

## **I<sup>C</sup> URBANISATION AND THE CHALLENGE OF URBAN MANAGEMENT**

At the start of the new millennium, the world is also about to move into another significant period: the dawn of the urban age. For the first time, the majority of the population of the world will be urban. This reflects a shift that has been taking place over many thousands of years, starting with the formation of the earliest human settlements. What has changed over the last century, though, is the rate and pace of urbanisation, of the shift in proportion of population living in urban areas. This is not only through the growth of mega-cities, but increasingly also through an increase in the size and number of smaller settlements taking them past the urban threshold.

In itself, the fact that we shall soon be living in an urban world is neither dramatic nor alarming. It is the natural consequence of an inevitable process that has been linked very closely to human productivity and progress. The formation of settlements, made up of households living in close proximity in a permanent location, marks the beginnings of a different form of society and social order from scattered or nomadic hunter-gatherers. Whether formed on the strength of defensive, religious or trading imperatives, settlements can only exist if there is an agricultural surplus to sustain those households not engaged in growing or rearing their own food supplies. Equally, the need for the goods and services offered by those not engaged in agriculture creates a need for agriculturists to produce a surplus with which to pay for them.

### **Rural-Urban Linkages**

There is, therefore, a symbiotic relationship between those engaged in agriculture and those in non-agricultural occupations. Each is necessary for the other to grow, and the growth of each provides the impetus for the growth of the other. Over time, there has been an increase in the number of people engaged in the production of non-agricultural goods and services, reflecting our desire and ability to lead more comfortable lives. This resulted in larger non-agricultural "urban" settlements or cities. That in turn created a demand for more "urban" goods and services, and, a stimulus for the "rural" population to produce greater agricultural surpluses.

However, at the same time, there has been another process at work. The production of agriculture has become more efficient, requiring less land and labour to produce more food. Some of this has been made possible by advances in our understanding of growth processes, but a lot more has been made possible by the production of machinery, seeds, fertiliser and other inputs. The latter often require "urban" settings for their production and distribution. The increased efficiency and productivity of agriculture has meant that fewer people are required to work the same area of land, creating a labour surplus that is unable to be absorbed locally.

Historically, large numbers of people have moved to "new" or sparsely populated areas of the world to make a new life for themselves in agriculture, as from Europe to the Americas and Australia. More often, many of the rural unemployed, perhaps made redundant by an increasingly efficient agriculture, migrate to the cities, attracted by the

possibilities of employment and opportunity. Cities, unlike the rural areas, have been able to absorb an ever-growing population.

For some time now, the majority of countries have been producing a significant (and increasing) proportion of their wealth through urban activities. "Urbanisation has been an essential part of most nations' development towards a stronger and more stable economy over the past few decades and it has helped underpin improvements in living standards for a considerable proportion of the world's population."<sup>1</sup> There is a strong correlation between those countries of the South that had the most rapid economic growth with those that had the most rapid urbanisation over the last two decades. It is increasingly recognised that cities, more so than the countryside are the engines of growth. They provide the possibility and the prospect of prosperity, but also the spectre of misery, brutality, environmental degradation and chaos. It is the reality of the latter that has many questioning the trends towards urbanisation and suggesting controls and counter-measures.

It is our contention that it is not the fact of urbanisation or the size of cities or the speed at which they are growing that is the problem, but rather that the undesirable effects and impact of urbanisation can be worsened by the way that cities are managed. The effective management of cities is necessary not merely to prevent or reduce the negative aspects of urbanisation, but also to allow cities to perform their role efficiently as centres of production, absorbers of population and distributors of goods and services.

### **Cities as Engines of Growth**

Cities can perform efficiently as centres of production, transformation and trade as a result of their economies of scale. The presence of a series of inter-linked and inter-related industries, businesses and services, and the ability to access raw materials, intermediate goods and machinery and equipment, along with the availability of skills and human resources allows cities to function effectively. The availability of and access to effective and efficient infrastructure, and especially transport is an obvious and essential pre-requisite. Not surprisingly, therefore, considerable stress has been put on the planning and development of urban areas and their infrastructure in order to ensure that cities function effectively as centres of production, of distribution and, with their large concentrations of population, also of consumption.

What is less obvious (and has been less emphasised in the past) is the impact that regulatory frameworks and urban governance have on the effectiveness and efficiency of the urban economy. In the past, urban authorities have focussed their efforts on the provision, management and operation of infrastructure and the delivery of urban services. Not only have they been unable to meet the demand for these at the required rate and scale (given urban population growth rates of some 5% per annum in the aggregate), the way that urban infrastructure and services have been provided often has tended to stifle economic development. Long-established regulatory frameworks that worked well enough when both demographic and economic change were at a slow and steady rate, have often become obstacles and impede development, unable to respond at the speed and flexibility

<sup>1</sup> UNCHS, *An Urbanising World: Global Report on Human Settlements 1996*, UNCHS, Nairobi, 1996

required in an increasingly competitive and global economy. In many cities examples can be seen of the negative impact of the barriers and bottlenecks created by inefficient regulatory frameworks may be overcome through the intervention and innovation of the private formal or "informal" sector. UMPcity consultations in several cities, including those in Dhaka, Bangladesh; Bangalore, India; Kaduna and Lagos in Nigeria and St Louis, Senegal, were able to build on such examples of the role and performance of the private and the informal sectors.

### **The Impact of Global Economic Trends**

Since the late 1980s, several important factors - the end of the Cold War, global technological change (particularly as it relates to data processing, information, and communication technology), and global economic liberalisation trends (which have been particularly important in Latin America and Southeast Asia, but increasingly also in South Asia) - have heightened concern for global and regional interdependence. Many governments have correctly perceived the opportunities for growth in this "globalising" economic environment. Accordingly, they have taken measures to liberalise their economies, while being fully aware of the risks of operating in a global competitive environment.

As a result, urban settlements today, particularly large cities, increasingly compete at global and regional levels for direct international investment to generate employment. This has required national governments to take a second look at their urban development strategies to find ways to support their cities as economic hubs in exploiting their

comparative advantages. Often, this occurs in conjunction with cities or regions in neighbouring countries<sup>2</sup>.

These recent trends are beginning to redefine national urban strategy responses to the traditional concerns of growth and equity. As globalisation of national economies proceeds, the room for effective and efficient direction from the national level is diminished. Increasingly, there is a recognition that the urban strategies of national governments need to move towards providing an enabling and supportive environment for cities to compete, as was noted at the UMP sponsored Asian Mayors' meetings in Honolulu, USA and Colombo, Sri Lanka in 1999. Similarly, it is now recognised that effective urban poverty reduction calls for action not only at the national macroeconomic policy level, but also at the local level, by municipalities and communities themselves<sup>3</sup>.

This is not to say that national governments should leave urban development completely in the hands of the international market place and local government. Numerous opportunities still exist for national governments to express their spatial and sectoral priorities. These include regulatory frameworks governing private investment and the operation of local government; the central government's co-ordinating mechanisms with provincial or state and local governments; and perhaps most powerfully, the allocation of national investment resources for urban infrastructure and poverty reduction programs. However, these instruments must be increasingly exercised in a highly competitive international economic environment.

<sup>2</sup> As documented in UMP-ASIA Occasional Paper Nr. 21, 1995, Nr. 26, 1996 and Nrs. 31 and 33, 1997

<sup>3</sup> UMP 20, Page 3

Thus, the related recent trends of economic liberalisation, globalisation, decentralisation and democratisation have a profound influence on cities. While urban areas have much to gain from and contribute to ongoing processes of decentralisation and democratisation, they are also potential sources of upheaval if their resources are left to stagnate and decline, as was dramatically illustrated in the Southeast Asian crisis at the end of the 1990s. UMP has participated in the thought process on what approaches may help to overcome such crisis, as is demonstrated by the recent governance oriented activities by UMP-ASIA, such as for example, several regional meetings sponsored by UMP on this topic, most recently the meeting held in Bangkok in June 1999 on "Social Consequences on Cities of the Asian Economic Crisis".

Along with the global trends of an urbanising population, poverty is being urbanised, as well. Within a few decades, the number of households living in poverty in urban centres will far exceed those in rural areas. The World Bank estimates that the number of urban poor will almost treble from 650 million today (1999) to 1,500 million by the year 2025<sup>4</sup>. At least 600 million people, most of them poor, already live in health- and life-threatening situations in decaying urban environments. A third of city dwellers live in substandard housing. At least 250 million urban residents have no ready access to safe piped water, and 400 million do not have adequate sanitation. Without an appropriate response, rapid urban population growth is likely to exacerbate the often mutually reinforcing effects of poverty and environmental damage.

### **The Role of Urban Management**

This inevitability of urban growth, with all its attendant positive and negative features underscores the crucial role of urban management in improving human and economic development in a rapidly urbanising world. Needs and priorities differ by region. In Asia and Latin America, urbanisation has given rise to a call for new institutional responses in redefining roles and responsibilities of different levels of government, and in capacity building at the local level to more effectively deal with urban management.

Africa is experiencing unprecedented urban growth that has very significantly outstripped government's capacity. Between 1960 and 1980, total urban population in Sub-Saharan Africa almost trebled from 33 to 90 million, registering an annual growth rate of 5.2 percent during this 20 year period. It is conservatively estimated that by the year 2000 the urban population figure will be nearly 260 million (implying an average growth of 5.4 percent p.a. during the 1980-2000 period). Given this rapid and continuing rate of growth, it is not surprising that the institutional capacity of urban governments to plan for and manage such massive population changes remains inadequate.

### **New Approaches to Urban Development**

Thus, in all major developing regions in the world, the rapidly changing socio-economic and political environment underscores the need for bold new approaches to the issues of urban development. Examples are the performance management orientation of several UMP supported city consultations (e.g. in Bangalore, India and Bangkok, Thailand), and the local economic

<sup>4</sup> World Bank, Urban Development Strategies: Implications for the Bank, Final Draft, Jan. 1999 (for discussion in the Bank's Executive Board in June 1999).

development strategies discussed in city consultations in Windhoek, Namibia and Johannesburg, South Africa. As population growth will be virtually synonymous with urban growth in the coming decades, the focus of efforts to develop sustainable human settlements must be on cities, the places where most economic activity will take place, pollution will be generated, and natural resources consumed.

This also means that the focus of many of the various sectoral investment programs should be on human settlements, especially cities and towns. At this level, policy initiatives translate into operational reality, and must be co-ordinated, managed, and implemented. And because they directly affect people and interests, policies become an eminently political affair. Conflicts must be resolved and consensus found among competing interests and parties.

The tasks and the challenges that those concerned with urban management face and to which they have to respond include:

- ensuring that the regulatory frameworks and infrastructure provision of cities work efficiently to provide and capitalise on the opportunities for economic development;
- coping with the increased demand for housing and urban services posed by the growing size of cities through public-private and other partnerships;
- involving all sectors of the community in participatory decision-making and implementation processes;
- protecting, preserving and enhancing the urban environment and the cultural and historical heritage of cities;
- ensuring that economic development leads to employment generation and poverty eradication;

- ensuring that the particular needs of women, men, children, youth, the elderly and the disabled are taken into account in developing policy responses and implementation;
- assuring the health, safety and security of all citizens from the growing threat of urban violence;
- having in place open and transparent processes of government and ensures good governance.

The issues, problems and challenges posed here, and that were amongst the issues raised at Habitat II at Istanbul in June 1996, had also been the central concern behind the initiation and evolution of the Urban Management Programme. Over the last thirteen years, it developed and assembled a large body of knowledge and experience directed at guiding cities towards resolution of their management issues. This experience forms the central core of this book and is used to inform the guidance for cities presented in the subsequent sections.

While different urban managers perceive and prioritise their problems according to their own realities, most are becoming increasingly conscious of the need for urgency. Policymakers around the globe are becoming more aware of the lessons to be learnt from the successful examples of others, and therefore more receptive to the need for new institutional responses to this challenge, and to urban management initiatives at both country and regional levels.

#### **Additional Information**

Further elaboration of these issues may be found in  
 UMP Annual Reports 1993, 1994, 1995, 1996, 1997  
 UMP 20 Policy Programme Options for Urban Poverty Reduction: a Framework for Action at the Municipal Government Level. Franz Vanderschueren, Emiel Wegelin and Kadmiel Wekwete. ISBN 0-8213-3716-5, 55 pages, published September 1996