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**Urbanization and Conflict:
Trends, Impacts, and Challenges for Development Assistance**

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ABSTRACT

The governance challenges administering complex urban areas are enormous—many “mega-cities” have populations that surpass countries—and becoming frequent as urban demographic shifts have outpaced capacities for local government institutions to manage. This paper examines the economic significance and paradoxes of urbanization, demographic dynamics, importance of poverty and inequality, climate change, policy and governance challenges, and impacts of natural disasters. It then turns to the causes and triggers of urban conflict, violence, insecurity, and disorder. It concludes by examining how development assistance has addressed these issues and how it could be more effective with a focus on the local.

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Urbanization and Conflict:
Trends, Impacts, and Challenges for Development Assistance

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Table of Contents

Introduction

Part I. Trends, Challenges and Impact of Urbanization

A. An Economic Paradox

1. Locus of Productivity, Value Creation, Income Generation, and Employment

2. Constraints on Productivity

3. Urbanization of Poverty

4. Urban Sites of Impacts of Global Economic Processes

5. Cities as Sites of Hope and Vulnerability

B. Demographic Dynamics: The Urbanization of Peoples and Nations

1. Changes from Migration to Natural Increase

2. Spatial Distribution of Urban Growth

a. The Challenge of Mega-cities

b. A Planet of Slums

c. Patterns of Hierarchy and Dispersion

d. Location and Geography: The Coastal Footprint

3. Populations at Risk: Gender, Youth, Aged, and Poor

4. Socio-ethnic diversity and tensions of identity

C. Poverty and Inequality

1. Unemployment

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2. Impact of the Informal Sector

- a. Historical Perspectives
- b. The importance of the informal economy
- c. Costs and advantages of informality and formality
- d. Correlations between growth and informality
- e. Informality and regulations
- f. Informality and job creation

3. Intra-Urban Inequality

D. Cities and Climate Change

1. Cities as Contributors to Greenhouse Gases
2. The Threat of Sea Level Rise
3. Environmental Degradation

E. Policy and Governance Challenges

1. The Promise of Decentralization
2. Metropolitan Growth
3. Weak Institutional and Financial Capacities
4. Constraints to Service Delivery in Infrastructure and Social Services

a. Infrastructure Services: Water, Sanitation, Transport, Solid Waste Management

b. Social Services: Health, Education, Housing and Welfare

c. Justice and Security

F. Impacts of Natural Disasters and Human Crises

Part II: Causes and Triggers of Urban Conflict, Violence, Insecurity, and Disorder

1. Incentives for Violence: Grievance and Greed

A. From “clash of civilization” to a “civilization of clashes”

B. Four Incentives for Violence

1. Ethnicity
 2. Race
 3. Religion
 4. Policies with cross-ethnic impacts
- C. Destabilizing Shocks
- D. Impact of Macro-Processes
- a. Political instability from unemployment
 - b. Price effects
 - c. Youth instability
 - d. Relative Deprivation and the “New Poor”
2. Mobilization and Expansion: Access to Conflict Resources
- A. Organizational Resources
 - B. Financial Resources
 - C. Human Resources
3. State and Social Capacity and Response
- A. Constraints on Urban Institutional Capacity
1. The Scale and Composition of Demands on Urban Institutions
 2. Institutional Structure and Design
 3. Institutional Financial Capacity
 - a. Inter-governmental Financial Transfers
 - b. Locally generated Revenue for Operations and Maintenance
 - c. Capital Finance for Infrastructure and Other Public Goods
 - d. Housing Finance
 4. Institutional Technical Capacity

Part III: Addressing Urban Disorder through Development Assistance

1. Levels of Analysis and Intervention
 - A. National Level
 - B. Urban Level
 - C. Intra-Urban Level
2. Current International Aid for Urban Problems
 - A. Multi-lateral Institutions: Coordinating Policy and Programming
 - B. Bi-lateral practices
3. The Challenge of Urban Sustainability
 - A. Ensuring Human Security
 - B. Security for Development
 - C. Addressing the Causes of Risk and Vulnerability
 - D. Insecurity is like Inflation, It Hurts the Poor More!
 - E. Opportunities for Productive International Cooperation
4. Taking the Lead from Developing Countries: Successful Experiences in Urban Management

Introduction

As we approach the end of the first decade in this new millennium, globalization continues to accelerate the flow of people, ideas, capital, and competition for control over human and natural resources. The current global economic crisis demonstrates the growing interconnectedness of these flows and their impacts on the economic welfare and political stability of both rich and poor countries. The sites of impact of these processes are both urban and rural, but the intensity of change is greater in cities. The governance challenges associated with administering increasingly complex urban areas are enormous, especially as many “mega-cities” now have populations that far surpass those of many countries. Both large and smaller cities are expected to grow faster than their sovereign counterparts. This also holds true for urban economies, as urban productivity is growing faster and disproportionately than their rural counterparts, thus creating additional sustainability and governance conundrums for national and local government.

These challenges, not confined to mega-cities, are becoming frequent throughout much of Africa, Asia, and Latin America as urban demographic shifts, along with state-directed decentralization, have outpaced capacities for local government institutions to manage rapid and large-scale urban growth, and the inherent tensions that result from underserved citizens and weak local institutions. They are reflected in “water wars” in Cochabamba, Bolivia, “bread riots” in Cairo, Egypt, religious and ethnic violence in Kano, Nigeria, and demonstrations against government management of post-monsoon flooding in Mumbai, to cite a few examples. If these forms of disorder and violence are provoked by material problems facing urban citizens, they quickly become political problems as well, challenging formal institutions and their capacities to maintain order.

In addition, urban centers, especially capitals and large cities, also tend to be centers of nationalistic and counter discourse, and battlegrounds for both official and unofficial power as definitions of national identity and political legitimacy are increasingly shaped by urban power relations and social, economic, and environmental trends. Urban environments inhabited by large numbers of poor people also tend to be centers of crime.

With a growing frequency, unmet expectations in quantity and quality of governance outputs across security, political, economic, and social sectors are now resulting in violence and growing manifestations of social protest which (especially when related to gang and militia activity) further destabilizes the urban social and political order. Urban areas that are largely underserved and underrepresented can become virtual ungoverned, and ungovernable, spaces close to centers of political power, making central or national government more vulnerable.

In historical terms and from a policy perspective, the urbanization process is both inevitable and desirable. This is well-captured in the following observation by the late John Kenneth Galbraith:

So, in the end, almost everyone goes to the city. Whatever the beginning, it is to this that the industrial civilization comes.....The extent of urbanization measures that development.

Since it is there that people live, the problems of the industrial civilization are seen as the problems of the city. What should be blamed on expanding income and output, the changing composition of product, higher and different consumption, the modern role of unions, the unwillingness of people to starve gets blamed instead on the way the city is governed.²

If urbanization is at once almost pre-destined, a destination of opportunity and hope, world-wide experience shows that it is also the locus of problems: economic, social, and political. This combination of freedom and constraint, accompanied by hope and despair, necessarily are also the origins of social and political harmony and conflict. This mix was captured in part by Percy Bysshe Shelley, when he wrote in 1820, “Hell is a city much like London.”³ Today, the challenge of change has been transformed into the policy and institutional paradoxes of equitable growth, equilibrium, sustainability, and ultimately political stability, but in the end it is manifest in the streets where people bumping into each other can go unnoticed or can become the match to start the fires of conflict.

This paper examines these issues in sequence: the economic significance and paradoxes of urbanization, demographic dynamics, the importance of poverty and inequality, cities and climate change, policy and governance challenges, impacts of natural disasters. It then turns to the causes and triggers of urban conflict, violence, insecurity, and disorder. It concludes by examining how development assistance has addressed these issues and how it could be more effective.

I. Trends, Challenges, and the Impacts of Urbanization

A. The Economic Paradox

1. Cities as the Locus of Productivity, Value Creation, and Income Generation

As suggested above, cities offer the potential of economic opportunity. Historically, as an increasing share of the total population of a country’s population lives in urban areas, GDP increases.⁴ This is more than an accidental correlation, but rather a clear relationship between the efficiencies and productivity of agglomeration economies and location. Agglomeration when accompanied by growing density and proximity allows the reduction of costs of production of goods and services and growing consumption by an ever-wealthier urban labor force. The process of value creation itself is a quintessential process of bringing factors of production together in time and space. Economies of scale generate higher productivity as shown in studies

² John Kenneth Galbraith, *The Age of Uncertainty*, (Boston: Houghton Mifflin Company, 1977)

³ Cited in Michael Spence, Patricia Clarke Annez, and Robert Buckley, eds. *Urbanization and Growth*, (Washington: Commission on Growth and Development, 2008), p.3

⁴ World Bank, *Reshaping Economic Geography, World Development Report 2009*, (Washington: The World Bank, 2009)

in Brazil which concluded that productivity increased roughly 1 percent for every 10 percent increase in the number of workers employed in an industry or in a city. This is a very large increase, reflected, for example, in the conclusion that by growing from a city of 1,000 workers to one with 10,000 workers, productivity would increase by a factor of 90.⁵ Over time, economic growth at the aggregate level is thus closely associated with the urban percentage of total population. Historically, “it is extremely rare to achieve per capita incomes about US\$10,000 (in purchasing power parity terms) before half of the population lives in the cities.”⁶ All high-income countries are 70-80 percent urbanized.⁷

The other important, and rarely recognized fact, is that all countries now generate more than half of their GDP in urban-based economic activities.⁸ In 109 countries with populations over one million, both urbanization and per capita income growth rose between 1960 and 2003; in the majority of these countries, income per capita grew more rapidly than urbanization.⁹ Projections for future economic growth in all countries demonstrate that the trend towards greater concentration of economic activity will occur in urban areas of all sizes. A final important conclusion from multi-country studies is that even in the rare countries in which urbanization occurred without growth, there is little evidence that urbanization exacerbated poverty.¹⁰

2. Constraints on Urban Productivity

Given the above, the interesting paradox about urban economies is why, despite these important scale and proximity advantages, cities are not more productive than they already are. In 1991, the World Bank identified four major constraints on urban productivity which help to answer this question:

- Infrastructure deficiencies
- Regulatory effects
- Weak local governments

⁵ Work of Vernon Henderson in Brazil in 1986 cited in Spence, Annez, and Buckley, op.cit., p.15

⁶ Commission on Growth and Development, The Growth Report: Strategies for Sustained Growth and Inclusive Development, (Washington: The Commission on Growth and Development, 2008), pp.57-58

⁷ Spence, Annez, and Buckley, op.cit., p.x

⁸ Michael A. Cohen, Urban Policy and Economic Development: An Agenda for the 1990s, (Washington: The World Bank, 1991)

⁹ Spence, Annez, and Buckley, p.7

¹⁰ Ibid., p.8

- The absence of urban finance institutions¹¹

While the weaknesses of urban infrastructure have been observed all over the world, an important comparative study in Lagos, Jakarta, and Bangkok concluded that small and medium-sized enterprises spent from 35 to 20 to 12 percent of gross fixed investment respectively to provide water supply, electricity, solid waste collection and disposal, and worker transport in cities where these services were largely unreliable and frequently unavailable.¹² It was thus no surprise that these firms had limited profits and did not grow very large. In fact, these heavy “infrastructure taxes” constrained firm size and employment growth. Infrastructure deficiencies thus undermined economic productivity. These direct impacts are also accompanied by other negative externalities from infrastructure failure such as the traffic problems in Bangkok, flooding in Jakarta, or air pollution in Beijing or Mexico City, each of which has also generated citizen action and political demands for remedial action to public authorities.

If these examples are “systemic” and common across many cities, there are also many dramatic examples in cities where infrastructure failure has halted economic activity, from the Mexico City earthquake in 1984 to collapsed water tunnels in Chicago in the 1990s to the September 11, 2001 attacks in New York and Washington. Whatever the cause, however, the lack of essential infrastructure services reduces productivity of urban-based economic activities.

The second major constraint to the productivity of urban-based economic activity is costly regulation. While many forms of regulation are essential for public safety, whether fire laws or environmental protections, some forms of regulation greatly increase the cost of urban economic activity. A 1989 study of the housing sectors in Kuala Lumpur and Bangkok found that, while Malaysia is much richer than Thailand, Bangkok produced better and cheaper housing than Kuala Lumpur. The answer to this puzzle lay in the 55 steps and three years required to obtain a building permit in Kuala Lumpur, the delays of which amounted to about 3 percent of GDP. Regulation imposed heavy taxes on households and firms hoping to start new construction.¹³ Colonial housing regulations in former British colonies in West Africa had similar effects. When apartheid ended in South Africa in 1994, builders had to complete 24 steps to obtain necessary permits. The number has now been reduced to nine.

These constraints do not exist in an institutional vacuum. A third important constraint on urban productivity is the many institutional, technical, and financial weaknesses of local government. In many cases national governments keep local governments closely constrained, dependent on monthly or annual financial transfers that are conditional on fulfilling national objectives and policies. Despite the trend towards decentralization and support for local

¹¹ Cohen, op.cit.

¹² Alex Anas, Kyu Sik Lee, Gi-Tak Oh, “Costs of Infrastructure Deficiencies in Manufacturing in Indonesia, Nigeria, and Thailand”, World Bank Policy Research Working Paper No. 1604, 1996

¹³ The World Bank, Malaysia: The Housing Sector: Getting the Incentives Right, (Washington: The World Bank, 1989), Report 7292-MA

government in all regions of the world,¹⁴ the “best and the brightest” staff rarely stay in local governments, rather they move on to the national level or to the private sector. The financial constraints to local governments are clear in the low per capita amounts of budgetary resources available for local spending. It is thus no surprise that local governments fail to maintain local infrastructure or social services, while at the same time providing notably slow and inefficient services to urban residents in such matters as renewing drivers’ licenses. Again, the very weakness of local institutions can also provoke conflict as social, economic, or ethnic groups seek to “test” local authority by challenging it, by ignoring local rules and regulations, or by ignoring taxes or fees.

A fourth constraint is found in the lack of urban finance institutions which can finance long-term durable assets, such as infrastructure or housing, in cities. While cities need long-term finance for these important assets, most developing countries lack robust financial sectors which can provide the quantity of finance needed on reasonable terms. Few local governments have the resources to finance capital expenditures, while most national governments are either in debt or fiscal deficit, or both. This dearth of finance thus contributes to the presence of infrastructure deficiencies and the slow rate of investment in public goods.

Taken together, these four constraints help to explain why cities are not more productive than they already are. As will be noted below, however, each of these has numerous remedies which can result in significant improvements in the performance of urban economies and hence of national economies as well.

3. The Urbanization of Poverty

The growth of urban areas is not, however, solely an economic phenomenon. As cities have generated higher incomes, they have also become the preferred destinations of migrants. Studies of migration have demonstrated that rural to urban migrants move largely in pursuit of higher wages and not the other features of urban life.¹⁵ In 1970 about half of urban growth in developing countries could be attributed to migration, the other half to natural increase. By 1990, that ratio had shifted towards 70 percent from natural increase and 30 percent from migration.¹⁶ The areas where migration was still important included Africa, South Asia, and China. In most countries of Latin America, the Middle East, and East Asia, the large population shifts to urban

¹⁴ For example, see Tim Campbell, The Quiet Revolution: Decentralization and the Rise of Political Participation in Latin America Cities, (Pittsburgh: University of Pittsburgh Press, 2003)

¹⁵ John Harris and Michael Todaro, “Migration, Unemployment & Development: A Two-Sector Analysis”, American Economic Review, March 1970; 60(1):126-42.

¹⁶ Samuel Preston, “Urban Growth in Developing Countries: A Demographic Reappraisal”, Population and Development Review, 1 Volume 5, No.2, 1990, pp. 195-215

areas have already occurred, reflecting the prospects of higher urban wages and the pressures of agricultural production forcing rural inhabitants off the land.¹⁷

In the aggregate, urban areas in developing countries are expected to grow by some 2 billion additional residents from 2000 to 2025, or about 70 million a year, equivalent to a Pittsburgh or Hanoi every week. In East Asia alone, this growth is expected to be 450 million people in the next two decades, equivalent to a Paris every month.¹⁸ These projections by the United Nations in 2000 have been reviewed in detail by a 2003 US National Academy of Sciences Panel on Urban Demographic Dynamics which concluded in a published volume that the projections were reasonable and not exaggerated estimates of a major change in the distribution of the world's population.¹⁹ Indeed, in 2008, the world's total population became more than half urban.

While growing numbers of people come to cities, are born in cities, and generally live at higher income levels than in rural areas, the fact remains that this massive demographic transformation is also reflected in what has been called "the urbanization of poverty."²⁰ Increasing numbers of the world's urban population live in slums. This number was estimated at 924 million in 2003 by the Millennium Development Project, with the expectation that most of the projected 2 billion additional urban residents would live in poor housing conditions, lacking clean water supply and sanitation as well as other needed infrastructure services such as drainage, solid waste collection, and electricity.²¹ To this are added significant deficits in essential social services such as schools and clinics.

These poor living conditions also contribute to lowering the productivity of the urban labor force. Poor sanitary conditions create health problems which reduce physical strength and the number of days earning wages, however low they may be. High density settlements with large numbers of unemployed youth are frequently the sites of violence and despair. Often these slums are located on dangerous sites, highly vulnerable to flooding and other natural disasters. Indeed, as noted later in this paper, slums themselves become the loci of cumulative vulnerabilities which make it difficult for even educated youth to overcome their living

¹⁷ George Beier, Anthony Churchill, Michael Cohen, and Bertrand Renaud, "The Task Ahead for Cities in Developing Countries: 1975-2000", World Development, 1976

¹⁸ Reshaping Economic Geography, op.cit., p.3

¹⁹ US National Academy of Sciences, Cities Transformed: Demographic Change and its Implications in the Developing World, (Washington: National Academy of Sciences, 2003)

²⁰ See, for example, George Martine, Gordon McGranahan, Mark Montgomery, and Rogelio Fernandez-Castilla, eds., The New Global Frontier: Urbanization, Poverty, and Environment in the 21st Century, (Sterling, Virginia: Earthscan, 2008)

²¹ UN Habitat, The Challenge of Slums, Global Report on Human Settlements 2003, (Sterling, Virginia: Earthscan, 2003) and Millennium Project; A Home in The City: Task Force Report on Improving the Lives of Slum Dwellers, Sterling, Virginia: Earthscan, 2005)

environments.²² Such cumulative disadvantages thus seed despair which becomes anger and leads to violence.

4. Urban Areas as Sites of Impact of Global Economic Change

Even without the volatility of the global economy, changing national economic trends, and shifting national macro-economic policies, cities are complicated loci of changing behaviors and political pressures. When global economic processes are added to this mix, and then further altered by national policies intended to mitigate negative impacts, the situation becomes even more complicated. The current global economic crisis of 2008-2009 is generating many diverse impacts in cities, as the demand for exports declines, jobs are lost, incomes forfeited, public revenues disappear, and local economies contract. These situations were well-recorded in the Asian financial crisis of 1997 or in Argentina after the crisis of 2001-2002, yet in these cases, urban economic multipliers subsequently were activated through changes in relative prices which stimulated new demands for goods and services in urban markets. This new demand in turn generated new employment, for example in Argentina the unemployment rate dropped from over 30 percent to 7 percent from 2002 to 2007.²³ This process was described by the World Bank in 2006 as a “demand-led recovery”.²⁴ Demand in this sense was internal demand and not the global demand for commodities.

This process of urban economic contraction is very painful and also very visible. As public and private spending declines, the vendors at street corners and many purveyors of services simply lose the demand for their services. As sales decline, so do tax revenues which finance public expenditures for maintenance of public order and urban security by police. While the rapid decline of sales of consumer durables such as cars in Brazil can easily be seen in large-scale layoffs of workers in automobile factories – or in the closure of Circuit City stores throughout the United States – the process of contracting urban multipliers may be visible at a smaller, neighborhood scale, but its effects are deep and wide, including increasing crime rates, protests by labor unions and citizen groups, and a growing politicization of youth who are unable to find jobs. The period of 2002-2003 saw more than 13,000 demonstrations in Argentina over jobs, food, energy prices, and a sense that the national government could no longer solve urgent problems.

Studies of Latin American economies in the 1990s showed that when economic growth occurred the urban poor benefited. But when recession hit, the poor fell further than the rich and they stayed down for as longer time.²⁵ The resulting worsening income distribution in Latin American countries cannot be easily separated from the patterns of volatility which have affected

²² UN Habitat, Enhancing Urban Safety and Security, Global Report on Human Settlements 2007, (Sterling, Virginia: Earthscan, 2007)

²³ Michael A. Cohen, Argentina: Recovery and Growth in a Time of Default, (forthcoming, 2010)

²⁴ World Bank, Argentina: Country Assistance Strategy: 2006-2008, (Washington: The World Bank, 2006)

²⁵ Samuel Morley, “Poverty during Recovery and Reform in Latin America: 1985-1995”, (Washington: Inter-American Development Bank, 1998)

the region.²⁶ This is also exacerbated by drastic reductions in the flow of important cash remittances which have dwarfed any official aid to Latin America.²⁷ In many cases these remittances have provided the needed income for food and shelter as well as resources for investment in local water supply and other infrastructure improvements.

Cities can be expected to continue to feel the impact of the global economic crisis in the next few years, with the crisis leaving deep footprints on the urban social fabric and the physical conditions of urban areas. One recent indicator has been the steep decline in the price of materials for recycling which, for example, are frequently collected by the poor and sold for reuse. These “commodities of poverty” have suddenly lost their value, throwing thousands of poor urban residents deeper into poverty. Increasing numbers of people are living in squatter areas on the periphery of cities. Indeed, these patterns are also appearing in Fresno, California.²⁸

Within the public sector, beyond the obvious need for expenditures to maintain security and fight crime, deferred maintenance of urban infrastructure, low levels of public investment, and the lack of credit are all particularly problematic at a time when urban populations are expected to grow by some 2 billion people. These shortages of funds have serious effects on the quantity and quality of public goods in cities. Both the reduced level and the changing composition of public expenditures have been observed within regions and for the world as a whole.²⁹

5. Cities as Sites of Hope and Vulnerability

Two primary conclusions can be drawn from the previous discussion. First, urban areas are clearly the loci of economic and social opportunity including higher incomes, jobs, upward mobility, and the various types of resources required for livelihoods.³⁰ Yet the combination of rapid demographic growth, growing demand for essential urban infrastructure and social services, and inadequate resources to deliver these services creates severe challenges for urban governance. Local governments are increasingly unable to satisfy the scale and composition of

²⁶ Michael Petit, The Volatility Machine: Emerging Economies and the Threat of Financial Collapse, (New York: Oxford University Press, 2003) and Ricardo Ffrench-Davis, Reformas para America Latina despues del fundamentalismo neoliberal, (Buenos Aires: CEPAL and Siglo Veintiuno Editores, 2005)

²⁷ Donald Terry and Steven R. Wilson, eds., Beyond Small Change: Making Migrant Remittances Count, (Washington: Inter-American Development Bank, 2005)

²⁸ The New York Times, March 26, 2009, p.1

²⁹ See Economic Commission for Latin America, Report of January 29, 2009, and The World Bank, “Swimming Against the Tide: How Developing Countries are Coping with the Global Crisis”, Background paper prepared by World Bank staff for the G20 Finance Ministers and Central Bank Governors Meeting, Horsham, UK, March 13-14, 2009.

³⁰ USAID, Livelihoods and Conflict: A Toolkit for Intervention, (Washington: USAID, 2005)

demands coming from urban civil society. It is thus not surprising that the fundamental issues of urban life, from housing to water to waste removal to basic health care and education all become politicized and create opportunities for conflict.

At the same time, prospects for decent wages and incomes diminish in overcrowded urban economies where the labor force is inadequately trained, is frequently sick, unprotected by any form of social security or pension system, and is vulnerable to the volatility of global and national economic forces. Jobs and incomes are precarious. Growing shares of urban populations are poor, with 60 percent of the Mumbai population living in slums and almost all African cities currently having similar percentages of their populations living without adequate water supply and housing. The vast expanses of slums such as Dharavi in Mumbai or Kibera in Nairobi are populated with people struggling to maintain their livelihoods despite these multiple problems.

Each of these dimensions of urban life has become a source of vulnerability, for individuals, families, and urban communities. The dimensions lie on top of each, as layers of vulnerability, creating cumulative disadvantages and risks. In this section they have been largely identified in economic terms, but subsequent sections of the paper demonstrate that economic vulnerabilities are also congruent with social and political vulnerabilities. Together they pose daily threats to urban governance as well as social and political order.

It is useful to remember that vulnerability consists of three key components: risks, responses, and outcomes.³¹ While the risks may be increasingly understood, the responses to these risks are themselves severely constrained by institutional weaknesses and the lack of financial resources. It is thus not surprising that the resilience of institutions is low and that outcomes are problematic and can in turn generate new risks for social and political order. These issues will be discussed in more depth in Part II of this paper.

B. Demographic Dynamics: The Urbanization of Peoples and Nations

As noted above, as economies become more urban, so do their peoples and their nations. Several aspects of these demographic processes deserve highlighting because they reveal important policy implications.

1. Changes from migration to natural increase

The shift from migration to natural increase has been mentioned above. This empirical trend, however, resolves an important policy debate: whether urban growth can be significantly reduced by “keeping people down on the farm”. This policy orientation was much discussed in the 1970s and was even the title of a USAID publication in that period.³² However, the empirical evidence against this recommended policy objective was very strong: only South Africa, China, the USSR, and Cuba had seriously attempted to reduce rural to urban migration through legal

³¹ UN Habitat, Enhancing Urban Safety and Security, op.cit., p.23

³² USAID, “Down on the Farm”, 1983

permits, and despite heavy sanctions against illegal urban residence, none of these regimes had been very successful in reducing rural to urban migration. The only country where such a policy continues to exist – China – has so utterly failed that there is an estimated 300 million “floating urban population” of people who illegally live in cities in China, despite many official prohibitions against urban residence.

Studies in the 1970s demonstrated that people at the top and bottom of the rural income distribution are most likely to migrate away from the countryside. People at the top migrate, because they see that with their surplus savings, they can move towards higher earnings and a higher quality of life. People at the bottom, often landless people in rural India or rural Africa, leave the rural areas because they have no chance at securing a sustainable livelihood.

2. Spatial Distribution of Urban Growth
 - a. The Challenge of Mega-cities

One of the most observed aspects of urbanization has been the concentration of large populations in mega-cities – urban agglomerations over 10 million people. This phenomenon was noted in the early 1970s when there were only ten mega-cities. By 2009, there are over 20 mega-cities, with hundreds of cities over the one million mark, many of which are in China and are unknown in the West. The impact of mega-cities was strongly explained and indeed justified by the urban economics profession until the early 1990s as being the logical demographic expression of economies of scale and agglomeration. Bigger was better and this was proven by higher incomes and better social indicators in bigger cities.

This view, however, had been challenged by the experience of Calcutta in the 1960s when migration to the capital city of West Bengal had simply stopped, suggesting that rural populations had accurate information about the poverty and terrible living conditions waiting for potential migrants to Calcutta. The Calcutta case demonstrated the debilitating effects of negative urban externalities.³³ This demonstration case was repeated many times over by the 1992 Rio Summit on the Environment where the “brown agenda” of the deteriorating urban environment competed for attention with the “green agenda” of global environmentalism. By the mid-1990s, Mexicans were no longer coming to live in polluted Mexico City; Brazilians were looking for alternatives to Sao Paulo; and Thais were becoming tired of spending 44 days a year stuck in Bangkok’s traffic. Negative externalities included higher marginal costs of water, high overall costs of living, polluted air and water, congestion, crime, and for some, the realization that the overall cost/benefit ratio of living in the biggest cities was no longer positive. The worst case was probably Lagos, Nigeria which reached over 17 million by 2000 and in which 80 percent of all households lived in one room, 80 percent lacked piped water supply, and in which sanitation was, not surprisingly, the major threat to human health.³⁴

³³ The Ford Foundation, Urban Planning, Poverty, and Governance, The Ford Foundation 1952-2002, (Delhi: The Ford Foundation, 2002)

³⁴ Rem Koolhaas and The Lagos Project, Harvard Design School; The Lagos Project, (Cambridge: Harvard Design School, 2002)

The issue of urban security has become one of the most serious of these new high costs of urban living. Both potential migrants and residents of mega-cities are confronted by the dramatic need to protect themselves, their physical person as well as their families and physical assets. Increased economic pressures in slums have made slum populations more violent, often spurred on by alcohol and drugs. In general there is the perception that bigger cities have more crime and are less safe than smaller cities where informal social institutions can play a stronger role in enforcing social norms against violence, supporting solidarity among community members, and where police have smaller areas to patrol and fewer cases to respond to.

b. A Planet of Slums

A second aspect of urban demographic concentration is the growth of enormous slums in most cities in developing countries. As suggested earlier, slums such as Kibera in Nairobi, Dharavi in Mumbai, Villa-31 in Buenos Aires, Klong-Toey in Bangkok, or the many favelas of Rio de Janeiro all share the features of poor quality housing, a lack of infrastructure services, environmental and health threats, crime and violence, and high densities. Surprisingly, not all include low incomes, because in some cities, these slums offer the most reasonable cost housing solutions despite their other problems. Mike Davis characterizes these areas as constituting a “planet of slums,” highlighting both their extent as well as the future prospect of more slums being created. While this predictive and quite provocative discourse is very troubling, it also fails to capture an important dimension of this phenomenon which are the strenuous efforts of slum communities to solve their own problems through self-help and community organization.³⁵ This subject is discussed in greater detail below.

c. Patterns of Hierarchy and Dispersion

The growing problems of megacities have resulted in increasing growth rates for secondary urban centers. The majority of the projected urban population increase from 2000 to 2025 is expected to be in these so-called secondary centers, cities with between one and five million population. These are the sites of the fastest expected demographic and spatial growth rates, but also the sites of relatively weaker institutional capacity and thus a major cause of concern. While an earthquake in Mexico City was to be feared, the likelihood of more intense damage was in cities such as Guadalajara in Mexico or Bhopal in India which lacked the preventive strategies, institutional resources, and management experience to cope with such disasters. Significantly, Guadalajara was the site of a major urban disaster in the mid-1990s in which industrial and human waste mixed in the city’s sewers and exploded, killing hundreds. A similar event occurred in Bhopal where an industrial accident in a Union Carbide plant resulted in widespread devastation and human injury. Thus, while secondary cities may appear to be more manageable in the face of the risks of crime and social conflict, their vulnerability is also high because their responses tend to be limited by institutional capacity and financial resources. As a result their resilience may not be noticeably stronger and the outcomes can be equally bad. This has proven to be the case in some Central American countries where gangs seem to also flourish, and terrorize local communities, in secondary urban centers.

³⁵ Mike Davis, *Planet of Slums*, (London and New York: Verso, 2007)

d.

Location and Geography: The Coastal Footprint

If urban populations have dispersed away from mega-cities, they have tended to locate in coastal areas. In fact, 70 percent of the world's population lives within 50 miles of the coast, a startling fact with enormous implications for the potential damage from sea-level rise as a result of climate change.³⁶ This vulnerability to climate change is not simply from sea-level rise but also from surges which can be seen, for example, in Bangladesh or Burma where monsoon rains contribute both to rising seas, high winds, and surges. While this problem is only now being studied in much detail, it raises the daunting prospect of millions of people leaving coastal areas in search of higher ground, leaving behind millions of dollars in submerged infrastructure.

3. Populations at Risk: Gender, Youth, Aged, and Poor

This discussion raises the issue of populations at risk, not just from climate change, but rather also from the cumulative vulnerabilities of urban life, as suggested above. These populations include women, youth, the elderly, and of course, the poor.

The issue of gender is a major concern in cities in developing countries. Women have lived in cities with a set of cumulative disadvantages and vulnerabilities which continue to keep them poor and the objects of violence and discrimination. In environments with demographic changes, including migration, women are left with responsibilities for child-rearing, household management, as well as wage earning. It is not uncommon for between a third and half of all urban households to be headed by women. They are obliged to perform what anthropologist Caroline Moser referred to as the triple roles: reproduction, production, and community management.³⁷ Women are more likely to be found living in slums without adequate infrastructure and social services, but also facing severe problems of access to needed facilities. Women are also much more susceptible to physical and sexual assaults within these slum neighborhoods where public security is less present. Female incomes are lower, and lacking education and training, many women accept low wage employment, in either the formal or informal sectors. Women are survivors because they have no other choice, but the costs of gender bias are extreme and major contributors to urban vulnerability and poverty.

Not surprisingly, this situation affects a second vulnerable group, youth, whether boys or girls. Teenagers are frequently required to leave secondary school in pursuit of income for the family, leaving them behind in the competition for decent wages, not only as teenagers but for their whole lives. The consequences of drugs and gang behavior in Central America, in parts of Africa such as South Africa or Kenya, on urban life have become serious and have even taken on a transnational character as demonstrated by the Central American gangs which operate in Los Angeles as well as in Guatemala City or San Salvador. High youth unemployment has become a major issue itself, but it is part of a series of difficult problems in the transition from childhood to

³⁶ UN Habitat, Ensuring Urban Safety and Security, op.cit.

³⁷ Caroline O.N. Moser, Gender Planning and Development: Theory, Practice, and Training, (London and New York: Routledge, 1993)

adulthood, as addressed in the 2007 World Development Report.³⁸ When placed into an overall demographic perspective, with some 1.3 billion people between 12 and 24 years of age in 2007, it is apparent that the issue of youth is a problem of macro-economic proportions, with implications for the building of human capital, social capital, as well as social stability. The youth are the future of cities and they are at risk and in trouble.³⁹

A third group - the elderly - also face specific problems in cities. As longevity has increased in most developing countries, a new set of problems have emerged in cities with growing numbers of elderly people who are no longer earning incomes, yet are dependent on various forms of social safety nets, whether traditionally provided by households or by city or national governments. The breadth of social policy has widened considerably, particularly in Latin America, where governments are expected to provide pensions and various health services to the elderly. The role of the elderly in countries with high prevalence of HIV-AIDS is a special one, particularly in Africa, stepping in to once again play the role of parents for millions of children who have lost their parents to the pandemic.

Each of these demographic groups also frequently fit within the larger category of the urban poor.⁴⁰ If the estimate of slum dwellers in 2003 was 924 million, and the urban population grows by another 2 billion by 2025, almost 3 billion of the planet's 8 billion will fall into the category of the urban poor of developing countries. In many cities the estimates of the share of city population living in slums is over 50 percent, and often as high as 80 percent. These numbers alone provide a compelling justification for urgent policy attention at the local, national, and international levels. If these human needs are serious, their economic and political consequences are overwhelming.

Countries with such large numbers of people with poor education and health, and resulting low economic productivity, cannot expect to grow very much. The downward drag of this scale of human problems will overcome annual growth rates of anything less than 10 percent – an impossible prospect, even before the global economic crisis. This population is the most visible indicator of the impoverishment of more than half of humanity.

The prospect for broad poverty reduction is in fact much worse, because even with economic growth, as demonstrated by the performance of India or China since the early 1990s, poverty may decline, but inequality has increased substantially. If poverty is deadening in a political sense, inequality is provocative and inherently unstable. This issue will be discussed below in more detail, but it is part of the profile of demographic vulnerabilities found in most cities in developing countries.

4. Socio-ethnic Diversity and Tensions of Identity

³⁸ World Bank, Development and the Next Generation: World Development Report 2007, (Washington: The World Bank, 2007)

³⁹ US National Academy of Science, Growing Up Global: The Changing Transitions to Adulthood in Developing Countries, (Washington: National Academies Press, 2005)

⁴⁰ Martine et al, op.cit.

If economic differences are generating inequality, other kinds of difference, whether ethnic, religious, racial, or regional, are also major factors in urban life. Differences are reflected in primary identities whereby many urban residents are primarily Muslims before they are Indians or Gujaratis or Chinese before they are Indonesians or Malaysians. As the economic and cultural components of urbanization evolve, it is not surprising that these identities are front and center in explaining behaviors but also in generating conflicts. As the Indian anthropologist, Arjun Appadurai, has written, we are living in an age not so much of a “clash of civilizations” as described by the late Samuel Huntington,⁴¹ within a “civilization of clashes”, where these diverse forms of identity are transposed onto economic, political, and social interests and result in a heightened incidence of conflict.⁴² The myriad cases of local conflict in which these identities motivate violent behavior demonstrate that these “clashes” are mostly “local” in nature, whether between Muslims and Hindus in Mumbai or Kikuyu and Luo in Nairobi.

C. Poverty and Inequality

Earlier sections of this paper have identified various dimensions of urban poverty and inequality. These have included the impacts of macro-economic policies, constraints on economic productivity within cities including deficiencies in the provision of infrastructure and unnecessary costly regulations, as well as strong demographic pressures and new issues arising from the changing composition of vulnerable urban populations, with more youth, more elderly, and the growing importance of women as heads of urban households. This section will address three specific aspects of poverty and inequality which suggest that public policies as well can contribute to reducing the growing incidence of urban poverty and intra-urban inequality: unemployment, the informal sector, and intra-urban inequality.

1. Unemployment

An often-repeated observation in cities is that “the poor are too poor not to work”, i.e. regardless of the condition of urban labor markets, the poor nonetheless find ways to earn incomes through the provision of their labor to add some even marginal value to urban goods and services. They do so because if they do not they will starve. In cities in developing countries there are few actual scenes of people “sitting around” waiting for something to happen. Rather, people work to “make things happen”, through diverse strategies which permit them to “be available” in ways which move goods, provide information and contacts, and actually allow supply and demand to work.⁴³

⁴¹ Samuel Huntington, “The Clash of Civilizations”, *Foreign Affairs*, Vol.72, No.3, 1993

⁴² Arjun Appadurai, *Fear of Small Numbers: An Essay on the Geography of Anger*, (Durham: Duke University Press, 2006)

⁴³ Abdou Maliq Simone, *For the City Yet to Come: Changing Urban Life in Four African Cities*, (Durham: Duke University Press, 2004), and Abdou Maliq Simone, “People as Infrastructure: Intersecting Fragments in Johannesburg,” *Public Culture* 16, 3: 2004, pp. 407-429

Despite this apparently common aspect of urban employment across many cities in developing countries, this reality seems to escape most conventional analyses of employment and labor markets. For example, the generally observed components of the “global formulation of the urban” which can be found in many documents of international agencies working on development tend to focus on factors other than employment. For example, there is always an ample discussion of housing, slums, water supply, crime, the environment, community participation, or the weakness of local governments, leading to calls for “cities without slums” by the Cities Alliance, a grouping of multi-lateral and bi-lateral agencies along with some leading non-governmental agencies.⁴⁴ It is as if the international community enters the city through the house and the bathroom, rather than through the market or the site of employment, income generation, or value creation.⁴⁵ There are in fact few exceptions to this approach, leading to an observation in 2007 that while “cities without slums” is taken as a valid slogan and/or development objective, the notion of “cities without jobs” is simply impossible to imagine, because without jobs there are no incomes to sustain urban populations.⁴⁶

This assessment is of course not inclusive of all work. For example, a body of conceptual and empirical work on “livelihoods” has demonstrated the linkages of assuring “livelihoods” in relation to other issues such as conflict prevention.⁴⁷ There are treatments of the urban employment problem in some studies, such as those by the National Academy of Sciences or the United Nations Fund for Population.⁴⁸ These tend to divide the world into the formal and informal sectors. The issue of the informal sector is discussed below at some length, given its importance in most urban policy analysis.

2. Impact of the Informal Sector

a. Historical Perspectives:

In 1989 the OECD held a special meeting to specifically discuss urban employment, focusing on the characteristics and causes of urban unemployment as well as the efficacy and policy impact of research on this subject.⁴⁹ It was noted that extensive work had been undertaken

⁴⁴ Cities Alliance, “Cities without Slums”, 2002

⁴⁵ Michael Cohen, on “Thinking Outside the Bubble: The Urban Crisis of Land, Labor, and Capital”, presented to the Lincoln Institute Symposium on Land Policies in Latin America, Rio de Janeiro, October 1-2., 2007.

⁴⁶ Michael Cohen, “Cities without Jobs”, A Policy Note prepared for the Cities Alliance Consultative Meeting, Manila, November 2007.

⁴⁷ USAID, op.cit.

⁴⁸ National Academy of Sciences, Cities Transformed: Demographic Change and its Implications in the Developing World, (Washington: National Academies Press, 2003) and United Nations’ Population Fund, State of World Population 2007: Unleashing the Potential of Urban Growth, (New York: UNFPA, 2007)

⁴⁹ Bernard Salome, ed. Fighting Urban Unemployment in Developing Countries, (Paris: OECD, 1989)

in the 1960s and 1970s on urban unemployment, reflecting dissatisfaction with the focus on GNP as the unique measure of welfare.⁵⁰ This work also had coincided with the “discovery” of the informal sector by Keith Hart in Accra in 1970 and the high-profile adoption of this concept by the ILO, with its missions to Kenya,⁵¹ Colombia, Philippines, and Cote d’Ivoire, followed by well-publicized reports which heralded the great significance of the informal economy as the locus of future employment growth.

This momentary spurt of global development policy attention to urban employment and the informal economy did not last very long, nor did it have significant impact on government policies in developing countries. The Colombia mission led by Dudley Seers raised the employment issue as high priority for Colombia, but the national government has never taken up employment as a key priority issue.⁵² The same response came to the ILO mission to the Philippines which strongly recommended land reform as a way to stem rural-urban migration, but this was also never adopted by the government. These well-known cases stand in contrast to the fact that unemployment was increasing rapidly in Asia, Latin America, and Africa in the 1970s.

The participants in the OECD meeting arrived at the following conclusions which later became the conventional wisdom on this subject:

- Macro-economic growth was a necessary but not sufficient condition to reduce urban unemployment.
- The informal sector had a large potential role in employment creation, but there were many methodological and operational problems of definition, heterogeneity, and measurement across the boundaries between the formal and informal which stymied efforts to target assistance to the informal sector.
- The world of employment and labor conditions was being considered in dualistic and dichotomous frameworks, an unfortunate perspective which clearly inhibited assessment of conditions within individual urban areas. This dual model had been developed by anthropologists in their assessment of the modern versus the traditional⁵³ and was later used, for example, by urbanists McGee and Yeung in their study of the informal economy in Asia.⁵⁴

⁵⁰ Frances Stewart in Salome, op.cit., p.11

⁵¹ Employment, incomes and equity: a strategy for increasing productive employment in Kenya, (ILO, Geneva, 1972).

⁵² Ibid., pp.12-13

⁵³ Clifford Geertz, Peddlers and Princes: Social Change and Modernization in Two Indonesian Towns, (Chicago: University of Chicago Press, 1963)

⁵⁴ Terry McGee and Yeuman Yeung, Hawkers in Southeast Asian Cities: Planning for the Bazaar Economy, (Ottawa: IDRC, 1977)

- While the experts had accepted the Harris-Todaro model of rural-urban migration which emphasized the important pull factor of relatively higher urban wages to potential migrants, they now realized that this model had ignored the reality of a growing low-wage urban economy and increasing numbers of urban poor.
- They also recognized, belatedly, that analysis of urban employment issues had ignored the growing presence and importance of women in urban labor markets.
- Much of the earlier policy recommendations had assumed homogeneity of labor and economic conditions across countries, but there was an urgent need to differentiate countries and cities by income levels, resource endowments, country size, and labor market parameters.
- Earlier work had also assumed the active role of the state in generating employment, but many observers noted that the state had not worked well on this problem.
- Finally, they concluded there was a need for macro-models to take into account employment growth – rather than have “jobless growth”.⁵⁵

Following the OECD meeting, the International Labor Conference of 1991 discussed a major report on The Dilemma of the Informal Sector.⁵⁶ This report took a number of innovative positions, amongst them:

- "Contrary to earlier beliefs, the informal sector is not going to disappear spontaneously with economic growth. It is, on the contrary, likely to grow in the years to come, and with it the problems of urban poverty and congestion will also grow." This was an important conclusion, with fundamental implications for the conventional development paradigm.
- A second point is the focus on the urban informal sector. Whether the concept of the informal sector applies to rural environments as well as urban has been an issue since the phrase was first coined. In the Kenya report, the context was clearly and explicitly urban.⁵⁷

Much of the 1990s and up to the present has been dominated by the policy and strategic focus on macro-economic management, heavily influenced by the arguments of liberalization of the “Washington Consensus” and the unproven belief that growth over time will reduce unemployment. This perspective further supported the view that state intervention in employment issues was inefficient, harking back to the New Deal or state-backed programs in the former Soviet Union or in China. Such beliefs have had a lasting and negative impact on efforts to strengthen the abilities of municipalities to address urban employment and underemployment, by developing unrealistic expectations from the private sector, and by side-

⁵⁵ ibid., p.16

⁵⁶ ILO, The Dilemma of the Informal Sector, Report of the Director General, International Labor Conference, 78th Session (1991).

⁵⁷ See Paul E. Bangasser, :The ILO and the Informal Sector: An Institutional History”, (Geneva: ILO, 2000)

stepping the public sector, i.e., city government, rather than working to strengthen its areas of comparative advantage for job creation.

This view has also completely ignored the urban locus of productivity within the macro-economy and the fact, as noted above, that more than 50 percent of GDP was generated in urban-based economic activities. Moreover, macro-economists convinced themselves that human capital formation through education and health would provide ready entrants into an ever-widening labor market as macro-economic growth continued. These same macro-economists were also not particularly concerned about growing inequality, whether between the rural and urban sectors and within cities and towns. Urban poverty was a legitimate concern but it would be alleviated by economic growth. The problem of low labor productivity was noted, but remedies were not identified.

b. The importance of the informal economy

The share of the informal sector in total employment varies by region and by countries.⁵⁸ According to recent ILO estimates, informal employment comprises about 65 per cent of non-agricultural employment in developing Asia, 51 per cent in Latin America, 48 per cent in North Africa, and 72 per cent in sub-Saharan Africa. It is also recognized that this labor force produces in the range of 20 to 40 percent of GDP.⁵⁹ How the informal sector fits within individual regions and countries varies considerably, as demonstrated by differences between East Asia and Latin America. In East Asia, studies in Indonesia have confirmed the transformation of employment patterns over time, with strong local cultural influences.⁶⁰ The region has seen many theories of the informal sector, industrial production, and strategies for the development of small enterprises.

The issue of indigenous entrepreneurship has also been recognized. Asia has also felt the impact of globalization with its effects on capital and labor flows, movement of technology, and wage rates. The East Asian financial crisis of 1997-98 definitely affected the small scale sector, weakening the demand for locally produced products, while increasing interest rates and reducing purchasing power. Bank credit became scarce at a time when input prices for energy and other raw materials increased. At the macro-level, economists nonetheless assumed that local economies were relatively sheltered from this regional crisis.⁶¹ Some observers with their feet on

⁵⁸ Christine Kessides, The Urban Transition in Sub-Saharan Africa: Implications for Economic Growth and Poverty Reduction, (Washington: Cities Alliance, 2006), p.15

⁵⁹ See ILO estimates at: http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang--en/WCMS_085110/index.htm. Also, Juan Braun and Norman V. Loayza, "Taxation, Public Services, and the Informal Sector in a Model of Endogenous Growth", World Bank Policy Research Working Paper No.1334, 1994, p.2

⁶⁰ Sarah Turner, Indonesia's Small Entrepreneurs: Trading on the Margins, (London: Routledge Curzon, 2003), p.2

⁶¹ Ibid., p.193

the ground wrote about “the geography of change” in this period.⁶² This raises the question of the resilience or vulnerability of the urban and local economies in the face of external shocks.

This is also a major issue in Latin America which experienced its highest economic growth rates in a generation, averaging 5 percent from 2005 to 2007. Despite this strong growth across most of the region, there were still some 350 million people living below \$3,000 a year, and 120 million living below \$2 a day. Brazil, Mexico, and Colombia account for more than 50 percent of the poor people in the region.

c. Costs and advantages of informality and formality

Within the region studies undertaken of the informal sector in Latin America over the past few decades have demonstrated the high costs of informality.⁶³ Hernando de Soto’s well-known work in Lima in the mid-1980s revealed the high costs to firms of remaining in the formal sector. De Soto surveyed 50 firms and found that firms paid 348 percent of after tax profits to stay “formal”, of which 22 percent was due to taxes, 5 percent to higher public utility rates, and 73 percent to regulatory and bureaucratic requirements.⁶⁴ Yet at the same time he discovered that there were high costs to being informal as well, for example, the lack of proper contracts limited investment from capital markets, with the result that informal firms are forced to pay high interest rates for credit., De Soto found that the nominal borrowing rate in Lima in June 1985 was 22 percent monthly for informal firms, while only 4.9 percent for formal firms of comparable sizes.⁶⁵ One of the results of this situation is the low value of physical capital of informal firms as well as their difficulties in transferring property.

However, the vision of the informal sector as a pool of potential entrepreneurs whose wealth creation capacity is constrained by a regulatory burden sidesteps the fact that most workers in the informal economy are in fact engaged in disguised employment relationships.⁶⁶ This alternate vision views the informal economy as linked in a dynamic and often subservient relationship with the formal, and indicates that efforts to “formalize” the informal economy are doomed to failure without addressing the broader dynamics that stimulate job creation in the larger economy, formal and informal, and rural as well as urban.

⁶² A. Amin and K. Robins, “The Re-emergence of Regional Economies: The Mythical Geography of Flexible Accumulation”, Environment and Planning: Society and Space, Volume 8, pp.7-34

⁶³ Victor Tokman, “The Informal Sector in Latin America: From Underground to Legal”, in V. Tokman, ed., Beyond Regulation: The Informal Economy in Latin America, (Boulder, Colorado: Lynne Rienner, 1992)

⁶⁴ Hernando de Soto, quoted in Loayza, “Economics of the Informal Sector”, op.cit.

⁶⁵ Hernando de Soto, op.cit., p.

⁶⁶ See for example, Martha Alter Chen, Rethinking the Informal Economy: Linkages with the Formal Economy and the Formal Economy Regulatory Environment, 2006, <http://www.un.org/docs/ecosoc/meetings/2006/forum/Statements/Chen%27s%20Paper.pdf>

James Heinz recognizes the growing importance of urban informal employment “as rapid urbanization continues and the growth of formal job opportunities lags behind the expansion of the urban labor force.”⁶⁷ He argues that “municipal regulations frequently fail to recognize urban informal activities as legitimate.” The way forward for addressing the employment challenge means changing the policies of municipal governments with regard to planning the use of urban spaces, providing appropriate infrastructure, and maintaining public safety.” However, such measures must also be accompanied by complementary measures to stimulate markets and to create effective demand for informal services, thereby increasing the productivity and output of informal economy operators.

d. Correlations between growth and informality

Studies of the informal sector at the regional level have argued that there is a negative correlation between the size of informal sector and the growth rate of real per capita GDP, suggesting that informal firms are probably using public goods inefficiently.⁶⁸ This inefficiency of the informal sector is reflected in low rates of return to all investment, stagnant growth, and sub-optimal social welfare.⁶⁹ It has also been argued that the returns to capital, and thus on economic growth, are negatively affected by relative size of the informal sector within the economies, because the informal sector does not contribute to financing public services.⁷⁰ At the aggregate level, across the region, the informal sector is strongly negatively correlated with public infrastructure.⁷¹ As a result, and not surprisingly, the largest informal sectors in Latin America are in Bolivia, Panama, and Peru; while the smallest in Chile, Argentina, and Costa Rica. However, some analysts such as Heintz point out that the correlation between informality and slow growth of GDP does not necessarily imply causality. In fact, slow growth could explain a certain degree of informality, rather than the other way around. Furthermore, rather than seeing the formal and informal sector being in conflict, others argue that the two economies work in symbiosis. In an area of globalization and of out-sourcing, many key components and services used by the formal sector are outsourced to the informal economy.

e. Informality and regulations

Looking across regions, Braun and Loayza argue that “the rise of informal sectors is a natural consequence of the restrictions imposed by governments on optimizing agents”⁷² This observation importantly places much of the responsibility for the high costs on formality back on the public sector, where, as de Soto notes, individuals face at least three major costs of formality: bribes, regulatory compliance, and legal registration, not to mention taxes.

⁶⁷ See James Heintz, “Growth, Employment and Poverty Reduction”, March 2006.

⁶⁸ Loayza, op.cit., p.28

⁶⁹ Ibid., p.33

⁷⁰ Braun and Loayza, p.4

⁷¹ Loayza, op.cit., p.29

⁷² Braun and Loayza, op.cit. p.33

The International Labor Organisation in a recent report to its Governing Body on the Informal Economy⁷³ has analysed the relationship between law, regulations and their impact on informality into three broad relationships calling for different policy responses.

- The first situation is when law is silent, i.e. with respect to activities or groups falling outside the national regulatory framework, such as the self-employed, domestic workers or new forms of employment like subcontracting.
- The second situation occurs where laws exist, and the lack of compliance and enforcement in the informal economy is the problem.
- A third relationship between regulations and informality and one which has generated more controversy is where the regulatory framework is not seen as provider of basic protection and an instrument for creating a level playing field but as an impediment to employment creation and a factor contributing to the spread of informality.

However, the argument that labor market regulations drive enterprises into informality is not only too narrow, but furthermore leads to the wrong policy conclusions. Broad deregulation would in fact be tantamount to informalizing the formal economy. The real employment constraints lie outside of the labor market.

f. Informality and job creation

The ILO argues that at the root of the problem of the informal economy is the inability of economies to create sufficient numbers of quality jobs to absorb the labor force. Research and analysis of data undertaken for the 2008 World Employment Report show that employment growth in the formal segment of the economy in most countries has lagged behind the growth of the labor force and these trends are likely to continue in the future. Even in countries such as China, where the rates of economic growth and poverty reduction have been remarkable, there is an emerging problem of the informal economy. Retrenched workers from restructured industries and migrants from rural areas find themselves in situations of underemployment and casual labour. Widespread underemployment and informality have therefore become structural characteristics of the developing countries.

3. Intra-Urban Inequality

It is not surprising that over time there have been increasing intra-urban differences of all kinds, as suggested above, and that these differences have eventually been reflected in high degrees of intra-urban inequality.⁷⁴ There are many explanations of urban differentiation, but it is clear that there are multiple interactions between people's human capital investment (education and health), their physical environment as expressed through housing, infrastructure services,

⁷³ See ILO, The Informal Economy, GB.298/ESP/4, March 2007.

⁷⁴ National Academy of Sciences, Cities Transformed, op.cit.

and natural resources, and their socio-economic environment which links culture and identity with family and household circumstances. While there are longstanding historical debates in sociology about the role of “place” in explaining behavior, it is apparent from evidence across all cities that place matters.⁷⁵ For example, there are important differences between communities with and without infrastructure services, or with and without secure land tenure, or with varying income levels. Behaviors such as crime or low educational performance vary across places and are highly correlated with other spatial indicators.

One example of these differences can be found in a study of the impact of public investment in infrastructure in the neighborhoods of Buenos Aires from 1991 to 1997. Detailed studies showed that 11 percent of the population received 68 percent of public investment in this period and that the level of investment correlated with other indicators of unsatisfied basic needs, poverty, educational expenditures, and crime rates. The conclusion of the study, entitled “The Five Cities of Buenos Aires”, was that “if we know your zip code, we will know the future of your children.”⁷⁶ Intra-urban differences exist in all cities. Data for New York or Washington, D.C. show major differences in household incomes, infrastructure and environmental quality, as well as crime rates and other indicators. A comparative study of Accra, Jakarta, and Sao Paulo found that public health status varied across neighborhoods depending on the level of environmental infrastructure investment.⁷⁷ An econometric study of 110 cities in the United States by George Galster found that changes in interest rates produced a cascading set of consequences which included the level of housing investment, the incomes of the rental population, neighborhood infrastructure quality, school performance, and ultimately crime rates.⁷⁸ These studies raise the following kinds of policy questions: How can such differences be addressed? Which are the most effective entry points? What are the patterns of causation? And what are the likely impacts in the short and medium term?

D. Cities and Climate Change

The growing incidence of natural disasters and appreciation of the risks of climate change have introduced new considerations in understanding of the importance and vulnerabilities of cities. Three specific issues link cities and climate change: cities as contributors to greenhouse gases, the threat of sea level rise, and environmental degradation.

1. Cities As Contributors to Greenhouse Gases

⁷⁵ The historical debates go back to Robert Park and the University of Chicago sociological debates of the 1930s.

⁷⁶ Michael Cohen and Dario Debowicz, “The Five Cities of Buenos Aires”, in Saskia Sassen, ed., Encyclopedia of Sustainability, (Paris: UNESCO, 2003)

⁷⁷ Carolyn Stephens,, I. Timaeus, M. Akerman, and others; Environment and Health in Developing Countries: An Analysis of Intra-urban Differentials in Accra, Ghana and Sao Paulo, Brazil, and Analysis of Urban Data in Ghana, Brazil, Egypt, and Thailand, (London: London School of Hygiene and Tropical Medicine, 1994)

⁷⁸ George Galster, Econometric Model of the Urban Opportunity Structure: Cumulative Causation among City Markets, Social Problems, and Unserved Areas, (Chicago: Diane Publishing Company, 1999)

It is now common knowledge that most, but not all, greenhouse gases come from cities. These sources of greenhouse gases include motorized transport, mostly cars and buses, the heating and cooling systems of a wide range of buildings, and the generation of energy itself. While methane generated by animals in rural areas is significant, this is a small percentage compared to these urban producers. The notion of a “green city” is therefore not a luxury, but is integrally involved in any serious effort to reduce the threat of climate change. The issue of sustainability, discussed later in this paper, is thus a central policy concern at the urban level.

2. The Threat of Sea Level Rise

As noted earlier, some 70 percent of the world’s population lives within 50 kilometers from the coast. While dramatic cases such as flooding in the Bay of Bengal, most dramatically affecting Bangladesh and Burma, illustrate the potential impact of sea level rise, this issue is of far greater concern in the medium term of 50 to 100 years. Projections by the Intergovernmental Panel on Climate Change suggest that many cities will be vulnerable within this period to a set of potentially catastrophic problems, beginning with the infiltration of sea water into aquifers, thereby comprising sources of urban water supply, and continuing through various levels of flooding, weakening of foundations of buildings and infrastructure, and the undermining of major activities of the urban economy. Maps of cities showing their vulnerability to flooding suggests that frequently the poorest households are living in sites most likely to be flooded in the event of sea level rise. At the same time, it is evident that the more wealthy households have the resources and capacity to relocate to safer sites, sometimes in other cities and towns. The potential urban population movement which could result from such situations could be very large.

The interactions between cities and climate change are multiple and have become a major topic of research and discussion. The World Bank held a 2 day symposium in Marseille on this subject in June 2009 with more than a hundred different subjects being addressed by scholars and practitioners from around the world.⁷⁹ This follows some rigorous analysis of potential scenarios by the IPCC in 2007-2008 and a now a growing discussion of “adaptation” rather than simply “mitigation”.⁸⁰

As noted below, the consequences of climate change fall within the larger category of natural and man-made disasters which has also become a major area of global concern with particular and heavy impacts on urban areas.

3. Environmental Degradation

While the threats of climate change and sea-level rise are dramatic, they also are part of a growing interaction of urban areas with the natural environment. This subject has received significant research and policy attention since the Rio Summit on the environment in 1992 and

⁷⁹ World Bank Urban Research Symposium, June 29-30, 2009, Marseille

⁸⁰ Caroline Moser and David Satterthwaite, paper for World Bank Symposium on Social Dimensions of Climate Change, (Washington: The World Bank, 2008)

has been termed “the brown agenda”, referring to dirty air, water, sanitation problems, mounting solid waste, and the close connection between urban environmental problems and the poor.⁸¹

Studies of urban slums have addressed urban environmental issues for more than 40 years. There are classic studies which illustrate the multiple connections between water, air pollution, and the lack of adequate sanitation with major urban health problems, including water borne diseases such as cholera.⁸² Energy use by the poor, including burning charcoal, has created serious respiratory problems, particularly for women and children. The role of automobile transport in air pollution in cities such as Mexico City in the 1990s and later Bangkok have been proven to also contribute to loss of several points of I.Q. among children in those cities as a result of the high lead content of urban air. While some cities, such as Mexico City, have actively addressed the air pollution problem, most have not. Practices such as waste recycling, protection of aquifers, fencing off public spaces, and other measures have spread to many cities, but the overall condition of urban environments in developing countries is one of deterioration and growing health risk. This condition is most acute in the slum areas of cities such as Dacca or Lagos, but increasingly also in secondary cities where there are fewer financial and technical resources available to address these environmental threats. As noted below, the issue of clean water supply is a critical issue in these scenarios as scarce water supply increases human vulnerability to disease.

In contrast to these trends, there are some frequently-noted examples of effective environmental management such as Curitiba, Brazil where imaginative urban management has linked problems together, such as providing free bus tokens to urban slum dwellers if they bring bags of garbage to sites where garbage trucks can pick them up.⁸³ Most countries have cities which are more environmentally-conscious than others, yet the overall condition is poor. Nonetheless, there has been an interesting and provocative debate about whether cities contribute to environmental deterioration or whether their concentration of population actually reduces the size of the ecological footprint of a given urban area on its hinterland.⁸⁴

E. Policy and Governance Challenges

All of the above problems exist within urban contexts of weak institutions and scarce capacity to address them. Four broad categories of issues should be highlighted: the promise of decentralization, the challenge of metropolitan growth, weak urban financial capacity, and the constraints to service delivery for both infrastructure and social services. Taken together, they constitute an urgent and heavy agenda for institutional reform and capacity-building.

⁸¹ Ismail Serageldin, Michael A. Cohen, and K.C. Sivaramakrishnan, eds., The Human Face of the urban Environment, (Washington: The World Bank, 1994)

⁸² Jorge E. Hardoy, Diana Mitlin, and David Satterthwaite, Environmental Problems in Third World Cities, (London : Earthscan, 1992); Peter Marcotullio and Gordon McGranahan, eds., Scaling Urban Environmental Challenges: From local to global and back, (Sterling, Virginia: Earthscan, 2007)

⁸³ Jaime Lerner, Acupuntura urbana, (Barcelona: Institut d'Arquitectura Avancada de Catalunya, 2004)

⁸⁴ See Remy Prudhomme work on Paris, William Rees on ecological footprint

1. The Promise of Decentralization

A major trend accompanying urbanization in all countries over the past two generations has been the impulse to decentralize government, bringing it closer to the sites of real problems in the expectation that proximity will allow local knowledge and capacity to be marshaled in problem-solving. This impulse follows on the “de-concentration” of colonial administration after World War II and the gradual “devolution” of power and authority to local levels. In the European Union this was labeled as “subsidiarity” in the 1990s, meaning that problem-solving capacity should be closest to the level where actual problems existed.

This technical and administrative trend also was supported by the political reforms which supported greater democracy, local representation, and local control over urban affairs. The 1990s, particularly after the end of the Cold War and the collapse of the Soviet Union, saw an enormous multiplication of local governments within a broad trend of decentralization.⁸⁵ While this process raised local expectations, it proved to be problematic in many regards. First, having the authority to address local problems did not mean that newly-born local institutions had either the resources or the technical capacity to do so. The problem of “unfunded mandates”, well-known in developed countries, became widely-observed issues in most developing countries undertaking decentralization of public authority and responsibility. This became particularly acute during periods of macro-economic adjustment where national public expenditures were cut and frequently transfers from national to sub-national governments were neither large enough to fund services at necessary levels nor sufficiently predictable to allow for orderly administration.⁸⁶ Active citizen protests have occurred in countries such as Zambia, Ecuador, and Philippines against the reduction of public expenditures for health services, education, and water supply.⁸⁷ In the absence of strong municipal sources of revenue, the unreliability of inter-governmental financial transfers became manifest in unpaid local teachers, unstaffed local clinics, and the lack of operations and maintenance of local infrastructure.

Decentralization also did not necessarily deliver promised democracy. Studies of local elites in various countries showed that local power structures dominated many of these local governments, where, in some cases even former military rulers at the national level became all-powerful local mayors or governors, for example in Argentina, Guatemala, and Thailand. Discovery of this situation has led to “push back” in some instances and recovery of local democracy, but these experiences suggest that a decentralized “form of government” does not equate to “democratic government.”

The most interesting experiences in decentralization have been those which have gone so far as to support participatory budgeting at the municipal level. The widely-heralded experience of Porto Alegre in Brazil going back to the early 1990s clearly increased the quantity and quality

⁸⁵ Campbell, *op.cit.*, and others

⁸⁶ Richard M. Bird, *Intergovernmental Fiscal Relations in Latin America: Policy Designs and Policy Outcomes*, (Washington: Inter-American Development Bank, 2001),

⁸⁷ Caroline O.N. Moser, *Confronting Crisis: A Comparative Study of Household Responses to Poverty and Vulnerability in Four Urban Communities*, (Washington: World Bank, 1996)

of citizen involvement and efforts to apply similar approaches in other cities have had similar results.⁸⁸ What has been less clear are the “material results” of participatory budgeting in terms of better municipal services, better environmental quality, or increased urban household incomes. Local mobilization may produce more and better citizen inputs into urban governance, but local efforts can be disrupted by the volatility of central to local budgetary transfers. Moreover, raising expectations about the quality and scope of delivery of urban services can itself generate protests and conflicts when these expectations are not met by public institutions.

Overall, the promise of decentralization is important at many levels, but the legal and institutional reforms which have created decentralized urban government are only necessary but not sufficient conditions for its success. Similarly, there is an important distinction between democracy and “good government.”⁸⁹ While democracy is clearly desirable, it is not necessarily the same as good government in the sense of being effective in solving problems. This is clear at the urban level where institutional performance is manifest on a daily basis.

2. Metropolitan Growth

One of the areas in which institutional performance is most evident is the weakness of metropolitan government in most developing countries. While hundreds if not thousands of municipalities have expanded beyond their original boundaries and become “metropolitan areas”, many fewer have established effective metropolitan institutions to govern and to provide services for metropolitan populations. This was described in 2004 as the “metropolitan impulse”, a desire to create metropolitan institutional forms, even if they proved considerably weaker than their advocates had hoped.⁹⁰

Spatial studies in 2005 showed that the spatial expansion of urban areas around the world was much greater than previously thought.⁹¹ Urban densities were actually declining as many urban areas continued to expand into adjacent land, whether it had been used for agricultural purposes or not. With the heavy urban demographic pressures cited earlier – with two billion additional urban dwellers expected by 2025 – this urban spatial expansion was not unexpected. But what it has highlighted is the need for more attention to metropolitan governance. While this subject had been developed in countries with historically earlier urban growth patterns, such as in Latin America and some parts of Asia, it was now becoming a major issue for Africa as well.⁹²

⁸⁸ Rebecca Abers, Inventing Local Democracy. Grassroots Politics in Brazil. (Boulder: Lynne Rienner, 2000), Mona Serageldin study for IDB and World Bank

⁸⁹ Judith Tender, Good Government in the Tropics, (Baltimore: Johns Hopkins University Press, 1997)

⁹⁰ Michael Cohen, Chapter 3, in UN Habitat, State of the World’s Cities Report 2004, (Sterling, Virginia: Earthscan, 2004)

⁹¹ Shlomo Angel, “Measuring Global Sprawl: The Spatial Structure of the Planet’s Urban Landscape”, June 2006

⁹² Eduardo Rojas, Governing the Metropolis: Principles and Cases, (Cambridge: Harvard University Press and the Inter-American Development Bank, 2008), K.C. Sivaramakrishnan and Leslie Green, Metropolitan Government in Asia, (New York and Washington: Oxford University Press and the Economic Development Institute of the World

The specific policy problem for metropolitan government is how to manage the positive and negative externalities or spillover effects of urban areas onto neighboring municipal jurisdictions and spatial areas. These include issues such as environmental management of air and water, infrastructure planning, and crime, as well as the more general issue of spatial investment strategy. With cities contributing more than half of GDP in all countries, these metropolitan areas represent enormous sites of production and income. Sao Paulo, for example, is more than 40 percent of the GDP of Brazil, but it is also larger than the GDP of Chile and Argentina. The production of the Johannesburg metropolitan area is equal to the GDP of the nine southern African countries to the north of South Africa. The effective management of these metropolitan areas is therefore a macro-economic issue, if not actually a regional issue as well.

3. Weak Institutional and Financial Capacity

As noted above, many local governments lack the financial base for both capital and recurrent expenditures. In most developing countries there are few local tax bases which generate significant revenue. Sources such as property taxes exist, but they lack a large base. Most cities and towns lack an accurate register of urban land and therefore a basis for valuation. Taxes such as income and sales taxes remain as national taxes so that local jurisdictions rarely have access to these major revenue sources. Even the costs of establishing cadastres are prohibitive, requiring accurate surveys of urban land holdings and then on the ground assessments of property value. Despite many recommendations that developing countries adopt property tax systems, these have rarely been followed.

It is not surprising, therefore, that municipal governments tend to be poor and unable to provide basic services, including operation and maintenance of basic infrastructure such as roads or drainage. Estimates in some West African cities of per capita municipal expenditures are as low as a few dollars. As a result of this situation, most municipal governments also lack the technical capacity to perform these functions. Their personnel are underpaid and poorly trained. The Asian Development Bank in their 2008 Urban Strategy Paper, Managing Asian Cities, provides an excellent analysis of how these issues are manifested in Asian cities.⁹³

4. Constraints to Service Delivery in Infrastructure and Social Services

a. Infrastructure Services: Water, Sanitation, Electricity, Transport, and Solid Waste Management

As noted above, there are increasing urban populations and hence increasing demands for infrastructure services. Weak government performance in providing such services has led to calls for privatization in some countries and numerous experiments with various degrees of private sector management if not ownership of essential infrastructure services. While some of these experiments have been relatively successful for limited periods, private management of services seems to inevitably run into the tradeoff between higher profits and investment

Bank), Mila Freire and Richard Stren, eds. The Challenge of Urban Government: Policies and Practices, (Washington: World Bank Institute, 2001)

⁹³ Asian Development Bank, Managing Asian Cities, (Manila: Asian Development Bank, 2008)

resources needed to expand services to poorer populations. This conflict was the basis of the “water wars” in Cochabamba, Bolivia and protests against the privatized water company in Buenos Aires. Private efforts to collect tariffs are usually understood as attempts to secure profits, even though no public infrastructure services can operate in a sustained manner without some sort of financing of both capital and recurrent costs. What frequently is ignored is the actual cost of providing such services. For example, the marginal cost of water is increasing in all cities as water supply agencies have to go farther and farther to reach and transport water resources to urban areas. It is beyond the scope of this paper to describe the myriad problems which each type of infrastructure service brings to municipal managers. Nevertheless, these are significant and grow in parallel to urban demographic and spatial growth.

a. Social Services: Health, Education, Housing, and Welfare

Similar issues apply to social services where major capital costs in the forms of schools, clinics, and hospitals all place enormous financial burdens on municipal institutions. While these capital expenditures are covered by national budgets in many countries, in others with decentralized, sub-national jurisdictions responsible, there are serious financial issues at the local level. These have been exacerbated by fiscal adjustment since the 1980s and tend to be highly dependent on the overall public revenue situation. As in other areas, the heaviest impact of these problems is felt by the urban poor. Of particular note is the incidence of HIV-AIDS in cities in Africa and Asia, where almost all local governments lack the financial strength to address the needs of infected local populations not to speak of the high cost of providing anti-retroviral medicines.

b. Justice and Security

The weakness of urban institutions is also evident in the lack of capacity to maintain public security and to provide justice in the resolution of disputes and crimes. Most judicial institutions are national and/or provincial, rather than urban. In contrast, there are multiple levels of police, but most of these police forces are ill-equipped in the face of increasingly sophisticated and armed gangs in Central America or organized crime in Brazil or Mexico. Heavy expenditures in security in Brazil reached US\$49 billion in 2006, or about 10 percent of GDP, 60 percent of which were private expenditures.⁹⁴ More than 100 people are murdered every day. The role of private security in many cities, whether in Latin America or Asia, reflects the weakness of public police forces. As in Brazil, these expenditures have reached the extraordinary level of 25 percent of GDP in El Salvador and Colombia.⁹⁵

Not surprisingly this lack of security has itself generated much citizen concern and public protest, with hundreds of thousands of people marching in Buenos Aires, Mexico City, and Sao Paulo in response to specific murders, kidnapping, and ineffective police handling of specific local situations. Thus poor performance in managing public security can itself create opportunities for further disorder and challenges to public authority. All of this represents a dangerous self-fulfilling prophecy in citizen perception of the effectiveness of public institutions.

⁹⁴ Enhancing Urban Safety and Security, op.cit., p.14

⁹⁵ ibid., p.13

F. Impacts of Natural Disasters and Human Crises

The impact of natural disasters and human crises on cities should be considered within the wider global context. On a global basis, from 1975 to 2005, the number of so-called natural disasters grew from under 100 to more than 400.⁹⁶ Their economic costs have also grown, some 15 times more than in the 1950s, with the IMF estimating material losses to be \$652 billion in the 1990s.⁹⁷ Studies estimate that 4.1 billion people were affected from 1984 to 2003, with 1.6 billion affected from 1984 to 1993, with the number growing to almost 2.6 billion from 1994 to 2003.⁹⁸ These numbers have increased as well with the increased frequency and scale of natural disasters in 2004-2006 period, including the toll of death (220,000 people) and homeless (1.5 million) from the tsunami of December 2004 and the Pakistan earthquake of October 2005 which killed 86,000 people and left millions homeless.⁹⁹ It is important to note that 98 percent of the 211 million people affected by natural disasters annually from 1991 to 2000 were in developing countries.¹⁰⁰

The location of these disasters in developing countries is particularly important because of the impact on their already low levels of income and poverty. Data on the distribution of these disaster “hot spots” shows that most of these disasters are occurring in poor countries and the greatest impacts are felt in urban areas. While the tsunami reduced Indonesia’s GDP growth only marginally, by 0.1-0.4 percent, the province of Aceh lost capital stock equivalent to 97 percent of its GDP. The Kashmir earthquake caused estimated losses of \$5 billion, or roughly equivalent to total development assistance to Pakistan, a large country of over 150 million people, for the previous three years. The periodic floods affecting Bangladesh and Mozambique continue to wipe out the agriculture and infrastructure of one of the world’s poorest countries. These differences in country circumstances mean a lot. Landslides in Venezuela and storms in France in December 1999 both caused about \$3 billion in damages, but France is much richer than Venezuela, with the costs of individual buildings also likely to be higher. Similarly Venezuela lost 50,000 people, while the death toll in France was only 123.¹⁰¹ An OECD study concluded

⁹⁶ The World Bank; Hazards of Nature, Risks to Development: An IEG Evaluation of World Bank Assistance for Natural Disasters, (Washington; The World Bank, 2006), p.3

⁹⁷ Ibid., p.3

⁹⁸ Debarati Guha-Sapir, David Hargitt, and Philippe Hoyois; “Thirty Years of Natural Disasters, 1974-2003: The Numbers”, (Brussels: Center for Research on the Epidemiology of Disasters”, 2004) quoted in Hazards of Nature, p.3

⁹⁹ Hazards of Nature, p.3

¹⁰⁰ International Federation of Red Cross and Red Crescent Societies; “Relief, Recovery, and Root Causes”, World Disasters Report 2001, quoted in Ibid, p.11

¹⁰¹ Hazards of Nature, p.5

that outside financing and donations usually represent less than 10 percent of the disaster losses, so the event is “a permanent loss of development momentum.”¹⁰²

The increasing frequency of these events, therefore, is a matter of great concern. Patterns of climate change resulting from global warming, increases in sea temperatures, and resulting weather patterns have all contributed to a 50 percent increase in extreme weather events by decade from the 1950s to the 1990s.¹⁰³ This includes heat waves which have produced dramatic losses of life in South India, France, and Chicago. For example over last 15 years, more people have died in the United States from heat stress than from all other forms of disasters combined.¹⁰⁴ The heat wave in South India was also very dramatic, with temperatures up to 50 degrees Celsius. Increased frequency of extreme weather events is even more important because this frequency is in specific locations such as Central America and the Caribbean where Hurricane Mitch affected Honduras and Nicaragua in 1998, landslides and flooding killed many people in Guatemala in 2005, where Caribbean hurricanes in 2002-2005 hit the whole region particularly Cuba, Haiti, Jamaica, and the Yucatan Peninsula in Mexico.

The conventional wisdom at the global level about natural and human-made disasters can be summarized as follows:

1. Natural and human-made disasters are not predictable.
2. They are indeed largely “natural”, i.e. caused by changes in nature.
3. Their occurrence is independent of human behavior.
4. As a result of the above, the major issues for policy concern preparedness, mitigation, relief and recovery.
5. Disasters can occur anywhere; they are largely independent of locality.
6. Recovery from disasters means restoring the conditions of the status quo ante, and not repairing the conditions which may have contributed to the disaster.
7. The responsibility of government is largely immediate relief, risk management, and providing insurance. The response of government is usually to “manage the problem” and not to undertake steps to remedy causal factors.
8. While the responses of government and voluntary organizations are helpful, they are usually inadequate to the scale and depth of needs.

¹⁰² Joanne Linnerooth-Bayer and A. Amendola; “Global Change, Natural Disasters, and Loss-Sharing: Issues of Efficiency and Equity”; The Geneva Papers on Risk and Insurance – Issues and Practice, Volume 25, No.2, 2000

¹⁰³ Guha-Sapir et al, op.cit

¹⁰⁴ Eric Klinenberg, Heat Wave: A Social Ecology of Disaster in Chicago, (London: University of Chicago Press, 2002)

9. Political reactions to disasters rarely go beyond “the blame game”, assigning responsibility rather than mobilizing political support for sustainable solutions.

Taken together, these tenets of conventional wisdom contribute little towards alleviating growing threats to urban safety and security from such disasters. In contrast to conventional wisdom, detailed descriptions and analyses of individual natural and human-made disasters suggest the following insights which directly challenge the above tenets:

1. Natural and human-made disasters are largely predictable within historical patterns of probability within specific regions and locations. These predictable patterns suggest that some regions are highly susceptible to these events, even though the specific location and timing of such events may be predictable only within wider parameters of time. An example would be the likelihood of hurricanes in countries bordering the Gulf of Mexico during the period June to October each year.
2. The locus of impact of natural and human-made disasters is closely related to ex ante conditions, for example mudslides and flooding is likely to occur in valleys where deforestation has occurred, as in the cases of Haiti and Guatemala.
3. Individual large scale disasters fit into broader regional patterns of specific types, death and injury tolls, homeless and affected, and financial and economic losses.
4. The performance of infrastructure – roads, drains, bridges, electricity networks, or water supply systems - in withstanding disasters is a good indicator of the ex ante capacity of institutions to manage, operate, and maintain infrastructure. An example would be insufficient maintenance of the drainage system of Mumbai prior to the annual monsoon season from June through September.
5. The risk profiles of increasingly large and dense urban centers of all sizes indicate that the vulnerability of urban populations is growing significantly. The increasing numbers of victims of such events, such as the 250,000 victims of the Tangshan Earthquake of 1976 in northeast China, reflect these patterns of urban settlement.
6. The profile of victims of disasters shows a disproportionate share of women, children, elderly, and disabled populations. This is well-illustrated in the case of the Indian Ocean Tsunami where male survivors outnumbered female survivors by a 3:1 ratio.
7. Natural and human made disasters are not events, but processes in which previous historical responses to events contribute heavily to the degree of preparedness and the extent and nature of impacts. The impacts of hurricanes on the Florida coast have been relatively contained as experience has grown about preparedness and evacuation procedures.
8. The extent of impact of a disaster is closely related to the capacity of institutions and the public to learn and adjust from previous experiences. The national mobilization in the Netherlands following the 1953 floods created a model of public education which has been applied thereafter and now to preparations to confront the anticipated rise in sea levels due to global warming. The more that people understand likely impacts, the more likely will they prepare for and/or evacuate situations of increasing risk. The differences in evacuation

experiences between New Orleans and Houston in 2005 in anticipation of hurricanes Katrina and Rita demonstrate the importance of public awareness.

9. Rather than assume that the impacts of disasters are independent of politics, it is apparent that political will plays a large role in the degree of preparedness, the nature of the short-term public response, and the medium and longer-term processes of recovery.
10. Recovery from disasters offers important opportunities to address underlying causes, problems, and institutional incapacities. Reform during recovery from disaster has a greater chance of success than reform during periods of “business as usual.” This experience is well-illustrated in the role of women’s NGOs and community groups in assuming a larger role in community decision-making in the relief and recovery process following earthquakes in Bursa in Turkey, and Surat in India.¹⁰⁵

These conclusions suggest alternative policies and approaches to conventional wisdom. Two principal policy messages emerge from these conclusions, first, it is important to understand more how human behavior contributes to disasters and secondly, more needs to be done to prevent disasters from happening. These messages also focus more attention to the distinction between natural and technological disasters, the latter being much greater contributors to mortality than natural disasters. Major industrial accidents such as the Union Carbide accident in Bhopal, India in the 1980s, an oil pipeline explosion in Lagos in 2006, a chemical plant explosion in Jilin, China in 2005, and a fertilizer plant explosion in Toulouse, France in 2001, all demonstrate that technologically-induced disasters can occur in regions regardless of income level. Indeed, analysis of the location of technological disasters concludes that the greatest risk has accumulated in cities of richer countries. This reflects the logic of concentration and economies of scale.¹⁰⁶

Part II: Causes and Triggers of Urban Conflict, Violence, Insecurity, and Disorder

Previous sections of this paper have provided the factual highlights of the challenges facing cities in developing countries and some sense of the important national and macro-economic stakes involved in addressing them. Given the large numbers of causes and types of disorder and violent conflict in urban areas, it is essential for policy purposes to be able to clearly distinguish cause and effect as a first step in moving from accurate description to analysis of causation to normative approaches and policy.

Four types of categories of causes might be useful in establishing an analytic framework which could be helpful for policy-making and management. These would include:

¹⁰⁵ UN Habitat, Enhancing Urban Safety and Security, op.cit. pp.17-18

¹⁰⁶ ibid., p.19

- Exogenous causes originating in the external environment, such as global or macro-economic change or environmental disaster. These are clearly powerful and generate a wide range of multiplier effects and consequences which frequently are only understood after the fact and are usually not anticipated in terms of policy and state action.
- Urban level causes which result from the dynamics of the urbanization process, including conflicts arising over land as cities expand in spatial terms, increasing population densities, or competition over scarce natural resources such as water. Unlike the first category of causes, urban level causes are amenable to government policy and action, both in anticipating problems and in resolving conflicts.
- Institutional causes which result from the consequences of specific policies and actions of various levels of government, for example, a decision to remove informal markets and hawkers from city streets in Abidjan or Mumbai or to clear squatter settlements from public land. Such decisions clearly are unpopular for a large and often the poorest segment of the urban population. They are frequently avoidable, but that recognition by public authorities is usually after the fact.
- Socio-economic causes which result from various combinations of conflicts between groups with different identities and necessarily different economic interests as well. Previous sections have cited examples in which it is difficult to separate religious identities from economic interests, as in Gujarat or Kano.

While these categories are useful in understanding the locus and origin of causes, they are less useful in terms of their behavioral symptoms and manifestations and thus not as amenable to actionable remedies. While it is often difficult to identify individual symptoms per se, it is possible to establish a checklist of situations which can trigger conflict and therefore need to be addressed in the conflict resolution process. These include asking whether there has been communication between groups, whether public authorities have helped to create fora in which different perspectives are recognized and heard, and whether possible outcomes can be identified as a path towards arriving at solutions. The issues of recognition and representation are critical in problem-solving and these apply in most situations. A key challenge is how to avoid allowing the response to the conflict to become an issue itself in the conflict, for example, avoiding police violence in maintaining order to becoming the object of new protest.

The problem of consequences of conflict is much more serious and less understood than it deserves. It is remarkable to see in case after case of urban violence how the possible consequences of violence are under-estimated. As Appadurai noted in observing how conflict and violence surfaced soon after the end of the Cold War in many of the regions of the former Soviet Union, historical animosities can lie dormant for long periods until they are provoked by new events and changes in the status quo. The consequences are thus not only physical in terms of injuries or death, or even economic and material as reflected in damages, but also deeply psychological and cultural, where whole groups of a particular identity can feel aggrieved as a result of some dispute. Historical memory is often a key factor in the expression of grievances.

With these considerations in mind, this section explicitly examines the causes of urban conflict, violence, insecurity, and disorder and places them within a conceptual framework

developed by USAID to assess conflicts.¹⁰⁷ This framework is consistent with the concepts distinguishing the components of vulnerability introduced above from the 2007 UN Habitat Global Report on Human Settlements, Enhancing Urban Safety and Security.¹⁰⁸ The framework is built on three notions which help to explain the causes of conflict and, as noted above, also point to remedies and preventive policies and actions:

- Incentives for Violence: Grievance and Greed
- Mobilization and Expansion: Access to Conflict Resources
- State and Social Capacity and Response

Each of these are discussed below in relation to the urban trends and evidence presented above, noting that the pressures coming through the global economy and the global environment, the influences of the performance of national political and economic institutions, as well as many inherent characteristics of urban areas – density, diversity, and economies of scale – all contribute to creating “windows of vulnerability” as described by USAID.¹⁰⁹

While this notion of “windows of vulnerability” includes political changes such as elections or legislative changes, economic shocks, natural disasters, and events such as riots or assassinations, urban areas themselves, for the reasons presented in Part I of this paper, are also highly dynamic and particularly susceptible to these myriad influences. Indeed in most cases, the geographical location or site of impacts are urban areas, where large numbers of people, concentrated in a specific bounded area, both feel the impact of change and then respond to it. Urban areas both concentrate and amplify these impacts and hence substantially increase vulnerability. Efforts to reduce vulnerability and to mitigate impacts, therefore, must also address the mechanisms which amplify and increase vulnerability itself.

A key step in understanding this dynamic is to identify what might be termed “the geography of risk”. Risk obviously is not evenly distributed across geography and population. Rather, it is distributed differentially in relation to key characteristics and relationships. For example, as suggested above, risk is more geographically concentrated with higher concentrations of people but also in relation to the institutions which are responsible for maintaining public safety and order. Historically public institutions have been less “present” in poor neighborhoods than in wealthier areas. Yet as illustrated earlier, slums represent a set of cumulative disadvantages for individuals and households which themselves increase the likelihood of grievances and conflict.

¹⁰⁷ USAID, Conducting a Conflict Assessment: A Framework for Strategy and Program Development, (Washington: USAID, 2005), p.14

¹⁰⁸ UN Habitat, Enhancing Urban Safety and Security, Chapter 2

¹⁰⁹ USAID, op.cit., p.14

The importance of slums was highlighted by UN Habitat in its 2007 Global Report on Human Settlements: Enhancing Urban Safety and Security.¹¹⁰ The report explicitly addresses three threats to urban security: natural disasters, crime and violence, and evictions, which were placed within a framework of the increasing vulnerability of urban populations, particularly the urban poor, as cities grow and become more differentiated in their economic and social structures and face rapidly increasing demands for jobs, infrastructure, and social services. The report focused on the need for individual cities to map the incidence of risk and vulnerability. It emphasized that slums represent a convergence of these three threats in that many slums are located in risk-prone areas such as flood plains, that they are inhabited by populations lacking incomes and economic security, and they further face the threat of evictions if they do not have some legally-recognized form of tenure or occupancy.

In the face of convergent threats and hence increased grievances by the urban poor, greater presence of municipal services as well as police in poorer neighborhoods would make sense in principle, if efforts were also concurrently made to understand economic and social forces affecting poor communities and to respond to those basic needs. Approaches of “zero tolerance” and “mano duro” achieve little in situations where underlying economic and social realities are the true causes of frustration and violence. From this perspective it is important to note that crime statistics in many cities indicate that within poor neighborhoods there is a greater likelihood of crime against persons, while crime in rich neighborhoods is more frequently crime against property.

With this introduction, and the assertion that “the city” is a particular arena which amplifies vulnerability and susceptibility to exogenous factors, the three categories of causes of conflict can be assessed.

1. Incentives for Violence: Grievance and Greed

The first concept which must be clearly understood is “grievance” itself. Grievance comes from two sources: from the perception of injustice, whether correctly or not, and from the perception of differences. People express grievances and demands if they feel that their needs and/or “rights” are neither being properly acknowledged nor addressed. If everyone is being treated the same in the sense that everyone’s needs or rights are not being addressed, there are fewer grievances. Homogeneity itself substantially reduces grievances.

However, homogeneity is opposite to the urban condition, where all urban processes in economies, cultures, politics, and in geographical space and built environments are differentiating rather than being more like each other. In contrast, all of these spheres are becoming more different. Urban areas are spaces of differentiation, indeed their dynamics encourage differences, for example, in the economy and in culture, where there are profits to be made from such differences, whether in new design of clothing to new music groups. Similarly, groups feel the impacts of public policies and programs differently. By definition everyone does not receive the water from the expanded system at the same time. Rather it comes in stages over time, with some groups benefitting before others, with the latter expressing frustration over why

¹¹⁰ UN Habitat 2007, op.cit.

they have to wait for 3 years to receive clean water and the adjacent neighborhood is receiving it now. Not surprisingly, the neighborhoods with water will become increasingly healthy and the provision of water sends a strong signal that residents can feel secure in their occupancy, therefore they will invest in improving their homes and businesses. Simply stated, one thing leads to another, but the outcome is clear: the neighborhoods and their residents will become more different from each other than they were before.

This process of accelerating urban differences or intra-urban inequality is a powerful motivation for grievance and conflict. As noted above, intra-urban differences are part of the urban growth process. Urban scale and composition change together, bringing in growing numbers of people, places, and activities. Each of these in turn involves different identities, economic interests, political claims, and institutions as well. It is not surprising that more identities and more interests lead to more grievances and more claims, all of which places new pressures on institutions to mediate conflicts and resolve problems. This is well-illustrated in the question, what are the differences between cities of 30, 130, and 230 neighborhoods? While each scale has identities, interests, claims, and institutions, their interactions multiply significantly as the scale goes up. Interactions can be peaceful, but they can also involve differences and thereby cause conflicts of various kinds.

The issue of greed is also highly relevant in understanding urban dynamics, whether in the increasingly important real estate and land speculation business in cities in developing countries or in the micro-transactions of the informal sector. In some respect the latter are frequently more regulated than the former as informal social norms operate between buyers and sellers, as well as for employers and laborers. Greed can lead to exploitation and the perception that differences, such as ethnic identity as in the case of Hindu and Muslim Gujaratis in India, or Chinese and Malays in Malaysia, motivate commercial behavior.

A. From “clash of civilization” to a “civilization of clashes”

Within the above notion of “incentives for violence, the notion of the current condition of societies in the developing world as a “civilization of clashes,” as suggested earlier by Arjun Appadurai,¹¹¹ is helpful from several perspectives. First it suggests that the daily series of conflicts and clashes which occur around the world are not just particular to individual countries or cities, but rather they are a consequence of various processes which are going on everywhere. The urbanization process as described in this paper is one of those processes, bringing people together and requiring them to find ways to solve collective and societal problems at an urban scale while at the same time acknowledging that individuals are left to their own devices to find ways to generate incomes, provide for their families, and to survive in an economic and social sense. A second helpful perspective is that this notion of a “civilization of clashes” also emphasizes that conflicts of various types are inherent in all societies. There is no a priori reason to believe that urbanization or any other social process can occur without conflict. Finally, it also suggests that conflict is ubiquitous, continuous, and, as populations grow, can be expected to grow and take new forms, particularly as two billion urban residents are added to the population of developing countries. Several types of conflict, motivated by different factors and incentives,

¹¹¹ Appadurai, op.cit.

can be easily identified. These include ethnicity, race, religion, as well as the impacts from public policies.

B. Four Incentives for Violence

1. Ethnicity

A first type of urban conflict is motivated by ethnic differences. While these conflicts have occurred in many countries, the example of violence between Kikuyu and Luo in Kenya in early 2008 demonstrates how differences, in this case political differences surrounding the results of a national election, can touch off deep historical ethnic hatreds and competition between two ethnic groups. It is not surprising that in a country with serious economic problems, high urban inequality, and large numbers of poor people that competing interests in one arena – politics – can incite violence across ethnic lines. While this case shows that a specific event – elections – can be the spark for conflict. It is a clear “window of vulnerability” as presented above. In fact it forcefully demonstrates that these differences are very close to the surface in Kenyan society. There are of course many other cases where ethnic violence surfaces in dramatic ways, but the issue is how potential sparks can be managed in political terms.

As noted above, ethnicity is also frequently congruent with economic interests. In the Kenyan case, this meant both rural land rights, for farming and grazing of cattle, as well as urban rights and access to various opportunities. Kenyan cities such as Nairobi, Nakuru, and Eldoret are heavily marked by ethnically-defined areas. These patterns are similar in Cote d’Ivoire where Baoule, Bete, and Dioula groups compete for economic space and opportunity in Abidjan and secondary towns. This is reflected in conflicts over location of space in municipal markets as well as in densely inhabited quartiers such as Treichville and Adjame.

2. Race

A second type of incentive for conflict involves race. While there are again many historical examples of racial conflict, the urban dimension of this problem lies in how intra-urban differences, for example in economic opportunity, are perceived and then expressed in economic terms. A dramatic example has been the outbreaks in some Southeast Asian countries against overseas Chinese shopkeepers and households who are relatively successful in commerce in cities such as Jakarta, Bandung, Manila, or Kuala Lumpur. There is a long history of ethnic conflict between “local” groups and the perceived Chinese immigrants, even when some of these Chinese families have lived in these cities for several generations. The conflicts are perceived in racial terms, with the Chinese being perceived as racially different.

3. Religion

A third form of cleavage has been religious, which may or may not coincide with racial differences. The violent conflicts between Muslim and Hindu communities in some Indian cities such as in Ahmedabad or Mumbai also have long historical roots which have left unresolved some of the historical differences which, in this case, go back far before the Partition of India and Pakistan in 1947. While cultural differences by themselves have the power to incite conflict, they become even stronger which superimposed on different economic roles or in urban markets where economic competition can occur. So the Gujarati violence in Ahmedabad over the last

several years has been both religious and cultural, while at the same time using these differences to violently assert Hindu dominance over local Muslim shopkeepers. It has even been legitimated by the Hindu Chief Minister of the State of Gujarat. A similar dynamic has occurred in cities such as Kano and Kaduna in northern Nigeria, where religion has been used to settle economic differences as well between Hausa and their southern Nigerian fellow citizens.

4. Policies with Cross-Ethnic Impacts

One of the most interesting aspects of these clashes has been to understand how some public policies have impacts which are cross-ethnic or cross-religious, i.e. they affect everyone in a city. These might include price increases for transport or water, or evictions of squatters from public or private land, or increases in school fees. In these cases, the economic and financial impact of such changes may have different weights on different income groups, but they have a cross-cutting character which can also inspire more united protests. These have occurred in cities as diverse as Cairo after price increases for bread and gasoline, in Mexico City after price increases for corn flour affecting tortillas, or in Santiago de Chile over educational policies and changes in the urban transport system. While these are different than the clashes identified by Appadurai in his notion of “civilization of clashes”, they are instructive in reminding us that some changes and impacts can affect everyone and also generate protests and conflict.

C. Destabilizing Shocks and Events

1. Impact of Macro-Processes

One of the important conclusions of the 2007 Global UN Habitat Report is that urban safety and security are also affected heavily by macro-economic policies and volatility. Here it is important to remember that global and national economic change historically generates instability and governmental change. The Great Depression of the 1930s saw more than a hundred government changes and the current global economic crisis has already seen some changes, for example in Latvia and the Czech Republic, as a result of the emerging economic and social turmoil. Strikes have already begun in 2009 in various parts of Latin America as the global demand for commodities and manufactured goods has dropped. In late March 2009 the Chevrolet factory near Rosario in Argentina laid off hundreds of workers as the demand for cars in Brazil has dropped. Workers then blocked the national highway from Buenos Aires to Rosario for six hours, diverting and delaying traffic. Apparently small events of this kind are increasing every day, most frequently in urban areas, so the world is entering a period of increased strife resulting from global economic processes. These macro-economic shocks thus create whole new sets of incentives for conflict at the local, urban, and national levels.

a. Political Instability from Unemployment: South Africa, Ghana, and China

A second obvious form of incentive for conflict has been the problem of unemployment itself has historically led to various forms of instability. The case of xenophobic violence against Nigerians and other foreigners in Ghana every few years results from growing pressures in the Ghanaian economy. Nigerian workers have been literally loaded on trucks by the Ghanaian army and police and sent back to Nigeria. The recent 2008-2009 case of violence against Zimbabweans in South Africa is another example of this phenomenon, as shifting economic

conditions set off conflicts between people who had been living peacefully side by side for decades. Growing numbers of refugees from Zimbabwe have frightened South Africans already worried by an economy which is slowing down. Perhaps the most dramatic case has occurred in China where in late 2008 some 20 million construction workers were sent back to rural areas as the urban construction sector has stopped many projects. These former rural to urban migrants were sent back to their places of origin, but there they were rejected by local farming populations who were worried about their already dwindling plots of land and the scarcity of economic opportunities. Many of these 20 million people were forced to move on to other locations within China. Given the numbers involved, it would not be surprising if this was a significant destabilizing factor in the country.

b. Price effects

As suggested above, price changes can also spark urban disorder. Typically these include food prices as well as changes in the prices of public services such as bus fares or water supply. These have also been more extensive protests around the privatization of public services. One of the most dramatic cases was over water privatization in Cochabamba, Bolivia, where a local private company together with the French water company, Suez, increased charges for domestic water supply and failed to consult with the local community about other changes in service. This led to so-called “water wars” and the eventual termination of the contract with Suez and the re-nationalization of the water company, even though the early days of the privatization process had been relatively successful and had provided a higher level of services than previously. Similar episodes occurred in several other cities.

These price effects are particularly strong and dramatic in situations of economic crisis. Facing economic contraction, governments frequently increase prices to generate more revenue, for example for water, energy, or by cutting subsidies for services such as free university education. Even if the recipients of these subsidies are frequently from the middle class, particularly in the case of university education, street protests against raising the real costs of service erupt in many cities around the world. Efforts to obtain “cost recovery” by public utilities or national governments are usually met by immediate and widespread civil society reaction.

b. Youth instability

Another incentive for violence has involved youth. The demography of youth in various regions demonstrates the growing scale of this issue. For example, annual youth growth rates have been about 6 percent over the last decade and youth shares of total population has reached 25 percent in Asia.¹¹² These growth rates are matched in Africa and Latin America where urban demographic growth as suggested earlier continues to be both large and steady. Moreover, high average growth of youth at the national level tends to be concentrated in cities and metropolitan areas, for example youth shares are 28 percent higher in metropolitan than in rural areas in

¹¹² Peter Xenos, “Demographic Forces Shaping Youth Populations in Asian Cities”, in Lisa Hanley, Blair Ruble, and Joseph Tulchin, eds. Youth, Poverty, and Conflict in Southeast Asian Cities, (Washington: Woodrow Wilson International Center for Scholars, 2004), p.7

Indonesia, Korea, Philippines, and Thailand.¹¹³ Many of these youth are migrants and, as a group, tend to marry later than in earlier years. Lacking jobs and education, they have been perceived as an “explosive group.”

This assessment goes back to earlier periods of insurgencies in Philippines, Vietnam, and Indonesia and led the late Samuel Huntington to describe youth as “the protagonists of protest, instability, reform, and revolution.”¹¹⁴ These alarmist descriptions led to analysis of the so-called “youth bulge” in national demographic profiles, but such increases were not robust predictor of regime failure or disorder.¹¹⁵

While much of youth instability initially revolves around school and later employment issues, it is also frequently provoked by events arising from youth entertainment. The lack of municipal regulation of night clubs, for example, has resulted in deadly fires in Buenos Aires, Sao Paulo, La Paz, Johannesburg, Manila, and other cities where dozens of youth have died. These events have led to sustained protests involving youth, blaming fire and police departments, and in many cases, supported by the families of dead youth. In Buenos Aires this resulted in the ouster of the Mayor on the grounds of legal responsibility for ineffective regulation.

The issue of youth instability also has a particular character in that its violence often results in arrests which are then challenged on the basis of the legitimacy of the protesters. The issue then shifts from being the original grievance to becoming demands for release of prisoners, dropping of charges, and complete amnesty, thus implying official recognition of the legitimacy of the grievance from the outset. Each step in this sequence – repeated in many countries – is extremely time-consuming and costly, particularly for the legitimacy of public institutions.

c. Relative Deprivation and the “New Poor”

Another form of violence has been the appearance of the middle class as active participants in disorder. In many cases the middle class is mobilized by changing economic circumstances, as during the 1980s in Latin America in the debt crisis, but more recently in Argentina in 2001-2002 with the cacerolazos, or pot-banging demonstrations by middle class people expressing their dissatisfaction with economic policies. While the middle class is not “deprived” to the same degree as the urban poor, there is a sense of “relative deprivation” or loss of previous economic welfare, such as subsidies for water, energy, or education, which has proven to be a powerful motivation for political mobilization. One observer of this process in Argentina referred to the middle class as “seduced and abandoned.”¹¹⁶

¹¹³ *Ibid.*, p.25

¹¹⁴ Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order*, (London: Touchstone Books, 1996), p.117

¹¹⁵ Xenos, *op.cit.*, p.9

¹¹⁶ Alberto Minujin and Eduardo Anguita, *La clase media: seducida y abandonada*, (Buenos Aires, Ensayos Edhasa, 2007)

In a parallel but also related behavior pattern, the middle class has also been visible in many cities in protesting the weakness of the responses of public institutions to problems of crime and violence. Political candidates who advocate *mano duro* policies have frequently received strong and very committed middle class support and won mayoral and city council positions on this issue.

2. Mobilization and Expansion: Access to Conflict Resources

The previous section of this paper identified the various incentives for violence and the motivations for conflict. This section addresses how conflict develops in urban areas and how conflicting parties and interests have access to the various kinds of resources required to carry out conflict behaviors. This is an important subject because much of the academic and professional study of conflict, and particularly in cities, has tended to focus on incentives and motivations rather than modalities. While interesting from both a descriptive and analytic perspective, the study of urban-based conflict has not been sufficiently normative to suggest remedies. This section will examine three kinds of resources: organizational, financial, and human.

a. Organizational Resources

Recent studies of cities in developing countries demonstrate that urban communities are highly organized, whether around spatial neighborhood interests, ethnic, religious, or racial interests, or through the economic and cultural networks which have in many cases been involved in helping people leave rural areas in the expectation of higher incomes in urban areas. This general conclusion differs sharply from many earlier studies of so-called “marginality” a term which was used to characterize poor urban communities and was later discredited by the now classic study of the anthropologist Janice Perlman, The Myth of Marginality, which demonstrated that the poor residents of favelas in Rio de Janeiro did not have any of the alleged attributes of marginality: unemployment, lack of family cohesion, religious affiliation and belief, among others.¹¹⁷ Rather they shared the same aspirations of other residents of the city. What distinguished them was their economic status and their residential location.

Studies in Africa, going back to the 1960s, showed that tribal and regional voluntary associations in urban areas were established with linkages to rural villages, allowing rural to urban migrants to be guided in their journey, received in urban communities, and assisted in the search for employment.¹¹⁸ These associations have been sustained over time, with many examples throughout Africa and other regions. These types of organizations have even been co-opted in some countries, such as China, which has established large settlements of migrants coming from the same regions within the metropolitan area of Beijing which even have police who come from the regions of origin and speak the same dialects. While most of these rural-urban organizations in cities around the world have not become institutionalized in this way, they

¹¹⁷ Janice E. Perlman, The Myth of Marginality, (Berkeley: University of California Press, 1976)

¹¹⁸ Kenneth Little, West African Urbanization: A Study of Voluntary Associations in Social Change, (Cambridge: Cambridge University Press, 1965)

have become reliable channels of communication, sources of social assistance for newcomers, and safety nets for people who fall on hard times in cities.

Communities of this kind are also found in Chicago, Los Angeles, and New York, where, in the latter case, thousands of migrants from Puebla, Mexico have settled in an area of New York which is now known as Puebla, New York. Accelerated migration from China to New York in the age of globalization literally overflowed in the last decade from Chinatown, leading to the establishment of a second and rapidly growing Chinatown in Queens. Similar communities exist in Toronto, in London, Marseille, and Istanbul. In Latin American cities such as Buenos Aires there are large settlements of Bolivian and Peruvian migrants, in Sao Paulo there are Afro-Brazilian migrants from the northeast of Brazil, and in Lima, *barriadas* populated by people from specific regions of Peru.

A recent study of a poor community living in a slum of Guayaquil, Ecuador, shows that households consolidated their community over three decades but as macro-economic shocks affected the country, whether changes in the oil price or structural adjustment programs, households used their networks to adjust. The most recent phase of this story includes, in the age of globalization, a large-scale Ecuadorian migration to Barcelona where these same networks persisted and sustained new arrivals.¹¹⁹ The role of the Internet cannot be under-estimated in providing the most important resource in these movements and life transitions: current, reliable information.

The existence and easy availability of these organizational resources suggests that while they can be used for purposes such as assuring the economic welfare of members in transition, they can also be used to defend themselves in conflict situations or worse, for terrorism. Solidarity on the basis of shared ethnic, religious, or geographic identities is trans-generational and highly flexible, depending on what situations arise. Reciprocity is an inviolate principle. Obligations to help are irrefutable, leading some families in Abidjan to decide to stay in two rather than three bedroom apartments, because the larger apartments leave no excuse to decline requests to shelter recent arrivals from the countryside.

This growth of household, ethnic, and regional networks facilitates the movement of over 100 million people a year, mostly to urban areas. The flexible and adaptable form of these organizational resources clearly can be used to sustain conflicts. It is no historical accident that Central American gangs, with bases in California, have emerged on a large scale in the age of the Internet and the cell phone.

One particularly troublesome aspect of the growth and global location of these organizational resources is whether they continue to be in fact “local” or “urban” anymore. While most of the issues which urban populations struggle over - jobs, shelter, infrastructure and social services, access to land and economic opportunity, and assuring equal justice in judicial institutions – remain “local”, how conflicts are resolved could easily become trans-urban and

¹¹⁹ Caroline O.N. Moser, Ordinary Families, Extraordinary Lives: Assets and Poverty Reduction in Guayaquil 1978-2004, (Washington: Brookings Institution Press, forthcoming 2009)

transnational if members of these informal networks decided to escalate local issues and to transform them into transnational issues.

In sum, the organizational resources to be mobilized for conflict are available, accessible, flexible, and reliable. Groups wishing to call on these networks can so at low cost.

b. Financial Resources

Implicit in the above discussion of organizational resources is the assumption that for the same reasons that organizations can be mobilized, so can financial resources. In fact, aside from the specific finance needed to purchase arms, all of the “needs” for conflict are largely logistic and thus can be provided by members of well-connected networks. A significant aspect of the financial dimension is of course the possibility of funding from diaspora communities which tend to be supported and involved in issues in their homes of origin. Other sources of funding, whether from on-site solidarity groups, from the sale of drugs, or from corruption of various types is possible in the urban context. But the overall constraint in urban-based conflict is unlikely to be money.

c. Human Resources

If much of the direct participants in urban conflict tend to be young urban residents, frequently housed in slums and poor communities, there is not really a shortage of likely participants in specific conflicts. High rates of unemployment, high frustration with the lack of opportunities, and the presence of media showing better levels of consumption and excitement all contribute to the availability of participants: whether passive demonstrators, active demonstrators, or combatants. Given the normally public and visible character of urban protest and conflict, angry young people, mostly men in Asian and Middle Eastern societies with more women participants in Latin America, do not need to be recruited per se. Rather they are frequently the victims of a specific injustice or economic situation and thus feel they have the right, if not the duty, to protest and to challenge public authority.

- State and Social Capacity and Response

The third part of the USAID conceptual framework for assessing the causes of conflict is state and social capacity and response. This part of the framework is particularly complicated because it requires linking incentives to possible responses and raises fundamental questions about not only capacity to respond, but also willingness by public authorities. This is well-illustrated at the outset by the problem of elites in power who may understand that reducing poverty, inequality, and social exclusion may help to reduce instability and conflict, and therefore may help them to consolidate their own positions and material welfare in the medium and longer term, but who may see that more equitable measures such as the composition of public expenditures such as subsidies and or higher tax rates may actually hurt them in the short term. Alternatively, policies which might regularize land tenure for the poor, and thus create incentives for the poor to invest in the quality of their own housing, could also involve transferring private urban land from landowners to slum dwellers, thus hurting landowners.

With these tradeoffs in mind, it is useful to return to the incentives for conflict as outlined by the USAID framework for conflict assessment and addressed in previous pages. As presented above, these incentives for conflict are to a large extent based on both the existence and perception of differences, i.e. material differences in economic and social opportunity, income, and wealth. If these differences are seen to reflect ethnic, religious, or racial differences, they immediately raise the issue of distributive justice and equity and thus generate a grievance which can become the underlying cause for conflict. The challenge for state policy and action, therefore, is to assure that policies are not only equitable and support greater equity in society, but that they are also seen to be so.

An example of this conundrum can be found in the pricing for urban water supply. If poor households in the slums of La Paz, Lagos, or Cairo are required to pay for water, they will do so, but only if they also know that middle and upper class households are also paying for water at similar rates. Governments which announce that “cost recovery” is necessary to keep water utilities financially sound – and therefore the poor must pay – must also assure that upper income groups also pay their fair share. Reducing differences in treatment is an essential part of assuring compliance and reducing the incentives for conflict.

The challenge of reducing differences is particularly difficult in cities, because, within a single urban space, such differences are immediately visible. The issue of visibility, therefore, is itself a catalyst for conflict, but it can also be a strategy to reduce the incentives for conflict. Issues of prices and taxes, access to permits and services, and the distribution of subsidies for transport, energy, and other infrastructure services are all “hot-button” issues. Yet they all are amenable to solutions which can demonstrate the government’s intention to assure improvements in distributive justice. In technical terms, policy-makers need to screen their decisions in terms of their likely impact on the creation and perception of differences, i.e. they need a version of a policy impact statement, much like an environmental impact statement.

The issue of managing conflict is often described in terms of the resilience of institutions to absorb grievances and to provide solutions of representation, participation, and material solutions. Groups want their grievances first recognized and their legitimacy acknowledged. Secondly they want to participate in decision-making processes affecting them. And thirdly, they want to see resources allocated in ways which contribute to solving specific material problems, such as water supply or health services. Each of these political requirements in turn demands attention and capacity.

As discussed above in relation to constraints on the productivity of cities, an obvious constraint in responding to conflict is the issue of urban institutional capacity itself. While this issue was addressed earlier, it requires more analysis in terms of understanding the specific limitations on both capacity and willingness to respond.

A. Constraints on Urban Institutional Capacity

Constraints on urban institutional capacity can be identified under 4 categories:

1. the scale and composition of demands on urban institutions
2. institutional structure and design

3. institutional financial capacity
4. institutional technical capacity

Each of these is discussed below and provides the foundation for the policy and action recommendations in the final sections of this paper.

1. The scale and composition of demands on urban institutions

As noted earlier, urban areas are rapidly expanding in multiple dimensions: they have more and different people, who have more needs and more demands, whether jobs, health services, or public transport. They cover more area, which requires more infrastructure, more policing, more physical movement and mobility, and larger numbers of jurisdictions to “manage” urban space. These larger spaces also require extensions of the built environment which requires construction, financing, and maintenance. While “more” can also imply more income, value created, savings, wealth, and productivity – and thus the potential for more taxation and public expenditures - more financial resources, as noted below, requires more information about citizens, households, neighborhoods, and much more. Thus the context of urban public institutions is extraordinarily complicated and, in many ways, is more difficult to manage than a national or international context because the proximity and visibility of all of the above adds an immediate daily urgency to demands.

2. Institutional structure and design

The second factor constraining urban institutional capacity is the structure and design of the framework of urban government which has been inherited in many cases from colonial administrative institutions, as in Francophone and Anglophone Africa and South Asia, or represents an evolution from these origins as in Latin America. Most urban governments, as originally constituted, do not have jurisdiction over either all of the services needed in urban areas, whether health, education, or police. They are thus dependent on other levels of government for policy and budgetary decisions affecting key parts of their portfolios and thus their ability to respond to demands and grievances in these areas. Moreover, many urban governments also lack the jurisdiction over the fastest growing parts of urban areas, usually the peri-urban communities which also house the great majority of low-income households. These two institutional characteristics: dependence on other levels of government for key services and lack of jurisdiction for the peri-urban areas, severely restrict the capacity of urban governments.

These issues thus beg two institutional questions: can the scope of local responsibility for urban services be expanded? Can the area of jurisdiction also be expanded to include the majority of population within an urban area? On the first question, the process of decentralization needs to be strengthened and extended to gradually include the full range of urban services. Many experiences of decentralization, for example in Latin America, have included some functions such as public works, but not social services or police. This will be discussed further in the next part of this paper. On the second question, the trend towards metropolitan government must be strengthened to increase the overall management of urban services and infrastructure as well as the many positive externalities and economies of scale which are created by urban agglomerations. At the same time, negative consequences such as

environmental pollution, crime, traffic congestion, and public health threats need to be managed at a metropolitan if not regional level. In the last two decades there have been many experiments with metropolitan government, for example, in cities such as Dakar and Abidjan with the transfer of French metropolitan institutional designs, or in Calcutta or Mumbai, with metropolitan development authorities, or Manila, with an overall metropolitan governmental structure. These should be evaluated in light of current trends and whether best practice and more effective approaches can in fact be adapted to the continuing challenges of urban governance and capacity.

a. Institutional financial capacity

As noted earlier, the lack of reliable financial flows to urban government represents a severe constraint on capacity to respond, whether to grievances and conflict or any other urban demand. The issue of urban finance falls into four categories: inter-governmental financial transfers, locally generated revenue for operations and maintenance, capital finance for infrastructure and other public goods, and housing finance.

A. Inter-governmental financial transfers

Most national governments have recognized the need to provide regular financial transfers to provincial/state governments and to local, urban governments as well. While the forms of these transfers vary considerably from one country to another, such as from the highly structured processes of the Indian Finance Commission allocating annual funds to the Indian states to co-participation funds transferred from the national to provincial funds in Argentina, or to co-sharing arrangements for priority urban infrastructure projects in Nigeria. While the laws governing such transfers and the whole area of inter-governmental financial relations as a whole are well-known, the actual experience of how these systems operate in periods of economic volatility and crisis varies considerably. Three issues stand out: the amount of funds to be transferred, the reliability of transfers, and their timeliness. Not knowing if central funds are coming at all, or when, or if they all appear at the end of the fiscal year when it is too late to properly spend the funds on priority projects, all of these are common experiences of urban government.

B. Locally-generated revenue for operations and maintenance

Given the lack of certainty of inter-governmental flows, developing local sources of revenue for daily operations and maintenance is a high priority for local governments. But here local governments are stymied by national tax systems which reserve the most productive taxes for national use, leaving taxes such as the property tax for municipal purposes. Property taxes have proven over time to be costly to administer because they require property registration which is difficult in peri-urban areas where occupancy and titling are often informal and not precise. While formal of property ownership and occupancy has some benefits, as emphasized

by Hernando de Soto and others,¹²⁰ the realities of land and housing registration systems are costly and too complicated. Their cost-benefit ratio rarely proves to be positive for municipal

¹²⁰ Hernando de Soto, The Other Path: The Invisible Revolution in the Third World, (New York: Harper Collins, 1989)

governments. Local governments, therefore, are frequently left with low-yield taxes and fees and continue their dependence on the vagaries of inter-governmental transfers.

C. Capital finance for infrastructure and other public goods

The third type of finance involves the capital needed for the long-term financing of major trunk infrastructure for water supply, electricity, waste removal, transport, and telecommunications, and public goods such as public parks and other facilities. With more than one billion people currently living in slums and another 2 billion additional urban residents expected for the next two decades, there is clearly a huge unmet demand for financing of infrastructure. Annual investments in urban infrastructure were estimated at about US\$150 billion in the mid-1990s; this number must closer to US\$275 billion in 2009. While the burst of private sector investment in urban infrastructure in the 1990s provided some needed finance, most of these private sources had dried up well before the onset of the 2008-2009 global financial crisis. These investments are long-life investments with expected benefits to be provided for 40 to 50 years. The unanswered question now is where will these needed investment funds come from?

This issue is closely related to the issue of grievances and potential conflicts in urban areas. Millions of people without basic water supply, sanitation, electricity, and transport represent a serious threat to public order. The issue of telecommunications seems to have largely taken care of itself with private cell-phone companies and networks. But the success of cell phones also demonstrates that urban residents, even the poor, have money to spend on priority infrastructure. The constraint is public capacity to invest in needed networks.

D. Housing Finance

The fourth type of financial constraint is for finance for housing. Like infrastructure, housing provides long term benefits but it cannot be expected to be financed through disposable cash on hand. Why should poor households be expected to finance their housing from their meager incomes if middle and upper income groups in rich countries need 30 year mortgages? The overall shortage of long-term financing for urban housing and infrastructure is major factor contributing to poor living conditions and thus to urban poverty and citizen grievances.

b. Institutional technical capacity

All of the above constraints contribute to the low level of technical capacity in most municipal governments. Wages are low, budgets are limited, and not surprisingly the instruments and equipment needed to adequately perform professional functions are lacking. The problems are three fold: physical technical capacity is low because of inadequate equipment, trained manpower is in short supply due to a generalized lack of training and poor working conditions, and local institutions are nonetheless bureaucratic and tied to outmoded procedures frequently inherited from colonial administrations.

Summary:

To conclude Part II, it is apparent that there are many compelling incentives for violence and conflict in cities in developing countries. The very process of urbanization itself is one of

accelerated differentiation in the economy, society, and in politics. More differences and more interests are expressed in ways which cannot be easily contained or resolved by public institutions. The resources for conflict are also considerable, supported by poor youth amidst large populations of urban poor who live mostly in slums without adequate water supply, sanitation, and social services. As Part II shows, there are also many structural constraints to state and social capacity to respond to conflict, much less to prevent it.

Part III. Addressing Urban Disorder and Violent Conflict through Development Assistance

The previous parts of this paper demonstrate the complexity, scale, and urgency of urban issues and the many incentives for conflict, the material and organizational resources to sustain and undertake conflict, and the heavy constraints on the capacities of public institutions to respond and contain conflict. In simple and direct terms, the prognosis is not good.

Nonetheless both public authorities and international agencies have various instruments available which can contribute to strengthening urban policy and management in developing countries, and thus improve the overall context from which conflicts emerge. They also have policies, programs, and projects which can be designed to address specific problems which spawn conflicts. Part III of this paper will therefore argue that development assistance must use both macro and micro approaches to managing urban conflict. The policy orientation might generally be referred to as moving “From Management and Mitigation to Cure to Prevention”.

Similarly, if much of the paper presents why urban conflicts arise and why governments are constrained in providing effective responses, Part III will argue that much more attention has to be given to the management of urban conflict, indeed through preventative measures rather than curative approaches after the fact. The costs of cures are simply too high and unpredictable in terms of whether they actually sufficiently respond to specific urban grievances. This suggests that how problems are managed in cities can be as important if not more important than what is done. In conflict prevention and resolution, the medium is the message, at least the first message.

1. Levels of Analysis and Intervention

As Parts I and II suggest, effective urban policy, and indeed effective urban assistance policy, requires a multi-level framework of analysis and intervention. These levels include the national level, the urban level, and the intra-urban level down to the neighborhood level.

A. The National Level

The prevention of urban conflict requires national understanding of the urbanization process itself, how cities are growing, what are the bottlenecks and scarcities they are facing, and the options for resolving specific issues. If more than half of the national population is living in cities, and if from 60 to 80 percent of GDP is coming from cities in most countries, surely the

“urban” problem is much more than a sector issue for ministries of public works or interior, or for municipalities. It is a national problem which must be understood as having macro-economic and national significance. This requires assuring that decision-makers throughout the public sector of all countries are made more aware of the issues discussed in this paper and are encouraged to learn more themselves within their own cities and countries. For example, macro-economists need to understand that their economic growth forecasts depend heavily on whether the supplies of urban electricity and potable water are reliable and available in the sites of production, which are mostly in cities. Ignoring the urban conditions within which the GDP is being generated is to under-value the significance of the instruments and processes which account for national economic growth.

B. Urban Level

Most of this paper has focused on the urban and intra-urban levels. The urban level is crucial in understanding the multiple and inter-related components of a specific urban area and how they operate together in a dynamic way. Urban dynamics are inherently unstable and should be viewed as constantly adjusting, much like prices in a market. Development assistance must recognize the legitimacy and significance of this arena of behavior and its highly influential role in determining other development outcomes. Simply put, it will be impossible for any country to make progress towards the Millennium Development Goals or any other developmental objective without the effective achievement of that progress in urban areas.

C. Intra-Urban Level

The third level of analysis and intervention is the intra-urban level, within cities. Here it has proven most important to recognize the role of intra-urban differences, spatial inequality, and differential opportunities to income, employment, services, and security. If several decades of development assistance focused on poverty, first rural poverty and later urban poverty, it is now apparent that the issue of urban inequality is much more relevant and urgent for the issue of urban security and public order.

2. Current International Aid to Cities

The presence of international aid agencies in this panorama of urbanization is both extended and yet insignificant. On one hand, by 2000, projects in cities which were supported by the multi-lateral and bi-lateral institutions were estimated to cover some 11,000 cities and towns in the developing world. The World Bank’s portfolio included projects in 7,000 cities and towns, while the other aid agencies were present in some of these as well as another 4,000 urban places. The biggest players in this work included the Asian Development Bank, the Inter-American Development Bank, the Cities Alliance, UNDP, USAID, UN Habitat, and DFID. Projects included capital investment in housing, water supply, sanitation, drainage, solid waste management, urban transport, electricity, environmental improvements, and social services including education, health, family planning, and nutrition, as well as technical assistance of many kinds such as the development of city development strategies or slum upgrading strategies. There is obviously a problem in “counting” and “accounting” in putting these figures together, because what “counts” in terms of a project located in a specific urban area may not be counted

that way by the donor agency which might see its work as being a health project. Nonetheless, a country by country accounting exercise in 2000 arrived at this rough estimate.¹²¹

While 11,000 cities and towns is a “large number”, the reality is that aid to cities from the international community has amounted to only about \$3 billion a year since the late 1970s, with the World Bank providing about \$2 billion of that amount. This is both a small share of total annual Official Development Assistance (ODA), but also a small number in absolute terms in relation to national investment in urban infrastructure by the developing countries since the 1980s. National investment has been estimated to be about \$150 billion a year in urban infrastructure, so that \$3 billion is a very small share. When asked in 2000 whether the international community had had a significant impact on the urbanization process in developing country, a senior Indian government official replied, “What a presumptuous question!”

1. Multi-lateral Institutions: coordinating policy and programming:

While the majority of urban assistance has been provided by multi-lateral institutions since the 1970s, there have been only intermittent efforts to actually coordinate the policy advice and investment decisions among these institutions. The analysis behind the Paris Declaration on Aid Effectiveness of 2005 certainly applies to urban assistance. The five principles of the Paris Declaration by committed signatories are thus appropriate and should be considered explicitly when urban aid coordination is considered. These five principles are the following:

- Ownership: partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions;
- Alignment: donors base their overall support on partner countries’ national development strategies, institutions, and procedures;
- Harmonization: donors’ actions are more harmonized, transparent and collectively effective;
- Managing for Results: managing resources and improving decision-making for results;
- Mutual Accountability: donors and partners are accountable for development results.¹²²

These commitments apply to all countries and sectors, to all donors and recipients, and, in effect, establish the ground rules with which the strategies, work programs, and procedures of aid organizations are expected to operate. In contrast to the multiple and often conflicting objectives and procedures of dozens of so-called assistance agencies, the Paris Declaration has established for the first time a global normative framework for development assistance.

This framework, while explicitly addressing how development assistance is to operate, also includes numerous references to what development assistance is supposed to achieve. The latter includes, among others:

¹²¹ Michael Cohen, “Urban Assistance and the Material World: Learning by Doing in the World Bank”; Environment and Urbanization, Volume 13, No.1, April 2001; pp.37-60

¹²² OECD, Paris Declaration on Aid Effectiveness, 2005

- “aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance”,
- aid is to “reduce poverty and inequality, increase growth, build capacity, and accelerate achievement of the Millennium Development Goals”,
- “enhance donors’ and partner countries’ respective accountability to their citizens and parliaments for their development policies, strategies, and performance”,
- “reform and simplify donor policies and procedures to encourage collaborative behavior and progressive alignment with partner countries’ priorities, systems, and procedures”.

The Paris Declaration also explicitly refers to “challenging and complex situations” such as the tsunami disaster to make the point that “worldwide humanitarian and development assistance must be harmonized within the growth and poverty reduction agendas of partner countries.” It also includes aid to fragile states where efforts at “state-building and delivery of basic services” need to be “adapted to environments of weak governance and capacity.” The document further commits its signatories to specifying indicators, timetables, and targets in the achievement of their commitments.

With specific regard to urban security and violence prevention, one of the most active programs supported by multi-lateral institutions is the Safer Cities Program of UN Habitat. Funded by various bi-laterals, this program has worked in a range of cities to document effective practices. It has not had the financial and technical resources to help individual cities or urban authorities.

2. Bi-lateral practices

All of the above, therefore, suggests a need to place the consideration of bilateral strategy for urban assistance and conflict prevention within this larger framework of aid harmonization. At present, while many bi-lateral agencies work on urban issues, very few actually have focused much attention to urban security issues. The major exception is the Government of Canada which established a Canadian Consortium on Human Security and the Human Security Research and Outreach Program supported by the Ministry of Foreign Affairs and International Trade. This program of activity can be seen on the website “humansecurity-cities.org” which includes both policy discussion and case studies. It includes a very useful publication of case studies which provide some information on many of the cases mentioned in this paper.¹²³

a. The Challenge of Urban Sustainability

When one places these issues into the larger picture of global, national, and even urban problems, it is apparent that violence prevention should be considered as part of the problem of urban sustainability. The notion of sustainability has been much used but rarely applied in

¹²³ Government of Canada, Ministry of Foreign Affairs, Human Security for an Urban Century: Local Challenges and Global Perspectives, (Ottawa: Ministry of Foreign Affairs, 2007)

practice. Recent work by UN Habitat has included efforts to reconsider this term to determine how the technical assistance program of the agency could be oriented towards this bigger problem. National efforts in Sweden have been extended through various country assistance programs as well. For the purposes of this paper, several concepts related to sustainability deserve mention.

1. Ensuring Human Security

The notion of “human security” has been receiving increased international attention since the 2003 publication of Human Security Now by the United Nations’ Commission on Human Security co-chaired by Sadako Ogata and Nobel Laureate Amartya Sen.¹²⁴ The key message of this report is the need to focus on the “security of peoples” not states. State security is another real problem, but the security of peoples, whether threatened by disasters, famines, civil conflicts, or repressive regimes, is a central human problem which undermines individual and societal development. The Commission argued that human security is a human right and therefore governments and the international community have the obligation to protect it. While this formulation closely intersects with much of what has been presented in this paper, its mention is intended to suggest that the security issue is becoming increasingly related to the human rights discourse as well.

2. Security for Development

Another formulation of the security issue is the notion of “security for development” which has been used by some international agencies to suggest that the lack of security from violent conflict directly undermines the achievement of development objectives. The extensive work on “conflict and development,” for example by the World Bank, led to many discussions in all regions over the past decade. The so-called debate over “failed states” has been part of this discussion which could easily be linked to the previous urban discussion.

3. Addressing the Causes of Risk and Vulnerability

An additional consideration is the fact that the understanding of risk and vulnerability in urban areas has broadened considerably over the past decade, as suggested by both the organization and content of this paper. No longer is risk understood simply in physical terms, for example from floods or hurricanes, but rather is seen as a multi-layered phenomenon which includes economic, political, cultural, environmental, and psychological factors. Pipes may collapse, but somehow we now appreciate that social order may collapse first and the risks to disorder are far less predictable than engineering failure.

4. Insecurity is like Inflation, It Hurts the Poor More!

We also now understand that insecurity does not have equally distributed impacts across income groups. Vulnerability, risk, and conflict have a greater incidence among the poor and their consequences for the poor are longer-lasting. The objective of poverty reduction, whether

¹²⁴ United Nations, Commission on Human Security, Human Security Now: Protecting and Empowering People, (New York: United Nations, 2003)

reflected in the Millennium Development Goals or other formulations, is thus heavily dependent on whether societies are stable. Countries such as Liberia, Sierra Leone, or Sudan have all suffered enormous costs from violent conflict which undermine any efforts to achieve any other objectives.

5. Opportunities for Productive International Cooperation

Finally, given the above, it should be apparent that development assistance efforts by individual governments are unlikely to be successful if they are not linked with and supported by other efforts in the same country. The problems are too complicated and costly to assume that single agencies can make a difference within individual developing countries. Not only is social progress and achievement of security objectives dependent above all on the developing countries themselves, but no government of a developed country is likely to have the sustained long-term political support to work over the long-term to address these issues. The complexity of the city is mirrored in the complexity of the international community, yet somehow pieces of these problems must be linked together in order to make progress.

5. Taking the Lead from the Developing Countries Themselves: Successful Experiences in Urban Management

While the complexity of these issues is significant, there are nonetheless many examples of positive experiences in addressing these problems. In some cases, there have been strong examples of national leadership in which national ministries of urban development have established policies, regulations, and programmatic approaches to specific issues of planning, land management, or housing.

- The case of Brazil is instructive where the Government under President Lula Ignacio da Silva established a national ministry of cities in 2002 which has managed to formulate policies on many of these issues, has supported the states and cities of Brazil to undertake projects, and has begun to establish a new set of precedents or “case law” in urban management. These efforts have not resolved the terrible deficiencies in urban services or reduced urban crime, but rather have established a new national institutional presence on urban issues which has changed the political landscape at the national and urban levels.
- The case of post-apartheid South Africa has also been positive as many of the issues of racial separation were embodied in the segregation of black and white populations in urban space through housing, zoning, and the provision of infrastructure and social services. These problems have been addressed directly and while the size of the housing and infrastructure deficit remains large, the processes are in place to improve the situation over time.
- The case of Colombia is noteworthy, because Colombian cities such as Bogota and Medellin were among the most violent in the world during the 1980s. Yet a decade later, mayors have been able to reduce the incidence of violence through a combination of innovative infrastructure and social services projects which have in turn changed urban culture by encouraging urban citizenship and social inclusion. The case of Bogota is instructive because Mayor Antaanus Mockus explicitly addressed social behavior in the city, using methods to demonstrate appropriate behavior, from crossing streets, to reporting problems, or to using public space.

Bogota's citizens now use the city differently. In Medellin Mayor Sergio Fajardo started a program of building spacious public libraries in poor neighborhoods as a way to recognize the intelligence of people and their interest in learning and thereby build up self-esteem and community consciousness. Crime has dramatically declined.

- The case of the city of Rosario in Argentina has significantly improved social conditions and public health by integrating social practice into its new public architecture. A new project includes improving the transparency of the judicial system by making court rooms visible through external glass windows which send the signal that if justice is to be publicly transparent, it must be visible.

Each of these successful experiences emerged from local leadership and local institutions. They were not the product of urban assistance. They emerged from local efforts using local knowledge to find solutions to local problems. The key here is obviously recognition of local knowledge and the need to support local efforts.