5

Meeting the MDGs in urban areas: the forgotten role of local organizations[1]

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I. INTRODUCTION

Most of the unmet needs that the Millennium Development Goals (MDGs) identify and seek to address are a result of limitations or failures of local organizations. Thus, meeting most of the MDGs in urban areas depends on much-improved performance by local organizations – including government agencies, NGOs and community-based organizations and, in many places, private enterprises. A large part of this improved

performance is addressing the needs and priorities of those who lack good provision for water, sanitation, health care (and essential drugs), schools, secure homes and adequate incomes. For these are the unmet needs at the centre of the MDG targets.

Yet much of the discussion on meeting the MDGs seems to forget the role of local organizations. Increasing international aid flows will achieve little unless this can support improved performance by tens of thousands of local organizations across Africa, Asia and Latin America and the Caribbean. Yet the very structure of official bilateral aid agencies and development banks makes them ill-suited to supporting this. Indeed, the current trend in most bilateral agencies is towards less support for local action and local organizations, and more emphasis on balance-of-payments support and sector support. This means that it will be up to the national governments through which donor funds are channelled to support improved performance by local organizations in each country. But after more than a decade of "good governance" and decentralization, there is not much evidence of significant improvements for low-income groups in most locations. Indeed, much of the support for "good governance" focuses on national reforms and not on whether these actually deliver better results on the ground.

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This chapter discusses why local organizations are crucial in meeting most of the MDGs in urban areas. Within this, it emphasizes the importance of both urban governments and the organizations formed by the urban poor, including homeless people and "slum" and shack dwellers, themselves. It then discusses how the large, centralized aid agencies and development banks can support them and other local organizations to meet the MDG targets.

II. THE ROLE OF LOCAL GOVERNMENT AND OF OTHER LOCAL ORGANIZATIONS

Local government organizations have great importance for low-income urban dwellers. Local government agencies, or the local offices of higher levels of government, determine

whether their rights are protected and their entitlements are met. Local government rules and procedures determine whether urban poor households:

• can send their children to government schools, and afford to keep them there;

• get treatment and appropriate medicines when ill or injured;

• are connected to water, sanitation and drainage networks;

• have street lights and electricity in their neighbourhoods;

• get land on which they can build their own home legally, or otherwise have to build illegally – often on a dangerous site (because they would be evicted from any safer site) – and can avoid eviction;

• can vote, or even whether they can get their names on the voting lists;

• have access to politicians and civil servants;

• are protected from violence and crime (and corruption) by a just rule of law;

• can set up a small enterprise, and get a loan to help them do so;

• can influence development projects, especially those that threaten their homes or livelihoods.

The failure of local organizations is evident in virtually all urban centres in low- and middle-income nations in the high proportion of urban dwellers who live in very poor-quality housing that lacks provision for water, sanitation, drainage and solid waste collection. For much of the urban population, it is evident in the lack of government schools and health centres – or the very poor quality of those that are available. In many low-income nations, infant and child mortality rates in urban areas are 15-20 times higher than they would be if there were provision for good-quality health care, water and sanitation, and safety nets for those lacking the means to get adequate food. The

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inappropriateness of official rules and regulations can be seen in the fact that 30-60 per cent of all housing in most cities is illegal and is developed on land that is illegally occupied or sub-divided.

Table 5.1: The scale of urban poverty in low- and middle-income nations in Africa, Asia, Latin America and the Caribbean, 2000/2001

Type of poverty	Numbers (%) of urban population in poverty	Note
Inadequate income for basic needs	700 million to 1 billion (36–51%)	No accurate figures are available on this, and the total varies depending on the criteria used to set the "income-level" required for "basic needs".
Inadequate or no provision for safe, sufficient water	More than 680 million (35%)	No reliable figures are available for the extent of provision for "adequate" or "safe and sufficient" water, or on the extent of provision for "adequate" sanitation for urban areas in most nations; these estimates are drawn from a detailed UN review of individual city/urban studies.
Inadequate or no provision for sanitation in the home	More than 850 million (43%)	
Under-nutrition	150–200 million (8–10%)	No reliable figures are available for all nations; in many Asian and sub-Saharan African nations, 25–40% of urban children are underweight.
Living in housing that is overcrowded, insecure and/or of poor quality	924 million (47%)	No accurate figures are available for this in many nations; this figure is based on a UN review of the proportion of people living in "slums" and is consistent with other estimates.

SOURCES: For water and sanitation: UN-Habitat (2003), *Water and Sanitation in the World's Cities: Local Action for Global Goals,* Earthscan, London. For under-nutrition: Haddad, Lawrence, Marie Ruel and James Garrett (1999), "Are urban poverty and undernutrition growing? Some newly assembled evidence", World Development Vol 27, No 11, pages 1891–1904; and Sotih, Lisa, Marie Ruel and Aida Ndiaye (2003), *Why is Child Malnutrition Lower in Urban than Rural Areas? Evidence from 36 Developing Countries*, International Food Policy Research Institute, Washington DC. For housing and living conditions: UN-Habitat (2003), *The Challenge of Slums: Global Report on Human Settlements 2003*, Earthscan, London.

Thus, a critical question is how to make local government organizations more pro-poor – or less anti-poor. Or, to phrase it another way, how to change the relationship between those with unmet needs and local governments (city and municipal). Of course, changes are also needed from national governments and international agencies, and within global trade regimes. These changes include support for more effective and accountable urban governments from national and, where relevant, state or provincial governments. However, the effectiveness of many of these larger changes is determined by whether they make local

bodies more effective in meeting local needs, and more responsive and accountable to those with unmet needs.

This is not to suggest that local government can or should provide for all needs. But as well as its role as a provider of services, it also has a major influence on how local markets operate, including those that have particular importance for low-income groups – for instance, for land for housing, for water and, in many instances, building materials and credit. It can have a major influence on the effectiveness and accountability of local NGOs or other local organizations that provide services. And it has a significant influence on the scale, scope and effectiveness of what organizations formed by the urban poor can do. If it is not possible to make local governments more "pro-poor", it is difficult to see how most of the MDGs can be met.

Where local governments fail to ensure provision of services, local non-government organizations and private enterprises often have importance for large sections of the urban population, providing schools, health centres, water supplies and household waste disposal in informal settlements where government provision is inadequate or non-existent. But these services are often of very poor quality. Again, local government has or could have considerable influence on the quality and coverage of these services. A supportive government framework for local services can improve their quality and coverage. Some local governments will also sub-contract provision of some services to local NGOs, community organizations and private enterprises.

The local organizations formed by urban poor groups themselves also have great relevance to whether or not the MDGs are met. This is both through what these organizations can influence in regard to what local governments do, or do not do, and through what these organizations can do themselves. In many nations, representative organizations formed by urban poor groups have demonstrated new ways to build and improve homes, and improve provision for water, sanitation, drainage, and

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solid waste collection, that are both cheaper and of better quality than conventional government or private sector provision. Many have done this in ways in which women have central roles in decisions and implementation – also in ways that allow the poorest groups to be included. Representative organizations have also shown how large-scale success is possible, as some have reached hundreds of thousands of low-income urban dwellers with significant improvements – where local government organizations work in partnership with them. Local non-government organizations often have important roles in supporting the work of these urban poor organizations.**(3)**

The performance of local schools, health care centres and water and sanitation providers determines whether many of the MDG targets are met, including Targets 3, 4, 5, 6, 7, 8, 10 and 11 (listed in the table at the beginning of this booklet). Just halting and reversing the spread of AIDS will involve huge changes in the kinds of support that local organizations provide. Local organizations also have important influences on whether many of the other targets are met – for instance whether there are effective strategies to combat malnutrition, to work with youth and to ensure that everyone has access to affordable essential drugs.

III. LOCAL GOVERNMENT'S CAPACITY TO REDUCE OR INCREASE POVERTY

In urban areas, local governments have importance for their capacity either to reduce poverty, or to perpetuate or increase it. This is illustrated by recent events in Mumbai (formerly Bombay). The Mumbai Municipal Corporation began implementing a very large programme of forced evictions and demolition of "slums" in December 2004. Yet this is the same municipal government that has also been working with organizations and federations of "slum" and

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3. D'Cruz, Celine and David Satterthwaite (2005), *Building Homes, Changing Official Approaches: the work of Urban Poor Federations and their Contributions to Meeting the Millennium Development Goals in Urban Areas,* Poverty Reduction in Urban Areas Series, Working Paper 16, IIED, London, 80 pages (available at www.iied.org/urban).

pavement dwellers on a range of projects to house over 50,000 of the poorest households.[(4)] This is the same city where the Police Commissioner has been working with committees of "slum" residents to set up police stations that are accountable to local residents.[(5)] This is the same city that pioneered new forms of resettlement for thousands of low-income households that had to move, to allow improvements in infrastructure, which ensured that those who were resettled were fully involved in the planning and management of the resettlement.[(6)]

The evictions in Mumbai are an example of how not to meet the MDGs. They destroy the homes and neighbourhoods – and often the livelihoods – of poorer groups. Those evicted have to find accommodation elsewhere, which increases overcrowding and puts more pressure on services there. It is also difficult to see how it will be possible to achieve the Chief Minister's apparent intention to make Mumbai a successful global city. Developing partnerships with urban poor organizations to find mutually acceptable and affordable solutions to improving conditions in "slums" is likely to contribute far more to Mumbai's international success.[(7)]

Whether the MDGs will be met in urban areas will be much influenced by local government attitudes to the urban poor. One of the ironies of urban development in Africa, Asia and Latin America is the inaccurate stereotyping of poorer groups by governments. These are the groups that are responsible for building most new houses and building much new infrastructure (although this usually has to be done illegally because legal requirements and official standards are so inappropriate). The urban poor provide the city with cheap labour and a great diversity of cheap goods and services. They move in response to changing

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4. Burra, Sundar (2005), "Towards a pro-poor slum upgrading framework in Mumbai, India", *Environment and Urbanization* Vol 17, No 1, pages 67–88.
5. See Roy, A N, A Jockin and A Javed (2004), "Community police stations in Mumbai's slums", *Environment and Urbanization* Vol 16, No 2, pages 135–138.
6. See Patel, Sheela, Celine d'Cruz and Sundar Burra (2002), "Beyond evictions in a global city; people-managed resettlement in Mumbai", *Environment and Urbanization* Vol. 14, No 1, pages 159–172 (available at www.ingentaselect.com/09562478/v14n1/).
7. Burra 2005, op. cit.

patterns of economic opportunity that again serves to strengthen the city economy. Yet many government officials and politicians stereotype poor people as "the problem" or a danger to the city – which can be seen in their statements and policies that are anti-squatters, anti-migrants and anti-hawkers.

One of the results of such anti-poor attitudes is the forced eviction of millions of low-income households each year – leaving people homeless and often injured by the violence of the eviction, and entrenching patterns of poverty, discrimination and social exclusion.[8] Although many of the largest evictions over the last 40 years have been implemented by non-elected governments, this is increasingly not the case. Representative democracy does not necessarily provide much protection for urban poor groups. It provided no protection for the hundreds of thousands of people evicted in Mumbai in the last few months – and this eviction programme came from a new government with electoral promises including the provision of tenure to those living in many of the settlements that were then bulldozed.

All government evictions come with some official justification that they are done "for the public good": to help support city regeneration, to improve health and safety, to develop needed city infrastructure – or to redevelop areas that allegedly have criminal networks. The official justifications used today by democratic governments do not differ much from those used by military dictatorships in the 1970s, except that they are more likely to stress "making our city globally competitive". Perhaps the strangest aspect of this is that those whose homes are bulldozed also want improved health and safety, better infrastructure and a more successful economy; most also want the rule of law. Many would be happy to move – since they live on land at risk of floods or landslides, or on pavements – as long as they are fully involved in

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8. du Plessis, Jean (2005), "The growing problem of forced evictions and the crucial importance of community-based, locally appropriate alternatives", *Environment and Urbanization* Vol 17, No 1, pages 123–134.

determining to where, when and how. There are also many precedents to show how a real engagement with urban poor groups can allow land to be freed for infrastructure and for urban regeneration but in ways that benefit the urban poor too,[9] so their needs and priorities are also part of the "public good".

Other case studies have shown the central role that people and enterprises in "illegal settlements" or "slums" have in city economies,[10] so if governments work with "slum" inhabitants, this also avoids the economic disruptions that bulldozing brings. Of course, this does not address the hidden motives for most evictions. There is often a pretence that they are for the public good, when in reality they are clearing valuable land sites from which powerful vested interests will make large profits. Or they are pursuing an agenda driven by middle classes who do not want the poor living near them (although they still want their domestic workers and cheap services). Including the urban poor in redevelopment plans also does not appeal to politicians and bureaucrats who believe that "poor people" move to cities for illogical reasons and that "these poor people would be better off" in rural areas. This is despite four decades of research showing that migration flows are logical and usually carefully planned responses to changing economic circumstances. Of course people move to cities if they are the centres where most new investments are made – as is the case in most low- and middle-income nations.

Thus, whether or not local governments contribute to meeting the MDGs is not simply an issue of whether local governments have the resources and capacities to do so; it is also a question of what they choose to prioritize and to ignore. In many cities in low- and middle-income nations, the fact that 30-60 per cent of the population lives in illegal

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9. Burra 2005, op. cit.; Boonyabancha, Somsook (2005), "Baan Mankong; going to scale with slum and squatter upgrading", *Environment and Urbanization* Vol 17, No 1, pages 21—46.
10. See for instance Benjamin, Solomon (2000), "Governance, economic settings and poverty in Bangalore", *Environment and Urbanization* Vol 12, No 1, pages 35–56 (available at www.ingentaselect.com/09562478/v12n1/).

settlements, with inadequate provision for water, sanitation, schools and health care, is as much to do with local governments choosing not to address this as it is with a lack of capacity and resources. In a later section, examples will also be given of local governments that have become more effective at meeting the MDGs with little or no external support, through changing their priorities and changing the way they work with urban poor communities and their organizations.

IV. THE ROLE OF LOCAL ORGANIZATIONS IN DEVELOPMENT

In all urban areas, those individuals or households with the lowest incomes have difficulties affording both food and non-food needs. Low-income groups live in dangerous overcrowded shacks in illegal settlements lacking provision for infrastructure and services not by choice but because there is no better alternative that they can afford. The proportion of the urban population facing such difficulties is obviously much influenced by income distribution and by the effectiveness of any national or local safety-net programme to ensure that everyone has a "minimum income" or adequate temporary accommodation. But in most low- and middle-income nations, there are no government-provided safety nets – or if there are, these do not serve most of the low-income urban population.

The proportion of the population facing such deprivations is also much influenced by the extent to which local governments and other local organizations act to lessen the cost of necessities (for instance, keeping down the price of housing with piped water and good provision for sanitation) and provide certain key services that are available to all independent of their income (for instance, primary schools, health care, emergency services, provision for children's special needs, access to sufficient safe water and temporary accommodation if these cannot be paid for). In most low- and middle-income nations, local organizations do little or nothing in these areas – and usually lack the capacity to do

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so. This helps to explain why so many people are living in makeshift homes in illegal settlements lacking basic services.

Much of the urban population is also ill-served or not served by the organizations that should be guaranteeing their civil and political rights – including those that are meant to guarantee the rule of law (such as the police, the law courts), and citizens' right to vote and to have access to politicians and bureaucrats. Table 5.2 is an urban version of the table in Chapter 1, listing the local organizations important for meeting the needs of those with limited incomes, and contrasting how they can be supportive or unsupportive.

Thus, one of the central issues for external aid is the extent to which it supports the development of stronger local organizations that really deliver for the poor and are accountable to them in all the categories listed in Table 5.2. This also means the extent to which they support institutional changes that lessen the negative impact of local organizations, such as anti-poor local governments and legal/judicial systems that give little or no attention to protecting poorer groups' civil and political rights.

However, if most local governments and other official service providers lack the funding base and capacity to ensure that everyone's needs are met, the key issue is how to support other means to ensure needs are met – for instance supporting provision by local or international NGOs, or community organizations. The section below outlines some examples of community organizations and local NGOs that have had critical roles in meeting the MDGs, because these were the local organizations that helped meet poorer groups' needs for (for instance) housing, water, sanitation, health care, schools and emergency finance. They did so in ways that low-income groups could use and could afford. Many also did so in ways that were more participatory and accountable to those that they served. They also demonstrated that they can reach a very large scale, if supported by local governments (and other external agencies).

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Table 5.2: The two extremes in terms of local organizations that do or do not support meeting the Millennium Development Goals in urban areas

Local organizations that are supportive	Local organizations that are unsupportive
Schools (pre-school, primary and secondary)	
Schools that are accessible to all and with costs kept down (e.g. fees, school uniforms, text books); special provisions to help low-income families keep their children at school and to ensure gender equality may be needed.	Schools with high user charges (formal or through informal payments requested) and that avoid admitting children from urban poor areas (for instance through requiring pupils to have official addresses which excludes children from families living in illegal settlements).
Primary health care centres, hospitals and emergency services	
Health services that are available and easily accessible to all, with strong outreach programmes for poorer areas, special programmes for vulnerable and at-risk groups and provision to keep down costs for users. Special outreach for those with AIDS/HIV, to provide counselling and supply needed drugs without stigmatising	High user fees and locations and opening hours which make them difficult to use, especially for working populations. Staff members who are judgemental and antagonistic to 'poorer groups' or to other particular groups (for instance adolescents or specific ethnic groups). Inappropriate or no services for those with AIDS/HIV.
Providers of water, sanitation, drainage, household waste disposal and energy	
Service providers with a focus on ensuring adequate provision for all – with differential service standards and support for community partnerships to ensure that all poorer groups are reached, where the resources are insufficient for universal provision through conventional systems.	Service providers who have little or no interest in reaching poorer groups within political systems that do not ensure that they do so. Piped water supplies, sewers, drains and waste collection often available only to richer groups (and often provided at below cost). Refusal to provide any services in illegal settlements.
Local government planning and land-use management bodies that influence the availability of land for housing	
Local government actively working to ensure land for housing is available at prices and in locations that serve low-income households wishing to build their own homes; also supporting provision of secure tenure for those living in informal settlements.	Local governments that do nothing – or actively seek to keep poorer groups out of official land for housing markets – for instance by maintaining inappropriate standards for minimum lot sizes and infrastructure, and by having slow, costly, inefficient official procedures that have to be met to acquire and develop land for housing.
Public, private or NGO providers of safety nets	
Official provision for safety nets to help those who cannot work or those with inadequate incomes to meet needs, or official support for NGO or community provision of safety nets (including emergency credit).	No local organization providing safety nets or supporting community-managed safety nets.
Public, private or NGO finance agencies	
Micro-finance programmes for individuals and support for community-managed finance for poorer households provided in ways that also wherever possible avoid creating debt burdens on poorest groups.	No local organization providing or supporting credit that is available to low-income groups.

	Local organizations that are supportive	Local organizations that are unsupportive
The police, the legal system and local government bodies involved in ensuring the rule of law		
	Providers (including police services in informal settlements) that protect poorer groups' civil and political rights. Services that also seek to be supportive of poorer groups' livelihoods and to lessen discrimination and work towards greater gender equality.	Those who do not serve poorer groups (for instance, with no police service in informal settlements) or oppress them. It is common for poorer groups living in illegal settlements to be evicted and for informal enterprises (for instance hawkers and sellers in informal markets) to be harassed. It is also common for migrants to be regarded as a problem.
The local government systems for voting and accountability to citizens		
	The right to and the possibility of voting for local government; political and bureaucratic systems in which poorer groups have access to senior politicians and civil servants to ensure their rights are respected. This includes protection from forced eviction and appropriate support in an emergency.	Local government is not elected – or if it is, those living in illegal settlements are denied the vote (for instance because they lack an official address). Politicians and the bureaucracy are unresponsive to demands of poorer groups and to possibilities of working in partnership with them.
How governments define and measure poverty and how local organizations act on this		
	Local processes in which urban poor groups are involved that define and measure poverty and use this to support local poverty- reduction strategies that seek to reach all poor groups; urban poor groups' involvement in monitoring poverty levels and evaluating effectiveness of poverty-reduction strategies.	Poverty defined and measured by a national government agency, usually based only on consumption levels and with little allowance when setting poverty lines for the cost of non-food necessities. Poverty measurements based on representative national samples so there are few or no relevant data for local organizations, including local governments.
SOURCE: Developed from a table in Satterthwaite, David (2005), "Meeting the MDGs in urban areas: the forgotten role of local organizations", *Journal of International Affairs* Vol 58, No 2, pages 87-112.		

V. MEETING THE MDGS FROM THE BOTTOM UP

Many of the local organizations central to meeting the MDGs in urban areas are formed and managed by low-income households. They have particular importance where local governments have limited resources, because of the scope they provide for partnerships with local government. One of the most significant political changes over the last 20 years in regard to the possibilities of meeting the MDGs in urban areas is the development of representative organizations and federations of the urban poor. These are significant because they give urban poor households and their community organizations and networks more "voice", and they offer local governments potential partners in reducing poverty (and thus in meeting many of the MDGs). In Cambodia, India, Kenya, Malawi, Namibia, the Philippines, South Africa, Sri Lanka, Thailand and

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Zimbabwe, there are urban poor federations formed by hundreds or thousands of savings groups, and comparable federations are emerging in several more nations. In all these nations, there are many examples of innovation,[11] and these will be illustrated here by examples drawn from India, Namibia and Thailand.

In India, the alliance of the National Slum Dwellers Federation, *Mahila Milan* (savings cooperatives formed by women slum and pavement dwellers) and SPARC (a local NGO) is working in some 70 cities in which around 2 million slum dwellers are involved. In Mumbai alone, seven housing projects have been built, including the first housing programme for families living on the pavements, which has been designed and managed by the pavement dwellers. The alliance has also managed a relocation programme of 22,000 households that were living along the railway tracks in Mumbai, which demonstrated how community-managed relocation was a viable (and less politically damaging) alternative to forced evictions.[12] The alliance is implementing housing projects in Dharavi (a very large, high-density centrally located "slum") to demonstrate that it is possible to provide good-quality housing without any "slum" dweller having to relocate.

In India and in other nations, large-scale programmes can develop when local governments see the possibilities presented by initiatives developed by these federations. For ten years, the federations in India demonstrated their capacity to design, build and manage community toilet blocks with washing facilities in "slums" where there is insufficient room or funding for household provision. Very large-scale community toilet-block construction programmes developed first in Pune and then in Mumbai, when local government supported them, after seeing how much better these facilities worked when designed, built and managed by the community, compared with the

11. See *Environment and Urbanization* Volumes 13, No 2, and 16, No 1, for case studies of the work of the different federations; also d'Cruz and Satterthwaite 2005, op. cit.
12. Patel, d'Cruz and Burra 2002, op. cit.

contractor-built public toilets they had previously supported. The federations and the support NGO SPARC have been responsible for around 500 community designed and managed toilet blocks that serve hundreds of thousands of households in Pune and Mumbai – with comparable toilet programmes developing in many other cities.[13]

In Namibia, by June 2004, the national Shack Dwellers Federation had 312 savings groups active in 41 different settlements and in all 13 regions. Some 12,350 households have members of the federation (56 per cent women, 44 per cent men), and most live in informal settlements or "backyard shacks". The Federation is supported by a local NGO, the Namibia Housing Action Group. By mid-2004, 2,300 households had acquired land for infrastructure and housing development. The federation has also worked with city authorities to reduce greatly the cost of formal, legal housing plots, so these are affordable by low-income households and to allow the city authorities to recover the costs of development. As with most of the urban poor federations, the Namibian Federation has a national loan fund in which savings are deposited; this also manages funding provided by the Namibian government and external donors. This fund offers members loans for infrastructure, housing and income generation, so that once members secure land they can borrow to improve infrastructure, services and housing.[14]

The example from Thailand is unusual because the thousands of community organizations and networks there are supported by a national government agency, the Community Organizations Development Institute. This institute grew out of long-established partnerships between the government and community-based organizations and federations formed by the urban poor. In 1992, the Thai government set up the Urban Community Development Office to support community organizations, with a US$ 50

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13. Burra, Sundar, Sheela Patel and Tom Kerr (2003), "Community-designed, built and managed toilet blocks in Indian cities", *Environment and Urbanization* Vol 15 No 2, pages 11–32.
14. Mitlin, Diana and Anna Mueller (2004), "Windhoek, Namibia: towards progressive urban land policies in Southern Africa", *International Development Planning Review* Vol 26, No 2, pages 167–186.

million capital base.**(15)** This provided loans, small grants and technical support to community organizations for upgrading their homes and neighbourhoods, or developing new settlements, and for supporting micro-enterprises. It also supported community organizations in any city or province to join together to form a network to negotiate with city or provincial authorities, or to influence development planning, or simply to work together on shared problems of housing, livelihoods or access to basic services. The Urban Community Development Office increasingly provided loans to these networks rather than to the community organizations that formed the networks, with the networks managing loans to member organizations. This decentralized the decision-making process so that it was closer to individual communities and was better able to respond rapidly and flexibly to opportunities identified by network members.

In 2000, the Urban Community Development Office was merged with the Rural Development Fund to form the Community Organizations Development Institute, and this institute is now implementing an ambitious national programme supporting community-led upgrading and secure tenure for urban poor households. In 2003, the programme set a target of improving housing and tenure security for 300,000 households in 2,000 poor communities in 200 Thai cities within five years. By December 2004, initiatives were underway in 175 communities, involving more than 14,600 households.**(16)** But more importantly, all these initiatives were part of city-wide strategies in which urban poor organizations and their networks were involved, and which sought to ensure that all urban poor groups benefited.

All these federations or networks of community organizations have, at their base, community-managed savings and credit groups that provide their members with emergency credit. Most members are women. By learning to save and to manage finance together, each community

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15. Boonyabancha 2005, op. cit.
16. Ibid.

group develops the capacity to work together – either independently or with government. These savings groups also develop upgrading and housing initiatives, and improvements in provision for water and sanitation. Their federations develop a strong information base about their members' needs and how they can be addressed, through undertaking detailed city-wide surveys to show the scale of the problem,[17] and household enumerations in local settlements (which also produces the detailed maps needed for upgrading initiatives and for installing infrastructure). All the federations support their member community organizations to try out projects, and these projects serve as points of learning for other community organizations through community-to-community exchanges. They stimulate other urban poor communities to take initiatives themselves. These initiatives then show government agencies what the federations can do, and set precedents from which the federations can negotiate changes in government policies, standards, regulations and practices – as illustrated above by the community management of toilets in India, and the changes in housing-plot sizes and infrastructure standards in Namibia that made house plots affordable to low-income households.[18]

The work of these federations contributes to the achievement of many of the MDGs. They obviously contribute to MDG target 11 which is to significantly improving the lives of slum dwellers. Many of their initiatives also contribute to increasing the proportion of people with good-quality provision for water and sanitation, either through upgrading or through new developments. As the quality of homes, neighbourhoods, infrastructure and services improves, this also contributes to reducing infant and child mortality rates and reducing the incidence of many diseases. The partnerships that the urban poor organizations develop with local governments often lead to improvements in health care, schools and other public

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17. Ibid.; also ACHR (Asian Coalition for Housing Rights) (2004), "Negotiating the right to stay in the city", *Environment and Urbanization* Vol 16, No 1, pages 9–26.
18. Patel, Sheela (2004), "Tools and methods for empowerment developed by slum dwellers federations in India", *Participatory Learning and Action 50,* IIED, London.

The urban poor federations in the different nations have formed their own transnational umbrella organization, Slum/Shack Dwellers International, to support inter-federation learning and to support the development of representative organizations and federations of the urban poor or homeless in other nations

services. For instance, in Mumbai, a partnership between slum dwellers' federations, *Mahila Milan*, and the police has led to the setting up of police stations in many "slums" where police officers are accountable to the local population and work with committees of residents to ensure law and order and resolve most local disputes.[19]

The urban poor federations in the different nations are also all linked, as they learn from and support each other – and they have formed their own transnational umbrella organization, Slum/Shack Dwellers International, to support inter-federation learning and to support the development of representative organizations and federations of the urban poor or homeless in other nations. This umbrella organization also promotes changes in the policies and practices of international agencies, so these become more supportive of the federations.[20]

There are many other instances of local, "bottom-up" processes that contribute to meeting the MDGs. One of the most important of these is the work of a Pakistani NGO, the Orangi Pilot Project (OPP). Set up in the early 1980s to support households in Orangi, a large informal settlement in Karachi, to develop a solution to the lack of sanitation and drainage, it has developed and demonstrated a locally driven model of sewer and drain construction that low-income households can afford. This method has been widely used in Orangi, in many other areas of Karachi and in many other urban centres in Pakistan, with widespread adoption by official (national and local) government agencies.[21] Although the local NGO initially supported the community-developed sewers as an alternative way to get these built and financed, it was never its intention to promote alternatives to official provision. As with the urban poor federations, the new approach here was developed to change the way official provision worked, so it would be affordable for low-income households.

19. Roy, Jockin and Javed 2004, op. cit.
20. See http://www.sdinet.org for more details.
21. Hasan, Arif (1997), *Working with Government: the Story of the Orangi Pilot Project's Collaboration with State Agencies for Replicating its Low Cost Sanitation Programme*, City Press, Karachi; Rahman, Perween (2004), *Update on OPP–RTI's Work*, Orangi Pilot Project – Research and Training Institute, Karachi.

OPP's experience has two features of great relevance to the achievement of the MDGs. The first is the possibility of providing good-quality sewers and drains to low-income dwellers at costs that they can afford. Official water and sanitation agencies usually refuse to consider extending sewers to low-income settlements, claiming that it is too expensive or that residents will not pay. The second feature is OPP's work in showing how to develop the larger systems into which community initiatives for water, sanitation and drainage can integrate at a cost that the local authorities can fund, without a need for external funding. The OPP model illustrates that the achievement of ambitious MDG targets for improving provision of water and sanitation is as much about the development of competent, capable, accountable local agencies or utilities able to work with community organizations as it is about external finance. The "component-sharing" model for water and sanitation developed by OPP – where the inhabitants of streets and neighbourhoods take responsibility for the pipes, sewers and drains in their neighbourhood, and official service providers install the water mains and sewer and drainage trunks into which the neighbourhood systems can connect – has relevance for other services too, and OPP has also supported better-quality housing, schools and health care.[22] The OPP also uses the same kinds of mapping and household enumeration techniques employed by the urban poor federations to develop a strong local information base about each low-income settlement – which can then be used for designing and implementing improvements in infrastructure and services.[23]

To get local organizations and processes that better serve low-income groups also needs forms of local governance in which poorer groups have more influence and power. If most citizens have their physical needs met and their rights protected – as in high-income nations – they are more likely to be content with representative democracy. Most people

The achievement of ambitious MDG targets for improving provision of water and sanitation is as much about the development of competent, capable, accountable local agencies or utilities able to work with community organizations as it is about external finance

22. The Orangi Pilot Project expanded in 1988 to form four institutions: the Orangi Pilot Project Research and Training Institute, the Orangi Charitable Trust, the OPP Society and the Karachi Health and Social Development Association.
23. Orangi Pilot Project – Research and Training Institute (2002), *Katchi Abadis of Karachi: Documentation of Sewerage, Water Supply Lines, Clinics, Schools and Thallas – Volume One: the First Hundred Katchi Abadis Surveyed*, Orangi Pilot Project, Karachi.

Chapter 5 ●

do not want to participate actively in the planning, construction and management of roads, footpaths, water supply systems, sewers and drains, electricity systems and telephones, or in the management of street cleaning, solid waste collection, parks and playgrounds. They are content as long as provision for these is adequate, bills are not too high and there are complaints procedures they can use and (local and national) politicians or civil servants they can reach if they feel they have been poorly served or cheated by any public service. But different local governance systems are needed when 30-60 per cent of the population does not have infrastructure or services. Many low- and middle-income nations have had representative democracies for decades, yet large sections of their populations continue to have unmet needs and little influence on local governments.

This raises the question of whether there are forms of local governance that will give urban poor groups, and other groups facing discrimination or exclusion, more influence in local development. The relationships developed between urban poor organizations and local authorities in the examples given above do represent more participatory forms of local governance. The Community Organizations Development Institute (CODI) in Thailand has put particular stress on supporting city-wide strategies for upgrading in which urban poor organizations and their networks have central roles – because effective upgrading needs their support and depends on changing the relationships between city governments and urban poor groups.[24] Where urban poor groups and their organizations and federations are fully involved in developing city-wide strategies with local governments, this can change the perspectives of both partners and allow negotiations that resolve difficult, city-wide structural issues such as poorer groups' access to land and public services. It also allows city-development strategies that avoid forced evictions, and urban regeneration that benefits poorer groups and to which poorer groups contribute.[25]

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24. Boonyabancha 2005, op. cit.
25. See Boonyabancha 2005, op. cit., for a detailed discussion of this, drawing on experience in Thailand.

There are also many innovations in cities in Latin America with more direct forms of participation – including "participatory budgeting" that was developed in cities in Brazil and which has had a wider influence on local government policies in other nations.[26] Participatory budgeting institutionalizes a more direct influence by citizens on how government budgets are spent, both in their own neighbourhood and city-wide.[27] More participatory local governance has considerable importance for the achievement of the MDGs in urban areas, but this has also received little attention from international agencies, in part because most of the innovations in direct citizen participation are in local government, whereas international agencies focus on "good governance" initiatives at national level.

Thus, there are precedents from many different nations that show how local organizations, including local governments, urban poor organizations and NGOs, can ensure that the MDGs are met in urban areas. This is done in ways that draw on local knowledge, tap local resources and have modest demands for external funding and little or no need for external expertise. Many of these precedents also show how urban poor communities can be empowered – indeed the effectiveness of these precedents is largely because urban poor communities and their organizations have central roles in design, implementation and monitoring. This in turn helps develop a more productive relationship between urban poor organizations and local organizations that then increases the effectiveness and scale of their partnerships. Given their importance and effectiveness, and the relatively modest demands they make on external funding, one would expect these local organizations and their partnerships to be at the centre of the discussions on how to meet the MDGs. Unfortunately, they are not.[28]

Participatory budgeting institutionalizes a more direct influence by citizens on how government budgets are spent, both in their own neighbourhood and city-wide

26. Cabannes, Yves (2004), "Participatory budgeting: a significant contribution to participatory democracy", *Environment and Urbanization* Vol 16, No 1, pages 27–46.
27. Menegat, Rualdo (2002), "Participatory democracy and sustainable development: integrated urban environmental management in Porto Alegre, Brazil", *Environment and Urbanization* Vol 14, No 2, pages 181–206.
28. This is discussed in more detail in Satterthwaite 2005, op. cit.

Although the understanding of how international agencies can support development has changed greatly since the 1950s, the basic structure of how funds are transferred from official donors to "recipient national governments" has changed much less

VI. THE MISMATCH BETWEEN DONOR AGENCIES' STRUCTURE AND LOCAL PROCESSES

Most aid comes from the bilateral aid agencies of governments in high-income nations – whether they spend this directly in their bilateral aid programmes or channel it through multilateral development banks (for instance the World Bank and the regional development banks), other multilateral agencies (including the United Nations' many specialized agencies) or international NGOs. There are also the "non-concessional" loans provided by development banks that are an important part of development assistance but do not qualify as aid because they have to be repaid in full.

These official international aid agencies and development banks were not set up to support local organizations and processes. Their whole structure and mode of providing grants, soft loans (with grant elements) or non-concessional loans were never designed to support the kinds of pro-poor local organizations that can, or already do, make a difference to those with the least income or asset base (whether these organizations are community organizations, local NGOs or local governments). In large part, this is the legacy of the 1950s conception of development assistance which centred on capital to help national governments invest in productive activities and infrastructure supported by "expert" foreign technical assistance. Although the understanding of how international agencies can support development has changed greatly since the 1950s, the basic structure of how funds are transferred from official donors to "recipient national governments" has changed much less.

Most official development assistance agencies still have structures that are largely to provide national governments with large lumps of "capital" (as loan or grant). Most development assistance relies on national "recipient" governments to manage the use of this capital. All official development assistance agencies are also under strong pressure from the governments that fund them to keep down their staff costs. This stems from an assumption that an "efficient" aid agency is one that spends as low a

proportion of its total budget as possible on staff costs. For the World Bank and the regional development banks, keeping down staff costs relative to total loan amounts is also a priority – as it is in any bank. Combine this need to spend large sums of money, or to loan as much money as possible, with these agencies' formal relationship with national governments, and the limited possibilities of them supporting local processes becomes obvious. This is now being reinforced by the large transfers made direct from aid agencies to national governments as budgetary support. This practice has an official justification of supporting recipient government priorities, when in reality it is much linked to convenience and the small amount of staff time needed to manage the large transfers within international agencies. As noted in Chapter 1, the institutional structures of official aid agencies and development banks are largely incapable of supporting the diverse local processes that really deliver for the poor (except in a few showcase projects) – and (as importantly) of doing so in ways that minimize dependence on foreign funding.

One of the most important characteristics of "good" development is to minimize reliance on external funding. The potential scale of any initiative is maximized if it draws mainly on local funding sources. As examples given above have shown, keeping down unit costs and supporting low-income residents to mobilize funding has meant that major improvements were possible with little or no external funding. The nationwide upgrading programme in Thailand described above draws very little from international sources – since it is almost entirely funded by contributions from community organizations, local governments and national government agencies. Similarly, for the needed city-wide systems of sewers and drains into which each neighbourhood could feed, the Orangi Pilot Project has shown how the need for external funding was much reduced or even eliminated by alternative designs and careful attention to keeping down costs.**(29)**

One of the most important characteristics of "good" development is to minimize reliance on external funding. The potential scale of any initiative is maximized if it draws mainly on local funding sources

29. Hasan, Arif (1999), *Understanding Karachi: Planning and Reform for the Future,* City Press, Karachi.

In theory, international funding agencies might applaud such innovation but, in practice, it undermines their need to spend large capital sums or give large loans. Similarly, the loans provided by CODI in Thailand to community organizations were from an organization that encouraged households and community organizations to avoid such loans wherever possible. In development terms, this is what all loan-providing agencies should do, because low-income households will always face difficulties in meeting loan repayments. But for any international funding or microfinance agency, the measure of success of a household loan programme they support is how many loans were provided, not how many households were supported to avoid taking loans. Funding agencies also rely on large numbers of loans (and large average loan amounts) to ensure that their own costs are covered. Thus, the whole international funding structure is biased not only against supporting local processes but also against minimizing dependence on external funding.

This suggests the need for some creative institutional rethinking about what large centralized "foreign" aid agencies and development banks, which inevitably know little about the reality of "poverty" and what underpins it in each locality (with great diversity of the actual forms it takes between locations), can actually do to address this. This means thinking about the kinds of intermediary organizations through which funding can be channelled to support the local processes on which the achievement of the MDGs depend. There has been some rethinking about this – for instance the increased support provided by many international agencies to social funds – but these have not gone very far in rethinking the kinds of organizations on the ground that can deliver for, be accountable to and be influenced by the poor. Some donor agencies have strengthened their country offices in recipient nations in the hope that this will increase their capacity to support local processes – but if decisions are largely made by their own expatriate personnel who are there for short terms (so there is a constant change in staff), the capacity to understand

and work with local processes is still limited. Recipient governments will also want to limit or control any development assistance steered to local processes, especially those that may support non-government organizations or initiatives in localities where the local government is controlled by a political party or faction different from the one in power nationally. Certainly working in urban areas, the organizations and federations formed by the urban poor and homeless constitute a very important partner for donors – but official donors have difficulties working with them because they are neither official Northern NGOs nor part of recipient governments. In many nations, many of the leaders of the federations do not speak English or any other language understood by the donor agency staff.

There are good examples of donor-funded initiatives that support poorer groups' own organizations (for instance to support emergency credit, services and infrastructure), or strengthen the social, political, physical or financial service providers that serve them. But these constitute only a very small proportion of the total funding provided by official donors. Much of the international funding for the work of the urban poor and homeless federations has come not from official donors but from international NGOs or private foundations – for instance, European charities such as MISEREOR, Homeless International, SELAVIP, Cordaid and the Big Lottery Fund UK, or foundations such as the Ford Foundation and the Sigrid Rausing Trust.[30] However, some official donor agencies have developed the institutional means to support local processes. Two examples will be given here. These have importance not only for the support they provide to local processes but also for demonstrating the institutional means by which official development assistance agencies can do this. Their importance was also recognized by the Millennium Project's Taskforce on significantly improving the lives of slum dwellers.[31]

Working in urban areas, the organizations and federations formed by the urban poor and homeless constitute a very important partner for donors – but official donors have difficulties working with them because they are neither official Northern NGOs nor part of recipient governments

30. D'Cruz and Satterthwaite 2005, op. cit.
31. Millennium Project (2005), *A Home in the City*, Taskforce on Improving the Lives of Slum Dwellers, Earthscan, London.

The long-term goal is to develop and institutionalize a participatory model for the provision of infrastructure and services and for support for housing improvement and micro-enterprise development that can be sustained by local organizations in different urban areas

The first example is a range of institutions in different Central American nations that provide loans to low-income families to improve or expand their homes or build new ones. With US$ 50 million from the Swedish International Development Cooperation Agency (Sida), some 400,000 people have been reached.**(32)** The external funding was complemented by each family's own resources and, in some instances, by government housing subsidies to low-income households. In some nations, grants were provided to local governments for infrastructure and services, as long as communities participated in the decision-making and implementation process. In each nation, the long-term goal is to develop and institutionalize a participatory model for the provision of infrastructure and services and for support for housing improvement and micro-enterprise development that can be sustained by local organizations in different urban areas. Perhaps their greatest significance for the MDGs is their demonstration that it is possible for official donor agencies to reach agreements with national governments about setting up donor-funded organizations within the recipient nation that can support a multiplicity and diversity of local initiatives through local organizations and local processes with community participation.

The second example is of a donor-funded finance facility that makes funding available to community organizations formed by the urban poor and homeless. The Community Led Infrastructure Finance Facility (CLIFF), in India, provides funding to the National Slum Dwellers Federation, *Mahila Milan*, and SPARC, whose work was outlined above. This facility allows these organizations to carry out and scale up community-driven infrastructure, housing and urban services initiatives at city level, in conjunction with municipal authorities and the private sector (including banks and landowners).**(33)** It is unusual in that it makes available a fund on which projects that are developed locally can draw

32. See Stein, Alfredo with Luis Castillo (2005), "Innovative financing for low-income housing improvement: lessons from programmes in Central America", *Environment and Urbanization* Vol 17, No 1, pages 47–66.
33. Burra 2005, op. cit.

– and does so on a larger scale than is usually available to NGOs and people's organizations and in a form that helps leverage funds from other groups and, where possible, recoups the capital for reinvestment. It also greatly cuts the time needed to review a project proposal. Around US$ 10 million is available to kick-start large infrastructure, upgrading and resettlement projects. Much of this funding is then recovered from the Indian government which has many subsidy programmes to support community initiatives but which community organizations cannot access because they become available only when a project has reached a certain stage, or only after long delays. A large part of the funding for the projects that CLIFF supports comes from resources contributed by low-income households and their community organizations. Sida and the UK government's official bilateral agency, the Department for International Development have contributed external funding to CLIFF.

Both CLIFF and the institutions in Central America demonstrate a structure through which official aid agencies or development banks can channel support to local organizations. Both use external funding to help local organizations leverage local (governmental and community) resources. Both seek to recover costs for reinvestment. Neither of these new structures was problem-free. Both faced opposition from within the international agencies that funded them. Both also face expectations from some groups within donor agencies that are unrealistic – for instance, the possibilities of full cost-recovery and for drawing in large amounts of private capital when working with programmes that support and work with the poorest households. However, their achievements, in terms of how many people have been reached per dollar of external funding, how much funding was recovered for re-use and how much they helped support more participatory forms of local development, are remarkable.

Some national governments in low and middle-income nations may also develop their own institutional support for community-driven development, as in the example of CODI

A large part of the funding for the projects that The Community Led Infrastructure Finance Facility in India supports comes from resources contributed by low-income households and their community organizations

in Thailand given above. In these cases, official development assistance can be channelled through such organizations. Most of the urban poor federations also have their own funds through which support to them can be channelled – and these funds are also audited and managed to show external funders how their funding is used. But support for these kinds of intermediary organizations and local processes that minimize the amount of external funding implies significant changes in the way that most international donors are structured. It also implies a long-term engagement rather than a focus on "exit strategy".

VII. CONCLUSION

The discussions on how to meet the MDGs rightly have a strong focus on how the global system must change, how low-income nations' debt burdens must be cut, how special attention is needed for the least developed nations and how more aid is required. They also emphasize the need to improve public administration (or governance) at national level and donor coordination. But there is little discussion on the changes needed in the way that aid is "delivered" on the ground, to whom it is delivered and in what form. The Millennium Project which seeks to show governments and international agencies how to meet the MDGs has many recommendations for what should be done but not much discussion on what is needed, on the ground, in each (rural or urban) locality to ensure that this brings benefits to the poor and excluded. Little consideration is given to how to ensure that "the poor" are central to the design, implementation and management of interventions.[34] Most of the Millennium Development Goals are very clear about what they want to achieve – reduced poverty, reduced infant, child and maternal mortality, reduced incidence of certain key diseases, much-expanded provision of education, and water and sanitation – but less clear about how to put in place the local organizations and processes that will ensure that this happens. For instance, there is little discussion on

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34. See UN Millennium Project (2005), *Investing in Development; a Practical Plan to Achieve the Millennium Development Goals,* Earthscan, London.

how the official bilateral aid agencies and multilateral banks can systematically support the kinds of local processes that ensure the MDGs are met in each locality.

To meet the MDGs in urban areas, perhaps the central issue for external development assistance is the extent to which it supports the development of stronger local organizations that really deliver for poorer groups, are accountable to them and are able to work in partnerships with them. This includes the extent to which assistance supports organizations formed by the urban poor, and supports changes in local organizations and processes that reduce inherent anti-poor biases. This also implies a shift among international agencies from seeing "the poor" as clients or targets to which "development" and "environmental management" must be delivered, to recognizing them as active agents with knowledge, resources and rights to influence what is done and how donor assistance is used. As the head of India's National Slum Dwellers Federation, Jockin Arpurtham, pointed out to government representatives at the UN Commission on Sustainable Development meeting in 2004, governments need the slum dwellers as partners, if they are to meet the MDGs.

There are two other needed shifts for external aid. The first is from specifying what should be done (such as the focus on "quick wins" like providing bed nets and anti-malarial medicines, or expanding school meals in areas of under-nutrition)[35] to supporting local choices and priorities made by local organizations, formal and informal, in which poorer groups have influence. The second shift, as discussed in Chapter 1, is to "localize" the monitoring of the MDGs in ways that fully involve those whose needs the MDGs are trying to meet.

The importance of local organizations and processes for achieving the MDGs, and of changing how donors support them, is not getting the attention it deserves. If this is neglected, it is unlikely that most of the MDGs will be met

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35. UN Millennium Project 2005, op. cit.

in urban areas. If the urban poor lack voice, influence, rights and protection by the rule of law, then they will not get much benefit from increased donor flows, debt relief and fairer global markets. Indeed, greater prosperity within national economies will mean more pressure to evict poor people to make way for infrastructure developments and new enterprises. Even in nations with representative democracies, there is little protection for the urban poor from these pressures – as can be seen by the many large-scale recent and current evictions in many cities in South Africa and India.[36] International donors do not have a good record on poverty reduction in urban areas. The "urban poor", on whose poverty their programmes are justified, surely have a right to greater influence on what is done and by whom. As the examples given in this chapter show, this can transform the quality, scale and cost-effectiveness of development assistance. It can also be a central part of building more effective governance systems – but from the bottom up.

36. du Plessis 2005, op. cit.