



THE CHALLENGE OF **SLUMS**

GLOBAL REPORT ON HUMAN SETTLEMENTS 2003



• United Nations Human Settlements Programme

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FOREWORD

Almost 1 billion people, or 32 per cent of the world's urban population, live in slums, the majority of them in the developing world. Moreover, the locus of global poverty is moving to the cities, a process now recognized as the 'urbanization of poverty'. Without concerted action on the part of municipal authorities, national governments, civil society actors and the international community, the number of slum dwellers is likely to increase in most developing countries. And if no serious action is taken, the number of slum dwellers worldwide is projected to rise over the next 30 years to about 2 billion.

In the United Nations Millennium Declaration, world leaders pledged to tackle this immense challenge, setting the specific goal of achieving 'significant improvement in the lives of at least 100 million slum dwellers by the year 2020'. This means addressing not only the needs of slum dwellers for shelter, but also the broader problem of urban poverty, especially unemployment, low incomes and a lack of access to basic urban services.

The Challenge of Slums: Global Report on Human Settlements 2003 presents the results of the first global assessment of slums by the United Nations since the adoption of the Millennium Declaration. The report proposes an operational definition of slums and, on this basis, provides the first global estimates of the numbers of urban slum dwellers. It discusses the local, national and international factors underlying the formation of slums. It analyses the social, spatial and economic characteristics and dynamics of slums. And it assesses the impact of the main policies towards urban slums adopted by governments, civil society groups and international organizations.

Slums represent the worst of urban poverty and inequality. Yet the world has the resources, knowhow and power to reach the target established in the Millennium Declaration. It is my hope that this report, and the best practices it identifies, will enable all actors involved to overcome the apathy and lack of political will that have been a barrier to progress, and move ahead with greater determination and knowledge in our common effort to help the world's slum dwellers to attain lives of dignity, prosperity and peace.

A handwritten signature in brown ink, reading "K. Annan". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kofi A Annan
Secretary-General
United Nations

INTRODUCTION

The Challenge of Slums: Global Report on Human Settlements 2003 is mainly concerned with the shelter conditions of the majority of the urban poor. It is about how the poor struggle to survive within urban areas, mainly through informal shelter and informal income-generation strategies, and about the inadequacy of both public and market responses to the plight of the urban poor. But the report is also about hope, about building on the foundations of the urban poor's survival strategies and about what needs to be done by both the public and non-governmental sectors, as well as by the international community, if the goal of adequate shelter for all is to have any relevance for today's urban poor.

Efforts to improve the living conditions of slum dwellers (especially within developing countries) have been feeble and incoherent over the last decade or so, having peaked during the 1980s. However, renewed concern about poverty has recently led governments to adopt a specific target on slums in the United Nations Millennium Declaration, which aims to significantly improve the lives of at least 100 million slum dwellers by the year 2020. As this report emphasizes, slums are a manifestation of the two main challenges facing human settlements development at the beginning of the new millennium: rapid urbanization and the urbanization of poverty. Slums areas have the highest concentrations of poor people and the worst shelter and physical environmental conditions.

Among the most important findings of *The Challenge of Slums* is the global estimate of the magnitude of the challenge of slums. The total number of slum dwellers in the world stood at about 924 million people in 2001. This represents about 32 per cent of the world's total urban population. At that time, 43 per cent of the combined urban populations of all developing regions lived in slums, while 78.2 per cent of the urban population in least developed countries were slum dwellers. In some developing country cities, slums are so pervasive that it is the rich who have to segregate themselves behind small gated enclaves.

This report explores both the negative and positive aspects of slums. On the negative side, the report shows that slums have the most intolerable of urban housing conditions, which frequently include: insecurity of tenure; lack of basic services, especially water and sanitation; inadequate and sometimes unsafe building structures; overcrowding; and location on hazardous land. In addition, slum areas have high concentrations of poverty and of social and economic deprivation, which may include broken families, unemployment and economic, physical and social exclusion. Slum dwellers have limited access to credit and formal job markets due to stigmatization, discrimination and geographic isolation. Slums are often recipients of the city's nuisances, including industrial effluent and noxious waste, and the only land accessible to slum dwellers is often fragile, dangerous or polluted – land that no one else wants. People in slum areas suffer inordinately from water-borne diseases such as typhoid and cholera, as well as more opportunistic ones that accompany HIV/AIDS. Slum women – and the children they support – are the greatest victims of all. Slum areas are also commonly believed to be places with a high incidence of crime, although this is not universally true since slums with strong social control systems will often have low crime rates.

On the positive side, the report shows that slums are the first stopping point for immigrants – they provide the low-cost and only affordable housing that will enable the immigrants to save for their eventual absorption into urban society. As the place of residence for low-income employees, slums keep the wheels of the city turning in many different ways. The majority of slum dwellers in developing country cities earn their living from informal sector activities located either within or outside slum areas, and many informal entrepreneurs operating from slums have clienteles extending to the rest of the city. Most slum dwellers are people struggling to make an honest living, within the context of extensive urban poverty and formal unemployment. Slums are also places in which the vibrant mixing of different cultures frequently results in new forms of artistic expression. Out of unhealthy, crowded and often dangerous environments can emerge cultural movements and levels of solidarity unknown in the suburbs of the rich. Against all odds, slum dwellers have developed economically rational and innovative shelter solutions for themselves. However, these few positive attributes do not in any way justify the continued existence of slums and should not be an excuse for the slow progress towards the goal of adequate shelter for all.

Many past responses to the problem of urban slums have been based on the erroneous belief that provision of improved housing and related services (through slum upgrading) and physical eradication of slums will, on their own, solve the slum problem. Solutions based on this premise have failed to address the main underlying causes of slums, of which poverty is the most significant. The report therefore emphasizes the need for future policies to support the livelihoods of the urban poor by enabling urban informal-sector activities to flourish and develop, by linking low-income housing development to income generation, and by ensuring easy geographical access to jobs through pro-poor transport and more appropriate location of low-

income settlements. Slum policies should in fact be integrated within broader, people-focused urban poverty reduction policies that address the various dimensions of poverty.

The report identifies participatory slum upgrading programmes that include urban poverty reduction objectives as the current best practice. It emphasizes the need to scale up such slum upgrading programmes to cover whole cities, and to be replicated in all other cities, as well as for sustained commitment of resources sufficient to address the existing slum problem at both city and national levels. It also emphasizes the need for investment in citywide infrastructure as a pre-condition for successful and affordable slum upgrading and as one strong mechanism for reversing the socio-economic exclusion of slum dwellers. In this context, the report highlights the great potential for improving the effectiveness of slum policies by fully involving the urban poor, as well as the need for the public sector to be more inclusive in its urban policies.

The Challenge of Slums further recognizes the increasing emphasis, mainly by civil society and international organizations, on security of tenure (for both owner-occupied and rental accommodation) and on housing and property rights for the urban poor, especially their protection from unlawful eviction. For slum dwellers, security of tenure opens up possibilities of raising credit for livelihood related activities. The report emphasizes the need for governments and local authorities to build on these recent positive developments.

The United Nations Human Settlements Programme (UN-Habitat) is the focal point, within the United Nations system, for the implementation of the Millennium Declaration target on slums, as well as for global monitoring of progress towards this target. Slum upgrading has therefore become a very important area of focus for the organization, with increasing emphasis being placed on policy and operational support to the following areas: scaling up of slum upgrading projects and programmes, within the context of city development strategies and through more innovative international and national financing mechanisms; urban water supply and sanitation, mainly through region-wide operational programmes; and pro-poor planning and management of the urban economy, so as to enhance income-generation opportunities for the urban poor.

The Challenge of Slums: Global Report on Human Settlements 2003 provides a new impetus to all of these efforts. More importantly, it provides directions for the future that are worthy of consideration by national governments, municipal authorities, civil society organizations and international organizations concerned with improving the lives of slum dwellers. The report also provides a baseline for the long journey towards cities without slums, and should therefore be seen as the starting point of the task of global monitoring of the United Nations Millennium Declaration target on slums.



Anna Kajumulo Tibaijuka

Executive Director

United Nations Human Settlements Programme (UN-Habitat)

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The United Nations Global Reports on Human Settlements are a product of the strong dedication of many people, whose knowledge and expertise help to produce them. The current volume, which is concerned with shelter and urban poverty, is based on full commitment to the goals of social equity and environmental sustainability in human settlement development. This approach determines the overall focus, tone and motif of the report.

The Challenge of Slums: Global Report on Human Settlements 2003 was prepared under the general guidance of Daniel Biau, Acting Director of the Global Division of UN-Habitat, Donatus Okpala, Acting Director of the Monitoring and Research Division and Nefise Bazoglu, Chief of the Urban Secretariat. Naison Mutizwa-Mangiza, Acting Chief of the Policy Analysis, Synthesis and Dialogue Branch, supervised the preparation of the report. The Research and Reporting Section had primary responsibility for the production of the report, with Iouri Moisseev coordinating its preparation.

Members of the UN-Habitat Senior Management Board provided strategic advice in the areas of their respective responsibility at different stages in the preparation of the report. These included: Alioune Badiane, Nick Bain, Nefise Bazoglu, Daniel Biau, William Cobbett, Jochen Eigen, Jorge Gavidia, Axumite Gebre-Egziabher, Antoine King, Lucia Kiwala, Sylvie Lacroux, Joseph Mungai, Toshi Noda, Jane Nyakairu, Donatus Okpala, Kalyan Ray, Lars Reutersward, Sharad Shankardass, Anathakrishnan Subramonia, Tomasz Sudra, Paul Taylor, Farouk Tebbal and Rolf Wichmann.

The initial step in the development of the report was a strategic paper prepared by Nefise Bazoglu. This was followed by a Workshop and an Expert Group Meeting to identify the focus and structure of the report, as well as to formulate a consistent operational definition of slums and establish procedures for estimation of the numbers of slum dwellers. These meetings were attended by Christine Auclair, Nick Bain, John Barreh, Nefise Bazoglu, Marjolein Benschop, Daniel Biau, Yves Cabannes, Fernando Cavallieri, Tanzib Chowdhury, William Cobbett, Anne Comolet, Selman Erguden, Jean Du Plessis, Alain Durand-Lasserve, Joe Flood, Erlinda Go, Joseph Guiebo, Tim Harris, Harvey Herr, Mark Hildebrand, Inge Jensen, Robert Johnston, Guenter Karl, Cecilia Kinuthia-Njenga, Miloon Kothari, Tony Lloyd Jones, Elisa Lustosa Caillaux, Rajeev Malhotra, Aman Mehta, Dinesh Mehta, Diana Meirelles Da Motta, Iouri Moisseev, Jay Moor, Eduardo Moreno, Naison Mutizwa-Mangiza, Pierre Ngom, Tumsifu Jonas Nnkya, S Onsare, Alberto Paranhos, Coughlan Pather, Martin Raitelhuber, Robin Rajack, Shea Rutstein, Daniela Simioni, Farouk Tebbal, Raf Tuts, Willem van Vliet-, Patrick Wakely, Jane Weru, Stephanie Wilcock, Chris Williams, Saad Yahya, Yap Kioe Sheng and Nicholas You.

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LIST OF ACRONYMS AND ABBREVIATIONS

ABO	area-based organization
ADB	Asian Development Bank
AHUR	Australian Housing and Urban Research Institute
AIDS	acquired immune deficiency syndrome
AIMF	International Association of Mayors and Leaders of Wholly or Partially French-speaking Capital Cities and Metropolitan Areas
AIT	Asian Institute of Technology
AMC	Ahmedabad Municipal Corporation
ANC	African National Congress
ANZRSA	Australia and New Zealand Regional Science Association
APHRC	African Population and Health Research Centre
ASDB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
AU	African Union
AusAID	Austrian Agency for International Development
BANANA	build absolutely nothing anywhere near anyone
BIT	bilateral investment treaty
BMR	Bangkok Metropolitan Region
BMZ	German Ministry for Economic Cooperation and Development
BOOT	build–own–operate–transfer
BOT	build–operate–transfer
CBD	central business district
CBO	community-based organization
CDC	Community Development Committee
CDI	City Development Index
CDS	city development strategy
CARDO	Centre for Architectural Research and Development Overseas (UK)
CIDA	Canadian International Development Agency
CIS	Commonwealth of Independent States
CMC	Calcutta Municipal Corporation
CNRS	Centre National de la Recherche Scientifique (France)
CODATU	Cooperation for the continuing development of urban and suburban transportation
COHRE	Centre on Housing Rights and Evictions (Switzerland)
Comecon	Council for Mutual Economic Assistance
COPE	Community Organization of the Philippines Enterprise
CPF	Central Provident Fund (Singapore)
CPRC	Chronic Poverty Research Centre
CRESEM	Comisión para la Regulación del Uso del Suelo del Estado de México
DAC	Development Assistance Committee (OECD)
DANIDA	Danish International Development Agency
DAWN	Development Alternative for Women in a New Era
DFID	Department for International Development (UK)
DHS	Demographic and Health Survey
DINKY	double income no kids yet
DRC	Democratic Republic of Congo
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EDSA	Epifanio de los Santos avenue (Manila)

EIUS	Environment Improvement in Urban Sector (Kolkata)
EGM	Expert Group Meeting
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FHOS	First Home Owners Scheme (Australia)
FIABCI	International Real Estate Association
FIG	International Federation of Surveyors
FINEZA	Fideicomiso de Ciudad Nezahualc6yotl (Mexico City)
FINNIDA	Finnish International Development Agency
FMCU	World Federation of United Cities
FUPROVI	Foundation for Housing Promotion (Costa Rica)
GATT	General Agreement on Tariffs and Trade
GCST	Global Campaign for Secure Tenure
GCUG	Global Campaign for Urban Governance
GDI	Gender-Related Development Index
GDP	gross domestic product
GEM	Gender Empowerment Measure
GIS	geographical information systems
GNI	gross national income
GNP	gross national product
GPI	genuine progress indicator
GSS	Global Strategy for Shelter to the Year 2000
GTZ	German Development Agency
GUID	<i>Global Urban Indicators Database</i>
GUO	Global Urban Observatory (UN-Habitat)
Habitat II	second United Nations Conference on Human Settlements (Istanbul, 1996)
HDAs	housing development authorities
HDB	Housing Development Board (Singapore)
HDI	Human Development Index
HDR	<i>Human Development Report</i>
HIC	high income country
HSD	Human Settlements Development
IADB	Inter-American Development Bank
IDA	International Development Association
IDAs	international development agencies
IDB	Inter-American Development Bank
IDB	International Development Bank
IDP	internally displaced person
IDRC	International Development Research Centre
IEA	International Energy Agency
IFI	international financial institution
IFPRI	International Food Policy Research Institute
ILO	International Labour Organization
IMF	International Monetary Fund
IRF	International Road Federation
IRGLUS	International Research Group on Law and Urban Space
ISD	informal subdivisions of state land (Pakistan)
ISIC	International Standard Industrial Classification
ISSC	International Social Science Council
IULA	International Union of Local Authorities
JMP	Joint Monitoring Programme
LA	Los Angeles
LAC	Latin America and the Caribbean
LDA	land development agency
LDC	least developed country
LDMQ	Law of the Metropolitan District of Quito
LDR	less developed regions
LEARN	Link Environmental and Academic Research Network

LGC	Local Government Code (Manila)
LGU	local government unit (Manila)
LLDC	landlocked developing country
MDA	Millennium Development Agenda
MDG	Millennium Development Goal
MDP	Municipal Development Programme
MDR	more developed regions
MICS	Multiple Indicator Cluster Surveys
MMDA	Metropolitan Manila Development Authority
MOST	Management of Social Transformations (UNESCO)
MPP	Municipality of Phnom Penh
MSEs	micro- and small-scale enterprises
N-AERUS	Network Association of European Researchers on Urbanization in the South
NATO	North Atlantic Treaty Organization
NAVIKU	Nairobi Vikundi vya Kujisaidia (self-help group, Kenya)
NCC	Nairobi City Council
NESDB	National Economic and Social Development Board (Thailand)
NGC	National Government Centre (Philippines)
NGCHC	National Government Centre Housing Committee (Philippines)
NGO	non-governmental organization
NHA	National Housing Authority (Bangkok)
NHDA	National Housing Development Authority (Sri Lanka)
NIC	newly industrialized countries
NIMBY	not in my backyard
NMV	non-motorized vehicle
NORAD	Norwegian Agency for International Development
NSDF	National Slum Dwellers' Federation (India)
NSDP	National Slum Development Programme (Kolkata)
NUREC	Network on Urban Research in the European Union
OBCs	other backward casts
ODA	Overseas Development Agency
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
OUP	Office of University Partnerships
PANA	Participatory Appraisal and Needs Assessment
PAR	Programa de Arrendamento Residencial (Brazil)
PCA	Principal Components Analysis
PD	Population Division
PHASE	People's Housing Alternative for Social Empowerment (Philippines)
POs	people's organizations
PPPs	public-private partnerships
PPP	purchasing power parity
PPPUE	Public-Private Partnerships for the Urban Environment (UNDP)
PPS	probability proportional to size
PRI	Revolutionary Institutional Party (Mexico City)
PROSPECT	Programme of Support for Poverty Elimination and Community Transformation
PRUSST	Urban Renewal and Local Sustainable Development Programme (Naples)
PUSH	Project Urban Self-Help (Zambia)
RDC	residential development committee (PUSH)
SAP	structural adjustment programme
SAR	Special Administrative Region
SCs	scheduled casts
SDC	Swiss Development Cooperation
SDI	Shack/Slum Dwellers International
SEWA	Self-Employed Women's Association
SFNV	National Housing Financing System (Costa Rica)
SIDA	Swedish International Development Agency
SIDS	small island developing states
SNA	System of National Accounts

SPARC	Society for the Protection of Area Resource Centres (Mumbai)
SSE	small-scale enterprise
STDP	Small Town Development Programme
TFYR	The former Yugoslav Republic
UCDF	Urban Community Development Fund (Thailand)
UCDO	Urban Community Development Office (Thailand)
UDHA	Urban Development and Housing Act (Manila)
UE	Urban and Environmental Credit Program (USAID)
UIS	Institute for Statistics
UK	United Kingdom
UMP	Urban Management Programme
UNCHR	United Nations Commission on Human Rights
UNCHS	United Nations Centre for Human Settlements (Habitat) (<i>now</i> UN-Habitat)
UNCTAD	United Nations Conference on Trade and Development
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNECA	United Nations Economic Commission for Africa
UNECE	United Nations Economic Commission for Europe
UNECLAC	United Nations Economic Commission for Latin America and the Caribbean
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNESCWA	United Nations Economic and Social Commission for Western Asia
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme (<i>formerly</i> UNCHS (Habitat))
UNHCR	United Nations High Commissioner for Refugees
UNHRP	United Nations Housing Rights Programme
UNICEF	United Nations International Children's Fund
UNIFEM	United Nations Development Fund for Women
UNON	United Nations Office at Nairobi
UNRISD	United Nations Research Institute for Social Development
UNSD	United Nations Statistics Division
UNV	United Nations Volunteers
UPRS	Urban Poverty Reduction Strategy (Phnom Penh)
US	United States
USAID	United States Agency for International Development
UTO	United Towns Organization
UVA	Union of African Towns
WACLAC	World Assembly of Cities and Local Authorities Coordination
WEOG	Western European and Other States Group
WHO	World Health Organization
WMO	World Meteorological Organization
WOCSOC	World Civil Society Conference
WRI	World Resources Institute
WTO	World Trade Organization

KEY FINDINGS AND MESSAGES

Following the adoption of the Millennium Declaration by the United Nations General Assembly in 2000, a Road Map was established identifying the Millennium Development Goals and Targets for combating poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women and for improving the lives of slum dwellers. *The Challenge of Slums: Global Report on Human Settlements 2003* presents the first global assessment of slums. Starting from a newly accepted operational definition of slums, the report first presents global estimates of the number of urban slum dwellers, followed by an examination of the global, regional and local factors underlying the formation of slums, as well as the social, spatial and economic characteristics and dynamics of slums. Finally, it identifies and assesses the main slum policies and approaches that have guided responses to the slum challenge in the last few decades.

From this assessment, the immensity of the challenge posed by slums is clear and daunting. Without serious and concerted action on the part of municipal authorities, national governments, civil society actors and the international community, the numbers of slum dwellers are likely to increase in most developing countries. In pointing the way forward, the report identifies recent promising approaches to slums, including scaling up of participatory slum upgrading programmes that include, within their objectives, urban poverty reduction. In light of this background, the key findings and messages of this issue of the *Global Report on Human Settlements* are presented below.

THE MAIN FINDINGS

In 2001, 924 million people, or 31.6 per cent of the world's urban population, lived in slums. The majority of them were in the developing regions, accounting for 43 per cent of the urban population, in contrast to 6 per cent in more developed regions. Within the developing regions, sub-Saharan Africa had the largest proportion of the urban population resident in slums in 2001 (71.9 per cent) and Oceania had the lowest (24.1 per cent). In between these were South-central Asia (58 per cent), Eastern Asia (36.4 per cent), Western Asia (33.1 per cent), Latin America and the Caribbean (31.9 per cent), Northern Africa (28.2 per cent) and Southeast Asia (28 per cent).

With respect to absolute numbers of slum dwellers, Asia (all of its sub-regions combined) dominated the global

picture, having a total of 554 million slum dwellers in 2001 (about 60 per cent of the world's total slum dwellers). Africa had a total of 187 million slum dwellers (about 20 per cent of the world's total), while Latin America and the Caribbean had 128 million slum dwellers (about 14 per cent of the world's total) and Europe and other developed countries had 54 million slum dwellers (about 6 per cent of the world's total).

It is almost certain that slum dwellers increased substantially during the 1990s. It is further projected that in the next 30 years, the global number of slum dwellers will increase to about 2 billion, if no firm and concrete action is taken. The urban population in less developed regions increased by 36 per cent in the last decade. It can be assumed that the number of urban households increased by a similar ratio. It seems very unlikely that slum improvement or formal construction kept pace to any degree with this increase, as very few developing countries had formal residential building programmes of any size, so it is likely that the number of households in informal settlements increased by more than 36 per cent. However, it is clear that trends in different parts of the world varied from this overall pattern.

In Asia, general urban housing standards improved during the decade, and formal building kept pace with urban growth, until the financial crisis of 1997. Even after the crisis, some countries like Thailand continued to improve their urban conditions. In India, economic conditions also improved in some cities such as Bangalore. However, it is generally considered that urban populations grew faster than the capacity of cities to support them, so slums increased, particularly in South Asia.

In some countries of Latin America, there was a wholesale tenure regularization and a large drop in numbers of squatter households, which would reduce the number of slums under most definitions. Also, urbanization reached saturation levels of 80 per cent, so that slum formation slowed. Still, housing deficits remain high and slums are prominent in most cities.

Most cities in sub-Saharan Africa and some in Northern Africa and Western Asia showed considerable housing stress, with rents and prices rising substantially while incomes fell, probably corresponding to higher occupancy rates. In addition, slum areas increased in most cities, and the rate of slum improvement was very slow or negligible in most places. In South Africa, a very large housing programme reduced the numbers in informal settlements significantly.

More than half of the cities on which case studies were prepared for this Global Report indicated that slum formation will continue (Abidjan, Ahmedabad, Beirut, Bogotá, Cairo, Havana, Jakarta, Karachi, Kolkata, Los Angeles, Mexico City, Nairobi, Newark, Rabat-Salé, Rio de Janeiro and São Paulo). A few (Bangkok, Chengdu, Colombo and Naples) reported decreasing slum formation, while the rest reported no or insufficient data on this topic (Durban, Ibadan, Lusaka, Manila, Moscow, Phnom Penh, Quito and Sydney).

There is growing global concern about slums, as manifested in the recent United Nations Millennium Declaration and subsequent identification of new development priorities by the international community. In light of the increasing numbers of urban slum dwellers, governments have recently adopted a specific target on slums, ie Millennium Development Goal 7, Target 11, which aims to significantly improve the lives of at least 100 million slum dwellers by the year 2020. Given the enormous scale of predicted growth in the number of people living in slums (which might rise to about 2 billion in the next 30 years), the Millennium Development target on slums should be considered as the bare minimum that the international community should aim for. Much more will need to be done if ‘cities without slums’ are to become a reality.

Slums are a physical and spatial manifestation of urban poverty and intra-city inequality. However, slums do not accommodate all of the urban poor, nor are all slum dwellers always poor. Based on the World Bank poverty definitions, it is estimated that half the world – nearly 3 billion people – lives on less than US\$2 per day. About 1.2 billion people live in extreme poverty, that is on less than US\$1 per day. The proportion of people living in extreme poverty declined from 29 per cent in 1990 to 23 per cent in 1999, mostly due to a large decrease of 140 million people in East Asia during the period 1987 to 1998. However, in absolute terms, global numbers in extreme poverty increased up until 1993, and were back to about 1988 levels in 1998.

Despite well-known difficulties in estimating urban poverty, it is generally presumed that urban poverty levels are less than rural poverty and that the rate of growth of the world’s urban population living in poverty is considerably higher than that in rural areas. The absolute number of poor and undernourished in urban areas is increasing, as is the share of urban areas in overall poverty and malnutrition. In general, the locus of poverty is moving to cities, a process now recognized as the ‘urbanization of poverty’.

Slums and poverty are closely related and mutually reinforcing, but the relationship is not always direct or simple. On the one hand, slum dwellers are not a homogeneous population, and some people of reasonable incomes live within or on the edges of slum communities. Even though most slum dwellers work in the informal economy, it is not unusual for them to have incomes that exceed the earnings of formal sector employees. On the other hand, in many cities, there are more poor people outside slum areas than within them. Slum areas have the most visible concentrations of poor people and the worst shelter and environmental conditions, but even the most exclusive and expensive areas will have some low-income people. In some cities, slums are so pervasive that rather

than designate residential areas for the poor, it is the rich who segregate themselves behind gated enclaves.

The majority of slum dwellers in developing country cities earn their living from informal sector activities located either within or outside slum areas, and many informal sector entrepreneurs whose operations are located within slums have clienteles extending to the rest of the city. Most slum dwellers are in low-paying occupations such as informal jobs in the garment industry, recycling of solid waste, a variety of home-based enterprises and many are domestic servants, security guards, piece rate workers and self-employed hair dressers and furniture makers. The informal sector is the dominant livelihood source in slums. However, information on the occupations and income generating activities of slum dwellers from all over the world emphasizes the diversity of slum populations, who range from university lecturers, students and formal sector employees, to those engaged in marginal activities bordering on illegality, including petty crime. The main problems confronting the informal sector at present are lack of formal recognition, as well as low levels of productivity and incomes.

National approaches to slums, and to informal settlements in particular, have generally shifted from negative policies such as forced eviction, benign neglect and involuntary resettlement, to more positive policies such as self-help and *in situ* upgrading, enabling and rights-based policies. Informal settlements, where most of the urban poor in developing countries live, are increasingly seen by public decision-makers as places of opportunity, as ‘slums of hope’ rather than ‘slums of despair’. While forced evictions and resettlement still occur in some cities, hardly any governments still openly advocate such repressive policies today.

There is abundant evidence of innovative solutions developed by the poor to improve their own living environments, leading to the gradual consolidation of informal settlements. Where appropriate upgrading policies have been put in place, slums have become increasingly socially cohesive, offering opportunities for security of tenure, local economic development and improvement of incomes among the urban poor. However, these success stories have been rather few, in comparison to the magnitude of the slum challenge, and have yet to be systematically documented.

With respect to the issue of crime, which has long been associated with slums and has accounted for much of the negative views of slums by public policy-makers, there is an increasing realization that slum dwellers are not the main source of crime. Instead, slum dwellers are now seen as more exposed to organized crime than non-slum dwellers as a result of the failure of public housing and other policies that have tended to exclude slum dwellers, including in matters of public policing. The result is a growing belief that most slum dwellers are more victims than perpetrators of crime. While some slums (especially traditional inner-city slums) may be more exposed to crime and violence, and may be characterized by transient households and ‘counter-culture’ social patterns, many are generally not socially dysfunctional.

THE MAIN MESSAGES

In facing the challenge of slums, urban development policies should more vigorously address the issue of livelihoods of slum dwellers and urban poverty in general, thus going beyond traditional approaches that have tended to concentrate on improvement of housing, infrastructure and physical environmental conditions.

Slums are, to a large extent, a physical and spatial manifestation of urban poverty, and the fundamental importance of this fact has not always been recognized by past policies aimed at either the physical eradication or the upgrading of slums. Future policies should go beyond the physical dimension of slums by addressing problems underlying urban poverty. Slum policies should seek to support the livelihoods of the urban poor, by enabling urban informal sector activities to flourish, linking low-income housing development to income generation, and ensuring easy access to jobs through pro-poor transport and low-income settlement location policies.

In general, slum policies should be integrated with, or should be seen as part of, broader, people-focused urban poverty reduction policies that address the various dimensions of poverty, including employment and incomes, food, health and education, shelter and access to basic urban infrastructure and services. It should be recognized, however, that improving incomes and jobs for slum dwellers requires robust growth of the national economy, which is itself dependent upon effective and equitable national and international economic policies, including trade.

Up-scaling and replication of slum upgrading is among the most important of the strategies that have received greater emphasis in recent years, though it should be recognized that slum upgrading is only one solution among several others. The failure of past slum upgrading and low-income housing development has, to a large extent, been a result of inadequate allocation of resources, accompanied by ineffective cost-recovery strategies. Future slum upgrading should be based on sustained commitment of resources sufficient to address the existing slum problem in each city and country. Proper attention should also be paid to the maintenance and management of the existing housing stock, both of which require the consistent allocation of adequate resources. Slum upgrading should be scaled up to cover the whole city, and replicated to cover all cities. Up-scaling and replication should therefore become driving principles of slum upgrading, in particular, and of urban low-income housing policies in general. Some countries have made significant strides by consistently allocating modest percentages of their national annual budgets to low income housing development, for example Singapore, China and, more recently, South Africa.

For slum policies to be successful, the kind of apathy and lack of political will that has characterized both national and local levels of government in many developing countries in recent decades needs to be reversed. Recent changes in the global economic milieu have resulted in increased economic volatility, decreasing

levels of formal urban employment (especially in developing countries) and growing levels of income inequality both between and within cities. At the same time, economic structural adjustment policies have required, among other conditionalities, the retreat of the state from the urban scene, leading to the collapse of low-income housing programmes. Much more political will is needed at both the national and local levels of government to confront the very large scale of slum problems that many cities face today and will continue to face in the foreseeable future. With respect to urban poverty and slums, greater state involvement is, in fact, necessary now more than ever, especially in developing countries, given increasing levels of urban poverty, decreasing levels of formal employment and growing levels of income inequality and vulnerability of the urban poor.

There is great potential for enhancing the effectiveness of slum policies by fully involving the urban poor and those traditionally responsible for investment in housing development. This requires urban policies to be more inclusive and the public sector to be much more accountable to all citizens. It has long been recognized that the poor play a key role in the improvement of their own living conditions and that their participation in decision-making is not only a right, thus an end in itself, but is also instrumental in achieving greater effectiveness in the implementation of public policies.

Slum policies should seek to involve the poor in the formulation, financing and implementation of slum upgrading programmes and projects, building on the logic of the innovative solutions developed by the poor themselves to improve their living conditions. Such involvement, or participation of the poor, should also extend to the formal recognition of the non-governmental organizations (NGOs) working with the urban poor at both the community and higher levels, and their formal incorporation within the mechanisms of urban governance. Further, slum solutions should build on the experience of all interested parties, that is informal sector landlords, land owners and the investing middle class. This should be done in ways that encourage investment in low-income housing, maximize security of tenure and minimize financial exploitation of the urban poor.

Many poor slum dwellers work in the city, ensuring that the needs of the rich and other higher-income groups are met; the informal economic activities of slums are closely intertwined with the city's formal economy; and informal services located in slums often extend to the whole city in terms clientele. Clearly, the task is how to ensure that slums become an integral, creative and productive part of the city. The broader context, therefore, has to be good, inclusive and equitable urban governance. But inclusive and equitable urban governance requires greater, not less, involvement of the state at both the national and local levels. Particularly needed in this respect are equitable policies for investment in urban infrastructure and services.

It is now recognized that security of tenure is more important for many of the urban poor than home ownership, as slum policies based on ownership and large scale granting of individual land titles have not always worked. A significant proportion of the urban poor

may not be able to afford property ownership, or may have household priorities more pressing than home ownership, so that rental housing is the most logical solution for them - a fact not always recognized by public policy-makers. Slum policies have therefore started placing greater emphasis on security of tenure (for both owner-occupied and rental accommodation) and on housing rights for the urban poor, especially their protection from unlawful eviction. There is also increasing focus on the housing and property rights of women. Improving security of tenure and housing rights of slum dwellers lie at the heart of the norms of the Global Campaign for Secure Tenure (GCST), although several international organizations, especially bilateral, still place emphasis on formal access to home ownership and titling. However, it is clear that future policies should incorporate security of tenure and enhance housing rights of the poor, with specific provisions for poor women. For the poorest and most vulnerable groups unable to afford market-based solutions, access to adequate shelter for all can only be realized through targeted subsidies.

To improve urban inclusiveness, urban policies should increasingly aim at creating safer cities. This could be achieved through better housing policies for the urban low-income population (including slum dwellers), effective urban employment generation policies, more effective formal policing and public justice institutions, as well as strong community-based mechanisms for dealing with urban crime. Evidence from some cities, especially in Latin America and the Caribbean, points to the need to confront the underlying causes of urban crime and violence and making slums safer for habitation. During the 1960s and 1970s, the greatest fear among slum dwellers in some Latin American cities, especially those in squatter settlements or *favelas*, was of eviction either by government or private landowners. Today, this has been replaced by fear of violence and crime, including shootings related to drug trafficking. While more globally representative empirical evidence on the linkages between crime and slums is needed, some recent analyses (as indicated earlier) suggest that slum dwellers are not a threat to the larger city, but are themselves victims of urban crime and related violence, often organized from outside slum areas. Slum dwellers are, in fact, more vulnerable to violence and crime by virtue of the exclusion of slums from preventive public programmes and processes, including policing.

To attain the goal of cities without slums, developing country cities should vigorously implement urban planning and management policies designed to prevent the emergence of slums, alongside slum upgrading and within the strategic context of poverty reduction. The problem of urban slums should be viewed within the broader context of the general failure of both welfare oriented and market-based low-income housing policies and strategies in many (though not all) countries. Slums develop because of a combination of rapid rural-to-urban migration, increasing urban poverty and inequality, marginalization of poor neighbourhoods, inability of the urban poor to access affordable land for housing, insufficient

investment in new low-income housing and poor maintenance of the existing housing stock.

Upgrading of existing slums should be combined with clear and consistent policies for urban planning and management, as well as for low-income housing development. The latter should include supply of sufficient and affordable serviced land for the gradual development of economically appropriate low-income housing by the poor themselves, thus preventing the emergence of more slums. At the broader national scale, decentralized urbanization strategies should be pursued, where possible, to ensure that rural-to-urban migration is spread more evenly, thus preventing the congestion in primate cities that accounts, in part, for the mushrooming of slums. This is a more acceptable and effective way of managing the problem of rapid rural-to-urban migration than direct migration control measures. However, decentralized urbanization can only work if pursued within the framework of suitable national economic development policies, inclusive of poverty reduction.

Investment in city-wide infrastructure is a precondition for successful and affordable slum upgrading, as the lack of it is one strong mechanism by which the urban poor are excluded, and also by which improved slum housing remains unaffordable for them. At the core of efforts to improve the environmental habitability of slums and to enhance economically productive activities is the provision of basic infrastructure, especially water and sanitation, but also including electricity, access roads, footpaths and waste management. Experience has shown the need for significant investment in city-wide trunk infrastructure by the public sector if housing in upgraded slums is to be affordable to the urban poor and if efforts to support the informal enterprises run by poor slum-dwellers are to be successful. Future low-income housing and slum upgrading policies therefore need to pay greater attention to the financing of city-wide infrastructure development.

Experience accumulated over the last few decades suggests that *in-situ* slum upgrading is more effective than resettlement of slum dwellers and should be the norm in most slum-upgrading projects and programmes. Forced eviction and demolition of slums, as well as resettlement of slum dwellers create more problems than they solve. Eradication and relocation destroys, unnecessarily, a large stock of housing affordable to the urban poor and the new housing provided has frequently turned out to be unaffordable, with the result that relocated households move back into slum accommodation. Resettlement also frequently destroys the proximity of slum dwellers to their employment sources. Relocation or involuntary resettlement of slum dwellers should, as far as possible, be avoided, except in cases where slums are located on physically hazardous or polluted land, or where densities are so high that new infrastructure (especially water and sanitation) cannot be installed. *In-situ* slum upgrading should therefore be the norm, with justifiable involuntary or voluntary resettlement being the exception. Easy access to livelihood opportunities is one of the main keys to the success of slum upgrading programmes.

URBAN GROWTH AND HOUSING

The *Global Report on Human Settlements 2003* is about slums – the places where poor people struggle to make a living and bring up their families, and the places where about one third of the world's urban population live. This report is, therefore, about poverty and housing and about poor housing policy.

Ever since there have been cities there have been poor quarters but only since the 16th century have there been slums, places that are 'squalid, overcrowded and wretched'. Slums have been the only large-scale solution to providing housing for low-income people. It is the only type of housing that is affordable and accessible to the poor in cities where the competition for land and profits is intense, and the places where they must live if they have little income or no other options.

A few citations from the case studies prepared for this report provide striking highlights on the diversity of slums and the different ways in which they reflect global and local political and economic trends.¹

From historical times, industrialization in the city of Kolkata has attracted a cheap labour force from the rural hinterland who found accommodation in the low-cost settlements in the slums. Information shows that more than 41 per cent of households have lived in slums for more than 30 years. More than 70 per cent of the households have lived in slums for more than 15 years. About 16 per cent of the population have been living in slums for 6 to 15 years. New entrants in slums, with duration of stay of up to 5 years, constitute only 4 per cent of the sample surveyed.²

Who lives in slums? A very rough estimate of the total slum population, compiled from existing data and estimates, reveals that in total there are around 300,000 slum dwellers in the 24 listed slums, that is over 20 per cent of the population of the capital city. Four groups (rural migrants, displaced persons, refugees and foreign workers) constitute the majority of these dwellers, all of them generally living in particularly precarious conditions (eg daily/unstable employment, illegal papers, etc). These do not, however, constitute all those living in poverty in Beirut, neither do they constitute all those living in poor conditions in

this city, since many shacks are spread out all around Beirut and its suburbs, outside slums as well as inside them.³

A woman from the neighbourhood (aged 35), born in the central part of Quito, married for 12 years (3 children, aged 11, 9 and 6), has been living at Corazón de Jesús for the last 10 years. Unemployed since she got married, domestic chores consume all her time. As her husband works as a carpenter on building sites, he is away from home for several days or even weeks, and she has to rule the household and manage the family budget. She only studied until the third year of secondary school and has discarded the possibility of finishing her studies. However, she would like to receive some training or assistance to set up a productive business, in order to complement the family income.⁴

About two-thirds of the population of Mexico City live in what might be called a slum: in owner-occupied or rented housing in irregular settlements at various stages of consolidation, in traditional vecindades, in pauperized public housing projects or in other types of minority dwellings on rooftops or in shacks on forgotten bits of land here and there.⁵

Slums in Nairobi are homes to urban residents who earn comparatively low incomes and have limited assets. Livelihoods are earned through different forms of economic activities, which include: employment as waiters, barmen and barmaids, drivers, watchmen, shop assistants, casual labourers in factories and construction sites, artisans, small business owners, and other income-generating activities such as herbalists, entertainers and carriers of goods.⁶

Walter Cordoba, 36 years old, from Población La Hondonada, Santiago de Chile, says: 'People identify themselves with the area and commit themselves to the place but they have no aspirations, there is no way to show their children that there could be another way of living. The settlements in the surrounding areas are the worst, they are also poor and that has

*an impact on our children because they see the world as the settlements are, a world aggressive, with overcrowding, with drugs, all those things.*⁷

*The favelas in São Paulo, unlike in Rio de Janeiro, are a recent phenomenon, less than 50 years old and whose current, sharp, growth dates back to 1980, with their share of the population having jumped from 5.2 per cent to 19.8 per cent since then. Their appearance is associated with peripheral patterns of urbanization for the working class and the impoverishment resulting from the end of uninterrupted economic growth since 1950. About 60 per cent of the population growth was absorbed by São Paulo's favelas.*⁸

*Slum areas are also a refuge for women who are fleeing difficult situations created by divorce or marital disputes. This is the case for Jeanne: 'I was married to a young man from my region. After six children, he decided that we would not have any more. I accepted this. Without me knowing, he then started having a relationship with another woman, who became pregnant. I discovered this and we quarreled. I left my children to escape the hatred of my in-laws. I came to Abidjan. As I could no longer return to my parents, I came here to be independent. I do not want to get into a serious relationship with a man. However, I have a boyfriend. Thanks to his help and my small business, I can cover my needs.'*⁹

*Overcrowding in the slum areas of Ahmedabad leads to high levels of waste, making these areas highly pollution prone. In addition, absence of an adequate sanitation network causes sewage to accumulate in open areas. The condition becomes precarious during the monsoons. More than 30 per cent of the population does not have access to underground sewers for waste disposal. Often the drinking water facilities are not at a distance from the drainage sites. This, coupled with the location of slums near the city's industrial areas and their polluting units, compounds the health hazards faced by the slum dwellers. The indices of diseases caused by polluted air or water or both rise rapidly in the slum areas. On the whole, the quality of the local environment is very poor and the population is susceptible to water-borne diseases, malaria and other contagious diseases.*¹⁰

These are interesting findings. All slum households in Bangkok have a colour television. The average number of TVs per household is

*1.6. There is only one household that has a broken TV with an unclear picture. Almost all of them have a refrigerator. Two-thirds of the households have a CD player, a washing machine and 1.5 cell phones. Half of them have a home telephone, a video player and a motorcycle. However, only one-fourth (27 per cent) own an automobile. Only 15 per cent of them own an air-conditioning unit and a hot water machine in a bathroom. It should be noted that television and refrigerator are considered common necessities for day to day life. Cell phones are very popular in Thailand.*¹¹

*The life conditions of poor people in Bogotá constantly change according to the place in which they live, their work and the people they are in charge of. Depending on the location of their neighbourhood, they could live in high-risk zones exposed to floods and landslides, in places located far from the main roads or in some very insecure places. If they are large families the incomes tend to be more limited and the possibilities to access education are fewer. Some household heads have not had any access to education, which makes it more difficult to find a job and supply the needs of their families, while others have the possibility to get other kinds of jobs in which they will receive a better payment.*¹²

*It was a shock for Um Ishaq when she first saw her new house in Manshiet Nasser. Although the house has two floors, each with two sleeping rooms, a living room, a kitchen and a toilet on a total floor size of 50m², once she steps out of the house, she finds herself surrounded by garbage. All streets adjacent to the house are covered with non-recyclable waste and sacks with plastic, paper, metal and glass waste are piled up the walls of the houses. Goats, chickens and cats search through the garbage for food. The house is located in the Zabaleen area where most of Cairo's garbage collectors live. 'The biggest problem are the mice and the snakes which come with the garbage. You just can't get rid of them', says Um Ishaq, 'but what can we do, we have to live somewhere and we couldn't afford a house somewhere else.'*¹³

Women in a slum community in Colombo formed a small group savings and credit programme. The programme has grown well and the women now get loans for their self-income activities. After six months, they networked their group with the other groups in the area and now they have their own Women's Bank. One woman received a loan of Rs.100,000 for building a

small house for her family and another Rs.80,000 for buying a three-wheeler for her son to start his own business. Now poor women don't need to go to moneylenders. They have their own bank.¹⁴

POPULATION EXPLOSION AND URBAN EXPANSION

Rapid urbanization, one of the greatest socio-economic changes during the last five decades or so, has caused the burgeoning of new kinds of slums, the growth of squatter and informal housing all around the rapidly expanding cities of the developing world. Urban populations have increased explosively in the past 50 years, and will continue to do so for at least the next 30 years as the number of people born in cities increase and as people continue to be displaced from rural areas that are almost at capacity. The rate of creation of formal sector urban jobs is well below the expected growth rate of the urban labour force, so in all probability the majority of these new residents will eke out an informal living and will live in slums.

At the time of the first United Nations Conference on Human Settlements in 1976, there were just over 3.5 billion people in the world. Two decades later, when the second United Nations Conference on Human Settlements took place, there were already 6 billion people worldwide. The world's urban population had doubled in only two decades. The developing world has been predominantly rural but is quickly becoming urban. In 1950 only 18 per cent of people in developing countries lived in cities. In 2000 the proportion was 40 per cent, and by 2030 the developing world is predicted to be 56 per cent urban. Future urban growth in developing countries will be absorbed by urban centres, which have a high average annual urban population growth rate of 2.3 per cent, in contrast to the developed world's rate of 0.4 per cent.

The *Global Report on Human Settlements 1996, An Urbanizing World*, highlighted that while there is no evidence that a threshold population size exists beyond which cities generate more negative than positive effects for their countries, in many cities the rapid pace of population growth and enormous size of the population have overwhelmed the capacity of municipal authorities to respond.¹⁵ Millions of people in the developing country cities cannot meet their basic needs for shelter, water, food, health and education

The 'new urban revolution' – explosive growth of cities in developing countries – presents a serious challenge for national and local authorities. How can the capacity of governments be enhanced to stimulate the investment required to generate jobs and to provide the services, infrastructure and social supports necessary to sustain liveable and stable environments? Developing countries will also face intensified environmental problems due to urbanization. How can living conditions be improved for the millions of people densely packed into cities without destroying the natural resource base on which improved

living standards depend? Meeting the challenges posed by rapid urbanization could be as important for the future as addressing rapid population growth itself has been over the last 50 years.

ACCOMMODATING GROWTH

The incomes of slum dwellers are mostly too low for formally regulated markets to provide them with any kind of permanent housing. They have acted to solve their own problems by building their own dwellings, or by building informal rental accommodation for each other. Rather than being assisted in their efforts by governments, they have been hounded and their homes frequently demolished, they have been overlooked when basic services are provided, and they have been ignored and excluded from normal opportunities offered to other urban citizens.

It is a mistake to think that slums are an unnecessary or extraneous part of the city, that slums are just for poor people or that they are all the same. In the developing world, slums are in fact the dwelling places of much of the labour force in their cities, they provide a number of important services and are interesting communities in their own right. They are melting pots for different racial groups and cultures. Many of the most important movements in music, dance and politics have had their origins in slums. Many people who are not so poor also live in slums.

For the most part, however, people in slums are among the most disadvantaged. Slums are distinguished by the poor quality of housing, the poverty of the inhabitants, the lack of public and private services and the poor integration of the inhabitants into the broader community and its opportunities. Slum dwellers rate far lower on human development indicators than other urban residents, they have more health problems, less access to education, social services and employment, and most have very low incomes.

Slums are a staging ground for people moving to the city or for people who are temporarily in trouble, a place where they can live cheaply until they establish themselves. The long-term aim of most slum dwellers is to make some money and find a better place to live. Many succeed, many others do not. Particularly for the increasing number of those without stable employment, who live a hand-to-mouth existence in the rapidly growing informal sector, life is hard and always uncertain. Social exclusion, lack of empowerment, illness or living in a precarious and illegal situation make it very difficult for slum dwellers to do more than survive, sometimes in reasonable, if insecure, conditions, but just as often in poverty and despair.

The drab vistas of slums that occupy many large cities of the developing world, and the amorphous, polycentric patchworks of commercial concrete buildings and informal markets is far from the dream of modernist urban planners who sought to design 'garden cities' of harmony and light, or who speculated about ultra-high-rise futuristic cybercities. In many cities around the world, there is growing wealth for some but also abject poverty for many others; gated

communities whose residents have access to all the amenities and conveniences that make life comfortable and pleasant are now a common feature but there are also sprawling slums that fail to meet even people's most basic needs, that are used as dumping grounds for hazardous wastes and other socially undesirable externalities, and where lack of access to safe water and adequate sanitation pose serious health risks and create life-threatening conditions.

The main problem is that very few countries, cities or agencies have recognized this critical situation, and outside of a few rapidly advancing countries, very little development effort is going into providing jobs for the rapidly expanding urban population, or planning for land, housing and services that 2 billion new urban residents will need. Slum dwellers lack access to water supply, sanitation, storm water drainage, solid waste disposal and many essential services. However, there is very little forward planning to address even the current problems, let alone the expected future doubling of demand.

Some of the national development policies currently in favour have actually acted to reduce employment and increase inequality. They have made the conditions in cities of the developing world worse and must take some responsibility for the dramatic expansion of slums over the last 30 years. Formal sector employment opportunities are not expected to expand greatly under these policies, and the majority of new residents are expected to work in the informal sector and live in slums, in the absence of any concerted intervention.

Poor or biased policies with regard to land are also an enormous obstacle in the path of the poor in their search of a place to live, as in many developing countries the legal and regulatory frameworks, particularly with regard to land markets and land acquisition, including land registry, land valuation, and legal instruments to facilitate land acquisition, are ineffective. Furthermore, the poor often do not have access to the financial resources needed to buy houses, as the existing housing finance system are not accessible to them and subsidies for housing are not properly targeted. Without significant improvements in the legal, regulatory, and financial systems, the problem of current slums is only a glimpse of an even worse future.

In general, slums are the products of failed policies, bad governance, corruption, inappropriate regulation, dysfunctional land markets, unresponsive financial systems and a fundamental lack of political will. Upgrading of existing slum and squatter settlements addresses the backlog of urban neglect but many cities, especially in Africa and Asia, will face an onslaught of new urban residents over the next several decades, many of whom will be poor.

Increasingly, however, coalitions are being formed between international agencies, cities and action groups which wish to improve the situation, and they are acting in a concerted way and with the benefit of knowledge of past successes and failures to deal with the challenge of slums. Holistic approaches to the life situation of slum dwellers are being developed as part of city strategies and with the direct participation of the slum dwellers themselves. These

responses are considerably more sophisticated than the simple engineering solutions or slum clearances of the past, which often created more problems than they solved. They take into account income generation, social services, location, environmental, economic and political sustainability, governance and community cohesion, as well as the straightforward physical upgrading of the slum itself. Replicating these efforts on a large and continuing scale is the challenge which action groups and international agencies now face.

THE FOCUS OF THIS REPORT

Over the course of the next two decades, the global urban population will double, from 2.5 billion to 5 billion. Almost all of this increase will be in developing countries. Understanding and managing dynamics of urbanization and addressing issues of secure land tenure are also critical elements in any comprehensive poverty reduction policy... The World Bank and Habitat are building a global alliance of cities and their development programme includes the Cities Without Slums action plan, whose patron is President Nelson Mandela. The aim of the programme is to improve the living conditions of 100 million slum dwellers in the developing countries by 2020.¹⁶

This report is the fourth issue of the Global Report series, the established goal of which is to provide a complete review of the condition of human settlements, including an analysis of major forces and trends accounting for their development, maintenance and improvement. The specific objectives of the series are to:

- provide a basic source of information on global and regional conditions of human settlements and trends that would be of value to individual countries and international agencies in shaping their policies and programmes;
- encourage and maintain a general interest in, and contribute to, the understanding of the evolving nature of human settlements, the interrelationship of their parts and the significance of settlement systems in providing settings for human, social, economic and environmental development;
- provide a periodic updating and synthesis of all information that may be relevant to the above objectives.

The current Global Report is a response to the historical decision of the Millennium Assembly to address the problem of slums. The purpose of the issue is several-fold. To begin with, it is the first attempt ever to document the extent and the diversity of slums worldwide. Although a comprehensive assessment must await completion of continuing work on

the estimation of numbers of slum dwellers, this report provides useful indications in this regard. Secondly, this report examines the aetiology of slums. It explores the underlying dynamics that give rise to the formation and expansion of slums in different parts of the world. Thirdly, the report reviews the various approaches that have been adopted in the past concerning the challenges posed by slums as well as the approaches that are currently being pursued. Finally, the report aims to draw lessons from the experiences in dealing with slum problems. It seeks to learn about policies and programmes that have worked and how they might be adapted to address similar challenges elsewhere. The review and analyses presented in this report focus in particular on innovative approaches and make the case for their positive potential, while also stressing their limitations and cautioning against seeing them as a panacea for all problems faced by slum dwellers.

Broadly speaking, this Global Report focuses on urban poverty and slums. Within this wider context, there is a more specific concern with the role of different actors in developing solutions for the pressing problems of inadequate access to housing and basic services. A conclusion of the 2001 Global Report, *Cities in a Globalizing World*, concerned the emergence of broad-based partnerships that involve not only the public and private sectors, but also civil society groups.¹⁷ The current report shows that in this regard the participation of people living in poverty and their representative organizations as empowered and equal partners is crucial for effective problem solving. Evidence presented in the chapters that follow demonstrates how such broad-based partnerships work in innovative and supplemental ways, freeing up productive potential and helping mobilize necessary resources. In short, the aims of this report are to:

- assess slums, globally, in terms of their extent and form;
- determine the forces underlying the emergence and shaping the development of slums;
- assess the social, spatial and economic characteristics and functions of slums;
- identify and assess policy responses to slums, including those of the public sector, international organizations and civil society; and
- explore future policy directions aimed at realization of the goal of the Cities Without Slums action plan.¹⁸

Part I of the report establishes why slums are important in the global agenda, and the global changes that have been occurring in demographics, poverty, inequality, trade policy and informal networks, all in the context of liberalization and globalization. It looks at international agreements and coalitions seeking to improve the situation of slum dwellers, and at possible definitions and means of enumerating them. It also considers the processes of formation of slums and the external and internal forces that lead to the segregation and deterioration of particular areas. These include market forces within cities, inappropriate government interventions and

regulations, global economic changes and changes in the orientation of policy that have led to greater inequality and have inadvertently expanded the urban informal sector while failing to deliver affordable and secure housing, as well as urban services.

Part II is concerned with slums, their form, their role in the city and their living conditions. The impacts of slums on ill health and the life chances of slum citizens, the danger to slum dwellers from criminal activities and the lack of basic urban services in different parts of the world are discussed. The different types of slums are described, drawing from the city case studies commissioned for the report. The discussion shows the great variety in form, location and legal status that may occur, the means that people use to try to establish their legality, and different interventions including the gradual upgrading of better-situated informal settlements. Changes in the global labour force are examined, including the rapid fall-off in agricultural employment in all regions. The informal sector is described, particularly its roles in providing employment for many slum dwellers. The effects of illegality and insecure tenure on slum dwellers are also considered, along with an assessment of the extent of housing inadequacy. Finally, the role of governance and urban management in improving the situation of slum dwellers is described, particularly the lack of any real policy to deal with the problems of current and future slums in many cities.

Part III examines the various attempts to deal with the problems of slums, and critically reviews the changing priorities and assumptions of the various stakeholders responsible for improving the situation, and the problems they have faced in practice. Both public-sector and market-based attempts to improve the situation in developed and developing countries are considered, along with their successes and failures over many decades of experience. These policies have ranged from neglect or eviction, through to slum upgrading, public housing and aided self-help. Several recent large-scale interventions through direct subsidy are considered, alongside the now standard international response of slum upgrading accompanied by inclusive strategies of partnership and participation and a much greater concern for environmental and social sustainability. The role of non-governmental organizations (NGOs) and community-based organizations (CBOs), which have been essential in facilitating and managing the self-help process, is also considered. Finally, broader policies, including attempts to improve the lives of slum dwellers through better governance, income generation, transport policy, access to finance and overall 'inclusive city' approaches are discussed.

If there is a single conclusion from such a complex web of concerns and responses, it is that cities and countries that have admitted what the problems of slums are and that have come to a social consensus about how to solve them with a clear vision and consistent strategy have generally found that the problems *can* be solved and will partly solve themselves through the efforts of everyone involved in meeting that vision.

NOTES

- 1 Specifically for the purposes of this report, 37 case studies were commissioned. The full text of 34 of these studies is available electronically from UN-Habitat and a short summary of 29 of the case studies is contained in Part IV of this report. The authors of the case studies are listed in the Acknowledgements.
- 2 Case study – Kolkata, 2002.
- 3 Case study – Beirut, 2002.
- 4 Case study – Quito, 2002.
- 5 Case study – Mexico City, 2002.
- 6 Case study – Nairobi, 2002.
- 7 Case study – Santiago de Chile, 2002.
- 8 Case study – São Paulo, 2002.
- 9 Case study – Abidjan, 2002.
- 10 Case study – Ahmedabad, 2002.
- 11 Case study – Bangkok, 2002.
- 12 Case study – Bogotá, 2002.
- 13 Case study – Cairo, 2002.
- 14 Case study – Colombo, 2002.
- 15 UNCHS (Habitat), 1996a.
- 16 Kofi A. Annan, Secretary-General of the United Nations (2000) *Common Destiny, New*
- 17 UNCHS (Habitat), 2001a.
- 18 For details of Cities Without Slums, see Cities Alliance, 1999. See also Boxes 7.11 and 9.3 in this report.
- Resolve. Annual Report on the Work of the Organization.* United Nations, New York.