

# CITIES IN A GLOBALIZING WORLD

## GLOBAL REPORT ON HUMAN SETTLEMENTS

### 2001

**United Nations Centre for Human Settlements (Habitat)**



**EARTHSCAN**

Earthscan Publications Ltd  
London and Sterling, VA

# CONTENTS

<i>Foreword</i>	v
<i>Introduction</i>	vi
<i>Acknowledgements</i>	viii
<i>List of Boxes</i>	xviii
<i>List of Tables</i>	xx
<i>List of Figures</i>	xxi
<i>List of Maps</i>	xxii
<i>List of Acronyms and Abbreviations</i>	xxiii
<b>Key Issues and Messages</b>	<b>xxvi</b>
<b>Prologue: Human Settlements in a Globalizing World</b>	<b>xxx</b>

## PART I

### THE DEVELOPMENT CONTEXT: CHANGES AND CHALLENGES

<b>1 Development Contrasts in Human Settlements</b>	<b>3</b>
Highlights	3
Contrasts in urbanization patterns	3
Contrasts in the wealth of cities	3
Contrasts in competitiveness	3
Contrasts in opportunities	4
Contrasts in local and global priorities	4
Contrasts within countries and regions	5
Contrasts within urban areas	5
Uneven Development: Impacts of Information and Communication Technologies on Human Settlements	5
ICTs and contemporary urbanization: a critical nexus	5
Challenges for urban analysis	6
Not the 'death of distance': why the dominant logic of ICT-based development supports urban polarization	7
New technologies tend to extend the reach of the economically and culturally powerful	7
Urban polarization and the internet	7
The internet and the restructuring of US cities	8
ICTs as supports to the restructuring of human settlements: integrating international divisions of labour	9
ICTs, urban polarization and restructuring in developing cities	10
Cultural and economic biases of the international information marketplace	12
Bridging the urban digital divide	13
Human Settlements in a Polarizing World: Poverty and Inequity	13
Decreases in income and increases in cost of living	13
The urbanization of poverty	14
Inequality and polarization	15
The developing countries	16
The countries with economies in transition	17
The industrialized countries	19
Assessment of trends	22

<b>2</b>	<b>Urban Impacts of Globalization</b>	<b>26</b>
	Globalization, Urban Planning and Democracy	26
	Physical Reflections of Globalization	31
	Inequality and the quartering of urban space	32
	Mobile citadels of wealth and business	34
	The quarter of gentrification	34
	Suburbanization inside and outside the city	35
	The old working class quarter and the immigrant enclave	35
	Abandonment and the new ghetto of exclusion	36
	Walls between the quarters	37
	The debasing of the urban cultural environment	38
	The declining public orientation of the state and the distortions of land use by the market	38
	The residualization of social housing	39
	Countervailing Favourable Trends	40
	The democratization of decision-making	40
	The advance of knowledge	41
<b>3</b>	<b>Framing Normative Policy Platforms</b>	<b>43</b>
	Antecedents and Context	43
	Global Strategy for Shelter to the Year 2000	44
	Human Settlements Policy Issues in United Nations Development Agendas in the 1990s	46
	The focus on poverty and human rights	46
	The emphasis on empowerment and gender equality	47
	United Nations Conference on Human Settlements (Habitat II) (Istanbul, 1996)	48
	Innovations	49
	The Istanbul Declaration and Habitat Agenda	49
	Goals and principles	49
	Commitments	49
	Strategies	50
	Evaluation	50
	The Habitat Agenda in broader context	52

## PART II

### EMERGING APPROACHES TO URBAN GOVERNANCE AND POLITICS

<b>4</b>	<b>The Changing Context and Directions of Urban Governance</b>	<b>57</b>
	The Repertoire of Governance Strategies	57
	Markets	57
	Hierarchies	58
	Networks	58
	The Globalization Paradox	58
	Emerging Elements of Governance	59
	Decentralization and formal government reform at the area-wide level	59
	Civil society participation in policy making	60
	Multi-level governance and partnerships	61
	Decision-making structures	61
	Lessons and Analyses	62
	Formal public institutions are crucial actors in urban governance	62
	New key role for the state in urban governance	63
	Partnerships cannot be a comprehensive form of urban governance	63
	Area-based policies and actions are not a panacea	63
	Political leadership is a key element of governance	63
	The political strengthening of metropolitan areas	64
	The Democratic Challenge: Insights from Latin America	64
	Neopluralist democracy	65
	The need for inclusion	66

<b>5</b>	<b>Politics of the Global City: Claiming Rights to Urban Spaces</b>	<b>69</b>
	Nation States and New Political Actors	69
	Recovering Place	70
	A New Geography of Centrality and Marginality	71
	'Glocalization': The Localization of the Global	72
	A Space of Power	73
	Making Claims on the City	74
	A Politics of Places and Cross-border Networks	75

### PART III

#### CHANGES IN HOUSING FINANCE AND SHELTER DELIVERY SYSTEMS

<b>6</b>	<b>The Developing Countries</b>	<b>79</b>
	Housing Finance: Needs and Capacity	79
	Direct investment by low-income residents	79
	State investment programmes	79
	Formal financial sector	81
	Micro-finance institutions	81
	Housing Finance and Globalization	81
	Poverty	82
	Credit	82
	Land	82
	State funds	83
	Institutional responses	84
	Local government	84
	NGOs	84
	Civil society groups	84
	Implications for Policy	85
	Land and secure tenure	85
	Access to credit	85
	Partnerships with local communities	85
<b>7</b>	<b>The Countries with Economies in Transition</b>	<b>88</b>
	Marketization	88
	Housing privatization	88
	Formation of the rental market	89
	Structural changes in the construction market	89
	Formation of the housing market: availability and affordability	90
	Development of financial markets	90
	Deregulation	90
	Changes in the state's social mandate in the housing sector	90
	Termination of state rent control	91
	Regulation of local natural monopolies	92
	Growing income dependence of housing consumption rates and housing segregation	92
	Decentralization	93
	Increased role of local authorities and the burden of housing payments	93
	The danger of accelerated decay	93
	Concerns and Challenges	93
<b>8</b>	<b>The Industrialized Countries</b>	<b>95</b>
	Housing Ownership	95
	Globalization and the Role of Government in Housing Finance	99
	Globalization and the Ability to Pay for Housing	100
	Countries with liberal/dualist housing systems	101
	Countries with social democratic housing systems	101
	Countries with 'residual' housing systems	102

## PART IV

### DEVELOPMENTS IN THE URBAN ENVIRONMENT AND INFRASTRUCTURE

<b>9</b>	<b>Urban Health in the Developing Countries</b>	<b>105</b>
	Urban Populations Lead the Health Transition	105
	Injuries	106
	Mental ill-health	106
	Chronic or 'lifestyle' diseases	107
	Emerging Evidence of an Urban Penalty?	107
	Low-income Urban Populations: The Worst of Both Worlds?	108
	Shifting the Focus from the Urban Poor to Urban Inequity	110
	Beyond the Rural-Urban Divide	110
<b>10</b>	<b>Assessments of the Urban Environment: Water Supply and Sanitation Services</b>	<b>114</b>
	From Habitat II to The Hague World Water Forum: Global Patterns and Trends	114
	The Hague Water Vision 21: Water for People	115
	Persistent and Emerging Gaps	115
	Gaps between water supply and sanitation	115
	Gaps in gender equity and empowerment	116
	Gaps in institutional and financial restructuring	116
	Privatization and commodification of water	116
	Gaps between water infrastructure and environmental management	118
	Gaps between first principles, best practices and ex post evaluation	119
	Gaps between water, sanitation and human settlements policy initiatives	120
	Implications	121
	Focus on gaps	121
	Improve data, analytical tools and historical reviews	121
	Develop clear objectives for coordinating water, sanitation and human settlements programmes	122
	Basing Policies on Inaccurate Data? The Importance of Critical Scrutiny	122
	The problem of inaccurate data	122
	Water provision	123
	Sanitation	125
<b>11</b>	<b>Impacts of Recent Trends on Urban Transport</b>	<b>128</b>
	Transport and Urban Form	128
	Wealthy Cities are Slowing Down in Car Use	128
	Public Transport is Growing Nearly Everywhere	129
	Transport and Social Exclusion	129
	Cities in the more developed economies	129
	Cities in the developing economies	129
	Poor Cities are Being Trapped in Traffic	130
	Reducing Car Dependence	132
<b>12</b>	<b>Energy Demands and Consumption</b>	<b>134</b>
	Historical Patterns of Energy Production and Consumption	134
	Development Constraints Created by Urban Energy Consumption Patterns	136
	Sustainable Energy Technologies Appropriate for Urban Applications	139
	Strategies for Achieving Reform in Urban Energy Sectors	141
	Appendix A: Energy Data Sources and Conversion Procedures	144
	Appendix B: Methods Used to Calculate Energy Consumption Quintiles	144
<b>13</b>	<b>Decentralization and Urban Infrastructure Management Capacity</b>	<b>146</b>
	Overview	146
	Decentralization and infrastructure policy	146
	Decentralization of infrastructure services	146
	Expanding the scope for private sector involvement	147
	A growing role for NGOs and civil society	147
	Challenges in the decentralization of infrastructure	148
	Decentralized Institutional Frameworks, Participatory Processes and Capacity Building	148

The role of regional and intermediary institutions	149
Strengthening local government leadership and initiative	149
Partnerships between municipalities and NGOs	150
Community-based approaches to infrastructure services and neighbourhood revitalization	151
Financing Investments in Infrastructure: The Expanding Scope for Intermediary Institutions and Public-Private Partnerships	152
Public/private partnerships to finance infrastructure	153
The role of intermediary institutions in infrastructure finance	154
Privatization of infrastructure services: Public utility companies	155
Equitable Access to Infrastructure and the Empowerment of Poor and Marginalized Communities	155
Community-based financing of infrastructure projects	156

## PART V

### ENSURING DEVELOPMENT PROSPECTS

<b>14 Building Capacity</b>	<b>161</b>
Strengthening Capacity of Local Authorities and their Partners	162
Drafting a world charter of local self-government	162
Funding to strengthen municipal capacity	163
Municipal international cooperation	163
Evaluating MIC initiatives	164
Capacity Building through Partnerships	165
Issues involved in public-private partnerships	166
Criteria for assessing partnerships	169
People-to-People Community-based Approaches	171
The Alliance	171
The setting	171
The politics of patience	172
Words and deeds	172
The international horizon: globalization-from-below	175
The Role of Development Agencies in Capacity Building	176
'Going to scale' in supporting community initiatives	177
Working with NGOs and civil society groups	178
<b>15 Strengthening Post-disaster Reconstruction of Human Settlements</b>	<b>182</b>
Consequences of Armed Conflict, Natural and Technological Disasters	182
Post-disaster Recovery: Learning from Recent Experience	183
Enhancing the Classical Post-disaster Recovery Model	187
The institutional framework: globalization and disaster recovery	188
The classical recovery model defined	188
Enhancing the classical model	189
Opportunities for local capacity building	189

## PART VI

### BUILDING A COMMON FUTURE

<b>16 Adequate Shelter for All: Strategic Foci</b>	<b>195</b>
Combating Homelessness	195
The diversity of homelessness	195
Framing policies to overcome the limits of market mechanisms	198
Supporting the Realization of Housing Rights	201
Recent developments	202
Property restitution	203
Addressing forced evictions	203
Security of tenure	204
Focusing further actions	205
Reappraising housing rights standards	205
Creating a global property registry	205
Developing housing rights indicators	206

Improving complaint mechanisms	206
Strengthening Appropriate Forms of Housing Tenure	207
Recognizing the diversity of relevant tenure forms	207
Rent	207
Leasehold	207
Freehold	207
Conditional freehold: 'rent-to-buy'	207
Communal tenure	207
Forms of collective tenure	207
Housing cooperatives	208
Advantages for low-income housing	208
Potential problems	208
Government policies	208
<b>17 Sustaining Human Settlement Development: Strategic Foci</b>	<b>211</b>
Supporting the Governance of More Inclusive Cities	211
The growing importance of good governance	211
Poverty eradication at the local level	212
The informal sector	212
Investing in the poor	213
Combating Corruption	216
Corruption within municipalities: what can be done?	216
A preventive strategy	216
Assessing corruption	217
Corruption in the water sector	218
International initiatives	219
Country responses	219
Reconceptualizing transparency: grassroots movements for accountability to the poor	220
Local participatory auditing of the public sector	220
Private sector transparency that goes beyond disclosure of financial performance	222
Lessons	222
Reducing Urban Violence	223
Definitional issues	223
Measurements	223
Categories of urban violence	223
Causes of urban violence	224
Individual level	224
Interpersonal level	224
Institutional level	224
Structural level	225
Characteristics of urban violence	225
Costs and consequences of violence in urban areas	226
The erosion of physical capital	226
The erosion of human capital	226
The erosion of natural capital	227
The erosion of social capital	227
Interventions to reduce urban economic and social violence: 'good practice' examples	227
Criminal justice approach	228
Public health approach	228
Conflict transformation approach	229
Human rights approach	229
Social capital approach	229
Towards integrated approaches to urban violence reduction	230
<b>Epilogue: Liveability of Cities in a Globalizing World</b>	<b>232</b>
<i>References</i>	236
<i>Background Papers</i>	252

**PART VII**  
**STATISTICAL ANNEX**

<i>List of Tables</i>	257
<i>Technical Notes</i>	258
<b>Country Level Data</b>	<b>268</b>
Demographic Indicators and Household Projections	268
Housing and Infrastructure Indicators	277
Spatial and Economic and Social Indicators	291
<b>City Level Data</b>	<b>300</b>
Demographic Indicators and Household Projections	300
Housing and Infrastructure Indicators	312
Economic and Social Indicators	324
<i>Index</i>	331