POINT OF VIEW

What Is the Biggest Challenge

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Three points of view on different ways to manage things well

Within the next year, the world's urban population will exceed its rural population for the first time in history—with some 75 percent of city dwellers living in developing countries, according to a new United Nations report. The good news is that economists generally agree that urbanization, if handled well, holds great promise for higher growth and a better quality of life. But the flip side is also true: if handled poorly, urbanization could not only impede development but also give rise to slums—and already, the UN reports, one out of every three urban dwellers worldwide lives in one. Given that so much responsibility will rest in the hands of policymakers, who will need to take a team approach to problem solving, *F&D* turned to three experts from Asia and Africa, the regions with the fastest-growing urban populations, for their insights.

1 Providing Shelter

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MANAGING large cities in Africa continues to get more challenging as poor urban populations rapidly grow. Most colonial-era urban planning policies on the continent were aimed at keeping the poor out of the city. As independence spread and new local governments took over urban management, city gates opened and the poor began relocating to unprepared cities. In recent years, this population shift has become a deluge. Africa is, and for the coming decade will remain, the most rapidly urbanizing area of the world. UN-HABITAT reports that 72 percent of urban dwellers in sub-Saharan Africa live in slums, which gives it the second largest slum population in the world after south central Asia. Expectations are that this concentration of slum dwellers will only increase because most urbanization will occur within the economically vulnerable population.

Massive slums have grown across the continent. No large urban center has been exempt from informal settlements and slums. The largest and most overwhelming slum in Africa is Kibera in Nairobi, where between half a million and a million people reside. The International Housing Coalition notes that in many cities across Africa *less than 10 percent of the population* lives in a formal sector with decently constructed housing. UN-HABITAT statistics are illustrative and shocking: in Zambia, 74 percent of urban dwellers live in slums; in Nigeria, 80 percent; in Sudan, 85.7 percent; in Tanzania, 92.1 percent; in Madagascar, 92.9 percent; and in Ethiopia, an amazing 99.4 percent.

Why is so much of the urban growth ending up in burgeoning slums? Although there are undoubtedly many reasons, the underlying problem in almost all cities is an absence of appropriate urban planning strategy. And, I believe, the biggest challenge facing managers of large African cities is the ability, or inability, to provide adequate space, shelter, and services for the rapidly migrating low-income population.

As I visit communities at the grassroots level across Africa, it quickly becomes clear that this limited urban planning for the rapidly growing low-income population is compounding the problems for local governments. For many municipalities, the lack of urban planning is exacerbated by the inability of the poor to secure title to land, gain access to housing finance, obtain necessary services, and navigate the complicated and often outdated regulatory environment. Often, these regulatory bodies have requirements that interfere with using appropriate and affordable building technologies. Some holdover colonial building codes, for example, impose expensive snow-bearing requirements on tropical roofs.

Most governments have moved away from the ill-informed strategy of eliminating their urban slum problems through demolition. In fact, most cities have some limited, specially funded projects to upgrade existing slums. But few have moved to the other end of the spectrum

in Managing Large Cities?

by proactively planning at the appropriate scale to prevent future slums. In the absence of such strategies, governments are faced with the costs of additional slums, even though preventing slums from forming is much more cost-effective than upgrading or relocating them.

Preventing slums

So what can policymakers do? We know that appropriate planning for the housing needs of the poor includes setting aside appropriate land with tenure. I say appropriate, because allocating land for poor families far from the city center has rarely worked well unless appropriate transportation, infrastructure, and access to economic opportunity are also provided. And there are positive models that might be worth replicating.

South Africa has devoted significant resources since the end of apartheid to ensuring decent shelter for everyone. The program is multifaceted but, at its core, involves a housing subsidy that all citizens can qualify for once in their lifetime. Until recently, the program included funding for developers to put in necessary infrastructure. While the system is not without its flaws, such a commitment to space, shelter, and services for the urban poor is a positive example that has helped transform the lives of hundreds of thousands of urban and semiurban families since the early 1990s.

Malawi, although it has lower urbanization rates than some nations, has proactively set aside decent land in cities such as Lilongwe for low-income housing projects. Moreover, when the government was working on its new housing policy, it invited stakeholders working directly with the poor to sit at the table to assess the new policy and its impact on the majority of the population who struggle to find decent shelter in urban environments.

In no case can a city solve the problem on its own. Scalable and attainable solutions require the active participation of the private sector and civil society—in fact, of all stakeholders—if slums are not to rapidly perpetuate themselves. Rarely is the voice of the poor heard by city managers and urban planners at the same decibel level or with the same priority as that of the wealthy housing developer or corporation looking to build a factory. However, the cost to a city of not proactively giving adequate attention to the housing needs of the poor is a recipe for more Kiberas.

2 Getting the Balance Right

Kishore Mahbubani
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URBANIZATION is unstoppable. Globalization has accelerated the spread of free markets and modern technology, shaking ever more people from their rural roots and luring them to cities. By next year, 3.3 billion people, half the world's population, will live in cities. For cities in all regions, managing this new large influx will be a major challenge—but one that each region will face differently.

Asia will have its fair share of megacities. China is projected to account for 10 of the world's 30 fastest-growing large cities between 2005 and 2020, and India will have 8. The rapid growth of several Asian economies, including those of China and India, will give them a competitive advantage in handling new waves of urban migration. But Asian cities also aspire to be global cities—like London, Paris, and New York—that have advanced transportation and communication systems; a multicultural and cosmopolitan environment with a developed cultural scene; a critical mass of financial institutions, law firms, and major corporations; a strong media presence; a venue for major sporting events; and a clean, healthy, and beautiful urban environment—with outstanding architecture, clean air, water, parks, and gardens.

To succeed at becoming global centers, Asian cities will have to develop the right balance of strengths in "hardware" and "software"—something few of them realize.

The hardware part is unglamorous but critical: it includes modern sewage, a reliable electrical supply, and well-maintained roads and bridges. The inability to deliver a first-world physical infrastructure may explain why only 4 Asian cities are ranked among the top 50 in terms of quality of living by Mercer Consulting. They are Singapore (34), Yokohama (38), Kobe (40), and Osaka (42). Singapore is ranked first in Asia because, arguably, it is the best-planned city in the world. New York is ranked only 48, demonstrating that even first-world cities like New York and London are gravitating toward third-world infrastructure because of poor maintenance. Witness the sinkhole that opened up in Manhattan in July 2007.

Yet even if the great Asian cities fail to keep pace on infrastructure, they could be saved by their software: the cultural excitement that lures great talent. In Mumbai, the most densely populated city in the world (29,650 people per square kilometer), the physical infrastructure is crumbling and there is little long-term planning, but there is a vibrant cultural scene. Its movie industry, Bollywood, has a huge geopolitical footprint, stretching from Indonesia to Morocco (and perhaps the suburbs of New Jersey). In Shanghai, the infrastructure looks better, at least superficially, with wide new roads and glittering skyscrapers, but the reality is that the nuts and bolts need looking after—for example, its sewage is not first world. Even so, the cultural excitement in Shanghai today is as explosive as in Mumbai, largely because the city leaders have focused on glamorous projects (theaters, libraries, and museums—some one hundred of which are planned over the next four years).

Why this great cultural renaissance? The simplest answer is economic growth. More and more young Asians believe that the 21st century will belong to them. They share the type of optimism projected by a recent Goldman Sachs study that predicts that, by 2050, three of the four largest economies in the world will be in Asia: China, India, and Japan. That optimism affects even the slum dwellers. A U.S. diplomat recently told Indian author Niranjan Rajadhyaksha—who wrote *The Rise of India: Its Transformation from Poverty to Prosperity*—that unlike the slums of Africa and Latin America, where he often saw crime, despair, drugs, and urban gangs, he perceived energy and confidence in the Mumbai slums. The annual GDP of Mumbai's notorious slum, Dharavi, the largest in Asia, is $1 billion, according to *Time* magazine.

But if Asian cities fail to find the right balance of hardware and software, they could instead become a bottleneck to growth. No modern economy can succeed without being able to attract the new, globally mobile talent to its cities. These new tribes of high-powered financial whiz kids and management consultants, cultural performers, and media stars provide the vital "yeast" that a global city needs to grow and thrive. The good news is that these tribes have begun to migrate to Asian cities, despite the cities' many shortcomings.

3 Consulting the Citizens

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OUR comments are limited by our experiences in urban India. The operating term in the question is "managing." We prefer the term "governing" because it not only encompasses the function of managing but also locates it in a larger context.

The problems of large-city urban governance are not trivial. There are technical issues, such as urban planning, design and management of mass transport systems, and access to such resources as water and power along with their pricing and distribution. There are public finance issues of ensuring that cities get access to the resources they need to provide services of acceptable quality. There are regional issues too: how does a city relate to the larger region in which it is located, and how can the relationship between the two be managed?

The trick is to design institutions that can deal with all of these complex issues yet be close enough to the citizen to provide local public goods effectively. This is a complex organizational challenge that cannot be solved through simple Band-Aid solutions.

Moreover, we would argue that this needs to be done in a way that adds democratic processes to systems-based urban management solutions. Otherwise, public services will be created and delivered in a top-down manner, which is what happens in autocratic regimes. Residents of these cities are just consumers or producers of goods and services, not citizens who bring energy, vitality, and ownership to their cities.

These ideas do not emerge in a vacuum. Our work in promoting participatory urban governance in Bangalore, India, has seen more than 125,000 people engage in various campaigns over the past several years and involved more than 7,000 volunteers who have contributed close to 6 million person-hours. We have learned that sustainable change in urban governance cannot be achieved without a systems-based solution that is rooted in democracy. Take the following two examples.

One of our first campaigns involved getting citizens to participate in the allocation of local funds for neighborhood development. More than 5,000 citizens took part in the exercise, and about 22 percent of the total local works budget was selected by citizens themselves. The exercise was a big success, but, because there was no formal provision for such citizen participation in ward-level planning, the effort might not be repeated. It worked because there was a resolute citizenry—some of whom worked with an elected representative willing to allow the efforts, while others found an administration willing to support their activities. But those factors won't always be present.

We ran a second campaign to verify urban voter rolls, with the support of the Election Commission of India. Astonishingly, the error rates exceeded 50 percent, demonstrating how electoral systems can get hijacked over time. Corrupt politicians actually use the "legitimacy" that elections confer to take over the offices of government for private gain—moving democracy further away from the citizens and making them disenchanted with the idea of democracy itself. That can explain why citizens sometimes prefer a benevolent dictator to a dysfunctional democratic government. Participatory governance in our cities can be a powerful engine that can act as a political kindergarten for citizens and nurture in them a sense of agency in the overall democratic process.

Nobel Prize winner Amartya Sen said, "Countries should not become fit *for* democracy, but become fit *through* democracy." In the journey across the river of democracy, India has gone only halfway. We therefore cannot reap the dividends of a full democracy. So we enviously look back at the efficient authoritarian regimes on one bank of this river and admiringly ahead at the mature democracies on the other. We need to push cautiously ahead by "crossing the river, feeling the pebbles with our feet," as an old proverb says. ■