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TO: All Members of the World Commission on
Environment and Development

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RE: CHAPTER 8 ON HUMAN SETTLEMENTS

The present draft of Chapter 8 on Human Settlements builds on the text discussed in Harare, taking into account various comments made by the Commissioners.

Views of the Commissioners are sought on the draft. In particular, comments and concrete recommendations would be welcomed concerning national responses and international cooperation, two topics which require additional guidance from the Commission.

The selection from the public hearings has not been made yet and therefore is not included in this version of the Chapter.

ACTION REQUIRED: For Discussion and Approval

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CHAPTER 8

WORLD CITIES: CHALLENGE AND OPPORTUNITY

1. The world has an urban future. Cities hold one of the keys to sustainable development. They are both a problem and solution. The opportunities offered by cities must be made the most of, while the challenges they pose must be met effectively.

I. THE NATURE OF THE URBAN CHALLENGE

1. Towards an Urbanized World

2. Historians are going to remember our times as the century of rapid urbanization of the world. By the year 2000, almost half the world will live in urban areas (see Table 8-1). The developed countries and many developing countries are already highly urbanized; others are quickly catching up and will be predominately urban by the turn of the century. Still others, though remaining predominantly rural, will also have very large cities.

3. Since 1950, the world urban population has almost tripled. During this period, the number of people living in cities increased by 1.25 billion. In developing regions, the figure quadrupled, while in developed regions, it increased 1.8 times. If similar trends hold during the next 13 years, an additional 870 million people

will live in urban areas, with 759 million of them in Third World cities. Indeed, by the year 2000, some 39% of the population of developing countries will be urban.

Table 8-1			
Proportion of Population Living in Urban Areas 1950-2000			
	1950	1985	2000
World Total	29.2	41.0	46.6
More Developed Regions	53.8	71.5	74.4
Less Developed Regions	17.0	29.2	39.3
Africa	15.7	29.7	39.0
Latin America	41.0	69.0	76.8
(Temperate South America)	(64.8)	(84.3)	(88.6)
(Tropical South America)	(35.9)	(70.4)	(79.4)
Asia	16.4	28.1	35.0
(China)	(11.0)	(20.6)	(25.1)
(India)	(17.3)	(25.5)	(34.2)
Urban Population 1950-2025 (In Millions)			
	1950	1985	2000
World Total	734.2	1982.8	2853.6
More Developed Regions	447.3	838.8	949.9
Less developed Regions	286.8	1144.0	1903.7
Africa	35.2	164.5	340.0
Latin america	67.6	279.3	419.7
Asia	225.8	791.1	1242.4
Source: "Urban and Rural Population Projections, 1984" Unofficial Assessment, Population Division, United Nations, New York.			

2. The Many Faces of Cities

4. Virtues of cities have been extolled, their bad sides reviled - both with good reason. On the whole, however, cities have been one of the most durable, resilient, and successful units of social organization throughout history. Advanced stages of social and

economic development are associated with high levels of urbanization and urban development. Cities are the centres of commerce, industry, services, and income generation. They are the principal sources of new jobs and of innovation for new or expanding economic, social and cultural opportunities. They are the centres of political power and governance.

5. Cities are also the principle nodes of expanding local, national and increasingly international urban-industrial networks. The growth of a nations and of the world's economic system is reflected in multiplying, overlapping communication and transportation links and accommodating increasing flows of information, energy, capital, commerce and people.

6. Within nations, this urban network includes everything from small market towns to large cities and megalopoli. The growing links between them are, in effect, the 'infrastructure' for national development. The megalopoli of the North America's Great Lakes Region, Japan's Tokaido Corridor, Northern Europe's Rhineland and, today, the exploding urban regions of the Third World reflect a seamless web of linkages. Although harder to see on a map, because less concentrated, megalopoli long ago jumped the oceans. Many of the urban-industrial regions bordering the Atlantic, Pacific or Indian Oceans depend as much today, or more, on their links with each other as on those with their own national urban-industrial network. With transnational corporations, private and parastatal, growing faster than any national economy, with satellites boosting communications to new levels, the economic prospects of large urban-industrial regions depend critically on their place in the international network.

7. So does the fate of the hinterland's smaller cities, mining and rural areas, and of the global commons, on which this network depends for energy, food, water and other resources both to nourish its voracious appetites and to assimilate its growing volume of wastes. In some nations, certain kinds of industries, service enterprises, and quaternary sector activities are now being developed in "greenfield sites" in small urban centres or rural areas. But they receive high-quality infrastructure and services, with advanced telecommunications systems ensuring that the activities are part of the national (and global) urban-industrial system. In effect, the countryside is being 'urbanized'.

8. Yet, it is within these interlocked engines of growth that some of the most intractable problems of poverty, poor health, premature death, and poor housing are concentrated. In most Third World nations, a high proportion of city-dwellers have inadequate incomes, inadequate diets, poor health, and very poor shelter. Most new housing is built illegally with little or no public provision of safe, piped water, removal of household and human wastes, drainage, roads, or health care. There is a strong dependency between these problems and those of the physical environment.

9. Polluted and declining city centres, overrun by vehicles and in the grip of concrete and noise, were one of the earliest symbols of environmental degradation in the developed world. Indeed, it was here that environmental consciousness first arose. During the first two decades of environmental action, many of these cities, managed to achieve some of the most notable improvements of environmental quality and livability. In most cases, these improvements provided the basis for corresponding improvements in the vitality and efficiency and growth of the cities' economy - a new kind of growth attracted by a

quality environment. These achievements stemmed in large part from vital citizens' movements and inspired leadership from the public and private sector. Driven by new values, they changed the political balance in many cities and forced authorities to respond to mutually re-inforcing environmental and economic goals.

10. The challenge facing governments today is to ensure that cities play the role they can and should play within more productive and stable national economies. Even in predominantly rural and agricultural societies, urban centres have strategic roles to play in building a stronger and more diversified economic base, ensuring a more productive and sustainable agriculture and reducing disparities between social groups and regions.^{1/} But this cannot be done without re-inforcing measures to reduce the relentless toll of poverty and to tackle the problems of pollution and resource depletion which is at the root of much urban and rural decline.

11. The dominance of cities in society give them a crucially important role in dealing with many issues on national development-environment agenda. New forms of sustainable growth and employment, policies to meet future energy needs through reduced demand as well as increased supply, and policies to enhance food security through improved access as well as increased production, all depend on new approaches to urban design, development and management. Even policies to reduce deforestation and tackle climate change are dependent on the direction of urban change.

12. The urban challenge, however, presents itself in a very different light in different parts of the world and the Commission has chosen to concentrate its attention on Third World cities. At present, most developing nations face an unprecedented urban crisis. They do so during a

period when new public investments are heavily constrained by economic problems. Immediate action is needed to mitigate the most serious effects of this crisis. But public policies to deal with the crisis should be conceived and implemented within a strategy to promote more sustainable forms of urban development over the longer-term.

13. This focus on Third World cities is not meant to imply that what transpires in the cities of the developed world is not of crucial importance to global sustainability. It is. These cities account for an extremely high share of the world's resource use, energy consumption, and environmental pollution. Many have a global reach and draw their resources and energy from distant lands with enormous aggregate impacts on their ecosystems. The response to these issues is of such critical importance that they are discussed in other chapters, in particular those on international economic relations, energy, industry and agriculture.

14. Nor is the emphasis on Third World cities meant to imply that problems within the cities of developed countries are not serious. They are. Many of these cities face enormous problems of deteriorating infrastructure, environmental degradation, inner city decay and neighbourhood collapse. These syndromes often result in economic decline and social conflict, since both employment activities and the younger, better educated groups are driven out of the neighbourhoods affected. The unemployed, the elderly, and racial and ethnic minorities remain trapped in a downward spiral of degradation and poverty. City or municipal governments often face a legacy of poorly designed and maintained public housing estates, mounting costs and declining tax bases.

15. Yet, however serious, the problems in these cities are simply not of the same order of magnitude as those in most Third World cities. People in developed countries do not expect to see one in four of their children die before the age of five of serious malnutrition, or one adult in two with intestinal worms or serious respiratory infections. But this level of child mortality and morbidity is common in the poorer areas of Third World cities. Most city residents in the developed world have piped water, toilets connected to sewers, and access to some health care and emergency life-saving services. This is not the case in most Third World cities. In many Third World cities, problems of air and water pollution and lack of provision for solid waste disposal (including toxic waste disposal) can have a dramatic impact on the health of city inhabitants, their economy and jobs. Even in relatively small cities with low levels of industrial development, just one or two factories dumping wastes into rivers can mean contaminated water for drinking, washing and cooking for most of the population.

16. In the developed world, rarely is there a lack of resources and institutional capabilities. Most people in developed country cities who cannot find a job receive a minimum subsistence income from the state. However inadequate this is judged to be, it maintains the body if not the soul. Very few Third World city-dwellers have any possibility of a subsistence income from the state if they cannot find a job. City governments of developed countries have the leadership and resources to tackle inner-city decay and linked economic decline. Indeed, many have succeeded in reversing the syndromes through enlightened policies of public-private cooperation, harnessing public and private resources and entrepreneurial skills. By contrast, in much of the Third World, city and municipal governments lack such leadership

and lack the power to take political initiatives and to amass and deploy resources in innovative ways reflecting their own unique local conditions.

17. In sum, with advanced and comparatively versatile economies, with higher per capita incomes, materials and energy uses, having at their disposal institutions, resources and technologies, and with a good deal of flexibility and space for manoeuvre and innovation by local leadership, the issue for developed countries is ultimately one of political and social choice. Developing countries are not in such a comfortable situation. They have a major urban crisis on their hands.

II. THE THIRD WORLD URBAN SITUATION

18. This crisis confronts virtually all Third World governments. Faced with rapidly growing populations, very few city or municipal governments have the power, resources and the trained personnel required to deal with this crisis. Growing populations must have access to land, services and facilities essential to enable them to build decent shelter in planned areas with minimal services for a decent life in a clean environment. Barred from having it one way, they will have it another. The result is usually one of mushrooming illegal settlements with no or very primitive facilities, an increase in overcrowding in existing housing stock and rampant disease in an unhealthy environment.

19. As a recent report noted:

"Third World cities have increasingly become centres of competition - for a room to rent or space on which a shack may be built, for places in school, for access to potable water, for a bed in a hospital, for space in a bus or train, for space in

a square or sidewalk from which to sell merchandise - quite apart from the enormous competition for the few stable, adequately paid jobs. An unregulated market for any commodity or service cannot serve those who lack the purchasing power to enter such a market. And since such a high proportion of city populations lack of the income to afford a legal house or health services or (indeed) sufficient food, in the absence of government action to guarantee their entry, they only have two options. Either they do without, or, as in the case of housing, they have to resort to grossly inadequate and usually illegal solutions ... how can we change the processes by which cities get built so as to help their inhabitants earn more adequate incomes and promote community participation which is at the root of healthy participatory democracy? How can cities be built which facilitate social exchanges, which make basic services and adequate quality accommodation available and accessible to all and which are less expensive to build, maintain and manage? And how can this rethinking of the Third World city (and the role of government in the process) be undertaken within the context of the economic crises which confront so many governments?"^{2/}

20. The fact that the urban crisis is so widespread, despite the enormous diversity of nations and cities in terms of size, population, wealth and degree of industrial development, suggests that some of the causes may be comparable. Certainly, three major factors underly the situation in most nations:

- * an inappropriate or inadequate institutional framework and legal structure;
- * the low priority that governments have given to urban problems; and
- * poor, unstable, and often stagnant national economies.

21. The link between unstable national economies and an unpredictable and unfavourable international economic environment has been discussed in Part I. The poverty and underdevelopment trap described there has influenced the process of urbanization in the Third World and frustrated

the implementation of many strategies to deal with it. The world economic crisis of the 1980s has exacerbated the dramatic shortfall in resources needed to build, maintain, and manage cities and to pursue effective urban policies.

22. The institutional and legal structure in most developing nations was and is inadequate either to influence a process of rapid urbanization, or to cope with the problems that this process is generating. In most African and Asian nations, this goes back to the colonial inheritance of a legislative, local government and legal structure set up to govern and control predominantly rural and agricultural societies. It was never intended to deal with rapid urbanization or to manage cities with several million inhabitants. Newly independent governments thus inherited a framework of laws, codes, standards, and procedures that was totally inappropriate to deal with the urban processes they were about to confront. Yet in many nations, this inherited framework still remains largely in place.

23. Where the colonial past is less evident, as in most Latin American nations, the political, institutional and legal frameworks for local government are often just as inappropriate and inadequate. As in Asia and Africa, they are often based on models imported from Europe or North America. This has made it equally difficult for them to influence the direction of urbanization and to manage the problems of large, rapidly expanding urban centres. It has also led to urban forms which are energy and material intensive and dependent on imports, and which add enormously to the burden on the national economy, including pressures on trade and balance of payments.

24. Attitudes about the balance between private and public rights over land illustrate how the inertia of institutional and legal structures inhibits the resolution of problems arising from rapid change. The origins of private land ownership and the rights given to landowners are strongly linked, historically, to a fight against the undefined and unregulated powers of absolutist rulers in societies that were predominantly rural and agricultural. In Europe, the fact that landowners managed to obtain clear legal rights to protect their land from appropriation by absolute rulers was a triumph for large numbers of people.

25. In most Third World cities today, land ownership structures and the inability of governments to intervene are perhaps the main factors contributing to "illegal" settlements and chaotic urban sprawl. When half or more of a city's workforce has no chance of obtaining even a legal plot on which a house can be built, let alone of affording to buy or rent a legal house, the balance between private land ownership rights and the public good must be re-thought. This re-thinking has not yet been done in most of the Third World.

26. This inadequate institutional framework backed up by inappropriate laws, codes and procedures has had to confront the most rapid and widespread urban change in history. Between 1920 and 1980, the Third World's rural population little more than doubled, while its urban population grew from around 100 million to close to 1 billion.^{3/}

- * In 1940, only one person in eight lived in an urban centre, while little more than 1 per cent lived in a city with a million or more inhabitants, (a "million city");

- * By 1960, more than one in five persons lived in an urban centre and one in 16 in a "million city";
- * By 1980, nearly one in three persons was an urban dweller and one in ten lived in a "million city".^{3/}

Box 8-1

Examples of Rapid Population Growth in Third World Cities

Between 1950 and 1980, the population of many of sub-Saharan Africa's larger cities increased more than sevenfold - Nairobi, Dar es Salaam, Nouakchott, Lusaka, Lagos, and Kinshasa among them. In these same 30 years, populations in many Asian and Latin American cities (such as Seoul, Baghdad, Dhaka, Amman, Bombay, Jakarta, Mexico City, Manila, Sao Paulo, Bogota and Managua) tripled or quadrupled. In cities such as these, and the others in the table, net immigration usually contributed more to their population growth than natural increase in recent decades.

Box Table 8-1

	1950	Most Recent Figure	UN Projection For 2000
Mexico City	3.05	16.0 (1982)	26.3
Sao Paulo	2.7	12.6 (1980)	24.0
Bombay	3.0 (1951)	8.2 (1981)	16.0
Jakarta	1.45	6.2 (1977)	12.8
Cairo	2.5	8.5 (1979)	13.2
Delhi	1.4 (1951)	5.8 (1981)	13.3
Manila	1.78	5.5 (1980)	11.1
Lagos	0.27 (1952)	4.0 (1980)	8.3
Bogota	0.61	3.9 (1985)	9.6
Nairobi	0.14	0.83 (1979)	5.3
Dar es Salaam	0.15 (1960)	0.9 (1981)	4.6
Gter. Khartoum	0.18	1.05 (1978)	4.1
Amman	0.03	0.78 (1978)	1.5
Nouakchott	0.0058	0.25 (1982)	1.1
Manaus	0.11	0.51 (1980)	1.1
Santa Cruz	0.059	0.26 (1976)	1.0

(Box-Table 8-1 continued)

Source: Wherever possible, census data has been used in this table. If a recent census has not been taken, then an estimate by the city government or a local research group is used. Some of the population growth revealed in this table is due to the expansion of the boundaries of the "city" or "metropolitan area" between 1950 and recent years, which brought into the population figure the inhabitants of settlements that in 1950 had been "rural". Population projections for the year 2000 are from United Nations sources; these are based on extrapolating past trends into the future, which often prove to be a poor guide to future trends, especially long-term trends. But the data base to make more accurate projections, which would include such aspects as a city's economic prospects against those of other areas, the nation's economic prospects, and anticipated changes in population growth rates, is not available. Apart from the United Nations projections for the year 2000, which are drawn from Estimates and Projections of Urban, Rural and City Populations 1950-2025 (the 1982 Assessment). ST/ESA/SER.R/58, New York 1985 and Urban, Rural and City Populations 1950-2000 (op. cit. 3), other data are drawn from Jorge E. Hardoy and David Satterthwaite Shelter: Need and Response, John Wiley and Sons, Chichester and New York, 1981, with some figures updated when more recent census data has become available.

27. Only recently have large cities - urban agglomerations whose physical areas spread far beyond old city boundaries - become a worldwide phenomenon. Historically, very few cities had more than 500,000 residents. Less than 200 years ago, in 1800, just six cities worldwide had populations exceeding 500,000 and only one - Beijing - was home to a million people.^{3/} By 1980, there were 222 such cities worldwide, more than half of them in the Third World (see Box 8-1). Until the late 19th century, when London's population grew to more than 5 million, no multimillion urban agglomeration had ever developed. By 1985, at least 20 such centres in the Third World had more than 5 million people, while at least seven had more than 10 million.^{4/}

28. Thus, many Third World governments are confronted with cities whose population and area has grown far beyond that imagined only a few decades ago. Many of these grew to dominate their national or regional urban system - often under the colonial rule - as the ports through which primary products were exported and manufactured goods imported, and where the corresponding road and rail networks converged. Molded more by the requirements of the international division of labour prevalent during the colonial age than by a rationale of national development, many of these cities maintained an inertia of growth and dominance of national economies and urban systems.

Box 8-2

Dominating Cities^{5/}

Nairobi, Kenya: In 1975, Nairobi had 57 per cent of all Kenya's manufacturing employment and two-thirds of its industrial plants. In 1979, Nairobi contained around 5 per cent of the national population.

Manila, Philippines: Metropolitan Manila produces one-third of the nation's gross national product (GNP), handles 70 per cent of all imports, and contains 60 per cent of the manufacturing establishments. In 1981, it contained around 13 per cent of the national population.

Lima, Peru: The metropolitan area of Lima accounts for 43 per cent of gross domestic product (GDP), for four-fifths of bank credit and consumer goods production, and for more than nine-tenths of capital goods production in Peru. In 1981, it was home to around 27 per cent of the Peruvians.

Lagos, Nigeria: In 1978, Lagos metropolitan area handled over 40 per cent of the nation's external trade, accounted for over 57 per cent of total value added in manufacturing, and contained over 40 per cent of Nigeria's highly skilled workers. It contains only some 5 per cent of the national population.

(Box 8-2 continued)

Mexico City, Mexico: In 1970, with some 24 per cent of the Mexicans living there, the capital contained 30 per cent of total employment in manufacturing, 28 per cent of employment in commerce, 38 per cent of employment in services, 69 per cent of employment in national government, 62 per cent of national investment in higher education, and 80 per cent of research activities. In 1965 it contained 44 per cent of national bank deposits and 61 per cent of national credits.

Sao Paulo, Brazil: Greater Sao Paulo, with around one-tenth of Brazil's national population in 1980, contributed one-quarter of the net national product and over 40 per cent of Brazil's industrial value-added.

29. In assessing Tables 8-1 and 8-2, it should be noted that some experts have found reasons to doubt that developing nations will urbanize as rapidly in the future as in the last 30-40 years, or that their mega-cities will grow as large as UN projections suggest. Many of the most powerful stimuli to rapid rates of urbanization in the past have less influence today. Moreover, changing government policies of the kind proposed below could slow-down rates of urbanization and lessen the attractiveness of the largest cities. This will, however, have little affect on trends in the near-term future, and the urban problems that developing countries will have to confront through the year 2000.

30. The low priority that governments have given to urban problems has greatly exacerbated the crisis in the Third World. During the last three decades of rapid urbanization, governments gave little thought to how they could influence the process and manage the consequences. Initially, they may have assumed that high rates of migration to cities were temporary phenomena and that the spontaneous growth of illegal settlements and overcrowded tenement areas were problems that would solve themselves as the economy took-off. This attitude was not only

politically convenient, it was re-inforced by the advice given by many advisors from the developed world.

31. At the same time, however, governments were pursuing policies that re-inforced the process and aggravated the problems. New investment in industry and other productive activities was concentrated in cities, often in the one or two larger cities within a nation. So was government investment in associated infrastructure and services. Rural-urban migration followed the same pattern. Many studies on migration have shown that people move to areas with better opportunities for jobs, livelihoods - and survival. A major reason why so many migrants in recent decades went to cities such as Nairobi, Manila, Lagos, Mexico City, Sao Paulo, Rangoon, or Port au Prince was the dominant role each centre came to play in its national economy (see Box 8-2).

32. The macroeconomic and pricing policies pursued by governments further reinforced this concentration - Mexico City is a case in point. In recent decades, the Federal District of Mexico received a disproportionately large share of total national expenditure on education, and on subsidies to reduce the prices of water, corn, electric power, diesel fuel and public transport. Railroad freight rates favoured routes that passed through Mexico City. Property taxes in the Federal District were undervalued. Most of the new or expanded industries encouraged by the federal government's import substitution policy were established in or near Mexico City.^{6/}

33. Agricultural and food policies have also tended to promote rapid growth of larger urban centres. Low or even negative economic supports for agricultural products have driven small-holders off their land and added to the numbers of the rural poor. Urban food prices, on the other hand, held low through subsidies, have served to

make cities even more attractive to them. The same and other policies have re-inforced the trends toward larger and more inequitable land holdings. As the demand for agricultural services becomes specialized and diverse, they tend to be met less by small, local businesses and more by larger, city-based enterprises.

34. In recent years, however, a number of Third World nations have found it possible to reverse these policies. In most cases, this has occurred in areas marked by small land-holdings and intensive farming. In these cases, increasing production, a growth in agricultural employment and higher average incomes have stimulated the development of small and intermediate centres in the agricultural region they serve.^{7/}

35. Massive urban change in the Third World is characterized by many in-city problems. Six are discussed below: the lack of jobs; the shelter gap and decay in urban services and efficiency; poverty, pollution and environmental degradation; institutional weakness; and urban bias.

1. The Lack of Jobs

36. While job-starved rural populations have moved to cities in search of income opportunities, economic growth has not kept pace with the influx, in most Third World cities, with the influx between one-fourth and one-half of the economically active population cannot find adequate, stable livelihoods. With no jobs available in established businesses or government services, people have to find or create their own source of income. If they do not, they cannot survive in a city. The result is a rapid growth in what has been termed the "informal sector".

37. Thus, while the lower-income groups may not be officially employed, most are working - in unregistered factories, for instance, or selling goods on street corners or making clothes in their homes. Most of the so called unemployed are in fact working 10-15 hours a day, six to seven days a week. Their problem is not underemployment, it is underpayment. In addition, the informal sector provides much of the cheap goods and services that city economies and businesses need, just as informal or illegal settlements house much of the city's cheap labour.

2. The Shelter Gap

38. In almost virtually every Third World nation, there is a large and growing gap between the increases in urban population and the government actions needed to enable this population to organize and provide itself with basic essentials for an adequate life. This is most evident in:

- * growing squatter settlements or other forms of "illegal" development;
- * increased overcrowding in tenements, boarding houses, and other cheap rented accommodation;
- * deterioration in the housing stock, in public buildings, and roads and (where they exist) water supply and sewerage systems; and
- * chaotic and uncontrolled physical expansion of cities, especially with the illegal occupation of peripheral sites by low-income groups building their own houses and with illegal land developments by landowners and real estate companies.

39. In most Third World cities, lower-income households or individuals are left on their own to find accommodation. Generally, they do this in two ways. The first is through renting rooms - whether in tenements or cheap boarding houses, or in someone else's house or shack. The second is through building or purchasing a house or shack in an illegal settlement. There are, of course, many different kinds and degrees of illegality, and these influence the extent to which governments tolerate the existence of such settlements, or even provide them with public services and facilities.

40. Whatever form it takes, low-income accommodation generally shares three characteristics:^{8/}

- * inadequate or no infrastructure and services - including piped water, sewers or other means of hygienically disposing of human wastes;
- * crowded and cramped conditions under which communicable diseases usually flourish, aided by low resistance among inhabitants due to malnutrition;
- * location on land ill suited for human habitation - such as floodplains or dusty deserts or hills subject to landslide or next to noxious and polluting industries - sites chosen precisely because the low commercial value of the land means the inhabitants stand a better chance of not being evicted.

41. Virtually all cities display highly visible contrasts between rich and poor residential areas.^{9/} Nothing is more revealing of the differences in household incomes and resources than the quality of their housing, roads, pavements, water supplies, sewers, and storm

drainage and even the convenience of public transport. These contrasts are reflected in differences in levels of nutrition, health and education, in access to educational and health care services, and in land and facilities for recreation. In most instances, the contrast is between the "legal" and the "illegal" - the residential neighbourhoods of middle- or upper-income groups whose construction and development was sanctioned by city government, and the squatter settlements or illegal subdivisions. By the same token, the contrast reflects the different levels of influence that various social groups can bring to bear on city and municipal governments.

42. In most Third World cities, the enormous pressure for shelter and services, has resulted in a marked decline in the quality of the urban fabric. Much of the housing used by poorer individuals or households suffers from an advanced stage of deterioration. Private rental accommodation for lower-income groups is often characterized by rotten windows, peeling plaster, leaking roofs and damp walls or floors. Landlords normally minimize capital expenditure on maintenance and maximize the number of people squeezed into limited space; this is the only way to make a profit when people have little to spend on housing. Yet when a tap, toilet, kitchen, or laundry sink is used by 30, 50, or 100 people, obviously more, not less, maintenance is needed. The record of public housing agencies is usually no better. It is hardly surprising that bronchitis, pneumonia, and other acute respiratory diseases are among the major health problems of the poor and a cause of high death rates.

43. The decline in the urban fabric has been accompanied by a drastic fall in the efficiency of the urban system. Civic buildings are frequently in a state of disrepair and advanced decay. So, too, is the essential infrastructure of the city. Public transport is overcrowded and

overused, as are roads, buses and trains, transport stations, public latrines, and washing points. Water supply systems have numerous leaks and often become contaminated through lack of pressure which allows sewage to infiltrate the system. Often a third of the city's population has no piped water or storm drainage or roads. On the other hand, it is often easier politically for public authorities to "upgrade" existing areas and services than to replace them. As a rule, little or no additional land has to be acquired. Moreover, there are now many low-cost processes and technologies available for urban environmental services, although further research and development in the area is urgent and could be highly cost effective. As has been noted, a nation's dynamic and its economic potential is linked closely to the efficiency of its urban system. When the economic costs of concentration begin to exceed the benefits, cities can become a serious drag on economic performance. While many cities have demonstrated that these syndromes can be reversed, it requires strong political leadership, a capacity to plan and sustain the implementation of plans over a long period of time - and investment in basic environmental services. Yet, with a shortage of capital, especially for imported capital goods, and competing priorities, it is difficult for most Third World nations to make and sustain decisions to replace and extend these services.

3. Poverty, Pollution and Environmental Degradation

44. An extension of environmental services would have an almost immediate effect in reducing the enormous human and economic toll of disease and suffering. The growing numbers of the urban poor suffer from a high incidence of diseases, most of which are environmentally-based and could be prevented or dramatically reduced through relatively small investments. Acute respiratory diseases,

intestinal parasites, and diseases linked to poor sanitation and contaminated drinking water (diarrhoea, dysentary, and typhoid) are usually endemic. They represent one of the major causes of morbidity and mortality, especially among children.

Box 8-3

Environmentally Related Health Risks
in Third World Cities

- * contaminated drinking water
- * unregulated disposal of human waste, waste water, and garbage
- * lack of drainage and stagnant pools of water that act as breeding grounds for disease vectors
- * contaminated fruits and vegetables through irrigation with sewage water
- * indoor pollution by smoke from fires and stoves
- * inadequate personal hygiene due to lack of facilities
- * disease vectors and parasites living in housing structures, with access to food, occupants, and water
- * overcrowding, poor ventilation, poor heating of housing
- * housing sites exposed to floods, slides, industrial accidents
- * nutritional deficiencies
- * no access to health advice and primary health care

45. Environmental problems such as air and water pollution might be assumed to be less pressing in Third World cities because of lower levels of industrial development. But in fact there are hundreds of cities in developing countries with high concentrations of industry. The proximity of marginal settlements and hazardous industries has magnified the risks for the poorer sections of the population, a fact demonstrated by great loss of life and human suffering in various recent industrial accidents, such as the ones in Cubatao, Mexico City and Bhopal. Air, water, noise, and solid waste

pollution problems have increased dramatically (see Box 8-4). Indeed, some cities have gained the unenviable status of world showplaces of environmental pollution and stress.

A number of factors have played a role in this trend. These include:

- * the speed with which industrial and associated energy and other major sources of pollution have grown;
- * the high concentration of these sources in one or a few metropolitan areas;
- * the rapid increase and concentration of motor vehicles in cities.
- * the lack of effective planning, regulation and enforcement systems
- * the failure to allocate resources to deal with environmental problems;

Box 8-4

Environmental Problems in Third World Cities

Out of India's 3,119 towns and cities, only 209 had partial and 8 had full sewage and sewage treatment facilities. On the river Ganga alone, 114 cities each with 50,000 or more inhabitants dump untreated sewage into the river every day. DDT factories, tanneries, paper and pulp mills, petrochemical and fertilizer complexes, rubber factories, and a host of others use the river to get rid of their wastes. The Hoogly estuary (close to Calcutta) is choked with untreated industrial wastes from more than 150 major factories around Calcutta. Sixty per cent of Calcutta's population suffer from respiratory diseases (like pneumonia and bronchitis) related to air pollution.

(Box 8-4 continued)

In China, the fact that industry is concentrated in around 20 cities, with most using coal in outdated furnaces and boilers, ensures a high level of air pollution. Lung cancer mortality in Chinese cities is four to seven times that in the nation as a whole, and the difference is largely attributable to heavy air pollution.

In Malaysia, the highly urbanized Klang Valley (which includes the capital, Kuala Lumpur) has two to three times the pollution level of major cities in the United States, and the Klang river system is heavily contaminated with agricultural and industrial effluents and sewage.

Source: Examples from India - Centre for Science and Environment, State of India's Environment: a Citizen's Report, New Delhi, 1983. Examples from China from Vaclav Smil, The Bad Earth: environmental Degradation in China. M.E. Sharpe Inc., New York and Zed Press, London 1986. For Malaysia, Sahabat Alam Malaysia, The State of Malaysian Environment 1983-84 - Towards Greater Environmental Awareness, Penang, Malaysia, 1983.

46. The uncontrolled physical expansion of cities has also had serious implications for the urban environment and economy.^{10/} Uncontrolled development makes provision of housing, roads, water supply, sewers and public services prohibitively expensive. Moreover, cities are often built on the most productive agricultural land and uncontrolled growth results in the unnecessary loss of much of this land. This is most serious in nations with limited arable land, such as Egypt. Uncontrolled development also results in the land and natural landscapes needed for urban parks and recreation areas being cleared, degraded or occupied for housing. Once an area is built up, it is usually both quite difficult and expensive to create open space.

4. Institutional Weakness

47. Uncontrolled urban development is one symptom of the weak institutional framework that marks most Third World

cities. Whatever the form of city government, public authorities usually lack the power, resources, and trained personnel to meet the responsibilities assigned to them. Few have the tradition, leadership and skilled personnel needed to promote economic and social development. Few local governments, whether of cities or smaller urban centres, have an investment capacity that begins to compare with their responsibilities. Even richer city governments have the equivalent of only \$10-50 per inhabitant to invest each year. Thus, they have difficulties covering their operating expenses, let alone making new investments to extend services and facilities. Despite these weaknesses, the trend in recent decades has been for national governments to weaken local governments even further, and for international agencies to ignore them.

48. The corollary is growing centralization which brings inefficiency, and heavy costs. A recent study of decentralization by the World Bank points out that: "When central planners design rural or regional development projects in a national capital without thoroughly understanding local, social, economic, physical and institutional conditions, they often generate opposition among local groups or encounter such apathy that the projects are doomed to failure from the outset. Central administrators cannot know the complex variety of factors that affect the success of projects in local communities throughout the country. In their attempt to cope with this uncertainty, they create highly centralized and standardized procedures; or through fear of making mistakes, they do nothing about urgent decisions that are essential for implementing local projects and programmes."^{11/}

5. Urban Bias?

49. When looking at how national economies work, the artificial nature of the division between rural and urban areas becomes apparent. Most goods and services reach rural inhabitants through urban-based enterprises. So do agricultural extension services, credit and market facilities. Only through a strong urban system, with its links to smaller rural settlements, can governments increase the proportion of the rural population reached with health care, education, post, and other public services and facilities.

50. If rural areas and small urban settlements are to improve water supplies, health care and educational programmes, governments must give priority to such investment in these countries. The same is true if people in rural and small urban areas are to obtain small loans on flexible terms without high collateral, so they may improve their own housing. Many other problems in rural areas and small settlements require the priority attention of governments, as discussed in Chapter 5.

51. There are, however, many urgent problems in rural and urban areas that do not require the same degree or amount of public support.^{12/} With regard to a house, for example, poor rural families can usually find a site on which to build something at little or no cost. This is impossible for virtually all poor and low-income and many middle-income households in cities. Even when they resort to the illegal occupation of ill-suited sites, they usually pay protection or rent to someone and there is often a highly commercialized market for such sites. Building materials are usually on hand in rural areas, whereas in cities they have to be purchased and often at a high price. Pressure on space is usually less intense, so

housing units are not so crowded together. Overcrowding within a house, however, can be as high or higher in rural areas than in cities.

52. Rural settlements rarely suffer from air pollution problems and water pollution problems can usually be resolved relatively cheaply - except in the case of misuse or misapplication of agricultural chemicals. Food supplies are more accessible, although not guaranteed if rural dwellers lack the land to produce it or the income to purchase it. The disposal of household and human wastes is more easily resolved in the countryside than in high-density urban setting.

53. The view that in many areas more attention should be paid to urban problems might be judged to reinforce an already strong "urban bias" in development policies. But this can be misleading. It is true that in most Third World nations one or two cities have received a very high share of new productive investment in recent decades. As noted earlier, the macroeconomic and sectoral policies and priorities of governments and investments in infrastructure have usually exacerbated this situation. This is not "urban" bias however; it is rather a bias in favour of a few large primate cities and metropolitan regions. Most small and intermediate urban centres have been as starved of public investment and support as have the rural areas. Moreover, recent studies indicate that lower-income groups within favoured cities have not benefited from public policies any more than lower income groups in rural areas and small urban centres.

III. CONFRONTING THE URBAN CRISIS IN DEVELOPING COUNTRIES

54. In confronting the urban crisis in developing countries, the great need is for more innovative and effective responses at all levels - national, state, city, and neighbourhood. It is not a question of governments controlling the processes but rather of governments providing, through appropriate institutions, a framework of goals, policies, laws and regulations within which a wide range of groups, interests and citizens can work to build and rebuild their neighbourhood and cities. In developed countries, even governments firmly committed to free markets and minimizing government intervention recognize the importance of such a framework to guide urban development.

55. The evolution of such a framework will require explicit national urban strategies and new and strengthened forms of international cooperation. Both are discussed below. National urban strategies will, of course, vary greatly from country to country. In urban matters, only one generalization is valid: that every city, indeed every neighbourhood is unique and, if given the opportunity, will evolve solutions that are unique. There are no quick fixes to urban problems, no once-for-all schemes to be followed.

1. National Urban Strategies

56. Every nation needs a broad urban strategy within which innovation and effective local solutions to urban problems can evolve and flourish. Every nation, in effect, has such a strategy but it is most often implicit rather than explicit. It can be deduced only after a

Careful examination of the macroeconomic, fiscal, budget and sectoral policies which impact heavily on the process of urbanization and on the development of settlements. A nations cities are largely the unintended residual of this process, which needs to be reversed.

57. A national urban strategy would provide an explicit set of goals and priorities for the development of a nations urban system and the large, intermediate and small centres within it. With an explicit strategy, nations can begin to re-orient those central economic and major sectoral policies which now induce and re-inforce megacity growth, urban decline and poverty. They can also systematically strengthen the political power, institutions, expertise and access to resources of local governments as needed.

58. With greater coherence in the national policy structure, governments can begin to promote small and intermediate urban centres with some expectation of results. They can begin to ensure that sectoral investments promote the indigenous construction industry, which has historically been a leader in stimulating economic growth and urban employment. The focus of housing sector budgets can be changed from government built or subsidized housing, which normally favours middle and upper income groups, to the extension and upgrading of water supply, sanitation and other essential public services for low income groups.

59. They can also deploy measures more effectively, to improve housing and living conditions for the urban poor and low income groups. Fo example, measures to provide legal security of tenure to low income groups coupled with more effective and efficient housing finance systems, can help to mobilize even small household savings and make

mortgage finance and credit more accessible to these groups. Inappropriate standards which render most housing illegal can be removed, along with the legal obstacles to the use of local materials and methods which are often found in existing codes for buildings and infrastructure.

60. Citizens can be brought into decisions on neighbourhood planning and resource allocations and priorities can be shifted to support and augment the efforts of self-help and community groups to upgrade their housing and neighbourhood conditions. Urban air, water and other pollution control standards can be strengthened and enforced with the support of vigorous citizens groups.

1.1 Macroeconomic and Sectoral Policies to Serve Urban Goals

61. A national urban strategy will require that governments take a much broader view of urban policy than has been traditional. Macroeconomic, fiscal and taxation policy, agricultural and energy policies, transportation and a range of other sectoral policies all have an overwhelming and often decisive influence both on the rate and direction of urbanization, and on the ability of local governments to cope with the consequences of urban change. More sustainable forms of urban development will not emerge if urban policy continues to be viewed as a narrow field concerned largely with questions of local governance, land use planning and control and the provision and development of land and services.

62. Cities are not a sector. Human settlements are the physical and social context for all development programmes. Housing problems, for example, could be more easily resolved if the real purchasing power of the poor were increased substantially, or if agricultural and food

policies were designed to stem rather than encourage the flow of immigrants. A less obvious example, perhaps is the influence of exchange rates on cities and rural settlements but, as seen from 8-5 below, this can be significant.

Box 8-5

National Exchange Rates and City Growth

- * Lagos in Nigeria has grown from a city with around 300,000 inhabitants in 1952 to over 5 million today. One reason for this rapid growth was that rapidly rising oil revenues after 1973 kept the value of Nigerian currency high against those of nations to whom Nigeria had previously exported agricultural goods. This meant extremely unattractive prices for export crops but lower prices for imported goods, including food. Rural incomes suffered while consumers in Lagos and other cities benefited. Combined with high levels of federal and state government investment in industrial development and supporting infrastructure, this ensured a rapid growth in the population of Lagos and other major industrial centres of Nigeria.
- * In Argentina, the peso became increasingly strong in the late 1970s against the currencies of Argentina's main trading partners as a result of a deliberate economic policy by the former military government. This seriously affected the income of farmers producing export crops and meant a downturn in urban development within these agricultural regions. Meanwhile, richer consumers - mostly in Buenos Aires - benefited from cheaper imports.

Source: Anthony M. O'Connor, Secondary Cities and Food Production in Nigeria, IIED, London, 1984 and Mabel Manzanal and Cesar A. Vapnarsky, "The Development of the Upper Valley of Rio Negro and Neuquen and its Periphery within the Comahue Region", Chapter 2 in Hardoy and Satterthwaite (Editors), Intermediate urban Centres, op. cit.

63. Macroeconomic policies and sectoral priorities have far more influence on the form and location of urban development than traditional policies designed to deal

with urban problems. Physical planning is a growth industry in many governments and "master plans", often approved with great fanfare, usually reflect the goal of decentralization to intermediate and small centres. At the same time, however, infinitely more powerful macroeconomic and sectoral policies usually send the opposite message to those who decide on the location of industry, energy facilities, government offices and other employment generating activities. The result should not be surprising.

64. To date, in fact, few governments have succeeded slowing migration towards major cities. Most attempts to stimulate the growth of small and intermediate centres have been equally ineffective. The same is true of many programmes designed to shift development toward the depressed regions and areas of a country. Not only have these programmes cost a great deal, but they have seldom helped poorer groups.^{13/} If governments want to influence the nature and location of urban development, macroeconomic, fiscal, social and sectoral policies must be conceived and implemented within a coherent framework of national urban goals, objectives and priorities: i.e., a national urban strategy.^{14/}

65. With such a strategy, Ministries of Planning, Finance, Industry, Agriculture, and so on would have clear goals and criteria against which to assess the effects of their policies and expenditures on the process of urbanization and on urban development. Where policies and programmes act at counter purposes, they could be changed. At the very least, the spatial biases inherent in macroeconomic and fiscal policies, annual budgets, pricing structures and sectoral investment plans could be exposed and assessed.

66. Within such a strategy, the traditional tools of urban policy including land use planning and control, would stand a chance of being effective. The dominant models of urban development with their heavy reliance on high levels of energy and material use, could gradually be shifted in favour of indigenous models that take full account of local customs, societal priorities, environmental conditions and so on. Reflecting indigenous urban forms and architecture, they would be generally more energy and resource efficient. They would thus reduce reliance on imports and increase a nations economic potential.

1.2 Strengthen Local Government Power, Institutions
Expertise and Access to Resources

67. In designing or developing plans for a particular city, governments (and international agencies) often forget the fact that each city is unique. Each has its own cultural and social context. Each has its own mix of problems and potentials. And unless plans for a city are based on a clear understanding of that particular city's role within the local, regional, national, and international economy, resources will be wasted. What is found to work in one city may be totally inappropriate in another.

68. Imported models for urban development, the technologies used and the standards applied to buildings and most kinds of infrastructure may be too expensive in relation to the scale of need, and out of tune with the nations value system. Imported models of intervention may be inappropriate and suppress the evolution of indigenous models with greater potential for resource efficiency and job creation because they reflect local systems of governance.

69. But it is not only a question of avoiding inappropriate transfers of experiences between nations. It is also a question of avoiding such transfers within nations. Few people would consider Chicago on the same terms as a small Midwestern farming town, or Paris on the same terms as a tourist town on the Cote d'Azur. By the same token, plans for a small tourist town in France would not be thought relevant to those for a town of similar size that served local farmers. But in Third World nations, there is still a tendency to discuss urban problems and solutions in general terms, as if what worked in one city is necessarily appropriate to another. Successful precedents are valuable, but the relevance of experience to another city has to be considered carefully.

70. If the possibilities for development are so particular to each city, they have to be assessed within the context of its own region. Although technical help from central agencies may be needed, only a strong local government can ensure that local aspirations, values, needs and resources are reflected in local plans for urban development.

71. In the present context of rapid urbanization and economic crisis facing most Third World nations, the developmental role of the local government and of local democracy assumes particular importance. The thrust for local government reform is a critical part of the wider effort to counter the deterioration in urban economies and living conditions, and to develop more livable and sustainable cities.

72. Most functions and services essential for the efficient performance of an urban economy, and for a healthy and productive city, are best delivered at the urban level. In many instances, national governments have

assigned local authorities many of these tasks and responsibilities, but they have not given them the political power, decision-making capacity, and access to resources needed to give effect to these responsibilities. This leads to frustration, to continuing criticism of local government for insufficient and inefficient services, and to a downward spiral of weakness feeding on weakness.

73. If city governments are to become key agents of development, they need the political, institutional and financial capacity to initiate and follow through. Access to more of the wealth generated in the city and to a large proportion of the revenue base is essential in most countries. Only in this way can cities adapt and deploy some of the vast array of tools that are available to help address urban problems. Tools such as land title registration, land use control, tax sharing and cross-subsidies assume special importance in view of the polarized urbanization, marked inequities, and high skewed distribution of resources common in many Third World cities.

74. Local government is also the most effective level for mobilizing national resources. Thus national government must work with local officials to build the capacity to play three critical roles:

- * represent the needs of local citizens in negotiations for resources and investments from higher levels of government;
- * coordinate plans and investments of sectoral ministries and agencies; and

- * mobilize local resources - for instance, extensions to or improvements of local roads or marketplaces, which also creates employment and may be targeted to those times in the year when unemployment is highest.

1.3 Strengthen Local Governance and Citizens' Participation

75. Self-reliance and local governance by the poor in their own neighbourhood associations has emerged as a notable phenomenon in many cities of the Third World; left to their own means, the poor have organized to fill gaps in services left by the local government. Among other things, community groups mobilize and organize fund-raising or mutual self-help to address security, environmental and health problems within the immediate area.

76. As noted earlier, most house building, maintenance, or upgrading in Third World cities is already done outside official plans and usually in illegal settlements. This process mobilizes untapped resources, contributes to capital formation, stimulates employment, and has little or no opportunity cost. Many governments have begun to see the wisdom of tolerating rather than quashing these processes; large-scale bulldozing of squatter communities is now rarer, although it still happens. Better still, some governments have even offered positive support by providing tenure to those living in illegal settlements and by themselves upgrading conditions there. But few have actually institutionalized such programmes so that public ministries or agencies work continuously with community organizations.

77. Governments should move from a position of neutrality or antagonism to active support for the efforts of community organizations in developing their neighbourhood (see Box 8-6). Such groups usually have the capacity to mobilize labour and organize a whole range of activities. The decentralization of tasks and responsibilities to neighbourhood level, with government agencies playing a major role in supporting and advising community organizations, would make the scale of the urban problems more manageable. National and local governments should recognize this potential, support these organizations, acknowledge their rights, powers and roles, and work with them in managing and solving city problems.

Box 8-6

Rethinking the Links Between Government and Community

In the Indian city of Hyderabad, an Urban Community Development Department set up by the municipal corporation works direct with community groups in lower-income neighbourhoods and with the non-government organizations working there. By 1983, 223 organizations had been formed by residents in low-income areas, plus 135 youth organizations and 99 women's groups. The Urban Community Development Department surveys each project area to identify needs; in discussing these with local residents and their associations, priorities are agreed and government agencies' interventions planned.

In 1981, the Federal Government of Mexico set up a National Fund for Popular Housing (FONHAPO) that provides credits to cooperatives and other legally constituted groups organized by the inhabitants of informal settlements and to local governments.

78. Such cooperation would change the relationship between governments and neighbourhood organizations, creating the possibility for individual citizens and their organizations to participate in decisions about resource

allocations that affect their neighbourhood and city. The inhabitants of illegal or informal settlements would become legally entitled to publicly funded infrastructure and services. But government, in return, would be able to tap the energies, resources, and inventiveness of these people and their organizations. Governments would become partners and sponsors of the people who are the main builders of tomorrow's cities.

1.4 Improve Housing and Services for Lower-Income Groups

79. Given urbanization trends in most developing countries, there is no time to wait for slow and uncertain "trickle-down" processes to resolve problems. Rethinking how governments can intervene in the process of urbanization is urgently needed, so that limited resources are put to maximum effect and that the cities built are ones where conditions for lower-income groups are greatly improved. The options for intervention are many (see Box 8-7), but governments should be guided by these seven priorities:

- * recognize the legal rights of those living in "illegal" settlements to be there, with secure titles and basic services provided by public authorities;
- * ensure that the resources people need to build or improve their housing are available;
- * supply existing and new housing areas with infrastructure and services;
- * set up neighbourhood offices to provide advice and technical assistance on how housing can be built better and cheaper and health and hygiene improved;

- * plan and guide the city's physical expansion to encompass needed land for new housing, agricultural land, parks, childrens' play areas, and so on at a reasonable price that allows lower-income groups to have easy access to work and public facilities;
- * consider how public intervention could improve conditions for tenants and those living in cheap rooming or boarding houses; and
- * change housing finance systems to make cheap loans available to lower-income groups and community groups without unrealistic demands for collateral.

Box 8-7

Three Ways to Use \$20 Million to Improve
Conditions in a City of 1 Million

- Option 1: 2,000 public housing units for low-income families (with an average of 6 family members), each costing \$10,000. Conditions improved for 12,000 people but little cost recovery possible for low-income families. If the city's population grows at 5% annually, 630,000 new inhabitants will be added over 10 years, so only a tiny fraction of total population will have benefited.
- Option 2: A site-and-service scheme where low-income families are responsible for building the house on a site allocated to them. The site has piped water, connection to a sewer system, and electricity, roads, and drainage. At \$2,000 per plot, this means housing for some 60,000 people - about 10 per cent of the city's population growth over 10 years.
- Option 3: An allocation of \$100,000 to a neighbourhood organization representing 1,000 low-income households (6,000 people) in an existing poor settlement. It chooses to improve drainage and roads, build a health clinic, establish a cooperative to produce inexpensive building materials and components, and reblock the settlement to improve access roads and provide 50 new plots. With \$10 million, 100 such community initiatives are supported, reaching 600,000 people and providing 5,000 new housing plots. Many new jobs are stimulated. The remaining \$10 million is spent on installing piped water; at \$100 per household, all 600,000 people reached.

80. Regarding land, a large and continuous increase in the availability of cheap housing plots close to the main centres of employment is urgently needed in most Third World cities. Only government intervention can achieve this. General prescriptions for this cannot be made; societies differ too much in how they view private landownership and land use rights and in existing laws and practices (see Box 8-8).

81. While the means are particular to each nation, the end must be the same - governments ensuring that there are cheaper, better serviced, better located legal alternatives to illegal plots. If this need is not met, the uncontrolled growth of cities, with the high costs noted earlier, will not be stopped.

Box 8-8

Addressing the Urban Land Question

In Chile, under the Frei and Allende presidencies, public agencies acquired large tracts of land on the edge of cities and installed infrastructure and services. This meant that the added value created by public investments did not benefit just private landowners.

The Tunisian government has special regionally based land development agencies that acquire land, install infrastructure and services, and then sell it on a rolling programme; the return from sales helps finance more land acquisition. The developed land is sold at cost price, usually to private contractors for middle income housing. This is complemented by a large programme to upgrade squatter settlements and provide sites and services and core housing.

82. Beyond land, the second major cost for people building their own houses is materials. Government support for the production of materials and of certain structural components, fixtures, and fittings could reduce

housing costs and create many jobs. Small neighbourhood workshops within cities often have cost advantages because the cost of transport from the workshop to the building site is low.

83. Most current regulations on building codes and standards are ignored because if they were followed, the buildings would be too expensive for most people. A more effective approach might be to set up neighbourhood offices to provide technical advice on how health and safety can be improved at minimum cost. Good professional advice can lower building costs and improve quality. This might be more effective than prescribing what can or cannot be built.

84. Many low-income groups rent accommodation; half or more of a city's entire population may be tenants. Increasing the availability of house sites, materials, and credits does little for those who have to rent. One possibility is financial support to non-governmental, non-profit organizations to purchase and develop property specifically for renting. A second is support for tenants to buy out landlords and convert tenancy into cooperative ownership.

85. Governments may claim that piped water supplies and sewage systems are too expensive, especially if resources are scarce. As a consequence, lower-income groups may pay far more per litre for water bought from water vendors than middle- or upper-income groups who receive water piped into their home by public agencies. Western water-borne sewage systems and treatment plants may be prohibitively expensive. But other techniques and systems cost between one-tenth and one-twentieth as much as sewers per household. Most of these need far lower volumes of water. Moreover, lower-cost technology can be installed and upgraded over time, as money becomes available.^{16/}

86. Major improvements can be made relatively cheaply in all these areas. But costs will remain low only if low-income groups are encouraged to participate fully in defining what they need and in deciding what they will contribute to the new services. This cooperation depends on establishing the new relationship between citizens and government noted earlier.

1.5 Develop Small and Intermediate Urban Centres

87. More than half the urban population in many developing nations live in small and intermediate urban centres.^{12/} Most of the rural population obtains access to goods, services, and markets through such centres. Stimulating and supporting their development can thus encourage regional development and, in so doing, help lessen the centralization of investments in large cities or city-regions. In most countries, the best stimulus for small or intermediate urban centres will arise from successful rural and agricultural development, which increases the value of production and the number of people receiving good incomes (see Box 8-9).

Box 8-9

Positive Links Between Rural, Agricultural, Urban and Industrial Development

In the Upper valley of the Neuquen and Negro rivers in Argentina, rural, urban, agricultural and industrial development have proceeded apace. In a 700-square-kilometre fertile river valley, the population has grown from around 5,000 in 1900 to over 300,000 today. Although the growth and diversification of agricultural production has been the main engine of growth, more than 80 per cent of the Upper Valley's population live in urban centres of more than 5,000 inhabitants.

Since 1900, farming has become more intensive, the main crops moving from alfalfa to apples and pears. Most of the land was farmed by farm-owners in small

but intensively cultivated farms that produced good incomes. A growing number of prosperous farmers stimulated rapid urban development locally to meet farmers' demands for goods and services. And growing agricultural production stimulated new businesses - cold-storage plants for example, and industries producing packing material, apple juice, jams, dried or tinned fruits, and cider. A large agricultural chemicals factory was also set up.

Stronger local government after 1957 also meant improved public provision of infrastructure and services. Although the Upper Valley has experienced economic problems in recent years - most notably when the Argentine currency became overvalued, which meant a drastic fall in the returns to farmers producing export crops - its development illustrates how growth in agricultural production can stimulate local urban and industrial development, provided the gains are widely distributed. In this instance, it was through a relatively equitable land-owning structure. If landownership is inequitable, incomes will be concentrated, which is unlikely to provide the same growth in demand for goods and services to underpin local urban development.^{7/}

88. Inappropriate government policies intended to steer industries to smaller urban centres or to build industrial estates in the hope they will attract new investments have often proved ineffective and highly expensive. Similarly, tax incentives to stimulate investments in poorer regions have usually failed to bring benefits to the poorer households there, and have placed a heavy burden on national economies.

89. A national urban strategy to develop small and intermediate urban centres must address several issues. Most importantly, macroeconomic, fiscal, transport and agricultural pricing and development policies must be made coherent with these goals. Second, the competence of local government must be strengthened. Small and intermediate urban centres need strong leadership and development-oriented agencies to offer the services and facilities needed to attract new investment. Most local

governments headquartered in small and intermediate urban centres, currently lack the power, resources and trained staff to play an active developmental role. Third, national government ministries or agencies must devise policies to support the development initiatives, of local government.

1.6 Tapping Poorly Used Resources in Urban Areas

90. Resources in or close to cities are often under-utilized. Land owners often leave well-located sites undeveloped in order to benefit later from their increasing value as the city economy grows and its physical area expands. Public agencies often have land that could be put to better use. Many railway and port authorities, for instance, have inherited huge land banks in or next to stations, tracks and waterfronts. Several countries have introduced special programmes to encourage public and private co-operation in the development of these lands, a trend that should be encouraged.

91. Substantial possibilities also exist to encourage and support urban agriculture.^{15/} This may have limited relevance in larger, more rapidly growing cities, where land markets are highly commercialized and there is strong competition for land for housing. But in urban centres with smaller, poorer, and less commercialized land markets, considerable potential exists. Many African cities are already realizing this, with urban agriculture, especially on city fringes, mostly undertaken by individuals and households as a way of feeding themselves. In other instances, the process is more commercialized, with enterprises specializing in vegetable production for sale within the city.

92. Officially sanctioned urban agriculture could become an important component of urban development and of food security, improving access to food for the poor in many urban areas of the Third World. (See Chapter 5.) The primary purpose should be to improve the nutritional and health standards of the poor, help their family budgets (where food usually accounts for 50-70% of the total), enable them to earn some additional income, and provide employment. In addition, urban agriculture could result in fresh and cheaper produce, more green space, the clearing of garbage dumps, recycling of household waste, tilling of compacted soil, greater availability of compost, and overall energy savings for the city.

93. A second poorly used resource is solid wastes. Waste disposal has become a major problem in many Third World cities, with large portions of it dumped and uncollected. Promoting the reclamation, reuse or recycling of materials can reduce this problem, stimulate employment, and result in savings of raw materials. Composting can support urban agriculture. If a municipal government lacks the resources to collect household wastes regularly, support can be given to community-based schemes that often exist. In many cities, literally thousands of people already make a living sorting through wastes by hand on municipal tips. Investing in a more capital-intensive, automatic recycling plant would be doubly counter-productive if capital resources are constrained and if a plant would destroy many people's livelihoods. But an immediate need here is to give health advice and provide health care services to those who are making a living off municipal tips.

2. INTERNATIONAL COOPERATION

94. Governments must take the lead in strategies to influence the process of urbanization and to deal with urban problems. At the same time, strengthened international cooperation is essential to the success of any strategy to confront the urban situation in developing countries.

95. In defining the nature of international support, the twin principles of "shared responsibility" and "shared interest" need to be recognized. Shared responsibility is derived from the structure of the international economy and the dominant role played by developed countries in shaping it, including its impact on developing countries. It also derives from the development gap in many countries, and their ability to deal with problems of urbanization and urban development. "Shared interest" is based on a combination of motives that might inspire and guide the actions of governments. For some, the dominant concern may be to buttress political stability and prevent political and social turmoil. Others may wish to see Third World cities functioning efficiently and providing a stable climate for business and industry. The interest of still others may centre on the increasing poverty and deprivation of hundreds of millions in the developing countries, and on health and environmental risks and degradation.

2.1 Increase and Improve Development Assistance

96. Third World urban problems have recently been gaining more prominence in discussions about official development assistance. The main issues of concern include:

- * shelter for the poor and the homeless;
- * the management and financing of housing and urban development;
- * urban land management;
- * urban employment and support to the informal sector;
- * the role of small and intermediate urban centres in regional and national development;
- * popular participation;
- * the special needs of women and children in urban environments;
- * the links between health and habitat; and
- * appropriate technologies services and urban development.

97. Most development assistance agencies, however, have traditionally given a very low priority to urbanization and the problems of rapid urban development. Recent assistance to all urban housing projects (including upgrading and sites-and-services projects) and to public transport taken together, averages less than 2 per cent of total concessionary flows to the Third World. Water supply, sanitation and storm drainage projects, and the disposal of household wastes, have received less than 4 per cent. Over the last 20 years, less than 5 per cent of the Third World's urban population has been reached by a housing or neighbourhood upgrading project sponsored by an aid agency.

98. Deficiencies in international aid for housing and urban development are not only quantitative. They are also qualitative. Too much emphasis has been placed on "projects", when what is needed, above all, is a stronger institutional capacity at the national, city, and local level. All too often, aid agencies support inappropriate projects designs (see Box 8-10). Roads are provided, for

example, as if each household would own a car; this increases costs, wastes land, and interferes with the average persons walking access to shops, services, etc. The needs of women and children are seldom understood or taken into account. There are also few mechanisms to coordinate the efforts of aid agencies at the urban level. Certain large cities have several large bilateral or multilateral agencies and many international NGOs, all implementing projects with little or no communication or coordination between them.

Box 8-10

Misunderstanding Women's Needs in Housing Projects

Housing projects often use a gridiron layout that does not allow women to work in their house yet keep an eye on their own or their neighbours' children. House designs and plot sizes rarely consider the fact that many women will want to use their houses as workshops (for instance making clothes) or as shops, which in fact are often forbidden in low-income housing projects. Application procedure for low-income housing sometimes requires "husbands" to apply; this excludes women-headed households, which represent between 30 and 50 per cent of all households. Women's special needs in different cultures are ignored - for instance, in Islamic societies, women's need for private open space within the house is often not considered in house designs, while their need for relatively sheltered pathways to get to shops and clinics is not acknowledged in site layouts.

Source: C.O.N. Moser, "Housing Policy: Towards a Gender Awareness Approach", Working Paper #71, Development Planning Unit, London, 1985.

99. Few governments have implemented the "Recommendations for National Action", which they officially endorsed at the U.N. Habitat Conference in 1976. New ideas on how governments and international agencies might approach urban problems have been suggested since the conference. These have become increasingly ideological in tone, especially on the merits or demerits of taking action through the public or the private sector

in various aspects of urban development. Some recommend more reliance on market mechanisms as an alternative to government action, and cutbacks are proposed in what are already small and ineffective interventions by public bodies.

100. Yet, this is false dichotomy. As has been seen by the earlier discussion, if rapid urbanization and its consequences in the Third World are to be addressed, it will require more public action and intervention, and more involvement of the private sector. The latter includes not only large and small corporate bodies and institutions but also the informal sector, non-profit organizations, voluntary associations, church groups, cooperatives, households, and so on. The great need is a broad strategy and framework within which the public and private sectors can play complimentary roles, easing the burden on public authorities and mobilizing social forces and resources.

101. The urban poor have to work long hours to invent their own jobs, and their own incomes and guarantee their own survival. In addition, they must build and maintain their own houses, obtain water supplies, sometimes from long distances and at usurious rates, dispose of their garbage, even grow some of their own food. To require the poor take on more would simply increase exploitation. Even if governments have little power to stimulate increased income for the poor, at least they can make it both cheaper and easier for them to obtain a plot of land legally and to build their own shelter.

102. While this "enabling" approach, should not absolve governments of their responsibilities to make needed social choices and decisions, it can provide enormous support to those who are in fact building the cities of the Third World. It can also provide guidance for international agencies. Just as national governments must

support the processes by which the great bulk of urban shelter is actually being built and improved, so too should international agencies support national and local governments, the private sector and non-governmental and community-based organizations to take effective steps.

2.2 Increase Aid and Financial Flows

103. An increased volume of aid, especially concessionary aid, needs to be directed towards improving housing and living conditions, providing basic services for lower-income groups, and in general meeting urban needs.

104. Part of this increased aid flow should support measures aimed at strengthening the capacity of city and municipal governments to play an active role in development. This means institutional support programmes involving managers active in such areas in programmes of mutual instruction and self-help. It is doubtful if such long-term institution-building can be financed without non-concessional aid, except perhaps by some of the larger, richer Third World nations.

105. Aid is also needed to improve the knowledge and information that guides public action. When investment capital is limited, it becomes even more urgent to direct it to areas of greatest need in ways that provide the greatest benefit. International agencies must work with city and local governments and local research groups to identify the most pressing local needs, and to propose actions that are formed within local social, institutional and legislative constraints.

106. Innovative ways of tapping private-sector capital should be sought to finance housing loans to cooperatives and individuals.

2.3 Emergency Aid

107. For hundreds of millions of city-dwellers, emergency action is needed now. Special funds should be allocated by each bilateral and multilateral agency to deal immediately with the most serious and pressing problems of urban poverty. These agencies should meet to coordinate how best to implement emergency action and divide up the tasks.

108. Such aid should include funding for installing safe water supplies, health care services, emergency life-saving services, and other measures in low income areas. It may need to include a substantial nutrition component. This must be recognized as no more than an emergency cure. It must be backed by longer-term strategies; there is no point in curing someone's diarrhoea if safe water supplies and improved sanitation do not drastically reduce the risk of re-infection.

2.4 Strengthening and Supporting Local Government

109. For countries trying to support and strengthen representative local government, international agencies could provide invaluable support in three areas:

- * aid and technical assistance to national governments to set up infrastructure funds for local government;
- * aid and technical assistance to local governments to undertake tasks such as re-organizing local tax assessments and collection, preparing or updating cadastral maps, setting up technical teams to advise households and community groups on improving housing

- * in-country training courses for all kinds and levels of local government officials, based on a good knowledge of needs within that country and on-the-job training.

110. International agencies should give serious thought to setting up a special fund in each Third World region to provide aid and technical assistance directly to city and municipal governments for these tasks.

2.5 Working with NGOs and Community Organizations

111. Part of the increased aid should go directly to community groups, using intermediaries such as national or international non-governmental organizations. Several bilateral aid programmes have already demonstrated the cost effectiveness of this approach; non-governmental organizations of many kinds have been responsible for many of the most successful community-based schemes to improve housing conditions and provide basic services. They are generally more successful at reaching the lowest-income groups.

112. More aid should also go to supporting independent Third World-based research groups working in housing and urban issues. Good training programmes are only possible if there is a good knowledge and information base on which to draw. Ultimately, every Third World city needs a research group that can put forward new ideas, help assess local needs, and criticize inappropriate plans. Research groups should also receive aid to provide advice to local governments and community groups; many are doing so already, especially in Latin America.

113. In addition, there is a pronounced need for greater coordination of international support, coupled with a better overview and insight into the global urban needs, the replacement of a project-by-project approach by a longer-term strategy and commitment, and adoption of appropriate substantive and quantitative targets. This would enable a more efficient use of the resources available and a focus on urban areas in critical need of assistance. In this context, special measures need to be devised to assist least developed, and in general low-income countries, especially those in Africa, where the prospects for development are not very promising and there is a limited potential to generate resources for social investment.

2.6 Promote Urban Development Technologies

114. Beyond these more direct forms of financial assistance, international cooperation in the sphere of urban development technologies is of particular importance. Technologies, including the most advanced ones, can play a significant role in managing and even bypassing some common Third World urban problems. The scope for such cooperation includes adaptation of existing off-the-shelf technologies and the transfer and diffusion of existing and emerging technologies on easy terms and conditions, possibly with international financial support where necessary.

115. Special research and development efforts should be mounted to develop custom-tailored technologies for urban needs in developing countries, including low-cost technologies. Indeed, technologies geared to the specific social, economic, and environmental conditions prevailing in a given setting are clearly needed, ranging from the level of the house to that of the whole city. Their basic characteristics and functions should be determined in

collaboration and consultation with the representatives and the people in the social milieu in which they will be ultimately utilized. Special programmes should be launched, with international support, to develop such technologies and promote in-place innovations. R&D should be carried out on the principle of networking of competent institutions, academic and research groups, and public and private enterprises. Such technologies should be available on favourable terms and conditions, and should be widely diffused.

2.7 Involve UN Specialized Agencies

116. Many technical agencies within the United Nations system could play an invaluable role in advising and supporting city and municipal governments. They have useful knowledge bases. They should identify the information and guidelines that city governments need and the form in which it can be made accessible and usable by them. A useful example of this approach is the WHO/UNEP Technical Panel on Environmental Health Aspects of Housing and Urban Planning. The panel was set up to provide advice to national and city governments and to those working in low-income communities. It is developing guideline documents for city and municipal governments on

- * setting up emergency life-saving services and preventive actions to reduce accidents, especially in low-income areas;
- * developing low-cost storm drainage systems;
- * identifying needs and priorities in upgrading environmental health conditions in low-income settlements;
- * urbanization's implications for child health; and
- * criteria for more healthy indoor environments.

Meanwhile, guidebooks are being prepared for community workers on identifying disease vectors and mobilizing communities to deal with them, and interventions to promote child survival and health.

117. Similar kinds of initiative should be considered for other opportunities, for example, by FAO in the field of urban agriculture. One problem most Third World cities share is lack of funds for installing and maintaining infrastructure and services. A technical panel could provide information and advice and help to keep planners and engineers in governments and international agencies informed about new developments.

118. Urban populations in the Third World are increasing exposed to environmental hazards of industrial origin. Major accidents have taken place with city authorities unable or inexperienced in dealing with needed emergency procedures, especially immediate treatment of the affected population. Public authorities often lack knowledge about long term consequences. Countries and cities should link up to share experiences and develop appropriate responses to minimize the risk of accidents and to cope with them when they happen. This would need specialized international technical and advisory teams, including backup equipment. Institutional and legal responses should also be examined and diffused, where appropriate.

2.8 Strengthen Collective Self-Reliance

119. Finally, there is a need to highlight the importance of cooperation among developing countries and of collective self-reliance for the management of their urban problems. Not only that they have a lot to learn from each other in this domain, they can also do a great deal to tackle common urban problems together and to develop and share management and technical capabilities.

120. Developed countries have many regional cooperative programmes involving urban ministries and officials, urban institutes, private development bodies, and others at many levels; developing countries have few, if any. Such programmes should be centred in existing regional bodies. However, an important element of this type of technical, administrative, and economic cooperation would be to link directly municipal governments, and avoid circuitous traditional channels of inter-governmental relations that have discouraged city-to-city ties. In the initial, take-off stages, such mechanisms and activities for collective self-reliance should be supported by bilateral and multilateral funding.

121. Far too much city planning and city investment is based on precedents from the developed countries. These were developed in and for societies whose problems and possibilities for their resolution bears little relation to most Third World nations. There is need for Third World based research to describe and analyze urban change. Such research could provide the basis for devising plans as to how current problems are best tackled, and for rethinking of the Third World city. It can in turn feed in-country training programmes (or, for smaller nations, regional training programmes) for city and municipal government staff. Good policy proposals and good training courses depend on good local information and analysis; there is far too little of all three of these within Third World cities and nations.

122. Regional forums on urban issues could play increasingly important roles in promoting discussion, exploring new ways of addressing city problems, and developing information exchange. Although the main problems confronting city planners in Dakar, Senegal, have little relevance to those confronting city planners in

London or Paris, there are comparable problems in some relatively large West African cities. The relevance of one city's experience to another can be discussed at such regional forums, which could facilitate exchanges of technical staff. Such regional forums would be more valuable and more useful for city authorities than large, global conferences.

123. In sum, then, there is a marked need for greater international cooperation in the context of the urban crisis and urban situation in the Third World. The immediate challenge is to provide a comprehensive framework for channelling and increasing the existing cooperation, and to endow it with policy importance and operational weight that it has not enjoyed so far in development strategies and considerations, nationally and internationally. This undertaking, of course, should represent an integral part of a more comprehensive global effort to prepare human cities of the future, an essential component of a global strategy for sustainable development.

IV TOWARDS CITIES OF THE FUTURE

124. While futurist architects, planners and engineers think of buildings more than one kilometre high or of permanent cities in space, one third of the planet's city dwellers lack the most basic and rudimentary level of housing, food, health care, water supply, and income. If both emergency and long-term action is not agreed upon now by governments and international agencies, the city of the future for most of the world will be one of poverty and environmental degradation.

125. On a more general level, this chapter highlights the need for world cities to gain priority and visibility in international discourse on sustainable development. After all, some of the key world cities play a critical role on the global scene, overshadowing by far many a score of countries. A small but very useful first step in this direction, and in helping provide a global perspective, would be a regular global report on the state of the world's cities.

126. Producing such a survey would not be easy. It would call for the build-up of capabilities to assemble the necessary data and to monitor given indicators. It would require a greater degree of sincerity on the part of governments than is commonly encountered. It may involve non-governmental and citizens' groups to provide information. Whatever the difficulties and frustrations, the undertaking is worth launching, because such a survey is bound to evolve into an authoritative and essential reference base for national and international policy debate and action.

127. On the eve of the 21st century, the city should be the focus around which to mobilize and build the global initiative on sustainable development. Here, new partnerships between citizens and their governments can be forged and new approaches to more efficient uses of resources can be applied.

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CHAPTER 8

WORLD CITIES : CHALLENGES AND OPPORTUNITY

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