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Attacking
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Shelter, Employment and the Urban Poor

An ever-increasing share of the world's population lives in urban areas. According to the United Nations Secretariat, the urban population has grown from less than 30 per cent of humanity in 1950 to about 45 per cent in 1995. By the year 2005, every second human being will live in cities and towns. This global picture, however, shows considerable regional differences. While already today three quarters of all inhabitants in the developed countries and in Latin America live in urban areas, less than a third of the population in Africa and Asia (excluding the Arab countries) is urban. Yet it is in those countries that the rate of urbanization is highest. The population of urban areas in developing countries grows currently at a rate of at least 3.6 per cent annually, about four times faster than in rural areas. This means that the urban population of developing countries increases by some 170,000 persons every day, compared to "only" 60,000 per day in rural areas. United Nations Secretariat projections show that 40 per cent of the population in developing countries will live in urban areas by the turn of this century and that the urban population will overtake the rural population in about 20 years. By the year 2030, two thirds of the population in developing countries will live in urban areas.

The Urbanization of Poverty

Today, one fifth of all human beings (about 1.4 billion people) live in absolute poverty, without adequate food, clothing and shelter. Some 1.3 billion live in developing countries, most of these (about one billion) in rural areas. This situation, however, is changing swiftly. Although there are still uncertainties on the exact year when the urban poor will outnumber the rural poor, the trend is clear: not only are we living in an increasingly urbanized world, we are also experiencing an urbanization of poverty. One of the most visible characteristics of poverty is the shelter conditions under which people live.

The vast majority of those with incomes below the poverty line are also living under inadequate shelter conditions. Adequate shelter implies more than a roof over one's head: it means adequate privacy, adequate space, adequate security, adequate lighting and ventilation, adequate basic infrastructure and adequate location with regard to work and basic facilities — all at a reasonable cost. Although "only" 300 million urban dwellers in developing countries are currently living in absolute poverty, without sufficient incomes to fulfil even basic nutritional and shelter requirements, it should be kept in mind that these are not the only underprivileged urban dwellers. The rapidly increasing pressure on urban areas causes considerable strain, not only on the urban infrastructure and on housing, but also on the urban environment. By 1990, at least 600 million people in the urban areas of developing countries were living under life- and health-threatening conditions. In some cities, more than half of the population live in slums and squatter settlements. Most people living under such conditions also face another problem: continued unemployment and underemployment. What is even worse, in most cities and towns the shelter delivery system and the demand for labour are unable to keep pace with the staggering urban population growth. It is thus not surprising that a large proportion of the 700 million people added to the urban population of developing countries during this decade alone may end up unemployed or with very low incomes, living in slums or squatter settlements.

The Global Strategy for Shelter

The main objective of the Global Strategy for Shelter to the Year 2000 — as adopted by the General Assembly of the United Nations in December 1988 — is to facilitate adequate shelter for all. The Strategy recognizes that despite decades of direct government intervention in housing supply, the present housing situation in

developing countries is worse than ever. It thus calls for Governments to leave the actual production of housing units to the private sector and to community efforts, and to provide legal, financial and institutional support to this process instead. This principle of enabling shelter strategies has since been adopted by many Governments. The sheer magnitude of the shelter problem, however, remains the main obstacle to the success of the Strategy. Although

exact global figures are not available, the experiences from individual countries suggest that the number of people living in inadequate shelter is still increasing. Although the introduction of enabling strategies has improved the shelter conditions of large population groups, the needs and potential of the poorest groups may not have been properly addressed. Experience suggests that direct interventions—targeted subsidies—may be required to improve the shelter conditions of the poorest groups, i.e. those that are unable to

take advantage of free-market conditions. More and more cities are faced with growing unemployment, homelessness, crime, disease and pollution. It was this dilemma that, in 1992, prompted Governments to call upon the United Nations to convene the second United Nations Conference on Human Settlements (Habitat II)—the “City Summit”—in 1996.

Investing in Shelter...

Habitat’s strategy for poverty reduction emphasizes that investments in shelter are productive investments, rather than consumption expenditure. Investments in housing generate income and increase the labour productivity of the occupants. This has one major implication for development policies: it implies that housing is not only a goal, but more importantly it is a tool of development policy. Any investment in housing or infrastructure has effects on the national income that go far beyond the direct investment itself. Increased housing activities trigger additional investments in building-materials production, transport and marketing. They also lead to higher demand for a variety of local goods from the additional employees in these

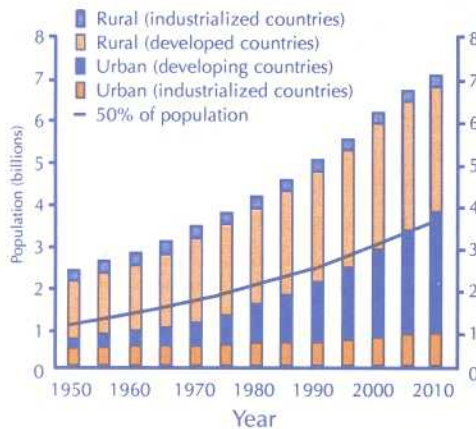
sectors — who are mainly semi-skilled and unskilled labourers with little propensity for buying imported goods — and thus increased investments in the production of such goods as well. Experiences from a number of countries indicate that, for every unit of currency spent directly on house construction, an additional unit of currency is added to the national income through such multiplier effects.

...and Small-scale Enterprises

In addition, low-cost housing construction generates more jobs per unit of investment than high-cost housing, and informal-sector construction methods are more labour-intensive than formal ones. Experiences from several countries indicate that informal-sector housing creates about 20 per cent more jobs per unit of expenditure than formal-sector housing and, at the same time, six times as many (although lower standard) dwellings can be built for the same investment. Similar lessons apply to the provision, operation and maintenance of various types of infrastructure and services: the construction of roads, the laying of water pipes, drains and sewers, and solid-waste management. The involvement of small-scale informal construction enterprises in the execution of housing and infrastructure projects should therefore be supported, as they use more unskilled labour, fewer imports and less hard currency than their large-scale, formal-sector counterparts. Experience also demonstrates that formal-sector housing is unaffordable for the poor. In most cases such housing, although officially intended for the poor, is inhabited by middle- and high-income households.

The informal housing sector, despite advantages and considerable output, is often neglected in favour of a relatively inefficient formal sector. One should, however, be careful not to embrace the activities of the informal sector without reservation. Its non-compliance with health, safety and internationally accepted labour standards is very serious indeed. Yet the reality is that the vast majority of housing units in most developing countries continue to be constructed through informal-sector activities. The formal sector is unable to address increasing housing needs. There is thus an urgent need to facilitate the activities of the informal part of

The urbanization of humanity



the economy, while at the same time actively encouraging adherence to acceptable health, safety and labour standards.

A Common Strategy

The fact is that even an increasing number of middle-income salary earners also have to live under inadequate shelter conditions. Higher income alone does not solve the problem. What is required is a strategy that increases incomes and housing supply at the same time. The future priorities of local and national Governments — and of international development programmes — must therefore be to actively support and advocate poverty-reduction strategies based on labour-intensive shelter delivery using local resources and linking the goals of shelter and employment for all as a common strategy for poverty reduction.

For further reading:

- ♦ UNCHS (1990), *The Global Strategy for Shelter to the Year 2000*
- ♦ UNCHS (Habitat), *Shelter Provision and Employment Generation* (forthcoming)
- ♦ UNCHS (Habitat), *National Experiences with Shelter Delivery for the Poorest Groups* (forthcoming)

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