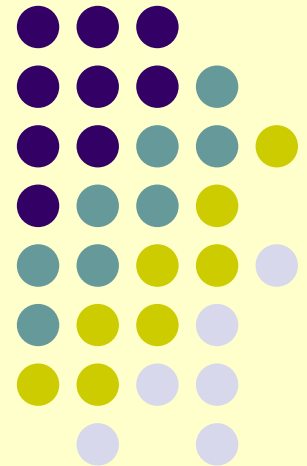


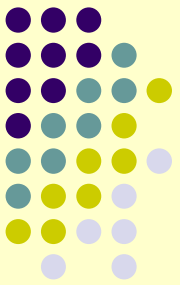
# Meeting the Challenge of Urban Poverty and Slums

April 20, 2009

Judy Baker

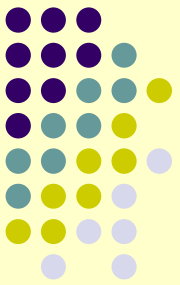
The World Bank





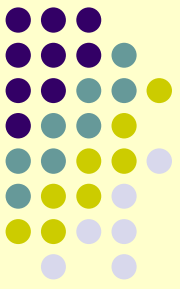
# Presentation Outline

- I. Urbanization
- II. Scope of Urban Poverty
- III. Key Issues for the Urban Poor
- IV. Programs and Policies for Addressing Urban Poverty



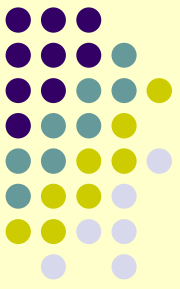
# I. Urbanization

- The world is rapidly urbanizing
- Urbanization contributes to growth and poverty reduction
- Urbanization is highest in Africa and Asia
- Poverty is also urbanizing as more people move to cities
- Growth of slums is characteristic of rapid urbanization
- Slums result of efficient labor markets, inefficient land markets



## II. Scope of Urban Poverty

- Challenges of measurement
  - Money metric versus multi-dimensional
  - Comparability
  - Definition of urban
- Standardized approach, (\$2/day line)
- One third of all urban residents are poor
- Represents one quarter of total poor



# Scope of Urban Poverty

- Highest incidence in Africa, South Asia
- Highest share of total poor in ECA and LAC due to high urbanization rates
- Poverty is becoming increasingly urban (except ECA as it is already urbanized)
- With financial crisis urban poverty is anticipated to increase (job losses in cities, reliance on cash economy)

# Urban Poverty as a share of urban population, (\$2.15/day) 1993-2002

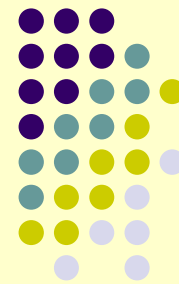
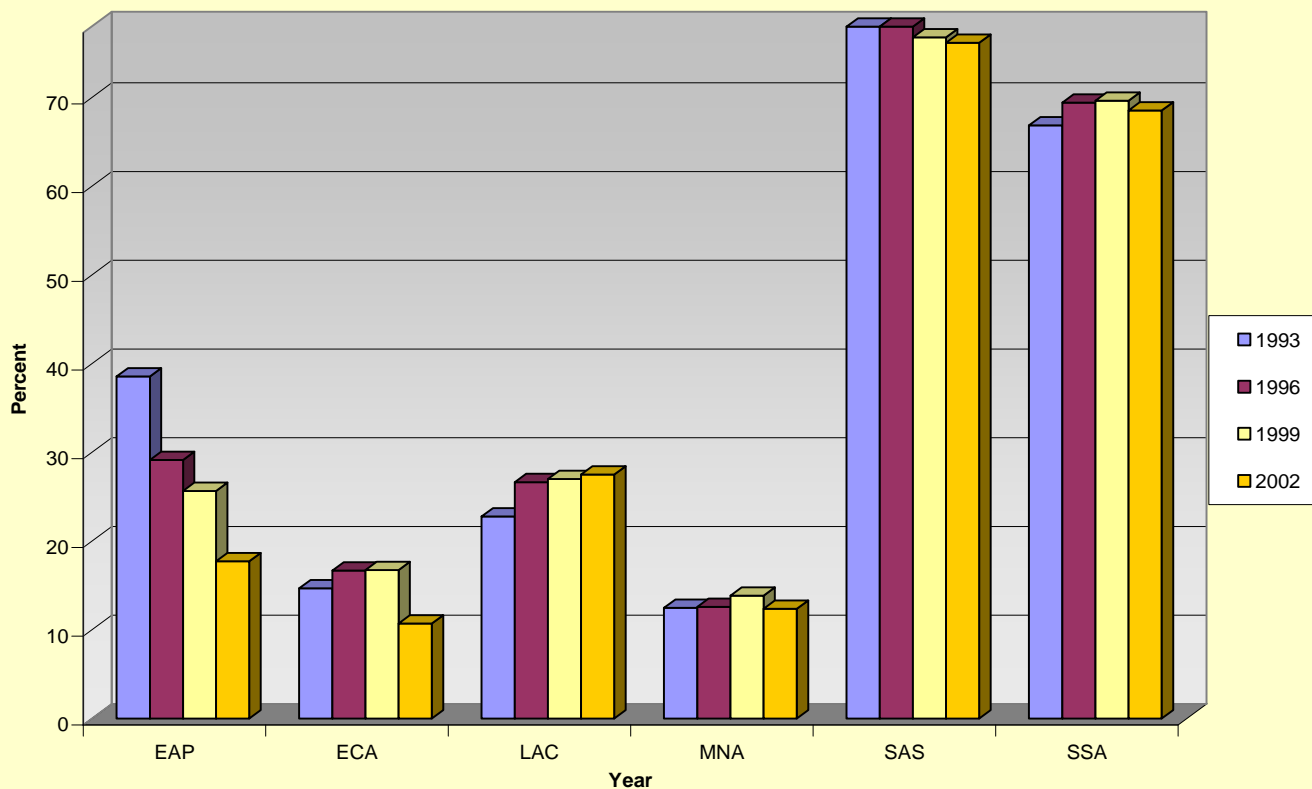


Figure 3: Headcount index urban areas  
(\$2/day poverty line)



# Urban Share of the Total Poor (\$2.15/day) 1993-2002

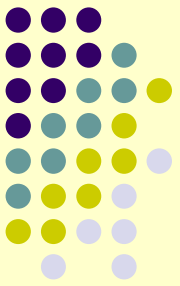
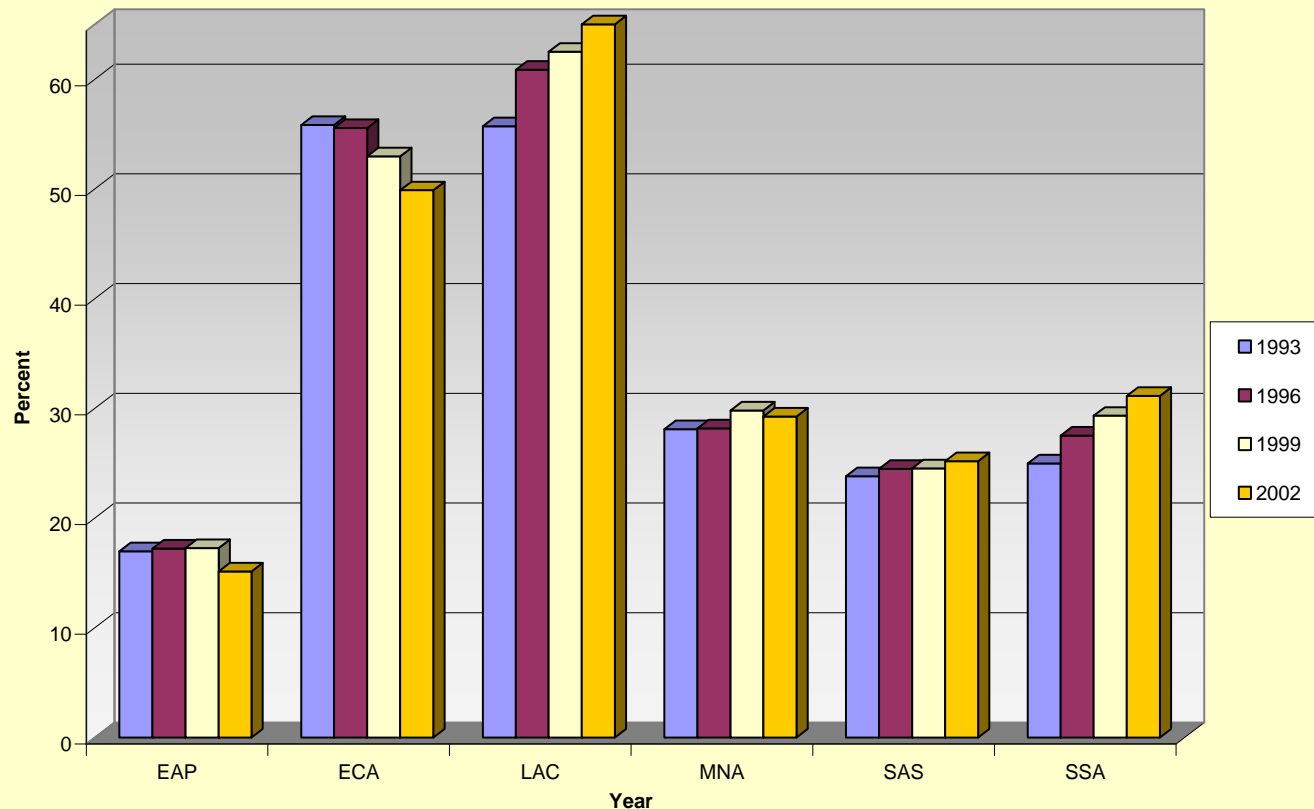
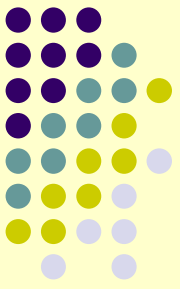


Figure 4: Urban Share of Total Poor  
(\$2/day poverty line)



# III. Key Issues for the Urban Poor



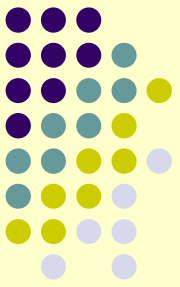
## ● Jobs

- Urban poor have low skills, low wages, unemployment, under employment
- Work mostly in the informal sector, no social insurance
- Youth unemployment is a major problem, linked to social problems

## ● Living conditions and tenure security

- Typically live in slums: overcrowding, lack of infrastructure, poor quality housing, limited access to services, insecure land tenure
- Estimates of approximately 1 billion people living in slums
- Substantial variation in slums; age; location (inner-city versus peri-urban); size.

# Key Issues for the Urban Poor



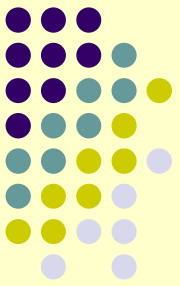
## ● Infrastructure and Services

- Necessary for urban growth
- For the poor, problems of access, quality and affordability
- Networks often don't go into slum areas, connection charges are unaffordable, poor end up often paying more for water, sanitation, electricity

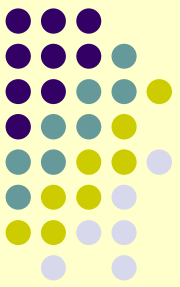
## ● Risks

- Health (overcrowding, inadequate water and sanitation, indoor air pollution, HIV/AIDS)
- Disasters, climate change
- Environmental
- Economic shocks – financial, food crisis

# Key issues for the Urban Poor



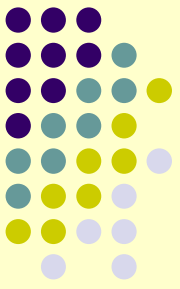
- Location, Mobility and Transport
  - A majority of the poor live in undesirable locations
  - Trade-offs between inner city and peri-urban areas
  - Transport costs can be huge
  - Neighborhood effects (social networks, stigma)
- Inequality
  - Stark in urban areas
  - Tends to be highest in big cities
  - Links to exclusion, and crime and violence, social unrest



# III. Regional Characteristics

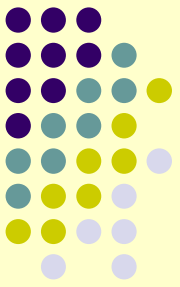
- Sub-Saharan Africa: Rapidly urbanizing, little access to water, sanitation, HIV/AIDS
- South Asia: Mega cities, major challenges of city management, large slums
- East Asia and Pacific: Rapidly urbanizing, challenges of keeping up with basic services
- Latin America and Caribbean: Highly urbanized, segregated, problems of crime and violence
- Middle East and North Africa: Relatively lower levels of urban poverty, but youth unemployment and political instability is of major concern

# IV. Programs and Policies for Reducing Urban Poverty



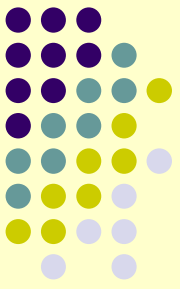
- 1. Economic Growth
  - Broad evidence on links between urbanization and growth, and growth and poverty reduction.
  - Policies focused on defined property rights, good investment climate, well functioning labor, land, and financial markets, broad access to infrastructure and education.
  - Case: Vietnam
- PRSPs are important policy instruments but urban has generally not been well covered.

# Programs and Policies for Reducing Urban Poverty



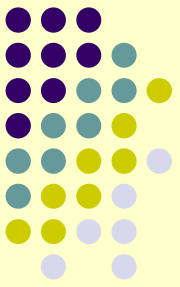
- 2. Improving Living Conditions
  - Slum upgrading, legal and regulatory reform on land policy, land tenure, infrastructure services
    - Many benefits of slum upgrading documented (increases in coverage to infrastructure, property values, health outcomes).
    - Approaches will vary by location
    - Challenges at the project level with implementation, O&M, and can be costly
    - Broader challenge of scaling up
  - Slum prevention is more effective, less costly

# Programs for Urban Poverty Reduction



- 3. Income and Employment Programs:
  - Job training: mixed experience
  - Microfinance: shown to help poor to build assets, much scope for scaling up
  - Urban agriculture: income generation and food security
  - Childcare: allows greater entry to LM by women
  - Public works programs: can be very effective during crisis, can be designed for urban poor

# Programs for Urban Poverty Reduction



- 4. Social Safety Net Programs
  - Conditional Cash transfers (Mexico, Brazil, Bangladesh)
  - Social assistance for vulnerable groups: cash transfers, feeding programs, vouchers, fee waivers
    - Programs tend to be temporary
    - Issues of targeting design in urban areas