



# UN HABITAT

FOR A BETTER URBAN FUTURE



## GLOBAL REPORT ON HUMAN SETTLEMENTS 2009

### BACKGROUND

#### URBAN INFORMALITY

Small-scale economic activities, unregulated employment and shelter, otherwise known as informality, will shape the bulk of new urbanization in Africa and Asia. A central challenge for urban planners will be how to devise ways of supporting, protecting and including the poor in development. In developing countries many new settlements and jobs are informal.

#### GLOBAL TRENDS IN URBAN INFORMALITY EXPANSION

- Informality in developed and many transitional countries has been associated with competitive pressures arising from economic crisis, privatization, economic liberalization and global competition.
- In developing countries, the expansion of the urban labour force is more rapid than formal wage employment and the lack of state-provided social safety nets or the limited growth of formal enterprises. This leads urban residents to seek wage employment in informal enterprises.
- Governments are often unable to enforce laws and regulations governing enterprise, land and housing development. Plan proposals are over-ridden because of a desperate need for housing and income.
- Procedures for registration and obtaining approval are often time-consuming and costly which increases housing costs and prices by limiting supply, fuelling a vicious circle of informality.
- Public sector agencies are often inefficient and ineffective providers of utilities and services. Thus, much service delivery depends on small-scale private sector and informal operators.

#### DEVELOPED & TRANSITIONAL COUNTRIES

- Economic liberalization since the 1980s has been associated with the growth of economic informality, including unregulated wage employment and self-employment that evades taxes. It is estimated that in the 30-member highly developed Organization for Economic Co-operation and Development countries, the informal economy accounts for about 16 per cent of value added.
- In transitional economies of Europe and the former Soviet Union, the transition from centrally planned to market economies was associated with dramatic increases in poverty, inequality and unemployment, forcing many state employees into the informal sector.

#### DEVELOPING COUNTRIES

##### LATIN AMERICA & THE CARIBBEAN

- About 60 per cent of all those employed in the region work in the informal sector, ranging from 37 per cent in Chile to nearly 90 per cent in Haiti. It is estimated that four of every five new jobs are in the informal sector.
- In housing, 27 per cent of the urban population in the region currently live in slums – although this varies between countries and cities: for example, over 60 per cent of urban residents in Jamaica live in slums, compared to 9 per cent in Chile. An estimated 70 per cent of new housing in Latin America and the Caribbean is informal. In extreme cases such as Brazil, drug lords have become the administrators and law enforcers in informal settlements.
- The suburbs of Latin American and the Caribbean cities are characterized by inadequate infrastructure, lack of safety and security, and wide disparities in wealth. Where informal settlements have been regularized, the results are often positive. However, this change also leads to increased land and house prices and increased service costs, which may result in gentrification.

##### ASIA

- Much economic activity in Asian cities takes the form of “informal” manufacturing and services. On average, these accounted for some 65 per cent of non-agricultural employment between 1995 and 2000.

## PLANNING SUSTAINABLE CITIES

- Informality in cities of the region is also manifested in terms of housing. In 2005, some 36.5 per cent, 42.9 per cent, 27.5 per cent and 24 per cent of the urban population in Eastern Asia, respectively, lived in slums settlements. In 2005, while the proportion of urban slum dwellers in the subregion was high, on average they ranged between countries from 78.9 per cent in Cambodia to 26 per cent in Thailand.

## AFRICA

- Generally, African cities are characterized by low densities, peripheral sprawl, economies dominated by informal activities and widespread informal settlements with limited services. The proportion of urban residents living in informal settlements is higher in Africa as a region than any other part of the world.
- The drop in formal-sector employment following application of structural adjustment and economic liberalization policies drove a large proportion of urban workers into the informal sector; increased competitive pressures from cheap imports were also a factor in this shift. Home-based enterprises, street trading and informal markets proliferated.
- Planning's reach has generally been confined to central business districts, high income residential areas and their associated facilities.

## SOME INNOVATIVE PLANNING RESPONSES TO INFORMALITY

Governments can stop forced evictions. International law regards forced eviction as a human rights violation and urges governments first to consider all feasible alternatives and, second, to adhere to good practice guidelines if evictions is necessary. They can and should look for alternatives to forced eviction such as the following:

- **Regularization and upgrading of informally developed areas** - A flexible approach to planning for regularization and upgrading is an essential tool for improving the liveability of informal settlements.
- **Construction of trunk infrastructure** - Infrastructure planning and investments should form key components of land use planning and zoning so as to guide urban growth away from informal developments. Infrastructure provision can be used to attract investment to preferred locations.
- **Guided land development** - Planning in advance for development is preferable and more efficient than regularization.
- **Working with informal economic actors to manage public space and provide services** - A variety of ways in which public sector agencies are working, and can work, to improve the management of public space and the provision of services to informal economic actors can be identified.
- **Recognition of informal entrepreneurs' property rights** - The right of informal entrepreneurs to operate in the city should be recognized, the property rights they already have respected, and improved property rights negotiated.
- **Allocation of special purpose areas** - City authorities often attempt to remove informal operators from areas zoned for other uses, land unsuitable for development or public spaces to sites designated for markets or industrial estates. This rarely works well. Regularization and upgrading are the most appropriate approaches in these situations.
- **Managing shared public spaces** - Often innovative solutions can be devised to ensure access to civic spaces by traders and other social groups.
- **Provision of basic services and support** - The provision of services to informal operators can support their operations, increase the likelihood of compliance with official hygiene standards, and improve the working environment for the operators themselves.
- **Mixed use zoning** - In many countries the limitations of single use zoning have long been realized, and more emphasis is now placed on mixed uses to produce vibrant and convenient living environments.
- **Organization of informal operators** - Effective organization enables informal operators to interact effectively with public agencies and strengthens their own ability to solve problems.

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