

Urban Dimensions of Donors' Poverty-Reduction Strategies

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Introduction

Collectively, the international community has set an ambitious goal for itself: to reduce by half the proportion of people living in extreme poverty – subsisting on less than US\$ 1 per day – by the year 2015, taking 1990 as the baseline. Virtually all donor agencies – multilateral and bilateral alike – have adopted poverty-reduction as their overriding objective. This quote from the foreword to the World Bank's *World Development Report 2001/2002 Attacking Poverty* may serve as a representative example of donor commitment to this objective: "We at the Bank have made it our mission to fight poverty with passion and professionalism, putting it at the centre of all the work we do" (World Bank 2000a:v).

Although such mission statements suggest a firm commitment to poverty-reduction, the conceptualisations of poverty and the analytical insights stemming from them vary from one agency to another, largely reflecting their respective mandates and sector biases. These variations also include the way in which the urban dimensions of poverty are handled.

In this presentation I shall review key documents on poverty published by selected donor agencies. Among the multilaterals, the World Bank, the UNDP, Habitat, and IFAD suggest themselves. I will also look at two bilateral agencies: DFID and Sida. Since both multilateral and bilateral agencies attach increasing importance to the so-called Poverty-Reduction Strategy Papers (PRSPs) that a large number of developing countries is currently producing, I will dwell on these processes as well.

Conceptualising poverty

It appears that a broad consensus has emerged within the donor community with regard to the conceptualisation of poverty and the attendant anti-poverty strategies, despite differences of nuance and emphasis. I shall not delve into a thorough discussion of poverty and its measurement. It will suffice to recapitulate some basic dimensions of the concept: deprivation, vulnerability, and powerlessness.

To be poor means being deprived of basic needs such as food, shelter, education and health. Living at the margin also makes the poor particularly vulnerable to adverse shocks, both natural disasters and human-made calamities. A third dimension of being poor is powerlessness; the poor are ill equipped to alter the social relations that made them poor in the first instance. In daily life, the

poorest are often excluded from normal participation in the community; they are socially excluded and destitute at worst. On the measurement side, it must be stated that too much attention has been devoted to narrow money-metric indicators of poverty to the exclusion of qualitative assessments (Hanmer et al. 1999).

How poverty is conceptualised bears decisively on the formulation of poverty-reducing strategies. Above all, analyses of causality are critical inputs to policies designed to get the poor out of their predicament. Since it is recognised that poverty is complex and multi-faceted, it follows that the strategies pointing out of poverty must be comprehensive and multi-pronged. At a general level, the World Bank has formulated a three-pronged strategy (World Bank 2000a):

- Promoting opportunity
- Facilitating empowerment
- Enhancing security

Promoting opportunity is associated with economic growth and involves creating new jobs, establishing credit facilities, and expanding markets; building physical and social infrastructure in terms of roads, electricity, water supply, sanitation, schools, and health facilities. This is in itself banal and totally unsurprising coming from a banking institution. It is more surprising that the Bank is also concerned with the pattern and quality of economic growth, especially its distributive effects. In fact, the Bank asserts that greater equity is necessary and that action by the state is required to support the build-up of human, land and infrastructure assets that poor people can own or have access to.

Facilitating empowerment implicitly recognises that poverty reflects unequal social and power relations. Powerlessness is the hallmark of poverty. Although pointing to the intrinsically political nature of empowerment, the Bank shies away from its full implication: political struggle. Instead, the Bank speaks of collaboration among poor people, the middle class, and other groups in society. It is not acknowledged that empowerment of the poor must mean the disempowerment of the non-poor – in relative terms – since the power concept is a relational one. Thus, poverty-reduction entails changing social and power relations – often in fundamental ways. Glossing over this fact makes the strategy flawed.

Enhancing security requires national action to mitigate the consequences of adverse shocks on the poor. This can be done through various social security schemes, specific emergency programmes, building up buffer stocks, and diversifying household income sources.

The Bank claims that there is no hierarchy of importance between these three prongs; they are deeply complementary and interdependent. I would say, however, that empowerment takes precedence because it goes to the core of the poverty phenomenon, i.e. unequal power relations at all levels of society.

As always, the proof of the pudding lies in the eating. Although a broad consensus has been arrived at regarding the general precepts of anti-poverty policies, it is acknowledged that there is no 'quick fix' to the poverty problem, or a universal blueprint that will fit all situations. At the national and local levels, each country needs to design its own package of anti-poverty policies, tailored to the circumstances at hand and reflecting national priorities.

In assessing the resultant poverty-reduction strategies it might be useful to apply the hierarchy of interventions suggested by Reginald Green (1994):

- *Primary redistribution*, i.e. enabling poor households to produce and earn more, in order for them to be able to fend for themselves on a sustainable basis rather than being dependent perpetually on relief and hand-outs. This is considered the core of an effective poverty-reducing strategy whose ultimate objective is the eradication of poverty altogether, however distant the achievement of that objective may seem;
- *Secondary redistribution*, i.e. providing basic health services, safe water, nutrition, education and extension services to poor households to raise their present and future productive capacities;
- *Tertiary redistribution*, i.e. building and reinforcing safety nets of cash or kind (particularly food) transfers to alleviate consumption shortfall due to conjunctural shocks such as droughts, floods or other natural or man-made calamities (e.g. civil strife and war).

In the above schema primary redistribution is akin to the World Bank's notions about opportunities, and especially empowerment. Secondary redistribution, on the other hand, is coupled primarily to opportunities but less to empowerment. Finally, tertiary redistribution is almost synonymous with enhancing security. In the past, the donor community has been criticised for restricting itself to secondary and tertiary redistribution. Since then, there has been a development, however, in the donors' mode of thinking. To include empowerment as a key element in poverty-reduction strategies is a step forward towards addressing primary redistribution. Likewise, the World Bank is talking about "negotiated land reform". And the pendulum seems to have swung from the erstwhile extreme liberalism towards state intervention in selected fields. One might be tempted to ask whether the World Bank has gone social democratic?

Specificities of urban poverty

What I have outlined above is the generic concept of poverty at an aggregate level. I have not dealt with household strategies at the micro level, or the international level. As shall leave those levels out and continue to focus attention on the national level. However, I intend to draw attention to the specific features of urban poverty as distinct from rural poverty or poverty in general.

Drawing on Kamete et al. (2001) it should be stated at the outset that African poverty is fast becoming urbanised. The 'urban bias' thesis has largely been overtaken by events. The perception that urban areas are well off and that all

poverty in rural areas is slowly giving way to a more realistic view that poverty is ubiquitous and increasingly found in urban areas. This realisation has implications for how we analyse the poverty phenomenon and how poverty-reduction strategies are formulated. Most of the general features of poverty outlined above also apply to urban poverty. But there are special characteristics of urban poverty that set it apart and need to be understood better (Wratten 1995; Moser and Holland 1997).

Urban dwellers generally face higher living costs than rural dwellers, because many rural households may draw on subsistence production. Urban areas are characterised by a higher degree of commercialisation of goods, services and land than rural areas. Poor urban households typically spend relatively more on food than do rural households. Similarly, fuel and water figure prominently in the budgets of poor urban households. Firewood and charcoal, which are widely used in poor urban areas without electricity, are expensive to buy and hard to collect. In urban areas where piped or running water is not available, water tends to be a major expense. User fees normally have to be paid for private or communal services. Public or private transportation to and from work in the city often consumes a substantial share of the household income.

Housing is normally a considerable one-time construction expense, even for people living in poor-quality dwellings. The urban land and housing markets are often subjected to speculation, rendering dwellings unaffordable for the urban poor. Credit – if available at all to poor people – tends to carry high interest rates. In case of default the dwellers are evicted and the dwelling repossessed. In many cases the prohibitive building costs compel urban dwellers to rent accommodation.

The income of urban households tends to vary considerably, both for individual households over time and between different households. Retrenchment in the public sector due to structural adjustment has affected many badly. Food subsidies have largely disappeared. With the downscaling and redundancy of formal employment, an increasing number of people has resorted to the informal economy, which is by now largely perceived as a “competitive dead-end sector with low pay and long hours” (Moser 1996:24).

Many urban households depend on a sole breadwinner, which makes them vulnerable. With retrenchment, illness, divorce or other conditions taking away the main source of family income, there are generally no systems of social security or other support structures buffering such shocks. In response to decreasing and fluctuating income more household members tend to be forced onto the labour market or into a multitude of pursuits.

Urbanisation has led to significant changes in the social organisation of communities, neighbourhoods, families and households (Hannerz 1980; Tvedten and Pomuti 1994; Rakodi 1997). Nuclear and one-parent households have become more common, at the expense of multi-generational extended family units. While this entails a smaller number of mouths to feed, it also means fewer potential income earners. Economic hardship and congestion of

people have also made household units less stable, leading to radical household composition shifts. Divorce rates also tend to be higher in urban than in rural areas. Furthermore, poor urban communities tend to be less cohesive than traditional rural villages because people come from different geographical areas and diverse ethnic backgrounds. The combination of poverty and a heterogeneous population often exacerbate instability and tension. As a result, crime and violence (both public and domestic) tend to be more prevalent in urban than in rural areas.

The relative isolation and individualisation of many urban communities and social units have led to more vulnerable social networks. The ability to overcome an economic crisis often depends on the ability to make claims for help or resources from social relationships with family, friends, neighbours or the state – so-called social capital. Alternative urban networks may be created, but these often depend on the command of economic resources and necessary urban cultural competence (such as literacy) that many households do not possess.

In the absence of adequate housing and physical infrastructure, poor urbanites typically face more serious environmental hazards than do rural dwellers, e.g. air and water pollution.

The central importance of housing to peoples' quality of life is often overlooked (UNCHS 1996). Secure tenure and house ownership are important preconditions for economic security as well as physical well-being. In the absence of adequate housing, and attendant piped water, drains, sewers, regular solid waste collection, etc, poor urban populations are at risk both economically and in terms of environmental hazards (McGranahan and Leitman 1997). The high population densities in most urban shantytowns have made infectious and parasitic diseases particularly widespread. In fact, illness rather than starvation is the principal cause of death in poor urban areas in Africa, partly because poor nutrition makes people more susceptible to disease, especially children.

HIV/AIDS is currently a grave concern in urban as well as rural areas of Africa. There is no conclusive evidence on the prevalence of AIDS in the two types of setting, but over-crowding, poverty and the breakdown of traditional structures of social organisation are likely to add to the impact of the AIDS pandemic in cities and towns. Having said this, increasing evidence is also being adduced that the infected move or are being moved to rural areas to be cared for and to die, adding an additional burden on rural dwellers (UNDP 2000a).

Overall, the urban poor are characterised by a high degree of vulnerability despite their relatively high average level of income compared to that of the rural poor. Poor urban households are more exposed to changes in income and prices for basic goods and services, and their vulnerability is exacerbated by poor housing, the deterioration of public services, and increasing tension and violence in congested urban settings. In fact, the degree of poverty in urban households seems to have less to do with the actual amount of material

resources accruing to these units than with the way in which such resources are controlled, used and allocated.

There has been increasing attention devoted to urban-rural interactions. Evidence suggests that many poor urban dwellers maintain close links with their rural areas of origin (Tacoli 1998; de Haan 1999; Jerve 2001). This applies not only to the first generation of migrants, but also to people who have grown up in urban settings.

Such links first of all take the form of exchange of goods and services. Urban households typically send money or commodities to rural relatives or friends, including clothes, detergents, soap, tobacco, sugar, flour, tools, utensils, and imported goods. Rural households for their part may supply their urban relatives with foodstuffs (meat, staple grains and vegetables), home-made beverages, firewood and building material.

In addition to exchanging goods and services, many poor urban households have members staying in rural areas for longer or shorter periods of time. This typically involves children who stay with relatives where food is more easily accessible and life more tranquil; youngsters staying in the rural areas to attend to land and cattle; or older people moving back to their rural area of origin when they are unable to work in town any more. On the other hand, many poor urban households are compelled to host and feed rural relatives and friends who need a place to stay when in town. Visits like these often represent a heavy economic burdens on the households concerned, but are difficult to escape because they are considered a reciprocal element of social capital.

In addition to these urban-rural relations, there is evidence that many households pursue a circular migration strategy or are semi-permanently split in a rural and an urban part through 'straddling' – not relinquishing their roots on either side of the rural-urban divide (Tostensen 1991; Bank 1998; de Haan 1999). It may be argued that African households are translocational rather than based on territorial co-habitation. Circular migration and 'straddling' may contribute to the forging of constructive relations between urban and rural areas, but are also likely to increase the vulnerability of the household as a social unit and exacerbate intra-household tensions.

The close links between urban and rural areas have a number of important implications. Problems of unemployment and poverty in cities and towns have repercussions in rural areas, and, *vice versa*, problems of low agricultural production in the countryside impact adversely on urban areas. However, there are indications that the extent of such linkages varies both among urban areas and between households within given shantytowns. The poorest households seem to have the greatest problem in establishing and maintaining such links, which reinforces their marginalisation and exclusion.

What is analytically designated 'urban' and 'rural' cannot be treated as a sharp dichotomy of discrete entities to be approached by completely separate modes of intervention. To consider the 'rural' and the 'urban' as one social field would

be analytically more appropriate. There are 'grey' areas in between that can be classified as neither 'urban' nor 'rural'. When considering policy and project interventions the close urban-rural linkages of reality need to be taken into account; it is more important to acknowledge the interdependence of urban and rural areas than to insist on their separateness. Having said this, the analytical distinction between 'urban' and 'rural' is still pertinent because there are – after all – significant differences between 'urban' and 'rural' areas that have a strategic bearing.

Reviewing key donor documents

This section will review key documents on poverty published by selected multilateral and bilateral donors with a view to examining how urban poverty is treated, if at all.

World Bank

It is particularly important to examine the way in which the World Bank has conceptualised poverty and designed strategies to redress it, because of the clout this institution carries within the donor community. Most bilateral donors look to the World Bank for guidance, largely by virtue of the latter's analytical capacity and prowess.

The World Bank is the principal multilateral organisation in the urban arena. The *World Development Report 2001/2002 Attacking Poverty* contains the Bank's latest general poverty analysis and policy, as outlined above. However, even the previous World Development Report devoted a chapter to 'Dynamic Cities as Engines of Growth' (World Bank 2000b). At about the same time the Bank formulated a fully-fledged urban and local government strategy entitled *Cities in Transition* (World Bank 2000c). The new strategy is based on *four principles*: (a) strategise holistically and intervene selectively; (b) commit to scaling up urban assistance; (c) reinvest internally in urban knowledge and capacity; and (d) work through strengthened partnerships.

The *building blocks* of a new strategy include the following (World Bank 2000c:63ff):

- *Formulating national urban strategies.* The urban transition must be considered in the context of the national development agenda of the country in question, i.e. in a holistic fashion.
- *Facilitating city development strategies.* The city development strategy is both a process and a product that identify ways of creating the conditions for urban sustainability along the dimensions of livability, competitiveness, good management and governance, and bankability. A first 'scoping out' phase would provide a quick assessment of the readiness of the city, the chief concerns of its officials, and the industrial, commercial, and banking interests. These findings would form the basis for a second, more in-depth analysis of the local economic structure and trends, the potential obstacles – institutional, financial, environmental, and social – and the strategic

options. A third phase would focus on outside assistance, particularly on how the Bank and other agencies could help the city achieve its goals.

- *Scaling up programmes to provide services to the poor.* Upgrading, combined with secure tenure, not only improves the basic quality of life of residents. It also creates the conditions for raising their incomes by providing basic public goods, and stimulates private savings and investment in housing and small shops that form the core of informal employment within these communities.
- *Expanding assistance for capacity-building.* Fostering intermediary channels of knowledge-sharing.

These building blocks would, in turn, be the means employed towards achieving a vision of sustainable cities, encompassing *four functional prerequisites*: (i) livability; (ii) competitiveness; (iii) good urban governance; and (iv) bankability.

- The agenda for improving *livability* includes reducing urban poverty and inequality, creating a healthful urban environment, enhancing personal security (minimising the risk of crime, violence, traffic accidents, and natural disasters), establishing an inclusive system of legal protection and political representation, and making cultural and recreational amenities available to all (World Bank 2000c:47). The environmental problems of urban areas (the 'brown' agenda) – air, soil, and water pollution, noise, and traffic congestion – have more direct and immediate implications for human health and safety, especially for the poor, and for business productivity than do 'green' environmental issues (World Bank 2000c:39). Policies to curb future environmental deterioration from motorisation and urban economic activity will have limited effect if focused narrowly on sectoral issues within transport, energy, or industry. Effective solutions must address broad issues, including transport demand, land use planning, industrial development and location, and household income growth and distribution – all central to the urban development agenda (World Bank 2000c:39). Urbanisation is characterised – even defined – by fundamental changes in the physical concentration of population, in the nature and scale of economic production, in land use, and in social structures and patterns of interaction (World Bank 2000c:43). Densification of settlement directs land and wealth into housing and related infrastructure and increases the need for complex systems to provide water and energy, market food, transport goods and people, remove wastes, and protect public health and safety (World Bank 2000c:43);
- In *competitive cities* output, investment, employment, and trade respond dynamically to market opportunities. The basic conditions for competitiveness of cities are efficient markets for land, labour, credit, and for inputs (particularly transport, communications, and housing), to ensure that the benefits of urban agglomeration are achieved and the diseconomies (from congestion and pollution, for example) are minimised (World Bank 2000c:48). Urban areas account for a disproportionately high share of national economic production and are the main sources of economic growth in most countries. Economic growth is closely correlated with urbanisation

(although sub-Saharan Africa has been a notable exception to this rule since the early 1980s, in terms of measurable income growth) (World Bank 2000c:36). Synergy between the rural and urban economies is a particularly important channel through which growing urban areas contribute to national development. 'Urban' and 'rural' are interdependent markets linked by exchanges of people, goods, services, capital, social transactions, and information and technology that benefit residents in both locations (World Bank 2000c:37). Migration between rural and urban areas is a vital source of alternative employment for the agricultural population and transfers innovation as well as remittances – in fact, migration is a carrier of growth. In many countries improved infrastructure and changes in agricultural practices are permitting more fluid labour exchange, including seasonal and even daily commuting. Distinctions between cities, towns, and rural areas are becoming almost obsolete as economic activity spreads outwards into vast semi-urbanised and rural industrialised regions in response to global trade opportunities and technological changes (World Bank 2000c:38);

- *Good urban governance* implies inclusion and representation of all groups in the urban society – and accountability, integrity, and transparency of government actions – in defining and pursuing shared goals (World Bank 2000c:49). Municipalities bear the basic responsibility of government at its lowest tier for allocating resources and promoting social equity, within constraints set by higher levels of government (which assign functions and fiscal authority), and for ensuring the provision of local public goods and services through partnership with the private sector and civil society (World Bank 2000c:44). Local governments, or designated agencies such as public utilities, have vital roles to perform in ensuring that the poor have essential services; providing urban public goods (streets, storm drainage, public green spaces); facilitating efficient use of and equitable access to urban land; undertaking co-ordination, planning, and policy corrections, as needed, to account for positive and negative spill-over effects of private activities (such as pollution); and protecting public safety (World Bank 2000c:45).
- The first step towards *bankability* is financial soundness, as reflected in the respect for hard budgets and judicious use of even weak resource bases. For the cities that can access capital markets, bankability can be defined in terms of creditworthiness. In both cases bankability requires a clear and internally consistent system of local revenues and expenditures, balanced by transparent and predictable inter-governmental transfers, good financial management practices, and prudent conditions for municipal borrowing (World Bank 2000c:51).

As far as strategies go, the World Bank has adopted a position, which appears balanced and sensible. But again, the proof of the pudding lies in the eating. At the general level of rhetoric, few objections may be raised. But implementation will require operationalisation that, in turn, will throw up contradictions and difficult trade-offs to be made. Furthermore, what resource allocations have been made to address urban poverty specifically, and have those resources been managed well to produce tangible results?

Habitat

Within the UN system, Habitat is the lead agency for co-ordinating activities in the field of human settlements, with an emphasis on towns and cities, including urban poverty. But to my knowledge, Habitat has never formulated an explicit urban poverty-reduction strategy. The closest one can get is the so-called Habitat Agenda or the Istanbul Declaration on Human Settlements, adopted at the Habitat II conference in 1996 (Habitat 1996). This document goes far beyond poverty concerns but it sets ambitious goals and launches a plan of action which addresses the poverty challenge head on. Practically the entire work programme of Habitat is devoted to the urban poverty problem – sector by sector. It is particularly reassuring to note that this agency does not subscribe to a sharp rural-urban dichotomy; instead, it emphasises rural-urban linkages as a key feature of poverty no matter its location (Habitat 2001:86–87).

Among Habitat's many projects and programmes the following deserve special mention:

- *The Urban Management Programme (UMP)* is implemented jointly with the World Bank and the UNDP. It develops and applies urban management knowledge in the fields of participatory urban governance, alleviation of urban poverty and urban environmental management, and facilitates the dissemination of this knowledge at the city, country, regional and global levels.
- *The Sustainable Cities Programme (SCP)* is implemented in conjunction with UNEP and several other donors. It builds capacities in urban environmental planning and management at the local, national and regional levels.
- *The Urban Indicators Programme* is a decentralised networking and capacity-building programme that responds to one of the most critical needs of urban policy – the need for better information on urban conditions and trends.
- *The 'Best Practices' Programme* comprises a global network of partners representing governments, local authorities, grassroots organisations, training, educational and research organisations dedicated to applying lessons learned from good and best practices to ongoing policy and leadership development activities.
- *The 'Cities Alliance' Initiative* started in 1999 and is being implemented jointly with the World Bank.

In June 2001 a special session of the UN General Assembly – dubbed Istanbul+5 – was held to take stock of progress on the Habitat Agenda and the Plan of Action five years after the Istanbul conference. Governments submitted progress reports on a range of performance indicators. This performance audit, which noted considerable progress but fell short of expectations, forms the basis for future action. Recently, the status of Habitat has been elevated to the level of a programme on par with UNEP. This has added weight to its operations and given it more resources so as to be better able to fulfil its mandate. Habitat now appears set to become the UN global advocacy agency

for cities and human settlements with an explicit focus on the situation of the urban poor.

United Nations Development Programme (UNDP)

The general conceptualisation of poverty and its remedies are contained in *Overcoming Human Poverty: UNDP Poverty Report 2000* (UNDP 2000b). It has many elements in common with that of the World Bank, albeit with more emphasis on the political and social dimensions. The analysis stresses the multiple dimensions of poverty rather than money-metric measurements. In terms of solutions it underscores effective governance, commitment, ownership, policy coherence, transparency and accountability, empowerment and devolution of decision-making authority to lower levels of government, civil society participation, human resources development, organisation by the poor themselves, and integration of measures into the mainstream of government. More importantly, the report offers a fairly frank discussion – some would say almost cynical – of anti-poverty plans being vaguely formulated without explicit targets, adequate budgets and effective organisation, and that the consensus on pro-poor growth is still hobbled by an inability to recommend operational policies towards that end. It is also refreshingly self-critical on behalf of the donors, which are to blame for the hit-and-miss project approach to development – bypassing government, dissipating efforts, and eroding sustainability. Unfortunately, the report is silent on urban poverty.

Essentially the body within the UN family responsible for co-ordination of technical co-operation, the UNDP has over the years provided assistance to a great number of urban development projects, mostly as a source of funding for the specialised agencies. However, the UNDP also carries out projects and programmes of its own, such as ‘Local Initiative Facility for the Urban Environment (LIFE)’ and the ‘Public-Private Partnerships for the Urban Environment Programme (PPP)’.

The UNDP is also an important partner with Habitat and the World Bank in the inter-regional ‘Urban Management Programme (UMP)’. In the past decade, the UMP has set the premises upon which programmes in the urban field may be based. It has evolved into the largest technical co-operation programme of its kind, and the largest UNDP programme operating in urban areas. Several countries have made financial contributions, including Germany, the Netherlands, Sweden, Switzerland and the United Kingdom.

In the first phase of operation (1986–1992) the UMP was preoccupied with developing concepts and preparing generic frameworks, tools and discussion papers on urban management. Phase II (1992–1996) was devoted to translating the results of the conceptual frameworks into operational programmes and action plans. Five themes were identified and considered to encompass the key issues in urban management: (i) land; (ii) infrastructure; (iii) municipal finance and administration; (iv) poverty reduction; and (v) environmental management. The programme was subsequently decentralised and the third phase (1996–2000) has culminated in ten years of experience in urban management. Notable among these is the consultative process at the city level, providing services for

upstream policy-making, creating networks for urban managers, planners, national and regional institutions, etc.

In 1996, the UNDP launched its Poverty Strategies Initiative (PSI), intended to diagnose poverty, improve country-based capacities for policy analysis and implementation, and to design national and local poverty-reduction strategies. An independent evaluation of the initiative was undertaken in 1999–2000 to summarise the lessons learned (Grinspun 2001). While the bulk of the work dealt with poverty issues in general, it is noteworthy that considerable attention was devoted to rural-urban linkages, underscoring that the rural and urban spheres are, in fact, one social field (Jerve 2001). Moreover, the country case studies included an urban poverty assessment in Lesotho (UNDP 1997).

International Fund for Agricultural Development (IFAD)

Recently, IFAD published its *Rural Poverty Report 2001*, whose scope and depth is comprehensive (IFAD 2001). Attention is given, above all, to agricultural production by poor smallholders and the assets they command. Special emphasis is put on water conservation in agriculture, technology, markets, and institutions. Most of IFAD's analysis accords well with those of the World Bank and the UNDP, and adds depth and detail to the rural dimension of poverty. The report boldly asserts that “[t]he rural sector has largely remained neglected, despite its great concentration of poor people” and that “[r]ural poverty reduction deserves much greater emphasis” (IFAD 2001:1 and 15).

Unsurprisingly, urban poverty hardly features at all in this report. Whenever it does mention urban poverty, it is in a rather dismissive manner with a view to underpinning the argument that informs the entire report: rural poverty-reduction should be accorded higher priority. It is to be expected that an agency with an agricultural development mission would act as an advocate of the rural areas where three-fourths of the world's poor still live. But it becomes problematic when the report espouses certain views that are inconsistent with research findings (IFAD 2001:Box 1.1):

Addressing rural poverty raises food supply and may reduce migration, thus helping reduce urban poverty. Also, successful rural poverty reduction usually works by raising the productivity of the poor; but most treatments of urban poverty are welfare-oriented, often depending mainly on upgraded housing.

When juxtaposing the above quotation with one from Habitat's 2001 report on the world's cities, a stark difference emerges (Habitat 2001:86):

The paradox of rural development policies aimed at slowing migration is that they usually achieve the reverse. Increased productivity results in rural redundancy, as well as a better educated rural workforce – which now has the means and ambition to seek employment in the city.

These two quotations appear irreconcilable. The former reflects the ‘urban bias’ thesis, whose originator, Michael Lipton (1977), was also the principal author of IFAD's report. The list of references include 13 items that carry his name,

while the seminal work of Jamal and Weeks (1993) on the vanishing urban-rural gap in Africa is conspicuously absent.

To my mind, the latter quotation tallies with findings from migration research over a long period. It is discouraging, therefore, that the 'urban bias' thesis is still being peddled without qualification. It is unfortunate that IFAD thus appears to revert to the urban-rural trench war, to the point of misrepresenting the facts. I find it disheartening to read passages such as this (IFAD 2001:16):

Rural anti-poverty policy is focused on increasing the productivity of the poor, often with success. But urban anti-poverty policy concentrates on improving the shelter and sanitation of the poor rather than their opportunity to earn.

A far more fruitful approach would be to see rural and urban poverty reduction in conjunction. Whenever rural-urban interactions are mentioned, however, it is to point out the persistent rural-urban gap in resource allocation or to allege that urban anti-poverty measures tend to stimulate rural-urban migration and aggravate urban conditions (IFAD 2001:16):

Urban-oriented policies alone may fail to reduce urban poverty: they may make urban living more attractive, but congestion costs would rise and the wages of the urban poor would fall.

Department for International Development (DFID)

Among the bilateral donors DFID has recently elaborated a strategy geared specifically to poverty in urban areas (DFID 2001). As such, DFID is among the few bilaterals to have done that. Others include USAID, CIDA and Sida, but, generally, bilateral aid agencies have been slow in addressing the special problems that the towns and cities face (Milbert and Peat 1999).

The DFID document affirms that cities are centres of politics, culture, complex service provision systems, enterprise development and innovation. They create spaces where poor people can participate in a range of socio-economic and political activities, which can radically improve their well-being and status. They can also provide a range of services (environmental, health, education, infrastructure, safety nets, etc.) on an efficient and cost-effective basis, which can provide benefits for poor people – good health, educational and job opportunities, libraries, savings and loans facilities, and access to environmental services.

Furthermore, dynamic, well-managed cities generate benefits far beyond their boundaries. A buoyant regional economy, which fosters productive exchanges of goods, services, people and capital between rural and urban areas, makes a significant contribution to national economic growth. Indeed, all the nations in the South with the greatest economic success over the last 30 years have urbanised rapidly; most of those with the least economic success have not. There is a direct correlation between economic growth and poverty reduction. However, there is no reference to the African exception in this regard.

Sida

Another bilateral agency involved in urban poverty work is Swedish Sida. A separate policy document was elaborated already in the mid-1990s to spell out Sida's urban involvement, including a commitment to reducing urban poverty (Sida 1995).

Sida's policy document (1995:47–48) lists six reasons why development assistance to urban areas is warranted:

- Developing countries are becoming more and more urbanised;
- Poverty is being urbanised and urban poverty is a neglected problem that needs more attention;
- Serious environmental problems accompany rapid urbanisation;
- Nearly two-thirds of the GNP of most countries is generated in urban centres;
- Rural development requires the services that only towns can supply;
- International assistance is insufficient in targeting the urban poor and in improving the functions of urban municipal institutions.

These reasons are in themselves convincing enough to justify a focus on urban affairs and a higher priority accorded to urban issues in the overall development assistance of Sweden. Although a fair share of Sweden's development assistance currently finds its way to urban areas, the approach in the past has tended to be piecemeal. Three objectives and entry points have been singled out in Sida's urban approach (Sida 1995:49–51):

1. Reducing urban poverty;
2. Improving the urban environment;
3. Promoting urban economic growth.

The fact that an increasing number of people in African towns and cities live under miserable conditions of poverty is a good enough argument to justify increasing efforts towards poverty alleviation or reduction. Income generation is the first priority, through job creation or some form of self-employment in productive enterprise by means of micro credit schemes. Improved housing and legalisation of secure tenure is another priority. The provision of social services such as education and health is also high on the agenda, as is infrastructure.

The key to the long-term sustainability – environmentally and economically – of urban centres is economic growth. The concentration of labour and other production factors in towns and cities provides a good basis for economic development. But the potential is not allowed to come to fruition because of unreliable services, deficient infrastructure, congested transportation networks, poor planning, inadequate institutions, inappropriate or outdated regulatory frameworks, etc. Although the case for direct donor and public authority involvement in productive activities has been severely weakened, they have a role to play in providing an improved framework conducive to private sector enterprise and economic growth.

While the Swedish policy document presents a thorough and incisive urban analysis, reflecting recent research findings, it is vague with respect to operationalisation and policy prescription. The need for assistance to multiple key sectors is reiterated, as well as a comprehensive approach to governance and public administration. The role of a range of different actors is also recognised, in particular NGOs in collaboration with city authorities. Otherwise, flexibility and pragmatism is emphasised in the design of interventions, tailored to the site-specific circumstances.

Poverty-Reduction Strategy Papers (PRSP)

In 1999, the World Bank and the International Monetary Fund (IMF) decided that in order to be eligible for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative prospective recipients had to prepare so-called Poverty-Reduction Strategy Papers – PRSPs in shorthand. A number of countries is now in the process of preparing such documents and some have been completed and approved. Much attention is drawn to the importance of a macro-economic framework conducive to economic growth as a precondition for reducing poverty. But many other aspects are highlighted as well.

Beyond the conventional interventions related to employment generation, productivity stimuli, credit schemes, social services, etc., a few novel elements have been added. Participation in decision-making by a broad range of stakeholders is highlighted, in both the policy-formulation process and the subsequent implementation of the adopted strategy. Institutionalisation of PRSPs is also stressed, i.e. mainstreaming through the regular government apparatus, rather than hiving off the responsibility for policy and implementation to a particular ministry or agency which may not have the political clout to carry the strategy through.

The PRSPs deal with poverty-reduction in general, but it would be interesting to learn whether they address urban poverty specifically. Although I have not been able to go through all of the completed PRSPs, some of them have been reviewed with this in mind: Tanzania, Uganda, Burkina Faso, and Mauritania. They all stress that poverty is most pervasive in the countryside and that the efforts to reduce poverty should be directed at the rural areas. One of them – Tanzania –concedes that urban poverty is also a problem but rural poverty will still be given priority. Mauritania mentions that some measures will be taken to fight urban poverty at the outskirts of the cities and around medium-sized town, in addition to the efforts in the rural areas.

None of the above PRSPs addresses the pervasiveness of rural-urban linkages. They are preoccupied with the rural-urban dichotomy in a rigid sense and do not recognise that African households are often translocational in order to spread risk and derive income from multiple sources.

Conclusion

It appears that the urban agenda and urban poverty is slowly moving upwards on the agenda of both multilateral and bilateral aid agencies, even though there are exceptions, such as IFAD. However, few poverty reduction strategies

incorporate the critical rural-urban linkages that are so pervasive in Africa. Similarly, the specific features of urban poverty are not adequately addressed. To the extent they are mentioned, they are a mere add-on or an afterthought, rarely an integral part of the analysis of the entire poverty complex. Due to this neglect the strategies must be considered somewhat flawed or incomplete.

Notwithstanding the urban dimension of anti-poverty analyses and policies, their implementation will put the strategies to the test. There are numerous problems in the operationalisation of precepts at the level of reality. Also, contradictions and trade-offs will emerge when the strategies are to be carried through.

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Summary

This paper examines the extent to which the poverty-reduction strategies of selected multilateral and bilateral donors incorporate an urban poverty dimension. Key policy documents of multilaterals such as the World Bank, the UNDP, Habitat and IFAD are scrutinised, as well as those of two bilateral agencies: DFID and Sida. It appears that urban poverty has moved up on the policy agenda of many agencies but notions of 'urban bias' still linger in the analyses of some. It is particularly noteworthy that the persistent and widespread urban-rural linkages are given inadequate attention in virtually all policy documents, with potentially serious consequences for aid interventions.

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