

TREATING PEOPLE AND COMMUNITIES AS ASSETS

A HOME IN THE CITY: UN MILLENNIUM PROJECT REPORT ON IMPROVING THE LIVES OF SLUM DWELLERS

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Why Urban is Important

There are important reasons for sharpening the focus on the plight of the urban poor:

1. *We share a common urban future.* Within the next few years, the world's population will be predominantly urban for the first time in human history. UN projections suggest that over the next 30 years virtually all of the world's population growth will occur in the urban areas of low- and middle-income countries. Increasing numbers of the world's poor will be city dwellers.
2. *The world's slum population is huge.* According to the most recent international estimates, more than 900 million people can be classified as slum dwellers, most living under life- and health-threatening circumstances, often lacking several of the following conditions: access to adequate clean water, access to improved sanitation facilities, sufficient living space, dwellings of sufficient durability and structural quality, and security of tenure. Almost one out of three urban dwellers (one out of every six people worldwide) already lives in a slum.
3. *Urban poverty is severe, pervasive, and largely unacknowledged.* Many countries do not welcome urbanization, and urban poverty remains largely unaddressed. This despite the fact that, according to the latest Global Report on Human Settlements, 43 percent of the urban population in developing regions (taken as a whole) live in slums. In the least developed countries, this percentage rises to about 78 percent.
4. *There is a high degree of exclusion in cities.* Slum dwellers are excluded from many of the attributes of urban life that are critical to full citizenship but that remain a monopoly of a privileged minority: political voice, secure and good quality housing, safety and the rule of law, good education, affordable health services, decent transport, adequate incomes, and access to economic activity and credit.
5. *Urban poverty is often underestimated.* While the majority of the poor in many low- and middle-income countries continue to live in rural areas, official statistics tend to systematically underreport urban poverty due to lack of cost-of-living adjustments in income poverty estimates, lack of disaggregation within urban areas, and inadequate definitions of access to water supply and sanitation, adequate shelter, or other infrastructure variables.
6. *The urban economy's benefits reach beyond city boundaries.* Rural and urban development are closely interlinked. For example, remittances from urban workers are often reinvested in rural communities. In addition, various phenomena associated with urban growth can play a part in reducing rural poverty.
7. *Recognizing the urban context is critical to meeting all the Millennium Development Goals.* If the urban context of poverty is not directly addressed, it will be impossible to achieve the Goals. By improving the lives of slum dwellers, we are also combating HIV/AIDS, improving environmental sustainability, reducing gender inequality, and addressing all the Goals in the most efficient manner. In other words, as the world becomes more urban, the integration and

synergies emerging from the potential of comprehensively addressing the Goals in a specific, dense location are best achieved in the very settlements where slum dwellers live.

These issues have not been given the attention they deserve, and without significant urgent action and reforms, the situation will worsen. Indeed, inaction may exacerbate social instability, urban violence, and crime. At the same time, by neglecting these issues, we lose the opportunity to benefit from urban growth and wealth creation.

This urban challenge dictates a much broader and more ambitious approach than the improvement of a portion of the world's estimated slum dwellers summarized in target 11 and subsumed under Goal 7. Slum upgrading, improved urban planning and design, and the provision of adequate alternatives to new slum formation must become core business for local and national governments alike and supported by international development agencies.

Ample evidence over the past 20 years shows that the urban poor themselves can provide the central impetus for change toward good governance. Governments, especially local governments, have also demonstrated that they can develop the capacity to use their mandates and resources for sound and participatory urban development policy, if such policies are rooted in a political leadership that is committed to a democratic and equitable vision of civil society in all spheres of government.

What is needed is the vision, the commitment, and the resources to bring all actors together and to do the sensible things that are the tasks of well governed cities — providing political and economic opportunity, improving services and the quality of public space, planning for future needs, expanding local sources of revenue, attracting investment — in active cooperation and dialogue with all citizens, especially slum dwellers, both women and men. This is why this task force proposes a new formulation of target 11 of the Goals.

Defining and Reaching the Target

In the process of extracting target 11 from the Millennium Declaration and the UN Secretary-General's (2000) report, *We the Peoples*, the explicit reference to the Cities without Slums target, which calls for preventing the formation of new slums after 2006, was dropped. The task force proposes the following formulation of target 11:

By 2020, improving substantially the lives of at least 100 million slum dwellers, while providing adequate alternatives to new slum formation.

This is a twofold challenge: improving the lives of existing slum dwellers and planning adequate alternatives for future urban growth. Meeting this challenge requires a plan for security of tenure, affordable access to land, basic services, and housing finance. This target is daunting but attainable. It can be reached by ensuring that the urban poor are the main actors (and not objects) of development, by improving governance, supporting and enacting local pro-poor policies, mobilizing resources and investments, empowering local action, and monitoring target attainment.

Practice-Based Operational Recommendations

The following sets of recommendations emerge from ample evidence gathered through decades of experience in ameliorating slum conditions.

1. Recognize that the urban poor are active agents and not passive beneficiaries of development

This requires a fundamental redefinition of the political relationship between government and all citizens, particularly the urban poor:

- a. Work with local communities to upgrade slums.
- b. Negotiate on planning decisions and the utilization of public resources.

A basic prerequisite is for governments to acknowledge the organizations of the urban poor wherever they exist and to work with their strategies. These organizations are strategically crucial advocates for the needs of poor women and men. Solutions are best found through negotiated agreements between local governments and slum dwellers. Provincial and national governments, as well as the private sector and domestic capital markets, also have important roles in bringing these solutions to scale.

2. Improve governance

It is imperative that good urban governance become globalized. This means promoting subsidiarity, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security of individuals and their living environments. Governments need to review their urban legislation and commit to the application of these internationally recognized principles of good urban governance. At the local level this means enabling the organizations of the urban poor as equal partners in urban political and economic life, including budgeting decisions, financing practices, and participatory upgrading, planning, and design of basic public services.

a. *Recognize the "right to the city."* In every country of the world, significant communities are excluded, whether by active policy or passive acceptance, from fully belonging to the city, its life, and services. The concept of the right to the city has been developed to counter this structural process of exclusion. Increasingly, legislation in a number of low- and middle-income countries recognizes the consolidated rights of squatters and slum dwellers in settling urban land and creating communities. These rights must be widely recognized and protected by law for men and women alike. Barring exceptional circumstances, such as those deriving from irreversible environmental hazards, informal settlements must be protected from forced evictions and regularized with the active consent and participation of the interested populations. Future migrant populations must be enabled to find adequate shelter in accordance with the principles and definition of adequate shelter enshrined in the Habitat Agenda.

b. *Plan for development.* Slum upgrading is a remedial measure made necessary by the inaction of past governments and the failure to adopt or implement adequate and efficient national and urban policies. Planning avoids the high cost of slum upgrading in many cases. Cities need to apply the principle of "planning before development," with a central focus on the future needs of low-income populations. The pervasiveness of precarious and informal settlements in cities demands a comprehensive approach that can be ensured only by citywide development strategies and participatory planning.

c. *Adopt local strategies.* Local strategies to improve the lives of slum dwellers can address all Goals and should be built up into national poverty reduction strategies. The local implementation of the Goals, a global target, will be the result of myriad local actions. Achieving the Goals in urban areas requires the close involvement of national and local governments and communities. While global support is crucial to sustaining this effort, taking the Goals to the local level means developing participatory, homegrown solutions inspired by common ethical and operational principles. For this reason a bottom-up approach must be stressed in any strategic plan. Cities need to set "local" Goals targets and adopt citywide strategies for achieving them.

3. Support and enact local pro-poor policies

a. *Enact legislation against forced evictions and provide security of tenure.* The forced demolition of urban slums has never reduced poverty — it creates poverty. Forced evictions have never reduced slums — they simply move slum formation elsewhere. Provision of secure tenure in existing informal settlements with the participation and contribution of existing residents is crucial to the process of slum upgrading. It is important to note that “security of tenure” describes a continuum of formal and informal legal arrangements that are highly context specific. They range from full land titling to local customary rights of tenure.

b. *Take action on land issues.* Local authorities should provide secure tenure to women and men in informal settlements in cooperation with national governments and slum dwellers. All local authorities, supported by the national government, need policies to ensure a supply of land to keep down prices and ensure alternatives to slums for the present and future. Two necessary first steps are to establish a system of effective land regulation to ensure the future supply of well located land as cities grow and to ensure that private transactions in the land market are based on transparent information.

c. *Provide adequate and affordable infrastructure and services.* Many basic services (water supply, garbage collection, infrastructure maintenance) can be provided at rates affordable to the poor through appropriate design and innovative structures of tariffs and subsidies. Great savings and improved access can be gained by involving the communities concerned in infrastructure development for rehabilitation, upgrading, and relocation.

d. *Enable community contracts and partnerships.* Whenever feasible, local improvement projects must be open and accessible to low-income communities, cooperatives, and slum dweller organizations as partners or contractors. This may require that contracts be conceived in sizes that are manageable by community-based contractors. Such arrangements will create much needed income, improve skills, create a sense of ownership and civic pride, internalize profit margins, and improve transparency in the use of municipal resources.

e. *Build and maintain public transport systems and services.* Transportation and land use are intricately linked. Good systems of urban transportation can expand the range of housing locations and livelihood options for the urban poor. Facilitating nonmotorized modes of transport and giving priority to public transportation helps reduce transport costs and protects the urban environment. The accessibility needs and safety of the poor should be given a high priority in urban transportation planning.

f. *Ensure that water, sanitation, and health services reach poor urban dwellers.* Steep barriers to accessing good-quality water, sanitation, health services, and emergency services, especially for slum dwellers, often make it difficult for poor urban residents to prevent and treat debilitating health problems. Policymakers should immediately work to coordinate and focus the wide array of potential health service providers to reach slum dwellers and the urban poor — and integrate them with improved provision for environmental health.

g. *Enact building codes and regulations.* Building codes and regulations should be realistic, enforceable, and reflective of community lifestyles and culture. In particular, they should reflect the special needs of the urban poor with respect to minimum plot size, incremental construction, affordable local building materials, and home-based economic activities.

h. *Plan for adequate alternatives to the formation of new slums.* Managing the ongoing process of urbanization to provide viable alternatives to the formation of slums requires making available land and trunk infrastructure for the construction of low-income housing as well as concerted strategies for the provision of healthcare, education, access to employment opportunities, and

other social services in these areas. The integration of residential and income-earning activities is essential in the planning of new low-income neighborhoods.

i. *Involve the private sector.* Cities have to develop the urban infrastructure (roads, communications, power, transport services, water and sanitation, serviced areas) that can attract and sustain productive investment. For this to happen, cities also need to offer a regulatory and policy environment that encourages private sector endeavors (from small through large scale) and public-private partnerships.

j. *Create jobs citywide.* In the final analysis, access to employment is in itself a means toward inclusion and poverty reduction. It can also provide the financial means to adequate housing and related essential services. This requires access to sustainable sources of livelihood (through formal, informal, or self-employment) as well as acknowledging the importance of the informal economy. To facilitate slum dwellers to take advantage of employment opportunities, cities need to eliminate restrictions and unreasonable burdens to local enterprise development. This includes reducing the costs and increasing the benefits of formalization (by, among other means, enhancing security as well as access to public procurement and relevant information on market opportunities, and business development support). Finance, business development services, education and skill-training are vital elements for an enabling environment for adequate job creation and income levels.

4. Mobilize resources and investments

Financial, human, and land resources and investments are required to achieve the Goals:

a. *Financial resources.* A considerable amount of the required investments for achieving the Millennium Development Goals targets at the urban level will have to be based primarily on domestic capital (including tax revenues from property taxes, savings, and productive investments). The more competent and transparent national, local, and community-level institutions are, the more efficient and viable local financial markets become.

Numerous cases reveal how extensive communities' contributions are to their own housing. With support and access to aggregated communal funds, communities can leverage a variety of sources of domestic and international funding channeled to facilitate community financing — with significant multiplier effects.

Responsible public sector borrowing in financial markets at both the national and subnational levels and private sector banking systems for household loans can prove useful investment instruments at both small and large scales. Macroeconomic constraints and restrictions on public expenditures for capital investments must also be alleviated to improve the lives of slum dwellers and to achieve other Millennium Development Goals targets.

International agencies have a crucial role to play in supporting domestic efforts.

b. *Land resources.* The availability of suitable and affordable land situated in well served, centrally accessible locations for low-income households is vital for improving the lives of slum dwellers and providing adequate alternatives to new slum formation. This outcome needs to be ensured through appropriate policies, planning, and legislation. In particular, land use designation for low-income housing and related purposes will often be necessary.

c. *Human resources.* Building capacity in local government and community planning processes is an essential component in creating better cities and improving the lives of slum dwellers. This can be achieved through the incorporation of community development processes into teaching programs for professionals (such as planners, architects, engineers, and others) and civil

servants and converting these programs into training and demonstration areas for all actors involved in urban development. In addition, educational opportunities for slum dwellers should be pursued nationally and internationally.

5. Empower local action

a. *Develop and strengthen networks.* Local action and international knowledge can be considerably strengthened by the support of networks of actors at all levels (slum dwellers and their organizations, local governments and their organizations, national governments and their regional affiliations, international agencies and their coordinating mechanisms, and the private sector).

b. *Support local poverty reduction strategies.* International agencies should encourage and support a locally driven process of developing national urban poverty reduction strategies based on local poverty reduction strategies.

c. *Create "Millennium cities."* Global, regional, and national networks of local authorities, in partnership with the UN system and civil society organizations, could assume leadership of a worldwide partnership of "Millennium cities," defined as cities, towns, and local authorities committed to realization of the Millennium Development Goals through local poverty reduction strategies.

6. Monitor target 11

There is a need to strengthen the official monitoring system established by the UN system and to involve target populations in defining the specific monitoring goals and assessing progress at the local level.

Costing (investing in the slum target)

The Secretary-General's (2000) report *We the Peoples* provides a cost estimate of US\$50 billion for upgrading the housing of 100 million slum dwellers. A more recent estimate from UN-Habitat, prepared for the task force, is US\$74 billion. These estimates include a full complement of services, some of which may not be lacking for all current slum dwellers. The estimates are on the high side.

As formulated in this report, target 11 calls for costing the provision of adequate alternatives to new slum growth. Evidence from actual projects suggests that basic infrastructure costs in new settlements can be between one-third to one-half lower than in comprehensive upgrading. The task force adopted the conservative criterion of one half of upgrading costs as the cost multiplier for providing alternatives to new slums. Both upgrading and new construction costs will vary widely from country to country and city to city and depend on a wide number of factors, such as location, standards, design, construction choices, and contracting methods. Growing evidence suggests that community-led interventions designed and executed with the active participation and involvement of low-income groups and their organizations can reduce costs considerably and produce more sustainable outcomes.

Table 1, derived from estimates presented in chapter 8, considers two components: improving the lives of 100 million slum dwellers today through upgrading and providing for adequate alternatives to slum formation for the projected 570 million people who would otherwise become slum dwellers by the year 2020. All of these estimates are net of beneficiary contributions. For example, the costs of providing for adequate alternatives to slum formation cover mainly infrastructure and assume that the shelter costs are covered by the dwellers themselves.

Table 1
**Investment required to upgrade slums
and provide alternatives to slums by 2020**

Intervention	Target population (millions)	Average cost per person (US\$)	Total (US\$ billions)	Source of investment (US\$ billions)			Slum dwellers and future low-income urban residents
				Donors	Governments		
Upgrading slums	100	670	67	23	37	7	
Providing alternatives to slums	570	400	227	78	126	22	
Total	670	440	294	101	163	29	

Note: Numbers in table may not sum to totals due to rounding.
Source: Task force estimates calculated based on data from UN-HABITAT 2003a; Flood 2004; World Bank 2003a; FISE 2004.

These estimates suggest that overall investment for achieving target 11 is roughly US\$18 billion a year over the next 16 years.

There is ample evidence that the continuation of inadequate policies that exclude the urban poor from development processes will result in severe social and economic costs. In contrast, significantly improving the lives of at least 100 million slum dwellers by 2020 and introducing the measures needed to ensure that there are alternatives to slums for all future urban populations will secure great economic and social “savings” for people directly affected and the community at large.

Nonetheless, as modeled above, substantial funding for progressive projects and policies are still required. Most resources will be domestic in origin. However, all actors have a role to play in meeting these costs:

- Community groups need to mobilize their own resources and contribute to the construction or improvement of their own dwellings.
- National and local governments need to budget for slum upgrading and new infrastructure development while also providing enabling policy environments for public and household financing instruments.
- Formal and informal private service providers, developers, and domestic financial institutions will be needed to reach scale.
- Donors (including the many that currently provide little or no support for urban poverty reduction) need to commit to allocating a larger share of resources to leverage domestic resources. The need for assistance varies greatly by context, but additional resources will be required. Donor resources, and the development of new funding mechanisms, need to support the local processes outlined in this summary and described in more detail in the main report.

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