

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 pre-condition 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.