted the program nationwide. Unfortunately, the slum upgrading program suffered an almost immediate setback when, in the early eighties, urban renewal came into vogue with central government. “They thought they could build Jakarta as Singapore,” observes Darrundono. This deviation from mission did not last long, however; and, with the help of international finance, KIP has been back on track in the past decade.

Today, about 15 million Indonesians reside in areas that are part of the program. And, as long as there are capital investments in the settlements, residents enjoy de facto tenure security.

While conferring land titles on dwellers has never been part of KIP, Darrundono envisages this as a desirable next step. “If you ask people, ‘Why don't you improve your house?’, they say, ‘It doesn't belong to me.’ By giving them land rights, I think the condition of the kampungs will be much improved.” ●

Poor sanitation and disease were rampant in rubbish flooded streets.



Streets are now paved and have proper drainage.

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