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**Open-ended Intergovernmental Expert Working Group
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Item 3 of the provisional agenda*
Consideration of the outcome of the preparatory
intersessional meetings including draft recommendations**

Proposed Recommendations on Informal Settlements**

Note by the Secretariat:

Based on the discussions held at the first session of the Open-Ended Intergovernmental Expert Working Group on Adequate Housing for All, accelerating the transformation of Informal Settlements and slums by 2030, as mandated on Resolution 2/2, was designated as a priority topic and included by the Co-Chairs of the Working Group in the Roadmap of their presidency, developed following their appointment in December 2024. Pursuant to this decision, an Expert Group Meeting was convened on 10 June 2025, with the participation of 51 technical experts, to identify the most pressing challenges and key trends in informal settlements and formulate draft recommendations. Two Intersessional Meetings were subsequently organized on 26 June 2025 and brought together 130 participants, who undertook a review of the background documentation, provided substantive inputs and contributed to the refinement and validation of the draft recommendations. The process ensured broad representation, encompassing both technical expertise and institutional perspectives.

I. Background

1. Conceptual framework

1. The present document draws on established UN-Habitat definitions¹ that have long informed both research and practice. While acknowledging that Member States, communities and external

* HSP/OEWG-H.2025/1.

** This report has not been formally edited.

¹ UN-Habitat (2006). Slums: Some Definitions. Backgrounder: State of the World's Cities 2006/7. The issue of defining slums and informal settlements is addressed in greater depth, along with the conceptual frameworks necessary for their comprehensive understanding, in a dedicated technical note on definitions, as requested under the 2023 UN-Habitat Assembly Resolution 2/7: Adequate Housing for All (HSP/HA.2/Res.7). This note aims to establish a common terminology and shared reference among Member States and stakeholders, thereby contributing to more coherent, coordinated and effective policy development and implementation in support of inclusive, sustainable urban transformation.

organizations may hold complementary understandings, these definitions are used to foster a shared foundation for understanding and analysis.

2. Housing informality refers to the broad concept of housing development and occupation that does not conform to formal planning frameworks. This informality takes various forms, including informal settlements, unauthorized construction and housing built on land without legal tenure. Informal housing, on the other hand, refers to the individual dwellings and structures constructed – often incrementally – in the context of informality, as well as to sub-partitioned units and unregistered or precarious rental agreements.

3. In the context of rapid urbanisation and the failure of formal land and housing systems, housing informality emerges as a response to provide access to adequate housing for the poor. The informal production of housing encompasses how families finance the construction, maintenance and repair of their housing, as well as the mechanisms they use to access land for building. Informal housing typically lacks legal documentation of land or rental tenure, compliance with building and planning regulations, and access to basic services through formal systems.

4. Informal settlements, defined at the neighbourhood or settlement level, consist of clusters of informal housing. They are characterized by collective conditions of unregulated and unplanned housing development, absence of formal land tenure and informal service provision, which collectively impacts the residents in those areas. The following features are commonly observed in these settlements:

- (a) Inadequate provision of infrastructure, including water, sanitation and electricity,
- (b) Housing that does not conform to planning and building regulations,
- (c) Poor and hazardous physical environmental living conditions,
- (d) High prices paid for necessities due to inaccessible municipal services, and
- (e) Frequent exclusion from urban policy and decision-making processes.

5. Beyond their visible deprivations, informal settlements possess valuable assets that can be leveraged to advance affordable and adequate housing. These areas often provide proximity to economic opportunities, while informal livelihood systems and construction methods offer flexibility and lower costs. Community networks, kinship-based support systems and local supply chains contribute to resilience and social cohesion. The use of local and traditional materials and the capacity for rapid adaptation to shocks further demonstrate the potential of informal settlements to respond effectively to evolving needs. These characteristics offer concrete policy entry points for inclusive and context-specific housing solutions.

6. Moreover, informality plays a critical role in urban value chains, particularly in low-income contexts. Informal actors such as vendors, transporters and small-scale service providers ensure the uninterrupted delivery of essential goods and services in underserved areas. Their adaptability, deep local knowledge and trust-based systems enable them to operate effectively where formal mechanisms are absent. Rather than being viewed as a constraint, informality should be recognized as a vital resource for broader economic and city development, strengthening urban resilience, economic inclusion and social sustainability.

A. Drivers of housing informality

7. At the global level, the gap created by a lack of adequate housing is filled by housing informality, which provides shelter, accommodation, services and employment to households and communities that are not adequately supported. The drivers of housing informality are deeply interconnected. Economic hardship leads to informal labour, which in turn limits access to formal housing, creating a cycle of informality. Spatial clustering of informal settlements fosters shared practices and coping strategies, which can reinforce existing housing patterns and arrangements. Understanding these feedback mechanisms is critical for developing policies that target the root causes rather than merely the visible outcomes of housing informality.

8. The growth of housing informality is mainly driven by the interplay of the following drivers:

1. Rapid urbanization and population growth

9. Rapid urban growth and internal migration are major contributors to housing informality. As rural populations move to cities in search of economic opportunities, the existing housing infrastructure is overwhelmed. In certain countries, restrictive household and village registration systems exacerbate the vulnerability of people migrating from rural areas by creating additional administrative barriers to accessing services and adequate housing. With limited access to formal

housing, new urban residents often settle in the urban periphery, where there are an inadequate provision of infrastructure and services, land is cheaper but unregulated.

2. Lack of affordable housing and land inaccessibility

10. In many cities, the formal housing market is unable to meet the needs of low- and middle-income populations. The absence of adequate options in terms of scale, affordability, quality and location often pushes households toward informal solutions. This reveals a structural gap: slum conditions in informal settlements are not merely a result of poverty, but also of exclusion from formal housing systems, affecting even those with moderate incomes. This exclusion is reinforced by zoning regulations, building codes and land-use policies that are often misaligned with the socio-economic realities of low-income populations, leaving them with few legal housing options. As a result, many households turn to informal strategies like unauthorized construction, home extensions and land occupation, contributing to the growth of informal settlements. Much of these activities take place on steep terrain, riverbanks or other environmentally hazardous areas, which are cheaper or more accessible because they are excluded from formal development. Yet, for the same reason, such land is also excluded from redevelopment and infrastructure investments. This limits further housing options for poor households, new arrivals and displaced people, reinforcing cycles of exclusion and inadequate living conditions.

11. Informal housing is also present in rural areas, often emerging in remote, peri-agricultural or hazard-prone locations with limited access to infrastructure and services. These dwellings are typically self-built without formal approval, due to unclear land rights, weak regulations and lack of affordable housing alternatives. Unlike urban slums, rural informal settlements may be more dispersed and less visible, which makes them harder to monitor and support through formal mechanisms. However, they still face risks such as environmental hazards, poor living conditions and exclusion from development programmes. Addressing rural informality requires a combination of tenure recognition, appropriate building support and basic service provision, tailored to local contexts and often aligned with broader rural development or climate adaptation strategies.

3. Increasing commodification of the housing sector

12. Housing has progressively assumed the role of a financial asset in many economies, where it is viewed as a safe investment. As prices and rents escalate faster than incomes, many low- and middle-income households are priced out of the formal market, fuelling demand for cheaper informal housing in peri-urban settlements where municipal infrastructure is also lacking. Unregulated investments usually focus on wealthier areas, not matching the local needs and leading to inflationary prices of lands. The unregulated commodification of land negates its social value which could foster social cohesion and inclusivity and instead increases the divide between gated communities and informal settlements, making infrastructure investments for transport and utilities less effective.

4. Weak urban governance and land tenure insecurity

13. Insecurity of tenure is a critical factor in the persistence of slum conditions in informal settlements and puts households at risk of eviction. This affects their sense of permanency, which in turn affects their decision regarding investments in housing. Most jurisdictions grant building permits for registered land that complies with local land use plans. A lack of legal tenure means housing is often built informally without approval and is at risk of demolition. Over time, these settlements expand without formal planning or public investment in infrastructure and services. Lack of secure land tenure limits the creditworthiness of areas, creating a barrier for financial institutions and local authorities to invest in housing and infrastructure upgrading. The threat of evictions disrupts the social and economic stability of households, reinforcing their exclusion from policy and decision-making processes due to their perceived impermanence. Evictions that displace informal settlement residents lead to financial loss and often weaken their livelihoods, further entrenching poverty. This contributes to the persistence of informal housing as displaced people establish shelters in other available spaces. Housing informality is also driven by poor governance, particularly in land administration and urban planning. In many developing contexts, land tenure systems are unclear or poorly enforced, making it difficult for individuals to obtain secure, legal titles.

5. Migration and displacement

14. Climate change, related disasters (such as floods, droughts and heatwaves) and other shocks are increasingly rendering rural economies untenable and destroying the livelihoods of many vulnerable people. Climate refugees in search of alternative livelihoods migrate to urban areas to seek employment and safety, often settling in marginal urban areas where they can access affordable housing and participate in an informal economy with lower entry barriers. Armed conflicts have been a key driver in creating population displacements in affected areas, and often the displaced

communities migrate to cities, towns and centres where they feel safe and where they can access humanitarian support. Even though the formation of some displaced camps is spontaneous and intended for a short stay, they often evolve into unplanned towns and settlements with no official intention of creating improved housing, regularizing land tenure or providing a permanent supply of basic services, which leads to the growth of informality.

6. Legal-political exclusion and discrimination

15. Historically, formal housing and land systems often exclude marginalized groups and people living in informal settlements. Legal and political systems may neglect, stigmatize or actively discriminate against specific populations, denying them access to secure housing. This exclusion is compounded by urban planning policies that fail to incorporate the needs, aspirations and knowledge of informal communities, leading to systemic neglect or outright eviction threats.

7. Lack of recognition of cultural and social practices

16. Culture and social practices shape how, where and why communities build and live, especially where communities have long-standing traditions of self-building using local materials and vernacular architecture. These preferences are often overlooked in policy and planning and may not align with formal building codes, leading to classification as informal even though they are safe, sustainable and socially acceptable. In some cultures, multi-generational households are favoured, but formal housing often caters for nuclear families and thus may be unsuitable or unaffordable for extended kinship networks. Indigenous communities may have ancestral, cultural and spiritual connections to the land they occupy even though informal. Additionally, social networks and collective action facilitate housing development, with neighbours sharing resources, labour and knowledge to construct homes informally.

B. Global and regional patterns

17. Informal settlements are a global phenomenon with varying patterns and drivers of growth across regions, regardless of their characterization. Discussions prior to Habitat III acknowledged that an estimated 70 per cent of the built environment is shaped through informal processes, and that almost all housing is generated through an incremental process over a relatively long period.

UN Regions	Urban population living in slums or informal settlements (thousands)		Proportion of urban population living in slums or informal settlement (%)	
	2010	2022	2010	2022
<i>Sub-Saharan Africa</i>	174,946	265,385	57.3	53.6
<i>Central and Southern Asia</i>	302,697	334,418	51.7	42.9
<i>Eastern and South-Eastern Asia</i>	326,680	362,630	28.8	24.8
<i>Latin America and the Caribbean</i>	102,279	93,416	21.8	16.9
<i>Western Asia and Northern Africa</i>	65,881	61,727	25.2	17.8
<i>Oceania</i>	362	358	15.5	12.2
<i>Northern America and Europe</i>	7,651	5,759	0.9	0.7
<i>Australia and New Zealand</i>	16	8	0.1	0.0
World	980,512	1,123,702	27.3	24.8
Landlocked Developing Countries	55,425	73,828	50.4	46.6
Least Developed Countries	159,657	244,383	63.9	60.9
Small-Islands Developing States	7,569	8,923	20.1	19.9

Source: UN-Habitat, SDG 11.1

18. Currently, 1.1 billion people reside in urban slums and informal settlements, with children accounting for an estimated 350 to 500 millions of this population.² In the past decade, most regions have seen a decline in the share of urban populations living in slums, though levels remain highest in

² UN-Habitat (2024). *Annual Report: Adequate Housing for All*; UN-Habitat (2022). *Children, Cities and Housing: Rights and Priorities*.

Sub-Saharan Africa and Least Developed Countries. However, while slum proportions are decreasing, rapid urban growth means the absolute number of slum dwellers is still rising, especially in Africa and Asia.³

19. Today, around 57 per cent of the global population lives in urban areas, a figure projected to reach nearly 70 per cent,⁴ driving an expected increase of up to 2 billion additional people living in slums over the next 30 years.⁵ This trend is particularly pronounced in the least developed countries, where over 60 per cent of urban dwellers reside in informal settlements, and the number of slum dwellers has increased by 50 per cent in the past decade, mainly due to rapid urban growth.⁶

20. Without action taken, by 2050, the number of people living in informal settlements is expected to increase dramatically to 2.9 billion, concentrated primarily in three regions: Central and Southern Asia: 1.52 billion (52.4 per cent of the global slum population); Sub-Saharan Africa: 922.6 million (31.8 per cent); and Eastern and South-Eastern Asia: 465.4 million (16.0 per cent). Together, these three regions will account for over 84 per cent of the world's slum population by 2050.

21. While housing informality is a global phenomenon, its patterns and drivers vary significantly from region to region, influenced by a complex interplay of socio-economic, political and spatial factors that vary depending on the region, governance structure, level of urbanization and development patterns. Understanding the differences between regions, countries and cities is crucial for the design and implementation of context-sensitive upgrading strategies, ensuring that policies reflect and adapt to local structures, regulatory capacities and social needs.⁷ While no region is homogeneous, broad trends can be observed across the following areas.

22. In Europe and North America, informality often emerges in the form of unregulated densification, such as irregular extensions, subdivided apartments and informal rentals, as well as precarious and temporary arrangements like property guardianship. It also manifests in the form of encampments and inadequate housing conditions for undocumented migrants and unhoused populations, as well as historically marginalized groups (e.g. Roma). Responses have generally focused on regulating substandard units, improving tenant protections, addressing precarious and temporary lettings and providing social housing. For instance, Germany has invested in upgrading older housing stock to address hidden overcrowding. Spain, Portugal, Ireland, France and the United Kingdom also carried out reforms targeting shadow rental markets.

23. In Latin America and the Caribbean, informality is largely tied to self-built housing on unregulated land, often resulting in long-standing informal settlements. However, many countries have developed robust policies for progressive upgrading. In Brazil, the “PAC Favelas” programme, and most recently “Periferia Viva”, aim to integrate informal settlements into the formal city by improving infrastructure and services without displacing residents. Similarly, Colombia's national legal framework has supported tenure regularization and basic service provision in informal neighbourhoods.

24. In Sub-Saharan Africa, informality is widespread, often involving self-built settlements on land without legal title, typically lacking access to water, sanitation and other essential services. Urban growth often outpaces state capacity, leading to rapid, unregulated expansion. In response, several countries have piloted participatory in-situ upgrading strategies. For example, Kenya, with the support of the Participatory Slum Upgrading Programme (PSUP), has implemented community-led upgrading in areas like Kibera, combining basic infrastructure with tenure security and local governance strengthening.

25. In Asia and the Pacific, the diversity and scale of informal settlements are immense, ranging from dense urban slums to informal peri-urban growth. In India, informal housing accommodates a significant share of the urban poor, prompting large-scale upgrading schemes such as the Pradhan Mantri Awas Yojana (PMAY), which supports both in-situ rehabilitation and new affordable housing. In Thailand, the Baan Mankong programme stands out as a successful model of community-driven slum upgrading, with government support for land tenure, infrastructure and housing improvements.

26. In the Middle East and North Africa (MENA) region, patterns vary. In countries such as Egypt and Morocco, informality often takes the form of unplanned urban expansion and illegal subdivisions on the peripheries of cities. Governments have responded with regularization policies and investments

³ UN-Habitat (2022). *Global Action Plan: Accelerating the Transformation of Informal Settlements and Slums by 2030*.

⁴ World Bank (2025) *Urban Development*. Accessed 2025.

⁵ UN-Habitat (2022). *World Cities Report: Envisaging the Future of Cities*.

⁶ United Nations (2022). *SDG Sustainable Development Goals Report 2022*.

⁷ See HSP/OEWG-H.2024/INF/2 and HSP/OEWG-H.2024/INF/5

in basic infrastructure. In Gulf countries such as Qatar and the United Arab Emirates, informality is less visible in terms of land tenure but appears in the form of overcrowded labour accommodations and informal rentals for low-income migrant workers. In these contexts, regulatory efforts have focused on minimum housing standards and labour housing reforms.

C. Trends in informal settlements interventions

27. Across all regions, there is growing recognition that informality must be addressed not through eviction or neglect, but through participatory, inclusive and rights-based approaches backed by holistic policies and legislation. Successful experiences demonstrate the importance of combining tenure security, infrastructure provision and community engagement, while also addressing broader structural issues such as access to finance, inclusive governance and legal reform. An overview of national urban legal frameworks in Latin America and the Caribbean indicated growing efforts to institutionalise the right to the city and urban reform principles on informal settlements upgrading⁸. Tailoring interventions to local realities is essential to ensure that efforts to upgrade informal settlements are sustainable, equitable and supportive of long-term urban resilience. Around the world, countries and cities have developed a range of strategies to address informal settlements, reflecting differing political priorities, urban contexts and social dynamics.

28. Over the past two decades, there has been a marked shift towards a twin-track approach in addressing urban informality, which combines the upgrading of existing slums with the production of affordable housing and serviced land supply. This approach reflects lessons learned from decades of fragmented interventions that either focused solely on curative measures or attempted prevention without addressing the needs of current residents. Countries such as Brazil (through Minha Casa Minha Vida and Periferia Viva), India (via the JNNURM), South Africa (through the Upgrading Informal Settlements Programme), and Morocco (Villes Sans Bidonvilles programme) have institutionalized this dual strategy, demonstrating its capacity to both improve living conditions in informal settlements and produce new housing stock. Endorsed by the New Urban Agenda and SDG 11, the twin-track approach is recognized as a crucial and sustainable pathway to inclusive, resilient, and equitable urban development⁹.

(a) **In-situ upgrading** - This approach focuses on improving conditions within existing informal settlements without relocating residents. It involves upgrading infrastructure, such as water supply, sanitation and electricity, and enhancing housing quality, while also addressing issues like land tenure and public service access. The core goal is to preserve community ties, livelihoods and social networks while progressively integrating these neighbourhoods into the formal urban system. A key example is the Participatory Slum Upgrading Programme (PSUP), led by UN-Habitat and the European Union, which supports in-situ upgrading in over 40 countries and 190 cities, benefiting more than 4 million people. PSUP emphasizes community-led planning, tenure security and inclusive infrastructure development, while also strengthening local governance and policy frameworks. By aligning upgrading efforts with national and citywide development goals, PSUP reflects the transformative potential of in-situ upgrading as a path toward more sustainable, inclusive and resilient cities. The Kampung Improvement Program in Indonesia is another example of successful national large-scale community-based upgrading programme which focused on in-situ upgrading rather than relocation and demonstrated successful approaches of incremental and affordable upgrading. Among the key success factors was the integration of the programme into the national development planning, community participation and integration of urban systems.

(b) **Integrated urban development in policy and legislation** - Some countries and cities have adopted comprehensive approaches that combine housing, transportation, environment, services and social inclusion. These programs treat informal settlements as part of the broader city system, aiming to build equitable and resilient urban futures. Examples include Medellín's integrated urban projects in Colombia and Morocco's Cities Without Slums initiative. While promising, these approaches demand strong political commitment, the inclusion within overall urban policies, inter-agency coordination and long-term investment. Urban policy and legislation are key in promoting sustainable informal settlements transformation by enabling institutions and creating mechanisms for cities to unlock funds for services and infrastructure in deprived areas. For instance, the Special Zones of Social Interest

⁸ Rossbach, A., Scholz, B., Krause, C., Montandon, D. T., Haddad, F., Pinzón Bermúdez, J. A., Morales, J., Costa, M. A., Zabala Corredor, S. K., Castro Tuirán, S., Hernández, V., & Cobbett, W. (2017). *An overview of national urban laws in Latin America and the Caribbean: Case studies from Brazil, Colombia and Ecuador*. São Paulo: Publisher Brasil. Cities Alliance. ISBN 978-85-85938-90-1

⁹ Cities Alliance (2021) "Systematic approaches to slums – A review of national and city-wide approaches", Cities Alliance, Brussels

(ZEIS) established by the City Statute, Federal law in Brazil, enabled the recognition of land occupations that were a key entry point to land regularisation and adaptation of planning and infrastructure standards to existing settlement patterns that avoided mass displacement¹⁰. Argentina's Socio-Urban Integration Regime for Popular Neighbourhoods law of 2018 provided legal framework for the integration of informal settlements through urban restructuring to improve infrastructure and services for targeted neighbourhoods¹¹. Colombia's Law 388 of 1997, also known as the Law of Territorial Development (LDT), is also designed to guide sustainable and equitable territorial development. In China, Urban Villages (Chengzhongcun) integrated provision of infrastructure and service through in-situ community-driven redevelopment, the recognition of collective tenure rights, and integration of the settlements into the urban fabric.

(c) **Community-led approaches** - These strategies recognize communities as central actors in planning and implementation. Residents identify priorities, design solutions and manage projects, often with support from NGOs or local authorities. This approach strengthens local governance, social cohesion and sustainability. Examples include federations of slum dwellers in South Africa and the Philippines. While empowering, community-led upgrading requires long-term institutional support, training and financial access to scale effectively. Examples include federations of slum dwellers in South Africa and the Philippines. The Baan Mankong Programme in Thailand provides an example of a scaled national programme promoting participatory informal settlement upgrading where urban communities are actively involved in the designing of solutions, accessing infrastructure subsidies or loans to improve their houses collectively.

(d) **Site-and-services** - In this model, governments provide basic serviced plots (with roads, drainage and utilities) where residents can gradually build their homes. It encourages incremental self-construction in a structured urban layout. This approach has been applied in countries like Kenya, India and Zambia. It requires effective land management and sustained public engagement to succeed. The reconsideration of this model, after an initial dismissal in the 1980s, also point to a larger trend of clearer recognition of incrementalism in policy and practice.

(e) **Housing improvement** - Housing improvement refers to the process of upgrading the physical, functional and environmental quality of dwellings in informal settlements, often through small-scale, incremental changes. These may include repairing roofs, improving insulation, adding ventilation or sanitation facilities or making homes more energy efficient. While modest, such interventions can lead to significant improvements in residents' daily lives. Beyond better shelter, improved housing contributes to enhanced physical and mental health, greater safety and comfort, reduced social stigma and stronger community ties. It also opens up economic opportunities by enabling home-based income activities and reducing utility costs. For women in particular, better housing can increase privacy, security and participation in household and community decision-making. Overall, housing improvement is a vital tool in informal settlement upgrading, acting as a catalyst for social inclusion, economic empowerment and long-term urban resilience.

(f) **Relocation and resettlement** - Relocation is used when settlements are located in hazardous areas or needed for infrastructure projects. It involves moving residents to new housing, often in peripheral urban zones. While resettlement can provide better-built homes, it often leads to social and economic disruption, including loss of livelihood, weakened community ties and reduced access to city services. Many such initiatives have failed when new housing proved unaffordable or poorly located, prompting people to return to informal living.

(g) **Eviction and clearance** - Despite increasing recognition of the need for inclusive urban development, the practice of eviction and clearance remains present in some cities. This approach typically involves the forced removal and demolition of informal settlements, often justified by urban renewal initiatives, beautification efforts or preparation for large-scale events. In many cases, such actions are carried out without adequate consultation, resettlement or compensation, leading to the violation of human rights and the exacerbation of poverty and vulnerability. Rather than addressing the root causes of informality, this approach tends to shift the issue elsewhere, often resulting in further marginalization. It is widely acknowledged as unsustainable and counterproductive by urban development practitioners and human rights bodies.

¹⁰ Cities Alliance (2016): Rossbach, A., Bruno, A. P., Carvalho, C. S., Fernandes, E., Magalhães, I., Montandon, D., & Saule Júnior, N. (eds). *City statute: The old and the new urban agenda: An analysis of 15 years of the law*.

¹¹ Régimen de regularización dominial para la integración socio-urbana. Ley 27453 <https://www.argentina.gob.ar/normativa/nacional/ley-27453-315739/actualizacion>

D. Common challenges

29. Despite some progress in addressing informal settlements over the past decade, major limitations persist. One of the most significant challenges is the fragmentation and inconsistency of local interventions.¹² While some municipalities actively engage in supporting residents through housing or mediation programmes, others focus primarily on eviction or remain disengaged altogether. This results in a patchwork of unequal treatment across territories, with outcomes largely dependent on the political will and capacity of local actors rather than a city-wide strategy or a coherent national policy.
30. The growing invisibility and dispersal of informal housing adds to the difficulty. As large settlements are dismantled, residents often move into smaller, scattered sites that are harder to reach and monitor, weakening community networks and complicating outreach.
31. Another major constraint is the lack of stable and long-term funding. Many initiatives rely on short-term project financing, which hampers trust-building, community engagement and gradual integration processes.
32. The absence of legal land tenure directly limits residents' access to essential services and financial tools. Without formal titles, they face constant insecurity and are unable to invest in or improve their homes with confidence. Further, lack of secure tenure exposes residents to exploitation, health risks and exclusion from public services or financial systems.
33. Limited financial capacity is another barrier. Low and irregular incomes restrict families' ability to afford upgrades, while accessible and affordable housing finance remains largely unavailable. Though community loans or NGO support offer temporary relief, they often fall short of actual needs.
34. Weak institutional support hinders sustained progress. Local authorities may lack resources, staffing, or the political commitment needed to implement long-term strategies. As a result, informal areas are often sidelined, with little public investment or coordination.
35. Finally, a further challenge lies in the way housing deficits are often framed. By equating qualitative inadequacies with a quantitative shortage of housing units, many policies approaches risk making residents of informal settlements invisible. As highlighted by the African Development Bank,¹³ looking only at the bottom 40th percentile of the urban population in Nigeria, Cameroon and Zambia shows that virtually all households live in inadequate conditions as defined by SDG 11.1.1. Yet less than half of these households reside in informal structures. The primary inadequacies they face relate to access to services and to overcrowding.
36. Together, these legal, economic and governance-related challenges create a systemic bottleneck that continues to obstruct inclusive and lasting housing improvements in informal settlements. Addressing them requires a comprehensive, multi-level response.

II. Proposed draft recommendations

37. The growing challenge of housing informality – most acute in informal settlements – calls for integrated interventions that tackle its root causes and provide alternatives to housing informality.

A. Upgrading and transformation of informal settlements

38. Addressing housing informality in informal settlements requires a dual approach: improving individual housing conditions and transforming the underlying legal, planning and service systems that perpetuate informality. This includes reforming urban planning frameworks, expanding infrastructure and basic services and ensuring security of tenure. Regular collection and analysis of social and economic data through enumeration and spatial mapping at city and national levels are essential to inform inclusive housing and socioeconomic development strategies.
39. Priority should be given to in-situ upgrading, integrating spatial and housing improvements while minimizing displacement and preserving livelihoods. Key interventions for improving informal housing include:

¹² Agence Française de Développement (2023). *Dix ans de résorption de bidonvilles... et de recherches*. *Géocarrefour*, Volume 97/2.

¹³ African Development Bank (2022). *Promoting affordable housing in African Cities*.

1. *Provide improved infrastructure and basic services to informal settlements*

40. In many urban contexts, transforming informal housing into adequate living conditions requires guaranteed access to basic urban services. Expanding access to essential services such as sanitation, water, electricity, transport and other essential infrastructure directly enhances the livability of existing homes, reduces overcrowding pressures and supports incremental housing improvements. Such efforts often deliver faster and broader impacts on housing quality than the construction of new units alone, particularly for low-income households.

41. To be effective, infrastructure upgrades must be prioritized and implemented before, or at the very least alongside, housing improvements. When service provision lags, informal areas risk further deterioration, and upgrading costs can escalate, especially if re-planning becomes necessary after households have already made significant investments in their homes.

42. Delivery should be early, coordinated and aligned with broader planning framework. In many informal settlements, key services are informally provided by communities or non-formal actors and are often not connected to citywide infrastructure networks.

43. Public space improvements should also be prioritized. Enhancing communal areas fosters social cohesion and contributes to residents' well-being, particularly where private living space is limited.

44. To strengthen the physical and social integration of informal settlements, a street-led, area-based approach should be adopted. Streets serve as the foundation for coordinated upgrading, enabling the alignment of infrastructure delivery with planned urban layouts. Participatory area-based plans should define street networks, infrastructure routes and public spaces before implementation. Laying infrastructure such as water, drainage and power through planned streets ensures cost-effective and scalable urban service delivery. The selection and sequencing of service provision must be guided by local priorities and context-specific infrastructure needs. These often include access to safe and reliable water supply, sanitation and waste management, electricity and lighting, mobility-enhancing roads, communication networks and health and education facilities.

45. National and municipal guidelines should promote integrated and area-based approaches, while also enabling financing mechanisms to support local authorities and partners. Effective approaches include community-led upgrading, public-private partnerships, cost-sharing schemes and modular infrastructure systems that can be extended over time. These strategies promote sustainability and responsiveness to evolving local needs.

46. Finally, infrastructure upgrading must be connected to wider urban systems. Linking service provision with legal tools can support progressive tenure regularization and strengthen security for residents. Tying upgrades to local economic systems, such as value chains in food distribution, construction materials and essential service provision, further enhances resilience and livelihoods. Embedding infrastructure strategies in long-term citywide frameworks on mobility, housing, employment and sustainability ensures that informal settlements are transformed into inclusive, resilient and thriving neighbourhoods.

2. *Institutionalize support for incremental, self-help and community-led housing upgrading*

47. Interventions for upgrading informal housing structures should build upon the efforts and investments already made by residents, rather than displacing or replacing them. Many households have incrementally constructed their homes using limited resources, often without access to formal support. Public upgrading programmes should therefore focus on enhancing housing durability, improving resistance to weather and environmental risks, ensuring adequate living space and promoting accessibility for all.

48. Incremental upgrading offers a practical and equitable path toward improved housing. It allows families to upgrade their homes progressively, in line with their financial capacity and evolving needs, while reducing the risk of gentrification and forced evictions. This approach fosters community ownership and long-term stability. For it to succeed, technical assistance must be made available at the local level, building on community knowledge and practices, and encouraging participatory construction methods. Building standards should be realistic and adapted to local contexts, including income levels, cultural preferences and available materials.

49. To enable such improvements, inclusive financing tools should be expanded, including microfinance schemes, savings groups and revolving community funds. These mechanisms should be accessible to low-income households and complemented by targeted subsidies for the most vulnerable

groups, including women-headed households, older persons and persons with disabilities. Legal frameworks should be revised to progressively secure tenure, beginning with intermediary arrangements such as occupancy certificates, and evolving toward full titling where appropriate. These reforms should also protect against speculation and rental exploitation, particularly in the context of upgraded settlements.

50. Housing improvements must not occur in isolation. They must be closely linked with investments in essential urban services such as water, sanitation, electricity and mobility infrastructure, as well as public spaces. This ensures that settlements are safe, functional and better integrated into the urban fabric. Improvements should follow participatory, area-based planning processes that define street layouts, infrastructure routes and shared spaces before major investments are made. Coordinated infrastructure delivery through planned street networks enables cost-effective and scalable services.

51. Upgrading processes must also account for environmental and climate risks. Settlements are often located in vulnerable areas, and upgrading presents an opportunity to introduce resilience measures and improve adaptive capacity. Interventions should strengthen climate-responsive construction practices, reduce exposure to hazards and improve emergency preparedness, particularly for the most at-risk populations.

52. Finally, upgrading programmes should promote local economic development by reinforcing value chains in the construction and service sectors. Local professionals, such as masons, engineers and material suppliers, should be engaged, ensuring that housing improvements contribute to livelihoods and local economic resilience. Recognizing the role of informal economies and embedding upgrading efforts within broader urban strategies will ensure that investments in housing also advance social equity, sustainability and long-term urban inclusion.

3. *Enable tenure security and land readjustment interventions*

53. Tenure security is critical for sustainable improvements in informal settlements. Without formal recognition, residents often face the constant threat of eviction and are excluded from public services, infrastructure investments and housing finance. Guaranteeing tenure security and enabling land readjustment are essential tools to reverse this exclusion and foster long-term investment in housing and urban services.

54. To be effective, these processes must be grounded in inclusive and formally backed frameworks that are transparent, pro-poor and adapted to diverse tenure realities. As a critical principle, and as presented in the New Urban Agenda (NUA), legal frameworks should recognise the social and ecological function of land. National and local governments should promote clear and formal pathways that recognize a variety of land tenure types, including customary, communal, collective and informal arrangements, and ensure these rights are protected against speculation and forced displacement.

55. In contexts where administrative capacity is limited, a phased approach can be adopted. This might begin with intermediate forms of tenure, such as occupancy certificates or temporary permits, with a view to gradually advancing toward full titling as institutions are strengthened. These interim solutions can already offer important protections and create conditions for investment.

56. To prevent unintended harm, particularly to vulnerable groups such as renters or those in informal rental arrangements, tenure regularization must be accompanied by robust social safeguards and accountability mechanisms. Clear guidance is needed to prevent eviction, rent inflation or exclusion during the formalization process. Special attention must be paid to protecting the rights of women, youth and marginalized populations. Models such as Community Land Trusts can play a key role in this regard, by ensuring that land is protected from speculative pressures, affordability is preserved over time and residents themselves steer the development process.

57. In parallel, land readjustment allows for more efficient and equitable land use by enabling local stakeholders to reorganize plots to accommodate essential public infrastructure while maintaining fair access to land and housing.

58. Tenure security and readjustment must also be integrated within broader urban planning frameworks. This includes the extension of basic infrastructure, incorporation into municipal systems and alignment with long-term spatial development strategies. Participatory planning is essential to ensure that interventions reflect the needs and aspirations of residents and contribute to inclusive and resilient urban development.

4. *Enact legal frameworks to integrate flexible zoning, land and planning systems in informal settlements*

59. Enact and amend the national and city-level planning legislation to allow for the designation of Special Planning Zones (SPZs) in informal settlements that have unique development needs to facilitate adaptive spatial planning and safeguard against mass evictions. SPZ provides opportunities to unlock the social and environmental function of land for public use and private investment, leading to the eventual large-scale transformation of informal settlements. SPZs should be anchored in inclusive governance, with participation from communities and other stakeholders to co-design infrastructure, services, and tenure solutions. This approach should also provide for incremental upgrading aligned with minimum building safety standards.

60. Policymakers can also develop more flexible and inclusive planning systems to accommodate diverse housing practices, particularly in informal settlements. In addition to Brazil's ZEIS approach, the Mukuru Special Planning Area (SPA) in Nairobi, Kenya, provides another valuable example of how suspending conventional planning regulations can allow for innovative solutions tailored to local challenges. By involving residents and forming interdisciplinary partnerships between government, civil society and the private sector, the Mukuru SPA has demonstrated that participatory planning can promote holistic, community-driven development that addresses housing needs while fostering social equity and sustainability.

61. Recognise informal settlements in national and sub-national legislation as legitimate urban spaces requiring integrated development into the city is also critical. This includes embedding the right to the city and the social and ecological function of land in law to promote land and housing rights for low-income households.

62. Incremental and adaptable tenure options, including temporary occupation permits, community land trusts, and collective titles, can evolve through an incremental tenure process, with pro-poor right-based tenure models helping to prevent speculative displacement and gentrification.

B. *Adequate and affordable housing solutions as alternatives to informal settlements*

63. The demand for affordable housing is expected to continue growing in response to rapid population growth, urbanization and shifting household demographics. The most effective and cost-efficient way to curb the expansion of slum conditions of housing informality is to increase the availability of affordable and adequate housing options significantly.

5. *Increase affordable housing options by leveraging public and private sector resources as well as community-led and self-help contributions that meet the needs and operating practices of low-income households; this includes rentals, cooperatives, community-led, self-built and incremental housing*

64. At-scale housing provision approaches entail adopting a mix of policy, financing, land, urban planning and institutional reforms to improve the accessibility of adequate and affordable homes for low-income households. Governments should also develop diversified housing provision policies that include a range of options, from cooperative housing models to the development of core housing units suitable for incremental practices.

65. Rental housing should be integrated into these policies through both the development of social rental housing and the strengthening of the secondary rental market. This includes support on the demand side, such as subsidies to improve affordability, as well as on the supply side, including incentives for expanding and upgrading rental stock. At the same time, robust regulation on rent increases, minimum quality criteria and tenant protection is essential to ensure that rental housing contributes to inclusive and equitable urban development.

66. Technical advisory services should be provided to support self-built incremental housing in order to ensure minimum safety and planning requirements. These should be coupled with financial support instruments to facilitate incremental self-help housing construction, whereby households can be provided with starter homes, materials or small grants to support their efforts.

67. The private sector can contribute to the development of affordable housing through incentives such as land, tax breaks and infrastructure subsidies. Yet public-private partnerships have proven most

effective when roles and responsibilities are clearly defined, especially for rental and mixed-income housing projects.

68. Affordable, safe and liveable housing must be made available through a combination of in-situ upgrading, brownfield development and social housing options targeted at the most vulnerable. These housing efforts should be embedded within thriving urban areas that offer access to education, healthcare and social services, as well as high-quality public spaces and inclusive, accessible mobility networks.

6. *Increase the supply of affordable, serviced and well-located land for housing through good land management and spatial planning*

69. Land is a key determinant of housing adequacy due to factors such as its location, affordability and the services provided. Most informal housing occurs on land that is not serviced, often in peri-urban areas. Especially in the framework of planned urban expansion, governments should consider implementing sites-and-services schemes that provide land within planned settlements, connected to essential urban infrastructure, such as water, sanitation, roads and electricity. When coupled with access to jobs, these schemes enable households to build their homes incrementally, in a safe and dignified manner.

70. These schemes address tenure security and affordability through public financing. They should be accompanied by technical assistance to help communities meet minimum planning and building standards as they construct their homes.

71. Sites-and-services approaches should be combined with land readjustment and regularization tools to make land accessible in informal settlements without resorting to evictions. To improve the affordability of housing solutions and inclusiveness in urban development, local governments can also establish urban land banks to acquire and reserve land for non-market uses, such as affordable and social housing.

7. *Implement integrated housing and urban policies that foster inclusive and compact urban growth and prevent the proliferation of underserved and informal peripheries*

72. Governments should implement housing policies that are aligned with transport, employment, social services, infrastructure and environmental sustainability. This integrated approach will foster inclusive and compact urban development and help prevent the emergence of underserved, peripheral informal settlements that expand unsustainably, thereby increasing transport-related costs for low-income households.

73. Planning for industrial and special economic zones should be systematically accompanied by affordable housing strategies and implementation programmes. Urban zoning policies should promote mixed-income, mixed-use and higher-density developments that encourage social diversity and spatial inclusion.

74. City extension plans should adopt inclusionary practices by integrating social and affordable housing into broader urban development frameworks, ensuring balanced and equitable city growth.

75. Promoting spatial justice and reducing spatial inequality requires urban management approaches that recognize and secure a broad range of land rights. It is essential to implement mechanisms that document tenure and uphold the social and ecological function of land, while actively preventing forced evictions and ensuring appropriate safeguards in cases where relocation is necessary. Effective land management systems should be established to make well-located land available in anticipation of urban growth, rather than as a reactive measure.

76. Strategic planning plays a crucial role in guiding inclusive urban development. This involves designing resource-efficient and balanced interventions for the transformation of informal settlements at neighbourhood, citywide, national and regional levels. Such planning must be people-centred and sustainability-driven, ensuring that the benefits of urbanization are equitably distributed.

C. *Enablers for a twin-track approach to informal settlements: upgrading and creating alternatives*

77. A consistent twin-track approach combining upgrading with the creation of alternatives requires enabling conditions such as reliable data, inclusive governance, sustained political

commitment and accessible financing. These elements support context-specific, equitable interventions that respond to the realities of informal settlements while promoting long-term urban inclusion and resilience.

8. *Develop data systems and strengthen localised knowledge of housing needs, income levels, and coping strategies to inform inclusive and context-specific housing policies and programmes and monitor the realisation of SDG 11.*

78. Strengthening data systems capable of capturing the diversity and complexity of informal settlements at all levels is both a technical requirement and a political priority that enables fair, inclusive and evidence-based housing policy. These systems should include typologies of housing, land tenure (public, private, institutional), levels of service provision and degrees of deprivation. Such granularity allows for better identification of needs and vulnerabilities, while also highlighting gaps in urban infrastructure and service delivery. Solid, verified data must guide all interventions; assumptions based on incomplete information risk reinforcing ineffective or even harmful responses.

79. Data is also needed to monitor the effectiveness of programmes and policies implemented, as well as the realisation of the right to adequate housing and the achievement of SDG 11. Establishing data coalitions that brings together governments, communities, civil society, academia and other partners to produce and share reliable data in open and standardised protocols can enhance transparency, cost efficiencies and equity by representing marginalised voices.

80. Data must acknowledge and elevate existing community-led efforts. Rather than imposing top-down solutions, external actors should build upon the resilience, initiative and knowledge already present within informal settlements. Community-level data collection systems should feed into integrated, citywide information platforms that enable locally grounded action. In parallel, national and global data aggregation is essential for advocacy, policy prioritization and resource mobilization.

81. Categorizing informal settlements in typologies that share common features can foster appropriate and context-specific upgrading approaches. For example, countries like India tailor government action according to the type of land ownership (e.g. informal settlements built on private land, informal settlements built on public land). Stakeholders are urged to support case study-based reflections that illustrate local dynamics and avoid generalized assumptions.

82. Beyond improving targeting and planning, data serves to make visible the economic and social contributions of informal housing systems. Informal settlements are embedded in broader urban markets and interact with formal services and infrastructure. The actors involved – residents, builders, service providers – are often active contributors to the city’s economic fabric. Demonstrating the scale and value of these informal markets can make a compelling case for public investment and long-term upgrading strategies, while also revealing the cost of inaction.

83. Developing effective alternatives to informal housing requires detailed understanding of households’ realities and trajectories. This includes not only current housing conditions and coping strategies, but also income levels, housing-related expenditures and how homes support livelihoods, such as through home-based income-generating activities. In addition to current needs, it is crucial to anticipate future housing demand: where housing will be required, what types of housing different socio-economic groups will need and how household sizes and income profiles are likely to evolve. Such forward-looking analysis allows strategies to keep pace with urban growth, rather than responding to it.

84. Equally important is recognizing the overlap between formal and informal markets. Informal residents often earn and spend within the formal economy, while formal actors may provide goods, services or rental housing within informal settlements. These dynamics should be acknowledged and supported with transparency and regulation, rather than exclusion. To avoid discriminatory practices, this data must be integrated into broader census and housing databases and not treated as isolated or exceptional. Planning should reflect the reality of informal settlements as part of the urban fabric, not as separate or temporary entities.

85. Ultimately, addressing informality begins with recognizing it as a product of structural conditions rather than a reflection of individual failure. Data should serve to guide inclusive and rights-based responses, not to stigmatize already vulnerable populations.

9. *Embed community participation in the design, execution and oversight of housing and informal settlements' transformation initiatives*

86. Community participation and empowerment are central pillars of sustainable informal settlement upgrading. Ensuring the full involvement of residents from initial planning through implementation and long-term maintenance builds ownership, accountability and more effective outcomes. This requires institutionalizing inclusive mechanisms for participation and embedding them into housing and urban development programmes at both national and local levels.

87. Governments must adopt inclusive urban policies and adaptable regulatory frameworks that reflect a shared vision of integration and protection for all urban residents. These frameworks should be flexible enough to accommodate the diverse realities of informal settlements, while ensuring that the rights and needs of low-income and marginalized populations are recognized and upheld. Inclusive decision-making is particularly crucial in the context of informal settlement upgrading, where local knowledge, social dynamics and community priorities play a vital role in shaping effective interventions.

88. To support this, governance systems should be designed around multi-level collaboration, combining bottom-up community engagement with top-down institutional support. Local governments must lead coordinated, cross-sectoral partnerships with civil society, private sector actors and affected communities. Such arrangements ensure that all stakeholders are heard and respected throughout planning and implementation. Culturally appropriate and socially inclusive interventions must be the norm, particularly when addressing the needs of women, children and vulnerable groups. Their participation not only improves the relevance of solutions but also strengthens long-term resilience.

89. Equally important is the recognition of informal actors as essential contributors to urban systems. Informal vendors, service providers and transport operators deliver critical goods and services not only in areas underserved by formal institutions but also to cities and regions. These actors should be acknowledged and supported, not criminalized or marginalized. Policies should enable fairer market conditions by introducing protective mechanisms such as permit systems and safeguards against harassment or exploitation. Formalizing their roles, where possible, should go hand in hand with preserving their livelihoods, enhancing service delivery and expanding social protection.

90. Participation must extend beyond project timelines. Establishing local technical assistance offices, as seen in models like POUSO in Rio de Janeiro, can provide continued guidance to residents in maintaining and improving upgraded settlements. These post-upgrading structures are vital for long-term sustainability and community-led development.

91. Community engagement must also be grounded in solid data and transparent monitoring systems. Disaggregated data collection, especially concerning gender and age, is essential for tracking impacts, ensuring accountability and adjusting strategies as needed. Evaluation efforts should capture the multidimensional effects of interventions, from improved living conditions to enhanced social cohesion and inclusion at neighbourhood, city, and national scales.

10. *Establish multi-stakeholder efforts to transform informal settlements*

92. Achieving long-term, sustainable solutions to informal settlements requires a cohesive and coordinated institutional framework supported by consistent political will and strategic leadership. National and local governments must work together across sectors – land, housing, infrastructure, planning and finance – to deliver integrated responses that are inclusive, people-centred and development-driven.

93. Across regions, and particularly in Latin America, evidence shows that effective slum upgrading and the creation of alternative strategies take time to produce measurable impacts. This reinforces the need for policy continuity and multi-year programming, allowing projects to move from planning to implementation, monitoring and scale-up without being derailed by short-term political cycles.

94. Slum upgrading should be formally embedded within national urban development and housing policies, with clear mandates, long-term plans and stable budget allocations. Institutionalizing these strategies ensures they are not treated as ad hoc or crisis-driven responses but as integral parts of broader development agendas.

95. Upgrading must be aligned with wider socio-economic strategies. Linking housing construction with employment creation can stimulate local economies, build livelihoods and generate a virtuous cycle of investment and reinvestment in communities. Training and engaging local workers in the

upgrading process not only improves housing but also enhances skill development and long-term economic inclusion.

96. Given the diversity of informal settlements, no one-size-fits-all solution exists. Governments should promote a diversified housing delivery ecosystem that accommodates a range of needs, preferences and contexts. This includes recognizing and supporting multiple models, such as self-help housing, cooperative initiatives, rental options and public-private partnerships. Creating incentives for flexible, inclusive and locally driven delivery systems enables broader impact and better alignment with community realities.

97. When these pillars are implemented together, underpinned by robust institutional structures and long-term political and financial commitment, slum upgrading and the development of alternatives become more sustainable, equitable and transformative. They support the realization of inclusive, safe, resilient and sustainable cities, in line with the 2030 Agenda for Sustainable Development.

11. *Put in place long-term financing mechanisms to upgrade informal settlements, including land-based financing, community-managed funds and inclusive credit solutions for informal dwellers*

98. Addressing informal settlements at scale requires governments and their partners to adopt sustainable, inclusive and context-sensitive financing strategies. This includes the creation of innovative financial mechanisms, including land value capture and sharing, as well as other land-based finance models, and community-managed funds, aligned with local income realities. These must be supported by dedicated national and local budget allocations to enable both the upgrading of existing informal settlements and the development of viable alternatives, ensuring interventions are comprehensive, inclusive and scalable over time.

99. To build inclusive financial ecosystems, it is essential to expand access to secure, diversified and affordable financing tools that empower households to invest in housing, infrastructure and livelihood activities. This is particularly critical for people working in informal employment and cash-based economies, who are often excluded from conventional banking and credit systems and therefore face heightened barriers to improving their living conditions. Financial instruments must reflect the socio-economic profiles of target communities, while national frameworks must differentiate between what can be self-financed locally and what requires strategic public investment and global support.

100. Reducing poverty and promoting economic prosperity must be central objectives of any informal settlement strategy. This involves implementing transformative socio-economic initiatives that create dignified, inclusive opportunities, particularly for women and youth. Investments in skills training, especially in innovative technologies and business models, are key to strengthening both service provision and human capital. Supporting local, pro-poor livelihood strategies also helps integrate the informal economy into broader urban growth, ensuring marginalized groups can actively contribute to and benefit from economic development.

101. To mobilize long-term resources, coordinated advocacy and strategic action are urgently needed. Documenting how upgrading interventions improve living conditions, stimulate local and national economies, reduce household costs (e.g. energy, transport and services) and lower public spending on reactive measures is crucial. Demonstrating the integration of informal economies into formal markets – and the potential of such integration to strengthen local financial systems – will be key to securing sustainable investment and policy continuity.