



HABITAT Norway



World Habitat Day 4th October 2004



Conference in Oslo on

**Cities - Engines of Rural Development**

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## **The World Habitat Day 2004 in Oslo Habitat Norway**

The United Nations has every year since 1985 celebrated the World Habitat Day on the first Monday in October. This day has been set aside by the United Nations for the world to reflect on the state of human settlements and the basic right to adequate shelter.

Habitat-Norway arranges a yearly conference on the World Habitat Day where different themes and issues related to human settlements are discussed. The theme of this year's World Habitat Day was Cities – engines of rural development. It underlines the importance of mutually beneficial linkages that are essential for the development of both cities and rural areas. This conference was sponsored by The Norwegian Agency for Development Cooperation (NORAD), The Norwegian State Housing Bank and The Ministry of Local Government and Regional Development (KRD).

The conference was chaired by Anne Ruden, International Director of The Norwegian State Housing Bank.



The International Director of The Norwegian State Housing Bank, Anne Ruden, at the Habitat Day 2004 in Oslo

## **The Executive director's message on the World Habitat Day 2004**

Mrs. Anna Kajumulo Tibaijuka, Executive Director, UN-Habitat

The United Nations has designated the first Monday of October each year as World Habitat Day. It is an occasion to reflect on the state of human settlements and the basic right to adequate shelter for all.

The theme of World Habitat Day on Monday 4 October this year is, Cities – Engines of Rural Development. We chose this theme to underline the economic, social and environmental interdependence between urban and rural areas. Sustainable development can only be achieved in both areas if they are considered holistically as part of the same, integrated system. The links between cities and the countryside depend on the infrastructure connecting them. Improve the infrastructure network, and rural production increases, giving people in the countryside better access to markets, information and jobs. Cities are magnets for rural trade, and the gateway to national and international markets. They benefit from rural demand for their output.

The better the links between cities and their hinterlands, the easier it is for rural people to get jobs in cities, and thus ease the problem of rural unemployment. It is important that cities absorb excess rural labour. But in the developing world, poor development in urban areas has restricted the options that would normally be open to rural people. A major hurdle to be overcome in developing countries is the fact that secondary and tertiary towns are under-supplied and under-developed. This can be remedied by improving the road, rail and other vital communications networks between them. Economic development in small towns can have a positive impact on the surrounding rural economies through a greater demand for rural produce from urban residents who normally have a higher purchasing power.

Intermediate towns provide natural destinations for rural migrants seeking better opportunities. They also help cushion the impact of major migration flows towards large cities. In many poor countries, the scattered nature of rural settlements renders the provision of infrastructure and services to rural areas extremely costly. There is no doubt that a major cause of rural under-development is poor access to basic infrastructure and services such as roads, telecommunication, health care, education, credit, markets and information. Many of these can only be supplied and supported from within the more populous urban areas.

It is imperative, therefore, that if we are to achieve sustainable economic and social development nationwide Governments must integrate their country's urban and rural areas as a matter of policy. Stimulating balanced development between urban and rural constituencies means strengthening national, regional and local planning bodies.

On this World Habitat Day, we call upon all those concerned about rural growth to integrate urban development fully into their plans and to bring a more holistic perspective to our common future: Cities can be the engines of rural development.

The article is taken from UN-HABITAT's Homepage:

[http://www.unhabitat.org/whd/2004/articles/ed\\_message\\_ed\\_message\\_1.asp](http://www.unhabitat.org/whd/2004/articles/ed_message_ed_message_1.asp)

## **Welcome and Opening Remarks: "Word Habitat Day 4 October 2004"**

Roger Iversen, Political Adviser, The Ministry of Local Government and Regional Development

Dear Participants

I wish you all welcome to the Ministry of Local Government and Regional Development. A special welcome to our distinguished guest speakers who will, I am sure, give us valuable inputs and make our celebration of World Habitat Day 2004 meaningful and forward-looking.



Roger Iversen. Photo by CF-Wesenberg

This is the fourth year we in Norway celebrate the World Habitat Day in a more official manner. Every year Habitat Norway has been the organizer of the event in close cooperation with the Housing and Building Department in the Ministry - a modest, but still a significant example of a fruitful public/private partnership. I hope that we by now can say that we have established a tradition on how to celebrate the day, and that we can look forward to future arrangements in the same partnership spirit. I would anyhow take this opportunity to extend my thanks to Habitat Norway for your efforts and congratulate you with a rich and interesting programme for this year's celebration.

As you know, the World Habitat Day is celebrated worldwide every year on the first Monday in October - focusing on a specific human settlement theme. This year the focus is on the relationship between cities and rural development, and the slogan is Cities - Engines of Rural Development.

The urban-rural dimension has been a key issue, and also in many ways a controversial issue, at the international human settlements arena for the last decade or so. At the Habitat II conference in 1996, many delegations opposed the idea to call the conference "The City Summit". Most developing countries, especially African countries, did not favour this expression. Their main challenges were not felt as being urban, but rather rural, simply because of the fact that the vast majority of the population in these countries, and the severe problems connected to extreme poverty, were rural.

To day, looking at the Habitat II conference in retrospective, we have all reasons to say that Habitat II became a city summit. This conference was in many ways the point of departure for a new trend, a shift of focus, from rural to urban development as a priority matter. In the last years it has been evidently clear that the future fight against poverty globally, has to be fought in cities. Recent trends suggest that the number of slum dwellers worldwide is projected to rise from 900 million to day to about 2 billion over the next 30 years. Virtually all the growth in number of people living in poverty worldwide, will be city-dwellers in the developing world. The Commission of Sustainable Development at its meeting in April this year - CSD

12 - recognized that urban poverty to day is the most serious threat to sustainable human settlement development.

Just two weeks ago, I had the opportunity to participate at the second World Ur-

ban Forum in Barcelona. Here, we focused on some of the more specific issues that clearly illustrate that urban poverty is a severe threat to sustainability - for instance the fact that the vast majority of children and youth in most of the big cities in developing countries are growing up with no hope for the future. They are marginalized, have no influence, struggling with life-threatening living conditions. Many of them live already as children outside the society, and have no prospects of being included as adults. Their future will most likely bring unemployment, at least no legal work, they will not be able to buy or rent a house except for may be a shack in the growing slums, they will get no formal address and therefore loose civil rights such as the right to vote. At the same time, every day, they meet their fellow citizens, often neighbours, the small minority of rich people living behind guarded walls - enjoying whatever the "good city life" may offer. A situation like this is definitely not sustainable.

But also in our part of the world we have challenges connected to exclusion and social segregation. Especially in the big cities, groups of immigrants coming from non-european countries, are de facto excluded from the society. Many of them lack the relevant social capital and seem not able to integrate into their new homelands. Many face ethnic discrimination. Racism is a growing problem. Compared to the situation in the developing world, even if we look at current trends in many western countries, we can say that the challenges we face in Norway are minor. Still we can observe the same general trends - although weaker and in a much more manageable scale. We have a policy to fight poverty and homelessness; in fact this Government has issued concrete, national action plans both to fight poverty in general and to combat homelessness. We are also concerned with ethnic integration and are these days in the middle of a process to reorganize our Ministry's Department on Migration and the Directorate of Immigration (UDI) to better face these challenges.

And - as a ministry of regional development - we are actively engaged in the Norwegian version of handling the urban/rural linkages. The aim of the regional development policies is to maintain the central features of the population settlement pattern and to have equal living conditions throughout the country. Traditionally the urban-rural dimension in Norwegian politics has been very important, and still it is so. In the light of this importance, we have not been in the forefront internationally to focus solely on urban challenges. In fact, at the Habitat II conference, we supported the African countries in their plea for not forgetting the rural problems. But also in our country we are now more engaged in and aware of the specific challenges our bigger cities face. This is reflected in a white paper on urban policies to the Parliament in 2003. We are also preparing a white paper on the development of the metropolitan area of Oslo, probably finished by 2006. The future of rural policies is presently being discussed by a Governmental Commission expected to deliver their report this autumn. I expect within their wide mandate, that they will discuss relationships between urban and rural regions. Furthermore, we are preparing a white paper to the Parliament on regional policies to be presented during the spring. Both of this will have to discuss the role of cities as engines of growth in general, but I expect also the relations between urban and rural regions.

Therefore, the theme of this year's World Habitat Day is of relevance also to Norwegian politics. We are looking forward to hear about experiences from China as

well as Kenya. I think it is necessary to work hard for a better understanding of the global urban challenges in the international community. Otherwise, we will not be able to reach the Millennium Development Goals on poverty and on bettering the living conditions for at least 100 million slum dwellers. Sustainable cities have the potential to be engines of growth for national and local development. Obviously, there are links between urban and rural development. I hope that we during this day can examine these links a little bit closer.

I wish you the best of luck and a pleasant World Habitat Day celebration, and I thank you for your attention.

# Cities as Engines of Growth for Rural Development: A Review

Jan Hesselberg, Professor in Human Geography, University of Oslo, Norway

## Introduction

The following is a short presentation of the core ideas regarding the connection between urban and rural areas in light of development. The views on the so-called urban-rural divide and where development interventions should primarily be undertaken have varied quite much since 1945. During certain periods the mainstream opinion was that towns and cities were the engines of economic growth, whereas in other periods urban population growth and concentration of economic activities were seen to be an important national development problem.



Jan Hesselberg at the Habitat Day 2004.

## Urban and rural

Urban and rural areas are not today different worlds apart. However, in politics and development planning these categories are still often treated as separate worlds. In a recent Norwegian newspaper article the heading reads as follows: "By står mot land" (the city against the countryside). It is seen to be a conflict between the two spatial categories. The development question is whether investments should primarily go to dynamic urban regions or to slower paced rural regions. Urban investments are argued for due to economic efficiency. Rural investments are supported politically and ethically for spatial equality reasons.

Rural is defined in statistical sources as "not urban". Urban is defined in quite different ways around the world. International aggregations of urban population do not use one definition for all countries but are based on different national definitions. In Norway places of mainly non-primary economic activities are included as urban down to the size of 200 inhabitants. In some countries the minimum size is 5 000, 20 000 or even 30 000. In other countries only towns and cities administratively defined as such, are included. The United Nations figures for and projections of urban and rural population are made from this non-comparable national information. In my opinion, the world's urban population had already in the year 2000 passed the 50% threshold of the total population if a minimum size of 5 000 inhabitants had been used as a common definition. The case of India is illustrative to show the change in magnitude of urban population by a change in definition. The country's urban population is said to be about 30%. However, if we change the minimum size of places included as urban from 20 000 to 2 000 the figure doubles to 60%. I think it makes sense to include as urban small towns with a population of 1 000 and above. International donors, private and public, should be aware of this fact that the South is already to a large extent urban, and that 95% of the future population growth will take place in urban areas. Moreover, the main potential for economic growth is in towns and cities. In all high income countries agriculture makes a relatively small contribution to the GDP (2% on average in 2002), whereas in the low income countries the share is much higher (24%). The figure for the middle-income countries is in-between (9%).

### **Statements – World Habitat Day, 2004**

"The fastest growing cities will be secondary and market towns,...."This growth can help to improve rural life and ease the problems associated with megacities."  
(Anand)

"The better links between cities and their hinterland, the easier it is for rural people to get jobs in the cities, and thus ease the problem of rural unemployment. It is important that cities absorb excess rural labour." (Tibaijuka)

### **Habitat Debate ( Vol.10, no.3, 2004)**

"...a growing need to push for a more holistic approach on the rural-urban divide,... the change must start in the city,..." (Tibaijuka)

The policy of placing factories in small villages has failed over and over again. When a factory is moved to town or city, it has functioned much better because technology, infrastructure and markets are more readily available. Another basic experience is that agricultural modernisation, more efficient agricultural production, results in rural outmigration. Migration to urban areas is also taking place when there is stagnation or decline in rural areas. In short, urbanisation is a historical process which takes place in all countries where it is not actively prohibited by an authoritarian state.

### **Mainstream ideas**

#### **1760 – Agricultural development and cities**

What came first - agricultural innovations or growth of towns? This is an old debate. It has been thought that new ways of doing agriculture, and thereby the creation of surplus food, made towns possible. On the other hand, demand for food from growing towns was important for inducing agricultural development. This is called a demand-driven innovation process. In my opinion, agriculture has never been the engine of sustained national economic development.

Today scientific improvement of production methods creates global overproduction of food in a world with more than 800 million people with too little to eat. And hunger is paradoxically most widespread in rural areas among the agricultural population. However, to assist them with new agricultural technology will in most cases force more of the rural population to migrate out.

#### **1950s – Rural surplus labour (Lewis)**

The core idea is that people in rural areas produce very little on average; their marginal productivity is close to zero. The so-called rural surplus labour was in the

1950s thought to be employable in urban areas for low wages. Thus the growing cities and non-primary economic activities were seen to be the solution to the poverty problem; and more importantly the process of development would proceed more or less automatically with little need of government support.

It soon became evident however that only part of the urban migrants could find formal jobs in towns. Today some rural areas even have very little population left. This is especially the case regarding men in working age.

### **– Diffusion and equilibrium (Soja)**

Urban areas, from small towns to big cities, were seen as the solution to the problem of development in rural areas. Innovations would spread from the North down the urban hierarchy, from the capital city to the remote small town, and out along the main roads. This would equalize economic activities spatially, and people's incomes would tend to become fairly similar throughout national space. The new technology originating in the developed countries would improve economic efficiency and destroy cultural barriers to economic growth; and the benefits would trickle down to the poor and out to the periphery. It was seen to be necessary for governments to create well-functioning infrastructure and central-place systems (i.e. a range of small and larger towns).

The experience is that the small towns soon stagnated and that innovations tended to be concentrated to a few large cities.

### **1960s – Backwash effects (Myrdal, Hirschman)**

The diffusion of innovations did not seem to work, and it had the net effect of spatial inequality through a vicious circle reproducing poverty. Thus, new development ideas became popular. Towns were now seen as part of the development problem by absorbing savings from rural areas, obtaining their young and clever people and disproportionately gaining from urban-rural trade. In short, urban growth had negative consequences for rural areas, hampering development there. This was called the backwash-effect. The solution was seen to be to encourage rural small-scale business and base development on growth poles (small to medium-sized towns).

### **1970s – Growth pole (Perroux, Boudeville)**

The urban hierarchy was no longer regarded as most important. Investment should rather be directed to some selected predetermined towns. Medium-sized towns were given important incentives and provided with infrastructure. They were supposed to initiate rural development and to absorb part of the migrants on their way to the largest cities. Thus counteracting the process of regional economic polarization stemming from the uneven distribution of natural resources and the workings of the capitalist economy. Regional inequality or as it was called "the regional problem", was seen, among other things, to lead to political unrest.

The growth poles however seldom continued to grow. Public funds were limited, private business chose instead the large cities, and rural areas did not profit as

expected. The result was often an expensive and futile exercise in state planning against the trend of change. This strategy also had little success in Norway.

### **1980s – Urban bias ( Lipton)**

The urban bias idea is that most investments both public and private are directed at large or primate cities. This spatially skewed investment pattern results in so-called diseconomies of scale in urban areas. Traffic becomes heavy, pollution intolerable, and land values skyrocket. These “congestion costs” hamper development, it is argued. It would be more economic efficient to invest in rural areas and people would there, if jobs are made available, live better lives. Governments should thus invest more in infrastructure and services in rural than urban areas to, among other things, reduce urban migration. It was hoped that such public investments would redirect private investments from urban to rural areas. (India is an example of a state using direct intervention to counteract the urban bias. In for instance Ahmedabad in Gujarat State factories could not and cannot be located in the city but must be placed at least 20 km outside the city limit.) Furthermore, the urban bias idea includes an advocacy of public support and subsidies to new small-scale enterprises located throughout the countryside.

Again, as can be expected, private enterprises chose to locate their activities in the main urban centres. An exception is Gujarat where a large number of heavily polluting factories can be found in paddy fields outside Ahmedabad.

### **1990s – Urban-rural interdependence (Habitat)**

It was (and is) maintained that the urban-rural dichotomy is misleading. The areas are mutually supportive and have a complex net of linkages. These linkages should be strengthened in a way that benefits both places. Particularly, the multiplier effect of small commercial farms through forward and backward linkages to small service centres should be supported by state subsidies to modernise agriculture as well as by infrastructure investments in the centres.

#### **Istanbul Declaration (1996/1999)**

“... develop an integrated network of settlements and minimize rural-to-urban migration. Small and medium-sized towns need special focus.”

#### **Habitat Agenda (1996)**

“...integrate rural regions into the national economy...treat villages and cities as two ends of a human continuum.”

The experience shows however that commercialisation of agriculture requires larger farms, thus pushing the smaller farmers out. Moreover, more productive technology needs fewer workers, reducing rural employment which forces people to migrate or turn to subsistence farming.

## **2000+ – Now what in the era of neoliberal globalisation?**

World cities compete for investments, transnational companies bypass small farmers and small towns, and governments reduce their interventions in the economy. The market is at the hearth of the spirit of the time and cities are the arena for the vision of future economic growth based, among other things, on information technology. The location of the new service economy is seen naturally to be urban and clustered. Agriculture, it is argued, must be export oriented, and thus machine intensive. The role of cities is pivotal through linking export markets with rural production and in housing global firms.

### **Declaration on cities and other human settlements in the new millennium (2000)**

"...cities and towns are engines of growth..."

In order to compete globally, cities must be able to attract cheap but also educated labour. At the same time beautification must take place in city centres to suite the taste of the managers of global firms. Moreover, it is naive to think that it is economically feasible to diversify the economic base in rural areas in a globalised market-society. Only primary production – agriculture, forestry and fishing added with tourism in some advantageous places – can be this base.

### **UN-Habitat Strategic Vision (2003)**

"As the world becomes increasingly urban, it is essential that policy-makers understand the power of the city as an organizing agent for national development."

"In a world of liberalized trade and finance, cities are focal points for investment,..."

"Without sufficient resources and proper capabilities, cities will continue to be perceived as a development problem not as a solution."

By taking the way the world now works as the point of departure, governments' scarce resources should, in my opinion, be used for investments at urban fringes to provide space and accommodation for the necessary outmigration from rural areas, thus allowing agricultural modernisation. People can by such a location move between city employment, small town work and agricultural labour seasonally or more sporadic in search of jobs.

### **Final comment**

If we were poor, where would we prefer to live – in the countryside or in a city? I would undoubtedly prefer the city with its multitude of opportunities rather than a rural area with nice view.

# Housing Challenges as a Consequence of Urban-Rural Change in China

Tao Wang, PhD, Norwegian University of Science and Technology

## Introduction

The population registration and urban welfare policy during the socialist planned economy era of China have resulted severe urban-rural disparity in the Chinese society. Since the economic reforms from the late 1970s, this disparity has kept widening. Urban housing is one of the main aspects where huge differences can be identified. In the planned economy era, the public housing-system excluded the rural population from the housing welfare enjoyed by the urban residents. In 1998, a new

urban housing system was introduced by the national government to replace the public housing system. The so-called "peasant workers" phenomenon is one of the alarming results of the urban-rural disparity. It refers to the registered rural population who are actually working in cities. According to a national survey in 2003, this population amounted 114 million. The peasant workers are earning relatively low incomes and living in cities under poor conditions.

The housing needs of the peasant workers have not been recognized and integrated into the new urban housing system. The Chinese housing reform is based on the privatization and commercialization principles. All the strategies facilitating the reform have been solely designed around the officially registered urban citizens. Consequently, all of the three new housing provisions prescribed by the 1998 policy are practically excluding the "peasant workers" from the housing reform. It challenges the definition and solution in the national housing reform discourse, and demands adequate attention and solutions.



Tao Wang at the Habitat Day 2004 in Norway.

1. The Beginning of the Urban-Rural Disparity
2. The Urban Rural Difference Today
3. The Urbanization and the "Peasant Workers"
4. The Scale of the Peasant Worker Question
5. The Effects on the Urban Housing Situation
6. The Challenges to the Chinese Urban Housing Reform

## Undermining Factors

- The sharp difference in living standard - the increase inequality
- The empty commercial housing - the result of the real estate boom
- The exclusion of the "peasant workers" which is created by the urban-rural disparity

## 20 sq. m floor area per capita

The living standard in urban China in 2000

*"Report of China on the Development of Human Settlements 1996-2000"*

## Population Registration Policy in 1950s

- A person must be registered either as an urban or a rural resident
- Strict control over the change of status
- Only urban residents are eligible for the welfare provided by the state

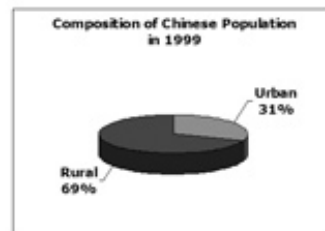
## Reasons from a perspective of housing welfare:

- Urban housing - an in-kind welfare supplied by the state
- To limit the beneficiaries of the public housing
- To control the expenditure on housing welfare

## Urban and Rural Population in 1999

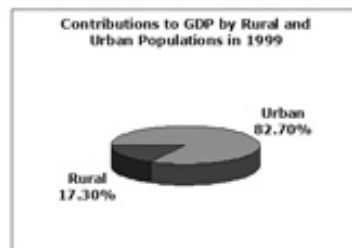
- Urban population: 455.94 million
- Rural population: 807.39 million

(The First Report on the Fifth National Census, 15.05.2001)



## Contribution to GDP

- 31% urban population contributed 83% to the GDP
- 69% rural population only contributed 17% of GDP



## Personal Savings

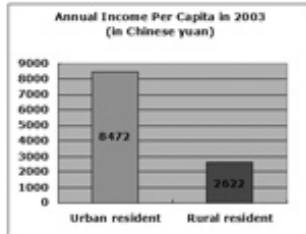
Of the 6,000 billion personal savings in 1999:

- 81% by urban
- 19% by rural



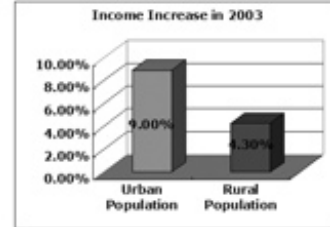
## The Difference of Income

- The average annual income of rural residents is only 31% of that of urban
- They have no access to the urban welfare system



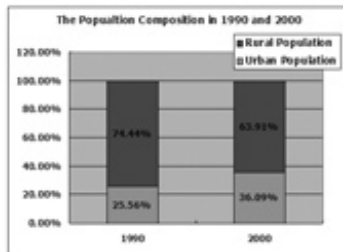
## The Increase of Income Difference

- The gap is increasing since their incomes are increasing in different paces



## The Urbanization of Population

- The urban population has increased more than 9% in ten years



## The Urbanization of Land

- The arable farmland has been decreasing.
- From 1991 to 2000, 25,000 Sq. KM of farmland have been turn into urban usage.

## The Unofficial Urbanization – the peasant workers in cities

- Chiefly referring to: the officially registered rural population who are working and living in the Chinese cities
- Not included into the urban statistics

## Various Terms

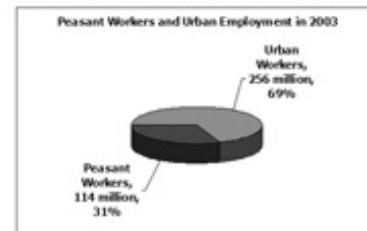
- "people from other places"
- "moving population"
- "floating population"
- "peasant workers"
- "temporary residents"
- "non-natives"

## Estimation

- No statistical data on the phenomenon for almost two decades
- At the end of 1990s, a common estimation was 88 million of such population, about 30% of the urban labor force

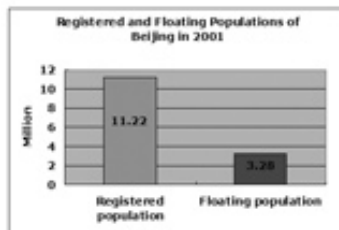
## Official Statistics In 2003:

- 114 million peasant workers in 2003
- 256 million urban workers in 2003
- 61% of the peasant workers were working in the big cities



## Beijing as an Example

- 30% of the registered population in Beijing in 2001

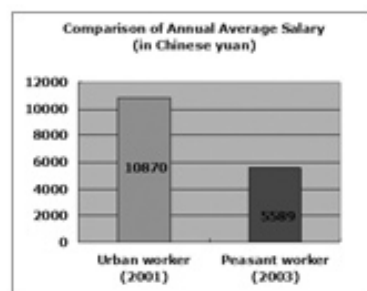


## Employment Pattern of the peasant workers in Beijing – Low-income jobs

- Construction
- Small trade
- Food service
- Cleaning and rubbish collection
- Industry

## Income of the Peasant Workers

- Only 1/2 of the average annual salary of the urban workers



## Exclusions

- Educational facilities
- Medical welfare
- Pension and insurance system
- Housing benefits

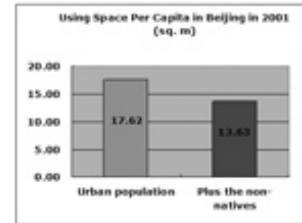
### On Present Living Standard

- The effect on the urban housing standard if these populations are added



### Beijing as an Example

- The using space per capita will drop 4 sq. m if the floating population is added (77% of the official statistic)



### The Housing Solutions of the Peasant Workers

Rental housing	48.60%
Dormitory or the working place	31.60%
Self-construction	2.40%
Private housing	2.00%

According to a survey in Beijing in 2001

### 1. The Chinese Urban Housing Reform since the Early 1980s

Measures:

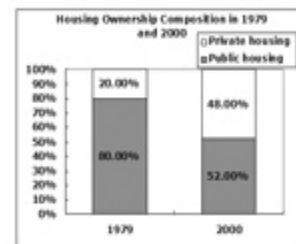
- The privatization of the public housing stock
- The commercialization of new housing provisions

### The Aim of the Housing Reform

- To replace the urban housing welfare by a new market-based mechanism
- To relieve the state from the housing responsibility

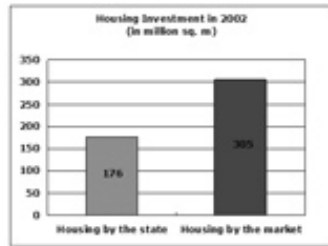
### Privatization

- The dominance of public housing has been significantly changed.



### Commercialization of New Housing Provision

- More and more new urban dwellings are provided by the market



### 2. Affordability - Housing Benefits to the Urban Residents

- The right to buy public housing
- Compulsory saving (Provident system)
- Housing subsidy

### The right to buy public housing

- restricted to the original residents of public housing to which the peasant workers have no access.

### Compulsory saving

- A saving policy that requires both an employee and his/her employer save certain amount of money monthly for the purpose of housing.
- Only officially registered urban residents when are presently employed are eligible, there is no such requirement on the employer of the peasant workers.

### Housing subsidy

- since there will be no supply of new public housing, the people who are entitled to the public housing are given subsidies so that to encourage them resorting to other solutions.
- irrelevant to the peasant workers.

### 3. New Housing Provisions of the 1998 Policy

#### – multi-level provision

- Commercial housing
- Affordable housing
- New social rental housing

## Commercial housing

- Supply: market
- Target : the high-income, estimated as 15% of the whole population



- Average commercial housing price in Beijing in 2003:

**6,500 yuan per sq. m**

- Average income of the peasant workers in 2003:

**5,589 yuan a year**

## Affordable housing program

- Supply: specialized market
- Target: mid- and low-income, 80% of the whole population



- The affordable housing is only accessible for the officially registered urban residents

- Average affordable housing price in Beijing in 2003:

**3,700 yuan per sq. m**

- Average income of the peasant workers in 2003:

**5,589 yuan a year**

## New social rental housing

- Supply: the local authority
- Target: the lowest-income, 5% of the whole population



- Only open to officially registered urban residents

- Very limited supply even not enough for the urban residents

## Conclusions on the Issue

Peasant workers are:

- Living in poor conditions
- Excluded from the urban housing benefits
- Excluded from the reformed housing provisions
- Impossible to enter the commercial housing market

## 4. Future Challenges to the Urban Housing System

- When and how to legitimate the rights of the peasant workers?
- How to integrate their needs into the new housing provision system?
- How to provide various housing choices according to their demands and ability?

## Regional Imbalances and Rural - Urban Disparities in China

Geir Inge Orderud, Norwegian Institute for Urban and Regional Research (NIBR)

### Introduction

In China they struggle with big regional imbalances. This takes form in a huge rural-urban disparities that can be seen in the social welfare system. One important reason for the difference between the rural and the urban population in the social welfare system in China is the hukou residential permit system. This system implies that different rights are given regarding if you live in the city or at the countryside. This system has created a phenomenon called the floating population that exists of 80 to 120 million rural residents that move to urban areas without rights in line with urban residents.

Geir Orderud will elaborate on this and at the end also explain about the project between the Norwegian Institute for Urban and Regional Research and (NIBR) and China Institute for Reform and Development (CIRD).



Geir Inge Orderud at the Habitat Day 2004

### Regional policy

In 1978 the government in China introduced a new opening-up policy. A regional "ladder - step" strategy was introduced which focused on that regions are like steps on a ladder. Like a trickle down growth process the more developed regions were supposed to move ahead of the others and pull the other regions along. China was divided into three economic belts: the east, the middle and the west. First the focus was put on the eastern belt, and especially a coastal development. According to the plan, the middle region should be the next, and lastly the western region, but this has not materialized as intended.

In the 1990s a new policy called the Special Economic Zones gained way in China, the history of this policy traces back to 1984, but first gained momentum in the 1990s. The first four established special economic zones are located in the Guangdong Province (three zones) and the Fujian Province (one zone). The Hainan Province was added later on. In general, the policy has had a coastal focus, and the policy has been characterized by market liberalization. What makes these zones special is that their main focus is to attract foreign investments. Foreign Direct Investment (FDI) to China increased strongly in the beginnings of the 1990s, through for example joint ventures, export-oriented activities, and the fact that a lot of the companies are wholly foreign owned. China is today on of the largest receiver of FDI in the developing world. Urban areas have received most of the investments and the corresponding economic growth. However, many building projects in these strong growth areas are not completed, partly due to an insufficient banking system, speculative property development, and miscalculations.

## Rural – urban / regional imbalance

There are enormous rural and urban regional imbalances when it comes to income in China, as is evident from table 1 below:

**Tabel 1. Regional imbalance, Rural and Urban**

<b>Average wage income</b>			
Urban : Rural	1978 = 2.4	1986 = 1.95	2002 = 3.1
<i>Per capita real income ratio urban : rural</i>			
<b>Eastern</b>	1986 = 2.12	1990 = 1.93	1995 = 2.38
<b>Beijing</b>	1986 = 1.56	1990 = 1.48	1995 = 1.94
<b>Shanghai</b>	1986 = 1.55	1990 = 1.15	1995 = 1.69
<b>Central</b>	1986 = 2.14	1990 = 2.07	1995 = 2.58
<b>Hunan</b>	1986 = 2.12	1990 = 2.20	1995 = 3.37
<b>Henan</b>	1995 = 3.37	1990 = 2.42	1995 = 2.76
<b>Western</b>	1986 = 2.76	1990 = 2.74	1995 = 3.54
<b>Ningxia</b>	1986 = 2.53	1990 = 2.94	1995 = 3.43
<b>Yunan</b>	1986 = 2.98	1990 = 2.90	1995 = 4.20

The rural and urban imbalances in China can also be seen in the social welfare system, the difference in life expectancy and education. Regarding social welfare the urban residents enjoy social benefits rights not available for rural residents. The average life expectancy at birth is 69.6 years of age among rural residents, and 75.2 years of age among urban residents. The opportunity of receiving higher education is 4.9 times higher for urban residents compared to rural residents. Furthermore, the dropout rate from school is far larger amongst rural school children.

## Regional population flows and the hukou residential permit system

One important reason for the difference between the rural and the urban population in the social welfare system is the hukou residential permit system. This system states that you cannot move and settle wherever you want and that there are big differences regarding what rights you have according to where you live. The philosophy behind the hukou residential permit system is captured by the following say-

ing: "Leaving the soil but not the village, entering the factories but not the cities". The hukou system consists of two building blocks: Hukou suozaodi indicates one's presumed permanent residence; i.e. urban or rural, and it defines the person's individual rights for social and economic activities. Hukou leibie indicates either an agricultural or a non-agricultural position within either an urban or a rural area, and defines differences regarding benefits. The non-agricultural population's rights include jobs, housing, education, social and medical services and certain supplies of daily necessities as grain.

### **Hukou reform, FDI, and the floating people/peasant workers**

The hukou residential permit system was gradually reformed in the period from the 1980s to the beginning of the 2000s. At the same time the migration of rural residents to urban areas, without rights in line with urban residents, has increased. The phenomenon is known through the term of floating population and the size estimates vary from 80 to 120 million. The floating population is channelled into the 'transformation economy' (fdi-sector) with low pay, long hours, and bad working conditions. These migrants represent a dynamic element in the industrialisation and urbanisation process in China, and they are consequently an important element in the economic growth and economic transformation of the country.

### **Policy basis**

The present Chinese government has realised that there are increasing regional and urban – rural imbalances. The government aims to develop a "third way", a so called market socialism, which focuses on policy measures coping with the two-sided dual track economy: east – west and urban – rural. The government is also hoping that this policy will function as a model for other developing countries.

### **What about housing?**

Concerning housing the attention should be paid to the floating people and peasant workers. The dual track economy causes different premises for housing:

- Agricultural – non-agricultural, and urban – rural
- East – central – west, and coastal – interior
- Private/FDI – state ownership and public sector

### **The CIRD (China Institute for Reform and Development) - NIBR (Norwegian Institute for Urban and Regional Research) cooperation**

The raison d'être of the project:

NIBR shall provide Chinese researchers with knowledge on the Nordic welfare state model, regional policy and regional development. Chinese researchers are the experts on China and Chinese development and will contribute in giving Norwegian researchers knowledge on the Chinese situation. The goal is that each side learn from each other through collaborative research, thereby enhancing the joint competence.

On the Norwegian side, the team comprise researchers from different research institutes and universities; as the University of Oslo, The Agricultural University (Ås – NLH), and Centre for Rural Research, University of Trondheim.

### **What about the housing in the CIRD – NIBR projects?**

- Housing might be taken into account as an indicator regarding regional imbalances and urban – rural disparities.
- Housing is an intrinsic element of the property rights question, and might be taxation issue.
- Housing might be part of public services, if not a public good.
- Housing is a central question regarding rural migrants to cities

### **Planned projects:**

#### 1. Project One:

- Develop and design a system of indicators relevant for catching the regional development in China.
- Develop and design a set of criteria for a regional classifying of China.
- Apply the system of indicators and the regional classification on rural-urban imbalances in China.
- Carry out comparative research on China and other compatible countries/ regions.
- Analyse causes and consequences of the assessed rural-urban development imbalances in China

#### 2. Project Two:

- Farmers and the property rights system
- Provision of public goods/services for rural residents
- The fiscal and financial system, and unifying rural and urban taxation regulations
- Rights and interests of migrant/peasant workers

## **Urban-rural links –the Family Perspective, Case from Nairobi, Kenya**

Mary Mathenge, General Manager of the National Cooperative Housing Union (NACHU), Nairobi, Kenya

The speech gave a description of the organisation NACHU and was accompanied by a video showing some of the activities undertaken by the organisation. In this report we present the content of a pamphlet submitted to the audience by NACHU.



Mary Mathenge at the Habitat Day in Norway 2004.

### **1. Introduction**

#### **The Organisation**

NACHU is an acronym that in full means NATIONAL COOPERATIVE HOUSING UNION.

It is an apex organisation that was registered in 1979 under the Cooperative Societies Act (Cap. 490). This resulted from the efforts of humanitarian organizations in Kenya that felt the need for an organisation to address and coordinate shelter issues.

NACHU is a technical service organisation whose activities are spread out nationally in Kenya and the majority of the target group comprises of women and children. Together with responding to the shelter requirements, NACHU makes effort to contribute to the quality of life to the affiliates. This is done by dissemination of relevant information through education in meetings and workshops. This, plus improving the management and leadership skills, assists in enhancing efficiency and effectiveness as communities brace themselves towards poverty reduction. HIV / AIDS have also been mainstreamed into NACHU activities.

#### **The Vision**

To maintain a leading role in facilitating access to decent and affordable shelter through provision of technical assistance in housing development.

#### **The Mission**

To contribute to improved shelter and quality of life on a sustainable basis, especially for the low-income communities.

#### **The Organisational Structure**

The NACHU Board consists of nine representatives elected from these societies during the annual general meetings.

Efforts in equalising gender start at the Board of Director's level. Out of a total of nine, seven directors are first elected and whenever, some imbalance occurs, the remaining two are elected among the side of minority.

The General Manager heads a secretariat consisting of the implementing team of staff in three departments, namely, projects, finance and community training.

## **The Housing Cooperatives**

Housing cooperative societies are community- based organisations formed by citizenry and act as vehicles for facilitating shelter development and improvement. The groups are managed through the internationally recognized cooperative principles.

## **2. The Target Group**

Services are directed towards the primary housing cooperative societies in both RURAL AND URBAN AREAS to address their shelter needs. The non- financial services however, are accessible to other people and organisations who are not members of the housing cooperative societies. These include individuals, self-help group, the SACCOS, organisations in both the private and public sectors, non-governmental- and community based organisations.

## **3. Products and Services**

NACHU meets the needs for its clients through five key products indicated below. These mainly capture the essentials of the cooperative movement particularly in regard to the process, development, financing, professional services and efforts in making NACHU sustainable.

### **Community Mobilization, training, lobbying and advocacy**

The aims at sensitizing appreciating and utilizing the cooperative housing group approach as an alternative in realizing their shelter needs. Training is offered at every stage to ensure that all members appreciate the activities at hand. Together with championing the course for housing cooperatives, NACHU also collaborates with other development agencies ensuring that practical policies are put in place with view to facilitating both positive and effective changes in the general human development.

### **Financial Services**

NACHU is managing several savings schemes

- for those with some regular income with the intension of making small savings from their earning
- for enabling parents to plan for the education and future commitment of their children
- for people engaged in small-scale businesses. The scheme allows you access to credit guarantees
- One scheme is suited to those persons in self-employment and who want to accumulate funds for specific periods.

One scheme is a tailor made housing improvement loan scheme. It is designed for those who want to save specifically for housing development.

## **The actual products include:**

The cooperative housing mortgage programme facilitates purchase of land and construction of new and decent shelter with emphasis on affordability.

The house rehabilitation programme, which is designed to improve existing semi-permanent structures, built on land that is owned by the cooperatives or their members. The scheme enables households to meet the demand for interior improvements and furnishings, neighbourhood upgrading etc.

The resettlement programme assists people threatened with evictions, to access credit to buy land and put up some basic structures to allow immediate occupation. They can later borrow to construct permanent houses.

Infrastructure loans are expected to assist in installing basic infrastructure like drainages, drinking water, toilets, etc.

### **Technical Services**

The process of purchasing land, land surveying, building and development plans that include evaluations, quantity surveying, architectural designs, engineering services, the process of engaging contractors, mortgages finding affordable materials and implementing overall building schemes, etc.

### **Estate Management**

Buying and selling of land, valuations, leasing properties, etc..

### **Institutional Development**

NACHU puts emphasis on the training of both the staff and board members with view to improving their skills and thereby ensuring effectiveness and efficiency in the service delivery process.

## **4. General Terms and Conditions**

Individual requiring services from NACHU should be members of housing cooperative societies. The said housing cooperatives must also be registered with the Ministry to Cooperative Development and affiliated to NACHU.

## Urban-Rural Linkages: Challenges facing Norwegian aid

Arne Tostensen Chr. Michelsen Institute, Bergen

### Introduction

Conventionally, the rural and the urban have been seen as representing two opposing poles in a dichotomy of human settlements. These concepts are analytically useful – although some doubt that too (Halfacree 2004) – but, as always, social reality is more complex and untidy than the neat concepts that we use would suggest. In fact, the grey zones in between disguise a host of rural-urban linkages that we often tend to overlook.



Arne Tostensen at the Habitat Day 2004

### Rural-urban linkages

The economic aspects of these linkages are associated with livelihoods and production. They encompass various kinds of resource flow – principally labour, natural resources, commodities, and financial flows (Baker and Pedersen 1992). There is an exchange of raw materials and finished or semi-finished goods, whose sources are found in rural areas and urban areas, respectively. Whereas urban areas facilitate extractive processes in rural areas, rural areas facilitate manufacturing in the urban areas. The exchange of labour is driven by urban centres need for human resources that rural areas have in abundance, especially in the categories of semi-skilled and unskilled.

The selling of goods and services produced in one type of settlement to another marks the trading and commercial relationships between towns and the surrounding rural areas (Pedersen 1992). They are each other's market and source of income. Towns serve the additional task of providing access to markets for their rural hinterland farther afield, i.e. domestic or export markets.

Environmentally, the interface is characterised predominantly by urban areas polluting the rural landscape, water and air. Industrial, residential and institutional waste in urban areas is often dumped directly onto rural areas or into rivers or emitted into the air that ultimately ends up in rural areas (Abdel-Ati 1992; Kamete 2000). The rural areas also pollute the urban environment by affecting sources of drinking water or the atmosphere through the use of agricultural chemicals such as pesticides (Kamete 2000). A lot of the solid waste, especially in urban market places, can be traced to rural produce.

At the level of the household, evidence suggests that most rural dwellers maintain close links with their urban counterparts and vice versa (Tacoli 1998; de Haan 1999; Jerve 2001). This applies not only to first-generation urban migrants, but also to people who have grown up in urban settings. It applies as well to most income groups, although the intensity of interaction is probably greater among the poor out of sheer necessity. 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. Rural households for their part may supply their urban relatives with foodstuff, 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 they are in town. Visits like these often represent a heavy economic burden on the households concerned, but they are difficult to escape because they form a reciprocal element of social capital.

Many households pursue a circular migration strategy or are semi-permanently split in a rural and an urban part by means of 'straddling' – i.e. not relinquishing their roots on either side of the rural-urban divide (Murray 1981; Tostensen 1991; Bank 1998; de Haan 1999). It may be argued that households in many parts of the world are translocational rather than based on territorial co-habitation. Whereas circular migration and 'straddling' may contribute to the forging of constructive relations between urban and rural areas, they are also likely to increase the vulnerability of the household as a social unit and exacerbate intra-household tension.

I would strongly maintain, therefore, that what is analytically designated 'urban' and 'rural' cannot be treated as a sharp dichotomy of discrete spheres. Considering the 'rural' and the 'urban' as one social field or as a continuum would be analytically more appropriate (Satterthwaite and Tacoli 2002:63). When considering policy interventions the close urban-rural linkages need to be taken into account as a reality; it is more important to acknowledge the interdependence of urban and rural areas than to insist on their separateness.

### **Trench war and defiance of research findings**

Yet, that is precisely what is happening. Within development co-operation the petrified notions about the rural and the urban have led to a 'trench war' between ruralists and urbanists – and 'never the twain shall meet', it seems. Unfortunately, this protracted state of war has not yet come to an end (Satterthwaite and Tacoli 2002:67).

Not long ago, the International Fund for Agricultural Development (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 other aid agencies – be they bilateral or multilateral – 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”.

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”.

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 from Habitat 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”.

### **Mutually reinforcing rural and urban development**

Recent thinking on the rural-urban relationship points rather to the ways in which urban and rural development can reinforce each other. Satterthwaite and Tacoli (2003:13) underscore four main ways in which small and intermediate urban centres contribute to regional and rural development:

1. By acting as centres of demand and markets for agricultural produce from their surrounding rural areas, either for local consumers directly or as links to wider national and export markets. Without access to markets the rural population would be confined to subsistence agriculture and persistently low income.
2. By acting as centres for the production and distribution of goods and services to their rural surroundings. Goods include agricultural inputs such as implements and fertilisers. Services comprise agricultural extension, health and education, as well as banking, post, services of professional such as lawyers and accountants.
3. By becoming centres for the growth and consolidation of non-farm activities and employment for those leaving the agricultural sector, i.e. in small- and medium-sized enterprises;
4. By attracting rural migrants from the surrounding regions when agricultural activity increases through mechanisation and the need for labour tapers off. Small and intermediate urban centres may also relieve pressure on the larger cities.

### **Challenges facing aid authorities**

So far, so good. The challenge for aid agencies is to translate these insights into action or to make them operational in their activity profile. NORAD made a great leap in acknowledging the role of urban areas in the struggle against poverty with its Position Paper from 2002 (NORAD 2002). The importance of urban areas was further reinforced in the recent Report to the Storting no. 35 (2003–2004) Fighting Poverty Together: A Comprehensive Development Policy (Norwegian Ministry of Foreign Affairs 2004). The former document makes a commitment by saying that NORAD will:

- Ensure that urban challenges or particular urban development problems are taken into account in strategic processes, i.e. in the development of national poverty reduction strategies and sector initiatives in central areas such as health and education, HIV/AIDS, the environment, economic development and governance. This includes technical inputs provided by NORAD for the Norwegian Ministry of Foreign Affairs in its work in UN governing bodies and international processes and participation in certain international fora.
- Target efforts at project/programme level by supporting urban-specific initiatives and areas of cooperation that benefit vulnerable groups of the urban population. This can include measures such as access to health care services, the right to decent housing, education, micro credit, urban administration, strengthening slum-dwellers rights, combating child labour, initiatives for street children in slum areas, the environment, infrastructure and measures to promote income generation and employment. It is particularly important to focus on the connection between the spread of HIV/AIDS and urbanisation and the challenges posed by this epidemic. In order to reach particularly vulnerable groups, such as the homeless, street children and prostitutes, a key target area will be to continue co-operation via NGOs.

Not being an insider, I think it would be useful to revisit NORAD's position paper from 2002 and challenge the representatives of the aid authorities present here today to document what has been done since then to operationalise the stated intentions, especially how these efforts relate to the mutually reinforcing developments of rural and urban areas.

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## The interplay between cities and rural areas – a challenge for Norwegian development co-operation

State secretary Olav Kjørven

(An extract of the speech translated from Norwegian)

Passing his regards to the organizer of the International Habitat day workshop, Mr. Kjørven recognizes the subject to be of great importance. An issue which will require even more attention in the future, making reference to the new "Development White Paper", "Joint efforts to eradicate poverty, a comprehensive development policy" (Stortingsmelding nr. 35 2004 / 2005, "Felles kamp mot fattigdom – en helhetlig utviklingspolitikk").



State secretary Olav Kjørven at the Habitat Day 2004

He underlines that the world must be prepared to face an urbanization of poverty and that the Norwegian government will address this issue as part of its endeavour to reach the Millennium Development Goals by 2015. According to the White Paper, urbanization is one of the biggest challenges mankind is facing.

Compared to previous processes of urbanization, for example during the industrial revolution, the difference to day is that migration to the cities does not accompany economic growth and welfare. If the present trend continues there will be 2 billion people living in slums by the year 2030. The urbanization of poverty is accordingly a great concern and challenge to everybody presently involved in international development assistance.

### Even interplay or "urban bias"?

In Norway the slogan "City and countryside – hand in hand" was introduced by the labour movement as a political slogan during the 1930s. This noble goal does not apply to the present situation in developing countries. The situation is not characterized by harmony, but by conflict between rural and urban areas. This is clearly described by Michael Lipton in his book "Why Poor People stay Poor" (1977). The perspective is developed even further by the economists Gerald M. Meyer and James E. Rauch in the book, "Leading issues in Economic Development", published in 2000. They state that the major conflict of today is not a class struggle between work and capital or between international and national interests, but between classes located in the countryside and in the cities.

Mr. Kjørven points out that he does not share these pessimistic predictions for the future and the understanding that there exists dichotomy between urban and rural. In his opinion there exists some interesting dynamics in the interplay between urban and rural. The ethnic links city dwellers do have to their place of origin and family that are still living in the countryside are examples of this new dynamic. City dwellers through their rural links contribute with innovation and modernisation in more peripheral areas. Many migrant workers contribute substantially to the families' economy and the development of their local communities of origin.

## **Norwegian development policy – a comprehensive approach**

According to the new Norwegian development policy, poverty eradication has to be approached from different angles and on different levels – from the private household to the global community. Development strategies need to be multisectoral and dealt with within the different countries poverty reduction strategy papers (PRSP).

It is the intention of the Norwegian government to co-operate with the different recipient governments to create “an enabling legal and regulatory environment” in order to secure a fair distribution of public services. The recipient government should take the overall responsibility for the process.

In the White Paper presented this spring, the Norwegian government highlights the need for a comprehensive development policy. This perspective is covered by the approach to promote and secure universal human rights, economic, social- and cultural rights as well as civil and political rights. The intended goal is to change the distribution of resources globally, nationally and locally in order to improve the standard of living for the poorest segments in society.

## **Development policy and cooperation – not development aid**

To reach the Millennium Development Goal, and in particular to reduce the extreme poverty to the half of today's level, a variety of strategies need to be applied. Public redistribution will not be sufficient to reach these goals. There is a need to encourage economic growth, development of the private sector and to increase foreign investments. Micro finance is one important means to promote such development.

## **The De Soto Agenda**

Norway has in 2004 contributed to, and initiated research on the issue of formalizing legal rights to ownership of land. This approach is based on De Soto's theory on sectional titles and legal tenure. The starting point for de Soto is that “the Dead capital” linked to plots and land is not recognised as an asset for poor people. By granting dwellers legal title to the land they are living on and cultivating, it will be possible to mobilize capital for income generation and economic development. It will open up for the “active poor” to take loans with the plot as mortgage. Similarly there is a need for democratization of land rights and strengthening of the users rights.

Norway has a long tradition in supporting “Small Enterprise Development”. In Bangladesh we have supported small scale industries which have given income to poor people, especially women.

The problem has been that these enterprises often have been locked up in “poverty markets”. The challenge in the future is to create links between the entrepreneurs and the “rich markets” where the economic output is much bigger.

Many of these enterprises are located “on the fringe” between urban and rural areas.

The impact of these activities could be significant in developing regional centres in order to avoid migration to the bigger cities.

### **“Good Governance” – expands the human freedom of choice**

Another important “arena” which is given priority in the recently released White Paper is “good governance”.

In development terms good governance means a policy that actively fights corruption, observes basic human rights, encourages transparency in the public sector, promotes democracy and accepts only justifiable military expenses. Development of free and independent public media is a new activity given high priority in Norwegian development policy.

### **“To be connected or not to be connected – that is the question”**

Mr. Manuel Castells, the Spanish American professor in sociology and planning, states in his book “The Information Age: Economy, Society and Culture”, that there is a 4th world which is not connected to the world wide web – the Internet. The majority of the un-connected are poor peasants in Latin America, China, South Asia and Africa. To assist these groups to get access to information will be a great challenge in the years to come. To give poor communities “voice” is an important element in providing good governance.

Norway has supported Grameen Phone in Bangladesh, which is managed by Telenor since 1984. This mobile network has so far been a formidable success. In the year 2002, 662 million kroner was transferred to the Bangladeshi Treasury from the owner of the phone network, which is an amount 3 times the Norwegian annual budget for development aid!

### **“The local in the global and the global in the local”**

Norwegian development assistance is based on the priorities of the recipient. Development can only be created by the countries themselves.

Economic globalisation creates new actors on the organisational arena. When local actors participate in the global market, the national state is weakened.

It is easily observed that big cities, regions and international economic blocks profit from accelerated globalisation (Sassika Sassen, 2002).

Globalisation has created a hierarchy of cities in developing countries.

When dealing with national states, regions and mega cities, these trends have to be taken into consideration in order to secure the right for the poor groups who easily will loose out in this process.

To counter these processes decentralisation of decision making and local democracy is necessary.

One of the corner stones in the new Norwegian Development aid strategy is that

decisions should be taken on the lowest possible level in society. Strengthening the transfer of resources to local authorities is decisive for a successful outcome. Good governance depends on a tight cooperation between local authorities, national government and international institutions. It is essential to work on a long term basis. In this context the right to information is essential.

In the international discussion about human settlement "urban governance" is an essential term.

But it is necessary to see governance in a broad context. To obtain a fruitful interplay, the perspective has to be extended to include "governance" on 3 levels; local, national and global where the urban – rural link is an important one.

Concluding his presentation, Mr. Kjørven pointed to the need to develop a fruitful interplay between governments in the South, multilateral and bilateral donors and civil society.

Positive change is possible. The possibilities are many. There are heroes in the mega cities and on the agricultural fields. They manage to cope in difficult situations. It is a hope that our contribution can make the odds for success for these people better.

## **NGOs in Mexico City – Experiences From the Fredskorps Exchange “Social Housing for a Better Future”**

In October 2004, Elin Anne Gunleiksrud and Andrew Bennet had just arrived back from their Fredskorps Exchange year in Mexico on the project “Social Housing for a Better Future”. Though this project is not directly related to the theme of the World Habitat Day, Habitat Norway wanted to include them in the program because their working experience in Mexico City would be interesting to many of the participants in the conference.

### **NGOs in Mexico City Working with Housing**

Elin Anne Gunleiksrud, Fredskorps Exchange Participant.

#### **Introduction**

This presentation is based upon experiences after a year working in the Fredskorps exchange project “Social Housing for a Better Future”. The project was an exchange of personnel between Leieboerforeningen in Oslo, Fomento Solidario de la Vivienda (FOSOVI) in Mexico City and Fundación Vivienda Popular in Caracas, Venezuela.



Elin Anne Gunleiksrud talking about her experiences in Mexico at the Habitat Day 2004.

#### **Habitat in Mexico City**

Provision of housing has for the last 50 years been a major challenge in Mexico City, and it still is. Working with housing in Mexico means working in a totally different context than in Norway, firstly because of the magnitude of poverty and social problems, and in many ways related to it, the absence of a welfare state to deal with it. And as a consequence, to fill the gap, a variety of social associations and non governmental organizations (NGOs) have popped up throughout the years.

FOSOVI, our host organisation, was founded in 1989, and is such an NGO. FOSOVI was “out-sourced” from a bigger NGO called Centro Operacional de Vivienda y Poblamiento (COPEVI), founded in 1965. The mother organization of FOSOVI was a pioneer in developing housing solutions for the popular classes, using participatory planning as an important principle, designing houses and neighborhoods in collaboration with the people themselves. FOSOVI has continued working within the same tradition.

FOSOVI is a member of Habitat International Coalition (HIC). FOSOVI and three other NGO’s, amongst them the mentioned COPEVI, have since 1993 formed the Habitat Mexico, a coalition of housing NGOs working in Mexico City. The regional Latin-American office of HIC is based in Mexico, where the president of HIC, Enrique Ortiz, has his office. He is also involved in the work of Habitat Mexico. The work of Enrique Ortiz in HIC and in Habitat Mexico is of great inspiration to the younger generation of architects working in these organizations, designing houses for low-income groups in Mexico City.

## Poverty in Mexico City

Contrary to what was believed for many years, poverty is more present in the big cities than in the rural areas in Mexico; 2/3 of Mexico's poverty is urban and half of the extreme poverty is in the cities. Supposedly 60% of the population is living under the poverty line in Mexico City, according to UN-Habitat. These people can roughly be divided into three different groups, each of 20 %: The poorest share of the poor do not have enough to eat, the "medium" group do not have any property or land, and the "most well off" share do have a property, but no way out of poverty.

## Urban growth and provision of housing

Counting 18 million, people Mexico City is probably the second largest city in the world. Even so, the city does also have its rural areas, as the urban sprawl has made the city grow into the surrounding valley slopes. When the population explosion started off in the beginning of the 1940s, most of the newcomers became tenants in the city centre. In the 1950s this sector was completely overpopulated, and people had to look for other solutions – mostly in the informal sector.



Mexico City.

As many other million cities in the third world, Mexico City consist of a lot informally self-grown areas, more or less chaotic to a European. Housing in the informal sector is characterized by simple concrete constructions, on land not (yet) regulated for housing. What is extraordinary is that each place, or colonia, has its own patron saint, its own traditions and culture.

The informal sector has probably been the most productive housing provider for the last 50 years, as 50 % of the total housing production in the metropolitan area of Mexico City has been built in this way. The government did not take any measure to provide housing until the 1960s for the ever growing flow of rural migrants, finding work in the flourishing industrial sector. Unfortunately, the measures taken were not directed towards the neediest ones, but only to those working in the public sector.

During the 1970s a gathering of various grassroots organizations in the so-called MUP, Movimiento Urbano Popular, The Popular Urban Movement, was actively working to influence the housing policy, at the same time as it was organizing actions against forced evictions of people on irregular housing areas. MUP finally managed to have an influence, and was invited to contribute to the National Housing Program of 1979. They managed to get included in the program arrangements allowing for cooperatives or associations to borrow money from the state, and they also introduced ideas like social production of habitat, claiming that housing should be treat-

ed as a process, and not as a finished product.

In the 1990s this policy came to an end. Public financing of housing production is now generally aimed towards the middle classes – programs far out of reach for the majority of the population. An exception to this new policy is the “housing bank” of the city of Mexico, that offer micro-credits to people belonging to those richest 20 % of the poor people. But this is only in Mexico City. The organizations in Habitat Mexico are guiding and designing the houses for the lucky families that receive these loans.

### **Social Production of Habitat**

At first glance, the help FOSovi and the other NGOs of Habitat Mexico offer may not seem very impressive; they offer technical assistance and guidance in designing a new house or an improvement of the old one. What is true is that the design solutions are simple due to restricted resources; on the other hand, the planning is done through participation. What is also true is that by offering the assistance, FOSovi is helping the family stay in the area where they want to live. In many cases, improving the house means making it bigger so that the whole extended family can live together, which is very important in a society where family relations and solidarity is, so to speak, the only existing welfare system. In addition, consolidating already existing neighborhoods is also of great importance.

Working together with the informal sector in housing improvement and building of new houses are the main ideas behind the concept Social Production of Habitat. Even if there are potentials for improvements, for example planning for green spaces for the children, incorporating ecological aspects, the social production of habitat has proved to include a lot of important social aspects that the alternatives have not. The traditional alternatives for these groups of people are cheap industrial mass production of housing units, on cheap land far outside of the city centre. During the 1960s there were sad examples of aggressive “bulldozer politics”; destroying these neighborhoods because they were perceived as ugly, grey and dirty.

Outside the urban core of Mexico City there are a handful of examples of new suburban housing areas as big as towns of 60 000 people, only consisting of a repetition of the same type of housing unit. Suburbanization in a city as big Mexico City has its natural limits. Huge distances and traffic jams make people travel hours to get to the city centre, where the workplaces are situated. These new housing areas are lacking social infrastructure, making life very difficult for people, they can never be real towns with the functions that involves. According to Enrique Ortiz, the HIC president, the suburbanization process can actually mean a violation of the right to housing, as the concept should include more than just the right to four walls and a roof. Planning that force people to travel for hours to get to work and move away from their family bonds and social networks, have grave consequences in a society like the Mexican.

FOSovi and the other NGOs may not represent the most effective solutions in terms of numbers of housing produced or improved. On the other hand, their work represent a social way of production, inviting the habitants to participate

## **The Tenants Union (LBF) mutual exchange program 'Social Housing for a Better Future'. Experiences from Mexico City July 2003 to August 2004**

Andrew Bennett, Fredskorps exchange participant.

Leieboerforeningen's, (LBF) partner and our hosts in Mexico City, the housing NGO Fomento Solidario de la Vivienda, (Fosovi), are a part of the Habitat coalition in Mexico. During our year working with Fosovi in Mexico City, we were introduced to Mexico's culture, history and language, and also to the workings of Mexico City, one of the world's largest and most fascinating areas of human habitat.



Andrew Bennett at the Habitat Day 2004 Norway

One area of particular interest is the precarious environmental situation of this sensitive and yet massively overpopulated area.

Human rights, the right to housing, is a subject Fosovi focuses upon in its daily workings. There are many contact surfaces between human settlement and environmental issues, which often bring up dilemmas. All too often a problem may be viewed in isolation, or even unnecessarily put up against another, for example human rights contra ecological issues.



Taken from an exhibition in Coycan called "Sin Maiz No Hay pais" or "Without maize the country would not exist.

We wished to put a focus on these two core issues, to see the issues as equally important and often inseparable areas of life. By studying the situation and possibilities, and by contacting and visiting local or federal institutions and organisations, we gained insights which enabled us to compose two seminars in Mexico City.

This by using some of the same institutions and organisations to introduce ideas and thoughts for the benefit of Fosovi and other invited representatives from the Habitat coalition.

The 'Green seminar' had a broad focus with presentations by five organisations, all given the challenge to present ideas to architects working with social housing.

1) Solar Energy, simple and practical solutions for social Housing.  
Presented by Cornelius Tribbick of Sun Ovens of Europe, Mexico division.  
<http://www.sunoven.de>

2) Water and sewage, problems and possible solutions.  
Presented by Architect Cesar Añorve from Centro de Innovación en Tecnología Alternativa.  
[www.laneta.apc.org/esac/citaesp.htm](http://www.laneta.apc.org/esac/citaesp.htm)

3) Ideas and developments within housing development.  
Presented by Architect Gloria Garcia SEMARNAT, the Federal Environmental Department of Mexico.

[www.semarnat.gob.mx](http://www.semarnat.gob.mx)

4) The greening of urban space, rooftop gardens and low-cost solutions for Socialhousing

Presented by Architect Abraham Zacarias and Angelika Konieki of the multidisciplinary NGO Organi-K.

[www.organi-k.org](http://www.organi-k.org)

5) Ecological building materials, techniques, and the work of Grupedsac.

Presented by Architect Juan Casillas of Grupedsac.

[www.grupedsac.org](http://www.grupedsac.org)

Sustainability has quite rightly at last become a key issue, a major stone in the foundations of habitat. If a settlement is ecologically unsustainable, its days are numbered. Simple and practical solutions exist in most parts of the world. Locals often know the varying local conditions better than others, thus we have plenty to learn from each other.



Gustavo Romero with the staff of FOSIVI and other Mexican NGOs being shown an ecological murobloque construction by Juan Casillas at the Grupedsac ecological empowerment centre at Huixilucan, close to Mexico City.

## **Closing Remarks**

Per Nygaard, Director General, The Ministry of Local Government and Regional Development

Per Nygård closed the conference by thanking all the speakers and participants. He gave special thanks to Anne Ruden for chairing the World Habitat Day Conference 2004.



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## **Habitat Norway**

Habitat Norway is a Norwegian nongovernmental organisation with the overall aim of promoting interest and awareness of human settlement issues around the world.

Habitat Norway was founded in 1988 as a result of the activities carried out during the International Year of Shelter for the Homeless. Habitat Norway was established in order to put human settlement issues on the Norwegian Development Policy Agenda.

### **Habitat Norway has the following tasks and concerns:**

- To contribute to developing planning policies and proposals
- To bring focus on sustainable development in planning of infrastructure
- To contribute to the use of safe and sustainable local building materials and methods, where appropriate
- To bring focus on construction using appropriate technology
- To ensure communication between grass roots and administration in self help projects
- To bring focus on long term administration and maintenance of dwellings and their associated service facilities
- To ensure recruitment of architects, sociologists and planners for development work

Habitat Norway is attached to the Norwegian Branch of International Federation of Housing and Planning. The organisation is a member of Habitat International Coalition. The organisation is open to all professionals; it has members representing many different disciplines such as architecture, engineering, sociology, human geography and social anthropology.

The activities consist mainly of lectures and seminars, sometimes in cooperation with other organisations. Habitat Norway arranges a seminar in October each year in celebration of the World Habitat Day.

Membership costs NOK 380 per year (2004), and includes subscription to the bi-monthly periodical "Plan".

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Habitat Norway is a Norwegian non governmental organisation with the overall aim to promote the interest and awareness of settlement issues around the world. The organisation is a member of the Habitat International Coalition.