

URBAN SHELTER

BASIC SERVICES



Markets and services

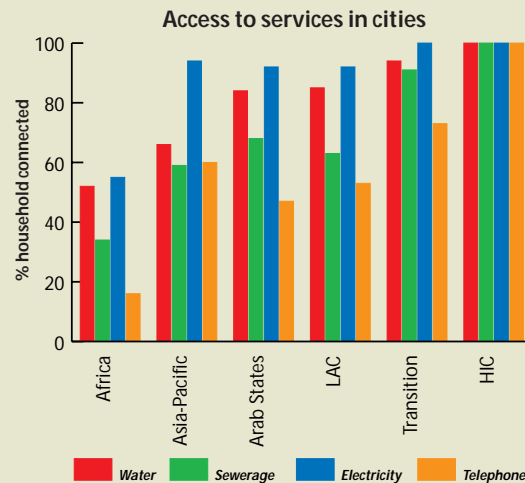
The ways in which local housing markets operate are closely related to the quality of basic services. Such services are essential for healthy human settlements, and many services demand a complex infrastructure designed for peak loads, which often leads to high indivisible investments. Furthermore, these services are public services, that is they should be available to every citizen. This, however, does not necessarily imply that such services should be supplied by a public agency. Private firms undertake the provision of basic services in many countries under regulatory frameworks created by central and local governments, through the enabling strategies already highlighted.

The supply of basic services is an important part of land development, and supply gaps may cause inefficiencies in urban land markets. Local authorities are often under pressure to supply infrastructure to all newly developing areas, yet meeting all demands at the same time may be impossible, necessitating an incremental approach.

Demand and supply

A number of trends related to urban basic services can be identified. Populations at the outer edges of cities (peri-urban areas) in developing countries are growing twice as fast as in the formal city. With distant informal settlements, high investments in infrastructure are re-

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The quality and reliability of local services are often taken for granted in highly industrialized countries, but limited access to, or poor quality of infrastructure services in African and Asian cities is a major impediment to business and a major source of frustration to the population. The poorest households in developing countries generally cannot afford telephone and electricity connections. They often only have poor access to water supply, sewerage and solid waste disposal systems. Apart from reducing the quality of life in settlements, the absence of basic services makes communities living in informal settlements particularly vulnerable to disease.

quired, even for modest services delivery. But due to unrealistically high prices and poor cost recovery, per capita investment in urban basic services is declining. Current levels of services in many developing countries cannot meet basic needs, while insecurity of tenure offers little incentive for residents to invest in services themselves.

The graph on access to services reveals serious gaps in water distribution networks, while sewerage connection levels are persistently lower than water connection levels. The level of provision of electricity is higher than other services in all regions. Telephone connection levels are the lowest among the four services in all regions except the highly industrialized countries. Telephone connections also provide Internet access, but monopoly telecommunication firms often price access beyond the reach of the majority. Mobile telephone use has been expanding rapidly in spite of high user costs. In Africa, connection levels of all services are much lower than in other regions. Sewerage networks have the highest supply cost among these services, and are least likely to be supplied commercially. Highly industrialized countries have almost 100 percent connection levels to water, electricity and telephone networks, but average sewerage connection level is about 60 percent. In low-

Improving the Living Environment - Mianyang, China
The City of Mianyang, China used the themes “Human Needs at the Centre” and “Environment as Priority” for wholesale modernization and industrialization, while improving the living environment. Mianyang spent more than US\$1.6 billion in the past 10 years on improving living conditions and the environment. Per capita living space went from less than 5m² to 13.5m²; the total length of roads has increased from 46 to 223 km; 74 bridges have been built; the number of bus routes has risen from 2 to 37; the capacity of water supply has increased from 50,000 to 580,000 tons (with a 99 percent connection rate); the household connection rate to natural gas has risen to 75 percent; telephone connection rates have risen to 21 percent. The length of underground sewage pipelines has increased by 14 times and 142 public lavatories have been built. The air pollution index remains less than 50 year round, while 80 percent of factories have greened their operations and the area of greenbelts has risen from 448 to 1302.8 hectares.

density suburban settlements technically adequate individual sewers, or septic tanks, could be much more cost efficient, compared to provision through a network. Lower sewerage connection levels may be related to the dominance of low-density single family housing in most of the highly industrialized countries. Official statistics about the connection levels to infrastructure networks may not reflect variation of service qualities. In many settlements of developing countries water cannot be supplied every day to certain parts of cities, although most dwelling units are connected to water distribution networks. Technical standards of sewerage also are not reflected in most statistics.

The poor pay more

The perception by many public and private providers that the poor cannot pay for services is another factor leading to low levels of service. In reality, the urban poor in informal settlements often pay more than residents in the formal city for services of much lower quality. The highest median price of water is in Africa, which has the lowest connection level among the six regions. In some of cities of the Latin American and Caribbean Region the price of water is excessively high, which is an indication of extreme scarcity and the dominance of profiteering suppliers. When comparing price to income levels, highly industrialized countries probably have the lowest water prices, without much variation between the median and the maximum prices.

All the factors that are mentioned for developing countries result in a downward spiral of reduced delivery of services, inadequate maintenance and rehabilitation, lack of demand management, poor cost recovery, discouraged private sector participation and little involvement of communities in the planning, provision and management of services.

Governance issues

It is now widely acknowledged that the inter-relationship between urban basic services and social well-being, economic development and the environment, make the provision of adequate basic services a complex urban governance challenge.¹²

In the past few years, there has been a better understanding of the governance requirements in the delivery and performance of urban basic services. For most governments in developing countries the question is not *whether* to involve the private sector but rather *how* and *when*. Decentralization of many service functions to the local level has now largely been accepted by most governments as a priority, encompassing a wider recognition of the importance of involving local communities in the operation and management of services at the neighbourhood level.

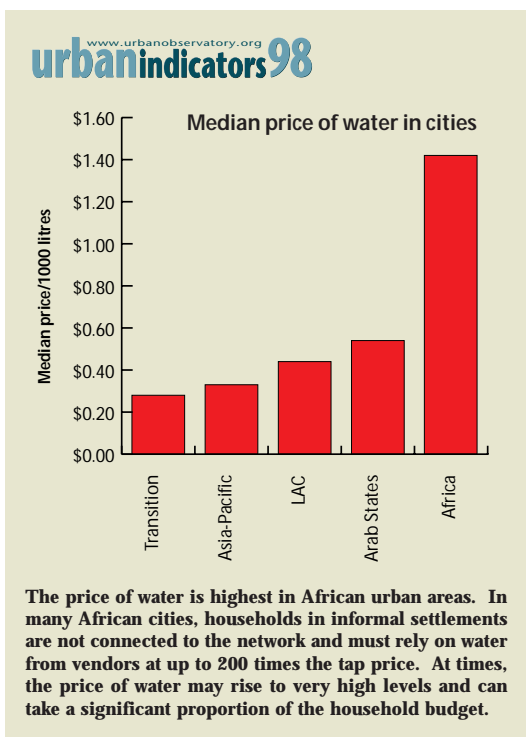
In most cities of the developing world, the current disparity of services between urban and peri-urban settlements and the disparity in levels of different services poses a range of challenges that calls for urgent integration of all basic services into overall metropolitan area planning. The key policy objective is to ensure a balanced improvement of effectiveness, efficiency, equity and sustainability in service delivery. Public-

private partnerships can bring efficiency gains and greater cost-effectiveness in transport and water sectors, while effective regulatory control can ensure that poor neighbourhoods are not neglected. A strong political commitment, transparency in management and coherent strategies will be needed to attract more private sector investment and risk-taking in urban services.

Elements of this strategy would include: protecting water sources and watersheds from pollution, created mainly by urban development; minimizing the amount of water lost due to network problems and illegal connections; encouraging wastewater recycling by industrialists and community groups; and, finally, introducing policies and programmes for demand management aiming to change people’s attitudes towards freshwater conservation.

Community participation in the provision and management of basic services can help promote cost recovery and long-term sustainability. Policies and programmes should therefore focus on building capacity at local level for effective community participation – particularly of women - in the planning, provision and management of services.

The private sector can bring in much-needed investment funds, and its role in the water and transport sector in cities in many developing countries has expanded in recent years. However, its participation in the extension of services to the urban poor remains a critical issue, interrelated with pricing and cross-subsidy policies. Experience is now available with a wide range of innovative financing mechanisms for urban basic services.



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