Task Force 8:
IMPROVING THE LIVES
OF SLUM DWELLERS

Local Authority-Driven
Interventions and Processes

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1 EXECUTIVE SUMMARY

1.1 Overview

This background paper is based on an extensive review of local authority-driven initiatives that managed to improve the lives of slum dwellers. The review discusses the growing role of local authorities with reference to the institutional context conditioning local government action. The imbalances created by asymmetrical decentralization of powers, responsibilities and resources is a cross cutting theme prompting local authorities to seek strategic partners for their initiatives.

The conceptual framework used to define the range of locally driven initiatives that can improve the lives of slum dwellers underscores their breadth and diversity. The review focuses on process, strategy and action, and how these were shaped by the nature of the challenges that local authorities had to cope with and the partnerships they managed to structure in order to access resources, engage poor communities, reach marginalized populations and address vulnerable groups.

The performance of these institutional frameworks and decision making processes are assessed with reference to the difficulties encountered and results achieved. The selected initiatives presented in the different sections of the paper are grouped under headings highlighting recent trends and pointing to future directions. The paper focuses on initiatives implemented during the past decade in different economic, social, political and cultural settings. Emerging trends with regard to processes, strategies, and actions highlight the expanding scope of partnerships and the emphasis on empowerment and social inclusion.

The review drew on many sources to ensure wide geographic coverage. The U.N. Habitat Best Practices database was extensively researched. International, Regional and bilateral development organizations, including the World Bank, the Inter American Development Bank, the Swedish International Development Cooperation Agency and the Urban Management Program for Latin America and the Caribbean were consulted as well as members of the task force and specialized experts in different fields. Their inputs were invaluable in helping structure the paper.

In particular the contributions and documentation provided by Yves Cabannes (PGU/LAC), Eduardo Rojas (IADB), Alfredo Stein (SIDA), Keshaf Varma (WB), and Jean Pierre M’Bassi (PDM), were instrumental in identifying outstanding initiatives.

1.2 The Growing Role of Local Authorities

Local governments are playing an increasingly pivotal role in initiatives aimed at poverty alleviation, improving the living conditions of slum dwellers and fostering social inclusion. This pivotal role stems from their statutory powers and their ability to act cross-sectorally in a defined geographic space. They provide the forum for democratic governance closest to the people and the territory for meaningful participation of actors operating at the community level. They can institute participatory processes and empowering mechanisms. Programs in Lublin (Poland), Rosario (Argentina) and Colombia demonstrate the use of these powers to improve the lives of poor families.
The share of total public expenditures channeled through the local level although still limited is growing steadily as a result of decentralization and economic restructuring. However, central recording of transactions relating to wealth producing assets including land registration and control of high yield tax bases has largely not been devolved. Furthermore, devolution of control over expenditures is often not matched by a commensurate devolution of taxing authority. In addition, curbs on borrowing, caps on particular categories of expenditures and limits on discretion to reallocate funds among budget categories, while needed to some degree to control irresponsible fiscal management and corruption, can if carried too far constrain the flexibility of municipalities to implement integrated development programs.

The Scope of Local Authority driven initiatives

The cases mentioned in this paper document the range and diversity of local government driven initiatives that improved the lives of slum dwellers. Drawn from different contexts and cultures, they highlight common features and emerging trends.

Public expenditures on budget categories including infrastructure and social services, transport, support of small and medium size enterprises and housing have increased with decentralization. This trend does not necessarily translate into a commensurate increase in expenditures benefitting slum dwellers. However, since the mid 80’s growing disparities in the distribution of wealth and income, widening social distance and increased mobility and communication are contributing to sustain mounting political pressure regarding the urgency of addressing the needs of impoverished populations. In this respect, recent trends focusing on security of occupancy rather than ownership rights have expanded the capacity of local governments to address regularization on their own. South Africa and particularly Brazil experience in the past decade offer interesting insights into action at different levels of government.

1.3 Supportive Frameworks for Local Government Action – The evolution of the role of national agencies and international and bilateral development organization: from actors to partners.

National programs can be structured to channel funds to communities through local authorities or through NGOs and CBOs. Both approaches have led to successful results when the focus was the institutionalization of organizational and financial frameworks to support action at the local level. However, the evolution from actor to partner requires a change in institutional culture as well as in procedures. In the countries with high levels of decentralization, central agencies have accomplished this shift. Thailand’s Community Organizations Development Institute (CODI), South Africa’s Municipal Infrastructure Grant Program and Colombia’s Housing and Environmental Improvement program illustrate this evolution.

Development Banks and international and regional financial institutions have introduced more flexible lending instruments adapted to the nature of programs rather than projects to facilitate the development of a new generation of interventions combining macro economic stabilization, national sectoral policies and integrated programs to alleviate poverty and improve the urban environment. These newer programs call for strengthening the capacity of local authorities and CBOs, encouraging participatory processes, transparency and accountability in governance and promoting increased involvement of the private sector and civil society in all spheres of local activity. Programs in Albania and Indonesia illustrate approaches to poverty alleviation
emphasizing the role of local actors and focusing on the improvement of squatter and informal settlements.

1.4 The Challenges Faced by Megacities and Larger Urban Centers

Megacities and larger urban centers exhibit sharp contrasts in the quality of their urban environment reflecting the disparities in income and wealth that characterize different regions and provinces as well as the nation as a whole. Because they concentrate wealth and opportunity, they are magnets attracting migratory flows from economically depressed areas and across national borders from the surrounding region.

Addressing the needs of slum dwellers including migrants and floating populations is part of the national social and political agenda. It is also a critical component of local economic and social development strategies. Operationalizing these strategies in larger urban centers requires structures adapted to the scale of the city and the magnitude of the challenge. The programs implemented by Shanghai and São Paulo illustrate the difficulties entailed by this effort.

1.5 The Expanding Scope of Partnerships in Local Authority-Driven Initiatives

As they move away from promises and projects motivated by electoral tactics to strategies and action plans formulated through participatory processes, local authorities become far more effective in addressing the needs of slum dwellers. Partnerships, multisectoral strategies and integrated mutually reinforcing initiatives are the key features of programs developed in the past decade. The Comunidades program in Fortaleza, Brazil, was a leader in introducing concepts that have become the hallmark of successful initiatives today, namely: partnerships among local stakeholders, interlinked programs, integrated strategic initiatives and community management of activities.

Redefining the Role of Regional Authorities

In Europe the role of regional authorities has been redefined to adapt to globalization and reflect a supranational geographic space where economic growth is driven by networks of cities and development is shaped by major transport corridors. The European Union and national governments channel funds to local authorities through the regions, and local governments formulate their own economic development and social inclusion plans within the framework of regional strategies. The cases of Córdoba, Spain and Sofades, Greece illustrate the use of EU and national funds to address issues of slums, marginalization and exclusion.

In developing countries, the different levels of governments have a lot to gain from working jointly as partners in development, particularly since some problems can only be addressed at the regional or metropolitan level while others are best addressed at the municipal level. The Inclusion of Scavengers in the waste management process in the North West Province South Africa, the Community-based Women oriented Initiative in the State of Kerala, India and the Beberibe River Macro Investments program and Urban Upgrading Project in Recife, Brazil, illustrate the key features associated with this new regional role: partnerships among local actors; interlinked programs, and action through networks of CBOs and community based initiatives.
The Growing Role of NGOs, CBOs as strategic partners in locally-driven initiatives

Quite apart from their advocacy role, NGOs and CBOs have emerged as key partners of municipalities in efforts to alleviate poverty, regularize land occupancy, deliver services and otherwise act on the multifaceted aspects of social exclusion. A particularly interesting feature of recent years has been the expanding scale of microfinance initiatives. In addition to micro-enterprise loans, leading institutions offer credit for housing improvement, and more recently, access to urban land and infrastructure services. They have now become key strategic partners for local authorities in their efforts to improve the living conditions of the poor. The Parivartan initiative in Ahmedabad, India, is an outstanding example of the effectiveness of this partnership.

Key features of community-based partnerships include:

- **Linking Formal and Informal Service Providers**

In poorer countries, initiatives aiming to deliver services to poorer communities hinge on the ability to interlink formal and informal actors operating at different geographical levels, and relying on different technologies. In West African cities water supply, sanitation and garbage collection are priority concerns. Typically, few services are provided in informal subdivisions and none in squatter settlements.

In the late 80’s, the Commune of Adjamé in Abidjan, Cote d’Ivoire, was a leader in organizing community-based structures (Comités de developpement de quartiers) to deliver services curtailed by structural adjustment policies. A decade later, Cotonou’s Program for the Protection of the Environment (Pr.A.P.E.), including a garbage collection system and a recycling program, and the metropolitan improved water distribution system rely on the integration of informal actors as partners in the delivery system.

- **Interlinked Partnerships and Institutional Arrangements**

In situations involving a multiplicity of local actors and stakeholders, interlinked partnerships can be effective approaches. However, local authorities must institute reforms in their governance to build the technical and managerial capacity needed in order to structure and drive such complex initiatives. In particular, the way they relate to and serve poor urban communities must be reassessed to enable them to work through partnerships with NGOs, CBOs and the private sector. The Urban Basic Services Programme in Cebu, Philippines, illustrates the complexities involved in managing this task.

Yet interlinked initiatives are needed to address the needs of vulnerable populations because of the specific nature of the challenges faced and the necessity of addressing these challenges as part of an integrated social development strategy. In Latin America, where the scale of the problem is particularly acute, initiatives aiming at assisting vulnerable populations, safeguarding the rights of street children and improving the quality of life of children living in slums and squatter settlements are being implemented as key components of programs to control violence and promote social inclusion. The “Integrated Children's and Family Program” developed in Santos, Brazil, is an interesting example of this approach.
Involving the Private Business Sector

The participation of private enterprise in locally authority driven initiatives to improve the lives of slum dwellers has been largely limited to grants and donations for particular social initiatives. In Central and South America, creative approaches are being developed to integrate poverty reduction and social inclusion in strategies and programs for local development where private enterprise is starting to take a more active role. The experience of Nejapa’s Local Development Fund in San Salvador highlights this potential.

New Trends in Local Government Initiatives: Networks of Stakeholders Complementarities in Action and Leveraging of Resources

Three emerging trends are identified and documented with examples from Latin America:

• **Increasing the Effectiveness of Local Authorities**

The ability of municipalities to capitalize on decentralization is directly related to their capacity to layer action plans programatically into components for which institutional arrangements and financial support can be sought separately. The Municipality of Santo André in the greater São Paulo region is a leader among South American local authorities in establishing such a capacity and applying it to address the multidimensional character of social inclusion through an Integrated Social Inclusion Program. A new secretariat for “Social Inclusion and Housing” has been established in the Municipality to fully institutionalize the strategy.

• **Institutionalizing Participatory Processes in Local Governance**

Institutionalizing participatory urban planning and management has to address the twin challenge of political will to get local authorities to support the reforms and sustained pressure and participation of citizens to drive the process. Participatory processes for the allocation of public resources entail the delegation of executive authority to participatory structures and require the integration of these structures and participatory processes into the institutional organization of the municipality and its rules of governance. Participatory budgeting developed by Porto Alegre, Brazil, and adopted by other municipalities in Brazil and elsewhere in Latin America illustrates this complex process. Belo Horizonte Participatory Housing Budget is a remarkable example of this practice as applied to housing and slum upgrading. In Central America, the experience of Santa Rosa de Copán, Honduras, shows that developing a culture of decentralization and participation can have a significant impact on the lives of slum dwellers.

• **Developing Networks of Stakeholders and Intermunicipal Initiatives**

Local authorities are often reluctant to collaborate on joint initiatives. Formalizing collaboration through negotiated agreements and intermunicipal compacts is an even more challenging task. The successful initiatives mostly focus on economic development as in the case of the ABC region, in the São Paulo metropolitan area.

In poor regions bypassed by development, programs promoting development must also foster social inclusion. Intermunicipal initiatives can significantly enhance the effectiveness of these
efforts. In the State of Rio Grande do Sul, Brazil, the action plan of the 25 municipalities of the Missões Region illustrate how an intermunicipal initiative in poor communities can mobilize multi-stakeholder support and develop a coherent and focused framework to address development and poverty reduction.

1.7 Concluding Remarks

Partnerships, participatory processes and collaboration among local stakeholders have become the key features of programs to improve the lives of slum dwellers. In the fragile institutional context of many developing countries, excessive politicization of issues and discontinuities in leadership can lead to disruptions. Reforms can be reversed with every change in local leadership. Sound strategies and well structured initiatives have managed to survive political conflicts and difficult transitions. Wide popular support has been instrumental in overcoming reversals and reinstating suspended initiatives that contribute to improve the lives of poor and marginalized populations.

Discontinued programs are often simply reinstated under a different name. Sound strategies and well structured initiatives have managed to survive political conflicts, difficult transitions and recover from these setbacks as happened in Fortaleza.
2  THE GROWING ROLE OF LOCAL AUTHORITIES

Since the mid 80’s, decentralization has become a well established trend worldwide. Each country has pursued a distinctive path conditioned to a certain extend by history and tradition, but mostly by the contemporary political, economic and social context. Irrespective of regional differences, the ensuing legal and institutional changes are reinforcing the importance of local governments as key actors in responding to the challenges of economic distress, social hardship and environmental degradation. In the poorer countries, the proliferation of slums and squatter settlements has brought to the forefront the multidimensional challenges of social inclusion.

2.1 The Expanding Scope of Local Government’s Responsibilities

Where progressive planned devolution has taken place, the reallocation of functions among levels of government has been guided by the concept of subsidiarity with decisions vested with the entity closest to the people that is able to discharge the responsibilities in a more or less cost effective manner, with as little externalization of environmental and social costs as possible.

Where political pressure has been the driving force, decentralization has proceeded in a sporadic way resulting in serious imbalances between responsibilities and actual decision making authority and between budgeting powers and effective control over revenue at the local level. Despite these constraints, local governments are playing an increasingly pivotal role in initiatives aimed at poverty alleviation, improving the living conditions of slum dwellers and fostering social inclusion. This pivotal role stems from statutory powers and their ability to act cross-sectorally in a defined geographic space.

In the face of imbalances between decentralized responsibilities and revenues, or severe budget cuts, local authorities have been able to use their statutory powers to alleviate the hardships endured by the poor.

In the early years of the transition, the City of Lublin (pop. 352,000), Poland, introduced the concept of “rehabilitation”1 in its city development strategy document, revised its master plan to prevent demolition of older neighborhoods and amended its zoning ordinance to allow residents in lower income residential areas to establish a home-based business as of right. It regularized unauthorized urban expansions and enacted a program to improve infrastructure in these underserviced neighborhoods by sharing the costs between the municipality and the residents. The city council modulated the cost sharing formula for each street to take into consideration the cost of technical requirements in relation to the income of residents. Between 1994 and 1998, the 6,000 residents in the two pilot areas established 123 small enterprises, renovated 400 dwellings and built 87 additions and new houses. The initiative was institutionalized as the joint infrastructure program.

More recently, during the depth of the financial crisis in Argentina, the City of Rosario (pop. 1 million) decided to use its land management powers to bring idle public land into productive use for urban agriculture. About 800 producer groups with over 10,000 members, organized by the

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1 In 1996, the “Local Initiatives Programme” in Lublin, Poland, was recognized as one of the Best Practices worldwide to receive an award for excellence in improving the living environment under UNCHS/Habitat Best Practices and Local Leadership Program.
social movements, were allocated land. The initiative helped poor segments of the population secure food and medicinal herbs, and generate income to cope with adversity.

Colombia enacted a national law on Physical Plans mandating cities to prepare urban development plans linked to capital investment programs which the city is obligated to abide by for a period of 9 years. The law is intended to bring continuity in the implementation of local development projects in a politically unstable environment. Neiva, a city of 330,817 inhabitants, worked in partnership with social movements, citizen associations, CBOs and NGOs to develop plans to upgrade roads and services in the underserviced neighborhood of Comuna 10 (pop. 33,641). The process developed in Comuna 10 became the seed for the institutionalization of a citywide Neighborhood Improvement Programme. The area plans are integrated in the Municipal Development Plan, thereby ensuring multiyear funding and implementation of the proposed improvements.

These cases and others reviewed; show the recent trends emphasizing participation and accountability in local authorities are strengthening the discretion of local governance in driving initiatives:

- They provide the forum for democratic governance closest to the people and the territory for meaningful participation of actors operating at the community level. It is also the geographic space where political activism is most closely linked to needs and aspirations of people seeking to improve their lives, and where programs can best focus on the most vulnerable groups.
- They have some flexibility to respond to communities demanding a stronger voice on issues affecting their lives, and can institute meaningful participatory processes and empowering mechanisms.
- A rising share of total public expenditures is channeled through the local level as a result of decentralization and economic restructuring, thereby enabling municipalities to implement integrated multisectoral initiatives.

2.2 Local Government Resources

The share of public expenditures controlled by local governments varies widely among regions and within regions. It ranges from under 5% to over 15% in Latin America and from less than 10% to more than 50% in Asia, but drops to around 10% in North Africa and under 10% in Sub-Saharan Africa, exclusive of South Africa. Overcoming a tradition of centralized administration is proving difficult particularly in the Middle East-North Africa region and in many Asian countries. Only the most powerful local authorities can escape the tight regulatory and fiscal controls stifling their ability to take speedy action.

Central recording of transactions relating to wealth producing assets including land registration and control of high yield tax bases has largely not been devolved nor is it likely to be devolved in the near future. In many countries this situation is hampering the ability of local authorities to implement slum improvement programs, which typically require flexibility, coordination among sectors and multi-year financial planning.

In developing countries with some notable exceptions such as China, India and Argentina, local authorities own revenue sources rarely reach 20% of total revenue. Unrestricted
intergovernmental grants and budget allocations cover recurrent expenditures including salaries, while restricted transfers and other earmarked grants provide the bulk of the funding for capital investments and program implementation.

The situation is exacerbated by the fact that within the same institutional context own revenues increase with population size. Smaller localities and municipalities lacking a sizable urban center are financially weak and depend on central and regional support for their operations. Larger centers attain a critical mass in terms of tax bases and are also better able to diversify their sources of revenue.

### 2.3 General Trends in Fiscal Decentralization

Assembling up to date comparative information on municipal resources is a difficult task. The Government finance statistics compiled by the International Monetary Fund only give aggregate figures on revenues and expenditures for all sub-national entities. Most of the studies on decentralization and intergovernmental fiscal relations were undertaken by The World Bank, other regional development banks and other international organizations in the mid to late 90’s, and the statistics compiled in 1997 and 1998 have not been updated. Nevertheless, the data still provide a good overview of the finances of local government. The study undertaken by the Inter-American Development Bank illustrates the wide variations in the degree of decentralization of public resources encountered in one geographic region, as shown in the summary table below:

<table>
<thead>
<tr>
<th>Level of Government (Country in Latin America (1997))</th>
<th>Degree of Decentralization (% of public expenditures accounted by sub-national governments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>More than 20%</td>
</tr>
<tr>
<td>Intermediate Level (States and Provinces)</td>
<td>Country</td>
</tr>
<tr>
<td>Argentina</td>
<td>49.3</td>
</tr>
<tr>
<td>Brazil</td>
<td>45.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>25.4</td>
</tr>
<tr>
<td>Venezuela</td>
<td>19.6</td>
</tr>
<tr>
<td>Local Level (Municipalities)</td>
<td>Country</td>
</tr>
<tr>
<td>Colombia</td>
<td>39.0</td>
</tr>
<tr>
<td>Bolivia</td>
<td>26.7</td>
</tr>
<tr>
<td>Uruguay</td>
<td>14.2</td>
</tr>
<tr>
<td>Chile</td>
<td>13.6</td>
</tr>
<tr>
<td>Honduras</td>
<td>12.3</td>
</tr>
<tr>
<td>Guatemala</td>
<td>10.3</td>
</tr>
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<td></td>
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</tr>
</tbody>
</table>

Source: IDB 1997

More recent statistics for local government are only available in countries where decentralization and municipal development programs are currently under implementation and in countries where specialized institutions and associations of municipalities are compiling such information as in the case in some Latin American countries. These statistics document the impact of fiscal decentralization. In Brazil local revenue as a proportion of public revenue grew from 11% in 1985 to over 15% in 2000, and in Indonesia local government expenditures jumped from 17% in 2000 to 28% in 2001 following the enactment of new decentralization laws in 1999.
The cases of Brazil and South Africa are interesting since both countries have adopted constitutions giving a high degree of administrative and fiscal autonomy to regional and local governments.

In South Africa, provincial and local governments account for 29% and 21% of public expenditures respectively. In Brazil, the 1988 Constitution defined the powers of municipalities as federal entities and stipulated their share of national and regional tax receipts. Intergovernmental transfers to municipalities increased accordingly, accounting on the average for 51.3% of total revenue in 1989 and 66.1% in 2000. The volume of transfers declined following the 1998 financial crisis, and has gradually recovered since. However, their relative importance as a percent of total local revenue is a function of the locality’s size, which puts the smaller municipalities at a disadvantage in terms of their capacity to launch and drive initiatives with adequate support through outside sources, grants and targeted transfers, and joint or parallel funding by partners.

<table>
<thead>
<tr>
<th>Population (in thousands)</th>
<th>Total Revenues (in millions of R$)</th>
<th>Tax Receipts (%)</th>
<th>Transfers (%)</th>
<th>Other (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2</td>
<td>0.8</td>
<td>2.1</td>
<td>1.1</td>
<td>1.8</td>
</tr>
<tr>
<td>2 to 5</td>
<td>1.0</td>
<td>2.5</td>
<td>1.5</td>
<td>2.3</td>
</tr>
<tr>
<td>5 to 10</td>
<td>1.2</td>
<td>3.6</td>
<td>2.7</td>
<td>3.9</td>
</tr>
<tr>
<td>10 to 20</td>
<td>1.9</td>
<td>6.1</td>
<td>3.7</td>
<td>4.6</td>
</tr>
<tr>
<td>20 to 50</td>
<td>3.6</td>
<td>11.8</td>
<td>6.6</td>
<td>7.6</td>
</tr>
<tr>
<td>50 to 100</td>
<td>10.0</td>
<td>28.5</td>
<td>8.9</td>
<td>12.3</td>
</tr>
<tr>
<td>100 to 200</td>
<td>22.2</td>
<td>70.4</td>
<td>10.9</td>
<td>15.8</td>
</tr>
<tr>
<td>200 to 500</td>
<td>48.8</td>
<td>153.1</td>
<td>16.5</td>
<td>20.7</td>
</tr>
<tr>
<td>500 to 1000</td>
<td>118.6</td>
<td>368.8</td>
<td>18.3</td>
<td>19.2</td>
</tr>
<tr>
<td>1000 to 5000</td>
<td>241.9</td>
<td>1,847.5</td>
<td>28.8</td>
<td>34.2</td>
</tr>
<tr>
<td>More than 5000</td>
<td>2,946.4</td>
<td>22.6</td>
<td>32.4</td>
<td>46.6</td>
</tr>
</tbody>
</table>


Curbs on borrowing, caps on particular categories of expenditures and limits on discretion to reallocate funds among budget categories, while needed to some degree to control irresponsible fiscal management and corruption, can if carried too far constrain the flexibility of municipalities to implement integrated development programs. This is particularly the case when devolution of control over expenditures is not matched by a commensurate devolution of taxing authority. The lack of control over revenues hampers meaningful financial management and programming of capital investments. This is often the case in developing countries where central governments are faced with a situation of financial crisis or strain.

Public expenditures on budget categories including infrastructure and social services, transport, support of small and medium size enterprises and housing have increased with decentralization. This trend does not necessarily translate into a commensurate increase in expenditures benefitting slum dwellers. The overriding concerns are the state of the economy, the performance of the foreign exchange earning sectors and job creation. Fear of recurrent recessions and the resultant loss of employment and erosion of the tax base, tends to overshadow social issues. However, since the mid 80’s growing disparities in the distribution of wealth and income, widening social distance and increased mobility and communication are contributing to sustain mounting political pressure regarding the urgency of addressing the needs of impoverished populations.
In this respect, Brazil’s experience in the past decade is particularly interesting. The promulgation of the 1988 laws gave local authorities constitutional guarantees and resources. In many instances the new powers led to some of the most innovative approaches to poverty alleviation and social inclusion. The selected cases presented in this report testify to the diversity and creativity of their initiators. Yet, these same powers provided an impetus for fragmentation and multiplication of local authorities, which reached about 5,500 in 2002 including an increasing number of small fiscally weak entities. In the wake of the 1988 financial crisis, the Brazilian law on fiscal responsibility was drafted in 1999 and passed in 2000. The law aims to promote responsibility and transparency in public finance at all levels of government. Expenditures on personnel were capped and minimum levels of expenditures on education mandated.

Most recently, the Statute of the City law established directives for urban policies emphasizing social and environmental objectives and mandated regularization of informally settled sites and upgrading of areas occupied by lower income communities.

The new legal frameworks provided municipalities with a significant increase in guaranteed discretionary revenue and prompted demands for greater accountability and popular participation in decisions regarding municipal management and in particular the allocation of local resources.

2.4 Defining the Range of Locally Driven Initiatives that Improve the Lives of Slum Dwellers

In his landmark book Development as Freedom, Professor Amartya Sen identifies five interrelated “instrumental freedoms” providing persons with types of rights and opportunities to improve their lives and shape their own future. These freedoms are viewed as the principal means of development. The argument he presents is powerful and attests to the multidimensional character of social exclusion. The rationale underlying the links between different categories of rights and opportunities is clear and convincing. Access to one facilitates access to others whereas denial of any one category impedes the ability to reach others. This conceptual framework is well suited to the analysis of public policies affecting poor and marginalized populations. Public policies that promote these rights enhance the capabilities of citizens and empower them to become agents of their own development. Such policies enrich the lives of citizens, and through their agency achieve development goals.

<table>
<thead>
<tr>
<th>Freedoms Instrumental to Development: Amartya Sen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POLITICAL FREEDOMS</strong></td>
</tr>
<tr>
<td>The opportunities that people have to determine who should govern them and on what principles.</td>
</tr>
<tr>
<td><strong>ECONOMIC FACILITIES</strong></td>
</tr>
<tr>
<td>The opportunities to utilize economic resources for the purpose of consumption, or production, or exchange.</td>
</tr>
<tr>
<td><strong>SOCIAL OPPORTUNITIES</strong></td>
</tr>
<tr>
<td>The arrangements that a society makes for education, health care and other basic social services, which influence the individual’s substantive freedom to live better.</td>
</tr>
<tr>
<td><strong>TRANSPARENCY GUARANTEES</strong></td>
</tr>
<tr>
<td>The openness required for people to deal with one another under guarantees of disclosure and trust.</td>
</tr>
<tr>
<td><strong>PROTECTIVE SECURITY</strong></td>
</tr>
<tr>
<td>A social safety net needed for preventing the affected population from being reduced to abject misery, and in some cases even starvation and death.</td>
</tr>
</tbody>
</table>

*Source: Development as Freedom, Amartya Sen*
Local authority-driven initiatives that contribute to extending these freedoms to poorer communities, marginalized groups and other slum dwellers, whose access to these freedoms and rights is totally or partially constrained, thereby depriving them of the opportunities they need to pursue their own self-improvement, will empower them to achieve economic security and social inclusion. Such initiatives contribute to significantly improve their lives. They include:

- Instituting participatory urban processes that give a voice in decision-making to poor and marginalized populations.
- Partnering with communities, CBOs and NGOs (including advocacy groups) on community-based initiatives.
- Providing access to land (including regularization), infrastructure and urban services.
- Initiating integrated programs for the improvement of the urban environment.
- Supporting the development of small businesses and micro-enterprises.
- Fostering citizenship and social inclusion.
- Collaborating with foundations and philanthropic organizations on social projects.
- Alleviating the hardships endured by poor and marginalized populations.
- Initiating special programs to reach vulnerable groups.

Decentralization has allowed municipalities to act directly on a wide range of issues. Democratic local governance has enabled them to institutionalize participatory processes; negotiate partnership agreements to counter deprivation or exclusion; develop instruments to target and reach the areas of greatest need and launch a range of initiatives to foster social inclusion.

2.5 Scope of Local Government Action

The cases reviewed in this paper document the range and diversity of local authority-driven initiatives that improved the lives of slum dwellers. Acting on a range of challenges requires a multifaceted approach. With the possible exception of infrastructure (collapsed as a single category, which in practice is rarely the case) local government driven initiatives involve multi-sectoral approaches, as shown in the table below:

<table>
<thead>
<tr>
<th>Geographic Region</th>
<th>Program Components</th>
<th>Infrastructure</th>
<th>Public Health (Health Care)</th>
<th>Social Centers &amp; Services</th>
<th>Education &amp; Training</th>
<th>Small Enterprises</th>
<th>Housing</th>
<th>Other Components</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Land Regularizing</td>
<td>Water Supply &amp; Drainage</td>
<td>Roads &amp; Transport</td>
<td>Sewerage Management</td>
<td>Solid Waste Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AFRICA (12)</td>
<td>Frequency</td>
<td>---</td>
<td>50.0%</td>
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<td>16.7%</td>
<td>---</td>
<td>33.3%</td>
<td>16.7%</td>
</tr>
<tr>
<td>ARAB COUNTRIES (1)</td>
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<td>100.0%</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>100.0%</td>
</tr>
<tr>
<td>ASIA (11)</td>
<td>Frequency</td>
<td>18.2%</td>
<td>63.6%</td>
<td>54.5%</td>
<td>9.1%</td>
<td>9.1%</td>
<td>18.2%</td>
<td>36.4%</td>
</tr>
<tr>
<td>EUROPE (3)</td>
<td>Frequency</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>33.3%</td>
</tr>
<tr>
<td>LATIN AMERICA AND THE CARRIBEAN (22)</td>
<td>Frequency</td>
<td>18.2%</td>
<td>54.5%</td>
<td>40.9%</td>
<td>22.7%</td>
<td>9.1%</td>
<td>40.9%</td>
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<tr>
<td>NORTH AMERICA (1)</td>
<td>Frequency</td>
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<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

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Local Authority Driven Interventions and Processes

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Infrastructure is a dominant component in all the cases reviewed. This reflects the priority placed on access to services. Water supply is a particularly important issue for women and girls who in many cultures have traditionally been assigned the task of fetching water for the family. Concern with sanitation among slum dwellers increases in parallel with the deterioration of conditions in the settlements, as densities rise and overcrowding becomes the norm with multiple families on the same lot sharing highly inadequate facilities. While local authorities are much more concerned with the mitigation of health hazards, their awareness of the broader environmental issues has increased as a result of the activities of NGOs promoting environmental protection and conservation, and the focus of the international community on environmental issues since 1992.

Adequate access roads, drainage and transport are essential to integrate peripheral and marginalized settlements in the city’s urban fabric and its economy. In the face of growing disparities and economic downturns promoting local development has to include the necessity of opening up employment and income generation opportunities for impoverished populations. Interlinked multisectoral programs are needed to address this challenge. Local authorities are the level of government most directly involved even where national and international funding is available to support sectoral programs. The cases reviewed, reflect the growing importance of local initiatives to support small businesses and micro-enterprises with and without outside support.

Housing is addressed through a variety of mechanisms ranging from subsidized credit to providing accommodations, to resettling populations living in environmentally hazardous zones, to developing serviced sites and housing for lower income groups. The importance placed on living conditions by slum dwellers can be gauged from the speed at which home improvements are initiated after security of occupancy is granted and settlements regularized. All wage earners in the household contribute cash, building materials and supplies, labor, and furnishings.

Direct involvement of local authorities in health care, education, vocational training and other social services depend on the degree of decentralized delivery of these services in each country and the devolution of functions to the local level. It also reflects the critical role of local governments in reaching and extending services to vulnerable groups.

Statistics related to regularization reflects the emphasis placed on titling and the role of national authorities in the issuance of titles and the recording of property transactions. The recent trends focusing on security of occupancy rather than ownership rights have expanded the capacity of local governments to address regularization on their own. Access to land is critical to slum dwellers and is the subject of a separate background paper. It is the starting point of any improvement process; it conditions willingness to secure and invest in building up assets, and empowers them to increase their income and improve their lives through self-reliance.
3 SUPPORTIVE FRAMEWORKS FOR LOCAL GOVERNMENT ACTION

National programs can be structured to channel funds to communities through local authorities or through NGOs and CBOs. Both approaches have led to successful results when the focus was the institutionalization of organizational and financial frameworks to support action at the local level.

Thailand’s Community Organizations Development Institute (CODI) is an outstanding example of central initiatives which work through CBOs. In 1992 the government set up the Urban Community Development Office (UDCO) to address pervasive problems of urban poverty. UDCO channels funds to community organizations, savings, and loan groups and NGOs for income generation activities, housing construction and improvement. Loans are also provided to networks of CBOs for on lending to member organizations. In 2000, UDCO was incorporated into CODI, which reaches 950 savings groups in 53 provinces and will assume a key role in the government’s slum upgrading program.2

Development Banks and international and regional financial institutions have advocated decentralization as a general principle albeit with some reservations regarding the degree of fiscal decentralization feasible in particular countries and financial circumstances. The integration of poverty alleviation as a central component of lending strategies in the mid 90’s has led to a renewed focus on fostering economic opportunities for the poor. Funds were made available to governments to improve living conditions in slums and squatter settlements.

The introduction of more flexible lending instruments adapted to the nature of programs rather than projects facilitated the development of a new generation of interventions combining macro economic stabilization, national sectoral policies and integrated programs to alleviate poverty and improve the urban environment. These programs advocated strengthening the capacity of local authorities and CBOs, encouraging participatory processes, transparency and accountability in governance and promoting increased involvement of the private sector and civil society in all spheres of local activity. Within the challenging contexts of transition and financial crisis, the programs in Albania and Indonesia illustrate approaches to poverty alleviation emphasizing the role of local actors and focusing on the improvement of squatter and informal settlements.

3.1 Delivering Services to Peri-urban Informal Settlements during the Transition

In Albania, the transition introduced new patterns of mobility and land occupancy, rapid privatization of property ownership, a legal environment characterized by constant change and new relationships between central and local authorities. The private sector contribution to the GDP increased from 10% in 1992 to 75% by 1996. In the four-year period between 1990 and 1994, the built-up area in Tirana grew four times more than the previous 40 years, mostly as a result of massive rural/urban migration, to reach the half million mark in a country with a total population of 3 million.

This explosive urban growth led to the proliferation of informal settlements on the edge of Tirana’s boundaries. The settlements were growing at an alarming rate, as exemplified by

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2 This program and others will be reviewed in a separate paper covering NGOs driven initiatives. Recognizing the importance of local authorities in a decentralized system of governance CODI plans to involve municipalities as well as CBOs in the upcoming phases of its program.
Kamza, where the population increased from 6,000 persons in 1994 to 60,000 by 2000. Residents lacked clear land tenure, basic infrastructure services, access roads and community facilities including schools and health centers. Most households combined multiple wage earners and multiple income generating activities to meet basic household expenditures.

A task force of national and local authorities developed the Urban Land Management Project (ULMP) funded by the Albanian Government and the World Bank to provide essential urban infrastructure to under-serviced or neglected areas in Greater Tirana and other urban centers and to strengthen the institutions responsible for the delivery of urban services at the national and local levels.

The program was designed to build upon popular practices and structured around 5 key principles:

- Instituting demand-driven delivery of services with reasonable conditionality for residents and communities.
- Targeting lower-income neighborhoods in both under serviced or deteriorated areas and informal settlements without secure land tenure and infrastructure.
- Negotiating partnership models that engage residents in setting development priorities and structuring agreements with municipalities.
- Adopting cost sharing for infrastructure among national government, municipal authorities and residents.
- Scaling up and building on the experience of pilot projects.

Central Government and project implementation teams in the municipalities. Community based organizations have a defining role in mobilizing and organizing efforts at the community level. NGOs are used to provide assistance to both the CBOs and the municipal implementation teams.

Central government funds provide the bulk of the project financing. Households contribute 10% of the infrastructure improvement costs in formal neighborhoods and 20% in informal neighborhoods. They also pay the cost of the tertiary infrastructure. The municipal share was adjusted to reflect the cost to the municipalities’ in managing the upgrading activities and took into consideration their minimal share of public revenue. They can contribute 5% of the costs of secondary infrastructure as bridge financing until they collect the funds from households.

In the two pilot sites, housing a total of 4,500 inhabitants, tangible impacts can be observed today. The active partnership among resident organizations, local government and the NGOs was critical in coordinating different interventions funded by various programs and in the opening of public rights of ways for roads. Land values and densities increased. After years of disregarding urban planning concerns, the municipalities formulated urban development plans and strategies.

The program made adjustments to its operational strategies to begin scaling up. The project coordination unit made a concerted effort to advertise the program. This resulted in 40 applications for projects from different municipalities and planning is underway for a total of 25 projects in seven cities at an estimated cost of US$14.1 million. Given the complexities of resolving land tenure and restitution issues in Albania, a new approach was developed that allowed the program to initiate improvements while simultaneously working on resolving tenure
problems. Studies have been initiated to develop provisional property registration and a land regularization office has been established within the Municipality of Tirana.

3.2 Poverty Alleviation and Partnerships between Municipalities and CBOs

The most recent programs recognize the equally important role of local authorities and civil society in improving the lives of the urban poor. They address simultaneously issues of decentralization and poverty alleviation and promote partnership between municipalities and communities. Indonesia’s Urban Project illustrates this new strategic approach.

In Indonesia, decades of improvement in living standards were reversed by the financial crisis and political instability. Tens of millions of Indonesians who had managed to rise above the poverty level found themselves once again struggling in poverty. Today about 30 million urban dwellers live at or below the poverty line mostly in unserviced settlements.

Decentralization laws in 1999 devolved wide responsibilities to local governments in districts, cities and villages. They are responsible for providing health, education, public works, communications and the management of land and other environmental resources, as well as support of agricultural, manufacturing and commercial activities. The laws do not specify which functions are mandatory for each category of local authority and which are optional or shared with other authorities. This lack of clarity notwithstanding local governments, have continued to take the lead role in addressing the needs of lower income communities. The devolution of responsibilities was matched by the devolution of control over expenditures but the decentralization of revenue did not follow. Instead the government has instituted new flexible transfers which replaced the basic services grants for education, health and roads instituted in the 70’s. The new transfers introduced in 2001 as the Fiscal equalization program consist of three separate components:

- A lump sum accounting for 10% of the total distributed equally among local authorities.
- A formula accounting for 40% of the total reflecting the fiscal gap between projected expenditures needs (based on an index of 4 weighted indicators: population, area, poverty level and cost index) and estimated fiscal capacity measured by collections of own sources and shared taxes revenues.
- A balancing factor accounting for 50% of the total ensures that local authorities receive at least the same amount as in the previous years and is based on personnel expenditures. It is viewed as a transition measure to be phased out in the future.

Own revenue sources are still very limited and do not exceed 15% for cities and towns. Despite the fiscal equalization transfers, local authorities lack the resources needed to discharge their new statutory responsibilities. To alleviate the hardships endured by impoverished populations, the state decided to reinstate targeted transfers for basic education, health, and infrastructure services. The restructured earmarked transfers are to be operationalized in 2003.

A separate poverty alleviation grant funded through the World Bank will assist local authorities working in partnership with CBOs to improve the lives of urban dwellers living below the poverty line. Access to the grant is made conditional on partnership, joint preparation of proposals, joint project selection process and joint implementation of activities. Local governments must also commit to cover operational costs and provide for the required matching
funds. In addition they must support community subprojects for which separate block grants (Kehurahan Grants) are provided. The program is structured to ensure that communities participate as full partners in decisions regarding the allocation of funds, to strengthen local authorities’ ability to work with CBOs, to foster community ownership of the program and to promote longer term sustainability of the improvements.

Most national initiatives include pilot sites to test the performance of proposed strategies and mechanisms before attempting to scale them up or transfer the model to other locations. In this respect, it should be noted that the most successful initiatives launched by local authorities on their own with or without outside support have either provided the model for the formulation of a national program or were actually transferred to the central level and mandated to work nationally.

A prominent example of the former is Jakarta’s kampung improvement program initiated by the municipality in 1969 with the objective of providing potable water supply and improving basic sanitation and solid waste management in all of Jakarta’s slums over a 15 year period. This outstanding program gave rise to a national program with the same title under the Department of Human Settlements. The program received wide international recognition for its unparalleled achievements having improved 11,000 hectares of slums and having reached 15 million persons.

Another example is the upgrading program run by the Urban Development department of Amman Municipality in the 1980’s to regularize and service the squatter settlements housing the spillover population from the UNWRA Palestinian refugee camps. Having successfully achieved its objective the program was transferred to the central level under the Ministry of Housing where it lost its initial dynamism due to the Ministry’s inability to adapt swiftly to ongoing decentralization processes.
4 THE CHALLENGES FACED BY MEGACITIES AND LARGER URBAN CENTERS

Megacities and larger urban centers are the engines of economic growth. They produce a disproportionately large share of the GDP, concentrate the nation’s purchasing power and its largest markets for goods and services. They cumulate key economic, commercial, administrative and cultural functions and encompass the country’s leading financial, educational, research and technology capabilities. Their functional efficiency is key to national prosperity and they receive a large share of public investments to support and enhance their production capacity and their competitiveness in a globalized economy.

Megacities and larger urban centers exhibit sharp contrasts in the quality of their urban environment reflecting the disparities in income and wealth that characterize different regions and provinces as well as the nation as a whole. Because they concentrate wealth and opportunity, they are magnets attracting migratory flows from economically depressed areas and across national borders from the surrounding region. The influx of migrants swells the ranks of poor and marginalized populations living in slums and informal settlements. Unplanned urban expansion often spills over jurisdictional boundaries into adjacent smaller municipalities overwhelming their managerial and financial capacities.

Addressing the needs of slum dwellers including migrants and floating populations is part of the national social and political agenda. It is also a critical component of local economic and social development strategies. Operationalizing these strategies in larger urban centers requires structures adapted to the scale of the city and the magnitude of the challenge. The programs implemented by Shanghai and São Paulo illustrate the difficulties entailed by this effort.

4.1 Shanghai Housing Settlement Project and Metropolitan Urban Upgrading Program

With a population of 14 million, Shanghai is China’s largest city and the leading financial, trade and shipping center in the Far East. It has grown in importance in parallel to the rising economic power of China. It is the major recipient of capital inflow and public investment and has the second highest per capita income after Hong Kong. It is also the second migrant destination after Beijing. In addition to 3 million temporary workers, there is an undocumented floating population.

To remedy 30 years of neglect of urban centers, Shanghai first focused on housing as its most serious social problem. The housing settlement project, launched in 1987, aims to re-house about 250,000 families living in overcrowded accommodations. The Shanghai municipal housing Relief Office, a subsidiary of the municipal office, administers the program. Over 47,000 households with an average per capita living space of less than 2.5 m² have been re-housed in existing new residential areas. Resettlement of over 75,000 families with an average per capita living space of 4m² is underway. Despite its laudable objective, the program resulted in large scale clearance of older areas, social dislocation of communities, displacement of migrant population and loss of cultural heritage.

In 2000, Shanghai adopted an ambitious metropolitan plan: the Urban Environment Plan 2001-2006. The plan has two major strategic objectives: to consolidate Shanghai’s leading position in the region and further enhance its global competitiveness and to improve the living conditions of residents. The action plan includes four major programs:
Urban planning and upgrading of infrastructure and services.
Financing environmental infrastructure.
Solid waste management and protection of water resources.
Development of innovative policies to implement community improvements.

The municipal government has secured World Bank financing to implement the plan. All of the plans components will have some impact on the lives of lower income communities, but the upgrading program will most directly affect the population living in older slum areas. The pilot upgrading site covers part of the old central zone where 3 million people live in unsanitary conditions: 90% of the households are not connected to the sewerage system and have no sanitary facilities. The area lacks public open spaces and is inadequately served by transport and other urban services. Unemployment and poverty rates are among the highest in the city.

The sectoral focus of municipal programs was ill suited to address these problems. Resettlement led to erosion of social cohesion in the older neighborhoods while relocated households were replaced by newly arrived migrants perpetuating and compounding the problems. Reliance on the private sector to stem the degradation of the urban environment only led to piecemeal redevelopment and additional displacement.

The integrated program adopted by the Municipal government will upgrade infrastructure, rationalize land management and use and promote employment generation. The site’s central location and densities of 850 persons per hectare imply provision of services at standards that prevail in other residential zones.

4.2 São Paulo Slum Action Plan

In the more challenging context of Latin America, São Paulo, Brazil’s largest city and its dominant economic center, anchors a metropolitan area grouping 55 municipalities with a total of 20 million inhabitants. It has to cope with inequities in access to land and services which have led to the proliferation of squatter settlements and the marginalization of vulnerable groups.

In São Paulo, the Secretariat for Housing and Urban Development (SEHAB) runs directly five major programmatic areas:

- Construction of new housing units by “mutirões” or private developers.
- Regularization and upgrading of favelas.
- Resettlement housing and infrastructure works for population living in hazardous zones.
- Housing construction and improvement in areas close to employment nodes.
- And, urban rehabilitation of the historic center.

The secretariat is working on slum upgrading in 30 slums, and has approximately 31,000 housing units under implementation. SEHAB’s Slum Action Plan requires coordination among programs undertaken by different municipal secretariats as well as the state and federal governments. The plan relies on community participation and empowerment and is based on 5 fundamental principles:
• The social right to a decent home.
• Democratic access to city space.
• Participation of civil society in municipal decision making and management.
• The right to secure occupancy of land in settled areas.
• And, the priority of lower income households in the allocation of public resources and subsidies.

The strategies underlying the action plan recognize the link between slums and social exclusion, and call for the reorientation of municipal housing policy to reinforce the city’s efforts at alleviating poverty. The social housing program has been redirected to focus on resettling households living in environmentally hazardous zones and providing relocation units to families displaced in slums upgrading activities and the extension of infrastructure to unserviced zones. Over 5000 families have received new housing units under programs funded through the Municipal Housing Fund, state and federal programs, and external sources.

To target the most vulnerable groups in an objective and transparent manner, SEHAB partnered with the Center for Metropolitan Studies to develop a spatial and statistical database covering 2018 slums where 289,000 households accounting for 1.16 million inhabitants live in substandard conditions. Mapping multi-dimensional indicators of social exclusion on the GIS allows the city to target the communities with the highest unemployment and poverty rates, the lowest educational levels, the most inadequate access to public services and the highest rate of crime and children at risk.

A special feature of São Paulo’s program is Bairro legal. The program aims to improve slums and deteriorated areas and integrate them as neighborhoods in the city with secure land occupancy, adequate access to services and community facilities, improved urban environment and landscaped open space and recreation areas. Priority is given to the designated special zones of social interest (ZEIS) of which 600 have been delineated to date. The action program includes 3 key components:

1. Development of housing and urban action plans at the district level: The plans combine the technical and financial resources of the different municipal departments and leverage local resources by accessing funding from the state and federal governments as well as external sources including the IDB and by partnering with NGOs. Priority is given to districts where CBOs are well organized and actively involved in social issues including control of urban violence.

2. Slum upgrading and inclusion in the city’s physical and social fabric: The program acts through land regularization; improved access to infrastructure and public services; provision of new housing and community facilities, and social projects. Fostering resident participation in planning and decision making and ensuring community approval of every stage of the program and its different activities is viewed as a fundamental component of the strategy and the cornerstone of its success. Transparency and trust are a precondition to community ownership of the program and the participation of CBOs in the maintenance of infrastructure and public space and in the physical and social management of the upgraded neighborhood.

3. Regularization of occupancy in informal settlements and on publicly owned land unauthorized subdivisions: This program involves the release of municipally owned
land to house lower income families; regularization of occupancy in these informally settled areas and granting occupants land concessions authorizing “special use for housing purposes”. In 2003, 160 settlements had been regularized benefiting 40,000 families.

In April 2003, President Lula announced the creation of a housing fund of R $5.3 billion (US$ 1.6 billion) to finance the construction of new housing units and the upgrading _favelas_ and underserviced areas. The fund will also provide credit for housing improvement. Several financial instruments ranging from micro-credit to assisted loans will be available to lower and middle-income families. Families with income below US$80 will receive direct subsidies. The Fund will make an important contribution to social equity and the improvement of living conditions for the poorer segments of the population.
5 THE EXPANDING SCOPE OF PARTNERSHIPS IN LOCAL AUTHORITY - DRIVEN INITIATIVES

In slums and squatter settlements, sustained demand for infrastructure particularly water has led the drive for security of tenure and access to services. Local government response has been conditioned by statutory powers, local politics, the forcefulness and political potency of the various public, private, NGO and community actors operating through formal and informal channels on the local scene. Their ability to dialogue and work with these different actors is a key factor to their effectiveness in structuring programs that can significantly improve the lives of slum dwellers. The range of partners involved in local authority-driven initiatives has grown in parallel with decentralization and the expanding scope of local responsibilities as shown in the following table:

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>AFRICA (12)</td>
<td>Frequency</td>
<td>16.7%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>25.0%</td>
<td>8.3%</td>
<td>8.3%</td>
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<tr>
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<td>Distribution in the region</td>
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<tr>
<td>ASIA (11)</td>
<td>Frequency</td>
<td>27.3%</td>
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<tr>
<td>LATIN AMERICA AND THE CARIBBEAN (22)</td>
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<tr>
<td>NORTH AMERICA (1)</td>
<td>Frequency</td>
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</tr>
</tbody>
</table>

Source: CUDS 2003

While performance has sometimes been marred by mismanagement and excessive politicization, the best-governed local authorities are taking bold decisions, negotiating with communities and social movements and advocacy groups, entering into agreements with strategic partners and instituting innovative practices. As they move away from promises and projects motivated by electoral tactics to strategies and action plans formulated through participatory processes, local authorities become far more effective in addressing the needs of slum dwellers. Partnerships, multisectoral strategies and integrated mutually reinforcing initiatives are the key features of successful programs highlighted in this paper.

The Comunidades program in Fortaleza, Brazil, was a leader in structuring partnerships integrating state and municipal government, NGOs, CBOs and local stakeholders as full partners in an integrated program to simultaneously improve the lives of poor favelas residents guide the
expansion of the urbanized area and offer socially, economically and environmentally adapted models for the settlement of poor households.

Fortaleza, the capital of Ceara State, has a population of 2.5 million inhabitants, over half of whom live in more than 350 “favelas”. The inability of housing and upgrading programs to keep up with migration from rural areas fueled their proliferation at the rate of one new favela emerging every month. In 1987, the State and the Municipality initiated a housing program for lower income families relying on the traditional self-help system known as “mutirões”. To date, more than 11,000 units have been built by their future occupants. In addition, a social assistance program “PROAFA” had also been a factor in engaging favelas communities in the development effort.

In 1988 the Municipality of Fortaleza, the popular council of Rondon district with support from the bilateral organizations (GRET, a French NGO funded by the French government and the European Community), signed a partnership agreement to develop a strategic approach to address the challenge of uncontrolled urbanization and poverty. The concept focused on the development of strategically located micro settlements to draw urbanization in the desired directions. Their siting close to very poor favelas brings badly needed services to the peri-urban fringe. They create nodes offering an alternative pattern of urbanization affordable to lower income populations through community-based methods of development. The success of the pilot project housing 50 lower income families, led the State government to back the expansion of the initiative.

The statewide Comunidades program structures an interface for coordinated action among the different actors involved in urban development. The process capitalizes on the complementary roles of NGOs that have the capacity to innovate and lead an outreach and mobilization effort, and the public authorities that can foster institutionalization and replication of successful actions. The program has 3 strategic objectives: to create a setting for self-built housing; to generate employment opportunities; and to set in motion a process of sustainable development.

Comunidades is managed by a special commission (the Integration Council), which includes two representatives of each of the partners involved: the State, the municipalities, the university and the technical school, the intermediary NGOs and the community groups. The council prepares the work plan, coordinates public, private and community inputs and gives the community a voice in the allocation of financial assistance to different activities. Separate agreements are signed for each project. The state covers the cost of infrastructure and provides machinery and other equipments for the workshops as well as building materials for the core development. The municipalities secure the land and implement public works. The educational institutions contribute building technologies and training.

Community associations are organized in each project area and a community fund managed by the Association is established. The fund derives resources from members’ contributions and rentals of workshops and commercial premises. Title to the land is initially transferred by the municipality to the community. Later, the Association can grant usufruct rights to members in

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3 In 1996, the “The Comunidades Programme & Self-help Housing: Mutirao 50” in Fortaleza was recognized as one of the Best Practices worldwide to receive an award for excellence in improving the living environment under UNCHS/Habitat Best Practices and Local Leadership Program.
good standing for five or more years. Members of the Comunidades are drawn from the adjacent favelas. They are usually poor families living in shared accommodations. They contribute 600 to 800 hours of sweat equity for the construction of their houses and community facilities. The cost to the public authority was US$1,000 for infrastructure, US$800 for other services, US$800 for building materials and US$300 for the workshops, on a per households basis for the 50 families in the core development.

The job creation component is a cornerstone of the Comunidades concept. The workshop producing building materials and prefabricated components for housing construction is the first component built on the site. It anchors an activity zone where micro-enterprises can be started by residents in the Comunidades and adjacent favelas. A credit line established by the State provides micro-entrepreneurs with seed capital and working-capital. The fund is replenished through borrowers’ savings and loan repayments, allocations from the community association fund and contributions from the municipality.

In parallel, a credit program “Casa Melhor” has been established providing home improvement loans at zero interest, reimbursable over a one year period to Comunidades and favela residents with legal occupancy rights. Community Associations review and guarantee the applicants and an intermediary NGO manages the program. Households may apply for a maximum of 3 loans for the same property. The municipal subsidy, initially equivalent to 30%, is progressively phased out and offset by increasing contributions from the borrowers.

Comunidades introduced concepts that have become the hallmark of successful initiatives today, namely: partnerships among local stakeholders, interlinked programs, integrated strategic initiatives and community management of activities.

5.1 National Agencies, International and Bilateral Development Organizations: From actors to partners, an evolution in parallel with decentralization

In support of their advocacy of decentralization, international and bilateral development organizations have emphasized the need to strengthen the role and capabilities of local governments and channel funding to the local level. In the process they have tempered their marked preference for creating special entities and institutional arrangements to implement the programs they fund. They may and often do request recipient local governments to establish within the municipal organizational framework appropriate structures to guide and monitor program implementation.

Paralleling this evolution, central governments have been enjoined to progressively withdraw from direct interventions on the ground and involvement in the day to day operations of programs. They are instead acting in a supportive role channeling to localities and communities the inputs they need in terms of funds, technical and material resources to assist them in the execution of works and the operation of programs. Similarly local authorities are enjoined to draw on the efficiencies and financial capacity of the private sector for specific program components and to delegate to CBOs responsibilities for community organization and management of activities.

Initiatives aiming to improve the lives of slum dwellers and alleviate poverty among vulnerable groups most often receive earmarked transfers over which funding agencies whether national,
international or bilateral exercise some oversight. These initiatives require intergovernmental coordination, a clear definition of responsibilities and a smooth interface with communities and households. Proper structure tends to evolve over time as the actors involved gain experience and redefine their roles. The evolution from actor to partner requires a change in institutional culture as well as in procedures. In the countries with high levels of decentralization, central agencies have accomplished this shift. The examples summarized below illustrate this evolution in countries undergoing rapid and profound political, economic and social change. Drawn from different contexts and cultures, they highlight the common features of recent trends.

5.1.1 Structuring Grants for Basic Infrastructure Services

South Africa instituted the Municipal Infrastructure Grant Program (MIP) in 1995 to ensure “that all communities have access to at least a basic level of service”. The program was part of the government’s multifaceted effort at overcoming the apartheid legacy and addressing the sharp inequities prevailing in the country. The concept of services is broadly defined and allows the program to fund all categories of infrastructure, many community facilities and build the capacity of municipalities to manage the services they have to deliver. Similarly basic levels are defined with reference to the threshold of sustainability in particular situations. The program is structured to contribute to 6 strategic objectives:

- Upgrading the living environment and promoting social equity.
- Integrating divided urban areas.
- Enhancing economic opportunity.
- Generating employment.
- Training and employing local entrepreneurs, contractors and workers with special emphasis to women and youth.
- And, providing bulk infrastructure to support the development of housing funded through a separate program.

The program offers grants of R7000 per household, covering the cost of basic services and is primarily oriented to reach poorer urban and rural communities as reflected in the criteria for the allocation of funds: number of families earning less than R800/month; lack of water supply and level of unemployment in the community. It is designed as a partnership between the national government, the provincial government, the municipalities and the communities. All funding requests must be initiated by the communities. Municipalities prioritize the requests and provincial governments review their eligibility and submit the proposals to the national government. The grants are disbursed to the community through the municipality. Municipalities and Provinces can and do supplement the grants with funds from their own budgets. Structured for geographic outreach and speed of delivery the program has completed 2,323 projects with 910 more under construction and 878 in the design stage as of June 2003. The management team has developed indicators to assess the program’s impacts and contribution to the government’s strategic objectives.

Given the magnitude of the challenges faced, the government in 1998 redefined the program’s scope to include upgrading and rehabilitation of existing systems; reinforce links with local economic development, and enhance the retention of funds in the community and expand mechanisms to empower marginalized populations. To meet this more ambitious mandate the program budget was increased from R91.43 million in 1997/98 to R702.31 million in 1998/99. In
view of the impressive performance achieved since then the budget has steadily grown doubling in 2002/03 to R1,790.90 million and is expected to double again in 2003/04 reaching R2,357.00 million, making it one of the largest and most ambitious programs of its kind in the world.

Dynamic local leaders can mobilize their communities and tap the resources provided by national funds to promote local development and improve the lives of families living in slums and squatter settlements, as demonstrated by the community of Klapmuts in Western Cape, South Africa.

In 1994, Klapmuts South was the most disadvantaged community in the municipality of Stellenboch. It had 200 formal houses and approximately 770 households living in squatter settlements. It had no piped water supply or sewerage and only one paved-road leading to the school. The borehole from which residents derived water had become badly polluted. The community came together energized by responsible and entrepreneurial older and younger leaders, able to work together across racial, ethnic and generational boundaries in order to create a better future for their community. They established a development forum to improve the town’s deficient infrastructure and housing.

The MIP grant was used to extend infrastructure systems to the town; to connect existing houses to the new systems and service land for an urban extension zone to resettle the squatter population. The National Housing Subsidy scheme funded the housing project and Stellenbosch municipality provided supplementary funding.

The leaders viewed community participation in planning and implementation of projects and fostering civic responsibility and self reliance among disadvantaged families as the cornerstone of sustainable improvement in the town. Households were offered a finished house of 25 m2 or an unfinished platform of 48 m2 including the foundation slab, the toilet and the roof. Except for the elderly and recently arrived rural migrants who prefer to get a finished unit irrespective of size, urban families opted for the larger unfinished space despite a requirement that they start infill within a month and complete the outside shell within three months. Eligibility was made conditional on payment for services and demolition of shacks to prevent the perpetuation of squatterization through the rental of vacated premises.

Lot assignments were drawn directly from the total pool of relocatees through a lottery system resulting in a mix of races and ethnic groups throughout the housing zone. The families decided to allocate a portion of their housing subsidies to develop playgrounds and public open spaces, and contributed their own labor to supplement the funds. Today, proximity to Capetown is fueling an influx of rural migrants to Klapmuts, and the town is now facing the challenge of integrating them physically, socially and economically.

5.1.2 Linking Housing Finance with the Delivery of Social Services

Specialized agencies providing assisted housing experienced difficulties adapting their planning and delivery procedures to the changing institutional framework brought about by decentralization. Many were forced to curtail their operations as a result of severe budget cuts. Others were liquidated altogether during structural adjustments programs as was the case with
SOGEFIHA in Cote d’Ivoire. Surviving entities have seen their prerogatives progressively eroded by the expanding competences and activities of local governments. Many have gradually moved away from their original focus on lower income groups and slum dwellers. Countries that have managed to restructure their approaches to housing and shelter assistance to link them to other social programs and decentralize the delivery of these programs have achieved notable results.

Amid widespread violence and civil strife, Colombia addressed issues of urban poverty through interlinked programs and partnerships among central and local actors. The Housing and Environmental Improvement Program was established in 1994 to provide resources for the improvement of underserviced and marginalized settlements.

The social solidarity network (RSS) is the central agency in charge of supporting social programs and implementing the poverty reduction strategy. The network coordinates but does not preempt the functions of national executive agencies, regional departments or municipal governments. It acts through a decentralized structure with operating units established at the departmental and municipal levels. It provided an ideal framework for the Housing and Environmental Improvement Program (MVE).

The program focuses on housing, infrastructure, community facilities and public services and supports land regularization and production of core housing and serviced lots. Program funds are leveraged. Regional Authorities referred to as departments and municipalities must provide co-financing and families receiving housing subsidies must make a contribution in cash or in kind (mostly labor) amounting to at least 5% of the value of the different project components requested by the community.

RSS allocates funds to the departments according to the estimated population living in poverty in that region. In turn, departmental solidarity forums assign municipal allocations to municipalities based on the social characteristics of the population. The municipalities contract a private enterprise or an NGO to undertake a diagnostic study identifying housing and environmental deficiencies in order to rank the communities requesting MVE funds. Indicators of housing conditions are used to identify individual families who will benefit from the program. The Municipal solidarity forum validates the selection of recipient families.

From 1994 to 1998, MVE provided housing subsidies to about 259,000 families amounting to an average of $2,992 per family. The bulk of the funds were used by poor families to improve their homes. Municipalities drew on the urban infrastructure fund, the social investment fund and local counterpart funds to finance urban environmental improvements and provide social facilities to the communities.

MVE introduced a new generation of programs linking housing, infrastructure and social services. These new housing programs also provide for collective subsidies to poor communities to assist them in upgrading infrastructure services and improving the quality of the urban environment.

In 1996, the “Institutionalizing Community-Based Development in Abidjan” was recognized as one of the Best Practices worldwide to receive an award for excellence in improving the living environment under UNCHS/Habitat Best Practices and Local Leadership Program.
5.2 Redefining the Role of Regional Authorities

5.2.1 Structured Frameworks for Regional / Local Relations

In Europe the role of regional authorities has been redefined to adapt to globalization and reflect a supranational geographic space where economic growth is driven by networks of cities with dominant nodes and where development is shaped by major transport corridors. Regional authorities have become key links in the planning and management of economic and social development. The European Union and national governments channel funds to local authorities through the regions, and local governments have to align their own development plans to regional strategies. An example from Spain illustrates how this integrated supportive framework can help cities cope with the problems of environmental degradation and social exclusion in inner city slums and economically distressed areas.

In Córdoba, Spain, the historic center (Old Town) suffers from depopulation, with a concomitant concentration of social problems: unemployment, widespread poverty, marginalization, prostitution and drug addiction. Deterioration of the urban environment is also leading to loss of a unique architectural heritage which attracts world tourism to the area. The Municipality of Córdoba decided to formulate and implement an integrated action plan to revitalize the District of La Ribera in the Old Town. The rehabilitation of a strategically located public area which had reached an unacceptable state of degradation was identified as an effective intervention to launch the program. The project is funded through a European Union regional policy program (URBAN) targeting urban neighborhoods in extreme state of deprivation and monitored through the regions. The EU grant covers 70% of the financing and the remainder is covered by the municipality.

Agreements were signed with various NGOs, advocacy groups and community associations, including the "Hiedra" Association of Female Prostitutes, the Córdoba Pro-immigrant Association, Andalucia Acoge, the Córdoba Gypsy Secretariat, the Axerquia Residents' Association, Caritas, and the Association for the Social Defense of Teenagers and Children.

The URBAN Ribera project managed to revitalize this depressed district by responding to the needs of the population. 41 businesses benefited from grants totaling about €1 million. The grants leveraged private investment of €3.35 million and created jobs. Extensive technical training was provided to students seeking entry in the labor market and companies were given incentives to employ area residents and new entrants in the labor force. Participation of neighborhood groups and associations has helped develop consensus and mobilize the disadvantaged populations. Targeted social actions reached the most marginalized groups and contributed significantly to improving their quality of life, particularly the women's group. These targeted actions required a higher commitment of resources from the standpoint of the city but did reach relatively inaccessible groups that conventional programs do not reach.

In Eastern and Central Europe where the bulk of the Tsigan or Roman population lives, these communities have traditionally been a marginalized group. In Greece, the Tsigan population is estimated at 120,000 to 150,000, most of whom live in the rural areas but an increasing number are settling in or near urban centers.
During the 1990’s, joint efforts have been made, by the government and the Tsigan community to address issues of social and economic exclusion and in 1996, a framework for the social development and the protection of the Tsigan population was formulated. Measures were adopted to improve health, social welfare, vocational guidance, psychosocial counseling services and provide housing accommodation. An inter-ministerial committee oversees implementation and the European Union is providing the bulk of the funding.

The Municipality of Sofades, located in the Thessaly region, has a population of 12,000 of which 3,000 are Tsigans. The Tsgan community settled on a peripheral area near the river where 400 families live in very substandard conditions. 50% of the houses are shacks and the site is not connected to the water supply and sewerage networks. Families of 6 to 8 members share housing areas of 30 to 40 m². Most of the Tsgan adult population is illiterate and there is a high rate of school dropout before elementary school completion, particularly affecting female children.

Sofades has undertaken a housing project to resettle the Tsgan population as the existing settlement could not be upgraded because the plots were too small to allow for the provision of housing units which would minimally match the housing standards of the average family in Greece. The new site adjacent to the urbanized area can accommodate a total of 700 families in 400 m² plots and houses of 120 m². A 20 m wide access road and a municipal bus service will connect the settlement to the town center. Community and recreational facilities as well as a nursery school will be also provided and, possibly a health clinic.

A State-guaranteed loan of €45,000 repayable over a 20 year period is provided to Tsgan families to build new houses either in the de-densified old settlement, in the new settlement or anywhere else in the municipality. The government will also extend the housing loan to other Tsgan families throughout the country, conditional on the local authorities providing the land.

Centuries of exclusion had created prejudices and distrust which had to be overcome. Municipal officials and the Tsgan community held a series of meetings to discuss community needs, housing, financing terms and eligibility criteria. A Social Services Department was established in the municipality with three assistants from the Tsgan community to facilitate communication with local and national authorities. From 2000 to 2003, there was a drastic shift from an initial refusal to leave the old settlement to an overwhelming demand to move to a new housing unit. While the higher standards of the housing promote social inclusion, the Tsgans are worried about maintenance costs. Expanded access to education, health care, vocational training and better employment opportunities are needed to significantly improve the lives of the Tsgan population.

5.2.2 Evolving Frameworks for Regional / Local Collaboration and Partnership

In developing countries, the role of provinces and regional authorities varies depending on statutory considerations and decentralization laws. From the viewpoint of localities, they can act as higher levels of authority or as parallel spheres of action with more or less complementary competences. The relations between local authorities and regional and other intermediate bodies are not always smooth. Tensions and distrust prevail fueled by a legacy of central control, the urge to assert local powers and the need to clearly delineate the statutory boundaries of overlapping competences. Yet the different levels of governments have a lot to gain from working jointly as partners in development, particularly since some problems can only be
addressed at the regional or metropolitan level while others are best addressed at the municipal level.

In South Africa, the government of the North West Province decided to address the plight of scavenger communities as part of its policy to target the poorest segments of the population in the province. District councils and municipalities identified dumpsites and gave political support to the initiative. Structured as a partnership between the Provincial Government, the local Councils, the Private Sector and the scavenger communities, the program was funded and managed by the provincial government.

The provinces negotiated with industries producing large quantities of waste to have them reduce dumping and transport wastes to final disposal sites, preferably the landfills. A waste collection and disposal system has been operationalized to control illegal dumping by households. Scavenger communities were organized to take ownership of the process, and became partners in waste management. Potable water supply and sanitary facilities were provided at the sites and access to basic health care and education facilities was ensured.

A site, which was adjacent to the urbanized area and polluted a stream, was closed down and the area turned into a park where the children from scavenger communities and those from the surrounding settlements play. The scavengers came together to establish links to regular buyers of recyclable materials as an organized group. Within 5 years (1994 to 1999) recycling has reduced waste volume by 40% at the disposal site.

In India, states and local authorities have to cope with varying degrees of poverty and extreme poverty. They draw on resources of central agencies and they rely on NGO’s, CBOs and other local stakeholders to implement actions on the ground. In the State of Kerala, The State Poverty Eradication mission (Kudumbashree) targets concentrations of absolute poverty, fosters economic and social empowerment of poor women and promotes the development of income generation activities and micro-enterprises. It also supports educational and cultural development, including remedial centers to assist poor students.

The Community-based Women oriented Initiative is implemented through the State’s Community Development Societies (CDS) system and its associated CBOs. The CDS system assembles the resources of line departments and organizations engaged in poverty reduction programs and develop activities sponsored by these departments. However, the major funding source for the CDS system is the Central Government. CDS offers poor urban women a forum to identify and prioritize their developmental needs and formulate micro plans to overcome their poverty. The majority of these women live in slums and squatter settlements.

Through the partnership among the 3 levels of government, the CDS and the CBOs, over 7,800 grass root level self-help groups have been organized, and close to 13,000 microenterprises started through informal banking. Funds from the national slum development programs channeled to the CDS through the State allowed the construction of over 20,000 houses for the urban poor.

The State of Kerala has transferred the CDS system to the rural areas encompassing 991 Panchayats. At the national level, wider acceptability of group enterprises in urban poverty
alleviation programs has led to an increase in funding of the Development of Women and Children in Urban Areas (DWCUA) initiative.

In Latin America, dependence on intergovernmental transfers and excessive politicization in local governance hampers the emergence of collaborative action between regional authorities and municipalities. Recent initiatives aim to defuse tensions and build a constructive interface in order to address problems spilling over municipal boundaries. The environmental and social problems prevailing in the settlements living in the flood plains of urban rivers are a common example of these problems.

In Brazil, 18% of the population of the Recife Metropolitan Area (RMR) lives in the Beberibe River Basin, which covers 3 municipalities: Recife, Olinda and Camaragibe. The population of 550,000 is concentrated in Recife (66%) and Olinda (33%) in settlements considered among the poorest in the metropolitan area: 64.5% of the families earn less than 2 minimum salaries and extreme poverty rates (less than 1 minimum salary) reach 45% in Recife and 3% in Olinda. The communities are the most underserved in the metropolitan area: access roads are poor, transportation is inadequate and only 29% of households are connected to the sewerage network, which lacks treatment facilities. Close to half of the households have no legal rights to the land they occupy and feel socially marginalized. The area includes two of Recife’s most violent neighborhoods.

A specialized agency of the State of Pernambuco secured financing from the World Bank for an Urban Upgrading Project. It channeled funds through the Foundation of Municipal Development, the state municipal finance institution, to the municipalities of Recife and Olinda to address the twin challenges of environmental protection in the river basin and social inclusion in the irregular settlements. The Beberibe River Macro Investments program will improve infrastructure, housing, urban services and public amenities in 8 irregular settlements within the Recife Municipality and 5 within the Olinda Municipality, benefiting 35,000 families. An additional 8,000 families could be eventually reached. Environmentally sensitive planning criteria will be established to guide urbanization and environmental education programs will be developed.

There is a high level of social organization in the settlements with over 300 CBOs registered in the Recife portion of the Basin and 90 on the Olinda side. Social outreach and community participation will focus on strengthening these entities and providing opportunities for social inclusion.

5.3 The Growing Role of NGOs and CBOs as Strategic Partners in Locally-Driven Initiatives

Quite apart from their advocacy role, NGOs and CBOs have emerged as key partners of municipalities in efforts to alleviate poverty, regularize land occupancy, deliver services and otherwise act on the multifaceted aspects of social exclusion. Pervasive difficulties in securing financing for capital investments and in building a capacity for outreach and community organization within the organizational structure of local government has been the catalyst and the driving force sustaining the shift towards action through partnerships between local authorities NGOs and CBOs. Even in the case of infrastructure, community-based service providers are increasingly involved in the delivery of services to poor communities.
5.3.1 Linking Formal and Informal Service Providers

In poorer countries, unplanned urban growth and mounting densities have overwhelmed the capacity of local governments to deliver services and eroded the efficiency of traditional systems. As is usually the case, the poorer neighborhoods are the most affected by curtailment or collapse of service delivery systems. Initiatives aiming to deliver services to poorer communities hinge on the ability to interlink formal and informal actors operating at different geographical levels, and relying on different technologies.

In West African cities water supply, sanitation and garbage collection are priority concerns and have reached crisis levels in many locations. Typically, few services are provided in informal subdivisions and none in squatter settlements.

In 1988, the Commune of Adjamé in Abidjan, Cote d’Ivoire, facing severe budget cuts under national structural adjustment programs nurtured and supported community based structures, the “Comite de Development de Quartiers” (CDQs), to deliver services in the city’s nineteen neighborhoods. The CDQs were provided start up capital to launch the services they offered. Beyond the start up period the services had to be operated on a self-supporting basis, an imperative for continuity in situations where central transfers have been curtailed and subsidies for operating costs cannot be sustained over the long term. In the early 90’s, the commune experimented with having the CDQs, which employed and train youths, expand their responsibility for street sweeping, to cover regular collection of garbage and trash, and depositing wastes at designated stations along the major paved roads. The private companies contracted to provide solid waste collection and disposal services for the 12 communes of Abidjan city would remove the wastes from these dumping stations. Adjamé sought an abatement of its assessment for the city wide service. The savings would be applied to procure the equipment needed for the CDQ collection service. Ten years later, the city of Cotonou, Benin, struggling with these very same issues has devised similar solutions based on partnerships between municipalities, NGO’s and CBOs.

Cotonou’s Program for the Protection of the Environment (Pr.A.P.E.)5 focuses on providing a healthy environment for Cotonou’s communities. Instituting a functional garbage collection system and reducing uncontrolled dumping of waste in a city of 1 million inhabitants lacking a solid waste management program was conceived as an environmental protection initiative. Pr.A.P.E. is run by an NGO which employs local youths to collect waste. Subscribers to the service pay monthly fees. Two committees composed of community residents were set up. The development committee formulates plans and defines the responsibilities of each partner and the technical advisory committee monitors the activities. Pr.A.P.E. provides technical support and addresses technical issues. The municipality assumes the responsibility of transporting waste from dumping stations to the disposal sites and ensuring that disposal meets accepted environmental standards.

Recycling is considered a cornerstone of the program. It uses ecologically sound technologies including biological treatment of polluted run off water, control of harmful gas emissions,

5 In 2002, the “Program for the Protection of the Environment, Pr. APE” in Cotonou, Benin, was recognized as one of the Best Practices worldwide to receive an award for excellence in improving the living environment under UNCHS/Habitat Best Practices and Local Leadership Program.
composting of organic wastes and reducing 30 dumpsites to 5. Pr.A.P.E. organizes and trains women to collect and resell recyclable materials. Bilateral aid (GTZ-MEHU) provided start up funds for the project in 1995.

In the first 5 years of operation, 80% of the population subscribed to the service. Payment rates were on the order of 95% allowing the collection system to become self financing and 200 permanent jobs to be created. Another grant contributed seed capital to set up a community bank, enabling women recyclers to access micro-credit to start up and expand their activities.6

In 1998, a similar deplorable situation prevailed regarding water distribution in Cotonou. The piped water supply system operated by a public corporation “Benin Water and Electricity Company” (SBEE) covered less than 50% of the city. Only 16% of the households were directly connected and 32% purchased potable water from neighbors. Half the population, including the poorest households living in hazardous conditions in the wetlands had to buy water of dubious quality at high cost from informal vendors.

The Municipal Development Partnership (PDM), a regional organization, encouraged the municipality to intervene to alleviate the hardships endured by the poor and deliver services to the households in the peripheral urban wetlands at a cost they can afford. This entailed reaching and organizing the vendors and building up their capacities. A formal Association of Water Vendors (AREB) was created grouping 300 vendors operating in Cotonou, Porto Novo and Parakou. This entrepreneurial core group accounts for 20% of potential members.

The Municipality and the SBEE officially recognized AREB as a partner in the delivery of water supply. An agreement was negotiated between SBEE and AREB, granting members preferential pricing for water purchases. This practically eliminated the perennial disruption of supply in the poorer settlements when operators of water fountains ran arrears in the settlement of bills and were cut off. A survey of fountains in operation demonstrated that hygiene around these water points had improved. For the first time since 1960 when public water fountains were closed down, the municipality is constructing 24 fountains in settlements that are not regularized; AREB members will operate the fountains.

The PDM acts as a mediator and a facilitator to overcome the conflicts and distrust prevailing between small vendors, SBEE and the municipality. It is planning to transfer this partnership concept to other West African cities to improve the delivery of services to the poor.

5.3.2 The expanding Role of Microfinance Institutions

Microcredit has become a dominant feature of poverty alleviation programs implemented since the late 90’s. Invariably, these programs include components to finance Microcredit initiatives. Yet, microcredit institutions have expanded their products beyond credit for income generating activities. Leading institutions offer credit for housing improvement, and more recently, access to urban land and infrastructure services. They have now become key strategic partners for local

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6 In 2002, the Program for the Protection of the Environment, Pr.A.P.E. was recognized as one of 10 Best Practices worldwide to receive an award for excellence in improving the living environment under UNCHS/Habitat Best Practices and Local Leadership Program.
authorities in their efforts to improve the living conditions of the poor. The Parivartan initiative in Ahmedabad, India, is an outstanding example of the effectiveness of this partnership.

5.3.3 The ‘Parivartan’ Slum Networking Program, Ahmedabad, India

Ahmedabad is the major commercial, industrial and financial center in the state of Gujarat. It has a population of 3.5 million of which 41% live in slums and under serviced areas. The bulk of the residents living in the 2000 slums share water supply and more than 25% have no toilet facilities. 90% of the families live in shacks. Despite combining home based activities with occupations outside the slum, poverty and extreme poverty is widespread with a monthly household income of about 500 ruppes ($11USD) in 2000. Desire to improve living conditions was tempered by distrust in the local government and hampered by poor community organization.

In the mid 1990s, the Ahmedabad Municipal Corporation (AMC) decided to face the twin challenge of providing basic services for its growing population and improving living conditions in the slum neighborhoods. AMC was running budget deficits, with accumulated losses of Rs. 350 million ($9.2USD millions). Sound fiscal and managerial reforms were a precondition to enable the AMC to improve and expand infrastructure services. These included improving tax collections; upgrading the workforce; and partnering with the local business community, NGOs and other organizations to develop new initiatives to reach the poor.

The Slum Networking Project referred to as Parivartan was initiated to provide slums dwellers with infrastructure, including individual water supply, underground sewerage, individual toilets, solid waste collection, storm water drains, internal roads and paving, street lighting and landscaping. The cost of the secondary and tertiary infrastructure required could be covered by municipal budget allocations and national transfers and grants. Resources had to be found to pay the balance, namely the cost of house connections amounting to 6,300 Rs. ($138USD) per household. This cost was divided in three equal parts and it was decided that the household and the municipality would each cover one third and the remaining third would be raised from private donations.

The AMC sought assistance from the Self-Employed Women’s Association (SEWA), an NGO established in Ahmedabad in 1992 as a trade union to empower low-income women working in the informal sector (which account for 96% of employed women). SEWA, at the request of its members, established two micro-credit institutions, first, SEWA Bank, a cooperative bank fully owned by SEWA shareholding members and then the Mahila SEWA Trust (MHT) which provides members with legal and technical assistance as well as micro-loans to improve their housing. In 2000, SEWA had a membership of 220,000 and SEWA Bank had close to 113,000 depositors and 36,000 borrowers with a working capital of just over $6USD million.

SEWA accepted to partner with the AMC in the Parivartan initiative. It assumes responsibility for community outreach and organization. A female-led CBO is established in each slum community. Acting as financial and technical intermediary, SEWA assists households in meeting the program’s technical requirements and negotiates with AMC on the community’s behalf as for example, in defining minimum setbacks for street width and alignments. It extends micro-loans of up to $37USD per household to be repaid in monthly installments of $2.3USD or as a lump sum. The loans carry an interest rate of 14.5%. SEWA also helps AMC raise matching grants.
from local businesses and philanthropies.

The municipality designates the slums for upgrading and regularizes tenure. All participating households are provided with written documents ensuring security of land tenure for a minimum period of ten years that can be renewed. Participation is optional but conditional on commitment to pay their share of the program’s costs: $48 USD towards the infrastructure improvement package and $2.3USD towards the cost of maintenance. The AMC continues to support communities by holding monthly monitoring meetings with the partners to review work progress and share discussions of future plans. In addition, they maintain office hours to attend to public concerns and provide training to orient the communities on technical aspects of the projects.

Within 5 years, Parivartan reached 9,435 families with 56,610 people in over 40 slums. It is being expanded to include 59 more slums reaching an additional 15,431 households. The impact on the lives of slum dwellers is already evident in the pilot areas. Death rates have declined from 6.9 per 1000 to 3.7 per 1000. Communities have seen an increase in children immunized against disease, from 31.25% to 51.35% of all children and 100% of newborns. General illness incidence has also been lowered from 24.4% to 16.5%, allowing families to decrease their monthly expenditures on health related problems from Rs.131 to Rs.74.

Enhanced ability to generate income and access to employment opportunities has enabled families to increase their monthly expenditures from Rs.2806 to Rs.3740. They can rely on the assistance provided by community based organizations which have now been established in every slum. The program has also impacted the level of education. Pre-primary and supplementary classes are now being held and literacy rates have increased from 30% to 45%.

5.3.4 Interlinked Partnerships and Institutional Arrangements

In situations involving a multiplicity of local actors and stakeholders, the management of integrated programs can become overly complex. Attempts to combine multi-sectoral initiatives and multiple partners within a single institutional framework for joint action can result in cumbersome processes, unwieldy decision making and long delays in implementation of activities. Interlinked partnerships can offer more effective approaches when local authorities have the technical and managerial capacity needed to structure and drive such complex initiatives.

In 1988, the dynamic mayor of Cebu, Philippines, initiated a reform in governance and transformed the way the municipality relates to and serves poor urban communities. He developed a set of interlinked partnerships with NGOs, CBOs and the private sector. City Departments and offices have been grouped into four clusters:

- Public service.
- Support services.
- Revenue generation.
- Planning and regulation.

A simple interface with the public was developed. New offices were established including special Women's Desk and Child and Youth Section at every police station.
The Urban Basic Services Programme, addressed urban poverty by: increasing geographic coverage, providing security land occupancy; improving access to basic health, education and social services; expanding social welfare and vocational training programs; extending credit to the informal micro-entrepreneurs and organized urban poor groups; promoting home improvements through cooperation with private businesses, community-based housing associations and mortgage credit; and, coordinating and improving the delivery special services for street children, single mothers, disabled persons and destitute individuals and families.

The Cebu Commission on the Urban Poor coordinates this complex program. The partnerships involve 13 public agencies, 26 NGOs, and 26 area task forces. A trust fund replenished by proceeds from the sale of city-owned lots was set up to provide shelter and cover related expenditures. The participation of vendors' associations in the management of the markets is recognized in the Revised Market Code.

The city has developed programs to build the capacity of barangays and grassroots organizations to enable them to take an active role in the development of projects. Outreach, community organization, consultative meetings, assemblies and training sessions allowed barangay officials and police, farmers, women, youth, vendors' associations, area task forces, and community based street educators to participate fully in planning, implementing and monitoring the different activities and initiatives launched.

Various contractual schemes have been adopted to support partnerships; for example The Emergency Rescue Unit Foundation receives a subsidy from the city to provide emergency medical services; and The Cebu People's Multi-Purpose Cooperative provides credit and support services to micro enterprises.

Implementation of the Urban Basic Services Programme in 26 poor barangays, has achieved remarkable results. The proportion of fully immunized children increased from 52.1% in 1989 to 92.1% in 1994. Infant mortality rates declined from 34.2% per 1,000 live births in 1989 to 20.3 in 1994. Maternal deaths decreased from 0.8 deaths per 1,000 live births in 1990 to 0.6 in 1994. The percentage of severely and moderately malnourished pre-schoolers decreased significantly from 16.5 in 1989 to 9.9 in 1994. The number of agencies involved in the Cebu City Task Force on Street Children grew from 4 in 1990 to 21 in 1994. Most importantly, the initiative strengthened civic organization in participating communities leading to the formation of 13 barangay development councils, 13 water users groups, 9 multi-purpose cooperatives, 3 credit cooperatives, and five consumers/credit/production cooperatives.

Interlinked initiatives are needed to address the needs of vulnerable populations. Worldwide, the number of children at risk and street children has been increasing at an alarming rate. Where this distressing problem was a minor issue it has now become a major concern. Impoverishment and marginalization of large segments of the population, urban and domestic violence, mobility, displacement and civil strife are factors contributing to the erosion of customs and traditional community structures which helped protect vulnerable groups including children at risk. The devastating impacts of neglect, abuse and abandonment of the children have prompted international and national action.

Local authorities have had to address the plight of vulnerable groups as part of their social development strategies. In Latin America, where the scale of the problem is particularly acute,
initiatives aiming at assisting vulnerable populations, safeguarding the rights of street children and improving the quality of life of children living in slums and squatter settlements are being implemented as key components of programs to control violence and promote social inclusion.

The city of Santos, Brazil, located 65 km south of São Paulo, is the largest port in Latin America. It has a population of about 500,000 and anchors a metropolitan area with a population of 1.2 million. Children in situations of risk constitute a particularly urgent issue in the whole region. The municipality of Santos has developed interlinked projects aimed at children and the family. An integrated social strategy provides the framework to coordinate initiatives in various areas, like health, education, culture, sports and advocacy. These initiatives are improving the quality of life for children living in favelas.

The health program offers support for neonates at risk, home care program, care for HIV-positive children, mental health, dental health. The educational program ensures that children attend school and organizes extra curricular activities as “Happy Holiday Program” or “Every Child In School”. Sports and culture provides badly needed facilities that children desperately want. The advocacy program focuses on the development of a metropolitan covenant for children and assistance to children in situations of risk through special mechanisms including hot line, shelter, street educators, experimental school, houses, training job placement, social centers, mentors, and projects for girls.

Rather than creating a large bureaucracy, the Santos program for children is based on the effective participation of many "social actors": the municipal government, the judicial courts, business leaders, volunteers, NGO’s, CBOs, the media, and the children themselves. Administrative procedures based on laws and regulations and programmatic budgets allocations had to be supplemented by a process of consultation and coordination with other social actors in the city. All program activities are grounded in local institutional traditions. The improved coordination among different levels of government, including national and regional welfare agencies, and a strong focus on performance have led to a significant improvement in the lives of children at risk.

### 5.4 Involving the Private Business Sector

The participation of private enterprise in locally authority driven initiatives to improve the lives of slum dwellers has been largely limited to grants and donations for particular social initiatives as in the case of Parivartan.

This participation rests on the ability of the local leadership, particularly mayors, to structure civic forums and networks that can engage the businesses sector, get entrepreneurs interested and convince them that the resources they provide will be well managed and used for the purposes for which they were donated. The reluctance of private entrepreneurs to get more directly involved stems from a concern that local government may shift to them responsibilities for social assistance they are unwilling to assume.

In Central and South America, private enterprise is starting to take a more active role in local economic development initiatives. Creative approaches are being developed to integrate poverty reduction and social inclusion in strategies and programs for local development. The experience
of Nejapa’s Local Development Fund in San Salvador is instructive. It demonstrates the resource mobilization potential of these promising mechanisms.

Nejapa is a municipality of 30,000 inhabitants located in the San Salvador metropolitan Area, experiencing a very rapid urbanization. Despite its attractiveness as an industrial location due to its water resources and to its proximity to planned major infrastructure projects, development indicators in Nejapa were the lowest in the region. The majority of the populations lived in slums and squatter settlements. Poverty was rampant with 79% of the residents considered poor and 48% were classified as living in “extreme poverty”. Educational levels were low, with 30% of the population over 10 was illiterate. 38% of the dwellings were overcrowded, 84% lacked water supply and 49% lacked electricity. Deforestation, pollution and uncontrolled sewage discharge threatened the water resources of the area.

A Local Development Fund in Nejapa was established in 1997 to provide a sustainable instrument of mobilization, coordination and integration of the resources and capabilities for development in the municipality. The objectives of the Fund are: to generate a sustained flow of resources for programs and projects selected by local communities; to promote and coordinate the role of key stakeholders and their potential contribution to local development; and to foster a culture of consensus and collaboration as a mechanism for sustainability of local development in Nejapa. A Compensation Fund was set up to provide seed capital to enable the municipality to initiate economically viable projects. The Fund was needed to overcome the rigidity of budget procedures in San Salvador which constrain local government’s ability to pre-finance investments.

The Local Development Fund is managed by 1 representative of the central government; 2 officials of the municipality; 4 representatives of the 2 local enterprises, EMBOLSAVA (representing Coca Cola products) and the Nejapa Power Company; 2 representatives of the Association for development of Nejapa (ACDN) which groups different CBOs; 2 members of NGOs, FUSAI and FUNDE; and 2 representatives of international investors: the FIA (Inter American Foundation) and SIDA (Swedish International Development Agency).

The Fund mobilized $814,297 for the development of the municipality, of which 64% are grants from International Cooperation, 17% from the private sector, 12% from other local actors, 4% from the Municipality and 3% from the community. The Municipality is expecting to be able to contribute about 20% in the future as a result of the increase in central transfers to local governments.

The Fund has developed 12 projects representing an approximate investment of $368,682. The projects directly benefit 53,753 persons and at least 11 organizations in the public, private and social sectors. Over the past 2 years, the fund financed projects for environmental recovery (reforestation and water-related projects), infrastructures (bridge construction and electricity and lighting), housing, and social services.
5.5 New Trends in Local Government Initiatives: Networks of Stakeholders Complementarities in Action and Leveraging of Resources

5.5.1 Increasing the Effectiveness of Local Authorities

The ability of municipalities to capitalize on decentralization is directly related to their capacity to layer action plans programmatically into components for which institutional arrangements and financial support can be sought separately. This implies a capacity to identify strategic partners, tap multiple sources of funding, leverage resources and coordinate the flow of investment funds to ensure overall coherence in program implementation and operation.

The Municipality of Santo André in the greater São Paulo region is a leader among South American local authorities in establishing such a capacity. With a population of 650,000, Santo André has been severely affected by the retrenchment of the automotive and heavy industry sector in the region. The city is collaborating with seven adjacent municipalities to restructure the economy of the sub-region (referred to as the ABC Region), promote local small and medium size enterprises in an effort to counter the loss of employment and the erosion of the tax base. Simultaneously, the city is restructuring the petrochemical pole and seeks to attract high value added industries.

The Municipal Planning and Budget Secretariat was been reorganized into 4 departments. The Participatory Planning department is responsible for the participatory planning and budgeting processes; the department of Strategic Planning and Budgeting controls and monitors the municipal budget; the office of Coordination of Socio-Economic Indicators develops and maps statistical data to identify areas of greatest need; and the office of Coordination of Resources is responsible for accessing resources from outside the municipality and directing funds to implement projects.

Recognizing the multidimensional character of social inclusion, Santo Andre’s Integrated Social Inclusion Program is managed by three interlinked teams. The interdepartmental team develops guidelines and monitors activities. The technical team, grouping officials, experts and civic leaders, is responsible for implementation and coordination of activities and projects. The local team, led by community leaders and stakeholders, is directly involved in the operationalization of the activities. Community Participation in decision making, execution and operation of activities is the cornerstone of the program. Residents help develop many of the activities particularly within the social and economic arena.

The integrated program includes about 11 subprograms. The actual number varies according to the availability of programs and funds at the Federal and State levels at any point in time. The subprograms cover a large range of activities:

- Slum upgrading;
- Recycling;
- Minimum income linked to school attendance.
- Vocational training for entry in the work force.
- Cooperatives and incubators to support work groups and build entrepreneurial skills (Popular Entrepreneur).
• Microcredit and capacity building for informal sector workers (People’s Bank).
• Vocational training for illiterate and semi literate youths and adults (MOVA/SEJA).
• Community Health (Family Health).
• Street children and child citizenship (Child Citizen).
• Gender oriented approaches to poverty reduction (Gender and Citizenship).
• And overcoming Hunger (Zero Hunger).

To leverage local resources, the Municipality set up a strategic team in the mayor’s office. The team’s mandate is to access funding through national programs and seek supplementary funds from international agencies. The team has been able to draw on several federal programs and secure loans and grants, particularly from the European Union, the Interamerican Development Bank and the UN/HABITAT Urban Management Program for Latin America and the Caribbean, as well as bilateral technical assistance.

The social inclusion program was first implemented in four pilot favelas reaching 3,540 families, comprising 16,042 people. Throughout the process regular meetings are held between residents, local teams and technical teams to discuss physical improvements as well as the operation of social, economic and environmental programs. Periodic meetings are also held between residents and elected officials, and a resident’s commission is organized to sustain the improved conditions.

A new secretariat for “Social Inclusion and Housing” has been established in the Municipality to fully institutionalize the social inclusion strategy. The secretariat is developing a set of indicators of social exclusion drawing on the cutting edge work undertaken by São Paulo. As is the case in São Paulo, mapping the indicators allows Santo André to target the areas of greatest need and execute targeted sectoral projects for which funding can be secured. Complementing this quantitative assessment by a participatory qualitative assessment at the community level generates the detailed information needed to design high impact interventions informed by community knowledge and proposals. This partnership accounts for the impressive results achieved.

5.5.2 Institutionalizing Participatory Processes in Local Governance

Institutionalizing participatory urban planning and management has to address the twin challenge of political will to get local authorities to support the reforms and sustained pressure and participation of citizens to drive the process. Assistance and funding by international and bilateral organizations are helping localities in Central America develop a culture of decentralization and participation, which can have a significant impact on the lives of slum dwellers.

Santa Rosa de Copán Municipality, located 152 Km from Tegucigalpa in Honduras, houses a vulnerable population of 39,460 inhabitants. Water provision is precarious, only 46% of the dwellings have some form of sanitation and 28% of the households burn their waste on the plots they occupy. Slums in the municipality have the highest levels of environmental degradation. Inefficient management and a lack of response to pressing social demands has undermined the credibility of the municipality and eroded trust in the local government.
A municipal development strategy was formulated based on consensus among the stakeholders and collaborative action between local government, civil society and public and private institutions. UNDP/Honduras and SIDA provided support for this leading initiative in Central America. As part of the strategy, 13 thematic commissions were established, to address Education and Culture, Economic Development, Public Health, Emergencies and Natural Disasters, Water, Historic Preservation, Environment, Security, Transparency, Women, Youth, Community Management, Sports and Tourism. The process involved 196 leaders from different sectors of civil society, and required the organization of 96 workshops to discuss issues, strategies and actions. Public assemblies, municipal open sessions, and referendums helped expand outreach and promote citizen participation. Each thematic commission developed an action plan. The different proposals were integrated into a coherent strategy framework, the Strategic Plan for the Development of the Municipality, offering a shared vision and a guide for future development in Santa Rosa de Copán and a Social Investment Plan to guide the allocation of resources.

Projects to improve water distribution, sewerage and solid waste management were developed accordingly. The credibility of municipal authorities and their relations with citizens have improved markedly as a result of greater transparency in governance and increased responsiveness to urgent needs.

Institutionalizing participatory processes for the allocation of public resources entails the delegation of executive authority to participatory structures and requires the integration of these structures into the institutional organization of the municipality. Similarly, the processes by which people participate must be integrated in the municipality’s rules of governance. This requires conviction and commitment on the part of mayors and senior officials.

5.5.3 Belo Horizonte Participatory Housing Budget

In Belo Horizonte, Brazil, city of 2.2 million inhabitants, the housing secretariat (SMHAB) is committed to participatory housing delivery processes.

The municipality has instituted a two-year participatory capital investment budget (OP) interlinked with a parallel process for the housing component of the budget (OPH). Fifty percent of the city’s capital investment budget is divided equally among its nine districts (referred to as regions). The other half, also allocated through the OP, is targeted to improve conditions in communities where the quality of life is low. SMHAB has developed a quality of life index (IQVU) combining 6 quantitative indicators (2 each for economic, social, and environmental quality). The IQVU allows SMHAB to determine the budget envelope for each region and delineate within each region priority areas for social inclusion. The population in the identified areas is about 200,000 accounting for 9% of the city’s total.

The Municipal Housing Bank leverages locally generated funds to finance housing programs. However, the gap between needs and means is still very wide. The housing shortage is estimated at 50,000 units, and there are 15,000 households living in hazardous zones and another 100,000 in slums and peri-urban under-serviced settlements. The Municipal Housing Council, composed of representatives from the city council and administration, the social movements, labor unions, private developers, experts, and higher education institutions allocates the total funds available in the budget cycle among SMHAB’s three housing programs: production of new housing, regularization and upgrading of existing settlements and resettlement of people living in
hazardous zones.

By engaging citizens in policy formulation, the city aims to foster an understanding of opportunities and constraints, enhance awareness of the needs of each neighborhood, and enable citizens to make informed decisions regarding the allocation of municipal resources. Outreach through meetings at the neighborhood level is necessary to expand opportunities for participation by lower income populations. Belo Horizonte and Santo Andre both rely on civil society for this outreach and mobilize community associations for the task. Community meetings are held where participants fill a survey of demands to be presented at plenary sessions held in the 37 neighborhoods in the second year of the budget cycle. The result of the OPH is submitted to district level commissions (COMFORÇA) grouping elected popular representatives, civic organizations and housing associations, for review and inclusion in the draft capital investment for the district. These commissions also oversee the implementation of projects.

The Housing Secretariat has institutionalized the role of the MSC social movement “Movimento dos sem casa” as a partner in the organization of the OPH and in the management of housing delivery. Families who not own property and have lived in the city for at least of 2 years, and whose income is below 5 minimum wages are organized by the MSC into Associations (“conjuntos”) and register with SMHAB. As of the 2001/2002 OPH cycle, there were 179 associations registered with SMHAB with a membership of 32,260 families.

The participatory budgeting process starts with Preparatory Assemblies held at the district level to review budgets and elect delegates to the Municipal Housing Forum. Associations are represented in the Municipal Housing Forum in proportion to the size of their membership. The delegates vote priorities and allocate the estimated production to the different regions and associations based on participation, quality of mobilization and level of organization. They elect representatives to the COMFORÇA District Commissions. A separate commission composed of 2 to 3 members per district and SMHAB representatives decides on the final allocation of housing units to the different associations. The Associations choose the beneficiaries from among their members. The second year of the OPH cycle is devoted to program implementation.

The available funds for new housing provide for the accommodation of 1,000 to 1,500 households organized into resident associations and cooperatives. Families pay for their share of the land, a part of the infrastructure and the superstructure. Assisted credit is made available though the Housing Bank.

The OPH covers over 70% of the city’s housing production and the resettlement of families living in hazardous areas accounts for 22%. Over half of the investments went for projects in the “priority areas for urban and social inclusion” (56% in the 2003/04 budget). From 1996 to 2000, 3,059 housing units were build and 2,464 serviced parcels developed. Hence the importance of the favela upgrading program funded through IADB, which accounts 25% of the total capital investment in the municipality. The Housing budget reached R$ 14 million (US$ 12 million) in 1998, was reduced to R$6 million (US$ 3.4 million) in 1999 due to the financial crisis. Since then it has recovered and reached R$16 million (US$ 6.9 million) in 2001/2002.

The OPH has built trust and fostered cooperation with social movements and CBOs by creating a space for the disenfranchised to participate in the allocation of local resources. The process is open and transparent. Its effectiveness as a mechanism to control the proliferation of favelas and structure urban expansion will depend on the resources that can be mobilized for the various programs implemented by SMHAB. These resources must increase so that people have hopes that their living conditions will improve in the not too distant future.
5.5.4 Developing Networks of Stakeholders and Intermunicipal Initiatives

In developing countries, where decentralization is a recent or ongoing reform, municipalities are particularly reluctant to delegate authority or share revenue with other entities. This reluctance accounts for the difficulties encountered in getting municipalities to collaborate on joint initiatives. Formalizing collaboration through negotiated agreements and intermunicipal compacts is an even more challenging task. The successful initiatives mostly focus on economic development as in the case of the ABC region. In poor regions bypassed by development, programs promoting development must also foster social inclusion. Intermunicipal initiatives can significantly enhance the effectiveness of these efforts.

In the State of Rio Grande do Sul, Brazil, the Missões Region is composed by 25 municipalities with a population of 267,567, is one of the poorest areas in the state. It suffers from rural/urban migration, high levels of unemployment, environmental degradation and low citizen participation. The lack of municipal capacity to manage development impedes the region’s ability to mobilize stakeholders, engage citizens and reverse its progressive impoverishment and decline.

The State Government with support from UN/HABITAT Urban Management Program PGU/LAC established a network of local partners to develop joint initiatives among local, state and federal governments, and civil society in order to reduce poverty and promote development. This Network for Local Economic Development and Social Inclusion is referred to as the Missões Cities Network.

Over 90 institutions from the public and private sector, churches, unions, NGOs, and social movements worked together to identify and outline 49 projects. Five thematic commissions grouping institutional stakeholders were formed to identify, outline and prioritize projects. The proposed actions fall under the following themes: informal economy, formal economy, environmental management, gender and race equity and local government as a promoter of development. Three committees for Coordination, Co-Management, and Monitoring respectively were formed to organize and manage the development and implementation of an action plan. Funding for the development of the plan was provided by the state of Rio Grande do Sul and the Cities Alliance (through PGU/LAC).

The Thematic Commissions held meetings in the different municipalities to ensure adequate participation, particularly among poorer and marginalized populations, and coordinate among distant entities. PGU/LAC continued to provide technical support to the initiative advising on issues of efficiency and sustainability of proposed activities.

Approved in December 2002, the Action Plan focuses on strategies to reduce poverty and exclusion and create jobs in the region. Projects grouped in the 5 thematic areas are outlined in the plan:

- **Informal Economy**: Creating a community credit institution and developing a center for the commercialization of agro-ecological products.
- **Formal Economy**: Developing a cultural program to promote tourism in the municipality, developing mechanisms to support agro-industries, providing incentives to support sugar cane production and establishing a regional development fund.
- **Environmental Management**: Developing a Regional Plan for solid waste management and implementing an environmental education campaign.
• **Gender and Race Equity:** Fostering the involvement of women in key roles and developing mechanisms to support income generation for working women and for the guarani indigenous community.

• **Municipalities as development promoters:** Implementing training programs for public managers focused on issues of urban planning and resource mobilization, establishing an inter-municipal development agency to implement the action plan, establishing an inter-municipal social observatory to monitor the impact of the strategies on social inclusion, and training public officials in the methods of participatory urban planning and management.

The intermunicipal initiative was able to mobilize 165 representatives from local governments, the private sector, universities and other academic institutions, NGOs, social movements, unions and cooperatives. The participatory process sought the inclusion of previously excluded population groups.

The Action Plan provided the Network with a coherent and focused framework to address development and poverty reduction in the region. This enabled the municipalities to obtain financing from several ministries and secretariats in the Federal Government to implement activities included in the Action Plan. The association of Missões local governments has established a local development foundation and refers to the Action Plan for the implementation of activities. As a rare example of intermunicipal and multistakeholder initiative in the region, the Association is attracting interest and resources.

The State government and the most dynamic municipalities (which are not the largest ones) are contributing funds to the Association. The State aims to alleviate regional inequalities and the municipalities look to the initiative’s potential to create opportunities for development. A committee grouping representatives from the 3 levels of government, the private sector and an international investment expert from PGU/LAC focuses on resource mobilization. The active involvement of the Federal and State governments as well as that of municipal associations bodes well for the transferability of the concept to other poor regions.
6 CONCLUDING REMARKS

The initiatives described in this paper illustrate how local authorities have managed to extend to slum dwellers the empowering rights and opportunities identified by Professor Sen and quoted in section 1.3.

Partnerships, participatory processes and collaboration among local stakeholders are the key features of recent initiatives reviewed. They are already established trends in the structure of new programs to improve the lives of slum dwellers. However, partnerships are vulnerable. When the interest of one or another of the partners change, the whole partnership can unravel and excellent initiatives deprived of political support and resources can collapse. The most common cause of conflict among partners is politics. Excessive politicization of issues and discontinuities in leadership can lead to disruptions. Electoral strategies, political maneuvering and personal conflicts within local authorities and partner organizations can cause partial or total disengagement.

In the fragile institutional context of many development countries, reforms can be reversed with every change in local leadership. Such reversals should not be construed to imply failure or rejection of a concept. Wide popular support has pressured new administrations to resume suspended initiatives as in the case of Adjame’s CDQs, and also has been instrumental in overcoming reversals and reinstating suspended initiatives that contribute to improve the lives of poor and marginalized populations. Discontinued programs are often simply reinstated under a different name. Sound strategies and well structured initiatives have managed to survive political conflicts, difficult transitions and recover from these setbacks as happened in Fortaleza.
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## APPENDIX

### 8.1 List of Initiatives Reviewed

**Table 1: Local Government Initiatives by Partnerships**

| GEOGRAPHIC REGION | LOCAL GOVERNMENT PARTNERS | LOCAL GOVERNMENT | NATIONAL GOVERNMENT | INTERNATIONAL ORGANIZATIONS | PROVINCIAL GOVERNMENT | SPECIALIZED NATIONAL AGENCY | IDB, WB, ADB, USAID, GTZ | DEVEL. & AID ORGANIZ. | INTERMEDIARY NGOs | INT'L ORGANIZATIONS | LOCAL GOVERNMENT | PARTNERS |
|-------------------|---------------------------|------------------|--------------------|---------------------------|----------------------|---------------------------|-------------------------|-------------------------|-----------------|-----------------|------------------|-----------------|---------|
| AFRICA            |                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| SUB SAHARAN AFRICA|                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| Tanzania          | Community Infrastructure (Upgrading) Program | | | | | | | | | | | | |
| Cote d'Ivoire     | Institutionalizing Community-Based Development, Abidjan | | | | | | | | | | | | |
| Burkina Faso      | Ouagadougou Project | | | | | | | | | | | | |
| Mali              | Bamako | | | | | | | | | | | | |
| Benin             | Program for the Protection of the Environment, Pr. APE, Cotonou | | | | | | | | | | | | |
| Angola            | Luanda Sui Self-Financed Urban Infrastructure Program, Luanda | | | | | | | | | | | | |
| Namibia           | Relocation of Backyard Tenants, Walvis Bay | | | | | | | | | | | | |
| SOUTHERN AFRICA   |                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| S. Africa         | An Integrated Development Project in the Greater Mafikeng Area | | | | | | | | | | | | |
| S. Africa         | Housing and Infrastructure Dev. through Self-reliance, Klapmuts | | | | | | | | | | | | |
| S. Africa         | Durban Water Services: Sewage Disposal Education Program | | | | | | | | | | | | |
| S. Africa         | Inclusion of Salvagers in the Waste Management, Odi-Moretele | | | | | | | | | | | | |
| South Africa      | Municipal Infrastructure Program | | | | | | | | | | | | |
| ARAB COUNTRIES    |                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| Morocco           | Shelter Upgrading in Agadir | | | | | | | | | | | | |
| ASIA              |                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| EAST ASIA         |                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| China             | Housing Settlement Project in Shanghai | | | | | | | | | | | | |
| China             | Xin Xing Housing Cooperative of Beijing | | | | | | | | | | | | |
| China             | Comprehensive Revitalization of Urban Settlements, Chengdu | | | | | | | | | | | | |
| China             | Poverty Eradication and Living Environment Improvement, Zhulin | | | | | | | | | | | | |
| Indonesia         | Kampungs Improvement & Java Urb. Dev. Program, Semorong | | | | | | | | | | | | |
| Philippines       | Partnerships for Poverty Alleviation in Cebu City | | | | | | | | | | | | |
| SOUTH ASIA        |                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| India             | Ahmedabad: Innovative Urban Partnerships | | | | | | | | | | | | |
| India             | Community-based Women-oriented initiative to fight poverty, Kerala | | | | | | | | | | | | |
| India             | Initiative towards All-2 Million Housing Program, New Delhi | | | | | | | | | | | | |
| India             | Parivartan | | | | | | | | | | | | |
| Pakistan          | Khuda-Ki-Basti - Innovation and Success in Sheltering the Poor | | | | | | | | | | | | |
| EUROPE            |                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| Greece            | Housing accommodation program for Tsigan population, Sofades | | | | | | | | | | | | |
| Poland            | Local Initiatives Programme, Lublin | | | | | | | | | | | | |
| Spain             | Integral Intervention Project in the Ribera Neighbourhood, Cordoba | | | | | | | | | | | | |
| LATIN AMERICA AND THE CARIBBEAN | | | | | | | | | | | | |
| CENTRAL AMERICA   |                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| El Salvador       | Nejapa Local Development Compensation Fund | | | | | | | | | | | | |
| Honduras          | Santa Rosa de Copan | | | | | | | | | | | | |
| SOUTH AMERICA     |                           |                  |                    |                           |                      |                           |                         |                         |                 |                 |                  |                 |         |
| Argentina         | Emphasis on community development | | | | | | | | | | | | |
| Argentina         | Urban Agriculture for Agroecological Develop. Camilo Aldao | | | | | | | | | | | | |
| Argentina         | Vacant Land use optimization, Rosario | | | | | | | | | | | | |

UN Millennium Project - Task Force 8: Improving the Lives of Slum Dwellers
Local Authority Driven Interventions and Processes

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### Table 2: Central Initiatives Channeled through Local Authorities

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<thead>
<tr>
<th>GEOGRAPHIC REGION</th>
<th>CENTRAL GOVERNMENT PARTNERS</th>
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<tr>
<td>EAST ASIA</td>
<td>China - Shanghai Urban Environment Project</td>
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<td>China - Sichuan Urban Environment Project</td>
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<td>Albania - Urban Land Management Project</td>
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### Table 3: Local Government Initiatives by Program Components

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<th>PROGRAM COMPONENTS</th>
<th>GEOGRAPHIC REGION</th>
<th>Infrastructure</th>
<th>Roads and Transport</th>
<th>Solid Waste Management</th>
<th>Social Centers and Services</th>
<th>Education and Training</th>
<th>Small Enterprises Micro-enter</th>
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<tr>
<td></td>
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<td>Land Regularizing</td>
<td>Water, Sewering and Drainage</td>
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### Program Components

#### Geographic Region

| Brazil - Communities Program & Self-help Housing: Mutirao, Fortaleza |  |
| Brazil - Santos: Integrated Children's and Family Program |  |
| Brazil - Environmental preservation in Low-income Areas, Espirito Santo |  |
| Brazil - Housing, Infrastructure & Poverty Eradication, Teresina |  |
| Brazil - Revival Project - PROJETO RENASCER, Londrina, Parana |  |
| Brazil - City Networks for Development & Social Inclusion, Misiones Region |  |
| Brazil - Settlements of Low Income Population in Urbanized Lots, Brasilia |  |
| Brazil - Housing and Participatory budget, Belo Horizonte |  |
| Brazil - Housing and Participatory budget, Sao Paulo |  |
| Brazil – Environ. Sanitation & Program for Social Inclusion, Sao Andre |  |
| Brazil - Urban Upgrading Project PROMETROPOLE, Recife |  |
| Ecuador - Integrated Solid Waste Management Programme, Loja |  |
| Uruguay - Improvement of Governance Capacity in Montevideo |  |
| Venezuela - Urban and Environmental Development of Catuche Ravine |  |
| Canada - Safer Cities Initiatives, Edmonton, Alberta |  |

#### Total 50 Cases

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<thead>
<tr>
<th>Land Regularizing</th>
<th>Water-Sewerage and Drainage</th>
<th>Roads and Transport</th>
<th>Solid Waste Management</th>
<th>Health Care</th>
<th>Social Centers and Services</th>
<th>Education and Training</th>
<th>Small Enterprises/Microcredit</th>
<th>Housing</th>
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#### Percentage

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