

PUBLIC FORUM

Megacities and their Poor: Crisis or Opportunity?

Cities and their Role for the UN Millennium Development Goals, Development Policy in Dialogue with Mayors

Wednesday, 11 May 2005, 5 – 8 p.m.



Poverty is an increasingly urban phenomenon. However, cities are hardly heard in the discussion on the Millennium Development Goals, which is dominated by national governments. Therefore, this open forum was organised by the Federal Ministry of Economic Development and Cooperation, the German Technical Cooperation (GTZ) and the Cities Alliance in cooperation with the Berlin Senate on the occasion of the 8th World Congress of Metropolis 2005 in order to discuss the role and voice of cities with regard to the Millennium Development Goals.



In his speech, Mr. **Erich Stather, State Secretary of the German Federal Ministry for Economic Cooperation and Development**, stressed that poverty in developing countries is increasingly urban. Today, almost a third of all city inhabitants live in slums, without access to clean potable water, without sewage and waste disposal. The Millennium Development Declaration is a top priority for the German Government. The German development cooperation has considerably contributed towards combating poverty and making urban development sustainable during the last

years. At the same time, Mr. Stather underlined the need to strengthen the international focus on cities. Cities are engines of economic development and therefore provide a way out of poverty. The successful achievement of the Millennium Development Goals, to halve extreme poverty by 2015 and to improve significantly the living conditions of at least 100 million slum dwellers, depends above all on the cities. He recognised the Cities Alliance's action plan "Cities Without Slums" as a success story. Germany continues to support the Cities Alliance through its direct cooperation with its partners in the cities as well as through financial and personal support of the Alliance's secretariat. Mr. Stather emphasised that the challenge of urban poverty should be recognised in future decisions of governments and international organisations.



Ms. Anna Tibaijuka, Executive Director UN Habitat pointed out that one billion of the world population living in slums is the most visible manifestation of poverty and non sustainable development. The issue of slum dwellers received international attention through the "Cities without Slums" initiative launched five years ago when the Cities Alliance was created. However, the goal of improving the living conditions of 100.000 slum dwellers tackles only 10% of the global challenge of one billion people living in slums. Upgrading the existing slums is necessary but not sufficient. Important is the prevention of new slums. Inclusive policies and strategies are needed. The slum target should not be looked at in isolation. All Millennium Development Goals need to be addressed in a systemic manner. The Cities Alliance serves as a vehicle for the global partnership among international development organisations and countries: improving coherence in support of cities and countries, which wish to improve the lives of the urban poor.



Mr. **Shigeo Katsu, Regional Vice President, Europe and Central Asia World Bank** emphasised that cities are the places where economies modernise, and where most of the national output is generated. At the same time, the percentage of the urban population living in slums is unacceptably high. Over the last 50 years the global population living in slums rose from 35 to 900 million. Unless radical changes are made this number could double again in the next 30 years. To respond to the challenge of rising urban poverty, Mr. Katsu presented the four key action areas proposed by the World Bank: supporting local governments to contribute to National Poverty Reduction Strategies by developing MDG based city development strategies; adopting business climate surveys as tools for local authorities to become more productive and competitive; developing better instruments to mobilise domestic capital more effectively to be proactive developers of urban infrastructure; supporting sustainable financing strategies and more efficient management of natural resources.

In his statement **Mr. Feliciano Belmonte, Mayor of Quezon Metro Manila, Philippines** explained his efforts to modernise urban management by tax administration reform resulting in a 40% increase in tax collection and by substantially reducing the number of municipal employees. Mr. Belmonte stressed that the municipal strategies of poverty reduction are reflecting the priorities of the poor: Health care focusing on comprehensive child care and reproductive health. Education measures are raising the quality of public schools and promoting information technology training. Entrepreneurship is fostered by the successful introduction of a Grameen type of micro financing and the development and training of new entrepreneurs, mainly women. Quezon city also developed a gender development code. To address the need of shelter a private corporation for social housing was created and a community mortgage programme is being implemented jointly with the national government.

The existence of parallel realities presenting images of different centuries within one city was described by **Ms. Helena Maria Gasparian, Representative of Sao Paulo, Brasil**. The current debt service is a severe constraint for the local authorities. Renegotiating of the debt is ongoing. All municipal policies are evaluated in order to spend the money wisely in priority areas such as fighting hunger and extreme poverty, education and health care. The subsidy

of half a minimum salary will only be paid if the children of the benefiting families are attending school. A successful community based health care programme will be expanded to monitor and reduce domestic violence and violence against women and to monitor and teach environmental issues, since the water resources of the city are seriously endangered. Ms. Gasparian highlighted the models of diversity, the manifold examples of poor immigrants who have reached citizenship within one generation - building the wealth of Sao Paulo.



Mr. Patrick Ramiamanana, Mayor of Antananarivo, Madagascar stressed the importance of partnerships: between the mayor and the national government, in order to avoid competition; between local authorities and donors, and with the population, where their participation and involvement is decisive. He also stressed the need to organise the community and the need for good communication. The population has to participate and will pay for the municipal services. One of the most difficult districts of the city was changed by building a new street, markets, schools, improving the water supply and the introduction of a professional garbage management. Public Private Partnerships with European investors are now starting there. The experience of upgrading is repeated in other quarters and other cities begin to ask about this experience. The main question is, what is the vision, how shall the city be? Millennium Development Goals are objectives. Don't fight poverty; fight for development.

Mr. Ashok Kumar Walia, Minister of Urban Development and Finance of National Capital Territory (NTC) of Delhi, India, summarised the challenges that the city of Delhi must deal with: a severe scarcity of water as well as problems to provide urban services, such as electricity, sewerage, and the need to preserve the environment and natural resources. As examples of successful solutions, Mr. Walia focused on: the cleaning of air pollution through changing the type of fuel; the privatisation of the electricity service, which minimized the high proportions of stolen energy; the provision of health infrastructure (12 hospitals in 10 years); and the provision of sewerage and drainage to slum areas, which still needs to be complemented by treatment plants. The city government is also making reforms in housing- and property tax systems that have substantially improved their revenues. The importance of education of women was stressed as a development factor. The city government is considering the development of satellite towns to improve the living conditions in slum areas in the future, and in a joint effort with the private sector and the national government, a housing scheme aimed to increase land occupation density through the use of multi-storey flats.

Ms. Bärbel Dieckmann, Mayor of Bonn, Germany expressed her conviction that Millennium Development Goals cannot be achieved without the engagement of local authorities. She underlined the importance of local authorities; they are closer to the problems. Bonn as city of international dialogue supports projects of development co-operation. Ms. Dieckmann invited to increase inter-municipal co-operation presenting examples of mutually enriching experiences that Bonn and several partner cities from different continents have made. Aiming at closer inter-municipal co-operation might be a solution for the challenges cities are facing.

Comments from the audience stressed financial issues, such as: the difficulty for cities to get direct access to international financial resources; and central governments decisions tying resources at the local level.



Rapporteur Mr. **Manfred Konukiewitz, Federal Ministry of Economic Development and Cooperation**, presented the following conclusions:

Poverty is increasingly urban.

Cities grow by 180.000 persons per day. In 2030 we will have 2 billion additional inhabitants in the world, more than 90 % in developing countries, and a large proportion living in slums. (Africa: 70 % of urban residents live in slums).

This represents a huge challenge. If we want to succeed in

fighting poverty, we cannot ignore the urban poor: the shanty towns, the favelas, the slums, the gecekondu.

Overcoming urban poverty is crucial to reaching other global objectives.

With emphasis in two areas:

- **Peace and Security:** Reducing inequality and poverty are key factors to achieve peace and security. The problems of violence in daily life, violence against women, crime in the neighbourhoods, appear repeatedly. All this reminds us that peace and security are not just an issue of war between armies, but of how we live in communities.
- **Sustainability:** The challenge is how to address the needs of the poor, and at the same time protect water and natural resources. As cities are huge consumers of natural resources, energy consumption and efficient use of energy in developing countries' cities are vital within the agenda for sustainable urban development.

The urban poor are an asset. They come with problems, but they are also part of the solutions.

Informal economies are a driving force for local development. We can see that in the energy that the poor devote to work, in their determination to educate their children, to save money and to improve their living conditions. The urban poor have assets that can be used in a bankable way in their own benefit. As an example, if you multiply an asset of 200 \$ value of property in a small home, by two billion people, it adds up to a huge amount of assets.

Local communities, the cities have impressive success stories to tell.

Communities find ways to turn problems into solutions. Each of the presentations has brought a large number of success stories and solutions to the needs and challenges of urban poverty. The message from the local level is: success is possible.

Local Authorities bring their voice and their needs to the table of the international community. The interna-

tional community begins to recognise the political relevance of urban issues. Urban issues are more and more transformed from technical issues to issues of political importance.

Problems like access to water and basic sanitation, have shifted from technical to the highest political level. The voice of the local level needs to be strengthened in the international dialogue. At the local level you need a cross cutting vision, a multi disciplinary approach, you must take into account the needs of all your people in a very broad way. This is a clear strength at the local level, but comes to face a weakness at the international organisations level. At this level, the development issues are very nicely fragmented (sectoral approach). They have wonderful organisations to keep each other in business but they never talk to each other. Urban challenges need to be better placed within the international development agenda.

What do the cities need?

- More financial resources from all sources:
 - authority and capacity to capture local revenues (like local taxes and fees for services).
 - access to capital markets and to concessional finance; sub-sovereign lending requires developing the capacity of local authorities to become borrowers.
- access to knowledge and information about solutions. For each problem a city has, a solution probably exists in other cities. The challenge is to link information about solutions with the information need.
- Need for more continuity and predictability for local authorities

To summarise, cities need a better voice in the international global policy dialogue, and better and stronger champions for urban solutions.

The event was moderated by Mr. Andreas Proksch, Head of Corporate Development Unit, German Technical Cooperation (GTZ)
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