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The Metropolises of the South: Laboratory for Innovations?

Towards better urban management with new alliances

Policy Paper 25

I. Urbanisation: the world is becoming municipal

1. Development tantamount to urban development

The United Nations Conference on Human Settlements in Istanbul (Habitat II) held in 1996 declared the new millennium the "urban millennium"; and at the 2004 World Urban Forum in Barcelona, UN Secretary-General Kofi Annan described the rapid urbanisation of our planet as one of the greatest challenges to mankind.

What is so special and challenging about this development? Cities have existed for over 3,000 years and urbanisation processes have accompanied mankind since then as a self-evident part of social development. This development is, however, new and challenging in numerous respects.

Firstly, it involved the majority of the world's population shortly after the beginning of the new millennium, with over half of that population now living in urban centres. This means that typical urban ways of life and economic systems dominate, though alongside typically urban problems of development.

Secondly, the dynamics of urban development have taken on a global scale. Even though the urbanisation processes proceed to a varying degree and at a different pace in individual regions of the world, the fundamental dynamics nevertheless apply to all countries. The development concerns countries of all political systems, rich and poor national economies, as well as less industrialised regions with differing results.

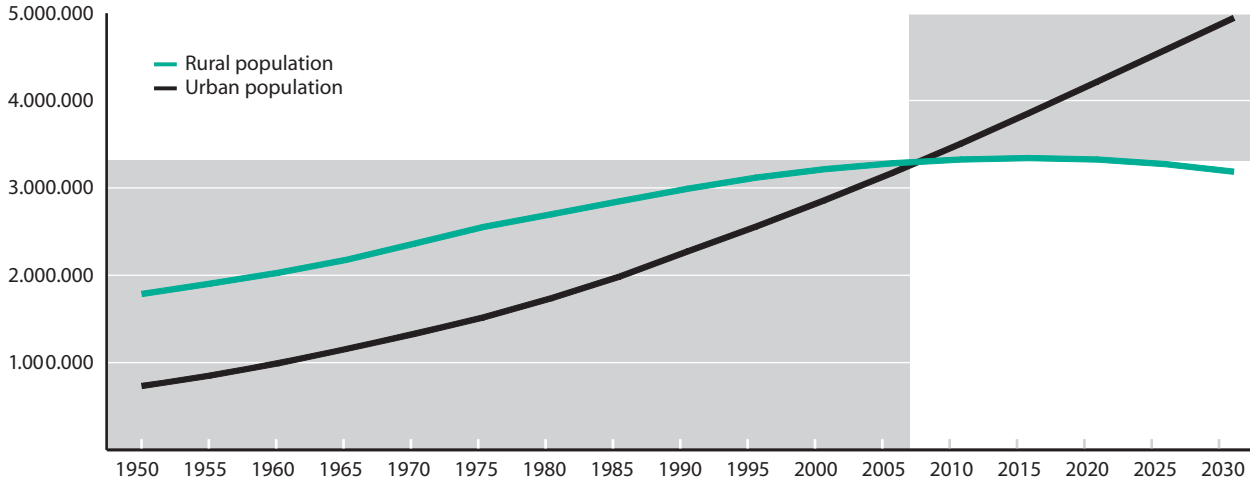
Thirdly, this urbanisation is increasingly linked to mechanisms of globalisation. Urban development depends to an ever greater extent on decisions taken by global players in industry and the economy. The global decentralisation of production locations according to a wage-cost geographical optimisation calculation is creating a "transnational geography" (Saskia Sassen) and a new globally determined centrality of urban areas. The globalisation tendencies in the financial sector and communication are contributing to this, as is the global spread of norms of consumption and behaviour. Cities are, indeed, poles of growth and development in this respect.

Fourthly, however, contemporary urbanisation tendencies also harbour an unprecedented social and political explosive force in that, according to the present trends, the urban population will grow from 2.8 billion people in 2000 to 4.9 billion in the year 2030. This growth of 2.1 billion will take place almost exclusively in developing countries, with roughly half or around 1 billion confined to the slums. Today, there are already over 900 million people—i.e. one third of all urban dwellers in the world—living in areas with no water supply or sewage systems and in a state of legal uncertainty. Added to this, it is precisely the urban centres that are responsible for the destruction of non-renewable energies on a scale never witnessed before in the course of history.

2. Can urban development be controlled?

It cannot be a question of whether this process is desirable or not. Nor can it be controlled in the deterministic sense of traditional planning ideologies. Urbanisation is an inevitable and irreversible process of socialisation which will have a drastic influence on the lives of most people on the globe in this century. In view of its dynamics and dimension, however, it is taking on a scale that calls the old regulatory mechanisms into doubt. The present situation displays a number of multinational features and characteristics that apply to almost all cities in the world:

Estimated development of urban and rural populations, world totals



Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2003 Revision Population Database, http://esa.un.org/unup (2 May 2006).

- a chronic financial weakness, which calls even the provision of genuinely urban services such as basic infrastructure and ordered land management into question, forcing new alliances to be made with international companies which, however, do not normally have any interest in the poorer sections of the urban population;
- increasing fragmentation of the urban area's social space. A number of cities in southern countries are literally falling apart into ghettos and gated communities, into poor and rich districts, into no-go areas and guarded residential and consumer zones of the upper and middle classes; cities do not have the financial or management capacity to counteract the exclusion of ethnic or social groups in a sustained manner on their own and to significantly improve the living conditions of the poor in urban areas in a sustainable way;
- increasing organisational weakness of the legitimate state bodies up to and including the dissolution of local governance as well as a simultaneous growth in "informal" practices of land use, construction, industry, supply of essential goods and services, as well as local authority organisation. The conventional means of urban planning are failing in the face of the dynamics and complexity of informal regional development processes.

In many countries, these factors have exacerbated each other to such an extent as to jeopardise the functioning of the municipalities or call their functioning into question altogether. Rather than merely resulting in blatantly inadequate provision for a substantial part of the urban population (over 50 % in a number of cities of Sub-Saharan Africa), it also gives rise to crisis-related migration, urban poverty, violence, political instability, extreme environmental problems and diminishing interest in private investment, which, in turn, has a negative influence on the economic situation — a cycle of degradation and destabilisation.

The United Nations' Millennium Development Goals, which strive for an improvement in the living conditions of 100 million slum dwellers by 2020 (Target 11) among other things, cannot be achieved without drastic — and unconventional — measures. This also includes developing new partnerships, greater integration of the civil population and a reorientation of development policy.

In view of the correlations between urbanisation and development outlined above, it is astonishing that there is no evidence of any urban or specifically municipal emphasis in international politics. Although this may be understandable for core foreign policy areas such as trade and security, it is, amazingly enough, also true for development policy. The old schemata, which also assign the rural area the primacy for solving urban problems or reduce the complexity of urban problems to more easily manageable sectoral aid, are proving to be extremely persistent among the multilateral and mostly bilateral donors.

Urbanisation processes hold significant potential in this regard, in that social change in a country first and foremost manifests itself in the cities, from where reform processes start. The large urban centres are the bridgeheads to the global economy and thus also the links for innovation and economic development. If one wants to intervene in the dynamics of urbanisation, one has to start where they take place. From this viewpoint, it is advisable to search for new strategic points for interventions. This paper attempts to concretize a starting point for this which has been neglected in the discussion so far.

We assume from the theses that

- first, although the development cannot be stopped, it can at least be steered, following the principle that it is best to jump on the bus and try to influence its direction if it is not possible to stop it, and
- second, that politics must enter new alliances for this purpose at local, national and international level, and with groups which, to a large extent, did not previously belong to the group of participants in state development. Meant here is the civil population of the urban areas — also and precisely in those cases where 50 % of the urban dwellers live in informal residential areas.

II. Urban characteristics: complexity, informality and a large number of players

1. Complexity

The "city" as a spatially defined category and subject of state and international politics is becoming increasingly blurred. Many cities have a significant urban agriculture, which makes an essential contribution towards the survival of the poorer urban dwellers. Conversely, large industrial areas, urban-related agricultural production and informal residential areas have been created in former rural districts.

In addition to the mega-cities that have established themselves as supraregional economic centres, there is a tendency towards new forms of mega-urban agglomerations, the development of which cannot be halted by administrative boundaries. Examples of these include the Pearl River Delta in China with 120 million inhabitants and Ciudad Corona in Mexico, as well as urban regions like the Ruhr. What they have in common is the emergence of large semi-urbanised areas on the outskirts and between concentrated centres. This makes the classic contrast between

the city and the country, which also plays a substantial part in determining political action, obsolete in part. It is urbanised ways of life rather than "the city" that need to become the focus of political attention to a greater extent.

In addition, some of the largest cities in developing countries meet the requirements of a global market in terms of specialisation and flexibility. Global cities like Shanghai, Singapore and London are characterised by their position in a globalised world economy and are, in spatial terms, also organised internally according to the location requirements of international companies.

In addition to size and integration into the world economy, regionally specific characterising features also have to be borne in mind. In Latin America, for example, more than 70 % of the population live in cities while Africa south of the Sahara is not very urbanised in comparative terms, though it does display the highest degree of dynamics in the urbanisation process worldwide. The form of urbanisation in Latin America with its large number of cities with more than a million inhabitants is also different from that in Sub-Saharan Africa, where small and medium-sized urban centres are more typical. Within cities and urban regions, global mechanisms of urban growth do not necessarily give rise to the same local phenomena. In Latin America, for instance, urban problem situations arise, in particular, through the polarisation between the prosperous and marginalised sections of the population; they become visible in the fragmentation of the city landscape and uncontrolled peripheral urban growth. In contrast, the urbanisation of poverty can be observed in Sub-Saharan Africa, where cities are increasing in size without economic growth. As many as 72 % of the urban population there live in slums, with the majority of jobs in the informal sector. Asia boasts the highest rates of urbanisation coupled with long-term high economic growth (China), in addition to poor countries like Cambodia and Bangladesh, where urbanisation primarily goes hand in hand with increased urban poverty.

2. Informality

The common denominator of these processes is that they lead to urban centres that do not correspond to the image of the city in the European sense, i.e. characterised by political, social and structural coherence, but, rather, to urban living and production interrelations with a high degree of informality.

Informality can be regarded as an expression of exclusion through which a significant part of the population is omitted from state or "formal" provision mechanisms, e.g. in relation to work, pensions, education, health, infrastructure, land and living accommodation. Informality has become a central category for understanding the functioning of the administrative, economic, social and spatial systems of municipalities. State or even urban policy frequently reaches no more than 50 % of the population.

Informal cycles were ignored for a long time because they make a direct or indirect contribution towards the functioning of the "formal" municipality. The poor are indispensable as watchmen, gardeners or providers of all kinds of cheap services. With increasing globalisation, however, there is also evidence of disengagement from previously nested local business cycles, which leads to extreme polarisation of incomes and spatial fragmentation up to a politically explosive antagonising of particular groups.

3. Large number of players

It was assumed for a long time that cities sink into complete chaos under conditions of a lack of state regulation, thus causing them to reach a saturation limit in terms of growth, defined by their losing their attractiveness even for poor migrants. The reality shows, however, that other structures take over in situations of need and the failure of "formal" supply and provision mechanisms. These can take the form of non-governmental organisations (NGOs), community-based organisations or private initiatives, such as the garbage collectors and sorters in Cairo or Mexico City. In many areas of social life, organisational forms have developed from the most varied ideological and professional viewpoints which—networked with organisations from the North—attempt to fill the supply and provision gaps. Even though not always perceived as such, the number of groups and organisations actually contributing to the functioning of the city has multiplied over the past few decades. The problems in many cities would escalate if it were not for the NGOs active in the health and housing sectors. A landscape of such players, hardly transparent and very fragmented, in which services are provided—often in competition with each other and with state institutions—which we would categorise under the state's responsibility is now characteristic of many cities.

Recommendations

- In view of the rapid trends of urbanisation, development policy must increasingly be turned into municipal policy.
- An effective urban policy must, in view of the global determination of local processes, also start at the international political level.
- It must take appropriate account of the activity mix of local players by virtue of the increasing significance of informal structures and new civil society forms of organisation. This implies relinquishing the service monopoly of the regional administrative body (local authority) in favour of multi-player models.

III. From "government" to "governance"— players and their roles

For a long time, there was a prevailing understanding that development in cities was a question of providing infrastructure and that the state—mostly in the form of the centralised state—could cope with this task if it were only equipped with sufficient resources and instruments. This understanding of urban planning reduced to investment planning results, for example, in half-deserted satellite towns. Political decision-makers increasingly came to the realisation that, rather than mere financial resources, a shift in the areas of responsibility was also needed in order to solve the problems of cities. This and other deliberations consequently led to the deconcentration and, later, the real decentralisation of state responsibilities, in the course of which some of the competences of central state institutions were transferred to the local authorities. In most Southern countries, this decentralisation process, combined with the strengthening of local self-administration, i.e. local democracy, has been carried out over the past few years or is presently being implemented. Where this process is not intended to merely comprise the decentralisation of responsibility, it is accompanied by the introduction of mechanisms to provide regional administrative bodies or local authorities with funding.

It has been shown, however, that even decentralisation models that are regarded as successful, e.g. in Ghana or Brazil, have to struggle with the difficulty of the non-existence of the necessary conditions of efficient local policy in the form of political structures or an administrative culture. The problem of *governance*—first determined as a serious deficiency at national level—also presents itself at local level in a special way. Clientelist structures for the development of informed opinion and distribution of resources stand in the way of the norm of transparent democratic decision-making. A large part of the urban population is not represented in the political system, anyway. It is, at most, registered through receipts for the payment of the electricity bill. Political manipulations in relation to elections are the order of the day. When democratisation is limited to the creation of vote banks for local politicians, the standard of a local representative democracy cannot be met accordingly. If urban policy means the legitimate negotiation of the distribution of scarce resources, it must then be established that a large part of the urban population has so far not been part of these very processes.

The problem of local governance thus lies in achieving genuine involvement of the excluded population (or enabling it to articulate itself) as well as improving the city's competitiveness in a globalised economy through investment, e.g. in macro-infrastructure like airports, highways and the like. There are no patent remedies for solving this problem. In overall terms, however, there is not so much a lack of technical knowledge; it is more the absence of concepts and skills for successful local authority management under conditions of structural shortcomings, the pressure of social problems and regional or global pressure of competition that is of concern.

In most cases, the municipal administration alone does not presently have
(a) a sufficient basis of legitimation,
(b) necessary enforcement or monitoring capacities
(c) or sufficient personnel and administrative resources for the implementation of poverty-oriented projects

at its disposal.

Considering this triad of classic requirements for the solving of urban problems, it becomes clear that the future of urban management lies in flexible, participative and co-operative models.

1. Governance through partnership and consensus

Based on these criteria, the problem of local governance is posed anew: there are no prospects of solving the problems being faced without the involvement of civil society organisations. Furthermore, without the redefinition of urban governance in the direction of a cooperative model of institutional action in which urban, national and international players (e.g. as financial donors) work together with intermediary organisations (frequently NGOs) on joint problem solutions, dualisation of the city in terms of the formal versus the informal will progress further, thus greatly increasing the degree of exclusion.

It is therefore not a matter of allocating the provision of services previously assigned to the local authorities to NGOs or small companies: it is, rather, a case of establishing and forming new project-related or long-term strategic partnerships.

In Mumbai, for example, the municipal administration is working together in large-scale resettlement and reconstruction projects with slum dwellers and families who have erected their huts on public roads over the last 20 years. The main bodies responsible for the programme are the *National Slum Dwellers' Federation* and the women's organisation *Mahila Milan* as community-based organisations, the *Society for the Promotion of Area Resource Centers* as the intermediary NGO and the municipal corporation. Funding ensues through an innovative model for the mobilisation of private capital which is skimmed off in housing construction projects for those in the higher income brackets. The driving force in this case is not so much the municipal corporation and more the national slum dwellers organisation and the supporting NGO. They have gained an international reputation, also among donors, which helps them locally in negotiations with the municipal corporation or private owners on the issues of land and infrastructure.

An analysis of this example shows that the initiative does not necessarily have to come from the state and that although the cooperation is not always free of conflict, it is

beneficial to everyone in the end. Similar win-win constellations of different players are also known from other countries (Thailand, Cambodia, Brazil, Argentina). What is characteristic in this regard is that there is no evidence of any generally applicable division of roles.

Recommendations

- In the course of decentralisation, local governments and municipal corporations are increasingly becoming responsible for urban development in place of central ministries. This also makes them partners in development cooperation and they need to be involved more in the structuring of its aims and objectives.
- Cooperative models in which residents' groups, intermediary organisations and municipal corporations are involved should be given special support. They provide approaches for a realistic policy oriented towards the solving of problems.

IV. Who are the civil society players, how can they be integrated?

1. Community-based organisations and intermediaries

The concept of the civil society is a broad one. In this context, only those civil society players are considered who stand out through their active participation in urban development processes and offer new points of approach for urban policy.

Community-based organisations are member organisations that speak up for the interests of their districts and settlements at local level. Their involvement is normally aimed at finding solutions to specific problems, such as water supply, drainage or the like. Their commitment and high degree of readiness to be actively involved in projects aimed at improving the living situation and living environment are based on their being directly affected.

The advantages of these civil society groups lie, by virtue of their being directly affected, in their closer proximity to the specific needs of the poor urban population than the municipal corporations, not being bound to administrative or city boundaries and being able to respond to new urban problem situations in a needs-oriented way and more rapidly than state institutions.

There are increasing numbers of *urban movements* which are supported by amalgamations of different groups and organisations and which have established themselves as an important factor in the political urban landscape over the past few decades. In the face of political decision-makers often preferring market-friendly solutions that are normally too expensive for the poor, social movements are emerging to assert demands in the areas of land rights, water, electricity, sewage disposal, housing construction and healthcare. This has produced, for example, nationwide associations of the poor—e.g. in Bolivia, Cambodia, Guatemala, India, Kenya, Malawi, the Philippines, South Africa, Sri Lanka, Thailand and Zimbabwe. The basis for the work of these associations is often formed by savings groups managed by the poor themselves. The smallest savings are put together to facilitate access to loans. Organised as a local process, the savings groups are seen as important throughout their cities and have merged to form national and international federations.

In a number of countries, the degree of representativeness and professionalism they have achieved has made them political partners for local governments and municipal corporations that can hardly be bypassed where matters of settlement policy, urban planning or the implementation of reconstruction programmes for slums are concerned. Some have also made political capital out of their information edge concerning data on their own clientele through conducting their own professional surveys. Official statistics frequently convey an erroneous picture of the number of marginalised families, their incomes, as well as their social structures and living conditions. The national leaders of the federations have access to politicians of all parties and are a factor in the political discussion on urban development (e.g. in India, Thailand, and also in South Africa at times).

Rather than acting alone, they normally receive assistance from *intermediary organisations*. These are either NGOs (Argentina, Indian, Mexico, the Philippines) or para-state institutions (Thailand). A symbiosis, hardly noticed even among the specialist public, has grown in this regard in which community-based organisations have developed previously undreamt-of argumentation skills, dependability and continuity together with their supporting organisations. As partners of the local administrations that are rooted in the population affected and are at the same time efficient, this makes them predestined for cooperation concerning reconstruction, housing and land matters. They are also developing a strategic and political awareness to the effect that what was previously considered impossible can now be achieved, namely that illegal occupiers on private or public land can actively organise their own resettlement. Finally, they are forming international associations which not only facilitate international exchange; they also provide them with direct access to international agenda-setting circles.

The constellation described also presupposes a special type of intermediary organisation. In addition to the traditional terms of reference of non-governmental organisations, such intermediary organisations also possess the ability to cooperate with the community-based organisations, which are difficult to formalise, as long-term

professional advisers without dominating them. This role is the precarious one of a mentor, which requires a special culture of dealing with urban poverty in a pragmatic way, something that does not meet with the approval of all organisations.

Diversification has also taken place with the professionalisation of the NGO scene. The contexts in which they are active are just as multifaceted as the spectrum of the civil society organisations themselves. An organisation of slum dwellers will, for example, pursue different objectives to an environmental group established by academics which is concerned about preserving the city's parks, for instance. It would therefore be wrong to understand civil society as a homogeneous group with the same interests. Instead, their special quality lies in the diversity reflected by urban life.

Experience has shown that directly involving the poor in the markets is considerably more complicated than assumed in the 1980s and 1990s. Nonetheless, there is a prevailing notion that the urban poor can be turned into borrowers and investors through land regularisation and mortgages. However, none of the numerous experiments conducted so far has been able to confirm that the poor can be successfully integrated into formal monetary cycles through the allocation of land and improved access to the banks alone. The main reason for this is that other more complex mechanisms take hold in the informality in which the majority of the urban poor live. The social chapter—the inclusion of payment-in-kind services and network structures in the family "budget planning"—is thus often more important for the personal situation of individual families than the financial resources available to them. This anomaly has to be taken into account precisely in the case of urban development programmes. The civil society organisations working in these contexts are familiar with the socio-economic situation of the groups and can exploit appropriate potential. Many local organisations also have experience with financial instruments and can guarantee accountability. They are suitable partners in areas such as the granting of micro-loans, improving the local living environment and other development programmes based on smaller monetary cycles.

2. Integration of civil society players in urban policy

Confrontations with state institutions, which were previously regarded as the tried-and-tested form of civil society action, have given way to a culture of dialogue. In recognition of the central importance of the involvement of those affected for the sustainability of urban development measures, increasing significance is being attached to *negotiation processes* throughout the world. Associations of the poor exist in nearly all countries, with some of them presenting themselves as partners for municipal corporations in the development process.

To organise the *involvement of the population* and mediate between the individual interest groups and levels, institutions are required which can ensure dialogue between residents and the municipal corporation or state authorities. In a large number of developing countries, this function is performed by *intermediary non-state organisations*. Many NGOs as well as community-based groups are now working together professionally and often with public bodies in the areas of empowerment and participation.

India, a country with a long democratic tradition and high degree of urbanisation dynamics, provides one of the most striking examples for this at present with the cooperation already outlined between the *National Slum Dwellers' Federation* (a type of "umbrella organisation" for those living in slums), the women's organisation *Mahila Milan* and the NGO S*ociety for the Promotion of Area Resource Centers* as well as the respective municipal corporations. However, examples from a large number of other countries also show that it has been possible to develop more effective strategies for combating poverty through the integration of local organisations. This often takes the form of informal, sporadic involvement in individual projects. Institutionalised involvement in the shaping of urban policy can safeguard long-term cooperation and lead to stronger synergies. In Thailand, for example, thousands of small local organisations are included, with the government supporting this process over a period of two years under a slum upgrading programme in 200 towns and cities. The state grants loans to networks of residents' organisations via the semi-state *Community Organisations Development Institute* (CODI) in this regard, thus recognising them as active players.

These new horizontal forms of cooperation and networks of players at local and national level can also be found increasingly at the international level. Municipal governments and administrations are forming networks in worldwide initiatives such as the *Cities Alliance*, the *United Council of Local Governments* (UCLG) and international city partnerships. Local organisations are amalgamating to form international player networks. NGOs are joining together worldwide in umbrella organisations like the *Habitat International Coalition*, while community-based groups and nationwide associations are also combining their strengths, as in *Slum/Shack Dwellers International*, for example, thus gaining direct attention for the slum dwellers in the international political arena. In addition to exchanging experience, these networks make it possible for local organisations to exert influence on the policies of international organisations.

This potential has not yet been taken up at international level. When formulating the Millennium Development Goals, the governments failed to include slum dwellers, for example.

Recommendations

- It is becoming clear that civil society actors are playing a decisive role in the shaping of urban policy in addition to municipal corporations. They include: a) community-based organisations, which are particularly effective when they are organised nationally or even internationally (global communication networks), and

b) professionalized intermediary organisations (normally NGOs), which mediate between the cultural and economic spheres of different groups, help community-based organisations to articulate themselves and are active up to and including the international level.

Urban policy and development policy have to be positioned on this changed territory.

- At local authority level, the priority is to build functioning and transparent systems of government and administration. Democratic processes for developing formed opinion have to be structured and practised, as must new forms of interaction between the state, the economy and the civil society. Local decision-makers and municipal corporations need to recognise the importance of local initiatives, support them and work together with them. A specific programme is often required in order to adapt corresponding structures to this in the municipal administration apparatus. People-oriented administrations, transparency and participatory budgets are goals that point the way ahead.
- The civil society represents in de facto terms a "third force" in social negotiation processes. Their possibilities still need to be strengthened in practice, and important decision-making bodies have to be made accessible for them.
- There is a need for action at national level to support administrations with regard to more effective management. This also includes, in particular, the involvement of non-state initiatives and coordination of all the local players.
- At international and donor level, only limited use has been made of the large number of players and their networks as possible partners up to now. Development cooperation must enter into short-term alliances or longer-term coalitions with different players. Urban policy and development policy in the urban domain needs to utilise the potential of the new player constellations and enter into new strategic partnerships. The millennium goals cannot — insofar as they relate to reducing urban poverty — be reached without the strong involvement of the civil population.

3. Challenges in the inclusion of civil society players

The call for the inclusion of civil society should not trigger any idealising expectations, as happened almost two decades ago with privatisation and decentralisation. Although civil society organisations can make important contributions, they will certainly not be able to solve the diverse problems of urban development on their own.

Furthermore, the new role of non-state players in the shaping of urban policy is not entirely unproblematic. Elected politicians voice the criticism that they lack (formal) legitimation because their representatives are mostly not elected. Also subjected to criticism is the often characteristic unpredictability of local organisations, which discredits them as partners in the eyes of formal institutions (banks or local administrations).

Civil society organisations are (like state institutions) sometimes also affected by unclear power and decision-making structures as well as corruption. This leads in individual cases to internal conflicts, as well as the dissolution and division of organisations and the founding of new ones. In South Africa, for example, various non-governmental organisations have disbanded in the urban development domain in the last few months, while community-based organisations like the *South African Homeless People's Federation* have split following power struggles. As social movements, they were incapable to formalise in the necessary way; the splitting up can also be seen as a chance to redefine their terms of engagement. This nevertheless has resulted in a lack of clearness, lack of continuity and justified doubts regarding legitimacy.

Recommendations

- Despite legitimate doubts about the integrability of civil society players in individual cases, successful urban development only appears to be possible via alliances — alliances of partners that develop synergies in the three deficiency areas listed in the table — legitimation, enforcement and monitoring capacity as well as the availability of resources.
- Without the inclusion of the civil population (together with its mobilising capital), a property-owning elite, the local administration and possible financial donors, it will not be possible to steer urban growth, redevelop slums to any substantial extent — or even prevent the emergence of new districts afflicted by poverty. Although the processes that are emerging do not necessarily follow our notions of democracy and participation in this respect, they are conclusively cooperative, target-oriented and shaped by more than one player.

Areas of deficiency and synergies of state and civil society institutions		
Dimension	**State institutions**	**Civil society organisations**
Legitimation	Legitimised through elections in democratic systems in principle, but loss of legitimation through the exclusion of a large part of the urban population	Broad de facto legitimation base among the poor urban population, but problems of representativeness and lack of democracy internally
Synergy effect through cooperation:	Strengthening of state legitimation among the poor urban population as well as broader recognition of civil society organisations on account of the results attained through their involvement, but:	
	Danger of credibility and confidence in the state being undermined by the substitution of what were previously state responsibilities through civil society organisations	Risk of a loss of legitimation among one's own clientele through cooperation with the state
Enforcement capacities	High degree of enforcement capacities in sector-related technical programmes, but cannot carry through complex poverty-oriented programmes on one's own	Access to and influence on complex social structures and processes, but unclear power and decision-making structures
Synergy effect through cooperation:	The ability to carry through programmes to improve the living conditions of the poor is increased considerably	
Resources	Despite state revenues, often dependent on external funding for projects aimed at combating poverty; also on account of the competition for power and financial resources between state institutions	The savings and organisational capital of the poor is often underestimated, nonetheless dependent on external financing for projects; competition for donor funds in this regard
Synergy effect through cooperation:	Stronger lobby to mobilise state and private resources as well as fundraising from external donors instead of competing with each other	

V. Inclusion of civil society players in international development policy

Without the international level—including international pressure, international financial support as well as forms of horizontal partnership and cooperation—it will hardly be possible to implement better solutions at the local level. This thesis follows the logic of the internationalisation of dependences, also in the urbanisation processes.

However, this also means that an area of responsibility emerges for international politics and development policy which goes beyond mere security and economic interests in cooperation with other countries. If it is correct that *urban* living and production interrelations are the socially formative factor of the 21st Century, it is then a case of exerting influence on the development of this relationship in the interests of security, sustainability, peace, as well as economic and social development.

External players exert influence on the form of cooperation through consultation and financial support. The experiences of a number of donor governments concerning the involvement of civil society players have emerged over the past few years. It is necessary to learn from this experience in order to provide positive support for collaboration between state and civil society players in the area of development cooperation.

The general conditions of most donors do not permit any direct funding of local projects or civil society organisations. Nor does the growing tendency towards "budget financing" contribute much to promoting cooperative behaviour on the part of national or municipal governments vis-à-vis new and previously unfamiliar players in the domain of urban development. Budget financing support mainly goes directly to the governments of the receiving countries. Slum dwellers with low funding needs do not receive any support in this way; their potential and resources are ignored. Although the PRS (*Poverty Reduc-*

tion Strategies) process and the *Paris Declaration on Aid Effectiveness* aimed at the harmonisation of donors refer to the need to include the civil population, there are still doubts about the actual influence of local community-based organisations.

External donors are more interested in large projects so as to be able to provide proof of significant successes. This would suggest that small development initiatives are overlooked in the case of large donor sums. Financially strong singular projects often do not cater for local needs or meet the standard of strengthening the local partners in their autonomous development. The deployment of huge resources can even damage sensitive structures locally — e. g. where large housing construction projects lead to the resettlement of families, thus destroying their social networks.

1. Actions or actors?

An important aspect with regard to supporting civil society is the distinction between actions and actors. There are typical support models for both, with support on a project basis the norm. A non-state organisation applies for the carrying-out of a specific project over a limited period of time; the donor organisation examines the application and, later, the result. In rarer cases, non-governmental organisations or networks are supported institutionally. Both models have advantages and disadvantages. If excessive emphasis is placed on the project model by the donors, the action can quickly become more important than the party acting behind it. If, however, the core competences, experience and weaknesses of the actor are not considered, the performance produced may not come up to expectations. Supporting a project also encourages donors to more quickly exert excessive influence on the design of the project and force through their own topics, even if these do not fit the specific context. Local organisations can then be turned into the executors of a policy alien to the locality and the culture.

Recommendations

- Development organisations and decision-makers in donor countries have to understand that sustainable development cannot be achieved by a single financial grant; what it requires, rather, is long-term cooperation as a development process.
- The urban civil society and, in particular, the urban poor should not be included as a target group; they need to be seen as active partners, incorporating their knowledge and resources. Joining together to form federations offers new possibilities for cooperation with groups of the poor and their organisations.
- The work and expense involved in allocating funds to thousands of small initiatives and monitoring their return exceed the capacities of international donor organisations, but the emergence of new (international) networks of community-based organisations does provide new possibilities for making funds directly accessible to local initiatives.
- Instead of specifying precisely what has to be done in urban areas, donors should develop financing mechanisms that support the priorities of local organisations. Networks and associations of local organisations could serve as an interface for the distribution of support funding. It needs to be ensured in this regard — in exactly the same way as for development cooperation — that the funds benefit local processes.
- Budget financing programmes have to be tailored to local authority needs. It needs to be clarified in this regard how local organisations can be assisted through national strategies for combating poverty and the harmonisation of donors. It has to be clarified in principle how the governments of recipient countries can assist their municipal corporations to enable them to take greater account of the needs of civil society.

2. Clientelist networks and elites

Supporting individual organisations over a period of years can jeopardise the objective of an active and pluralist civil society. This can result in permanent dependences, as well as the inexpedient support and consolidation of clientelist networks and local elites in individual cases. Intervention in urban policy-making also requires critical examination. Political decision-makers, municipal administrations and donor organisations often cooperate with influential associations. Although their involvement represents the inclusion of civil society in negotiating processes, the interests of the underprivileged are not incorporated into the processes and projects in this way. In some urban areas, particular groupings acquire an unreasonably high degree of influence in relation to development measures and then act as gate keepers for the development process and distribution of funds among projects. Municipal decision-makers tend to be interested, in particular, in including those interest groups that are close to them politically.

External pressure for democratisation can be counterproductive. The pressure to formalise informal organisational forms can give rise to the politicisation of collective identities and rivalries between groups. The formalisation of the *South African Homeless People's Federation* through internal election procedures has led, for example, to conflicts and the consolidation of old elites.

Recommendation

- A new partnership model for development cooperation requires a careful analysis of the players involved before commencing involvement. Criteria need to be developed in this regard to regulate who is to be included. This needs to be done according to:

– quantity (e. g. networking and the number of groups and organisations supported);
– quality (e.g. criteria such as multi-level approach, effects, institutional structure, track record; see European Union Initiative concerning a quality seal for NGOs), and
– importance in the local context.

VI. Challenges for German development policy

Development cooperation is becoming increasingly associated with foreign and economic policy. The greater politicisation of development cooperation opens up scope to increase the mandate in the urban development domain as well as new perspectives in the areas of democratisation and governance, in particular.

Despite the increasing urban characterisation of development problems, there is, as yet, no evidence of any urban focus as a concept in German development cooperation. Urban issues are extensively dealt with on a sectoral basis and only tackled in an integrated way in individual projects in a manner appropriate to the topic.

The German government has so far not established any systematic cooperation with local civil society organisations within the context of its technical cooperation activities. Other donors (such as the US and Danish agencies for international development—USAID and DANIDA respectively) have the advantage of being able to support not only governments but also promising initiatives of NGOs and community-based organisations without paying too much consideration to political sensitivities. In general terms, German development cooperation with its preference for state cooperation partners is strongly tied to political restrictions on the part of the partner countries. On the other hand, experience shows that effective new concepts have been initiated and implemented outside or, at most, with the inclusion of state institutions over the past few years precisely in the area of urban development.

The plurality of players essential for the functioning of the urban areas has to be taken into account sufficiently. This implies the inclusion of potential partners from the group of non-state organisations and their networks. The poor themselves, whose living situation is supposed to be improved through the development cooperation, normally have just about no influence on the utilisation of resources. Measures taken in the context of development cooperation on the part of the German state are normally decided on in consultation with the government of the partner country, as well as bilateral and multilateral organisations.

The North-South exchange between local authority administrations and the South-South exchange—still in its infancy—are playing an increasing role. The establishment of national associations of cities as groups representing urban interests is still not happening everywhere, however, and needs support.

One particular advantage of German development cooperation is its on-the-spot presence. Experts from the Society for Technical Cooperation (GTZ), specialists from the German Development Service (DED) or the Centre for International Migration and Development (CIM) and representatives of the various foundations all work at the local level, enabling them to assess the player landscapes from their own viewpoint and cooperate with suitable organisations.

Recommendations

- The cooperation organised in a strongly sector-related manner up to now needs to be concentrated under the central topic of "urban development" so as to fulfil the requirements of complex urban contexts.
- German development policy can be effective at three levels: the level of international politics, the level of state players in recipient countries and directly at the level of civil society players.
- At the level of international politics, German development cooperation should support urban problems and players (local authorities, community-based groups) gaining access to the political domain of international development. This also includes supporting international networks, specialist conferences involving the population, North-South partnerships, etc.
- The horizontal cooperation between municipal corporations needs to be strengthened with the involvement of civil society organisations. This also includes providing assistance for the emancipation of civil society. In countries where there are still no signs of civil society or it is in its infancy, it would appear useful to support the setting-up of civil society organisations in connection with urban development projects and establish the necessary ability for dialogue and cooperation on both sides.
- The staff of both municipal corporations and NGOs lack preparation for the organisation of accrued responsibilities. The international programme of relevant courses needs to be promoted for joint project-related learning.
- Finally, it should be examined how and within what groups (local authorities, citizens' representation bodies) German development cooperation can also enter into cooperation with other civil society bodies to a greater extent.

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