

Chapter of the Thematic Background Report
for
2013 Global Poverty Reduction and Development Forum



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Global Poverty Reduction and Development Forum

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UNDERSTANDING AND ADDRESSING URBAN POVERTY IN LOW- AND MIDDLE-INCOME NATIONS

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1: INTRODUCTION

This paper describes the scale and nature of urban poverty in low- and middle-income nations and summarizes the different approaches that have been tried to reduce it. It draws on the literature not only on poverty but also on deprivations associated with poverty – poor quality housing conditions, health risks and lack of access to basic services, rule of law and voice. It also presents evidence that the scale and depth of urban poverty in Africa and much of Asia and Latin America is greatly under-estimated because of inappropriate definitions and measurements. How ‘a problem’ is defined and measured influences how a ‘solution’ is conceived, designed and implemented - and evaluated. The use of inappropriate poverty definitions that understate and misrepresent urban poverty may be one reason why so little attention has been given to urban poverty reduction by most aid agencies and development banks. It explains the paradox of many poverty statistics apparently showing little urban poverty despite the evidence showing the very large numbers living in poverty and facing many deprivations.

The paper emphasizes the need to understand, measure and address at least eight aspects of deprivation. These include not only inadequate (and often unstable) incomes but also: poor quality and often insecure, hazardous and overcrowded housing; inadequate or no provision for risk-

reducing infrastructure (including piped water, sewer and drainage systems, electricity and all-weather roads); inadequate or no provision for basic services (child-care and schools, health care and emergency services, household waste collection); limited or no safety nets for those with inadequate incomes, unable to work and unable to afford health care; high prices paid for necessities, in part related to the lack of public provision for infrastructure and services; inadequate, unstable or risky household assets bases; inadequate protection of rights through the operation of the law (including the lack of policing in many informal settlements); and voiceless and powerless within political systems and bureaucratic structures (especially the discrimination faced by particular groups on the basis of gender, age, nationality, class/caste....). To these must be added a framework that identifies and acts on disaster risk and climate change adaptation; addressing the deprivations noted above also does much to reduce risk and exposure to many disaster and climate change risks.

Understanding urban poverty

By 2013, urban areas in low- and middle-income nations had around 2.7 billion inhabitants.² There is no accurate basis for specifying the proportion of these that suffer from poverty because of the lack of data in

many nations. For instance, in many nations, there are no accurate measures for the proportion of the urban population with incomes that are insufficient in relation to the costs of food and non-food needs particularly

because there is no accurate measure of the cost of meeting non-food needs.³ Table 1 provides some estimates for the number of urban dwellers who face poverty based on different deprivations.

Table 1: Estimates for the scale of different aspects of urban poverty in low- and middle-income nations

Type of poverty	Numbers of urban dwellers affected	Notes
Inadequate income in relation to the cost of food and non-food needs	800-1,200 million	No accurate figures are available on this and the total varies, depending on the criteria used to set the poverty line (the 'income-level' required to ensure 'basic needs' are met).
Inadequate or no provision for safe, sufficient water and sanitation	In 2000, at least 680 million people for water and 850 million for sanitation. ⁴ Official UN figures for 2010 suggest over 700 million urban dwellers without water piped to their premises and a similar number lacking sanitation ⁵	The figures for 2010 are drawn from the UN but as discussed later, these greatly understate the number of urban dwellers lacking safe sufficient water and access to good quality toilets. The criteria they use for 'improved provision' contain many forms of provision ill-suited to urban contexts. They do not include any measure of reliability (eg whether there is water in the pipe or standpipe) or quality
Hunger	500 million+?	In many Asian and sub-Saharan African nations, 25-40 per cent of urban children are underweight and/or under height. In many nations, more than half the urban population suffers from food-energy deficiency including India, Pakistan and Bangladesh. ⁶
Living in poverty i.e. in housing that is overcrowded, insecure and/or of poor quality and often at risk of	1 billion+? Many cities in Asia and Africa have 30-70 per cent of their population in informal settlements.	Based on a 2003 global review of the number and proportion of people living in 'slums' (UN-Habitat 2003b) with an allowance for the increase in number since then.

forced eviction		
Homelessness (i.e. living on the street or sleeping in open or public places)	c. 100 million	UN estimate. There are also large numbers of people living on temporary sites (for instance construction workers and often their families living on construction sites).
Lack of access to health care, education and social protection; also to emergency services (for injuries or acute illness)	Hundreds of millions?	No global estimates but many case studies of informal settlements show the lack of provision. Access to these may require a legal address which those in informal settlements cannot produce.
Absence of the rule of law in informal settlements	Hundreds of millions?	No global estimates on this but in a high proportion of informal settlements, there is little or no policing. The absence of the rule of law may show up in high levels of violence and high murder rates within informal settlements
Lack of voice for residents of informal settlements	Hundreds of millions?	No global estimates - but to get on the voter's register often depends on having a legal address and/or documentation that most urban poor groups do not have. Even if those in informal settlements can vote, this has rarely provided the 'voice' needed to get their needs and priority concerns addressed.

Table 1 may surprise many poverty specialists who have long focused on monetary poverty lines that are set, based on income or consumption levels. While attention has been given to 'multi-dimensional' poverty which acknowledges (and where possible seeks to measure) other deprivations, for critical components of well-being there is no adequate information base.⁷ There are also the national governments that have acknowledged the limitations in

income/consumption based poverty lines and collected data on unsatisfied basic needs.

Table 2 is a reminder of the diversity within any urban population in regard to degrees of poverty. Of course, any poverty analysis should seek a greater disaggregation than this in, for instance, income source and employment base, household composition, gender, age or any social group that may face discrimination. Within all urban areas, there is

considerable differentiation among those with inadequate income-levels in regard to (among other factors) the stability of their income source, the access their accommodation provides them to income-earning opportunities, household size and composition, gender, educational attainment and access to services and all these influence the levels and intensities of poverty. Official statistics on

poverty and urban poverty are often drawn from national sample surveys that have sample sizes too small to show differences in poverty between different urban centres (including differences related to urban centres' population, prosperity and economic base) or within them (for instance between inner cities, around inner cities or urban peripheries or specifically in informal settlements).

Table 2: Different degrees of poverty in urban areas

Aspects of poverty	Degrees of poverty			
	Destitution	Extreme poverty	Poverty	At risk
Income	Income below the cost of a minimum food basket	Income just above the cost of minimum food basket but far too low to allow other necessities to be met adequately	Income below a realistic poverty line* but enough to allow significant expenditure on non-food essentials	Income just above a realistic poverty line*
Housing with access to infrastructure and services	Homeless or no-cost shelter or close to no-cost shelter (renting a bed in a dormitory)	Very little to spend on housing – often a household renting a room in a tenement or illegal or informal settlement or a single person sharing a room	More accommodation options – e.g. slightly more spacious, better quality rental housing or capacity to self-build a house if cheap or free land is available; extent and quality of affordable options much influenced by government land, infrastructure and services policies	

Assets	Typically none or very little (although community-based savings group may provide access to credit for emergencies)	Often some capacity to save, especially within well-managed savings and credit scheme
Vulnerability	Extreme vulnerability to food price rises, loss of income or illness or injury; often also to discrimination and unfair practices (from employers, landlords, civil servants, politicians, the law.....)	Similar kinds of vulnerability to those faced by people facing destitution or extreme poverty, although usually less severe; often vulnerability to running up serious debt burdens

* A realistic poverty line would be one that was calculated based on real prices and costs in each city and which took into account the cost of non-food essentials (safe secure housing, transport, water, sanitation, health care, keeping children at school.....) as well as the cost of an adequate diet.

2: DEFINING AND MEASURING URBAN POVERTY

The definition of urban poverty

Defining and measuring poverty is important to the work of governments. This should help identify who is in need. It should also help identify the nature of need that then serves as the basis for identifying the actions required to address need. Appropriate and accurate poverty measurement methodologies should be at the centre of the policies and interests of any aid agency, development bank or international NGO whose very existence is justified by their contribution to reducing poverty. In this context, it is important to get the definition and measurement right. Accurate measurement is equally important for political inclusion and good governance as those suffering deprivations caused by poverty need to have their needs and priorities represented within the definition and measurement processes (as well as in subsequent policies and actions).

Defining poverty may be considered to be relatively simple: there is not much disagreement that everyone needs sufficient nutritious food, access to services such as health care and schools and a secure home with adequate provision for water, sanitation and household waste collection. It is accepted that in urban areas, 'adequate' income is the primary means by which urban individuals or households can meet these needs. In part, this is because there is generally less scope

for self-production of food, housing or other needs in urban areas. So a poverty line set at a particular income level can be used to measure who is poor (with a market value being attributed to self-production where relevant). This means that those who have sufficient income for a set of goods and services considered as 'needs' are non-poor and those who do not are poor. There are needs other than sufficient income such as the rule of law and respect for civil and political rights (and the means to ensure these are realized). But these are usually not considered as part of poverty (even if inadequate rule of law and contravention of civil and political rights are often associated with poverty and may be major causes or contributors to poverty). There is also recognition that asset bases are important for allowing low-income individuals or households to avoid or better cope with poverty⁸ but very few poverty-line definitions include any consideration of assets (although household assets may be considered separately within poverty assessments).

Despite the apparent simplicity of understanding what poverty is, there is no agreement on how best to define and measure it. Different methodologies, different ranges of goods included as needs, different price estimation techniques, and proxy value

estimates all lead to different results. During the late 1990s, there were at least four figures for the proportion of Kenya's urban population who were poor, ranging from 1 to 49 per cent⁹ and clearly not all could be correct. In the Philippines, in 2000, the proportion of the national population with below poverty line incomes was 12 per cent, 25 per cent, 40 per cent or 45–46 per cent, depending on which poverty line is chosen.¹⁰ In the Dominican Republic in 2004, different criteria for setting the poverty line meant that the proportion of the urban population below the poverty line varied from 35.4 per cent to 2.1 per cent.¹¹ Research that examines the actual cost of meeting food and non-food needs in particular cities or within urban populations usually shows much higher proportions 'in poverty' than official statistics.¹²

The very large differences in the proportion of the population considered poor (whether for all low- and middle-income nations or for national or urban populations for particular nations) are the result of different definitions of poverty. These differences usually lie in how to define the income-level that individuals or households need to avoid being poor, especially in regard to non-food essentials. The difficulties or higher costs involved in getting accurate data on the cost of non-food needs often means that allowances for non-food needs are made by adding some additional amount onto the cost of a 'minimum food basket.' Up to 1990, many poverty lines were set based only on the cost of a 'minimum' food basket that was

considered to constitute an adequate diet in calorific terms.¹³ For those poverty lines that make allowances for non-food items, generally this was either based on an assumption that food expenditure would be 70–85 per cent of total expenditure, or based on what a reference group of 'poor' households spent on non-food items (with this group varying – for instance, sometimes the lowest 10 per cent, sometimes the lowest quintile). In practice, if allowance was made for non-food needs, only a small proportion of a poor household's income was required for this. The surveys from which data were drawn did not consider whether this small upward adjustment actually allowed poor people to afford non-food needs. In some cases it did not take account of differences between those living in rural areas and those living in urban settlements in which the vast majority of basic needs were commodities. Many studies show low-income urban households spending much more than 30 per cent of their income on non-food items and still living in poverty,¹⁴ which suggests that the income required to pay for non-food needs was higher than that allowed for in setting poverty lines. Table 3 shows the differences between countries in the allowances made for non-food needs in 'upper' poverty lines where some allowance is made for non-food needs. These range from poverty lines that are little more than the cost of the minimum food basket (with 12 countries having a ratio below 1.5 or less than one third of the poverty line being "allocated" to non-food costs) to sixteen countries where the poverty line is double or more than double this.

Table 3: Levels of urban poverty according to 'upper poverty lines'¹⁵

Nation	Poverty line as a multiple of 'minimum food basket' costs	Per cent of the urban population below the poverty line
Sri Lanka (1995/96)	1.2	25.0
Madagascar (1999)	1.21	52.1
Democratic Rep. of Congo (2006)	1.25	61.5
Ghana (1998/99)	1.29	19.4 (3.8 in Accra)
Chad (1995/96)	1.33 N'Djamena; 1.3 other towns	35.0 N'Djamena), 39.3 other towns)
Cambodia (2004)	Phnom Penh 1.32; Other urban 1.24	5 (Phnom Penh); 21 (other urban)
Tanzania (2000/01)	1.37	17.6-25.8
Vietnam (1998)	1.39	9.0
Mozambique (2003)	1.43	51.6
Zambia (2004)	1.43	53.0
Zambia (1998)	1.44	56.0
Yemen (1998)	1.53	30.8
Cameroon (2001)	1.54	17.9 (10.9 for Douala; 13.3 for Yaoundé)
Nepal (2003/4)	1.63	9.6
Malawi (2007)	1.61	25.4
Gambia (1998)	1.66	13.4 Greater Banjul, 32.5 other urban)
Mozambique (1996/97)	1.66	62.0
Nepal (1995/6)	1.67	23.0
Honduras (1999)	1.68	57.3
Ivory Coast (1998)	1.7	
York (UK 1899)	1.67-2.33	9.9
Panama (1997)	1.74	15.3
Ethiopia (1995/96)	1.78	33.0
Nicaragua (1998)	1.89	30.5
Bolivia (1999)	La Paz 1.8; Cochabamba 1.98	48.4 La Paz; 51.2 Cochabamba
Ethiopia (2005)	1.96	70.0
Kenya (2005/6)	1.98	34.4

Paraguay (1996)	2.0	39.5
Bolivia (1996)	2.0	64.5
Ecuador (1996)	2.0	55.2
Colombia (1996)	2.0	52.2
Mexico (1996)	2.0	20.5
Brazil (1996)	2.0	29.2
El Salvador (2002)	2.0	28.5
Dominican Republic (2004)	2.0	34.7
Haiti (2001)	2.0	45 Port au Prince, 76 other urban
Liberia (2007)	2.09	55.0
Kenya (1997)	2.1	49.0
Brazil (2002/3)	2.1	17.5
Costa Rica (2004)	2.18	20.8
Guatemala (2000)	2.26	27.1
Uruguay (1998)	2.75–3.1	24.7
USA (1960s)	3.0	

However, the choice of which figure to use for food requirements can have a significant impact on poverty lines. In Ethiopia and Zambia, the levels at which poverty lines were set were influenced by how food-costs were analyzed – for instance whether they are based on ‘expert’ judgements for the cheapest means of meeting needs or based on the actual food that low-income groups eat.¹⁶ These differences can also be caused by whether the definition and measurement of poverty includes some consideration of basic service provision or housing quality (or the costs paid for these), and the quality or appropriateness of the data from which these draw. In some cases, differences in estimates may be caused by the level of aggregation, and whether or not adjustments are made for the different price levels (i.e. the “cost of living”) between, for example, urban and rural areas or between cities of different sizes.

If the different methods available for defining and measuring poverty produced similar figures for its scale and depth, then this concern for definitional issues would be less relevant. For instance, Kanbur and Squire suggest that ‘Although different methods of defining and measuring poverty inevitably identify different groups as poor, the evidence suggests that the differences may not be that great.’¹⁷ But this is not so if one definition of poverty suggests that 1 per cent of Kenya’s urban population are poor and another suggests that 49 per cent are poor. Even with the US\$1 a day poverty line, small adjustments and better data can mean large differences in the number of people said to be poor. For instance, Chen and Ravallion note that the population under the dollar a day poverty line had been under-counted 400 million for 2005;¹⁸ this does not inspire much confidence in such estimates.

Clearly, the choice of what definition to use matters if one definition means a very small minority of the urban population (or national population) are poor while another means that half the urban population (or national population) are poor. In this context, the choice of which definition to use will influence the response by governments and international agencies: if 1.2 per cent of Kenya's urban population or 2.3 per cent of Zimbabwe's urban population or 0.9 per cent of Senegal's urban population were poor in the mid- or late 1990s,¹⁹ clearly, addressing urban poverty is not a priority as each of these nations has a high proportion of their rural population suffering from poverty, and most of their population in the mid 1990s were in rural areas. But, if between one-third and one-half of these nations' urban populations are facing serious deprivations²⁰ and most of the growth in poverty is taking place in urban areas (which is the case in some countries), the needs of the urban poor deserve far more attention.

With many governments and most international agencies now making more explicit commitments to reducing poverty through poverty reduction strategies and through focusing on the Millennium Development Goals, the question of how urban poverty is defined and measured has great relevance to whether these will see urban poverty as worth addressing. An earlier review of the attention given to urban poverty in the poverty reduction strategy papers prior to 2004 suggested that there is considerable ambiguity among governments in regard to

whether urban poverty should get much attention.²¹

Much of the general literature on poverty does not recognize that there are particular 'urban' characteristics that most urban areas share, which influence the scale and depth of poverty there.²² Much of the general literature on poverty also does not draw on the literature on urban problems. This means that key characteristics of urban areas (or of some urban areas or of some districts within urban areas) are not taken into account in the definitions of poverty or in its measurement.

The MDGs and their indicators – is the data reliable?

The Millennium Development Goals have importance for poverty reduction in that they include specific commitments to reduce monetary poverty and hunger and improve access to a range of services. So to some extent, this recognizes different dimensions of poverty as its targets include reducing deficits in access to "safe drinking water and basic sanitation" and access to primary schools (with a focus on eliminating gender disparities here and in other levels of education). This is hardly original in that an 'MDG like' approach had been recommended during the 1970s²³ and endorsed by many development assistance agencies – but ended with the policy changes brought by Thatcher in the UK and Reagan in the USA.

With the attention given by the MDGs to measurable goals and targets, there is much reporting on meeting the MDG targets to show

'progress' from the 1990 baseline. But the validity of many of the indicators used is in doubt, especially at the sub-national scale. Four examples will be given here: the indicator used to measure extreme poverty (the dollar a day poverty line), the indicator used to measure the number of slum dwellers with 'significant improvements' in their lives and the indicators for provision for water and sanitation.

The dollar-a-day poverty line (and its adjustment to US\$1.25) is one example of the use of an overly simplistic income-based poverty line. This poverty line was chosen as one of two indicators for monitoring progress on the Millennium Development Goal of eradicating extreme poverty and hunger. It is at the core of why urban poverty is underestimated. Set a poverty line unrealistically low and there is no poverty.

If a monetary measure is to be used to define and measure whose income or consumption is insufficient (and from this determining who is poor), this measure has to reflect the cost of food and of non-food needs. If the costs of food and non-food needs differ - for instance by nation and by location within each nation - this monetary measure has to be adjusted to reflect this. But the US\$1.25-a-day poverty line does not do this. Many urban centres (especially the more successful ones) are places where the costs of non-food needs are particularly high, especially for low-income groups who live in informal settlements where costs such as rent, water (from vendors or kiosks) and access to toilets are particularly high. There are many empirical studies that

show the particularly high cost for non-food essentials for urban populations or for particular urban groups, or the high proportion of incomes that goes on these.²⁴ These include studies showing how much public transport draws on limited household incomes (or the extent to which the lowest income groups walk to keep down such costs). In most cities, large sections of the low-income population live in peripheral locations and face particularly high time and monetary costs getting to and from work or accessing services. They include studies documenting the high costs of keeping children at school (including school fees, school uniforms, books, getting to and from school and often payments requested by teachers; it may include having to pay for private schools because there are no public school places available). Many low-income individuals or households face high costs for housing especially for tenants (for whom rent often takes 15-30 per cent of their incomes) and of water (especially if only available through vendors) and sanitation for those whose only access is pay-to-use toilets and washing facilities. There are also studies showing that the costs of health care and medicines represent a significant share of urban poor household expenditures; also of the high costs paid for energy (or to keep down costs the use of dirty fuels with serious health implications).

In addition, the US\$1.25 a day poverty line (and most other poverty lines) are set with no consideration of who lives in poverty - for instance of those who do not have reliable, good quality and not-too costly access to water, sanitation, health care and schools, as

well as having voice to influence public policies and being served by the rule of law. Aid and other forms of development assistance are legitimated on the basis that they meet the needs of 'the poor' but decisions about the use of development assistance do not include any role for 'the poor' nor are those who make such decisions accountable to 'the poor'. Similarly, poverty lines are set without dialogue and without needed data - and so inaccurate poverty lines based on wholly inappropriate criteria are used to greatly overstate success in urban poverty reduction.

One of the main features of reports on the Millennium Development Goals is a graph apparently showing a large and rapid decrease in poverty globally. A joint World Bank/IMF report published in 2013 states that the proportion of the world's population with below US\$1.25 per person per day fell from 43.1 per cent in 1990 to 20.6 per cent in 2010.²⁵ This Report also claimed that "Urban poverty rates not only have been relatively low but have also declined in all regions between 1990 and 2008".²⁶ It claimed that by 2008, there was virtually no urban poverty in Europe and Central Asia and the Middle East and North Africa. In Latin America, by 2008, only 3.1 per cent of the urban population was poor; in East Asia and the Pacific, only 4.3 per cent.²⁷ An earlier World Bank estimate for China (for 2002) suggested that there was virtually no urban poverty there.²⁸

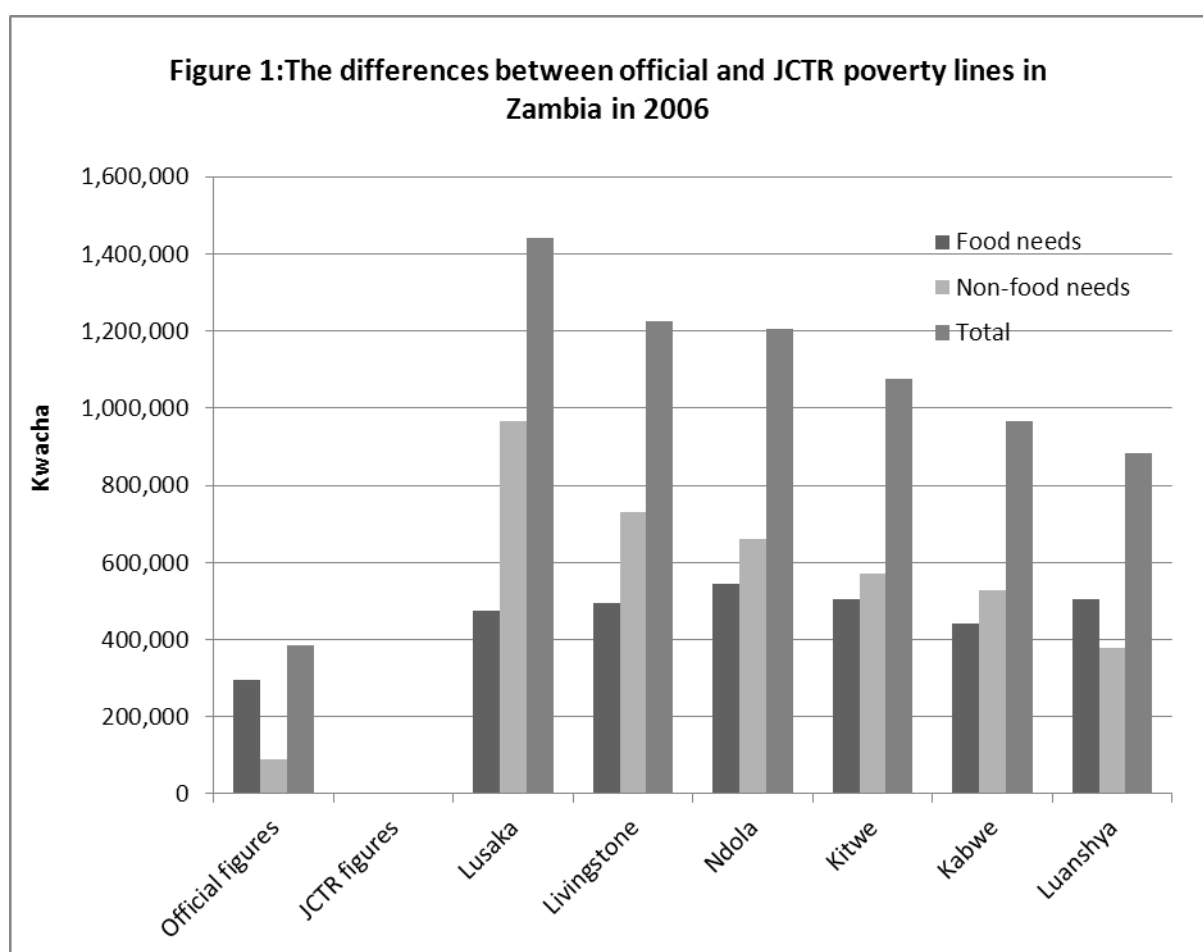
But go to detailed studies of poverty in particular cities or among urban populations in many nations in Latin America, the Middle

East, North Africa, Central Asia and China and a different picture emerges – this is true even for the World Bank poverty assessment reports. For China, the statistics on levels of urban poverty only appear so low because the World Bank US\$1.25 a day poverty line is set too low in regard to living costs in many urban areas and because more than 100 million urban dwellers are classified by the state as 'temporary' migrants and still registered as 'rural'; it also misses large numbers of laid-off workers and others impacted by the withdrawal of job and welfare security and of free health care in cities.²⁹ In India, urban poverty has long been under-estimated because official poverty lines take no account of the high cost of non-food needs in many urban contexts. Many settlements in India that should have been reclassified as urban remain 'rural' and this also contributes to a considerable under-count in the scale of urban poverty. This may be due to bureaucratic inertia or perhaps because when a village is reclassified as urban centre, this makes it ineligible for rural development funds. In addition, in terms of those 'living in poverty', many official figures for the number and proportion of city populations living in 'slums' are known to greatly understate the actual figure.

But it is not only the US\$1.25-day poverty line that is unrealistic and inappropriate. Most governments in Africa and many in Asia set and apply national poverty lines that are based mostly on the cost of food with little attention to the cost of non-food needs. There are many reasons for this - including the refusal to acknowledge the high costs of non-

food needs and the assumption that the costs of meeting the needs of infants and children are only a small proportion of the costs of adult needs. One other reason is the refusal to acknowledge that the costs of food and non-food needs vary not only between nations but also within nations. Figure 1 illustrates this for Zambia, showing the much higher level of the poverty line in particular cities as a result of the real costs of food and non-food needs being taken into account. When international

‘experts’ and consultants work in low- and middle-income nations, they get daily allowances to cover their accommodation and living costs that are adjusted by country and by city or district within that country. This shows recognition that daily food and non-food costs for such experts can vary by a factor of five within a nation, depending on location. So why is no such recognition accorded to low-income groups?



SOURCE: Chibuye, M. (2010) *Interrogating urban poverty lines - the case of Zambia*, Human Settlements Working Paper Series: Poverty Reduction in Urban Areas, Working Paper 30. London: International Institute for Environment and Development (IIED). JCTR is the Jesuit Centre for Theological Reflection. This Centre has long conducted cost of living surveys in Lusaka and other towns in Zambia.

If we consider the number of urban dwellers who 'live in poverty', the only global statistics are for slum populations produced by UN-Habitat. These are the statistics used to monitor the number of 'slum' dwellers who have had significant improvements in their lives (as one of the MDG targets was a significant improvement in the lives of at least 100 million slum dwellers by 2020). But there are serious doubts as to the accuracy of these 'slum' statistics for many nations.³⁰ First, there are the criteria used for defining 'slum' households. A household is defined as a slum household if it lacks one or more of 'improved' water, 'improved' sanitation, durable housing or sufficient living area. But a large proportion of households with 'improved' water or 'improved' sanitation still lack provision to a standard that meets health needs (or, for water, what is specified in the Millennium Development Goals as sustainable access to safe drinking water). If there were the data available to apply a definition for who has provision for water and sanitation to a standard that cuts down health risks and ensures convenient and affordable access, the number of 'slum' dwellers would rise considerably in many nations.

A second reason for questioning the accuracy of the 'slum population' statistics is the claim that there were very large drops in the proportion of urban dwellers living in 'slums' between 2000 and 2010. This is both globally (far exceeding the MDG target even though the date for achieving this was set at 2020) and in particular nations. But there is little supporting evidence. For instance, UN-Habitat claims that the proportion of the urban

population living in 'slums' in India fell from 54.9 per cent in 1990 to 29.4 per cent in 2009. For Bangladesh, the proportion is said to have fallen from 87.3 to 61.6 per cent in this same period.³¹ Where is the supporting evidence for this? It may be that most of the apparent fall in the slum population globally between 2000 and 2010 is simply the result of a change in definitions - when a wider range of (inadequate) sanitation provision was classified as 'improved'.

Official UN statistics on provision for water and sanitation in urban areas produced by the Joint Monitoring Programme (JMP) suggest that problems are less serious than those shown in

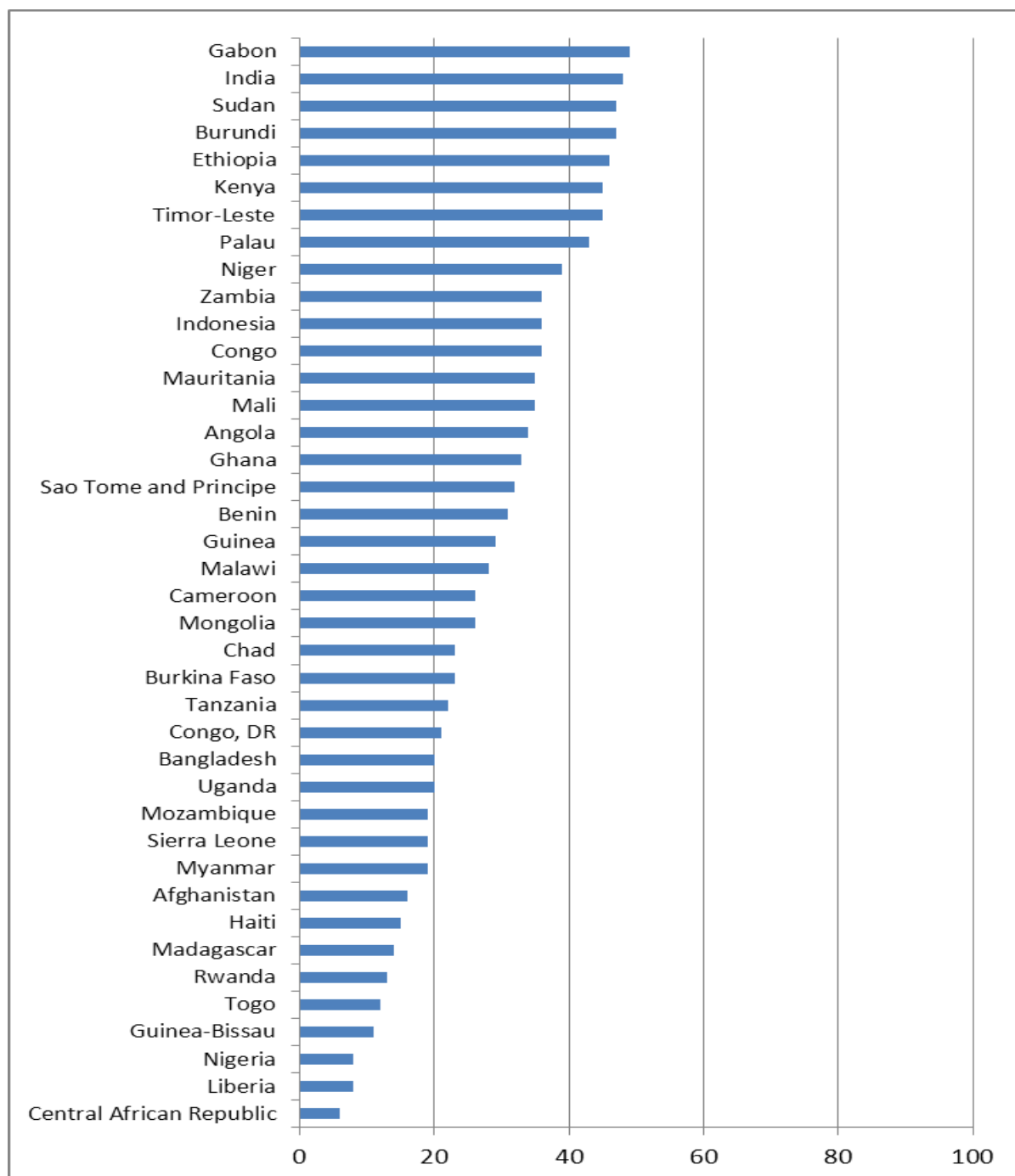
Table 1. For instance, in 2000, 94 per cent of the urban population in low- and middle-income nations was said to have 'improved' provision for water which suggests only around 118 million urban dwellers lacked improved provision – whereas in Table1, 680 million are said to lack adequate provision. These might be taken to suggest that the figures in Table 1 are exaggerating the problem. But as this Joint Monitoring Programme states, no data are available for most nations on the proportion of urban (and rural) dwellers with provision for water and sanitation to a standard that is adequate for health. 'Improved provision' is not adequate provision. For water, improved provision includes piped water into dwelling, yard or plot, public tap or standpipe, tubewell or borehole, protected dug well, protected spring or rainwater collection. For sanitation, improved provision includes use of flush or pour-flush

toilets to piped sewer system, septic tank or pit latrine, ventilated improved pit latrine, pit latrine with slab or composting toilet.³² The only recent data on water and sanitation for most nations comes from a few questions asked to a nationally representative sample of households, within surveys whose main purpose is to collect demographic and health data. It is not possible to ascertain whether a household has adequate provision for water or sanitation from a few questions, especially when households rely on a range of water sources. Asking a household if it has access to piped supplies close by does not establish if the water is of adequate quality or if the supply is regular or if access is easy (there may be a tap close by but it is often shared with hundreds of other people so long queues are common) or of the price is affordable.

Asking a household if they have access to an 'improved' toilet' is no indication of whether the toilet is adequate or available or used by all household members (for instance toilets may be on the premises but with some inhabitants - for instance tenants - having limited access). There is no discussion of the

density of the settlement which affects how safe it is to use some forms of sanitation such as pit latrines. It is also likely that most household surveys underrepresent the population living in illegal settlements in cities - because those administering the surveys are frightened to undertake interviews there³³ or because there are no maps or street names to guide the selection of households to be interviewed. This is why the Joint Monitoring Programme reports are so careful to state that their statistics (which draw heavily on these household surveys) do not reveal who does and does not have 'adequate' provision or safe drinking water. But the UN agencies reporting on water and sanitation provision for the MDGs use these statistics, often labelling them as indicators on provision of safe water or clean water. For instance, the Millennium Development Goals Report 2011³⁴ uses the Joint Monitoring Programme statistics within a section that discusses 'progress to improve access to clean drinking water'. It also claims that the MDG drinking water target is likely to be surpassed - but the MDG target is for 'safe' water not for 'improved' provision.

Figure 2: Nations with a low proportion of their urban population with water piped to premises in 2010



SOURCE: Data drawn from United Nations Children's Fund (UNICEF) and World Health Organization (2012) Progress on Drinking Water and Sanitation; 2012 Update, Joint Monitoring Programme for Water Supply and Sanitation, New York; Geneva: UNICEF and WHO

However, the Joint Monitoring Programme recently provided statistics on the proportion

of the urban population in each nation with water piped to their premises. For urban

populations, this is a much better indicator of who has 'adequate' provision because reliance on any public source (standpipe, kiosk, vendor, tanker) rarely provides adequate supplies for good health and usually involves large time and cost burdens. Water piped to the premises is still not a measure of adequate provision because this would also need data on the regularity of supply through the pipes, the quality of the water and the cost, and we know that many of those with pipes do not receive water 24 hours a day, seven days a week. But this data on the proportion of the urban population with water piped to their premises helps highlight two key issues. First, in many nations, the proportion of the urban population with water piped to their premises is much lower than the proportion said to have 'improved provision'. In 2010, 700 million urban dwellers in low- and middle-income nations were reported not to have water piped to their premises compared to 130 million that do not have 'improved' provision. Secondly, the findings indicate the very large number of nations where half or more of their urban population lacks such provision. For the 173 nations for which data were available for 2010, 18 nations had less than a quarter of their urban population with water piped to their premises; most are in sub-Saharan Africa but they also include Bangladesh, Myanmar, Afghanistan and Haiti. The inadequacies in provision for water and sanitation for large sections of the urban population in low-income and many middle-income nations are obvious contributors to large disease burdens.

Urban poverty and health

There is a growing literature on the very poor health among low-income urban dwellers or among residents of particular informal settlements.³⁵ This includes data on the very large health burdens associated with urban poverty, including very high infant and child mortality rates, large percentages of children malnourished and large and easily prevented health burdens for children, adolescents and adults. But in regard to poverty and health, cities can be healthy places for those with low-incomes too, if the key health determinants (social, economic, environmental, and political) are available to those with low-incomes. As discussed in more detail later, well-governed cities can dramatically reduce inequalities in many key health determinants so even those with limited incomes get piped water, good sanitation and drainage and access to good quality health care and schools

Drawing on available studies, the following generalizations about conditions that relate to healthy environments seem valid for the urban population in low- and middle-income nations.³⁶

1: It is common for between a third and two-thirds of an urban centre's population to live in housing of poor quality with high levels of overcrowding in terms of little indoor space per person and the number of persons per room. Much of the housing in which lower-income groups live is made in part or totally from non-permanent, often flammable materials.

2. A perhaps surprisingly large proportion of urban dwellers in most low-income and many middle-income nations still use dirty fuels for cooking and, where needed, heating, which also means risks from high levels of indoor air pollution and severe health impacts.³⁷ In 2005, 700 million urban dwellers still lacked access to clean fuels and 279 million lacked electricity.³⁸

3: Much of the urban population lacks safe, regular, convenient supplies of water and provision for sanitation - far more so than the official statistics suggest, as discussed already. Good quality provision for water and sanitation is known to dramatically lower morbidity from a wide range of diseases including cholera, typhoid and many diarrhoeal diseases.³⁹

4: Much of the urban population lack regular (or even irregular) services to collect household waste. Many live in settlements that lack the paved roads needed to allow garbage collection trucks to provide a door-to-door service. In low-income nations, it is common for large sections of middle- or even upper-income groups to have inadequate or no provision. As with provision for water and sanitation, it is likely that the extent of the problem in smaller urban centres is underestimated, as most existing documentation concentrates on larger urban centres. The environmental health implications of a lack of garbage collection services in urban areas are obvious - most households dispose of their wastes on any available empty site, into nearby ditches or lakes, or simply along

streets. The problems associated with this include the smells, the disease vectors and pests attracted by rubbish, and drainage channels blocked with waste. Where provision for sanitation is also inadequate (as it often is), many households dispose of their toilet waste into drains or dispose of faecal matter within their garbage. Uncollected waste is obviously a serious hazard, especially for children playing in and around the home as well as for those who sort through rubbish looking for items that can be reused or recycled.⁴⁰

5: There are very large health burdens from infectious and parasitic diseases and accidents. Even if there are relatively few detailed studies of the health problems of populations in urban centres, this is what available studies suggest.⁴¹ A large part of the low-income population faces large health burdens arising from unsafe working conditions with exposure to diseases, chemical pollutants and physical hazards in the workplace being a significant contributor to premature death, injury and illness (and the obvious economic consequences of these). A considerable part of this occurs within the residential environment, since this is where a significant proportion of low-income people work in most cities.

6. In many urban locations, there are also large and often growing health burdens from non-communicable diseases. For instance, cancer, diabetes and strokes are often creating 'a double burden' as low-income urban dwellers face large health burdens from communicable and non-communicable

diseases.⁴² But much more work is needed on understanding the health problems that impact on urban populations and especially low-income urban populations) disaggregated by age, sex and occupation including the relative roles of specific non-communicable diseases.⁴³ As Reardon notes, diabetes that comes from starvation is not the same as diabetes linked to obesity and the kinds of cancers and heart diseases that impact low-income groups are often not the same as those that impact high-income groups.⁴⁴

7. Physical hazards evident in the home and its surroundings are likely to be among the most common causes of serious injury and premature death in informal settlements and other housing types used by low-income urban dwellers - for example, burns, scalds and accidental fires, cuts and injuries from falls.⁴⁵ The health burdens these cause are particularly large where housing is made of flammable materials and where there are high levels of overcrowding and open fires and stoves.⁴⁶ Risks of accidental fires are obviously much higher where flammable materials are used for housing and there is a reliance on open fires or unstable stoves for cooking and where needed heating and candles or kerosene lamps for lighting. Large health burdens and high levels of accidental death from physical hazards are also related to the lack of provision for rapid and appropriate treatment, from both health care and emergency services.

8. Road traffic accidents are among the most serious physical hazards in urban areas -

although there are no data that separate rural from urban and little consideration of how these risks impact more on low-income populations. The World Health Organization reports that about 1.3 million people die each year as a result of road traffic crashes and over 90 per cent of these fatalities occur in low-income and middle-income countries, even though these have less than half of the world's vehicles. Nearly half (46 per cent) of those dying are pedestrians, cyclists and motorcyclists - and these represent up to 80 per cent of all deaths from motor vehicle accidents in some low- and middle-income countries. Over 20 million more people suffer non-fatal injuries, with many incurring a disability as a result of their injury. Road traffic accidents did not figure, however, in the top ten causes of death for low-income nations in 2008 - but was seventh in middle-income nations. Children and young people under the age of 25 years account for over 30 per cent of those killed and injured in road traffic crashes. Given that low-income groups will be disproportionately represented among those who walk or cycle, they are also likely to be more at risk from road traffic deaths or injuries. The WHO notes that 'Even within high-income countries, people from lower socioeconomic backgrounds are more likely to be involved in a road traffic crashes than their more affluent counterparts'.⁴⁷

9: There are many cities and smaller urban centres, or particular settlements within cities, where levels of outdoor air pollution considerably exceed WHO guidelines - for example, certain centres of heavy industry,

mining or quarrying, or cities with high concentrations of motor vehicles with elevated levels of polluting emissions. The World Health Organization has estimated that for 2008, the number of premature deaths attributable to urban outdoor air pollution was 1.34 million worldwide; of these, 1.09 million deaths could have been avoided if the WHO Air Quality Guideline values were implemented.⁴⁸

The range and quality of data available on air pollution and traffic accidents and on their health impacts have improved considerably over the last fifteen years but none of the global or national data (or for air pollution city data) has any information on where and when these have a disproportionate impact on low-income groups - or on residents of informal settlements. If we had more detailed, spatial data on this, it is obvious that certain informal settlements are likely to show up as having particularly high levels of road traffic accidents - for instance the informal settlements that develop beside major roads or highways which their inhabitants have to cross without traffic lights or bridges. It is also likely that the areas in cities with much higher than average air pollution levels will generally be predominantly low-income areas.

10. Hundreds of millions of people live in urban centres where at least in terms of public and environmental health there is no functioning government for them in their settlements - there is no government provision or management for piped water, sewers (or other excreta disposal systems

that meet health standards), drains or solid waste collection. There is also no land-use management that helps ensure the availability of land for housing with infrastructure for lower income groups. Nor is there pollution control. There is often no or limited public provision for schools and for health care for large sections of the urban population. In many ways they resemble the cities in Europe and North America in the mid-nineteenth century before government addressed public and environmental health issues. Life expectancies and infant and child mortality rates among these groups may be comparable to those in the mid-nineteenth century cities in Europe and North America.⁴⁹ We know little about some of the most deficient urban centres as there is the little or no documentation.

In India, for instance, the 2011 census recorded over 8,000 urban centres - and for most of these, there is no documentation of health problems. There are examples of the major cities in sub-Saharan Africa where there is, in effect, no government provision for public or environmental health for most of their population. For instance, the following sub-Saharan African cities have no sewers or sewers that reach a very small proportion of the population: Addis Ababa, Bamako, Benin, Brazzaville, Dar es Salaam, Douala, Freetown, Ibadan, Kaduna, Kinshasa, Kumasi, Lagos, Lubumbashi, Maiduguri, Mbuji-Mayi, Port Harcourt, Yaoundé and Zaria.⁵⁰ These are all major cities; all have populations of more than a million and many are much larger than this. Several other cities have reports of sewers

serving a small proportion of their population and these were often reported to be in poor repair or no longer functioning. Of course, it is possible to have good quality sanitation in some urban contexts without sewers - but most of the cities named also have large proportions of their population living in dense informal settlements that do not have provision for septic tanks or good quality, easily serviced pit latrines, for instance. Moreover, a high proportion of households have no toilet in their home.

Thus, in the absence of data available in each city or smaller urban centre on what are the most serious health problems, who is most at risk and where they live, it is obviously difficult to set priorities. Much of the data on which national policies and international support are based are from national sample surveys with sample sizes too small to reveal the inequalities within national urban populations or within individual cities. For instance, urban averages for health-related statistics get pulled up by the concentration of middle and upper income groups in urban areas, which hides how low-income urban dwellers can be facing comparable health problems to those faced by low-income rural dwellers - or in some instances, worse health problems. The concentration of people and housing in cities provides many potential agglomeration economies for health as the costs per person or household served with piped, safe water, good quality sanitation and drainage, health care, schools and the rule of law are lowered. But in the absence of a government capable of addressing these needs (or willing to do so) this same

concentration brings profound health disadvantages. In addition, as noted above, the data collected in most nations on provision for water and sanitation provision do not show who has provision to a standard adequate for good health.

Urban poverty and incomes

How little data are available on income-levels within urban centres. How little we know about the difficulties facing low-income urban dwellers in securing sufficient income and what would help them to do so. This is all the more remarkable when poverty is defined by income-base poverty lines. In part, this lack of knowledge is because such a high proportion of low-income groups work in what is termed the 'informal' economy on which little or no official data are collected.

In most urban centres, there is also little or no detailed data available on income-levels. To survive, the urban poor have to find work that provides cash income. Finding income-earning opportunities that are more stable, less dangerous and provide a higher return is central to reducing their poverty or moving out of poverty. Yet for most urban centres, we actually know very little about the difficulties facing low-income urban dwellers in securing sufficient income and what would help them to do so. This is all the more remarkable when poverty is defined by income-base poverty lines. In part, this lack of knowledge is because such a high proportion of low-income groups work in what is termed the 'informal' economy on which little or no official data are collected. In part it is because the official data

collected on employment has never been able to capture the variety, complexity and diversity of income earning sources, working conditions and hours and their implications for health and income levels. But there are case studies that show the struggle of households to earn sufficient income (often involving children their withdrawal from school), the often devastating impact of illness, injury or premature death on household income⁵¹ and the societal limits faced by women in labour markets (especially formal jobs other than low-paying maids). Much has been learnt about the difficulties faced by those working in the informal economy from particular studies.⁵² Of course, this is also part of a larger global picture where enterprises reduce their costs by employing temporary or casual workers (or day labourers) and drawing on suppliers and services from the informal economy. There are also the studies of particular trades within the informal economy - for instance of street vendors⁵³, waste pickers,⁵⁴ food vendors,⁵⁵ rickshaw pullers.⁵⁶ But given the importance for poverty reduction of understanding and acting on what constrains better incomes and working conditions for the urban poor, there is far too little study of this.

For many households, the home has great importance as the location for income-earning work - especially for women. We know remarkably little about the ways in which income circulates in low-income settlements and how this is influenced by relations with the wider city and more formal drivers of economic growth such as expanding industries and services There is also the

way that intense competition for income-earning sources reduces returns. We also know remarkably little about what best supports low-income groups in getting higher incomes although the availability of credit and being able to have a bank account, the extension of a reliable supply of piped water and electricity to the home (so useful for many income-earning opportunities), good social contacts, literacy and the completion of secondary school are among the factors that may help.⁵⁷

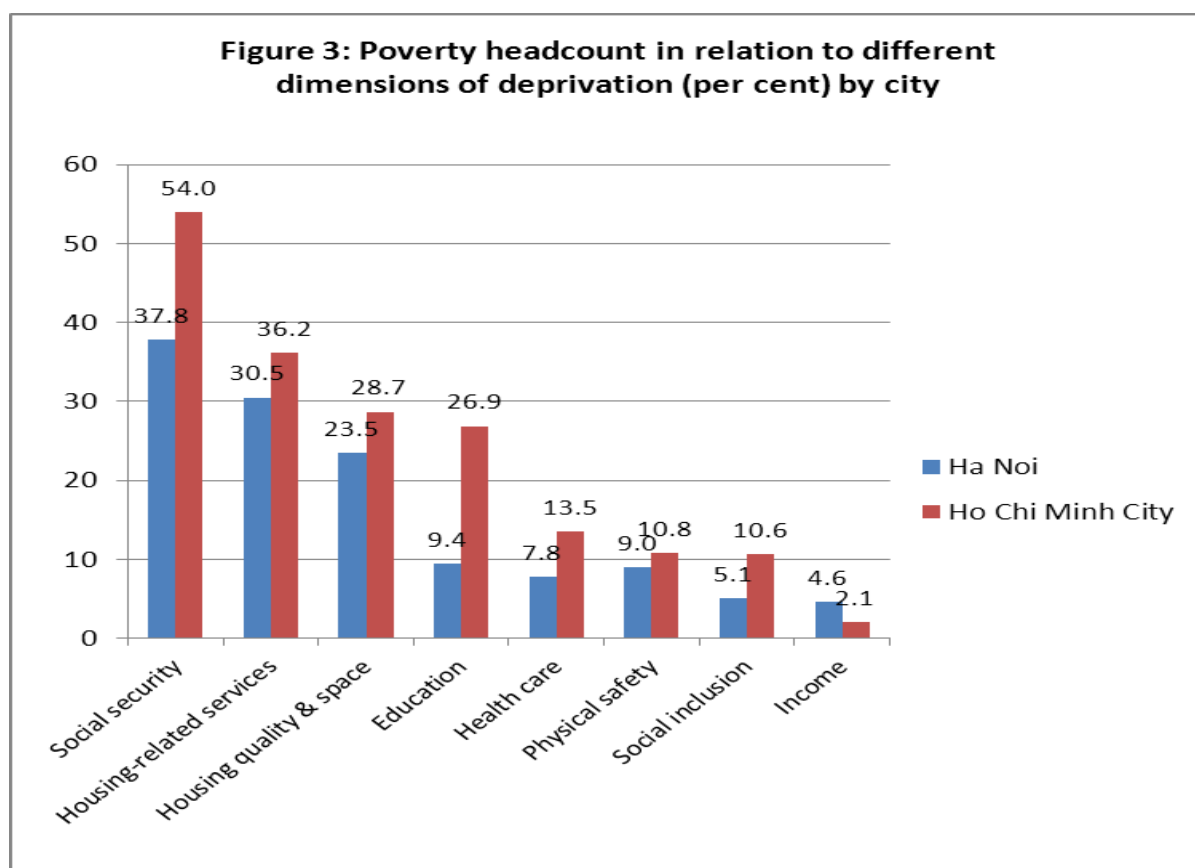
Multi-dimensional poverty

Much of the work noted above, published over the last 20 years, emphasizes the many dimensions of poverty (or specifically urban poverty), including those dimensions listed in the introduction. The appearance of an international multidimensional poverty index⁵⁸ that is now included in the UNDP Human Development Reports⁵⁹ might appear to respond to the need for many aspects of urban deprivation to be considered. But this index relies on many of the global datasets whose accuracy and validity were questioned earlier – for instance for water and for sanitation. It produces an index just by aggregating existing health, education and standard of living indicators. It does not recognize key differences between urban and rural contexts – for instance for water and sanitation. The only data used in the index on housing quality is whether the floor is made of dirt, sand or dung and this is hardly appropriate in high density urban settlements where much of the low-income population live

on second or third floors. The index does not include any measure of overcrowding.⁶⁰

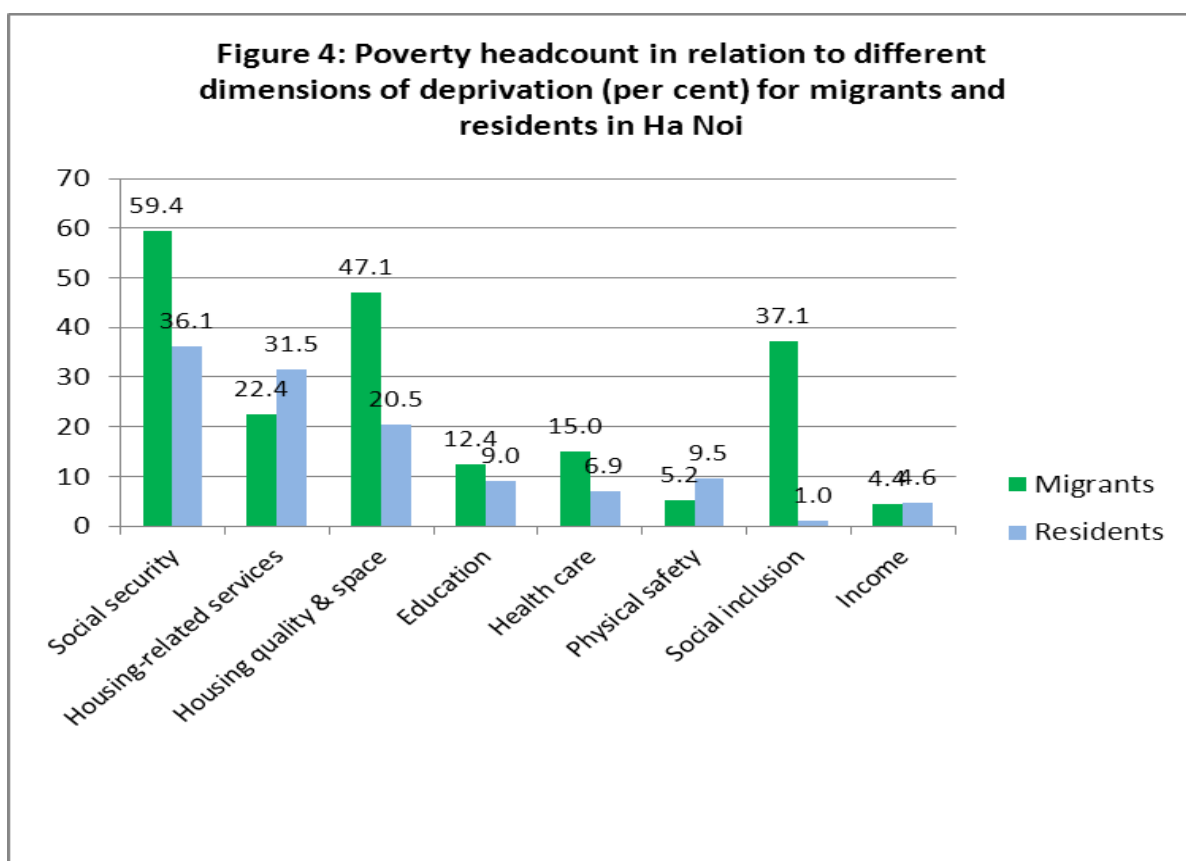
However, what is of interest is where new data have been collected on the different dimensions of urban poverty and this will be illustrated by work done on this in Vietnam.⁶¹ A survey of multi-dimensional poverty in Ha Noi and Ho Chi Minh City in 2009 showed how the proportion of the population facing a range of deprivations associated with poverty was much higher than the proportion that were poor according to the income-based

poverty line. This survey explored 8 dimensions of deprivation including access to social security (receiving any benefit from work, pension or regular social allowance), access to housing services (including electricity, water, sewer connection and waste disposal services), housing quality and space, access to schools, access to health care, physical safety and social inclusion, as well as income. Figure 3 below highlights the high proportion facing deprivation in several of these – and how much higher the proportions were when compared to income.



Since response to this survey were also classified by ‘residents’ and ‘migrants’, it was possible to redo the analysis for each city to compare deprivations between these two groups. A higher proportion of migrants

reported difficulties in regard to accessing social security, housing quality and space, social inclusion and health care – although perhaps less than expected for education – see Figure 4.



SOURCE: UNDP (2010), Urban Poverty Assessment in Hanoi and Ho Chi Minh City,,

http://www.undp.org.vn/digitalAssets/27/27706_24663_UPS_09_Report_Eng_launch.pdf., UNDP, Hanoi, 129 pages.

Urban poverty and inequality

Most measures of poverty applied in low- and middle-income nations are for absolute poverty. They do not concern themselves with inequality. But it is not possible to understand poverty without an engagement with inequality and what underlies it. Studies of inequality, like studies of absolute poverty, usually focus on income. Yet many of the most dramatic (and unjust) inequalities are in relation to the other deprivations discussed already such as very poor quality housing and living conditions, lack of access to services and lack of the rule of law. These are also reflected in the very large inequalities in health status and in premature mortality - see Table 4. It is clear

that inequalities in access to infrastructure and services within cities also reflect inequalities in political power, voice and capacity to hold government agencies to account and to access entitlements. In some nations, those living in settlements with no legal address cannot register as voters while in most informal settlements, residents face difficulties getting the official documents needed to get on the voter's register, access entitlements and hold government or private service providers to account. The inequalities faced by those living in informal settlements are reinforced by the stigma associated with living there.

Table 4 illustrates the scales of inequality in a range of health outcomes (including infant, child and maternal mortality rates) and a range of health determinants (including those relating to housing and living conditions). This

highlights the differences between the best performing and the worse performing settlements in urban areas in low- and middle-income nations in so many aspects.

Table 4: Examples of differentials in health and in health determinants between the worst and best performing settlements within the urban population in low- and middle-income nations

	Worst performing urban settlements	Best performing urban settlements
Health outcomes		
Infant mortality rates	Over 120/1000 live births	Under 3
Under five mortality rates	Over 250/1000 live births	Under 5
Maternal mortality rates	Over 1,500/100,000 live births?	Under 10
Life expectancy at birth	Under 20 years	Over 85 years
Prevalence of diarrhoea with blood in children	13+%	0?
% of children under five who are underweight or under height for their age	Over half	0?
Home and neighbourhood environment		
Quality of house	Poor quality materials, often made of flammable materials and waste materials. Dirt floors. Poor ventilation. Often damp.	Good quality safe home meeting official regulations for health and structural safety
Size of house	Very small; often one small room per household and there can be less than 1 square metre per person	20-50 square metres per person; no need for children to have shared bedrooms.
Provision for water	No safe water supply within easy access; often high prices paid for water from vendors, kiosks or tankers. Also time	Water of drinking quality piped to kitchens, bathrooms and toilets 24 hours a day

	burden queuing, fetching and carrying.	
Provision for sanitation	No toilet in the home (or limited access for tenants) and often no public or community toilet that is accessible and clean	At least one high quality easily cleaned toilet per household with provision for hand washing
Provision for solid waste collection	No collection	Regular collection
Provision for drainage	Not served by storm drainage system	Protected from floods by comprehensive storm drainage system
Provision for clean energy	No electricity and reliance on dirty fuels (including wastes). Often means high levels of indoor air pollution; women and young children often with much greater exposure to these	Electricity available 24 hours a day; clean fuels for cooking and where needed heating
Provision for children's play and recreation	None	Good range of safe and varied provision within walking distance
Availability of loans to support buying or building better quality housing	None	Loans available
Tenure	Insecure tenure of home (usually as tenant) or land on which it is built; constant threat of eviction	Secure home; protection from forced eviction
Location of housing or settlement	Precarious sites often at high risk of landslides or located on floodplains or other areas at risk from flooding. High risk of fire from very dense settlements of flammable materials.	Safe houses on safe sites
Service provision (key health determinants)		
Provision for schools	No or very inadequate public	Full public provision for all these

Provision for health care	provision. For the rule of law, this includes no secure policing providing the rule of law in the settlements where they live. This may also mean high levels of violence.	services (and with sufficient income to purchase private provision if needed)
Provision for specialist health care services and outreach for infants, children, the elderly and those with disabilities - and for sexual and reproductive health		
Provision for emergency services – fire protection, ambulances, para-medics....		
Provision for safety nets		
Provision for the rule of law		
Provision for public transport	No public provision	Good quality provision
Provision for disaster preparedness	None	Effective early warning systems that reach all those at risk and provisions to support actions that need to be taken (eg temporary move)
Protection of asset base	No insurance available or affordable for housing or personal possessions	Homes and possessions fully covered by insurance
Provision for voice	Where there are elections, unable to get onto the voter's register. No means to hold politicians or civil servants or public service provision agencies to account	On voter's register and also with political influence. Also channels for complaints or redress if needed – local or national politicians, courts, ombudsmen.....
Work environment	Very low quality and dangerous; no support for treatment if ill or injured or for lost income	High-quality environment, health and safety regulations enforced, health care services available and income support or compensation available for occupational injuries

3: REDUCING URBAN POVERTY

The range of measures for reducing urban poverty

Most aspects of reducing urban poverty demand a functioning state in each urban centre or district that addresses its responsibilities, especially for infrastructure and service provision and land-use management. This is more likely if and when local government is accountable to its citizens, including its low-income population. The interest here is in what it takes to make the state act in ways that support at least some of the multiple routes to poverty reduction. Also of interest is how international agencies can learn how to support this – and how much this also means a need to work with and support representative organizations of the urban poor, and setting up of funding streams that are accessible to and accountable to these organizations and their members.

Reviewing the ways in which governments have sought to reduce urban poverty, eight approaches can be identified, defined by distinct arenas of action and the implied causal relations between what they do and poverty reduction – see Box 1. These eight approaches underpin most of the programmes that can be seen today within both national and local governments, and international development assistance agencies. Each offers an explanation of the ways in which structures limit and constrain possibilities.

Some seek to address the consequences of poverty through an emphasis on redistribution, while others challenge the causes of poverty and inequality and provide for social mobility, improved access to basic services, and/or economic growth. The first four approaches listed are predominantly the domain of the state: welfare-based interventions, urban management, rights-based approaches and participatory governance. Although emphasis is placed on the state, particular initiatives may involve non-state agencies seeking to catalyse improvements in government policy and practice – as in the rights based approach.

The next two approaches are led by non-state sectors. The first is a market-based approach and the second political transformation through the efforts of social movements. In the first of these, the state may be either leading or facilitating activities. The final two approaches – clientelism and self-help - give particular emphasis to on-going practices of urban development. Together they suggest that the most effective strategies are likely to be incremental improvements to existing structures, rather than more ambitious efforts to challenge other economic, political and social forces. Of the eight approaches, the first five are managed by professionals and all but two (social movements and self-help) are dominated by vertical relationships between the urban poor and local and/or national elites.

Box 1: Different state approaches to poverty reduction

STATE DIRECTED

Welfare assistance to those with inadequate incomes and lacking basic services. Usually takes the form of income-supplements and/or free or lower-cost access to certain goods and services. Universal access to health care and schools is also a characteristic of a welfare-state. Some modes of welfare support encourage individualization of citizen-state relations, inhibiting the consolidation of social movements.

Urban management to improve local government with a focus on efficiency, technical competence, a stronger fiscal base and implementing local regulations to get effective planning and land-use management and address the inadequacies in basic infrastructure and services. An over-emphasis on support for economic growth may contribute to the exclusion or eviction of low-income groups from prime sites

Participatory governance includes greater accountability, transparency and scope for citizen and community participation within local governments - i.e. improved processes of democratic government to ensure that urban governments are more responsive to the needs and interests of low-income and disadvantaged citizens. Its scale and effectiveness depends on ensuring all poor groups get empowered to act and organize and may increase through co-production where state support for community-action is added.

Rights-based approaches that extend rights and entitlements to those who lack these – and that usually focus on low-income groups and those living in informal settlements. Rights and effective supporting legal processes may be difficult to achieve for groups with little power.

Market based approaches seek to support higher incomes and livelihoods through access to financial markets and support the expansion of infrastructure and service provision or improvement that recovers costs. Market approaches tend to favour those who are relatively better off

Social and urban movements supported by government because of their representation of urban poor groups and their capacities to negotiate pro-poor political change. Their effectiveness often depends on making alliances with other social groups and professional organizations and negotiating with the state

Aided self/help with support to households and community groups to address their own needs – for instance through bulk supplies, equipment loan, technical assistance and loans. The lowest income groups may not benefit and the state needs to compliment this with provision of trunk infrastructure

Clientelism: in many urban centres, despite the negative connotations of clientelism, this provides an avenue for low-income disadvantaged citizens to access some state support, albeit within vertical relationships that are often exploitative and that provide only limited support for some.

In most nations, more than one of these is or has been used. All are limited in terms of producing the institutional framework for a long term reduction in urban poverty. Most struggle with the institutional complexity of urban areas (especially larger cities) that usually include government roles and responsibilities scattered across different sectoral agencies and many different levels of government. All struggle to generate the resources needed to provide the trunk infrastructure (for water, waste water, roads, paths, electricity) and to address the diverse scale and depth of urban poverty.

Each of the approaches responds to a particular observed need or opportunity, and/or has responded to an understanding of the underlying problems. Some are particularly associated with ideological positions and political affiliations. Hence the market approach may be linked to a neo-liberal political position by those who are dubious about either the commitment or capability of the state (and often both). State led development is attractive to those pursuing liberal social democracy who believe that it is possible to elect a social democratic government that redistributes to those in need. Both aided self-help and clientelism represent pragmatic approaches that may be far from ideal but are the best that might be expected. And it is possible to support market based approaches in many aspects but to believe that the state should be reasonably efficient in the delivery of the services that it does provide. It is also possible to support co-production as a mode of service delivery applicable to a temporary strategy leading to the

development of comprehensive welfare state provision as the state develops greater capacity and capability.

It is also worth noting the different underlying power relations or authority and hence the legitimacy of action associated with each approach. Of the eight approaches discussed, all but two (social movements and aided self-help) encourage vertical types of authority. In government-led poverty reduction, the state is the legitimate authority. In market approaches, larger companies, those with monopoly control, employers able to choose from many seeking work and large-scale landlords are among those that have an advantage and also represent a vertical system of authority. Participatory governance seeks to reduce the vertical authorities within the state and replace them with a more equal negotiated outcome – but it is placed under representative democratic structures (i.e. local authorities or national governments).

There are exceptions in the market if it is highly competitive and in participatory governance if it is genuine and substantive. Also, arguably, in some forms of the rights-based approach which stress the right to participate in decision-making rather than the enactment of formal rights that are realised and protected by the state and/or judiciary. In these contexts, it might be argued that the nature of power is more diffuse and that there is less opportunity for powerful individuals and groups to dominate. There is a strong sense that the authority of the more powerful is restricted because the structures that nurture participatory governance hold the state to

account for its actions. In the case of participatory budgeting for example, it has been acknowledged that the annual reviews in which citizens consider what has been achieved as a result of the change that they made the previous year have been important in holding the state to account.⁶² In the case of market approaches, the ‘invisible hand’ that regulates markets in the interests of all as described by Adam Smith has been recognised to relate only to a very specific set of circumstances and very often the larger companies and commercial interests are able to dominate trading securing their own interests at the expense of customers and smaller companies.

Many of the approaches appear to reinforce social relations that are at best hierarchical and disempowering, and at worst patriarchal and violent. Such relations may help what those in power consider to be the ‘deserving poor’ but they may also demand a high level of psychological dependence as the price of assistance.

Addressing urban poverty through finance for housing, cash transfers and upgrading

This section considers three of the most common specific interventions that have sought to reduce urban poverty: finance for housing improvements, social protection through cash transfers; and upgrading of informal or substandard settlements and the extension of infrastructure and services.

Finance for housing improvements

Governments have long recognised the need to intervene in shelter provision in urban areas. Their rationales include the need to provide bulk infrastructure to enable basic needs to be met in a context of high population densities and the high costs of housing, particularly formal housing. This means a requirement on households wishing to own a house or apartment to raise a significant amount of capital at one time with repayment over a longer period. In a modern urban context, housing is ‘planned’ with regulations both for location (for example, zoning of land uses and requirements for government approval for new developments) and housing standards (for example, the size of the unit relative to the stand or plot, the minimum size of the stand, infrastructure and building standards).

Where there is insufficient provision to support the needed expansion of housing (and of land and infrastructure networks to support this) by local and national governments, low-income groups often buy, build or rent in informal settlements. In some cases, governments have responded to this with different forms of housing programmes. In Africa and Asia during the 1950s and 1960s, newly-independent states built formal housing, often through institutions that had previously built these for the colonial government key workers.⁶³ With high unit costs and with little cost-recovery –whether from rent or from those that got tenure of the units allocated – this solution was insignificant due to an inability to increase its scale. Recognising the problems, governments moved onto alternative forms of housing provision.

Recognising that approaches based on addressing housing need through construction are unlikely to address the housing problem at sufficient scale, governments moved onto finance. Many governments, particularly in Asia and Latin America, have sought to extend mortgage finance to enable households to access long-term loans for housing.⁶⁴ This approach offers little to most low-income households because it is typically available only for completed legal dwellings that they cannot afford. The Kenyan Banking and Building Societies Act, for example, explicitly forbids financial institutions from making loans for plots of land with no or only partly constructed housing on them.⁶⁵ Equally constraining is the loan requirement that employment is formal and with the loan repayment deducted from the salary.⁶⁶ While incomes have increased for some in nations in Latin America and Asia, in most cases less than half the population can afford formal loans for conventional housing. In the Philippines, for example, this falls to less than 30 per cent although a government scheme offering mortgages at subsidised interest rates helps low-income formal sector workers such as nurses and police officers to access small dwellings.⁶⁷ Even among more affluent countries such as Mexico and Colombia this proportion only rises to 60 per cent.⁶⁸

Rather than simply focus on one solution, some national governments also recognised the need to develop programmes able to provide multiple types of housing support at scale. One significant now-historic example was the Mexican National Popular Housing Fund (FONHAPO) which was created in 1981

to improve housing through providing a range of grants and loans for low-income households⁶⁹. Between 1982 and 1998, FONHAPO received 4 per cent of the public housing monies and it provided 23 per cent of all housing financed through these funds. The programme targeted people earning less than 2.5 times the minimum wage¹ and offered sequential loans to agencies (including state organizations, local government, civil society organizations including cooperatives) for different phases of housing development from preparation through to self-build housing construction on serviced plots. The types of project supported included sites and services, incremental housing, home improvements, finished dwellings, and the construction and distribution of building materials.

A further strategy to secure improvements in housing conditions has been the 'direct-demand' subsidies originating in Latin America which offer combined financing of subsidies, savings and loans for the purchase of completed dwellings. Although originally conceived in Chile as a strategy that would enable houses to be bought from existing providers⁷⁰, in practice the private sector has been reluctant to lend and to build particularly in the case of the lowest-income groups. There are a number of sub-programmes in Chile which blend three financing components:

¹ In many Latin American nations, eligibility thresholds for programmes that are meant to be for low-income groups are often set at some multiple of 'the minimum wage' that seems generous (i.e. here for those earning less than 2.5 times the minimum wage). But the figure for the minimum wage has usually not be adjusted for inflation or it may be set unrealistically low so it becomes far less than what should be 'the minimum wage' if poverty is to be avoided

beneficiaries' savings, government subsidy and (except for the lowest-income households) loans – the cheaper the housing, the higher the proportion of its costs provided by the subsidy. All require the families (even those with very low incomes) to make a savings contribution to reduce dependency on the government, and increase a sense of ownership.⁷¹ The use of direct demand subsidies has proved popular and variations of this have been replicated particularly in Latin America. Such subsidies were introduced in Costa Rica in 1986 and almost immediately replicated in Colombia, El Salvador, Paraguay and Uruguay in 1991.⁷² In some countries there has been a willingness to offer support for incremental housing.

A major challenge has been maintaining the government's commitment to providing financing at scale (especially for programmes that are concentrated on addressing the needs of low-income households). Programmes may not outlast the particular administrations that support them, as Connolly illustrates for the case of Mexico.⁷³ Innovative housing programmes may also shift to being increasingly clientelist, reinforcing vertical relations between citizens and the state, and maintaining a high level of dependency as resources are delivered to those that are prepared to support an inequitable political system.⁷⁴ Connolly (2004) also explains how FONHAPO became used to reinforce clientelist relations in Mexico.

Some other consistent lessons emerge. Relocation has costs for the urban poor including the disruption of social networks and

associated support systems and often livelihoods, and hence *in situ* developments are usually preferred if the benefits for poverty reduction are to be maximised. The large financing allocations for government housing programmes are attractive for the formal construction sector who get contracts to build the units but with weak government oversight construction quality is poor and in many cases such housing is badly located with infrastructure costs passed onto local government.⁷⁵

While higher-income households save in formal institutions, these opportunities are not open to households with low incomes who face the reluctance of commercial banks to provide them with services. Solo (2008) reports on surveys in Mexico City, Bogota and several Brazilian cities that show that between 65 and 85 per cent of households do not hold any kind of deposit account in a formal-sector financial institution.⁷⁶ These cities are in upper middle income nations. Formal bank accounts are usually unavailable to residents of informal settlements, often because they fail to meet the legal requirements (for instance proof of employment). Or formal accounts require large deposits or high commissions. Another problem is their location far from informal settlements. There are also more subtle forms of discrimination. Solo (*ibid*, page 52) describes the response when a focus group member was asked why he hadn't gone to a bank when he needed a loan. 'Laughter filled the room and one voice spoke up: "Don't you see how we look, *compañera*? We just aren't the kind of people the banks would want."'

Due to the lack of access to formal commercial finance, savings are a major source of finance for incremental housing development. In India, for example, more than 80 per cent of housing finance comes from private savings.⁷⁷ In Bhopal, the capital of Madhya Pradesh (with around 1.8 million inhabitants) only 5 per cent of those moving from informal into formal settlements obtain formal housing finance.⁷⁸ In Angola less than 2 per cent of a family's investment in housing comes from banks. Instead, most funding for housing is borrowed from the extended family (62 per cent) or from friends (27 per cent).⁷⁹

There has long been recognition of the structural disadvantage faced by low-income households in access to finance. Micro-finance emerged from an earlier, more narrowly focused tradition of micro-credit introduced to address the needs for both savings and loan finance. Micro-credit projects developed to provide low-income entrepreneurs with capital they needed to expand their business.⁸⁰ Recognising the importance of housing interventions for poverty reduction, a distinct set of programmes has developed to provide micro-finance for shelter-related investments. When micro-finance lending first began there was a reluctance to lend for housing due to the larger size of the loans—between US \$500 and \$5,000—and the belief that shelter investments are not productive and do not generate the income needed to ensure loan repayments. Over time this has been challenged. Most shelter micro-finance loans are made for terms of between one and eight

years, though usually at or near the one-year end of that range.⁸¹ Security requirements may be similar to enterprise-development loans, i.e., the loan contracts insist on group guarantees and co-signers, or may be based on minimal legal documentation declaring the property and other non-mortgage assets as collateral. Some shelter micro-finance lenders issue a conventional mortgage for loans at or near the high end of the US \$500–\$5,000 range.

Most shelter micro-finance is to individuals with some degree of tenure security. Loans are generally taken to build additional rooms, replace traditional with modern (permanent) building materials, improve roofs and floors and add kitchens and toilets. Such investments are highly popular: India's Self-Employed Women's Association (SEWA) estimates that almost 35 per cent of the housing loans from its bank go for improving facilities such as a private water connection or a toilet.⁸² The structure of this lending with its focus on the individual makes it difficult for lending practices to extend to collective activities: and it is the collective that is essential in negotiating for the acquisition of tenure (and often of land acquisition) and investment in basic infrastructure and services.

Cash transfers and safety nets

The importance of governments (and others) in assisting citizens in need through a number of measures broadly grouped under the heading of social protection came to be recognized during the 1990s. In one sense, this was peculiar in that this was also a

decade where emphasis continued to be placed on market solutions and an increasing role for the private sector. But perhaps the scale of need, some early successes and the very modest level of support these required per person reached overcame this. This was also a decade in which some of the weaknesses with respect to the market approach were becoming more evident as financial and economic crisis resulted in growing numbers in poverty - including in Latin America where there was continuing pressure for democratic and accountable government and from where these new approaches emerged.

These approaches focused mainly on cash transfers and social insurance (to enable households to prepare for old-age, periods of unemployment or ill-health and an associated inability to earn incomes). By 2010, cash transfers had reached an estimated 850 million people across the global South, including pensions, child support, workfare, and payments from unconditional and conditional cash transfer programmes.⁸³ These are now the principal instrument used by governments. A significant number of those reached come within several large programmes including *Oportunidades* (Mexico) - 5 million households, *Bolsa Família* (Brazil) - 12 million households, the Minimum Living Standards Scheme (China) 22.4 million households, and Indonesia's Safety Net Scheme - 15 million households.⁸⁴ In some countries, cash transfers are just a few dollars a month and it is difficult to see that these funds will have a substantive impact on household poverty.⁸⁵

In regard to understanding their impact on poverty, it is important to distinguish between transfers such as pensions and child support that are designed to be provided at particular points in the life cycle; transfers made at times of acute need due, for example, to unemployment (social insurance); and transfers provided to households in need of help to move out of poverty (social assistance). Some of these programmes are associated with conditionalities, introduced by governments – for instance on school attendance and on visits to health care services. Both Mexican and Brazilian governments conceptualise this approach as realising citizens' rights to education and health services rather than paternalistic conditions to change behaviour.⁸⁶

A distinctive feature of these cash transfers is that they are clearly targeted at groups that are identified as being in need and then to individuals within these groups. There are several approaches to targeting including income-based means testing using varying levels of sophistication to locate 'the most deserving' citizens, geographical targeting to identify concentrated areas of poverty, community-based targeting where the most needy are identified by their peers or categorical targeting which focuses measures of need and vulnerability as defined by the state (for example, households with children under five years old).⁸⁷ The most popular targeting approach is a combination of geographic targeting to identify priority districts, and then some form of means testing

of citizens within the selected geographical area to identify those to be included in the programme. An example of this in practice is *Progresa* (later renamed *Oportunidades*) in Mexico in which, first a marginality index for each locality is created based on seven variables for which data are available from censuses.⁸⁸ Localities with a high marginality rating are selected for the programme, then a second stage selection process uses a household census in the locality to determine household income.

In general, once a group of households has been selected, the individual targets within households are primarily women and school-age children, with other dependents in the household seen as secondary beneficiaries. The transfer is paid directly to women as it is recognised that women are more likely to invest in their children. Female school children may also be targeted to redress the gender balance in education – and the assumption is that educational achievement will be linked to improved future opportunities. In such cases acquiring the cash transfer depends on meeting a range of conditions related to school attendance.⁸⁹ This linking of cash transfers to the education and health sectors runs throughout all Latin American programmes to a lesser or greater extent and has been replicated in transfer programmes in Asia and Africa, such as those in Bangladesh and Pakistan,⁹⁰ and Malawi, Kenya, and Ghana.⁹¹

Brazil uses the same system for targeting beneficiaries in rural and urban areas, the *Cadastro Único* which is a database of all

potential beneficiaries. Despite increasingly centralization, the *Bolsa Família* still gives municipalities the responsibility of identifying potential beneficiaries with some autonomy over the process.⁹² Mozambique's Food Subsidy Programme (*Programa Subsídio de Alimentos*) delivers a cash transfer exclusively to urban households in absolute poverty and is run by the National Institute for Social Action. The programme targets urban households in which the household head is unable to work, is disabled or chronically ill, has an income below MT 70,000, is a woman over 55 years of age or a man over 60 years of age, or the household contains a malnourished pregnant woman. Despite this broad categorical targeting and the programme operating in all provinces, coverage is only one per cent of the population. This is due to a complex system that includes checking household composition and the health status of residents, and an income assessment and measurement through home visits and reviews by the provincial department. This is a time-consuming process and difficulties are exacerbated by the programme's low budget and limited administrative capacity. Another issue experienced in this process is the requirement that beneficiaries must have an ID card or a birth certificate despite an estimated 70 per cent of urban dwellers in Mozambique not possessing these identification documents.⁹³

One of the recognised tensions in these programmes is between large-scale transfer programmes managed by national government ministries, and programmes

which have a more decentralised approach. In general the trend is towards centralization. For example in Brazil, the *Bolsa Família* programme's management responsibilities have been modified from its predecessor *Bolsa Escola* in which a greater number of responsibilities were decentralised. The centralised model is exemplified by Mexico's *Oportunidades* programme which is administrated by a federal coordinating agency within the Ministry of Social Development. This centralised structure was designed in response to clientelistic behaviour by local authorities and civil society organisations involved in previous programmes.⁹⁴ However, it does not entirely avoid the problems of clientelism which may also occur in nationally-led programmes. In both Chile and Mexico, it appears that concerns about clientelistic behaviour within public authorities and civil society have resulted in programme designs that avoid citizen participation.⁹⁵ However, despite this and other difficulties, there has been a consistent interest in citizen involvement in both middle and low-income countries.

The expansion of transfer programmes into urban areas has taken place in recent years.⁹⁶ Many of these programmes were developed for rural areas. One factor in Brazil and Mexico in expanding programmes to urban areas is the hope that increasing levels of urban violence can be curbed through tackling poverty and inequality.⁹⁷ In China the introduction of the Minimum Living Standards transfer programme in urban areas reflected political support to address a lack of social cohesion in urban areas.⁹⁸ An Inter-American

Development Bank study examining rural transfer programmes that were expanded into urban areas suggested that achievements are lower in urban areas.⁹⁹ Key issues included:

- Geographic targeting and income-based means testing using household data is difficult due to migration, intra-city mobility and lack of information about the residents of informal settlements.
- Communicating details of the programme may be difficult. In Mexico only 40 per cent of eligible households applied for the programme in the two-month window of registration, with one-third of eligible households unaware of the programme.¹⁰⁰
- The cost of living is higher in urban areas so the transfer amounts delivered to rural beneficiaries are not sufficient.¹⁰¹ The opportunity costs of children being in school rather than working are also higher and greater compensation may be needed.
- Urban beneficiaries appear to be less likely to comply with conditionalities than rural beneficiaries. For example in urban Mexico, each year between 2002 and 2007, 50 per cent of beneficiary households did not meet conditionalities.¹⁰²

Evaluations of Mexico's *Oportunidades* programme suggest that transfers have prevented households falling into extreme poverty but do not raise households out of

poverty.¹⁰³ This relatively low impact on reducing the incidence of poverty and a higher impact on reducing the severity of poverty is seen in studies of other Latin American conditional cash transfer programmes. Studies of *Oportunidades* found that beneficiaries accumulate assets more rapidly than non-beneficiaries, with cash transfers spent on improving housing, utilities, land regularization and other assets.¹⁰⁴

However, a more fundamental criticism is that cash transfers address only two of the eight critical dimensions of urban poverty listed in the introduction (lack of income, lack of safety nets). The other dimensions, inadequate assets, insecure tenure, lack of basic services, lack of infrastructure, lack of rights and access to law, lack of voice and lack of recognition are unlikely to be addressed by cash transfers or many other social protection measures. Auyero describes the difficulties that low-income groups have in actually accessing cash transfers in Buenos Aires and the ways in which the system reinforces the powerlessness and dependency of the urban poor exacerbating their lack of recognition.¹⁰⁵ In addition, conditional cash transfers individualise relations with the state and this may inhibit collective political strategies including efforts to secure improvements in basic infrastructure and services which necessarily demand action by groups of citizens to secure the investments that are needed. Cash transfer programmes may lead to short-term vote winning agendas that take attention and resources away from the need for long-term development programmes and reduce pressure on the state to address

infrastructure and service needs.¹⁰⁶ They may also relieve pressure on the state to address structural transformations that reduce in income inequalities.¹⁰⁷ The imposition of conditionalities to social protection that should be a right has also criticized.¹⁰⁸

Slum/squatter upgrading and increases in the proportion of the urban population reached with basic services

One of the clearest poverty-reducing measures taken by governments (usually local governments) is the extension or improvement of infrastructure and services to settlements with large concentrations of low-income groups. In most instances, these settlements are 'informal' so local government support for upgrading implies an acceptance by local government politicians and officials of the residents' right to live there. This may extend to recognizing the need to make legal the land occupation and ownership and over time address other aspects of illegality – for instance of housing structures and street layouts. It represents a fundamental change from local governments seeking only to bulldoze informal settlements or simply ignoring them.

Although there are no data on the number of urban dwellers who have benefitted from upgrading programmes, there are so many case studies of upgrading. In Latin America, it is likely that upgrading programmes have contributed significantly to the increase in the proportion of the urban population with piped water, sewers, drains and solid waste collection recorded in censuses. Perhaps also

in some Asian nations too although as noted earlier, the UN statistics on water and sanitation provision lack the detail needed to assess whether significant improvements have been made. In much of Latin America, it seems that upgrading has become far more widely accepted by local governments as a conventional policy response to informal settlements. Perhaps as importantly, upgrading is not just low-cost minimalist provision of, for instance, some communal water taps and street lights but aiming to incorporate informal settlements into (for instance) trunk infrastructure for water, sanitation, electricity and roads. So upgrading becomes more comprehensive in terms of what is provided or upgraded and in terms of being served by conventional utilities. It also implies protection against eviction which minimalist upgrading does not and often includes measures to legalize tenure for the residents.

‘Comprehensive’ upgrading implies a far stronger relationship between government bodies and residents and much more possibility of residents using social accountability mechanisms as they become registered property owners with legal addresses and official (and conventional) connection to piped water supplies, sewers, electricity and also entitlements to health care and schools. This stands as a very strong contrast to what was evident during the 1970s and 1980s when illegal settlements were seen as contravening the law and bulldozed or at best ignored.¹⁰⁹ Although evictions of residents from informal settlements do still happen in Latin America, they seem to be less common

and the scale and scope of upgrading within the region seems to have increased dramatically. Upgrading of informal settlements is now more widely seen as a conventional part of what city or municipal governments do, although city-wide support for it tends to fluctuate, depending on the political party in power.¹¹⁰

The change in official attitudes to more support for upgrading was also served by the wave of innovation in city governments in this region with more participatory and accountable governance – including participatory budgeting and provision to include representatives from urban poor groups on government committees; although also important here has been reflection among social movements and greater strategic intent.¹¹¹ The importance of city authorities having the autonomy to act is emphasised by Heller and Evans¹¹² who conclude that citizens may be less able to realise their rights and secure development options if power is not decentralized downwards to municipalities.¹¹³ Of course, strong citizen pressure and the influence of grassroots organizations and their networks and federations have been important. Here too, the changes can be ascribed both to greater emphasis on democratic elections and to measures to hold the state to account.

There is also what might be termed informal upgrading where residents living without infrastructure and services in an informal settlement come together and do what is possible to improve this and to negotiate support from their local government (and

perhaps other local civil society organizations).¹¹⁴ These local processes may over time contribute to comprehensive upgrading – as they prepare the way for more formal upgrading programmes. Local residents engage with local councillors and politicians eager to lobby for votes in elections – and this can mean that the state passes resources to low-income communities to enable improvements in local infrastructure and services. In some cases the local authority is responsible for installation, in other cases they may lend machinery (such as diggers and graders) and/or provide materials (sand, cement, timber) for collective construction efforts. They may also provide technical assistance, for example, in the design of drainage and other infrastructure.

Clearly, upgrading contributes to reducing one or more of the nine aspects of urban poverty but it may involve only minor improvements in one aspect (for instance, some communal water taps) that may bring little or no increase in tenure security; many informal settlements that have been bulldozed in Delhi had had some public provision.¹¹⁵ At the other end of the spectrum, it involves good quality provision for infrastructure and services, support for housing improvement and tenure. But even here, as a resident from El Mezquital, an informal settlement in Guatemala City that had relatively comprehensive upgrading said, you are ‘putting a roof over my poverty’¹¹⁶ In this upgrading programme, as in many others, there is a recognition of the need to increase incomes and employment opportunities but it is far more difficult to do so. Other relatively comprehensive upgrading programmes have

considerably improved conditions but not addressed crime. More recently there has been a greater interest in security issues and some local authorities have begun to include these aspects within their approach to informal settlements).¹¹⁷ Moreover upgrading may help those with entitlements but as rents increase the tenant population may move to lower cost and less improved settlements.

In both partial and comprehensive and formal and informal upgrading as well as in their support for new settlements, local government builds on the practices of self-help. Greater understanding of the ways in which low-income communities have turned undeveloped land into urban settlement has helped to introduce a number of both partial and integrated policies and programmes. Experiences have been consolidated to help to improve government programmes in support of low-income households and replication demonstrates the importance of these programmes.

Alternative models of poverty reduction

Introduction

The need for more effective models of urban poverty reduction are obvious - with around one billion people living in informal settlements and projections suggesting an additional 1.4 billion people being added to the urban population in low- and middle-income nations by 2035.

In our assessment of urban poverty reduction interventions, ¹¹⁸ we highlighted five

programme intervention that showed citizen-led ways to reduce poverty and, as importantly, achieve a degree of pro-poor political change. Three are described in this section: the Community Organizations Development Institute in Thailand; Slum/Shack Dwellers International and the work of the slum/shack/homeless people's federations; and the Asian Coalition for Community Action. The two others are the many different poverty-reducing interventions of the National Slum Dwellers Federation in India and its alliance with *Mahila Milan* and SPARC in India¹¹⁹ and of the Orangi Pilot Project in different sectors in Karachi and other urban centres.¹²⁰ Although there is not the room to include a description of these, the conclusions of this section draw from their experience too. Each of these five programmes involved an alliance between grassroots organizations and local NGOs that support their work (in one case, it is a national government agency rather than an NGO that supports this). These are best understood in relation to one another as their development has drawn on an engagement with a common set of earlier experiences as well as learning between them. These also illustrate evolving strategies and modalities of action as well as new emerging roles for the different agencies involved in them.

CODI and Baan Mankong¹²¹

In Thailand, the Community Organization Development Institute (CODI) is unusual in that it is a government institution that provides support direct to community-managed savings and loan groups and community networks. It

was formed by a merging of the Urban Community Development Office (UCDO) and the Rural Development Fund - and it expanded the UCDO's support for urban poor groups living in informal settlements with funding windows for community strengthening, housing investment and livelihood activities. CODI recognized that for pro-poor development to take place, relations between low-income groups and the state had to change, and critical to that change was the establishment of representative accountable local organizations. From the outset, CODI sought to bring together different interest groups – with senior government staff, academics and community representatives sitting on its board.

CODI was in charge of implemented the *Baan Mankong* ('secure housing') programme, a national programme for upgrading and secure tenure. The programme channels government funds in the form of infrastructure subsidies and housing loans direct to low-income communities, which plan and carry out improvements to their housing environment and to basic services. Infrastructure subsidies are available for the equivalent of US\$ 625 per family for communities upgrading *in situ*, US\$ 1,125 for re-blocking and US\$ 1,625 for relocating. Families can draw on low-interest loans from either CODI or banks for housing, and there is a grant equal to 5 per cent of the total infrastructure subsidy to help fund the management costs for the local organization or network.

Baan Mankong was set up to support processes designed and managed by low-

income households and their community organizations and networks. Figure 5 shows how communities and networks work with local governments, professionals, universities and NGOs in their city to survey all low-income communities, and then plan an upgrading programme to improve conditions for all these within three to four years. Once the plans have been finalized, CODI channels the infrastructure subsidies and housing loans directly to the communities (see Figure 6).

The design of a city-wide upgrading programme, and the city network necessary to implement it, involves certain key steps:

- identify the stakeholders and organize network meetings, which may include visits from people in other cities;
- organize meetings in each urban poor community, involving municipal staff if possible;
- establish a joint committee (including urban poor community and network leaders, the municipality, local academics and NGOs) to oversee implementation and establish new relationships of cooperation to integrate urban poor housing into the city development plan;
- conduct a city meeting where the joint committee meets with representatives from all urban poor communities to inform them about the upgrading programme and the preparation process;
- organize a survey covering all communities to collect information from all households about their tenure, housing and access to

infrastructure. This provides opportunities for people to meet, learn about each other's problems and establish links;

- from the survey, develop a city-wide community upgrading plan;
- support community collective savings;
- select pilot projects on the basis of need, communities' willingness to try them out and the learning possibilities they provide for those undertaking them, and for the rest of the city, preparing development plans for pilots, starting construction and using implementation sites as learning centres for other communities and actors;
- extend improvement processes to all other communities and individuals in need;
- integrate these upgrading initiatives into city-wide development including providing secure tenure or alternative land for resettlement, integrating community-constructed infrastructure into larger utility grids, and incorporating upgrading with other city development processes;
- build community networks around common land ownership, shared construction, cooperative enterprises, community welfare and collective maintenance of canals;
- create economic opportunities wherever possible within the upgrading process; and
- support exchange visits between projects, cities and regions for all those involved, particularly community representatives and local government staff.

Between 2003 and 2010, within the *Baan Mankong* programme, CODI approved 745 projects in more than 1,300 communities (some projects cover more than one community) spread across some 249 urban centres and covering more than 80,000 households. Sixty four per cent of beneficiaries belong to communities that were upgraded in situ with long-term secure collective tenure. Fourteen per cent of the beneficiaries relocated to new sites within two kilometres of their former homes. During the same period, grants for infrastructure upgrading exceeded US \$46 million; and loans for land and housing exceeded US \$52 million. More than 82 per cent of households supported by CODI are now living in settlements that have also achieved tenure security, via long-term leases or collective land ownership. By April 2012, the *Baan Mankong* program had led to the upgrading of over 91,000 houses across 270 towns.

CODI provides an example of how governments can support an integrated approach to poverty reduction with the simultaneous building of community organizations, informal settlement upgrading, housing and income generation. The model has been important in illustrating a partnership approach with community organizations having a major role in both implementation and decision making. The emphasis on city-wide approaches that seek alliances between middle-class and lower-income residents demonstrate how to pre-empt some of the more exclusionary urban politics that have been seen in other cities. While the government remains of primary importance in

terms of loan capital and subsidy finance, from 2010 the networks established their own savings-based loan funds following delays in recapitalization by the government and anxieties about continued political support.

CODI staff emphasize the importance of the city-wide scale that *Baan Mankong* supports for upgrading driven by the residents.¹²² Working on a city-wide scale makes evident the differences between informal settlements within the same constituency, and between neighbourhoods. People begin to understand these differences – for instance, differences in land ownership and legal status, differences in the availability of infrastructure and in housing and environmental conditions, differences in people, and differences in degrees of vulnerability. People living in low-income communities have the opportunity to compare different experiences and realities and this sparks off the question ‘why are there these differences?’

Horizontal linkages between the communities that are their peers prevent individual communities from being isolated and draw communities together into a process of making structural changes. Almost all systems related to power and wealth in our societies are vertical hierarchical systems. Once this is recognized, and low-income groups are within a more horizontal process whereby they have a chance to think and understand – and choose together – they gain a new decision-making power. When people from the different urban poor communities look together at the city-wide scale, this new view offers a clearer picture of the city they live in. The problems of

land tenure, infrastructure, housing and services are intimately linked to the larger systems of governance and the allocation of resources. As peers come together in a city platform, they see how their problems (and the possibilities of resolving them) relate to the structure of the city and its governance.

The process of choosing the pilot upgrading projects in a city needs to belong to urban poor organizations and networks. These projects show everyone in the city something tangible. Different communities frequently use different criteria for making this choice but what is important is that the group understands the reasons for choosing the projects. This makes them a part of the pilot, even if the project is not their community. As communities watch the development of the pilot projects that they chose, they begin to look at their own situation in a new way and begin preparing themselves, and making changes. The pilots are powerful examples because they are being undertaken by peer communities themselves. Problems arise if the projects are selected by outsiders, either professionals or municipalities, not least because the communities that are not chosen feel left out.

The *Baan Mankong* programme helps city authorities and other groups to see the problem of informal settlements as something normal, and also as something that can be improved. It changes the usual perceptions of the problem, which positions city authorities against the urban poor communities. Officials, politicians and other groups begin to look at all these people in urban poor communities as

normal urban citizens who are located where they are because of the way the city has developed. With this recognition it is possible to move forward and address these problems. Once city authorities begin to improve the situation, they automatically become a part of the city development agenda. Very often, the view held by large sections of the city's society that informal settlements are not or should not be part of the city is so pervasive that the slum dwellers themselves have begun to believe it.

The physical form of the upgrading is neither the issue nor the problem. Upgrading offers the possibility to create a change going beyond the physical aspects to transform relationships and allow the urban poor greater space and freedom. Finding technical solutions for all these communities (whether in situ improvement, re-blocking, land-sharing or nearby relocation) is the easy part. And the inhabitants will also make important contributions to the physical aspects of upgrading, with lots of variety and creativity. So the big question is how physical upgrading can include these deeper aspects.

City-wide and nation-wide upgrading may be difficult at first. But once there is the space for urban poor communities to be involved, the process will go in the right direction, almost by itself. And having many initiatives moving in the right direction is more important than having some attractive but isolated 'model' projects. There are concerns that there are not enough architects to assist the upgrading planning processes. CODI responds by using the resources that are at hand. In many cities,

the community networks have got the local universities to provide technical support. Some have hired professional architects from design firms. As the upgrading programme progresses, the more sophisticated the communities become about physical design. Good design ideas are getting seen and noted and spread around by the people themselves.

Doing things collectively - for and with the urban poor – is critical. Reviving this culture of collectivity in low-income communities is far more important than any physical upgrading or any housing project. These people need to build on the collective sharing that was born of necessity. This can be nurtured if the collective process includes everyone with collective housing, collective tenure and work being shared. The goal of the *Baan Mankong* upgrading is to get everybody in that community to have security, to become recognized as legitimate citizens and this includes those who cannot buy a unit of any sort, who perhaps don't have any income. This is a challenge for all residents and everybody has to pool their resources, their ideas, and their creativity.

Upgrading is particularly important to addressing illegality, lack of security and lack of rights. With improvements to rights and security, people's status in the city changes and with legality comes key aspects of citizenship. In earlier upgrading models, the main concern was physical improvements to the infrastructure and housing. These physical improvements are important, and are the most visible and easy to comprehend (and measure). But it is important that the people in

that community feel they are 'upgraded'. There is recognition that if the residents of informal settlements aren't changing, then things aren't changing. Upgrading is a process in which the residents of informal settlements begin to believe in their own power and see that they are no different from all the other citizens in the city. Once they believe in their power, they start looking at things differently, and can adjust their relationships with other actors in the city. Upgrading provides a space in a city in which the local authority, the network and the community can interact and work together.

Savings and credit are important in linking people together, collecting people to work together and think collectively. But the most important side of savings and credit activities is that they teach communities to manage finance collectively –both their own savings and outside finance. This helps ensure that the people themselves become key actors in development. When a community manages its own finances, it learns financial systems that are transparent, equitable and effective. Financial management skills support new development possibilities and enable people to work together and develop the ability to deal with the development of all the members of the group. This capability to manage finance as a group is something that has to be learned, practiced, strengthened and matured. Finance is crucial because once people are able to manage finance collectively, then they have a security from the market. It offers collectives a degree of maturity, which means that communities no longer have to be looked after by anyone other than themselves.

Shack/Slum Dwellers International (SDI) (and affiliated Homeless and Landless People's Federations) ¹²³

In more than 30 nations, there are federations formed by slum/shack dwellers/homeless people that visit each other and learn from each other – and that have formed an international umbrella organization with the local NGOs that support them – Shack/Slum Dwellers International (SDI). All these Federations have community-managed savings group as their foundation – and most savers and savings group managers are women. Table 5 below gives a sense of their scale. For instance, federations allied to SDI have some 16,000 savings groups. In India alone, there are 750,000 savers. The Federations have over 100 formal memoranda of understanding with local governments,

SDI was set up in 1996 by six national federations or networks (South Africa, India, Namibia, Cambodia, Nepal and Thailand) and since then it has expanded with fully-fledged federations in:

Asia: India, Nepal, Philippines, Sri Lanka

Africa: Ghana, Kenya, Malawi, Namibia, South Africa, Tanzania, Zambia, Zimbabwe, Uganda

Latin America: Bolivia, Brazil

In many other nations, communities in informal settlements have formed savings groups and are in touch with SDI affiliates – including: Angola, Botswana, Lesotho, Liberia, Mozambique, Nigeria, Sierra Leone and

Swaziland in Africa and Peru in Latin America. A range of other countries have civil society organizations that keep in touch with the federations.

Thailand is unusual in that it has long had networks of grassroots organizations and a substantial and highly supportive national government agency (UCDO and then CODI) whose work is described earlier in this paper and also long-established links with SDI affiliates.

As Jane Weru, director of the Akiba Mashinani Trust (a Kenyan fund for the Kenyan Homeless People's Federation to use for capital investments) has explained:

The people in Shack Dwellers International, in the leadership of the Federations and in the support organizations, are mainly people who are discontent. They are discontent with the current status quo. They are discontent or are very unhappy about evictions. They are people who feel very strongly that it is wrong for communities, whole families to live on the streets of Bombay or to live on the garbage dumps of Manila. They feel strong enough to do something about these things. But their discontent runs even deeper. They have looked around them, at the poverty eradication strategies of state institutions, private sector institutions, multi-laterals and other donors. They have looked at the NGOs and the social movements from which they

have come and they are unhappy with most of what they see.¹²⁴

It is this discontent that has become a catalyst for change, driving the formation and expansion of this alliance of grassroots organizations and local NGOs that together are seeking new and different ways to end homelessness, landlessness and poverty. The network emerged to bring together and capacitate homeless and landless people's federations and their support NGOs with the understanding that existing strategies will not reach scale as they do not link to the people's efforts to improve their homes and neighbourhoods, and nurture pro-poor political relationships. But like many such initiatives it did not begin with a grand plan for a transnational network, rather it emerged from activities in a number of places. For instance, visits to South Africa by the Indian Alliance and visits by South African community leaders and activists to India helped support the development of the South African homeless People's Federation and a small support NGO. The emerging savings schemes in South Africa had linked up with savings schemes in Namibia that had been established for some years supported by a revolving fund for housing linked to an existing credit union. In the mid-1990s, the South African groups began exchanges with Zimbabwe which catalysed the establishment of savings schemes and then, in 1998, the formation of the Zimbabwe Homeless People's Federation. In the same period, links between the Indian Alliance and the Asian Coalition for Housing Rights stimulated an exploration of savings-based organizing involving savings groups

from the Philippines, Nepal, Cambodia and Thailand. Federations of savings schemes in informal settlements emerged in the first three of these countries.

The core form of organization within the slum/shack/homeless people's federations that formed SDI remains savings schemes, local groups that draw together residents (mainly women) in low-income neighbourhoods to save, share their resources and strategize on how to address their collective needs. These local groups and the larger federations to which they belong are engaged in many community-driven initiatives to upgrade informal and squatter settlements, improving tenure security and offering residents new development opportunities. They are also engaged in developing new housing that low-income households can afford, and installing infrastructure and services (including water, sanitation and drainage).

With most savers and savings-group managers being women, these savings groups help address the multiple forms of disadvantage, oppression and exploitation that they face. The immediate focus and localised orientation to collective savings provides them with a different role and one which is supported by their peers. This challenges and helps overturn discrimination and limited social expectations as women engage with each other as activists (rather than remaining subservient to male and/or older household members), public (rather than enclosed in the household) and strategic (rather than passive). The collective nature of

savings helps to ensure that women are nurtured as they develop a new understanding of themselves and their capabilities. As women take up new leadership roles in providing essential goods and services, centred on the home and neighbourhood, an engagement with the state begins. Relations with the state including local councillors, officials, sometimes traditional authorities are essential if urban deprivation is to be addressed and development to take place – even if these are often clientelist.

These federations and their local organizations learn from and support each other at the neighbourhood, city, national and international scale. The initiatives or precedents undertaken by savings schemes demonstrate how shelter can be improved for low-income groups, and how city redevelopment can avoid evictions and minimize relocations. The strategies (shared across the networks of savings groups within and across nations) build on existing defensive efforts by grassroots organizations to secure tenure. But they also add to these existing efforts new measures designed to strengthen local organizational capacity and improve relations between the urban poor and government agencies. Savings schemes defend themselves against eviction threats and negotiate for secure tenure as well as exploring strategies to improve their members' livelihoods using a variety of methods and approaches. These have several key components

The emphasis on local savings emerges from a commitment to strengthen social relations

and social capital between some of the most disadvantaged urban dwellers living in informal settlements without legal tenure. Women, more than men, see the multiple benefits that arise from coming together in small groups and collecting available finance (pennies, cents, rupees). Savings-scheme members form active local organizations able to consider how best to address their own needs and those of their families. The savings groups are immediately useful, providing members with crisis loans quickly and easily. The accumulation of each member's savings provides them with a fund for housing improvements or income-generation investments. Particularly significantly, the collective management of money and the trust it builds within each group increases the capacity of members to work together on development initiatives. Finance, rather than being a means of exclusion, becomes a trigger for the formation of strong local organizations, as women combine to find ways to aggregate, protect and enhance their small change.

*The individual members, working within the savings collective, develop the confidence and skills to identify and realize their ambitions.*¹²⁵

As a result of organizing among some of the lowest-income women living in informal settlements, a strong emphasis on shelter-related activities has emerged. Women take on most domestic and child-rearing responsibilities, often completing the associated tasks alongside home-based income-generation activities. Many of the savings-scheme members do not have secure land tenure and are at risk of eviction. They

are without access to basic services, such as regular good quality water supplies and toilets. In this context, improved shelter is a priority.

Each federation works with a support NGO, staffed by professionals who assist in a range of tasks related to grant management, technical development services and documentation for a professional audience.

Each federation engages in exchanges as representatives from different savings groups visit each other. These exchanges may be experiential (for example seeing how a savings group has negotiated for land) or related to the development of specific skills. They often also have a political purpose as the federation members involved in the exchange bring politicians and officials with them to show them how challenges they face have been overcome. Most of these exchanges and dialogues take place within cities or between cities within nations. But international exchanges have also been important. Exchanges and the sharing of experiences between informal settlement dwellers in India and South Africa in the early 1990s resulted in growing bilateral links between the Indian and South African federations and an awareness of the value of international networking. Exchanges help to ensure that ideas come from the urban poor and are not imposed on them by well-meaning professionals.¹²⁶ As a consequence, emerging strategies are embedded in the proven practices of the urban poor. Savings scheme members and others learn what is effective through their own experience, supported by that of other communities around them.

Learning, rooted at this level, consolidates individual and collective confidence among informal settlement residents in their own capacities. Moreover, the consistent horizontal exchanges build strong relationships between peers, adding to the effectiveness of local negotiations.

Community-managed enumerations, surveys and maps create the information base needed for mobilization, action and negotiation.¹²⁷ Federations undertake enumerations that are in effect censuses – as each household is interviewed and data are collected on them and their needs, along with maps prepared to show all buildings, plot sizes and infrastructure. But the process of enumeration is much more than data collection. These are part of a mobilizing strategy, drawing in residents who want to participate in a locally managed identification and verification of their shacks and plot boundaries. Managing these processes strengthens existing savings groups and encourages new savings groups to form. Equally important is that once the findings are assessed, then local residents have the opportunity to set collective priorities through neighbourhood and settlement meetings. Neighbours come together to look again at their settlement through the enumeration data and assess what needs to be done. These are not easy discussions but they are essential in developing an awareness of potential priorities, the practice of intra-community negotiating and agreeing on a way forward.

As household (and other) data are provided to local authorities, then stronger relations are

built; this information helps to change the attitudes and approaches of governments and international agencies. These are settlements that are ignored in official documentation with little information being available. By providing verified data on these areas, federations both challenge this exclusion and shift the terms of the debate. As a result they provide local communities and city federations with a negotiating advantage as, in many contexts, politicians and officials recognize the federations' capacity to provide a fair and accurate information base widely accepted by residents; and this is required for upgrading and housing development – and for the inclusion of informal settlements in the maps and plans of local governments.

Projects that federation members take on to improve shelter options, including investment in tenure security and physical improvements, *provide precedent-setting investments* that can be scaled up. Through a set of specific activities related to planning of land (often with some re-blocking to improve road access) and installation of services, and sometimes construction of dwellings, members of savings schemes illustrate how they can improve their neighbourhoods. This also demonstrates their understanding of the costs associated with this process, and supports their learning that allows them to develop more ambitious proposals.

City governments and some national governments have become interested in supporting these community-driven approaches, recognizing their potential contribution to poverty reduction and urban

development. As elaborated below, City-based Urban Poor Funds are set up to provide and manage finance once these kinds of activities grow to a significant level.

The federations that are SDI affiliates seek a development partnership with government, especially local government. Affiliates recognize that large-scale programmes to secure tenure and provide services are not possible without government support. As most of the homes and settlements in which federation members live are illegal, such relationships are essential if security is to be achieved. Often the groups are squatting on land belonging to a state agency, and require the government to acknowledge their right to stay and to provide them with tenure. In other cases, they are on private land and need state support either to negotiate tenure, or to find an alternative location.

Local practice allows standards to be questioned. In addition to legal tenure, various local state institutions control aspects of shelter development. Local government agencies implement land-use controls (including zoning regulations) and building regulations and these are often responsible for putting affordable housing beyond the reach of most citizens. For land for housing and shelter improvements to be affordable, such regulations need to be renegotiated. The purpose of precedent-setting investments is to demonstrate the kinds of regulatory amendments that are required for an inclusive city as well as to explore the scale of finance required and the kinds of cost-sharing arrangements that might be necessary. When

local government officials see the quality of a new housing development undertaken by the federation that has plot-sizes smaller than the official minimum-plot size regulation or cheaper forms of infrastructure, the possibilities of allowing other settlements to use these is much increased

Engaging with government concerns. The federations are aware that governments face the problem of managing the city, including dealing with squatter settlements, some of which are located on land needed for infrastructure (such as road or railway reserves or along natural drains), coping with the additional pressure on existing services that accompanies in-migration, and handling the fact that poor-quality settlements are often judged to compromise the image of the city. In some cases, government agencies can be persuaded to be partners in precedent-setting investments: federations and city governments collaborate to identify improvements in which both groups have a stake. The challenges that governments face draw them into an engagement with federations; often they are open to working with federations if they are persuaded that federations can help them address such challenges. Exchanges of community residents, politicians and government staff provide a platform to explore these issues within some kind of neutral space. Government officials responsible for, for instance, zoning and land-use management or water and sanitation become more open to innovations suggested (or implemented) by the federations if they find that their peers in

the city they visit have accepted or even supported this.

The federations recognised that for the urban poor to have an impact on the urban development agenda, consolidation and growth was required. In 1996, the federations and their support NGOs were ready to explore the formalization of what was already a close working relationship between federations in several countries. Slum/Shack Dwellers International (SDI) was established to promote and support international exchanges between member federations so as to strength their activities, and to support emerging federations in other nations. From the beginning, the network recognised that the core issue was to build local processes able to engage effectively with local government to secure resources and amend legislation that compounded the difficulties faced by those living and/or working informally. At the same time, SDI's leaders sought to influence the policies and practices of international agencies such that they are more supportive of the local agendas of the urban poor.

Over time, and working with particular donors, the network of federations and support NGOs that form SDI secured access to donor funds that they were allowed to allocate (rather than being directed by the donors). This provided them with resources to enable the urban poor to make choices and learn from the results. Starting in 2002 with around US\$300,000 from the Sigrid Rausing Trust that was available to SDI and managed by IIED, several hundred thousand dollars were contributed to this funding from 2001 and 2007.¹²⁸ The first two

years of this Fund demonstrated the efficacy of small project funds on which the network of federations could draw, and showed how external funding goes much further when the monies go direct to grassroots savings groups, which usually leverage additional local resources. To the annual contributions from the Sigrid Rausing Trust were added funds from the UK Big Lottery Fund and the Allachy Trust. SDI federations accessed funds for a range of activities including:

- tenure security (through land purchase and negotiation) in Cambodia, Colombia, India, Kenya, Malawi, Nepal, Philippines, South Africa and Zimbabwe;
- 'slum'/squatter upgrading with tenure security in Cambodia, India and Brazil;
- bridge financing for shelter initiatives in India, Philippines and South Africa (where government support is promised but slow to be made available);
- improved provision for water and sanitation in Cambodia, Sri Lanka, Uganda and Zimbabwe;
- enumerations and maps of informal settlements in Brazil, Ghana, Namibia, Sri Lanka, South Africa and Zambia that provide the information needed for upgrading and negotiating land tenure;
- exchange visits by established federations to urban poor groups in Angola, East Timor, Mongolia, Tanzania and Zambia (in Tanzania and Zambia, these visits helped set up national federations);

- community-managed shelter reconstruction after the 2004 Indian Ocean tsunami in India and Sri Lanka;
- federation partnerships with local governments in shelter initiatives in India, Malawi, South Africa and Zimbabwe; and
- the emergence of a number of local Funds, including those launched in Africa after 2001.

In 2007, as the network responded to the increased scale and depth of activities, SDI established a council of federations which is the ultimate governing body as it has responsibility to elect the board and make key decisions (for example, the allocation of capital funds between affiliates). The council has three representatives from each member federation. It meets about every six months around a particular event organized by an SDI affiliate. The increasing engagement of the council in SDI strategizing means that national affiliates are thinking through their projects with greater care, testing out new approaches and learning about how to deepening their own process and take it to scale.

In 2008, SDI created the Urban Poor Fund International (UPFI) to access finances from international sources and manage funding that previously had come through IIED. Major donors to this Fund include the Bill and Melinda Gates Foundation, the governments of Norway and Sweden, and the Rockefeller Foundation.¹²⁹ The SDI secretariat built up the capacity to manage project funds and these are variously used for housing projects, technical assistance and 'federation

strengthening' (for example, with the launch of savings schemes and the conduct of enumerations). Between 2008 and 2010, the Fund supported investments in land development, housing and basic services in more than 22 towns and cities. In India, Kenya, the Philippines and South Africa, the Fund has provided finance for developments involving thousands of people who were renting or squatting in shacks without secure tenure. This Fund has produced a new way of financing community-led development, and encouraging and leveraging support from local and national governments.

These monies supported new activities and functions within SDI, including discussions about the most effective strategies for developing and using the Urban Poor Funds that most of the Federations have set up. More significantly, the grants have helped to support the growth of the network with an increasing number of affiliates and a deepening awareness of the contribution of network activities in adding value to local development.

Table 5: SDI affiliates - cities, savers and savings (2011)

	Cities	Savers	Total daily saving ¹³⁰ (US \$)	UPFI savings (US \$)
India	65	750,000	850,000	
South Africa	25	23,800	268,000	229,000
Namibia	84	19,000	1,230,000	47,000
Philippines	17	24,600	604,000	898,000
Kenya	11	63,000	700,000	297,000
Swaziland	10	7,400	25,000	
Zimbabwe	53	42,300	247,000	235,000
Nepal				
Sri Lanka	24	53,100	-	32,000
Tanzania	6	7,500	86,000	18,000
Zambia	33	45,000	40,000	125,000
Uganda	6	24,200	168,000	15,000
Malawi	28	10,000	148,000	34,000
Ghana	7	12800	108,000	39,000
Angola	10	7,400	25,000	
Brazil	3	348	22,000	
Sierra Leone	4	2,400	15,000	1,000
Bolivia	2	219	4,000	

The Federations and their local support NGOs have sought to show state and other civil agencies the advantages of new relationships with the urban poor (especially low- income and disadvantaged women) based on recognition of their equality in regard to dimensions such as capability, development contribution and status. The network of Federations has raised resources to assist federations to expand the scale of their work, building links between Federations through exchanges to augment the experiential learning and skill sharing that is already taking place. The network also supports the emergence of new Federations, and provides an international voice for the urban poor so that they can present an alternative perspective to the professional discourse that dominates such debates. This means challenging discriminatory practices and presenting new opportunities to donor agencies and governments searching for new and more effective strategies to realise pro-poor and equitable urban development.

Financial services: The core SDI network involves over 16,000 savings groups with an average membership of 70 per group. Consistent saving is the most important indicator of membership. The interest in engaging the lowest-income urban citizens means that total savings can be a misleading indicator. Activities include information gathering and exchanges to strengthen local savings schemes.

A key mechanism for investing in improved tenure and services has been Urban Poor Funds established by many of the Federations

as they begin to undertake precedent-setting investments. Just under US \$ 10 million is currently in the savings accounts of the federations from daily savings collections. Much of this finance is locally circulated within savings schemes, as loans are given to members (for consumption, emergencies and small enterprise loans) and then repaid. These figures are very much an underestimate as the scale of money kept and circulated at a local level is captured only intermittently. An additional US\$ 2 million is community savings in national urban poor funds.

Secure tenure and improved shelter: Just over 200,100 households have secured formal tenure (either individual or collective) as a result of this work. However, here these figures understate the number of people who have greater security but not formal ownership of the land. One example of this is current negotiations underway over the number of residents entitled to remain in Hadcliffe Extension in Harare (where residents are currently installing eight communal sanitation blocks as there are hundreds of families and no existing facilities).

Policy and regulatory reforms: The challenge is to transform the improvements that individual settlements and/or city federations secure into regularized repeated interventions through changes in policy and/or practice including the operation of state programmes (see below). A first step is often the establishment of a formal partnership with the state. Eight SDI affiliates have such agreements with the national government.

Across the network, there are 102 agreements with provincial or city authorities which establish a dialogue with a potential for a more equal relationships between the authorities and the communities. In some cases, these partnerships build on or lead to more embedded engagements. For instance, in Ghana, Federation members have been brought into the technical committee currently reviewing national housing policy where issues of the urban poor's housing needs are being prioritized. Another example of this is Federation members in Harare participating with the City in a programme of activities to upgrade Mbare, a low-income settlement around the central market. There are many other examples of explicit changes in policy driven by federation initiatives but these have not all been collated.

There are many examples of policy change catalysed by the national federations. One early example of policy reform was the creation of the People's Housing Process (PHP) by the South African government in 1998 as an adjunct to its housing programme. The South African government had set up a programme to provide subsidies to housing for low-income groups but it was usually contractors who got the subsidy and who often built housing of poor quality on land far from income-earning opportunities. The PHP offers greater scope for communities to make decisions for themselves in the use of the subsidy, allowing them to provide voluntary labour and to undertake project management activities. As explained by the then-Minister of Housing, 'This policy and programme encourages and supports individuals and

communities in their efforts to fulfil their own housing needs and who wish to enhance the subsidies they receive from government by assisting them in accessing land, services and technical assistance in a way that leads to the empowerment of communities and the transfer of skills.'¹³¹ Attributing changes in policy is always difficult but the People's Housing Process option emerged in part because the local communities linked to the South African Homeless People's Federation demanded a more community driven collectivized process.¹³²

Among other changes in policy catalysed or influenced by the federations is the adoption of a new approach to informal settlements in Windhoek. This was influenced by Federation supported exchanges that cuts land for housing costs by allowing smaller minimum plot sizes and lower infrastructure standards.¹³³ They include the acceptance of eco-sanitation within the regulatory standards in Zimbabwe and Federation-style eco-sanitation also being accepted within the National Sanitation Policy in Malawi. They include changes in tender processes to facilitate community construction in Bhubaneswar and other cities in India, municipal land rules and regulations relaxed in the case of housing in Morotuwa (Sri Lanka), and the agreement of the Kenyan railways company to resettle 11,000 households squatting in the rail reserve in Nairobi. In Kenya, Malawi, Namibia, Tanzania and Zimbabwe, federation groups have been able to reduce plots sizes to below the present minimum-size standard both through securing agreement for double occupancy and/or by

using a collective land title to negotiate exemption from the regulations.¹³⁴

There are also cases where the Federations negotiate for the application of existing policies rather than the introduction of new policies. In the Philippines, for example, the Federation has helped to negotiate a Shelter Code in Iligan City (with a financial commitment equivalent to just over US \$ 1 million) and a Shelter Plan in Kidapawan. This Shelter Code is provided for within existing legislation but without the active engagement of the Philippine Homeless People's Federation, it is unlikely to have been realised. The Plan recognizes the Federation communities (and other low-income groups) and provides land for the housing needs of those due to be relocated due to living in danger zones and land needed for major infrastructure projects; it encourages low-income residents to play an active role in improving their neighbourhoods. There is also a commitment to making finance affordable and available, and to recognise alternative building materials such as bamboo.

Policy influence and change are seen as involving dynamic experimental processes. SDI affiliates are aware that they need to shift formal policies and subsequent programmes and practices. Many policy initiatives take place at the city level as local groups try out new approaches drawing in politicians and officials in co-learning with subsequent planning and implementation. As citywide approaches are found to be effective, then national leaders and SDI respond by negotiating changes in national and

international policies to support and consolidate inclusive pro-poor urban development.

ACHR and ACCA¹³⁵

One of the most innovative and large scale urban poverty reduction programmes currently underway is the Asian Coalition for Community Action, implemented by the Asian Coalition for Housing Rights. This has supported over 1,000 community-driven initiatives in 168 cities in 18 different countries with partnerships encouraged and supported with local governments. It has also supported 111 larger housing initiatives and over 100 city-level Community Development Funds have been set up by savings group networks and local governments. An additional 19 projects in eight countries are in response to disasters and helping communities respond effectively.

The Asian Coalition for Housing Rights was formed in the late 1980s by a network of professionals and community activists in Asia. Its initial focuses were on stopping evictions¹³⁶ and developing alternatives to evictions. From 2000, ACHR's work expanded to include the introduction of community savings and credit activities and the development of many Community Development Funds which have been able to influence new forms of development change in Lao PDR, Cambodia, Vietnam, Nepal, Mongolia, Sri Lanka, Thailand, Philippines and India. Regional responses to the 2004 Indian Ocean Tsunami devastation developed with the promotion of community-driven relief and rehabilitation.¹³⁷

In 2008, ACHR launched the Asian Coalition for Community Action (ACCA) to catalyse change in Asian cities in regard to slum upgrading. This builds on the tradition of work within the Coalition and the particular contribution of ACHR's secretary general (Somsook Boonyabancha) where she has been involved in the senior management serving as deputy director of the Thai government's Urban Community Development Office and then deputy-director and director of the Community Organization Development Institute (see earlier sections on these).

ACCA supports hundreds of community initiatives that then seek to catalyse citywide upgrading and partnerships between community organizations and local governments. To date, it had helped fund initiatives in over a thousand settlements in 168 cities in 19 different Asian nations. In each city, small grants support several community-led initiatives. These encourage citywide networks to form, as communities visit each other and as members share skills with each other and learn to negotiate with their local governments. Further support was available as local governments engaged and then came to support this process, including the formation of jointly-managed community development funds.

ACCA enables community groups to be the primary doers in planning and implementing projects in which they tackle problems of land, infrastructure and housing. In each country, the support for community initiatives is channelled through ACHR members that are already working on issues of urban poverty

and housing. These groups share a common belief in a large-scale change process that is led by people. Many of these groups already support federations and networks of low-income community people, and most have already cultivated some collaborative links with local government agencies. ACCA offer new tools to these groups to strengthen and scale-up the work they are already doing to create a collaborative, city-wide mechanism for bringing about change in their cities.

The core activities of ACCA (with around 60 per cent of the budget), are the small upgrading projects and larger housing projects that are being implemented in low-income communities by their residents. The plans for these projects, as well as the city-wide surveying, saving and partnership-building processes they are part of, are developed and implemented by the local groups. The budget ceilings for the upgrading projects are very small (a maximum of US\$3,000) but offer flexibility in how community organizations use those small resources to address what they choose. These budgets give people something in their hands to start, to negotiate with, while forcing people to economize and think of what other resources can be mobilized. The expectation is that if communities plan well and use these funds strategically to link with other resources, then these modest amounts can help 'unlock' people's power to negotiate with other actors for more resources, more land, more support.

For each city involved in ACCA:

- \$15,000 for at least five small upgrading projects, in five different communities in each city ;
- \$40,000 for one big housing project in each city, with a maximum of about seven or eight big projects per country;
- \$3,000 per city for city process support, to cover a variety of joint development processes within the city, like surveying, network-building, support for savings activities, local exchanges and meetings.
- \$10,000 per country per year for national coordination, meetings, exchanges

One further innovation is the way ACCA is assessed. When the program was being designed, ACHR recognized the dysfunctionality of conventional, *supply-driven* development projects and their assessment. Here it is common for the funding agency to hire outside professionals to assess the project, with or without the participation of the communities and implementing groups. The assessment is done according to some pre-prepared list of objectives and outputs that were agreed upon in the original project document. The external assessor has no knowledge or experience of living on a very low income or in an informal settlement or fighting or actually experiencing eviction. ACCA uses an alternative assessment process, where the assessment of community initiatives is done by their peers.¹³⁸ This involves a new, horizontal system for comparing, assessing, learning from and refining the ACCA projects in different countries, through a series of intense visits to

ACCA projects within certain countries and discussions with the people who are implementing them. These 'joint' assessment trips include a mix of community people, support professionals and sometimes even a few supportive local government officials that can usefully be exposed to the ACCA process in another country. All participants are intensely and 'jointly' involved in implementing ACCA projects in their place of origin and hence they are able to raise many questions, doubts, problems and ideas.

A new option within ACCA, introduced in 2011, is to lend money to community development funds able to demonstrate loan management capacity. It is predicted that this further step will both encourage new capabilities and enable networking community organizations to demonstrate what they can do to formal financial institutions (both state and commercial) that have previously shown little interest in the urban poor. At one level, these loans simply increase the financial resources available to community development funds. But they also demonstrate to the networks the potential of loan capital and build up the practices of repayment to external investors. In the future it is anticipated that community development funds will access both private sector and state capital – working out ways in which the flows of external capital can be blended with local institutions that nurture reciprocity such that the needs of the urban poor are addressed while vulnerabilities are not increased. The ACCA regional fund has offered five loans to city processes in four countries with a financial commitment of US \$178,500.

ACCA has 10 operating practices that provide a core around which experiences and experimentation take place:

- All action should be collective action to address mutual needs
- There should be an immediate focus on activities as capacity development is best realized through practical actions with demonstrated results
- Surveying and mapping informal settlements city-wide is the best way to begin a process, breaking down the isolation of individual settlements and enabling the community activists to see the city as a unit.
- The selection and prioritization of projects should be done by those communities involved in the programme, as a collective decision
- Budgets should be flexible and easily accessible but small
- Funds should be controlled by the people themselves with horizontal public systems of accountability
- There should be multiple small projects to create many opportunities
- Low income communities should be networked at the city and national scale
- A platform for negotiation and then partnership with the city authorities should be established
- Each city should include at least one housing project to demonstrate the link between small projects and larger scale process of shelter improvement and to explore how such development can be secured.

The most popular initiatives by community organizations using the small grants are to improve water, sanitation and drainage. Investments in roads and bridges were also popular; community leaders explained how important it was to link their settlements into the transport network of the city (although in many cases the means of transportation is walking or cycling). There were also many community centres and playgrounds built or improved.

Table 6 demonstrates the increasing contribution of the state between the small project and big project stage. The small projects, placed in the public eye by the network, attract state interest and enable a negotiation between the network and state authorities to take place that results in a higher level of government contribution. The countries in which this redistribution is particularly significant are those in which ACCA was able to build on existing activities demonstrating the potential influence of this model. In Cambodia, Nepal, Philippines, Vietnam, Sri Lanka, Thailand and Lao PDR there have been broadly consistent initiatives to support people's led development.¹³⁹ In Fiji the government has been exposed to the work in other countries and has, on this basis, responded positively; the challenge for communities is to consolidate this interest with future commitments based on local activities.

One of the most important objectives of the ACCA Programme is to develop new financial systems for low-income households that work well within the realities of their lives and that they can manage themselves. The most basic

building block of a people's financial system is the community savings group, in which they build, use and manage their own resources. Community savings and credit is being practiced in 101 of the ACCA cities so far. Many city-level community development funds are emerging now, most seeded with capital from the ACCA project money. And these city funds are linking the community savings groups with the ACCA finance - and with other sources of finance - in new and creative ways, with the national, city and community-level

funds interacting in different ways. Some of the countries have started with national funds (like UPDF in Cambodia¹⁴⁰ and CLAF-Net in Sri Lanka), 70 cities have started with city-based funds (as in cities in Nepal, Burma and Vietnam), some have started from strong savings groups on the ground (as in cities in Mongolia and Lao PDR), and one has not started savings yet (in China). Local governments have contributed to 21 of these city funds, in eight countries.

Table 6: Summary of big and small ACCA projects including financial contributions

	Number of projects completed or underway	Household's directly benefiting	BUDGET CONTRIBUTIONS to PROJECTS (US\$)				
			Budget from ACCA	Budget from community	Budget from govt. ¹	Budget from others	TOTAL budgeted cost
SMALL ACCA Infra-structure Projects in 165 cities in 19 countries	963 projects	145,990 households	2,046,426 (33% of the total budget)	1,253,744 (20% of the total budget)	2,620,083 (42% of the total budget)	395,145 (5% of the total budget)	6,284,949 (100% of the total budget)
BIG ACCA Housing Projects in 104 cities in 15 countries	111 projects	8,611 households	3,900,256 (4% of the total project budget)	11,750,344 (13% of the total project budget)	73,025,280 (80% of the total budget)	2,617,914 (3% of the total budget)	91,313,674 (100% of the total project budget)
TOTAL Small and BIG ACCA projects	1,074 projects	154,601 households	5,946,682 (6% of the total budget)	13,004,088 (13% of the total budget)	75,645,363 (78% of the total budget)	3,013,059 (3% of the total budget)	97,598,623 (100% of the total budget)

In almost all the big projects, there is some form of partnership between communities and the government. The joint city development committees that are being set up are platforms that allow low-income communities to work as equals with their local governments and other urban partners. By December 2010, in 91 cities, there was some kind of committee formalizing this city-community partnership. National-level collaborative mechanisms are also working now in eight countries (Cambodia, Nepal, Vietnam, Sri Lanka, Mongolia, Fiji, Thailand and Lao PDR). This remains at an initial phase and the challenge is to ensure that the partnerships deliver tangible benefits to those in need. In many of the cities in Cambodia, Indonesia, Nepal, Philippines, Vietnam, Fiji, India and Lao PDR, the successful implementation of the ACCA big projects have led local governments to initiate or agree to partner with the community networks and their support NGOs to implement subsequent housing projects and to link with other housing schemes and development projects in their cities.

Another way governments are contributing is by adjusting existing planning standards to make them more realistic, lower-cost and easier for the urban poor to develop housing which matches their needs. This is happening in several cities, but the most striking example is in Vinh (Vietnam), where the planning standards for redeveloping old social housing have been changed from an expensive, contractor-driven model to a people-driven model as a result of the ACCA project at Cua Nam Ward. In Lao PDR, the government had never previously given land on a long-

term lease to a low-income squatter community; the two big projects in Lao are the first cases of the government giving squatter communities long-term leases to the public land they already occupy, to regularize their status. Other policy reforms have been secured. In Cambodia these activities build on a longstanding programme of work. Two emerging policies provide a framework for making city-wide upgrading plans for housing all the poor in the city (on-site if possible and relocation only when necessary, to land the government provides for free, with full land title) in which the municipality and the local community networks survey and work out the plans together. Other policy reforms have been achieved in several other nations including Nepal and South Korea.

In Thailand, ACCA funding has helped to pilot new city-based development funds in a few cities (which are managed by the community networks, in collaboration with their local governments) and has helped to ignite a city-fund movement in the whole country. There are now city funds in some 50 cities. The Thai networks are interested in part because they offer a new source of more locally controlled monies, reducing their dependence on central government.

The relevance of these interventions

The importance of these interventions by CODI, ACCA and the federations that form SDI is in their ability to advance the interests of the urban poor in six dimensions:

- *the search for solutions that are inclusive and universal; when all can*

benefit then a political coalition for change is possible and scarcity associated with clientelism can be replaced by more accountable and transparent government.

- *strategic interventions of the urban poor in political processes that avoid contestation with local government* where possible. Instead, they seek to build an effective collaboration that legitimates the continuing contribution and presence of the organized urban poor in governance.
- *approaches to urban development based on co-production*, the joint planning, financing and implementation of shelter improvements in ways that involve the residents of informal settlements (and their organizations) and local government.
- *Interventions that nurture the practice and potential of gendered empowerment and women's leadership.* Across all the interventions, the focus on the immediate locality and the very practical orientation of activities encourages women's participation. As women are more actively engaged in

activities, in many cases they become local, city and sometimes national community leaders. The success of women achieving physical improvements is then reinforced by a demonstrated capacity in financial (savings) management.

- *Work at the city and the national level*, seeking a strong city-based process but also recognising the need for central government support and redistribution.
- *Invest in the development of collective political capabilities among the urban poor* both through learning processes for particular communities, and through nurturing an institutional practice of federating and networking. This enables lessons to be identified and embedded in improved practices by other groups.

The development of strong trans-national networks representing urban poor groups (as in SDI) is key to supporting dispossessed and disadvantaged communities in all cities to learn from other experiences when faced with eviction threats. They need to learn from each other about how they can renegotiate such outcomes and responses and replace them with those that are less damaging.

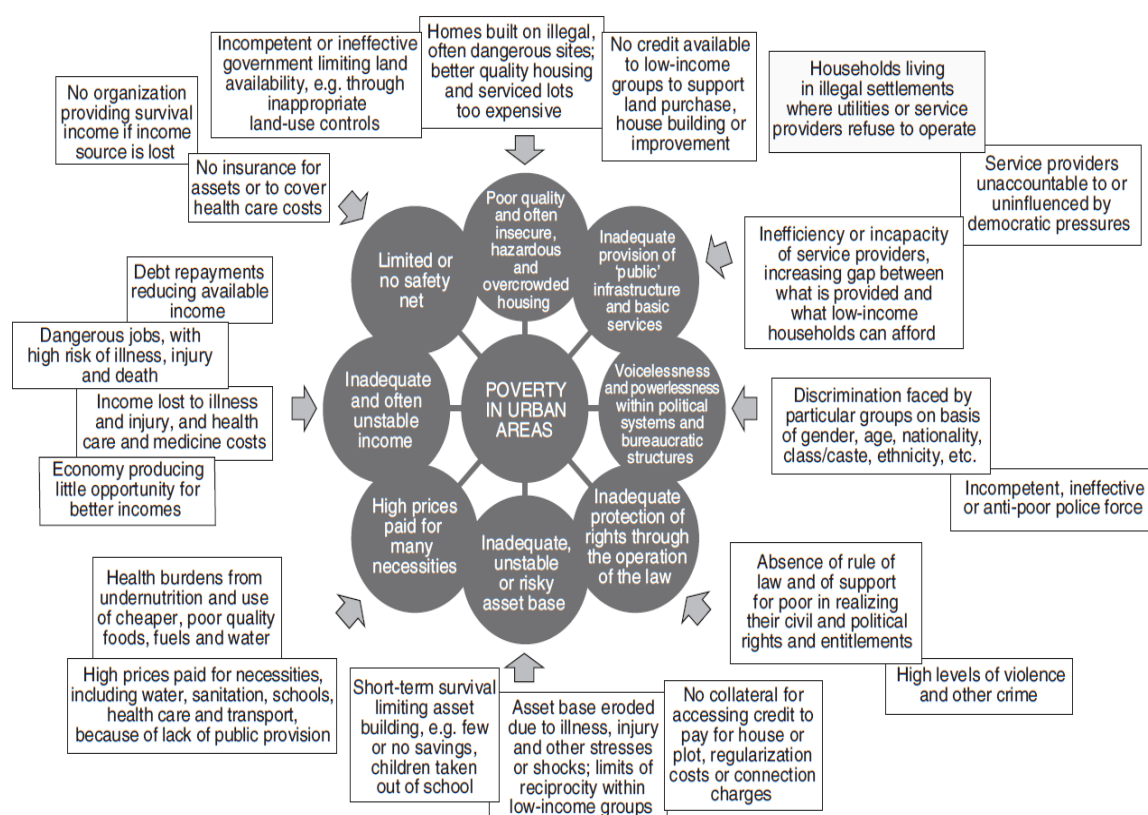
4: CONCLUSIONS

Getting the definitions and measurements right

What has been learnt from the review of what we know about urban poverty? First, that the scale and depth of urban poverty can be greatly understated if inappropriate poverty lines are used. Second, that all nations need poverty lines that take into account the actual

costs faced by low-income groups in regard to food and non-food needs and how these vary by location. And, third, that all nations need a consideration of other aspects of poverty and what underlies them. Figure 7 presents the eight different deprivations associated with urban poverty that were noted in the Introduction but also adding their immediate external causes.

Figure 7: Deprivations associated with urban poverty and their immediate external causes

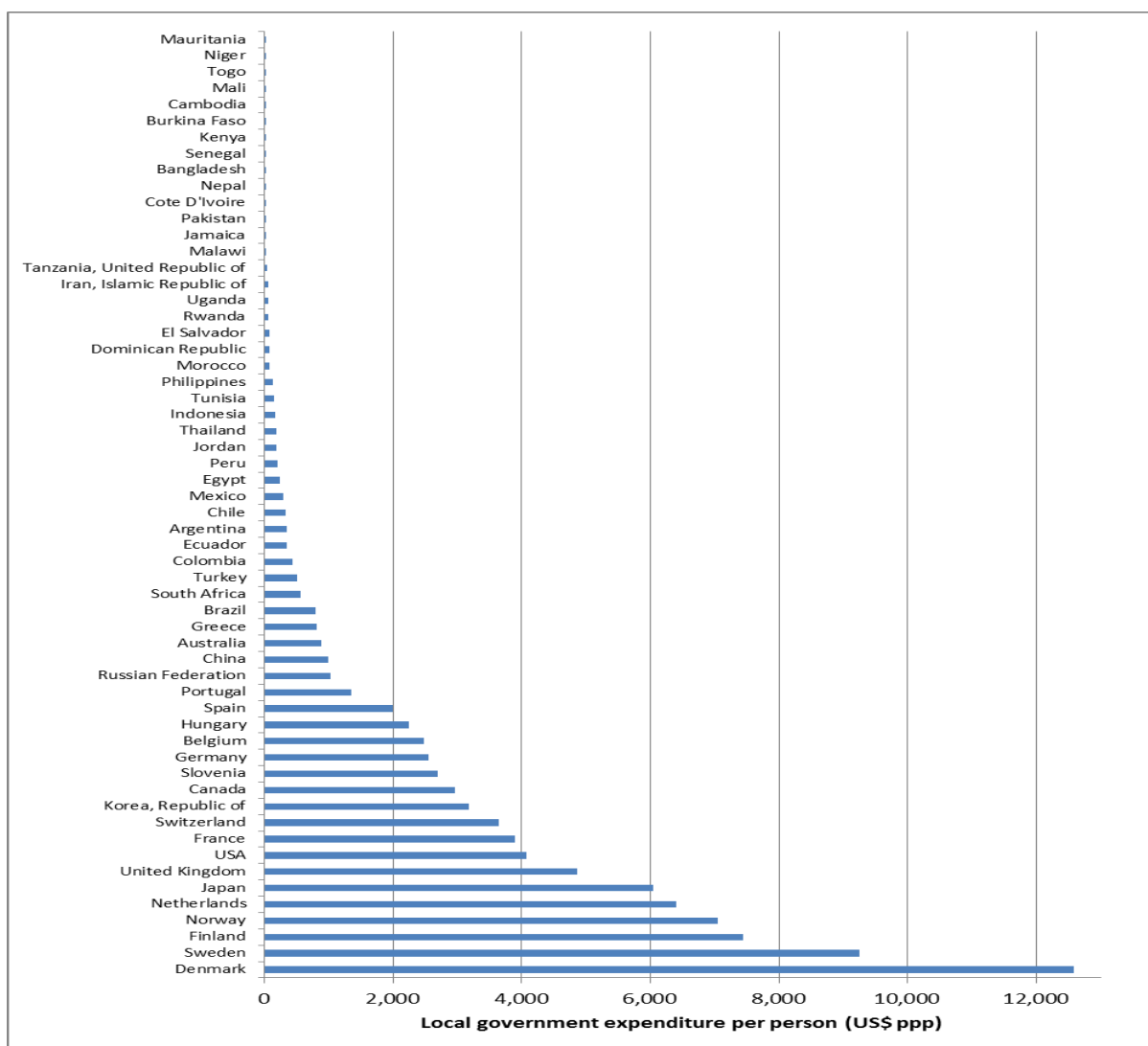


SOURCE: Mitlin, Diana and David Satterthwaite (2013), *Urban Poverty in the Global South; Scale and Nature*, Routledge, London.

What becomes evident when reviewing the immediate external causes is the extent to which these are related to state failure – the lack of a land-use policy that allocates suitable sites for low-income housing (so they have no alternative to living in informal settlements often on dangerous sites), the refusal to

provide infrastructure and services to informal settlements, the absence of the rule of law in supporting the poor to realize their civil and political rights and entitlements, the lack of provision for safety nets and for accountability.....

Figure 8: The range in local government expenditure per person per year



SOURCE: This is derived from data reported in United Cities and Local Government (2010), *Local Governments in the World; Basic Facts on 96 Selected Countries*, UCLG, Barcelona, 100 pages. The data for each country were the latest available in 2010 — so varies between countries — and is drawn from between 2006 and 2009.

In part, this is related to the gap between the responsibilities assigned to city and municipal governments and the professional, technical and financial capacities to meet these. Figure 8 highlights the astonishing differences in the annual expenditure per person by local governments between countries. These range from US\$ 2,000 — 13,000 for most high-income nations to less than US\$ 20 for most low-income nations and less than US\$ 5 for many. Some of the variation relates to how local governments are defined – for instance, provincial or state governments are included as local government in some countries but not in others.

If there were statistics on capital available for investment per person within local governments – for instance, in risk-reducing infrastructure – they would be much lower than those shown in Figure 8 as most local government expenditure goes to pay staff and other recurrent costs. Other sources have also highlighted the very limited funding available to city or municipal governments in low-income and many middle-income nations. What also needs emphasis is that it is mostly in the nations with the lowest expenditures per person by local governments where there are the largest backlogs in provision for infrastructure and services.

For poverty specialists who have long focused on income or consumption-based poverty lines, this broader view of poverty may be problematic. Many of its aspects are not easily measured. As noted above, many are not so much the result of poverty as the incapacity or unwillingness of local governments to meet

their responsibilities. They are also a product of a lack of attention to addressing these deficits by most aid agencies and development banks and by national governments unwilling to support urban governments. But this broader understanding of poverty and the range of deprivations associated with it also provides more entry points and more scope for intervention. City and municipal governments may have limited capacity to increase incomes for the poorest groups but they have scope and capacity to address most other deprivations listed in Figure 7. This is also true for NGOs and for grassroots organizations as well as for international aid organizations.

The focus on poverty defined only by income or consumption also takes attention away from the multiple roles that housing and its immediate surrounds (or neighbourhoods) can have in reducing deprivation. A focus only on income poverty can mean that a low-income household with a secure home with good quality provision for water, sanitation and drainage and with their children at school and access to health care is considered just as poor as a low-income household with none of these.

Moreover, there is also a broader and deeper issue of knowledge and data. Why is there so little data available to inform urban governments as to which residents, streets and neighbourhoods face the greatest inadequacies in provision for water, sanitation, drainage, paved roads, health care services, schools and policing? Why the reliance on national sample surveys when these have

sample sizes too small to provide useful data to local governments?

It is also evident that very few official measurements of urban poverty are made involving those who live in poverty and who struggle to live with inadequate incomes. It is always 'expert' judgement that identifies those who are 'poor' (and even often what food they should eat) and what their needs are who may then be 'targeted' by some programme. At best, they become 'objects' of government policy which may bring some improvement in conditions but they are rarely seen as citizens with rights and legitimate demands who also have resources and capabilities that can contribute much to more effective poverty reduction programmes. In all this discussion of poverty reduction, the very people whose needs are the justification for international development assistance (and national 'poverty reduction' programmes) are almost never consulted. How many of the poverty reduction strategies (and papers) have been published in the languages spoken by urban poor groups? How many of the 'civil society' consultations took the trouble to include representatives of urban poor groups and to listen to them and act on what they said?

Another aspect of this is that development assistance so often comes tied to particular 'expert' views of what 'the poor' need – improved cooking stoves, micro-finance, eco-san toilets, immunization, mobile phones, bed nets, advice on urban or peri-urban agriculture..... This is not to say that these cannot be important contributors to reduced deprivation or better health. But are these the

priority needs of urban poor groups and their organizations and federations?

What reduces urban poverty?

Section 3 of this paper described a range of ways in which local governments, national governments and international agencies can become more effective at addressing urban poverty at scale – and how this depends on them being able to listen to, learn from and work with low-income populations and be far more accountable to them. Examples were given of the ways in which citizen-led and community-led poverty reduction can be supported by national and local governments and international agencies. This includes funding channelled through national and city funds set up and managed by the slum/shack/homeless people's federations that are active in many nations. Two examples were given of international funds that support grassroots initiatives in urban areas that also seek to get the engagement and support of local governments - the Urban Poor Fund International and the Asian Coalition for Community Action.

In most urban contexts in the Global South, poverty can only be reduced significantly when urban poor groups and their organizations can influence what is done by local and national government agencies and when they have the space to design and implement their own initiatives and then scale up with government support. It is the learning from their own work and from each other and the demonstration to local government of what they can do that enables creative co-

production with the state and larger-scale programmes to develop. For the networks or federations of slum or shack dwellers or homeless people, as described earlier, co-production enables them to secure legitimacy and to get more political influence, improved policies and a greater share of state resources.

This paper has described many initiatives that helped reduce one or more aspect of urban poverty. Taken together, in all their diversity, they show that progress is possible. They remind us of how much the innovation in this was catalysed and supported by community-driven processes. Also, for most poverty reducing initiatives, of the importance of local government engaging with and supporting such processes. What is also notable is how few of these initiatives received support from international aid agencies and development banks. This suggests that there are institutional constraints on such agencies that limit their contribution to community-driven and local processes. These initiatives point to the critical contribution of the urban poor themselves. If they are not organized, able to represent themselves, articulate and negotiate for what makes sense in terms of contributions to their own efforts, then progressive development is unlikely to take place. But the limitations of local citizen contributions are also evident. If the urban poor are not organized at the city level, are not experienced in financial management and political negotiations, are not in structures that require them to be accountable to those they claim to represent, then development is likely to remain selective and exclusionary for at least some of those most in need.

It is difficult to draw general conclusions on what initiatives might be considered 'best practice' or even more modestly 'good practice' since so much of what was done was influenced by (and often limited by) the particulars of each location and its political economy. But many of the initiatives described in earlier sections have 'good principles' in common.¹⁴¹ The first is explicit provision for more voice for low-income groups and more voice at the city-scale, and usually also for supporting their active engagement in developing solutions (although in very different ways). Most initiatives built on the power and ingenuity of grassroots organizations and their collective capacities. Within this, most encouraged and supported the active engagement of women; for some, this was one of their defining features. A second shared principle is that all recognized a need to change relationships between urban poor groups (or informal settlement residents) and local government, and many developed this into co-production. All included a strong focus on local initiatives on housing, land tenure and basic services. All sought a larger scale and impact through a multiplicity of local initiatives with this multiplicity (and groups working on them) building to effect political change. For urban poor groups, changing relations with local government – and other state agencies – requires strong collective autonomous organizations.

A third shared principle was great care on how money was used – to make the money they could raise (through savings and direct community contributions) and negotiate from outside go further. Where possible, this used

loans so the repayments allowed the funds to revolve. Working at any scale above the household requires collective financial capability from the neighbourhood level up; without this, local groups cannot participate meaningfully in the development projects and programmes that take place to address their poverty.

After reviewing what is being done (and not done) in regard to reducing urban poverty, perhaps there is a need to add to the list of deprivations associated with urban poverty shown on Figure 7 the lack of constructive relationships between urban poor groups and local government. This paper has pointed to many examples of where the development of such a constructive relationship brought many benefits to low-income groups and also to the local government and to the city. Another addition to this list might be no scope to develop their own solutions where there is no public provision.

Urban poverty reduction and the MDGs

There is little disagreement about the need for a greater priority to some aspects of poverty reduction – for instance reducing hunger and deficiencies in the provision of some ‘basic services’ (such as schools and health care, water and sanitation) - although there are disagreements as to how best these are provided and paid for (and for water and sanitation what should be provided). There is also little disagreement that an important part of poverty reduction is reducing or removing the large preventable disease and injury

burdens and premature death (for instance for infants, children, youth and mothers). The Millennium Development Goals can be seen as targeting an agreed list of deprivations.

There is also broad agreement that low- and middle-income nations need stronger, more successful economies although disagreement on the extent to which (and the mechanisms by which) this reduces poverty. Economic growth is important, but its benefits are all too infrequently shared with those who need them most.¹⁴² Again, organized, representative urban poor groups are needed to change this.

There is general agreement of the need to address the deprivations associated with ‘living on poverty’ and, as the Millennium Development Goals state, seeking ‘significant improvements’ in the lives of ‘slum dwellers’ although less agreement as to what this should entail and by whom. A large part of the health burden summarised in section 2 comes from very poor housing and living conditions although this often appears to be forgotten. For instance, the focus of external funding is often on addressing one or more particular diseases and not on addressing the housing and living conditions that underpin risks from these and from other diseases and injuries. The priorities and agency of ‘the poor’ are ignored. This can be seen in so many development frameworks that fail to engage with them (and in most to engage with urban issues at all). It can be seen in the formulation of the MDGs too – and in the discussions underway on the post-2015 development framework.

'Success' in poverty reduction is measured by changes in indicators chosen by and measured by 'experts' even as the massive deficiencies and inaccuracies in the data to do so have long been evident. Indicators such as the number of persons with less than a dollar a day (now usually adjusted to \$1.25) still get used to apparently show a dramatic fall in the proportion of people who are 'poor' even as it is known to be a very inadequate indicator of whether someone has or does not have the income needed to avoid hunger and other deprivations. These are also used at the highest levels – for instance, in the background papers prepared for the 'High-level Panel of Eminent Persons' appointed by the UN Secretary-General to advise him on the post-2015 process.¹⁴³ As described in section 2, applying the dollar a day poverty line (whether or not adjusted a little) shows that there is virtually no urban poverty in most low- and middle-income nations.¹⁴⁴ Set a poverty line unrealistically low and poverty can disappear. Section 2 has also described how faulty data or inappropriate definitions lead to large under-estimations for many other deprivations – even within the official UN figures on provision for water and sanitation and on 'slum' populations. For many nations, national indicators on access to schooling and health care seem at odds with the deficiencies documented on-the-ground in informal settlements.

The MDGs' desire to achieve quantitative targets and the need for all the agencies involved in international development to show success mean that critical issues of quality are forgotten. What proportion of urban children

that according to official statistics are at primary schools are at schools where the quality of teaching is poor, classroom sizes very large, the availability of basic books limited and teachers often do not turn up? What proportion of the population living in informal settlements are having to pay to send their children to cheap¹⁴⁵ but usually very poor quality private schools because they cannot get them into government schools? What proportion of the urban population said to have access to health care services have to put up with poor quality services that can only be accessed with difficulties (and often long queues) and which often do not provide needed treatments? The assessment of meeting the MDGs in urban areas would change so fundamentally if it was based on what proportion of the urban population had water be piped into the home, safe to drink and available all the time. The numbers lacking such provision would be many times those having so called 'improved' provision. This would also greatly increase the number said to live in 'slums.'

Some discussions of urban poverty include some consideration of the rule of law. But this is generally in rather abstract discussions for nations rather than in the specifics of providing a just and effective rule of law including policing for low-income urban dwellers (especially those living in informal settlements) that also addresses issues such as the discrimination some or all of them face in access to services and employment.¹⁴⁶

Universal access to good quality basic services

The Millennium Development Goals (MDGs) were set up to make governments and international agencies focus on some aspects of reducing poverty and meeting needs for some basic services such as water, sanitation and health care. But many of the MDG targets leave the job half done – aiming to halve the proportion of people who have inadequate incomes, suffer from hunger, unsafe water and inadequate sanitation between 1990 and 2015. A focus on halving the population without access to some service will generally mean that this focuses on reaching the easier-to-reach groups and not those most in need. Getting halfway to a target does not mean that half the investment and effort has been made. It also means a politics in which the powerful decide who is included and who is not. The MDG target for achieving significant improvements in the lives of slum dwellers was for just 100 million, which is around 10 per cent of those in need when the target was set – and for reasons that remain unclear, this only has to be achieved by 2020, not 2015.¹⁴⁷

Why have goals and targets slipped away from the commitments made by governments and international agencies to universal provision? In the 1970s, within UN processes, governments formally committed to providing safe drinking water and sanitation to everyone by 1990 and even designated the 1980s as The International Drinking Water Supply and Sanitation Decade. Other formal commitments were made by governments to universal provision for education and health care in the

1970s too. As described in section 2, the scale of the deficiencies in provision for water and sanitation is astonishing – despite all the promises, commitments and declarations made by governments and international agencies over four decades. In most sub-Saharan African nations and many Asian nations, less than a quarter of their urban population has water piped to their premises. Most cities in sub-Saharan Africa and many in Asia have no sewers and no covered storm drains. This includes many large cities with more than a million inhabitants. For many of the large cities that do have sewers and storm drains, these only serve 5-20 per cent of their population.

As global institutions and official development assistance agencies reflect on what should follow the Millennium Development Goals, there is the opportunity to recognise this flaw. What is development if it does not involve the acceptance that every woman, man and child is able to secure the basic needs required for their good health? This means a universal standard of basic provision – for safe, sufficient, accessible, affordable water, for accessible, affordable sanitation and drainage that reduces the risk of faecal contamination, for accessible, good quality health care and emergency services.

Rethinking finance for development

This paper has included many examples of using finance in different ways and drawing it from different sources. This includes the money mobilized by informal savings groups and the many functions this has – providing loans, supporting group capacity to manage

finance and initiate their own initiatives. These include the development of city or national funds set up by and accountable to grassroots organizations (with local governments often partners in these). It includes the example of the Community Organizations Development Institute (CODI) with its support channelled to initiatives by community organizations. The paper has also described two international funds that provide support direct to grassroots organizations and federations – the Urban Poor Fund International and the Asian Coalition for Community Action (ACCA). The first of these received around US\$ 17 million external support over the period 2002 to 2012; the second received US\$ 11 million between 2009 and 2012. For civil society initiatives, these are large sums.

But they are very small in relation to the cost of most conventional donor-funded initiatives. And for an official aid agency or development bank, to manage these funds would have been their worst nightmare; imagine the staff and administration costs involved in supporting hundreds of relatively cheap initiatives if each had to have a conventional project proposal that had to go through all the stages needed for official approval? And what about the need to monitor and evaluate each of these initiatives? How would an evaluation of ACCA manage to cover over 1,000 community initiatives? Since many of the initiatives were loan-funded, what about the institutional costs of accepting and managing repayments in so many different national currencies? The key point here is how to get funding that serves on-the-ground development to the people and institutions that can use it well and be guided by and

accountable to urban poor households? What is needed is a working finance system to serve and support local governments and community-driven development in which urban poor organizations can influence what is funded with decisions made in this being accountable to them as well as to external funders.

So how do these two funds (ACCA and the Urban Poor Fund International) compare to other forms of support for poverty reduction? First, they make funding available direct to low-income groups. Many forms of social protection now do this for individuals or households. But the key difference is that cash transfers provide income-supplements to individuals whereas these funds support collective initiatives chosen by grassroots organizations. This encourages these organizations to plan and act collectively and to bring this to the city level and engage local governments. Then to go further in setting up city or national funds that can continue, widen and increase support for community initiatives. Such funds are not alternatives to social protection – rather they are a complementary mechanism designed to improve tenure security, access to basic infrastructure and services, and enhance political voice. They address components of urban poverty that are untouched by conventional approaches to social protection and welfare provision.

Can aid agencies and development banks support this?

Official aid agencies and development banks were not set up to work directly with low-income communities. They were set up to

work with and fund national governments. Aid agencies have to be accountable to the government that funds them (and beyond this to the voters who put the government into office). Multilateral development banks such as the World Bank and the Asian, African and Inter-American Development Banks have to be accountable to the governments that sit on their boards – especially those that provide them with funding. These development assistance agencies have no direct accountability to low-income groups, although these groups' unfulfilled needs are what justifies their work and the funding they get. Initially, it was assumed that international funding agencies would support national (recipient) governments to address unmet needs. It was also hoped that this would support stronger economies that in turn would also help address unfulfilled needs through increased incomes and larger government capacity to provide the basics – secure housing, water, sanitation, health care, schools, rule of law and provision for voice.

But as this paper has described, this has not happened for a large and in many nations a growing number of urban dwellers, most of whom live in informal settlements. City economies would collapse without their labour and informal enterprise activities yet city governments often ignore them or see them only as a problem. Most aid agencies have ignored urban poverty; most do not even have an urban policy.

If large, centralized aid agencies and development banks cannot work direct with urban poor groups and their community

organizations, can they learn to work with and through intermediary institutions that are on the ground in each city and that finance, work with and are accountable to urban poor groups? As in the city development funds and the national funds organized and managed by the slum/shack/homeless people's federations? Are development assistance agencies prepared to give up sole control of the decisions and work in collaboration with these slum/shack/homeless networks and federations to reach those most in need, at scale with integrated programmes that bring effective development to the urban poor?

The post 2015 development framework

Many discussions are now underway on the development framework that will replace the Millennium Development Goals post-2015. This includes a 'High-level Panel of Eminent Persons' appointed by the Secretary-General to advise him on the post-2015 process. There are the many UN agencies involved in developing thematic papers for the post 2015 discussions. There are also the international discussions on sustainable development goals coming out of Rio +20 (the UN Conference on Sustainable Development in 2012) – seeking to re-invigorate a concern for local and global environmental issues within development. There are also the evolving discussions on aid effectiveness within a 'High Level Forum'. All this is generating lots of discussion and material. But in all these discussions, so little attention is given to the local – to local contexts, to local government, to local organizations of urban

poor groups and other local civil society groups, to local finance, to local resources, to the local data needed to inform action, to the accountability of national governments and international agencies to the residents of each locality.....In addition so little attention is given to urban populations. No representative of urban poor groups was on the High Level Panel. Only one was from local government.

Almost all development interventions in urban areas are local in the sense that they depend on local institutions - for water, sanitation, electricity, piped gas (where this is available), solid-waste collection, schools, street cleaning, day-care centres, playgrounds and public spaces, health-care clinics, emergency services, public transport systems, policing, bank branches... These may be government agencies, private sector enterprises or civil society organizations or some mixture of these (including co-production). Most fall within the responsibilities of local governments. Where some fall under the responsibility of national or state/provincial governments, their realization often relies on local offices of national governments or collaborative arrangements between national agencies and local governments. So it is the performance of local (state, civil society and sometimes private sector) institutions that is so critical for meeting MDGs and most other development or environment goals in urban areas.

In almost all nations, local government has great importance in the wide range of responsibilities they have for provision, maintenance and where needed expansion of

infrastructure and services that usually includes provision for water, sanitation, drainage, streets, emergency services, parks and public spaces. Their responsibilities often extend to health care services and schools and many include social protection measures (although usually with national government). They have key roles in ensuring health and safety – for instance through building standards, land-use planning and management and environmental, occupational and public health services.¹⁴⁸ They usually have key roles in disaster prevention and preparedness.¹⁴⁹ So clearly local governments can have a major influence on performance towards meeting most of the MDGs and their targets. Good local governance is also central to democratic participation, civic dialogue, economic success and facilitating outcomes that enrich the quality of life of residents.¹⁵⁰ For most sectoral policies, policy, standards and oversight are often national responsibilities while actual provision and administration are local. As Nigeria's National Planning Commission noted, 'Without state and local governments, federal programmes alone would amount to attempting to clap with one hand.'¹⁵¹ In many nations where urban poverty has been reduced, it is the increased competence, capacity and accountability of local governments that have contributed much to this – and to meeting many of the MDG targets.

The discussions on the post 2015 framework for development need to pay more attention to who has to act to meet goals and targets and how they are to be resourced and supported.

Here, local government and local civil society have great importance. The MDGs are very clear about what they want to achieve but say very little about who needs to act to meet the goals. The MDG agenda is a set of technical, sectoral, macroeconomic undertakings that overlook the very local and integrated nature of social transformation. Most of its goals are allocated to one sectoral ministry or agency with a technical fix rather than building local competence and capacity to address goals together.

If we review all the papers and discussions that are part of the post-2015 processes, there is an astonishing lack of attention to urban poverty. Urban issues are not even mentioned in most of the UN led thematic papers. Where they are mentioned, it is mainly in the context of urbanization and economic growth. Most documents do not get the implications for poverty of living in informal settlements – the insecurity, the lack of services and access to entitlements, the high infant, child and maternal mortality rates.... Perhaps this is beginning to change. There is more discussion of urban poverty now including more conferences and more institutions developing urban programmes (in part because there may be more funding here?). But how much does this involve the urban poor?

Some of the early signs on the post-MDG framework are encouraging. For instance, the report of the High Level Panel commits to universal coverage for basic services and to eliminating hunger and extreme poverty (unlike the partial targets of most of the

MDGs). It recognizes the key roles of local governments in achieving this. It recognizes the inappropriateness of the US\$1.25 a day poverty line. But it still sees urban poverty reduction as something international agencies and national governments do. There is still no consideration of needed changes in aid architecture to support and work with the organizations of “the poor”. National governments and international agencies need their knowledge, competence and capacity if the universal goals this Report champions are really to be met.

The preparations for the post-2015 development framework will probably continue to forget to involve the representative organizations of slum dwellers – as in the Eminent Persons panel. Those who set up this Panel probably think that because there are one or two representatives from NGOs, that these represent ‘the poor’. Or it will assume that their priorities get represented by other professional groups (experts). This has to change. As Adnan Aliani from UN ESCAP commented at the 2012 World Urban Forum, in so many countries it is no longer an issue of people needing to participate in government programmes, it is an issue of government learning to participate in and support people’s programmes.

Urban poverty reduction and climate change

This paper has not reviewed the contribution to urban poverty reduction of climate change adaptation. Climate change may be seen as too distant or uncertain to warrant attention,

especially when compared to the urgent need to reduce poverty. But human-induced climate change will certainly increase risks to large sections of the urban poor - and continue increasing risks until global warming stops. Hundreds of millions of low-income urban dwellers who are so at risk now from extreme weather, sea-level rise and disruptions to food and water supplies will see these and other risks increase. Will the relations between low-income households, their associations and local government be strong enough to withstand more intense or more frequent storms, flooding, landslides and heat waves in informal settlements? Will the residents of informal settlements be fully involved in determining the best course of action – for instance upgrade *in situ* or relocate? Will the programmes to relocate those living on sites most at risk allow those to be relocated the influence they need on choosing relocation sites, organizing and managing the move and developing the new settlements? Or do we face increasing tensions, conflict and even violence as residents and local governments struggle to cope, where more powerful groups get adaptation that serves them (or they move)?

The global discussions on climate change are still so far from producing the agreement needed to reduce greenhouse gas emissions and avoid dangerous climate change. In addition, the scale and scope of international funding for poverty reduction will be influenced by the large and probably increasing share of development assistance (or other forms of financial aid) that will be allocated to climate change adaptation – or compensation for

climate change impacts (what is now termed loss and damage). Will funding for climate change adaptation contribute to reducing risks and vulnerabilities among urban poor groups (including those living in informal settlements that governments regard as illegal)? Or might it even contribute to increasing poverty as adaptation measures displace them from their homes and livelihoods and as external finance only supports the adaptation of existing infrastructure. What happens to all the informal settlements that have no infrastructure to adapt? There is a worry that new financial institutions set up to support climate change adaptation will have the same incapacities to work at and support local governments and civil society as the official development assistance agencies.¹⁵²

But this paper cannot assess the implications for urban poverty reduction of climate change adaptation because as yet, there are too few experiences to review. There can be powerful synergies between reducing everyday environmental health risks faced by low-income groups (with major contributions to poverty reduction), reducing disaster risk (with major contributions to poverty reduction) and building resilience to climate change impacts. Here, there is the potential for climate change adaptation to contribute to poverty reduction and often to mitigation too. But this is unlikely to happen unless urban poor groups have political influence and good working relationships with local governments. Almost all the effective poverty reduction measures described in section 3 also help build the resilience of urban poor groups to climate change. But international funds for climate

change adaptation need to learn how to support and work with urban poor groups and local governments – and if they cannot, at least to support the local funds that can. As we learn more about the specifics of what risks are changing in each location, so development and disaster risk reduction can adjust to these. But it is households who no longer face the deprivations discussed in this paper that are generally far more resilient to climate change.

MDGs, post-2015 and development assistance in an urbanizing world

Here are nine points to consider, if governments and international agencies really want to reduce urban poverty.

1: Don't just set targets, be clear about how they can be met and by whom. The MDGs and their various targets are clear about what they want to achieve (and by when) but say nothing about how. They don't set out who is responsible and capable of meeting the targets and who needs their capacity to act enhanced. Most goals and targets related to poverty reduction in urban areas will not be met unless grassroots organizations and their federations and networks and local governments and the agendas they develop together are supported.

2: Engage with, be accountable and support the urban poor and their organizations – especially where there are representative organizations and federations like those described in section 3 that want to work with local governments and international agencies. Despite all the discussions within

international agencies about accountability and transparency, these agencies have little or no accountability to urban poor groups and their organizations. This can be seen in the Report of the High Level Panel which still sees urban poverty reduction as something international agencies and national governments do. There is still no consideration of needed changes in aid architecture to support and work with the organizations of “the poor”.

3: Go back to universal targets that include universal provision for: safe, sufficient water (which in urban areas is measured by the proportion of households with regular supplies of treated water piped to their premises); sanitation (which in urban areas is measured by the proportion of households with good quality toilets in their home or immediate neighbourhood); drainage; solid waste collection; primary health care, schools and emergency services accessible to all (with more attention paid to ensuring good quality provision).

4: When considering finance to support the achievement of goals, consider where finance is needed, available to whom and accountable to whom? There is a danger that the post-MDG discussions just generate a new list of goals without considering the financial and other mechanisms that are needed by local government and civil society to support their achievement. There is a need for local funds in each urban centre that work with and are accountable to urban poor groups. There are already many of these functioning from which to learn. The

federations and networks of slum/shack/homeless people's organizations and the local governments that work with them are critical allies in this.

5: Have indicators that actually match goals and targets. Measurements are needed to assess whether targets are met. But as this paper has described, some of the indicators being used to measure progress on MDG achievements are flawed for urban areas – the dollar-a-day poverty line (and its adjustment to \$1.25 a day at 2005 prices), the statistics on 'improved' provision for water and sanitation and the UN statistics on slum populations. If poverty lines were set in each nation at levels that match the costs of food and non-food essentials and adjusted for where such costs are particularly high (for instance in larger and more prosperous cities) it is very unlikely that the poverty reduction target has been met – or will be met by 2015. This would also produce a very different picture of global trends in poverty.

6: Support local processes to generate the data needed for setting priorities and benchmarks and monitoring progress. This means radically changing the very basis for generating data – no longer relying on national sample surveys that provide so little useful data for local actors about where needs are concentrated. The earlier section describing the work of the slum/shack dweller federations pointed to the many cities in which these federations have undertaken surveys, enumerations and mapping of informal settlements to provide the data needed for upgrading.

There is also a need to consider how to provide data on some key qualitative issues – the extent to which there is a constructive relationship between urban poor groups and local governments, what constrains the development of representative organizations of the urban poor, and the availability of funds to support the work of grassroots organizations

7: Encourage and support local governments and civil society organizations to develop their own goals and targets and to recognize their roles and responsibilities within the post 2015 development process. If so many of the MDGs and the post-MDG commitments depend on local government for their fulfilment, why aren't local governments drawn into the setting of goals and targets and the means for monitoring progress? Perhaps local governments should have the right and responsibility to develop their goals and targets for the post 2015 development framework and do so with civil society groups including representative organizations of the urban poor. This would also highlight the gaps evident in many nations between the roles and responsibilities assigned to local governments and the resources available to meet these. The Report of the High-Level Panel is unusual in that it recognizes the key role of local governments (including city governments) in "...setting priorities, executing plans, monitoring results and engaging with local firms and communities" (page 10) and the role of many local authorities in delivering or supervising essential public services and disaster risk

reduction. “Local authorities have a role in helping slum dwellers access better housing and jobs and are the source of most successful programs to support the informal sector and micro-enterprises” (page 11). The Report also recognizes that city governments “... have great responsibilities for urban management. They have specific problems of poverty, slum upgrading, solid waste management, service delivery, resource use, and planning that will become even more important in the decades ahead. The post-2015 agenda must be relevant for urban dwellers. Cities are where the battle for sustainable development will be won or lost ...” But the Panel’s report does not mention decentralization or discuss in any detail how local governments can and should be supported to allow them to contribute to the goals. Here, as in many other sets of global recommendations, there is no recognition that local governments should be included in defining and making commitments – especially regarding commitments that fall within their responsibilities.

8: Avoid vague and ambiguous statements.

Sadly, a commitment to sustainable development means nothing today unless it specifies what is meant. The term sustainable development is used to mean so many different things including even sustainable economic growth. The term sustainable urbanization has also come to be widely used but it is not clear what this seeks to sustain (and even less clear what it hopes to develop). What is needed is for the term sustainable development to be used to highlight the two priorities emphasized by the Brundtland

Commission in 1987 – meeting the needs of the present (i.e. ending poverty) without compromising the ability of future generations to meet their needs (which obviously includes avoiding dangerous climate change).

9: And what about climate change?

Somehow the issue of climate change got left out of the MDGs and their targets. Oddly enough, building resilience in urban areas to the impacts of climate change is dependent on points 1, 2, 3, 5 and 6; this needs local competence and capacity, partnerships between those most at risk and local governments and basic infrastructure and services reaching everyone. It also requires finance systems that support on-the-ground knowledge and capacity to act.

Some of the discussions around the post 2015 development agenda are titled ‘The future we want’. It would be nice if it actually was the future that those who currently suffer hunger and other forms of deprivation want.

¹ The authors recently completed two books on urban poverty: *Urban Poverty in the Global South; Scale and Nature*. Routledge, London, 2013 and *Reducing Urban Poverty in the Global South*, Routledge, 2014 (although it will be released in September 2013). This paper draws heavily on these two books.

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⁵ United Nations Children's Fund (UNICEF) and World Health Organization (2012) *Progress on Drinking Water and Sanitation; 2012 Update*, Joint Monitoring Programme for Water Supply and Sanitation, New York; Geneva: UNICEF and WHO.

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⁷ Satterthwaite, D. (1997), 'Urban poverty: reconsidering its scale and nature', *IDS Bulletin* 28(2): 9-23; Satterthwaite, D. (2001), 'Reducing urban poverty: constraints on the effectiveness of aid agencies and development banks and some suggestions for change', *Environment and Urbanization* 13(1): 137-157; Mitlin, D. and Satterthwaite D. (editors) (2004), *Empowering Squatter Citizen: Local Government Civil Society and*

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⁸ Moser 1998 op. cit; Moser, Caroline O N (2006), 'Assets, livelihoods and social policy', in C. Moser (editor), *Assets, Livelihoods and Social Policy*, World Bank and Palgrave; Moser, Caroline O N (2007) 'Asset Accumulation policy and poverty reduction' in Caroline Moser (ed) *Reducing Global Poverty: The case for asset accumulation*, Washington: The Brookings Institute, pp. 83-103.

⁹ Sahn and Stifel suggest 1.2 per cent in 1998; Sahn, David E and David C Stifel (2003), 'Progress towards the Millennium Development Goals in Africa', *World Development*, 31:1, 23-52; official statistics suggested three different figures in 1997: hardcore poverty 7.6 per cent; food poverty 38.3 per cent; absolute poverty 49 per cent - Kenya, Government of (2000), *Poverty in Kenya*, Nairobi: Human Resources and Social Services Department and Central Bureau of Statistics, Ministry of Finance and Planning.

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²⁸ Ravallion, Martin, Shaohua Chen and Prem Sangraula (2007), *New Evidence on the Urbanization of Global Poverty*, WPS4199, Washington DC: World Bank

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⁹⁹ Johanssen et al. 2009, op. cit.

¹⁰⁰ Behrman, J.R., J. Gallardo-García, S. W. Parker, P. Todd, V. Vázquez-Grajales (2011), *Are Conditional Cash Transfers Effective In Urban Areas? Evidence From Mexico*, Penn Institute For Economic Research Working Paper 11-024, Penn Institute For Economic Research, University Of Pennsylvania.

¹⁰¹ Johanssen et al. 2009

¹⁰² Heracleous, Maria, Mario González-Flores and Paul Winters (2010) 'Conditional Cash Transfers and Schooling Choice: Evidence from Urban Mexico', paper presented at the 10th Conference on Research on Economic Theory and Econometrics, Milos (Crete), 10-14 July 2011.

¹⁰³ Niño-Zarazúa 2010, op. cit.

¹⁰⁴ Escobar Latap í Agust í and Mercedes Gonzales De la Roche (2008), 'Girls, Mothers and Poverty Reduction in Mexico: Evaluating Progres-Oportunidades', in S Razavi (ed), *The Gendered Impacts of Liberalization: Towards Embedded Liberalism?*, New York: Routledge/UNRISD, 435-468.

¹⁰⁵ Auyero 2010, op. cit.

¹⁰⁶ Hall, Anthony (2006), 'From Fome Zero to Bolsa Fam ía: Social Policies and Poverty Alleviation Under Lula', *Journal of Latin American Studies* 38: 3, 689-709.

¹⁰⁷ Britto 2005, op. cit.

¹⁰⁸ Freeland, N (2007), 'Superfluous, Pernicious, Atrocious and Abominable? The Case Against Conditional Cash Transfers', *IDS Bulletin* 38: 3, 75-78.

¹⁰⁹ Hardoy and Satterthwaite 1989, op. cit..

¹¹⁰ See for instance Budds, Jessica, Paulo Teixeira, and SEHAB (2005) (2005), 'Ensuring the right to the city: pro-poor housing, urban development and land tenure legalization in São Paulo, Brazil', *Environment and Urbanization* 17: 1, 89-114.

¹¹¹ Abers, Rebecca (1998) 'Learning through democratic practice: distributing government resources through popular participation in Porto Alegre', in Mike Douglass and John Friedmann (eds) *Cities for Citizens*, Chichester, UK: John Wiley and Sons, 39-66

¹¹² Heller, Patrick and Peter Evans (2010), 'Taking Tilly south: durable inequalities, democratic contestation, and citizenship in the Southern Metropolis', *Theory and Society* 39, 433-450.

¹¹³ See also Almansi, Florencia (2009), 'Rosario's development; interview with Miguel Lifschitz, mayor of Rosario, Argentina', *Environment and Urbanization* 21: 1, 19-35.

for a discussion of this in relation to Rosario

¹¹⁴ See Moser 2009, op. cit.

¹¹⁵ Bhan, Gautam (2009), "'This is no longer the city I once knew.'" Evictions, the urban poor and the right to the city in millennial Delhi', *Environment and Urbanization* 21: 1, 127-142.

¹¹⁶ D áz, Andr é Cabanas , Emma Grant, Paula Irene del Cid Vargas, and Ver ónica Sajbin Vel áquez (2000), 'El Mezquital: a community's struggle for

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¹¹⁷ See Cerd á Magdalena, Jeffrey D. Morenoff, Ben B. Hansen, Kimberly J. Tessari Hicks, Luis F. Duque, Alexandra Restrepo and Ana V. Diez-Roux (2011), 'Reducing Violence by Transforming Neighborhoods: A Natural Experiment in Medellín, Colombia', *American Journal of Epidemiology* 175: 10, 1045-1053 for Medellín, Colombia

¹¹⁸ Satterthwaite, David and Diana Mitlin (2013), *Reducing Urban Poverty in the Global South*, Routledge, London.

¹¹⁹ For details of the work of this Alliance, see Patel, Sheela (2004), 'Tools and methods for empowerment developed by slum dwellers federations in India', Participatory Learning and Action 50, London: International Institute for Environment and Development; Patel, Sheela (2013) 'Upgrade, rehouse or resettle? An assessment of the Indian Governments' Basic Services for the Urban Poor programme', *Environment and Urbanization* 25:1; Patel, Sheela and Celine d'Cruz (1993), 'The Mahila Milan crisis credit scheme: from a seed to a tree' *Environment and Urbanization* 5: 1, 9-17; Patel, Sheela and Kalpana Sharma (1998), 'One David and three Goliaths: avoiding anti-poor solutions to Mumbai's transport problems', *Environment and Urbanization* 10: 2, 149-160; Patel, Sheela and Jockin Arputham (2007), 'An offer of partnership or a promise of conflict in Dharavi, Mumbai?', *Environment and Urbanization* 19: 2, 501-608; Patel, Sheela and Jockin Arputham (2008), 'Plans for Dharavi: negotiating a reconciliation between a state-driven market redevelopment and residents' aspirations', *Environment and Urbanization* 2: 1, 243-253; Patel, Sheela, Celine d'Cruz and Sundar Burra (2002), 'Beyond evictions in a global city: people-managed resettlement in Mumbai', *Environment and Urbanization* 14: 1, 159-172; Patel, Sheela and Diana Mitlin (2004) 'Grassroots-driven development: the alliance of SPARC, the National Slum Dwellers Federation and Mahila Milan' in Diana Mitlin and David Satterthwaite (eds), *Empowering Squatter Citizen*, London: Earthscan Publications Ltd., 216-244; Arputham, Jockin (2008) 'Developing new approaches for people-centred development', *Environment and Urbanization* 20: 2, 319-338; Arputham, Jockin (2012), 'How community-based enumerations started and developed in India' *Environment and Urbanization* 24: 1, 27-30

¹²⁰ For details of its work, see OPP-RTI, (Orangi Pilot Project - Research and Training Institute) (1995), 'NGO Profile: Orangi Pilot Project', *Environment and Urbanization* 7: 2, 227-236; OPP-RTI (2002), Katchi Abadis of Karachi: Documentation of Sewerage, Water Supply Lines, Clinics, Schools and Thallas - Volume One: The First Hundred Katchi Abadis Surveyed, Karachi: OPP-RTI; Orangi Pilot Project-Research and Training Institute 1998, Orangi Pilot Project - Research and Training Institute 2002, Rahman, Perween (2004), Katchi Abadis of Karachi: a Survey of 334 Katchi Abadis', Karachi: Orangi Pilot Project - Research and Training Institute.

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¹²¹ Boonyabancha, Somsook (1999), 'The urban community environmental activities project and its environmental fund in Thailand', *Environment and Urbanization* 11: 1, 101-106; Boonyabancha, Somsook (2005), 'Baan Mankong: going to scale with 'slum' and squatter upgrading in Thailand', *Environment and Urbanization* 17: 1, 21-46; and Boonyabancha, Somsook (2009), 'Land for housing the poor - by the poor: experiences from the Baan Mankong nationwide slum upgrading programme in Thailand', *Environment and Urbanization* 21: 2, 309-330.

¹²² This and subsequent paragraphs on CODI draw heavily on the writing of Somsook Boonyabancha who was director of CODI until 2011 and on conversations with her.

¹²³ This sub-section draws Bolnick, Joel (1993), 'The People's Dialogue on land and shelter: community driven networking in South Africa's informal settlements', *Environment and Urbanization* 5: 1, 91-

110; Bolnick, Joel (1996), 'u Tshani Buyakhuluma (The grass speaks): People's Dialogue and the South African Homeless People's Federation (1994-6)', *Environment and Urbanization* 8: 2, 153-170. Baumann, Ted, Joel Bolnick, and Diana Mitlin (2004), 'The age of cities and organizations of the urban poor: the work of the South African Homeless People's Federation ', in Diana Mitlin and David Satterthwaite (eds), *Empowering Squatter Citizen: Local Government, Civil Society and Urban Poverty reduction*, London: Earthscan Publications Ltd., 193-214; Mitlin, Diana (2008a), 'With and beyond the state: coproduction as a route to political influence, power and transformation for grassroots organizations', *Environment and Urbanization* 20 : 2, 339-360; and Mitlin, Diana, David Satterthwaite and Sheridan Bartlett (2011), *Capital, capacities and collaboration: the multiple roles of community savings in addressing urban poverty*, IIED Poverty Reduction in Urban Areas, Working Paper No. 34, London: International Institute for Environment and Development.

¹²⁴ SDI (Shack/Slum Dwellers International) (2006) The rituals and practices of Slum/Shack Dwellers International, Cape Town: Shack/Slum Dwellers International.

¹²⁵ Appadurai, Arjun (2004), 'The capacity to aspire: culture and the terms of recognition', in Vijayendra Rao and Michael Walton (eds), *Culture and Public Action*. World Bank/Stanford University, 61-84.

¹²⁶ Patel, Sheela and Diana Mitlin (2002) 'Sharing experiences and changing lives', *Community Development* Volume 37: 2, 125-137.

¹²⁷ Weru, Jane (2004), 'Community federations and city upgrading: the work of Pamoja Trust and Muungano in Kenya', *Environment and Urbanization* 16: 1, 47-62; Patel, Sheela, Celine d'Cruz and Sundar Burra (2002), 'Beyond evictions in a global city: people-managed resettlement in Mumbai', *Environment and Urbanization* 14: 1, 159-172; Karanja, Irene (2010) 'An enumeration and mapping of informal settlements in Kisumu, Kenya, implemented by their inhabitants' *Environment and Urbanization* 22:1, 217-40; also several papers in *Environment and Urbanization* 24(1), 2012

¹²⁸ See Mitlin, Diana and David Satterthwaite (2007), "Strategies for grassroots control of international aid", *Environment and Urbanization*, (19) 2, pages 483-500.

¹²⁹ UPFI (Urban Poor Fund International) (2012), *Urban Poor Fund International: Financing Facility of Shack/Slum Dwellers International (SDI), 2011 Annual Report*, Cape Town: UPFI

¹³⁰ Not that these are the present totals in savings groups, some funds out on loan and are not included in these figures.

¹³¹ Mthembi-Mahanyele, S. (2001) Statement by the South African Minister of Housing, Sankie Mthembi-Mahanyele, at the Special Session of the United Nations General Assembly for an Overall Review and Appraisal of the Implementation of the Habitat Agenda, New York, 6–8 June 2001. Available at www.info.gov.za/speeches/2001/010802245p1001.htm (accessed 17 January 2006).

¹³² Baumann, Ted (2003), *Harnessing People's Power: Policy makers' options for scaling up the delivery of housing subsidies via the People's Housing Process*, Housing Finance Resource Programme Occasional Paper No. 10, Johannesburg: Urban Institute; Khan, Firoz and Edgar Pieterse (2006), 'The Homeless People's Alliance: Purposive creation and ambiguated realities', in Richard Ballard, Adam Habib and Imraan Valodia (eds), *Voices of Protest: Social Movements in Post-Apartheid South Africa*, Durban: University of KwaZulu-Natal Press, 155-178.

¹³³ Muller, Anna and Diana Mitlin (2007), 'Securing inclusion: strategies for community empowerment and state redistribution', *Environment and Urbanization* 19: 2, 425-441.

¹³⁴ Mitlin, Diana (2011), Shelter finance in the age of neo-liberalism, *Urban Studies* 48: 6, 1217-1234.

¹³⁵ This subsection draws on: ACHR (Asian Coalition for Housing Rights) (1989), 'Evictions in Seoul, South Korea', *Environment and Urbanization* 1: 1, 89-94 ACHR (Asian Coalition for Housing Rights) (1993), 'The Asian Coalition for Housing Rights: NGO profile', *Environment and Urbanization* 5:2, 153-165; ACHR (2011), *107 Cities in Asia: second yearly report of the Asian Coalition for Community Action Program*, Bangkok: Asian Coalition for Housing Rights.; ACHR (2011), *Assessing ACCA in Sri Lanka*, Bangkok: Asian Coalition for Housing Rights; Boonyabancha, Somsook, and Diana Mitlin (2012), 'Urban poverty reduction: learning by doing in Asia', *Environment and Urbanization* 24 :2, 403-422; and Boonyabancha, Somsook, Norberto Carcellar and Tom Kerr (2012), 'How poor communities are paving their own pathways to

freedom', *Environment and Urbanization* 24: 2, 441-462; and www.achr.net

¹³⁶ ACHR 1989. op. cit.

¹³⁷ Archer, Diane and Somsook Boonyabancha (2011), "Seeing a disaster as an opportunity; harnessing the energy of disaster survivors for change", *Environment and Urbanization*, 23(2), pages 351-364.

¹³⁸ Carcellar, Fr. Norberto and Thomas Kerr (2012), "Assessing the ACCA programme: turning Asia's community upgrading initiatives into an open university", *Environment and Urbanization* 24(2), pages 513-530.

¹³⁹ see www.achr.net

¹⁴⁰ Phonphakdee, Somsak, Sol Visal and Gabriela Sauter (2009), 'The urban poor development fund in Cambodia: supporting local and citywide development', *Environment and Urbanization* 21: 2, 569-586.

¹⁴¹ See the comment by John FC Turner on this - whose work, writing and teaching did so much to point to more effective ways of addressing housing issues for low-income groups (see in particular Turner, John F.C. (1976), *Housing By People - Towards Autonomy in Building Environments*, Ideas in Progress, Marion Boyars, London). He noted that few of the case studies said to be 'best practice' had the level of detail needed on procedural software or technical hardware to assess their applicability in different circumstances, let alone in different fields. 'Recognizing the differences between practices, tools and principles is a necessary if insufficient step toward understanding what is "best" or, at least, "better than" and, therefore, toward knowledge of common ground defined by particular values' - see Turner, John F.C. (1996), "Seeing tools and principles within "best" practices", *Environment and Urbanization* 8:2, page 199).

¹⁴² This is discussed in detail in Mitlin and Satterthwaite 2013, op. cit.

¹⁴³ See *Poverty by the Numbers*, Working Paper Series Drafted by the High Level Panel Secretariat, Prepared

for London High Level Panel Meeting, November 1-2, 2012

¹⁴⁴ See the figures on this presented in Ravallion, Chen and Sangraula 2007 and World Bank and the International Monetary Fund 2013, op. cit.

¹⁴⁵ These may be cheap but they can still represent a significant proportion of the income of a low-income household. When visiting Kibera, the large informal settlement in Nairobi in 2010, we were shown a large private school and were told that it cost 100 shillings a month to send a child there. *The Economist* in an article about Kibera published in December 2012 reported on a better quality private school than the one we visited where the cost of a place was 7,500 shillings a year although the teacher interviewed also reported that they do not expel children who cannot afford to pay these fees (the Economist 2012).

¹⁴⁶ Although there are some exceptions (see for instance Roy, A N A Jockin and Ahmad Javed (2004), "Community police stations in Mumbai's slums", *Environment and Urbanization*, 16:2, pages 135-138 and Moser, Caroline O N (2004), Editorial: Urban violence and insecurity: an introductory roadmap, *Environment and Urbanization*, 16:2, pages 3-15.

¹⁴⁷ This section draws on ideas first developed in a blog by Diana Mitlin - <http://environmentandurbanization.org/real-issue-universal-access-affordable-basic-services>

¹⁴⁸ For most of these, responsibilities are shared with national government or different aspects of the responsibilities divided – for instance as national government sets regulations and standards and local government enforces them.

¹⁴⁹ UN –ISDR (2012), *Making Cities Resilient Report 2012; a Global Snapshot of how Local Governments Reduce Disaster Risk*, Geneva: The United Nations Office for Disaster Risk Reduction.

¹⁵⁰ Shah, Anwar (editor) (2006), *Local Governance in Developing Countries*, Public Sector Governance and Accountability Series, Washington DC: World Bank.

¹⁵¹ Nigerian National Planning Commission (2004), *Meeting Everyone's Needs; National Economic Empowerment and Development Strategy*, Abuja: Nigerian National Planning Commission, page vii

¹⁵² See <http://www.environmentandurbanization.org/8-points-financing-climate-change-adaptation-urban-areas>

Urban Social Safety Nets: Country Case Studies

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Developing strategies to reduce urban poverty and vulnerability depends to a considerable extent on the design and implementation of appropriate systems of social protection. The latter can best be defined as public actions taken in response to levels of vulnerability, risk and deprivation which are viewed as socially and economically problematic or unacceptable within a particular urban context¹. Within most industrialised countries, social protection has for some time comprised a fairly integrated mix of institutions and programmes, including social insurance, employment protection and social assistance. More recently –and particularly within emerging economies and some middle income countries- a fairly distinctive set of social protection policies has been developed aiming primarily at poverty reduction. These are in addition to the more conventional poverty reduction programmes directed primarily at rural poverty. This set of social protection policies comprises interventions in areas such as contributory social insurance, labour market policies, social funds, and social services provision. Whilst the majority of these have been implemented by government agencies at the national and local levels, they have also been implemented by non-governmental organisations, charities, private companies and by informal social networks. A key element within social protection has been the development of social

safety nets in urban areas. Safety nets are non-contributory transfer programmes targeted at poor and vulnerable households. They are designed to assist households in coping with on-going chronic poverty or to address the problems of households facing temporary, transient poverty. Traditionally safety net provision has focused largely on improving consumption, but recent approaches have focused much more on improving poor household coping strategies, enabling households both to address on-going and transient poverty and to improve their asset base.

Within low and middle income countries, urban social safety nets have taken a variety of forms. These forms often overlap, but, essentially, they can be divided into the following types: cash transfers to poor households; transfers in kind; price subsidies; participation in public works programmes; conditional cash transfers (CCTs); the waiving of fees in areas such as health, school attendance, transport and energy provision; and safety net provision for vulnerable groups. In what follows, we examine each of these types of urban safety net, outlining their main features, advantages and disadvantages, and referring in each case to examples of their implementation in particular countries.

Prior to this, however, it is useful to lay out a number of criteria by which we can –in

¹ See Conway, De Haan and Norton, 2000.

general- assess the adequacy of urban safety nets:

Firstly –and most obviously- safety nets must be designed specifically for the needs of particular poor urban groups: the chronic poor, the transient poor (households temporarily moving into poverty), households at risk of falling into poverty, households becoming temporarily poor as a result of the adverse impact of government policies, and vulnerable groups. Since existing definitions of what constitutes urban poverty are often inadequate, since urban poverty usually assumes multi-dimensional forms that are not typical of “classic” rural-based poverty, and since much of the data used to assess urban poverty is often limited, designing appropriate safety nets based on the specific needs of particular poor urban groups can be extremely difficult.

Secondly, urban safety nets should have adequate methods of ensuring that their beneficiaries are the poorest households with the greatest needs in a particular area. On what grounds should targeting be based? For example, via means testing of household members, geographical location, demographic characteristics, assessments of risk factors, or use of multidimensional indicators? Many of these methods are often not wholly relevant or appropriate for use in urban poverty conditions. Targeting is thus a key issue, and many of the targeting methods used in designing and implementing urban safety nets are not wholly fit for purpose.

Thirdly, outcomes of implementation need to be assessed via rigorous monitoring systems. Many claims are made that urban safety net implementation has lifted households out of

poverty, but the monitoring systems on which such claims are based are often severely limited or virtually non-existent.

Fourthly, the use of safety nets should always attempt to assist households in building their incomes and assets, and –additionally- providing their communities with assets, by building human capital or by participation in public works schemes

Fifthly, urban safety nets must have in-built strategies for promoting their sustainability. Generally this is easier to achieve when safety net provision can be linked with other services designed to enhance household independence –through, for example, a job referral system.

Finally, safety must ensure appropriate mechanisms for payment, choosing from—for example- cash, cheques, vouchers, or the use of mobile pay points, smart cards and ATMs

These issues are all crucial for successful implementation, and provide a means for assessing the adequacy or otherwise of particular safety nets. Thus, an ideal safety net programme might include the following: a detailed client registry; an outreach system to ensure that exclusion errors are limited; a system of screening to ensure that ineligible household members do not register; mechanisms for handling cases of grievance; appropriate and simple payment mechanisms; a detailed monitoring of outcomes; and a system for removing clients as they move out of poverty². Clearly, there are substantial

² These criteria are presented succinctly in World Bank (2008). This is an extremely useful document for understanding safety net provision, and has been used as an important source of information for this article.

difficulties in successfully incorporating these requirements under conditions where a substantial proportion of the urban poor are working within the informal sector and/or have migrant status in urban areas.

On the basis of these key requirements, we can assess the various safety nets implemented in the urban sectors of developing countries in recent years.

Unconditional Cash Transfers to Urban Households

As the term denotes, the objective of these transfers is to increase household income for essential consumption. They are the most basic form of safety net. Transfers can be made in the form of cash, coupons, vouchers or food stamps, with the cash alternative allowing the household greater leeway in expenditure. Amongst the more popular forms of cash transfer are non-contributory payments to the elderly, child and family support programmes, the provision of food stamps and coupons, and programmes directed to meeting immediate, short-term needs (for example, finance to provide a basic amount of commodities).

One of the best known and most successful examples –delivered to both rural and urban areas– is the Child Support Programme in South Africa. Commenced in 1988, it provides an inflation-indexed amount of approximately US\$30 per month to approximately 7.6 million children below the age of 14. Similarly, the *Programa Subsidio do Alimentos* in Mozambique provides cash transfers to urban households below the poverty line, or in which the head is unable to work, or is of a pensionable age. In China, the Minimum Living Standards Scheme (*Di Bao*), covering 22.4 million people, or approximately 6% of

the resident urban population, provides funding to meet the costs of basic items of expenditure, with some local governments also providing non-monetary benefits to *di bao participants* –health care, schooling entitlements, and discounts for the use of utilities. Similarly, in Indonesia, the Safety Net Programme, introduced initially to address the impact of the 1998 crisis, contains components providing cash transfers to poor households for purchase of basic food and cash grants for children to attend school³

³ As outlined in the box above, The other components of this programme are: An employment creation programme providing work for unemployed and/or dismissed workers on labour-intensive government projects; A health programme providing poor households with free medical and family planning services at government health centres, and nutrition supplements to pregnant women and young children; and a community empowerment programme providing funds of between US\$1,000 and US\$100,000 to village communities, for uses decided at the local level but mainly involving physical infrastructure and subsidised credit.

Safety Nets: Indonesia's Response to the Southeast Asian Crisis

Indonesia was affected profoundly by the 1997-8 Southeast Asian economic crisis, with large numbers of its population succumbing rapidly to poverty. Responding to the crisis, the Indonesian Government introduced more formal safety nets than had been implemented

previously. The introduction of these safety nets aimed to assist the poor and newly emerging poor to attempt to cope with the impact of the crisis on their households.

The safety nets introduced in 1998 had five components:

- A food security programme enabling poor households to purchase 10kg of rice per month at highly subsidised prices;
- An employment creation programme providing work on labour-intensive government projects for the unemployed and/or newly dismissed workers;
- An education programme providing monthly cash grants of US\$1 – US\$2.25 to poor households with children in school;
- A health programme providing poor households with free medical (and family planning) services, together with nutrition supplements for pregnant women and young children);
- A community empowerment programme delivering funds varying from US\$1,000 to US\$100,000 to villages, largely for infrastructure construction and the provision of subsidised credit;

The total budget for the design and implementation of the safety net programme in

1998/9 was US\$140 million, comprising approximately 1.2% of the government's budget.

Studies of the impact of the implementation of safety net programmes during 1998-9 provide us with a number of important lessons.

- Almost all the component programmes suffered from inadequate targeting. A large number of poor households were not covered by the programmes, and there was substantial leakage of benefits to non-poor households. For example, in the education programme, only 5% of poor students reported receiving scholarships. The main reasons for inadequate targeting were: local villages leaders not adhering to the list of eligible households, with many village leaders claiming that the government categories were not an accurate reflection of the households in greatest need); villages not receiving their subsidised rice allocations; poor villagers not having cash available to buy rice, even at its subsidised price; wage rates being set at rates higher than the prevailing rate, thereby inducing those already working to take jobs designed for poor unemployed workers; health providers received lump-sum grants from the government, rather than an amount depending on the free services provided –this resulted in some members of eligible households being turned away, or being asked for additional payments. In these ways, all the programmes seem to have been adversely affected by inadequate targeting of the poor.
- The data available for implementing the programmes was inadequate, since at that time Indonesia did not have a well-designed, publicly accessible data information system.
- Regional commitment to implement the programmes was affected negatively by the limited capacity at the local level to implement the various programme components.⁴

⁴ Much of the information contained in this box comes from the Secretariat of the Inter-Regional Inequality Facility, Overseas Development Institute, *Social Safety Nets: Indonesia*, Policy Brief no. 5, 2006. This paper was written by Sudarmo Sumarto, Director, SMERU Research Institute. Information has also been taken from the analysis of the safety net programmes provided by Indonesia's *National Socio-Economic Survey* (Susenas).

The overall record for unconditional cash transfer programmes reaching the poorest households seems reasonable. For example, most assessments indicate a positive impact on children's health⁵, and –in particular- food stamp programmes have been successful in increasing food consumption, particularly when they are received by women⁶. Cash transfers are also suitable particularly for households in which no member is capable of work. Such is the case, for example, with the current pensions programme in Bangladesh. Cash transfers are extremely important when assets are lost as a result of the incidence of natural disasters, or in particular circumstances –disbursement to ex-combatants following armed conflicts, for example. Notable cases of successful transfers have been in Pakistan and Sri Lanka in the aftermath of natural disasters.⁷ Several studies have also concluded that cash transfers have been useful particularly in supplementing private transfers in poor urban communities, and that possibilities for this combination should be explored more systematically, notably in combining cash transfers with small microfinance provision⁸.

However, it is also the case that in many instances resources are directed to non-essential consumption, that many programmes do not react sufficiently quickly to changing food prices, and that food stamp programmes are often subject to fraud. Furthermore -as happens regularly in India's

urban areas- local elites often control distribution and capture benefits. A crucial problem for cash transfers in urban areas is – as several authors have commented- that they require pre-requisites of functioning markets and an adequate service provision⁹ .. Additionally, -as has been noted in several assessments- there often are considerable gaps between basic payments received by the urban poor and the amount required to maintain poor households at subsistence level. For example, in the case of the Chinese *di bao* programme, research indicates an important gap between *di bao* payment levels and poor urban families' estimates of levels necessary to meet their subsistence needs. Using data from the 2004 National Bureau of Statistics Urban Short Form Survey, Park¹⁰ estimated that, based on subjective perceptions, 6.73% of the urban population consider themselves in poverty, whilst the actual number below the average *di bao* line is 1.55%. This indicates a substantial number of vulnerable urban families not in receipt of *di bao* payments. This finding is reinforced by Ravallion and Chen¹¹, who also conclude that the *di bao* programme is relatively more successful at reaching the chronically poor rather than the vulnerable, or –more specifically- those who are likely to become vulnerable. Additionally they find that 81% of the population receiving *di bao* considered their incomes to be less than adequate to meet their needs.

⁵ Eg Devereux 2005, Barrientos and DeJong 2004

⁶ Eg Breunig 2001.

⁷ See Harvey, 2005

⁸ Hashemi and Rosenberg, 2006

⁹ See Barrientos and Dejong, 2004

¹⁰ Park 2005

¹¹ Ravallion and Chen. 2006

The coverage of urban safety nets often can also be extremely uneven. Again, in the *di bao* case, a National Bureau of Statistics Survey¹² concluded that whilst 18.5 million urban residents received *di bao* payments, 27.8 million were actually eligible. Additionally, of course, *di bao* net benefits do not accrue to most of China's 150 million migrants, since the vast majority have no residency (*hukou*) status in the urban areas in which they live.

Transfers In-Kind

These types of safety net make food available to poor urban households -in forms such as feeding programmes, rationed supplies, or the provision of food during emergencies, thereby ensuring adequate consumption and improving nutritional intake.

Perhaps the most well-known case of a rationing programme is the Indian public distribution system, where those living below the poverty line are able to purchase basic food commodities at reduced prices via a system of public distribution¹³. In other cases, rationed amounts of basic foods are provided for poor households –as for example in the Community Kitchen Programme in Peru. In Indonesia, in the *Rice for Poor Families Programme*, implemented since 2001, the Government's Bureau of Logistics (BULOG), sells rice to poor households at substantially subsidised prices (a third below market price)¹⁴. A major problem with attempting such

programmes in urban areas is that they require a degree of market integration which is often not in evidence. Urban food markets are often poorly integrated, and also can be subject to monopoly control.

An additional type of in-kind transfer is provided in feeding programmes directed specifically at children –via the use of feeding centres or rations to take home. In Chile, for example, monthly food supplements are available to poor households via local health clinics. Thailand has a long-established feeding programme, although this is focused largely on rural areas. Similarly, school feeding programmes are important not only in improving nutrition levels but also in encouraging school attendance. Bangladesh has a long history of providing these for primary school children¹⁵ -although this has changed recently to a cash transfer to the poor household.

Distribution of food under emergency conditions has been discussed at length by commentators¹⁶, but this has been largely under conditions of drought, floods, and post-hurricanes, and there has not been a focus on assessing the use of these programmes specifically in urban areas.

A major problem with in-kind transfer programmes is the much discussed issue of leakages. In the Indian programme, for example, various reports¹⁷ have estimated that from 20-35% of food destined for poor households is “lost”, compounded by retailers

¹² Survey undertaken in 2004

¹³ See Dev and others 2004; Tritah, 2003.

¹⁴ See SMERU Research Institute assessments; also Yonekura, 2005

¹⁵ See Ahmed 2004

¹⁶ Wahlberg 2008

¹⁷ Eg Rao, 2000

selling subsidised grain at market prices. Targeting is also a major problem, with wide discrepancies in definitions of malnourishment and undernourishment, levels of underweight and stunting, and use of age criteria. Where the receiving community is cohesive, and where its members are active participants in the programmes, there is a greater chance of in-kind transfers meeting the needs of those households for whom they were intended.

For example, although based largely on assessments in rural communities, a detailed study undertaken in 2004 found that leakages in Bangladesh's Vulnerable Group Development Programme were only of the order of 8%, compared with much higher rates of up to 15% in similar programmes in other areas of South Asia. This was found to be due primarily to participatory monitoring at the community level¹.

In-Kind Transfers: Bangladesh

The Government of Bangladesh implements a programme entitled *The Vulnerable Group Development Programme*, delivered to approximately half a million poor women. The women participating in the programme are selected by committees comprising local government and NGO representatives, on the basis of agreed national criteria, and based on national food insecurity mapping. Beneficiaries receive a monthly ration of 30 kg of wheat, for a two year period.

Beneficiaries are required to attend training sessions in income-generating activities –such as poultry rearing and livestock-raising, and to participate in sessions addressing legal, health and nutritional issues. They also receive training in literacy and numeracy skills. In addition, they have to deposit monthly savings comprising ten per cent of the value their original food transfer.

Whilst the programme's combination of in-kind transfers and training has proven successful in targeting women who have been living in poverty for a considerable period of time, it seems that many recipients improve their livelihoods somewhat, whilst being unable to successfully move out of poverty for a sustained period of time. Consequently, whilst the programme has proven able to address short-term poverty, it has been less successful in enabling women to move out of poverty in the longer-term, via training accompanied by the provision of microfinance¹⁸.

¹⁸ Much of the information contained in this box comes from Ahmed et al (2007)

The most important advantage of in-kind transfers to poor households undoubtedly is their impact in increasing household consumption, but this is largely because the use of food resources is able to be controlled more directly by women¹⁹. A key additional outcome for in-kind transfers is their ability to directly improve children's nutrition levels and –as a consequence- to improve their levels of concentration within the school class room. Distribution costs for in-kind transfers in urban areas are generally far less than in rural areas, hence supplementary feeding programmes have the potential for being more readily available in urban areas. The main disadvantages stem largely from the leakages issue, above, from the difficulties of devising appropriate criteria and of obtaining the relevant information for successful targeting of poor households.

Use of Subsidies

The programmes discussed thus far are based on the targeting of poor households. In the case of subsidised pricing or sales of basic commodities, the aim is to ensure access to these commodities at affordable prices. This can be done, for example, via selling food and essential commodities at subsidised prices, via providing support for maintaining these prices at a particular level, or by supporting particular prices for the use of energy (for example, for petrol, fuel for cooking). These programmes can be universal –as for example with the widespread subsidisation of rice prices under the Suharto

regime in Indonesia²⁰, or they can be targeted at particular groups, via the distribution of subsidised food to poor households, as in the case of vulnerable households in contemporary Pakistan. Subsidies can also be provided on energy and other utilities, as for example in the subsidised sale of petroleum products (including kerosene and cooking oil) or in subsidising the supply of electricity. Currently, energy subsidy programmes exist in approximately two-thirds of Developing Countries. Subsidies are popular with many poor urban households, since they enable them to obtain these items at an affordable price. However, it is usually the case that the costs of subsidisation are high, and the targeting of households (usually done on a geographical basis) to receive energy subsidies has proven very inefficient. This is particularly the case with the subsidisation of electricity and kerosene in India, where despite a high degree of household differentiation, the same level of subsidy is applied to many urban areas. In contrast, in several Latin American countries, electricity prices are subsidised by urban neighbourhood²¹. However, under conditions where households are not connected to the electricity grid –as is the case in many urban settlements- subsidies may have little meaning.

Subsidisation can be extremely expensive. For example, in the well-known Indonesian case, prior to Suharto's downfall in 1998, universal subsidies on basic agricultural commodities, and notably rice, were removed

¹⁹ Rogers 1996

²⁰ See Timmer, 1996

²¹ See WB 2008, p.288.

because most commentators considered that, on fiscal grounds, they could not be sustained. Subsidies also tend to co-exist with leakages. Reports have concluded that approximately 50% of the subsidised kerosene distributed does not reach targeted beneficiaries²². The extent to which subsidisation is pro-poor is also questionable. A comparative study undertaken in 2006 reached the conclusion that –in the case of fuel subsidies– approximately 80% of benefits went to non-poor households²³

On the positive side, subsidisation via price generally can be implemented quite quickly– particularly if it is universal or used in relation to large targeted groups. It can thus be set up more rapidly than alternative methods such as cash transfers. It can also assist in ensuring

a basic consumption of essential commodities. However, in addition to the more negative aspects of high cost, capture by non-poor households, and leakages, outlined above, subsidisation can have additional problems. Once set up, subsidies can be difficult to remove or change. Protests in urban areas in recent years have often been triggered by the reduction or reform of subsidies. As a result, the transition from universal to targeted subsidisation, or a move away from subsidies to alternative forms of safety net provision has often taken many years, as can be seen, for example, in the case of Indonesia during the last 15 years, and to a lesser extent in Latin American countries such as Chile.

Egypt: Subsidies for Basic Commodities

Egypt has a long-established food subsidy programme, aiming to provide subsistence commodities as a major component of its safety net provision for poor households. It is one of the world's most extensive subsidy programmes. The main objective of the programme is to guarantee the availability of commodities such as bread, wheat flour, cooking oil, and sugar, focusing on low-income households; the latter receive high subsidy cards, whilst wealthier households receive low subsidy cards. The programme emphasises the importance of subsidies to the poor in addressing malnutrition, and –consequently– infant mortality. Consumers purchase basic goods at licensed retailers, at a fixed price.

The subsidies –particularly those for bread– have proven reasonably successful in urban areas, with 90% bread subsidy coverage for the urban poor, assisting them in maintaining basic levels of consumption. However, the system is characterised by high leakage rates (of 28% for wheat, for example), and is extremely expensive. For example, the average cost of transferring an Egyptian pound's worth of bread is 1.16 pounds, whilst the cost of reaching the average poor household is 2.98 pounds²⁴.

²² See Rehman, 2005.

²³ Coadey et al, 2006

²⁴ Information contained in this box comes largely from World Bank (2005), pp. 283-7



Implementation of Public Works Programmes

As safety nets, public works programmes aim to have a dual function: to pay poor workers for the use of their labour and to develop infrastructure (notably road construction, maintenance of public spaces and buildings) in poor urban areas. Those who argue in favour of their efficacy usually cite their importance in reconstruction following the occurrence of disaster, their role in providing work under conditions of limited formal employment and –to a lesser extent– their provision of training. In some cases workers receive food in return for work, but such programmes have become less prevalent in recent years.

Public Works programmes in many developing countries are often substantial, including large sections of the labour force. For example, Mexico's Temporary Employment Programme currently employs about 1 million, whilst Argentina's *Jefes de Hogar* (Heads of Household) programme employed approximately 11 per cent of the economically active population during its duration, from 2002-6. Similarly, South Korea's public works programme, developed in response to the impact of the 1997 Asian Financial Crisis, repairing and developing infrastructure, particularly in urban areas, created 832,000 jobs and benefited 2.5 million in 1999.

Korea: Public Works Programmes in Response to Crisis

One of the most notable public works programme in contemporary history was that created in the Republic of Korea in response to the 1997-8 regional financial crisis. In 1998, levels of unemployment and poverty rose substantially. The government developed a number of component programmes: public works; expanding public employment services; establishing job retention programmes; extending job training; increasing unemployment insurance. The public works programme provided workers with three months employment. Mostly on public infrastructure works.

In one year, to 1999, the programme created almost 1 million jobs, at a wage rate slightly below the market rate for unskilled workers. By 2000, the programme covered approximately 4% of the workforce

The programme's components were policy-co-ordinated, and the social insurance component was particularly effective, preventing many households from falling into poverty²⁵.

²⁵ Information for this box comes largely from Hur (2001)

Successfully achieving a pro-poor impact in public works programmes can be difficult and costly. For example, to achieve their aims requires a high level of labour intensity which may be unacceptable to companies tendering for projects, or may prove to be too expensive for local government to implement. In the *Trabajar Urbano* (Urban to Work Programme) programme, implemented in Peru since 2002, for example, wages comprised 60-75% of costs. Additionally, the programmes require careful targeting to ensure that those participating are largely from poor households. Whilst criteria for selection often rest substantially on location and the need to develop infrastructure for a poor community, it is often the case that members of non-poor households end up entering the temporary labour force. Additionally, locational criteria often become more important than other criteria –such as level of labour intensity and levels of employment in communities, thereby reducing pro-poor impact. Further difficult issues are those of wage rate and duration of employment²⁶. There may also be important issues of labour relations and the legal minimum wage. Local and national governments have addressed this in different ways in different urban contexts. For example, in Argentina, workers in urban areas have been paid wages lower than the minimum, whilst Indonesian public works programmes have tended to pay above the minimum wage. Implementing public works programmes also can be very costly, entailing substantial design and management expenditures. The World

Bank estimates that to transfer US\$ 1 income to poor households via public works programmes costs, on average, US\$ 5 in a middle income country and US\$ 3.60 in a low income country.²⁷ Since many agencies can be involved in implementing works programmes, there are obvious problems with co-ordination, corruption and leakage of funds.

On the positive side, public works programmes undoubtedly have a short term impact on employment. For example, ECLA estimated that, in 2004, up to 38% of those that had participated in Chile's employment programme since its inception in 1993, had achieved longer-term employment²⁸. Public works programmes bring additional benefits to urban communities through infrastructure improvements, and can benefit small-scale, community based contractors. Several studies have stressed the gender impact of these programmes: In the Maharashtra Employment Scheme programme in India, for example, child care facilities were provided for women employed on projects within five kilometres of their households, and men were paid the same wages as women.²⁹

²⁶ The most relevant issue in setting the rate may be to ensure that it is lower than the going market rate, but not too low to discourage participation.

²⁷ Ravallion 1999

²⁸ ECLA 2006

²⁹ See WB 2008



Conditional Cash Transfer Programmes

There has been a substantial increase in the use of Conditional Cash Transfer Programmes (CCTs) in many developing countries during the last fifteen years, and notably so in Latin America, where they appear to have succeeded in reducing levels of poverty, and –according to some commentators- also contributing to reducing levels of income inequality.

Perhaps the most well-known and researched programmes are Mexico's *Progresa* and its subsequent (post 2002) renaming as *Oportunidades*, and Brazil's *Bolsa Familia*. These programmes aim to reduce poverty by transferring income and building human capital –women in poor households receive cash transfers, school books and nutritional

supplements, in return for which they ensure their children attend school and that they themselves report to health clinics for regular checks. *Progresa* began in rural areas, but was extended to poor urban areas after 2000. *Oportunidades* covers approximately 5.5 million households, or 25% of Mexico's population, costing the government about 0.4% of GDP. Brazil's *Bolsa Familia* provides direct cash transfers to poor households (and preferentially to a female head of household) on the condition that the children of the family attend school and are vaccinated. *Bolsa Familia* is the world's largest cash transfer programme, with 12.5 million families in receipt of transfers, covering 26% of the population. The programme costs approximately 0.5% of GDP.

CCTS in Mexico: The Oportunidades Programme

Mexico's Oportunidades Programme covers approximately 5.5 million households, comprising 25% of the population. It aims to tackle poverty via conditional cash transfers, supplies of school material and nutritional supplements to women in poor households. Women receive these on the condition that they ensure their children attend school and that they regularly attend local health clinics. The programme – initially called POGRESA when it was introduced into rural areas in 1997- was extended to urban areas in 2002. Oportunidades is estimated to cost 0.4% of Mexico's GDP.

The programme targets poor households in a number of ways, via:

- Identifying poor areas via the use of a “marginality index”, using socio-economic indicators to locate households with living standards at or below the poverty line;
- Means-testing poor households;
- Devising a list of beneficiary households, which is then reviewed and agreed by the local community and its constituent organisations;

- Payments made to poor households, on a regular two-monthly basis, at specific cash points. Payments are conditional on children's school attendance and women's health clinic attendance
- Monitoring of children's and women's attendance.

Implementation of Oportunidades has thus depended upon:

- A detailed and thorough targeting of poor households;
- The provision of regular and reliable amounts of information to ensure that the appropriate benefits are being delivered, and that households are complying with conditionalities;
- Reliable health and education records;

Combining a number of objectives within one programme, and strictly implementing and monitoring the implementation of conditionalities, Oportunidades has undoubtedly been successful in reaching extremely poor urban households, the vast majority of whom were not

covered prior to 2002. Assessments carried out in 2010 estimated that 70% of recipient households were in the "extremely poor" category³⁰. Implementation of Oportunidades reportedly has resulted in reductions in levels of child mortality and improvements in children's growth rates³¹. Alongside this, however, it also appears that poverty levels have increased in Mexico in recent years –for example, the headcount, capability-based index of poverty incidence increased from 20.7% to 25.1% from 2006-8³². Increasing poverty may, however, be largely the result of the impact of the global financial crisis.

³⁰ Mino-Zarazua 2010

³¹ Barham, 2005

³² Mino-Zarazua 2010

CCTs now exist in most Latin American countries, as well as in Africa and Asia – although the conditions specified within them are extremely variable. For example, whilst the *Bolsa Familia* programme requires children to have a full set of vaccinations, the equivalent programme in Honduras – *Programa de Asignacion Familiar II* (Family Allowance Program II) stipulates more generally that mothers need only attend health centres on a regular basis. Particular conditions such as these, however, are much less prevalent in CCT programmes in Asia and Sub-Saharan Africa.

CCTs appear to be successful in reducing poverty and contributing to reductions in levels of income inequality, although almost all of the assessments thus far have been carried out in Latin America. For example, it is claimed that from its inception to 2004, *Progresa* and its subsequent *Oportunidades* reduced poverty levels by 17%³³, and that, by 2005, Colombia's *Familias en Action* programme had increased household consumption by 9% in poor urban areas³⁴. Of the households covered in 2010 in the *Oportunidades* programme, 70% are categorised as “extremely poor”³⁵. In Brazil, it is reported that, by 2008, cash transfers had reduced extreme poverty by a substantial 63%³⁶. CCT programmes have increased school enrolments –in Mexico by 3-6% for boys and 7-9% for girls, at primary level³⁷, in Colombia’s

urban areas by 5% at secondary level³⁸, and in Nicaragua by a substantial 18% at primary level³⁹. In Chile, the *Solidario* Programme increased pre-school enrolment rates by 5%⁴⁰. There is also evidence that the increased levels of children’s participation in schools has reduced the incidence of child labour –by almost 5% in Nicaragua, for example⁴¹, with similar results in Brazil, Mexico and Colombia. Similarly, health conditions reportedly have improved under CCTs. For example: Mexico has witnessed declines in mortality rates and improvements in children’s growth⁴², Colombia provides evidence of declines in the incidence of diarrhoea in children⁴³, and children’s immunization levels increased substantially (18%) in Nicaragua during CCT implementation⁴⁴. Similarly, assessments of *Progres-Oportunidades*, to 2005, have found that, when compared with a control group, children participating in the programme gained one centimetre in height, two years after enrolling on the programme⁴⁵.

It should be noted, however, that in recent years, and most notably since the incidence of the 2007-8 global financial crisis (notably via its impact on food prices and incomes⁴⁶) poverty reduction in Latin America has been less successful than in earlier years. For example, in Mexico, from 2006-8, the

³³ Hoddinott and Skoufias 2004

³⁴ Attansio et al, 2005

³⁵ Mino-Zarazua 2010

³⁶ Cornia, 2009.

³⁷ Attanasio, Meghir and Santiago, 2005

³⁸ ECLA, 2006

³⁹ Maluccio and Flores, 2005

⁴⁰ Galasso, 2006

⁴¹ Maluccio and Flores, 2005

⁴² Barham, 2005

⁴³ Attansio et al, 2005

⁴⁴ Maluccio and Flores, 2005

⁴⁵ Neufeld et al, 2005.

⁴⁶ For example, increases in staple food prices internationally averaged 43% from March 2007-8,

headcount, capability-based index of poverty incidence increased from 20.7% to 25.1%⁴⁷.

Cash transfers also may have played a role in addressing inequality levels. For example, in the period 2000-7, with an increasing emphasis on re-distribution, fiscal policy in Argentina reduced the market income *gini* coefficient by 4.8 percentage points. However, when in-kind transfers (imputed values for public education and health) are included in the calculation, fiscal policy reduced net market income *gini* by 12.8 percentage points in⁴⁸. Similar conclusions can be reached with regard to Brazil's cash transfer programmes: For example, a study carried out in 2006 decomposed the inequality reduction observed in Brazil from 2000-6, and concluded that government cash transfers (in the pension programme and in *Bolsa Familia*) accounted for one third of the decline.

The success of CCTs rests on a number of foundations –not all of which are replicable in many developing countries.

Firstly, they require efficient targeting, to ensure that benefits go to the poorest households. As noted above, this can be extremely difficult in poor urban communities. Secondly, CCTs require regular and reliable amounts of information to ensure that the appropriate benefits are being delivered, and that households are complying with conditionalities. Reliable health and education records are crucial, as is the adequacy of the system for exchanging this information

between the various agencies involved. Systems need to be developed to ensure compliance and to operate a system of sanctions for non-compliance. Thirdly, in the case of Latin America, it is important to note that the substantial increase in the use of large-scale cash transfers targeted to the poor was made possible by both increases and changes in the structure of social expenditure. Overall levels of social expenditure increased in Latin America from the mid-1990s onwards and Brazil and Argentina reached social expenditure/GDP ratios of between 15 and 20 per cent during this period, a figure which is close to the OECD level. Within this increase, changes in the structure of expenditure were important, with most of the increase occurring in the areas of social security, social assistance and education⁴⁹. Clearly, this level of social expenditure is not always possible for developing countries implementing CCTs, and particularly so for low-income countries.

Despite these possible replication issues, the advantages of CCTs are clear, and reasonably well established: they alleviate poverty and build the assets of poor households; and they improve the health and education of women and children. As to disadvantages: CCT implementation requires levels of co-ordination and capacity which may not be prevalent in some low-income countries; educationally, school attendance maybe increased, but the quality of the education received may not improve concomitantly. CCTs mostly cover only

⁴⁷ Mino-Zarazua 2010

⁴⁸ Lustig, 2011

⁴⁹ By way of illustration, during this period, only Ecuador –during 2004-5- had social expenditure/GDP ratio lower than in 1990-1.

families with children in a particular age group, and thus can only be a partial safety net. They are similarly of limited use for families in transient poverty, since targeting used in CCTs necessarily focuses on longer term welfare indicators.

Fee Exemptions.

Some urban safety nets provide poor households with subsidies as exemptions

from fees in health clinics and schools. These can take several forms, such as the provision of vouchers or scholarships. Many of the schemes began to be adopted in rural areas – notably in Sub-Saharan Africa- in response to the introduction of cost recovery in the health and education sectors from the mid-1980s. They have subsequently also been taken up in urban areas. One of the best known is South Africa's provision of free primary care in health and education, introduced in 1998.

Fee Exemptions and Capacity Problems

Two African case studies, from South Africa and Uganda, highlight problems with the implementation of fee exemptions:

In South Africa, since 1998, the Government has provided free services for all those using primary health care. Similarly, in Uganda user fees for public health services were removed in 2001. As a result of these changes, health services in both countries have been utilised to a much greater extent by poor urban households. However, in both South Africa and Uganda, implementation has been characterised – particularly in the early years- by inadequate capacity, with insufficient numbers of health workers being adequately trained, and a lack of availability of drugs in public clinics (resulting in patients having to pay for medicines). These two examples illustrate a key problem with the use of fee exemptions – the decision to remove fees in an attempt to improve provision for, and access by poor households, is often limited and can even be undermined through lack of capacity for implementation., which can lead to poor households reluctantly turning away from the system returning to fee-paying for services with easier access and higher quality than in the public system.

- Information in this box is based upon assessments of user fees and fee waivers in World Bank (2008), pp.324-332

In Indonesia, 18% of the population are provided with exemptions in the *JPS Kartu Sehat* programme. Similarly, in Chile, approximately 25% of the population has free access to the *Fondo Nacional de Salud* (Health) programme. Since the late 1990s, some schemes have been extended to urban areas. In education these schemes can vary from the use of education vouchers, bursaries, provision of tuition, uniforms and textbooks. In

the health area, exemptions are granted in areas such as prenatal care, immunisation, and primary health care.

Much of the targeting within these programmes appears to be geographical, focusing on poor urban areas, within which decisions on exemptions are made by school or community-based organisations. In some cases, gender quotas are set. In Indonesia,

for example, girls must be given 50% of all available scholarships.

The obvious advantage of fee exemptions is that they provide the poor with access to health and education, whilst at the same time providing resources for the schools and clinics attended by the poor. However, in urban

areas, there is the fairly obvious issue that school fees are not the only –and may not be the main hurdle to overcome; to attend school children also have to pay transport costs, travel under dangerous conditions, and face pressure from the families to return as quickly as possible to assist in income-generating work at home.

Safety Nets for Vulnerable Groups.

In addition to safety net provision for the urban poor, there are also safety nets designed specifically for vulnerable groups within the urban poor –notably the elderly and the disabled.

With regard to the elderly poor, generally they do not have contributory pensions which can be increased by additional funding⁵⁰, so essentially there are three options available: providing universal non-contributory pensions; providing targeted pensions; and providing more general social assistance programmes. For each of these programmes a key issue is that of poverty status; whilst this is not a problem for an elderly household, many elderly people in urban areas live in multi-generational households, and since there is little information available about the distribution of assets within a household, it is often difficult to ascertain per capita poverty

status. Doing so, however, is crucial for each of the three options.

Some Developing Countries have universal social pensions, but these generally provide extremely limited benefits. This is hardly surprising, since the cost of such provision is substantial. For example, the cost of universal provision of US \$1 per day for those above the age of 65 has been calculated as requiring 10.6% of GDP in Ethiopia⁵¹. Hence those few developing countries that have a social pension offer only an extremely basic pay out, and mostly to those over 70 or 75⁵². Targeted pensions are more common⁵³, but they face the difficult issue of status, outlined above, and –again– are very limited. Pension payments in Argentina, for example, are below the income poverty line. A further alternative is to include payments to the

⁵⁰ Contributory pension coverage remains low in Developing Countries –on average, probably at around 20% of the elderly population⁵⁰. In urban areas, the extent of informal employment presents a massive barrier to developing basic pension programmes

⁵¹ Schwarz, 2003

⁵² Nepal, for example pays those over 75 US\$ 2 per month, costing about 0.1% of GDP. See Palacios and Rajan, 2004. Other developing countries with universal non-contributory pensions are Bolivia, Botswana and Mauritius.

⁵³ Targeted pension schemes are found particularly in Latin America (notably in Brazil and Chile), but also in Bangladesh, India, South Africa and Senegal

elderly within an overall cash transfer programme, as is the case in Brazil, but only to those living in rural areas.

Social Assistance Programmes for disabled people are extremely limited in Developing countries, let alone in urban areas. Estimates of the Developing Country population with disabilities vary from 10 -15% of the total population, and within this, 2-3% are severely disabled⁵⁴ Programmes addressing disability take the form either of schemes specifically targeted at groups of disabled people, or of the inclusion of the disabled within more general cash and in-kind transfer programmes. Examples of the former are Brazil's minimum wage payments to those unable to work or unable to live independently, and Trinidad's programme of minimum payments to those who are blind and aged over 40. South Africa similarly makes transfer payments to those unable to work, as does one other Sub-Saharan African country, Liberia. China makes a "five guarantees" basic transfer to extremely poor households with disabled members. Difficulties arise within these programmes particularly around issues of eligibility –assessing which usually requires detailed medical assessments, means testing, and agreements on a listing of impairments for inclusion. Such procedures –as is usually the case- are restricted to the formal economy. Additional complexities also arise from

disabled people personally being in a state of poverty, yet living within non-poor households.

The alternative approach to targeting, of including disabled people within general safety net programmes, can include a range of approaches. Cash transfer programmes can increase the amounts available to families with disabled children; public works schemes can offer jobs to those who are less mobile, or jobs requiring clerical work, or they can ensure that a certain number of jobs are reserved for those with disabilities.

In relation to both of the above approaches, it is the case that they tend to be more successful when they are accompanied by supporting and enabling public policies, such as appropriate medical care, rehabilitation, education and job training, and provision of transport facilities

⁵⁴ WHO 2008 –or more recent?



Concluding Comments and Recommendations

Outlining the main areas of urban safety-net provision, we have tried in each case to present their main advantages and disadvantages, particularly in relation to the criteria for best practice outlined at the outset. In conclusion, it is worth making two additional points.

The first –and more general issue– is that implementation of urban safety net provision in most developing countries requires the use of a combination on safety nets. For example: the use of transfers to meet immediate needs combined with public works programmes to improve household and community assets, and CCTs to enable poor households to build their assets. Deciding on the most appropriate combination for a particular poor urban group requires relevant information for detailed assessments and accurate targeting. Since a substantial proportion of the urban poor live and work in the informal economy, and since also many of the urban poor are non-resident migrants, ascertaining who is most in need and how they can best be reached, can be extremely difficult, if not impossible. Addressing this problem can be made easier if these tasks of assessment and targeting involve representatives of urban communities, via their various associations, and if those responsible for designing and implementing safety net programmes are prepared to work meaningfully with these representatives to ensure that their benefits actually reach poor households.

The second issue is that much of the safety net provisions we have examined –and notably the cases of CCTs and large transfers

–are easier to implement in middle-income developing countries, where these programmes can take advantage of other social policies developed for purposes with are not specifically directed at poverty reduction –as in the larger Latin American countries, for example, where urban safety nets co-exist with social insurance based on attachment to the formal labour market, in a context of relative large and increasing social expenditure. By contrast, in low income countries, such possibilities are far more limited –less is available for social expenditure, there is little insurance coverage, and government capacity –particularly at the local level– is limited. Hence there may have to be a greater emphasis on the use of highly labour-intensive public works programmes than is the case in middle income countries, combined with transfers in cash and in-kind to poor urban households, particularly to meet immediate needs, and during and after emergencies –flooding, drought and food shortages. Given the dearth of social expenditure available, and given the difficulties of ascertaining which households are in greatest need and how to reach them, it is crucial for the poor urban areas of low-income countries that local governments –as the main deliverers of urban safety nets– work with the representatives of community organisations to try and provide programmes that aim to be appropriate, cost-effective, equitable, and sustainable.

Consequently, based on the preceding analysis, a number of recommendations can be suggested for urban safety net implementation:

- Urban safety nets must be designed specifically for the needs of particular poor urban groups: the chronic poor, the transient poor (households temporarily moving into poverty), households at risk of falling into poverty, households becoming temporarily poor as a result of the adverse impact of government policies, and vulnerable groups. Since existing definitions of what constitutes urban poverty are often inadequate, since urban poverty usually assumes multi-dimensional forms that are not typical of “classic” rural-based poverty, and since much of the data used to assess urban poverty is often limited, designing appropriate safety nets based on the specific needs of particular poor urban groups can be extremely difficult.
- Urban safety nets must have adequate methods of ensuring that their beneficiaries are the poorest households with the greatest needs in a particular area. On what grounds should targeting be based? For example, via means testing of household members, geographical location, demographic characteristics, assessments of risk factors, or use of multidimensional indicators? Many of these methods are often not wholly relevant or appropriate for use in urban poverty conditions. Targeting is thus a key issue, and many of the targeting methods used in designing and implementing urban safety nets are not wholly fit for purpose.
- Implementation of safety nets must be assessed via rigorous monitoring systems. Many claims are made that urban safety net implementation has lifted households out of poverty, but the monitoring systems on which such claims are based are often severely limited or virtually non-existent.
- The use of urban safety nets must attempt to assist households in building their incomes and assets, and –additionally– providing their communities with assets, by building human capital or by participation in public works schemes
- Urban safety nets must have in-built strategies for promoting their sustainability. This is easier to achieve when safety net provision can be linked with other services designed to enhance household independence – through, for example, a job referral system.
- In most cases, implementation of urban safety net provision in developing countries requires the use of a combination on safety nets, whose implementation requires strategies for this combination to be effective.

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The Urban Poor in India

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1 INTRODUCTION

In 1901, only 25 million people constituting 10.8 per cent of population lived in urban India. In the 110 years since then, the urban population has grown 15 times and it is now around 377 million people constituting 31.2 per cent of the total population. There is however a big gap between the pace of urbanisation and the provision of infrastructural facilities required for supporting such a large concentration of population. As a consequence, the urban environment, particularly in large cities, is deteriorating very rapidly. All cities have acute shortage of housing, water supply, sewerage, developed land, transportation and other facilities. Only 70 per cent of urban households have access to piped water, 74 per cent of urban households have access to latrines, 23 per cent of sewage is treated, and only 30 per cent of solid waste generated is treated prior to disposal (FC 2008).

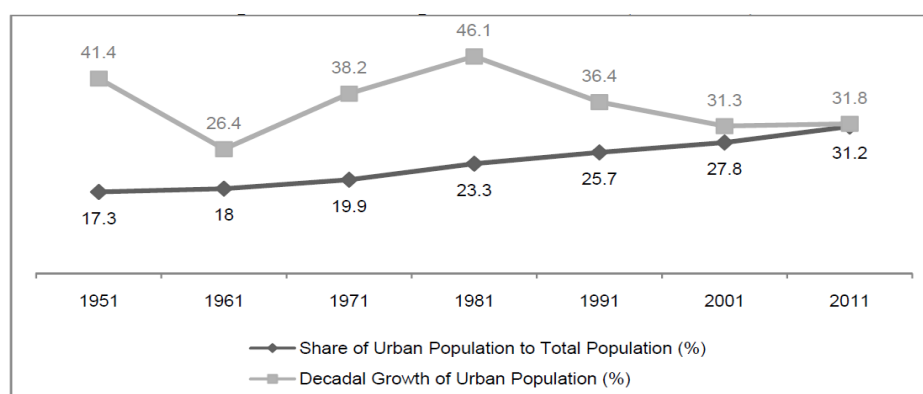
These deficiencies are particularly severe for the urban poor and have serious shelter and livelihood impacts for them. Lack of political and administrative will, inadequate finances and investment, hostility towards migrants, compounded by weak municipal institutions and poor delivery systems have constrained the administration's ability to improve the living conditions, incomes, and services for the urban poor.

This paper particularly focuses on the problems faced by the urban poor in housing,

livelihoods, water, and sanitation. It discusses urban trends, migration, issues in quantification of urban poverty, service delivery, and government response, especially after the launch in 2005 of Government of India's (GOI) flagship programme called Jawaharlal Nehru National Urban Renewal Mission (JnNURM). These issues however cannot be understood without looking at the institutional and governance arrangements, such as capacity of urban bodies to deliver, lack of people's participation, and municipal finances. The paper ends by summarising the suggestions made in earlier sections for improving the living conditions of the urban poor from a Human Development perspective.

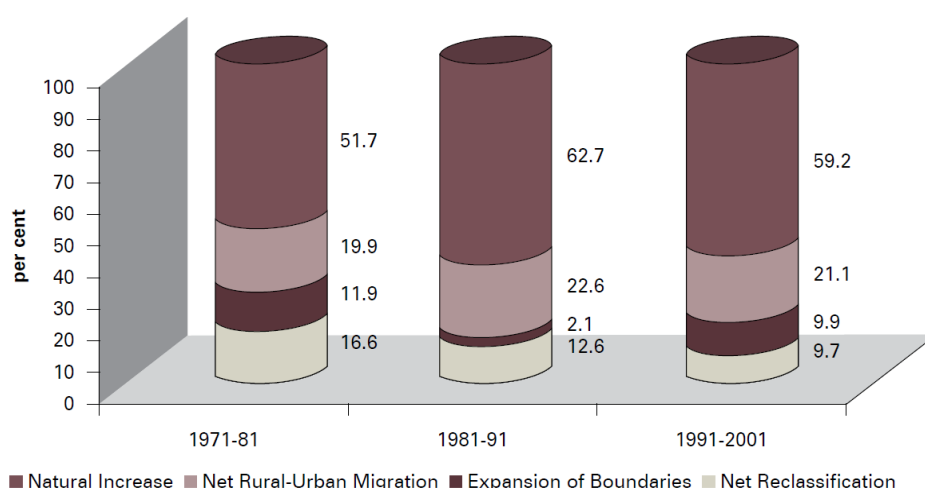
2 Growth in urban population

Several facts about India's urbanisation need to be noted. First, the pace of urbanisation has not been as fast as in many other middle income countries. According to the Human Development Report (UNDP 2013) India's share of 31.2 percent in urban population is far less than in China (51.9), Indonesia (51.5), South Africa (62.4) and Egypt (43.6). Between 1980 and 2011, India's urban share of the overall population rose from 23 to just 31 percent, while China's more than doubled from 20 to 50 percent. Changes in the share of urban population and in the decadal growth rate since 1951 is shown in Figure 1 (Planning Commission 2012).

Figure 1: Urban Share in total Population & Decadal Growth in India (1951-2011):

Second, natural increase accounts for the principal share of urban growth of a little under 60 per cent, whereas 20 per cent is accounted for by the addition of new towns and territorial expansion of the existing cities. Share of different sources to increase in urban population between 1971 to 2001 is shown in Figure 2. Officially the net rural-urban migration has contributed only about

20 per cent to the overall urban growth¹. However, it does not include seasonal migration, also called circular migration, which is the dominant form of economic mobility for the poor; especially the lower castes and tribes. Their number and problems are discussed in the next section.

Figure 2**Sources of Increase in Urban Population**

Source: Census of India.

¹ The figures for the past 3 decades show that nearly 60 per cent of the total migratory movement has been from rural to rural (Sivaramakrishnan and Singh 2012).

Third, increasing concentration of urban population in larger cities is one of the key features of urban India (Table 1). The number of cities over one million population, in 2001, was 35 and population share was over 37 percent. This number has gone up to 53 in 2011 and 42 per cent of the total urban population lives there. Moreover, eleven cities, namely, Delhi, Ahmedabad, Bangalore,

Kolkatta, Chennai, Hyderabad, Mumbai, Pune, Surat, Jaipur and Kanpur will have population over 4.0 million in 2025 and these Mega cities will have a total population of 127 million, which is likely to be over 24 per cent of total urban population (Vaidya 2009). Often the growth of metros is because of the population growth in the peripheries, as explained in section 2.3.

Table 1: Past trend of growth of metro cities in India

	1981	1991	2001	2011
Number of metro cities (population-1 million +)	12	23	35	53
Population (million)	42	70	108	161
Percentage of total urban population	26	32	37	42

Fourth, in addition to 53 million plus cities, there are 468 cities with population of 100,000 and more, and these account for 28 per cent of the urban population. The rest 30 per cent of urban India is scattered over 4041 towns with population less than 100,000². In addition, there are 3894 census towns, defined as those with minimum population of 5000, at least 75 per cent of male workers engaged in non agricultural pursuits, and a density of population of at least 400 per sq. km. These have unfortunately not been declared as statutory towns by the States, as the States

fear that it would cut down on the development assistance that they receive from the centre for these places if they are notified as towns. Each State can decide norms for declaring these, and there is no uniformity in the country about norms for constituting the towns, when they should be declared, etc. If the population of these 'census towns' which technically continue to be rural areas is taken into account, the total urban population may be close to 35 per cent now.

² <http://makanaka.wordpress.com/2011/04/01/indias-2011-census-a-population-turning-point/>

Table 2: Growth of Urban Population by City Size (per cent per annum)

	1971-1981	1981-1991	1991-2001	2001-2011
Cities	3.7	3.2	2.9	2.7
Metropolitan Cities >4 million (m)	2.8	3.8	2.9	3.5
Class IA >5 m	2.7	3.4	2.8	3.3
Class IB 1-5 m	3.4	4.0	3.1	3.8
Other Cities(Class IC) 0.1–1 m	4.2	3.1	3.3	1.7
Towns	3.4	3.2	2.3	1.6
Class II 50000-100000	4.8	3.7	2.5	1.6
Class III 20000-50000	2.7	3.4	2.3	1.6
Class IV+ <20000	2.3	2.4	2.2	1.6
Total				
Urban Population	3.9	3.2	2.8	2.4
Rural Population	1.8	1.8	1.7	1.2
Total Population	2.2	2.1	2.0	1.5

(Planning Commission 2012)

It is worth noting that population growth of Indian towns with population less than 100,000 has been slowing down, particularly in the 1990s. Their population growth decelerated from 3.4 per cent per annum in the 1970s to 1.6 per cent per annum in the last decade. Migration from villages has been largely to the metropolitan cities and their peripheries, and the small and medium towns have languished for want of an economic base. Public policy needs to take note of the

smaller urban centres particularly because of their weak economic base, high incidence of poverty, and lack of access to benefits which are available to rural areas. Economic growth and governance in small cities and towns is extremely unplanned and so interventions at this stage become crucial so that we do not see problems that we see now in metros. Besides their large number, often the smaller centres are very different from their bigger counterparts in their problems and hence in

the solutions to these problems. Smaller cities and towns should be treated differently from larger cities and metros – for funding, capacity building and reform content and timelines.

Lastly, there is a great deal of inter-state variation in urbanisation. Among the larger States, Tamil Nadu is the most urbanised at 54.4 per cent followed by Maharashtra (46.2%) and Gujarat (40.3%), whereas the least urbanised States are Assam (14.1%) and Bihar (11.3%). In tune with the experience of other countries, urbanised States tend to be more prosperous, with Himachal Pradesh, a hill State, being an exception with very low poverty levels despite only 10.1 per cent as urban population (HPEC 2011).

2.1 *Under counting of migrants*

As already stated, migrants are often missed out in urban statistics, and are even denied recognition by the authorities. A large number of homeless and migrants living in unauthorised colonies in urban areas have not been issued ration cards, and are thus not able to avail of the subsidised grain scheme called Public Distribution System (PDS), on the ground that they do not have an address! In Rangpur Pahadi, a slum area just two kms away from Vasant Kunj, a posh colony of Delhi, people living since 1990 have not been given even electoral card or any ration card³. Thus they are deprived of many facilities available to other citizens.

There are roughly 100 million circular migrants in India contributing 10 per cent to the national

GDP (Deshingkar and Akter 2009). The incidence of such migration has increased in the last two decades (Srivastava 2011). Migrants work long hours in harsh conditions; injuries are common and there is inadequate medical assistance or compensation (Mosse et al 2002). Shelter, water, fuel, sanitation and security are major problems.

It is highly probable, given the current construction boom in cities across the country, that much of this increase is swelling the ranks of poor and insecure urban workers (Coelho and Maringanti 2012). It is generally acknowledged that the phenomena of seasonal and circular migration (comprising to a large extent casual workers in sectors like construction, brick manufacturing and quarrying) are significantly underestimated in migration statistics, owing to bias as well as difficulties in locating and identifying these workers. On the other hand, there is evidence to show that vulnerability of categories such as long-term circular migrants, seasonal/ short-duration migrants, or forced migrants of different kinds (such as child labour) has deepened over the years.

A study by DISHA, an NGO in Gujarat found that over half the migrants slept in the open and the rest had very perfunctory accommodation (Saxena 2007). They face harassment, abuse, theft, forcible eviction or the demolition of their dwellings by urban authorities or police. The sexual exploitation of women by masons, contractors, the police and others is routine but unreported by women for fear of the consequences (loss of employment, violence). Children are even

³ Based on the author's visit to the area in 2011

more vulnerable to such abuse (Deshingkar and Akter 2009). Additionally migrants do not have access to pro-poor schemes such as subsidised food, health care and schooling and must pay for everything themselves. Here too unionisation of workers has been difficult and violation of labour laws is widespread with the result that migrants are underpaid and excluded from urban services. Nearly all urban centres are dotted with thousands of small, illegal restaurants, *dhabas* (roadside eateries) and tea shops and these mostly run on migrant labour. Child labour is high in this subsector and is driven by poverty, typically employing children from extremely poor scheduled caste families.

2.2 Slum population in India

According to a government committee (Planning Commission 2011b), 26.3 per cent of the urban population lived in slums in 2001⁴. Census 2011 has however come up with a lower figure of 17.4 per cent (13.7 million households) presumably because it defined slums where 'at least 300 residents or about 60-70 households were residing on poorly built congested tenements, in unhygienic environment usually with inadequate infrastructure and lacking in proper sanitary and drinking water facilities'. This might have excluded many smaller settlements. In Chennai, for instance, 2001 data indicates that 48 per cent of slums in the Chennai Metropolitan Area were below 50 households.

⁴ A more recent Government report (Planning Commission 2012) stated that 24 percent of the urban population lives in slums.

A further 24 per cent were between 50 and 100 households.

While releasing the Census report the Minister for Housing and Urban Poverty (HUPA) admitted⁵ that the state governments were unwilling to recognise the actual number of slums in their cities because then they will have to provide these slums basic services like water and drainage. He also said that the high proportion - over 37 per cent - of slum households in this last, unrecognized, category was a serious problem, and committed his ministry to extending benefits like the Rajiv Awas Yojana (in brief, RAY, a housing scheme for the slum dwellers) to such slums too.

Over a third of India's slum population lives in its 53 million-plus cities. Of the metros, Mumbai has the highest proportion of slum-dwelling households (41.3 per cent of its population). Kolkata is next at nearly 30 per cent with Chennai not far behind. Delhi has 14.6 per cent of its households living in slums while Bangalore is the best off of the five metros at less than 10 per cent. These figures would be higher if smaller settlements of less than 60 households were also counted. Over 70 per cent of slum households get their water from a tap but just half get water inside their homes⁶. In absolute terms, Maharashtra has the highest number of slum blocks of any

⁵ Reported in the Times of India, 22 March 2013, at http://articles.timesofindia.indiatimes.com/2013-03-22/india/37936264_1_slum-population-slum-households-rajiv-awas-yojana

⁶ <http://www.indiasanitationportal.org/17047>

State - over 21,000 out of a total of just over 100,000 for the whole country.

Addressing the human right to water and sanitation in the slums of Mumbai, a study (Murthy 2012) found that millions of slum-susceptibility to climate change related weather patterns. State and municipal governments already have the authority to expand access to water services; they just need to exercise their discretion. However, slums located on central government land are in a more difficult position. Central government agencies in Mumbai have often refused to allow the State and municipal governments to rehabilitate or improve access to services for slums located on their land. As a result, an argument could be made that by interfering with the efforts of sub-national actors to extend water and

dwellers in Mumbai lack adequate access to safe drinking water and sanitation, which places them at risk for waterborne diseases. Many slums are located in hazardous areas such as flood plains, increasing their

sanitation to services to slum-dwellers, the central government is not discharging its obligations to respect the human right to water and sanitation.

An official national survey⁷ estimated that of the number of slums there is a near 50:50 split between notified and non-notified slums. The condition of basic services in the slums is shown in the Table below, where it can be seen that almost half of the people living in non-notified slums have no access to toilets or drainage.

Table 3: Percent of Notified and Non-notified Slum households that have Access to Infrastructure

	Non-notified Slums	Notified Slums
Tap Water	71	79
No Electricity	16	1
No Toilet with septic tank	53	32
No Drainage	44	15

(Saxena 2007)

⁷ mospi.nic.in/mospi_new/upload/nssso/534_highlights.pdf

However, slums are neither homogeneously poor, nor are the poor exclusively located in slums (Coelho and Maringanti 2012). There are a large number of poor living outside the slums and they too should be counted/included in schemes such as JnNURM.

2.3 Peri-Urban Growth

The expanding size of Indian cities is happening in many cases through a process of peripheral expansion, with smaller municipalities and large villages surrounding the core city becoming part of the large metropolitan area (Ahluwalia 2011). In fact, in some cases, central city growth may decline but in the peripheries there will be new growth (Sivaramakrishnan *et al.* 2005). This is also because of the landuse policy pursued by many metros in India. For example, even though the international best practice in cities with limited land (as in Singapore and Hong Kong) is to raise the permitted floor space index (FSI)—the ratio of the gross floor area of a building on a lot divided by the area of that lot—to accommodate growth, the Municipal Corporation of Greater Mumbai went the other way, lowering the permitted FSI to 1.33 in 1991. In India's otherwise liberalized economic policy environment, stringent regulations on urban development densities are pushing businesses and people out of urban cores. These constraints on land use are also making housing expensive, pricing out poor and middle-class households from urban centres and increasing commuting costs for workers. Where do these displaced

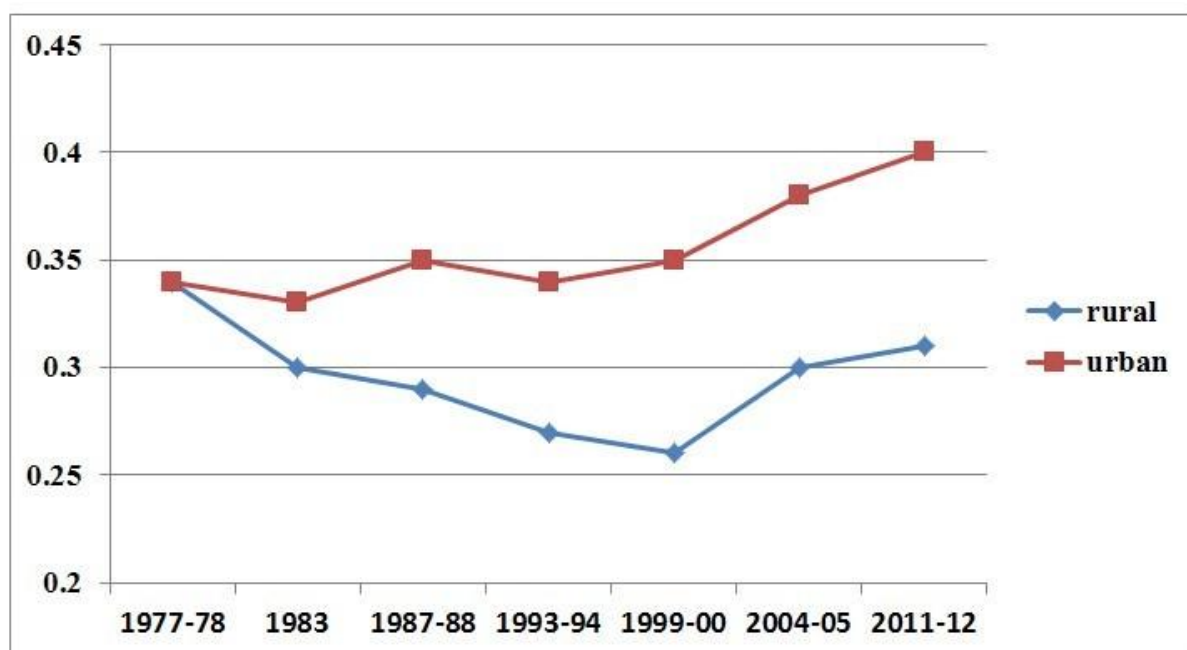
firms and workers go? To the suburbs, beyond the municipal boundary. And these suburbs are also home to the many new entrants. In fact, at 41 percent, the pace of manufacturing employment growth was fastest in rural areas adjacent to the largest metropolitan areas over 1998–2005 (World Bank 2013).

Thus the trend of concentration of urban population in agglomerations of mega cities is getting stronger. Agglomerations covering several municipal jurisdictions will emerge as a distinct feature of India's urbanisation.

3 Marginalisation of the urban poor

Through the reform process, which was initiated in the early 1990s, it was expected that the higher growth in urban consumption/income will lead to a faster decline in poverty at least in urban areas and subsequently in rural areas due to growth diffusion. However, this does not seem to have taken place and along with rising divergence between rural and urban consumptions, it has also been accompanied by increasing urbanisation of poverty – in absolute terms. The primary reason for this appears to be the fact that the growth in consumption expenditure in urban areas has not been shared equally among all sections of urban society and has been accompanied by increasing inequality. Figure 3 (Hashim 2012 & NSSO 2013) gives the Gini coefficients of monthly per capita expenditure (MPCE) in rural and urban areas.

Figure 3: Gini Coefficients of MPCE



As is clear from the chart above, upto 1999-00 rural inequality has been showing a declining trend, but urban inequality remained almost stable. However in the last decade both have increased. Urban Gini rose from 0.34 in 1977-78 to 0.40 in 2011-12. Compared to the same Gini ratio of 0.34, for both rural and urban areas in 1977-78, the gap between them rose to as high as 0.09 points in 2011-12.

Neglect of urban infrastructure and basic services has particularly hit the urban poor who cannot cope with the rising prices of land, housing, and medical facilities. The poor contribute to the globalizing economy of the cities as much as the non-poor. But the poor do so without receiving the due economic or other civic facilities or services at par with the non-poor. The Ninth Plan Appraisal by the Planning Commission (2000) sums up their misfortune as:

‘Whereas the rural poor suffer from lack of disposal incomes, the urban poor in addition are characterised by extremely poor living conditions – in slums, on public lands, or often on the road itself. They are generally first or second generation migrants with no security of jobs or housing, and are subject to police and municipal brutalities. They are in occupations where health and safety provisions either do not exist or are widely flouted, such as hawking or rickshaw pulling (or under contractors who are violating labour and factory laws), and therefore become dehumanised and criminalised by the very processes of survival.’

A study (Vakulabharanam and Motiram 2012) observed that while the waste pickers amongst the urban poor are mostly female,

the itinerant buyers are mostly male. There are particular caste groups that enter this trade, and given this, a patronal but exploitative arrangement is formed between the traders and itinerant buyers/waste pickers. This industry also illustrates the fact that for the people involved in low-skilled occupations, there may be hardly any mobility and escape from poverty. Most people involved in waste picking spend their whole lives in this activity – starting as children and continuing till they become physically incapacitated.

Many poor are self-employed as street vendors but they have to pay bribes to the police and municipal authorities. The affluent urban elite view street vendors as a nuisance and an eyesore, obstacles in the path of Indian cities moving on to “world class” status. The less affluent middle classes take an ambivalent view, seeing vendors as a source of cheap bargains while at the same time sharing the above attitudes.

Banerjee (2000), based on a study from Delhi and Mumbai, argues that many slum children are not in school due to the inadequacies of the schooling system, rather than the economic backgrounds of their families. Harriss (2006) examines a different source of exclusion in modern India by focusing on “civil society” activism, which has grown in recent times. The middle classes dominate civil society activism, and those belonging to the informal sector are largely excluded from it. However, housing and livelihood are issues over which the middle classes and working classes come into conflict. Middle-class apathy has also been used to explain why the

sanitary conditions under which many of the urban poor in Indian cities live are appalling.

In a study of homeless populations, homeless men, women and children in four cities reported that they were beaten by the police at night and driven away from their make-shift homes/shelters. Many people interviewed chose the streets because paying rent would mean no savings and therefore no money sent back home and hence the street was the only option for them (Sivaramakrishnan et al. 2005).

A study⁸ for the Planning Commission of the social, economic, nutritional situation of urban homeless men, women, boys and girls in four cities - the metropolises of Delhi and Chennai, and the cities of Madurai and Patna - revealed life on the streets that involves surviving continuously at the edge, in a physically brutalised and challenging environment, with denial of even elementary public services and assured healthy food; and illegalisation and even criminalisation by a hostile State of all self help efforts for shelter and livelihoods by urban poor residents. There are both grave ruptures - but also continuities - of bonds with their families and communities. There may be somewhat better prospects of livelihoods and earnings than in the countryside, although for urban homeless people, work still tends to remain casual, exploited and without dignity and security.

Non-wage, informal employment is a dominant characteristic of the urban poor households. In 2004-05 between 72 and 82

⁸ Living Rough, Centre for Equity Studies, 2009

per cent of the usually employed male urban poor and between 78 and 80 per cent of the usually employed female urban poor were reported to be either self-employed or casually employed (Planning Commission 2011b). Wage employment among them is limited to just about 20 per cent compared to an all-India average of about 40 per cent. It is this fact that imparts a high degree of instability to the income profile of the urban poor, and restricts their access to any form of institutional and market finance.

The incidence of poverty in small towns is often higher than in big cities due to a combination of lower per capita income, a lack of opportunities in the organised sector and few secondary activities. According to Kundu and Bhatia (2001), the graph of the incidence of poverty seems to follow the population size of urban settlements – the smaller the population, the higher the percentage of people living below the poverty line. There is also evidence that along with poverty, the percentage of households without adequate access to basic amenities such as drinking water, toilets and electricity increases in proportion to the population as the size of the town decreases (Sharma 2012).

Finally, urban homeless citizens have remained almost completely neglected by local and state governments. Over the past decades, governments have rarely provided to them even minimal essential services of basic survival, such as shelters, to ensure that they do not have to sleep rough under the open sky. Hunger, deprivation and exclusion of homeless persons occur in almost every

single city of India. Unclaimed corpses especially during winter bear silent testimony to the saga of homelessness. It is a life of destitution, combined with hunger, social devaluation and extreme vulnerability (Mander 2012). Although there was a provision for night shelters in earlier plans even this has lapsed due to lack of initiative by State and local governments (see section 5.1).

3.1 Gender discrimination and gender based violence

Poor urban services increase risk of harassment, intimidation and violence that millions of women face in cities across the world. Lack of safe and gender responsive transport, housing, sanitation and street lighting leaves poor women and girls in cities vulnerable and exposed. Systematic failings by police to address the widespread problem of violence against women and girls exacerbate these threats. Between 2002 and 2007, 60% of urban residents in developing countries, the majority women and young girls, reported they had been victims of crime.⁹ Women living in peri-urban slums devoid of services and infrastructure, residing in low quality shelter, and constrained in their ability to connect with the rest of the city may be more challenged than their counterparts living in similarly marginalised but more centrally-situated neighbourhoods (Khosla, 2009:7).

⁹ <http://www.guardian.co.uk/global-development/2013/feb/21/urban-services-violence-against-women>

Despite the common association of urbanisation with expanded economic, social and political opportunities for women, barriers to female 'empowerment' remain widespread, especially among the urban poor and/or those who reside in slums. This is evidenced, inter alia, by gender-inequitable access to 'decent' work and living standards, human capital acquisition, physical and financial assets, personal safety and security, and representation in formal structures of urban governance¹⁰.

Since women's access to land in most parts of India is usually through husbands or fathers, divorced or deserted women commonly face eviction and/or homelessness in the event of conjugal dissolution. The same applies to widows who may be subject to 'property grabbing' by their husband's kin (Nakray, 2010). Women may also be dissuaded from claiming title for fear of annoying their brothers and husbands. Although the Hindu Succession Act, 2005 guarantees equality in matter of devolution of property, in actual practice this law is seldom enforced.

Together with other forms of urban violence, domestic violence makes women twice as likely as men to suffer acts of aggression (UN-HABITAT, 2013). Indeed, the rate of physical and/or sexual violence against ever-married women aged 15-49 years in Indian cities ranges from 15% in Delhi to as much as 41% in Chennai, and with levels commonly being twice as high in slums than in non-slum areas (Gupta *et al* 2009). Moreover, women and

minor girls also suffer from 'street violence', as evidenced in alarmingly high rates of rape and/or murder in cities, being reported every day in the Indian newspapers these days. For example, slum dwelling girls face a greater likelihood of early sexual debut associated with lack of privacy, insecurity and gender-based violence (individual and gang-based). In addition, people may already have weak immune systems resulting from poor nutrition and other communicable diseases, thus increasing their susceptibility to infection and accelerated progression from HIV to AIDS (UN HABITAT 2013).

Women are the most likely to experience gender-based violence especially in poor communities and particularly by non-partners. There are range of sites and spaces in cities where violence is more likely to occur. These include toilets, at schools, in drinking bars, and in secluded areas. This is compounded by flimsy housing, poor street lighting, inadequate public transport and lack of security patrols. Therefore, the lack of gender responsive infrastructure in cities contributes to gender-based violence and makes women more vulnerable to break-ins, theft and rape. In addition, the frequent anonymity and social isolation of female urban dwellers, may make them more vulnerable to attack from strangers, but also to receive limited help when affected by intimate partner abuse.

4 Measurement of urban poverty

4.1 How many poor?

¹⁰ <http://www.e-ir.info/2013/06/04/gender-urban-development-and-the-politics-of-space/>

Poverty in India is officially measured in terms of the expenditure corresponding to monthly per capita expenditure (MPCE) of Rs 49 in rural areas and Rs 57 in urban areas at 1973–74 all-India prices, with people below this expenditure considered poor. This expenditure was then considered necessary to achieve specified levels of calorie consumption, namely 2400 calories/day in rural areas and 2100/day in urban. For 2011-12, the year for which the latest poverty estimates are available, the new poverty line expenditure varies from state to state, from Rs 900 to Rs 1300 per month per capita in urban areas, although it is quite possible that people may have shifted their consumption to non-food items from food items, and therefore consuming much

less than the desired calories, although classified above the poverty line.

Figures of changes in urban and rural poverty over the last three decades¹¹ are shown in Table 3. This also shows that urban poverty is decreasing at a slower rate than rural. However, the rate of decline for both rural and urban picked up after 2004-05 due to higher growth and a number of centrally sponsored schemes for them. The rate of decline in the urban poverty ratio during the period 2004-05 to 2011-12 was 1.7 percentage points per annum as compared to 1.0 percentage points per annum that was the average for the entire 30 year period from 1983 to 2011-12.

Table 3: Changes in poverty over the years (as % of total population)

Year	Rural	Urban	Total
1983	61.2	40.8	56.0
1993-94	50.1	31.8	45.3
2004-05	41.8	25.7	37.2
2011-12	25.7	13.7	21.9
Average Decline: 1983 to 2011-12 (%age points/annum)	1.3	1.0	1.2
Average Decline: 2004-05 to 2011-12 (%age points/annum)	2.3	1.7	2.2

¹¹ We have not given the data for the 55th round for 1999-00, as its findings are not compatible with other rounds.

However, as argued earlier, urban poverty is under-estimated as circular migrants are not counted, and census towns that have still not been declared as statutory towns are not included in the urban figures. These smaller towns tend to be as poor as the surrounding rural areas.

A distinctive feature of urban poverty is that the intensity of urban deprivation is captured not by the monthly expenditure of the poor or their consumption, but by the lack of basic amenities, such as deplorable shelter conditions, constant battle with the police and municipal authorities who treat them as ruffians and criminals, the lack of sanitation and health services, and denial of basic services because their very existence in the city is considered illegitimate (Saxena 2007).

The urban poor suffer from certain social problems that the rural poor do not face. Some of these are:

- a) Urban migrants from the countryside have been cut off from their community. They are new to the urban environment, and are therefore not adjusted to it. They feel alienated and lonely in this new system. However, they are rarely completely atomised, because of the prevalence mostly of a rural-urban continuum, in which they usually retain strong links with their families and communities in the village that they have left behind;
- b) The social security systems, both formal and informal, which survive in the rural areas, are not nearly so developed in the urban areas. In the villages, the

neighbouring family is a family which has been one's neighbour for generations, and one can always fall back upon it in times of need, but this is not usually the case in urban areas;

- c) The cost of living in urban areas is higher than in the rural areas;
- d) The rural economy is still not fully monetised, while in urban areas, one has to pay for everything in money; for instance fuel is not available by foraging but has to be purchased. Moreover the natural environment usually provides even if minimally in most times of scarcity in the countryside, but this kind of free support from nature is unavailable in cities;
- e) The physical environment in which the majority of the urban poor are forced to live is usually far more degraded, and mostly illegal, in comparison to that available to the rural poor;
- f) Most rural poor people have some land and cattle or other animals, which is their insurance against bad times. The urban poor have no such asset security, only their labour power; and
- g) Many urban poor have no security of tenure over land that provides shelter to them, and constantly face threat of eviction. This issue already highlighted in section 2.2 will be further discussed in detail in section 7.1.

In most urban areas, poor people are forced to live in cramped, overcrowded and

unsanitary conditions, and are highly dependent on public bodies to provide goods and services (water, health care, regulation of job contracts etc). This is not out of choice, but because they have much less control over their immediate environment than in rural areas. Options for support from family and community based networks and safety net systems (developed over generations in rural villages) are limited. They live among strangers, who they do not necessarily trust, and rely on short-term transactions, which can be completed immediately, more than enduring relations moulded and nurtured by tradition in the countryside. However, to complete the picture, it must be acknowledged that with all their loneliness and stresses, cities also provide the only escape from oppressive feudal and patriarchal structures, untouchability and hopeless grinding poverty, to many who are trapped in these in rural India (Saxena 2007).

The present methodology for determining the number of urban poor based on consumption expenditure is flawed, and leads to under-reporting of the actual number facing acute deprivations. For instance, in Mumbai and Delhi the number of poor (as per the existing definition) is only 4 and 8 percent of the total city population respectively, whereas the slum population¹² alone is 53 and 30 per cent respectively. Therefore the estimates for the number of urban poor should be re-worked by taking into account their living conditions and deprivations. For instance, almost half of the

people living in non-notified slums have no access to toilets or drainage. Interventions should therefore transcend income generation activities and include broader concerns on quality of life and social security.

A study of Pune¹³ (Bapat 2009) confirmed under-estimation, as officially only 2 per cent of households are designated as “poor” by application of the official poverty line in Pune whereas 40 per cent are “living in poor conditions”. Despite Pune’s rapid economic growth, most of the slum households surveyed saw little or no increase in their real income or in improved job opportunities – and little possibility of getting accommodation outside the slums. The city’s rapid economic growth has been accompanied by rapid growth in both the number and the proportion of the city’s population in such settlements. In 1969, 12 per cent of the population lived in slums which has gone up to 40 per cent now.

In fact, it can be argued that individual poverty in cities can be overcome more easily, but an environment of poor access to basic services, public health, and other inputs into human development is harder to change. The latter perpetuates individual poverty. There is no doubt that shelter poverty is much larger than income poverty. To a large extent, shelter poverty is the result of the absence of a well-crafted strategy for inclusion of economically and socially weaker sections in urban planning. Slums and pavement dwellers are the most visible manifestation of shelter poverty in urban India. As cities expand and

¹² These figures include slums of smaller size also, and hence are different from the figures for these towns given earlier in section 2.2.

¹³ A prosperous city of Maharashtra, with a population of over 5 million

new cities are developed, special care will have to be taken to ensure that there is room for economically weaker sections alongside the higher income groups in the urban areas. Rental markets for low income housing will have to be developed.

The Ministry of Housing and Urban Poverty Alleviation (HUPA) should therefore request the Planning Commission to re-define urban poverty by taking into account their living conditions and deprivations. Both expenditure and access to civic services could be given equal weight in determining the number of urban poor. In the absence of redefining the dimensions of urban poverty, the very purpose of setting out a new Ministry on urban poverty would be defeated. How can the Ministry justify its interventions in Mumbai and Delhi where the number of poor (as per the existing definition) is only 4 and 8 per cent of the total city population respectively? However, if an equal weightage is given to the living conditions, the number may go up to 20 to 30 per cent, and thus justify GOI interventions.

4.2 Who are the poor?

The estimation of poverty and identification of poor households (popularly known as below poverty line, or BPL households) are two separate processes which often get mixed up. The estimation of number and proportion of people living below the poverty line both at the national and State level separately for rural and urban is done by the Planning Commission based on defined poverty lines from time to time. The identification of BPL

households is left to the States, based on guidelines issued by HUPA.

In order to devise a uniform methodology and criteria for the identification of BPL households in urban areas, the Planning Commission constituted an Expert Group in May 2010 chaired by Prof. Hashim. The Group held that poverty could be better identified in urban areas through the identification of specific 'vulnerabilities' that would properly identify the urban poor, rather than looking at indicators of income or consumption. These vulnerabilities fell in three broad categories i.e., residential, occupational, and social vulnerabilities (Planning Commission 2011b). The households facing any of the vulnerabilities listed as under will be included in the BPL list automatically.

Residential Vulnerability

- i. If the household is 'houseless'¹⁴.
- ii. If the household has a house of roof and wall made of plastic/polythene.
- iii. If the household has a house of only one room with the material of wall being grass, thatch, bamboo, mud, un-burnt brick or wood and the material of roof being grass, thatch, bamboo, wood or mud.

b) Occupational vulnerability

¹⁴ Households who do not live in buildings or census houses (structure with roof) but live in the open on roadside, pavements, in hume pipes, under fly-overs and staircases, or in the open in places of worship, mandaps, railway platforms, etc. are treated as Houseless households.

- i. If the household has no income from any source, then that household will be automatically included.
- ii. Any household member (including children) who is engaged in a vulnerable occupation like beggar/rag picker, domestic worker (who are actually paid wages) and sweeper/sanitation worker/gardener) should be automatically included.
- iii. If all earning adult members in a household are daily wagers or irregular wagers, then that household should be automatically included.

c) **Social Vulnerability**

- i. Child-headed household i.e. if there is no member of the household aged 18 years and above.
- ii. If there is no able-bodied person aged between 18 and 60 years in the household, i.e. all members of the household aged between 18 and 60 years either have a disability¹⁵ or are chronically ill¹⁶.
- iii. If all earning adult members in a household are either disabled, chronically ill or aged more than

65 years then that household should be automatically included.

It may be noted that female-headed households, i.e. households where there is no adult male member or where the principal bread-earner in the family is a woman, are not automatically included in the BPL category, but would be given some weightage in the scoring on various deprivation parameters on the basis of which rest of the BPL list would be prepared. The report is under Government's consideration.

5 Policy response and programmes

5.1 *Governmental interventions before 2005*¹⁷

Cities have been at the heart of India's economic success – urban India accounted for 62 to 63 percent of the country's GDP in 2009–10 (Planning Commission 2011a). According to estimates by the High Powered Expert Committee on Urban Infrastructure and Services, the contribution of urban areas is expected to rise to 75 percent of GDP in 2030, and almost 80 per cent of the new jobs would be created in the cities (HPEC 2011).

Despite this huge potential, urban India could not attract government investment in any significant manner until 2005, when an ambitious programme, the Jawaharlal Nehru National Urban Renewal Mission (JnNURM) was launched signalling the growing importance of urban areas and the urgent

¹⁵ Disability is defined as disability in terms of seeing, hearing, speech, movement, mental retardation, mental illness, other disability, multiple disability.

¹⁶ Chronic illness includes cancer, TB, leprosy, other illness.

¹⁷ This section is based on the author's evaluation for UNDP of government programmes for the urban poor. See (Saxena 2007).

need for urban reforms and renewal¹⁸. A few centrally sponsored schemes in the urban sector in the past that were funded by GOI hardly made any impact.

We quote below from the MTA (mid-term appraisal) of the IX (1997-2002) and X (2002-07) Plans to understand why the impact remained marginal.

According to the MTA IX Plan, the implementation of the scheme of Integrated Development of Small and Medium Towns (IDSMT) has not been satisfactory and the areas of concern include timely completion of projects, augmentation of resources by ULBs (urban local bodies) for continued investment, creation/ consolidation of Revolving Fund, utilization of available funds, tie up of institutional finance, viability of the implementing agencies, and convergence of stakeholders.

The National Institute of Urban Affairs, vide its evaluation study in a sample of 22 towns observed that the impediments in implementation broadly were non-availability of land, absence of technical/feasibility studies, lack of inter-agency coordination, and poor monitoring. Similarly, the Centre for Symbiosis of Technology, Environment and Management through its impact evaluation of IDSMT scheme in Uttar Pradesh and Karnataka concluded that land acquisition and lack of

technical staff in the local bodies delayed the implementation of projects.

The Megacity scheme was launched by the Govt. of India in 1993-94, in order to upgrade the infrastructural facilities in the mega cities of Mumbai, Calcutta, Chennai, Hyderabad and Bangalore. Upto 1999-2000, 375 projects¹⁹ involving Rs 30.90 billion were sanctioned. However, problems in implementation were common to that of IDSMT. In addition, the identified areas requiring attention included, high rates of interests charged by the Financial Institutions, the desirability of retaining 75 per cent of the Central and State share in the Revolving Fund and the manner of its utilization.

Government of Karnataka carried out an evaluation of the works executed in the selected slums in the State in 2000, and found that the condition of 49 out of 61 works was poor. 62.5 percent of street lighting, 67 percent of drinking water works and 78 percent of roads, drains, community toilets and bathroom were in poor condition. Repairs were not done and damaged parts were not repaired. Toilets and baths were not regularly cleaned and water was not available there. Garbage disposal and maintenance, although provided in the project, was never done.

Night shelter for urban shelterless - Night Shelter as a scheme was introduced in 1988-89 to improve/provide shelter to the shelterless in the metropolitan cities. This was

¹⁸ Even during the XI plan period (2007-12) the per capita expenditure on the urban sector at Rs. 1,566 is significantly lower than the per capita expenditure in the rural sector, which is Rs. 7,433 (Planning Commission 2012).

¹⁹ Sanctioning a large number of projects means that the limited staff of GOI would have no time left for monitoring the physical progress of outcomes.

revised in 1992 to include other urban areas. However, lack of administrative will to make suitable land available has stood in the progress. Even meagre allocation of Rs 500 million during the X Plan (2002-07) could not be utilised. The Ministry complained of not receiving adequate number of proposals from the States, and wound up the scheme by transferring it to the States.

Reasons for the failure of the past schemes to make a significant dent on the problems of the urban poor are summarised below:

- The total central outlay was insufficient, its release was adhoc, not very well publicized, and there was ineffective monitoring by the central government to ensure its proper utilisation.
- As GOI funds cannot be directly made available to the Municipalities, and have to be routed through the state governments, it is likely that there has been inordinate delay in release of these funds, both from the central Finance Ministry and the state governments, and making them available to the Municipalities.
- The resources raised by the municipal authorities constitute barely 0.6 percent of the national GDP and, therefore, still remain peripheral to their overall budgets. Revenues from non-tax sources have been lagging behind, dependence of municipal authorities on external sources has been increasing coupled with

corresponding decline in the internal revenue from own sources. This reduces the sense of ownership, and increases irresponsible behaviour. In the absence of external supervision wastage of funds remains unchecked.

- State governments and Municipalities divert funds for the poor to other schemes. This is not detected in time, because the central government's monitoring capability is weak.
- There is no follow up of expenditures incurred in previous years, and insufficient funds are provided for operation and maintenance.

6 Interventions after 2005 - JnNURM

Launched in December 2005, the Jawaharlal Nehru National Urban Renewal Mission (JnNURM) is GOI's flagship programme for urban development. The Mission has four components. The first is Urban Infrastructure and Governance (UIG) for 65 cities, comprising the mega cities of Mumbai, Bangalore, Chennai, Hyderabad, Kolkata, Delhi and Ahmedabad, 28 cities with a population of one million plus²⁰, 17 State capitals, and 13 cities of religious and tourist importance. The second component is the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) which covers 640 towns. The third component is the Basic Services for Urban Poor (BSUP) which extends to all the 65 towns identified for the

²⁰ According to 2001 census

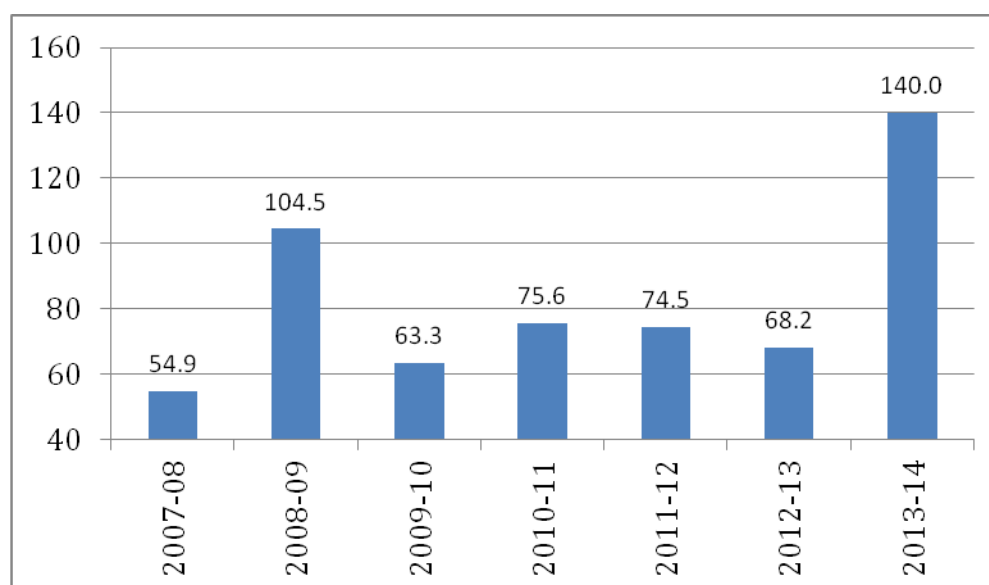
UIG component. The fourth is the Integrated Housing and Slum Development Programme (IHSDP). All the four components share some common features such as the provision of basic infrastructure, i.e., water supply and sanitation. Whereas the first two components are aimed at improving infrastructure for the entire population, the next two have a specific pro-poor focus. However, funds are highly inadequate for the services aimed at the poor, as the share of BSUP in JnNURM was only 13 per cent in 2013-14, whereas for IHSDP was 8 per cent (AI 2013). Even these meagre funds are not fully utilised by the States.

Funding for JnNURM is divided between GOI, States and Urban Local Bodies (ULBs) based on the population of the city. For mega cities with a population of over 4 million, the split in costs between GOI, state governments, and ULBs is a 15:35:50 ratio; for those with a population between 1 to 4 million population, the ratio is 35:50:15, and smaller cities have a 80:10:10 ratio. Inter-State distribution of funds is based on the urban population of the States and its proportion to the urban population in the country. The implication of this policy is that richer States and larger cities get more financial allocations from GOI.

To access JnNURM funds, each city submits a City Development Plan (CDP) and Detailed

Project Reports (DPRs) for proposed projects to GOI. Funds are sanctioned after evaluation and approval by GOI. However, there are significant delays in the timing of release. According to General Financial Rules, expenditure should be restricted to 15 percent during the month of March and 33 percent during the last quarter of the financial year. However, in FY 2011-12, a significant quantum of funds was released in the last quarter and the last month of the financial year. In FY 2010-11, 62 percent of the funds for UIG and 66 percent for IHSDP were released in the last quarter. For both schemes, 44 percent and 49 percent of funds were released in the last month of the financial year. Part of the reason for delays in releases is that funds have not been utilized or utilization certificates (UCs) have not been submitted to GOI.

When JnNURM was launched in FY 2005-06, GOI committed to an allocation of Rs 661 billion over a 7 year period. However, at the end of 7 years, total allocations fell short of this commitment by Rs 210 billion. In per capita terms, India's annual capital spending on urban infrastructure is only \$ 17 as against \$ 116 for China and \$ 391 for UK (MGI 2010).

Figure 4: GOI allocations for JnNURM (in billion Rs)

The water sector accounts for the single largest share (41 per cent) of the funds disbursed under the JNNURM, while water, sewerage, and drainage together account for over 70 per cent. Solid waste management claimed 3 per cent of the funds disbursed.

However, completion rate for projects is low. As of December 2012, out of a total of 551 projects sanctioned under UIG, only 31 percent were completed. Amongst housing projects out of 1.57 million houses sanctioned since the beginning only 41 percent had been completed and only 27 percent had been occupied till December 2012 (Grant Thornton 2011). The reasons are, lack of state capacity to develop plans, prioritize projects and raise matching funds, and the inability of state governments to meet reform conditionalities. The reforms such as Rent Control Law, Transfer of 12th Schedule Functions to ULBs, and Community Participation have been projected as more difficult reforms by the states.

6.1 The large city bias

Though many of the larger and more urbanised States such as Maharashtra, Andhra Pradesh or Tamil Nadu are better off, their share in central funds has been quite high. To illustrate, since the inception of the JnNURM, the central share allocation under the UIG component has been about Rs 18.46 billion for Greater Mumbai, Rs 15.25 billion for Kolkata, Rs 15.67 billion for Pune, and Rs 14.04 billion for Chennai. The allocation for Delhi has been the highest at Rs 25 billion. These mega cities can be expected to attract investment from the market or through PPP route and therefore funding may be scaled down for them to increase the funding for smaller cities and towns (Grant Thornton 2011.).

Roughly 35 to 40 per cent urban population is located in 7000 small towns (including census towns) with a population of 1 lakh and below. These towns are within easy reach from the villages. If facilities of power, roads, education,

health, skill training institutes, financial services and entertainment etc. are improved in these towns, new industry would be attracted as labour would be cheaper here, which would help both the rural and urban population. This needs a major focus for inclusive development of the population living in small towns and surrounding villages (Kathpalia and Kapoor 2010).

However such towns have been neglected in JnNURM, and also in RAY, despite there being clear evidence of a high incidence of poverty and slum-like conditions, alongside serious service deficiencies in them. The focus is on large cities because the political economy of the country necessitates improving their environmental conditions to make them attractive to global business (Kundu 2013). It may therefore be desirable to have a set of criteria apart from population. Other criteria such as existing level of infrastructure, poverty, financial health of the urban local body, and state urban policy may also be considered.

7 Sectoral issues

7.1 *Housing for the urban poor*

At the end of 10th Five Year Plan the housing shortage was estimated to be 24.7 million for 67.4 million households, 99 per cent of them being from the economically weaker sections (EWS) and the low income group (LIG) households. This was projected to grow at the rate of 2 million units every year, thus presenting a huge challenge for policy planners. It is clear that markets have not

eliminated and cannot be expected to eliminate homelessness.

It is ironical that though there is negligible housing shortage for the HIG (high income group) category, most new houses are meant for them, leading to a situation that the rich own more than one house that remain unoccupied, thus leading to wastage of a scarce resource. The benefits of public housing programmes have accrued disproportionately to the better-off sections of society. GOI should assess the degree of unoccupied houses for cities over a period of time. It might show that despite the withdrawal of the Urban Ceiling Act and liberalisation of renting laws, the percentage of unoccupied houses has not gone down. There should be heavy taxation on unoccupied property.

The alternative is low cost housing. There should be careful earmarking of sites for urban poor migrants close to potential work-sites, and land allotted to homeless migrants by a process free from bureaucratic tangles. Equally, sites for temporary lease for petty commercial activities should also be developed at all potential and existing commercial centres, and these should be available to the urban poor on realistic terms.

An important issue requiring attention in the context of proliferation of slums would be to consider the feasibility of making the contractors responsible for providing affordable shelter and basic amenities to the workers engaged by them. The limited administrative capability at the city level would be better utilised if urban contractors are

asked to observe laws relating to migrant labour and provide for temporary sheds under law for the labour they hire, and such conditionalities are properly enforced.

RAY - To make the country slum free a new programme, Rajiv Awas Yojana (RAY), was launched in June 2011. Central Assistance is extended under RAY to States that are willing to assign property rights to slum dwellers and undertake reservation of land for EWS and LIG households²¹, earmark 25 per cent of municipal budget for basic services to the urban poor/slum-dwellers and bring in legislative amendments and policy changes to redress land and affordable housing shortages for the urban poor. It is proposed to extend the coverage of RAY to all cities having population more than half a million. For smaller cities, the choice would be made by the States, according to their aspirations, financial and resource arrangements in consultation with the Central Government²².

The scheme of RAY is in its preparatory phase, and upto 31st March 2013 Rs. 1 billion has been released to 195 cities for undertaking preparatory activities²³. Unfortunately, due to the absence of systematic land records, non-transparent deals, and ownership conflicts between different landowning departments, it is difficult

at present to answer questions of ownership of slum land in several places. Immediate steps must be taken to prepare an inventory of land and to organise land records.

An important issue is defining the minimum acceptable dwelling unit for slum dwellers that is affordable, given their low capacity to repay and the limited resources available under the mission. As per the task force, the cost of the unit must not exceed Rs 2,16,000 at 2011 prices and the EMI (Equated Monthly Instalment) should be only Rs 1,350. The real challenge would be keeping the cost of a flat with 300 square feet to this low limit even in small cities.

Promote rental - At today's prices, even a modest tenement of 300 square feet would cost close to Rs one million, well beyond the reach of poor residents. These are then allocated to ineligible households, or worse they stand vacant, and gradually fall into disuse, as monuments of official waste, because in the classic mode of bureaucratic failures, those for whom they are intended cannot afford them, and those who can afford them, cannot get them.

But there has still been no spurt in the construction of low-income housing for rental. Builders and developers construct houses in response to a vigorous market demand. But the demand they satisfy is essentially at the upper end of the scale, and their projects often take the form of high quality residential enclaves with built-in amenities, mostly bought by the rich as an investment.

Public rental was the social solution to

²¹ It may be noted that community mortgage that has been tried in Philippines has not been a part of government policy, as urban communities are perceived to be lacking in cohesion and social capital.

²² Based on the answer given to Parliament question 1150 dated 7th March 2013.

²³ Based on the answer given to Parliament question 6714 dated 8th May 2013.

housing during inter-war and post-war periods in Europe and elsewhere, and very large housing estates were built in several countries. It is now increasingly targeted towards low-income earners and those with social problems. India will do well by emulating their example.

In addition to rentals, one would therefore like to advocate the following suggestions:

- Reserve at least 30 percent of all new housing space for the poor.
- Make it compulsory by law for all housing schemes in which more than 20 dwelling units are being constructed, whether for higher or middle income groups, to construct a certain percentage (say 30 percent of the total number) of affordable houses of 25-30 sq m for the poor as part of the scheme.
- Make it compulsory by law for all advertisements on housing to specifically mention in what manner the poor would benefit from the housing scheme.
- Interest subsidy on bank loans for the poor should be introduced. It is ironical that the rich get income tax rebate on housing loans, but the poor get no such benefit from government.

7.1.1 Night shelters

The poorest such as beggars and daily wage earners cannot afford even houses on a rental scheme. For them the scheme of night

shelters should be revived as a centrally sponsored scheme. A significant number of the estimated 80 to 200 million of the population sleeping hungry every night comprise homeless people. The condition makes them susceptible to extreme weather conditions, which sometimes leads to death.

Several interim orders on night shelters have been issued both by the High Courts and the Supreme Court in the last two years, such as:

- The Government of Delhi and its concerned agencies are directed to take immediate steps to provide night shelters, improve facilities of existing shelters, and provide additional facilities i.e., blankets and mobile toilets, to homeless people in the State.
- The Government of Delhi and its concerned agencies are directed to issue AAY ²⁴ ration cards to all homeless people in Delhi with a validity of at least two years and renewable if they remain homeless in the city.
- All major cities in all States and Union Territories which have a population of more than half a million have to be provided with night shelters in a ratio of ten night shelter per million of population equipped with basic

²⁴ These cards, distributed to the poorest 25 million households in India, entitle them to get wheat and rice at Rs 2 and 3 per kilogram respectively from the ration shops, as against a market price of about Rs 15-20 per kg. The price has remained unchanged since 2000.

facilities such as electricity, water arrangements, toilet facilities, sanitation arrangement, and beddings i.e., blankets, mattresses, and jute mats.

- All State Governments and Union Territories and their instrumentalities shall not demolish any night shelter without providing an alternate or till further order.

However, even in Delhi, where implementation of the Court order has been somewhat better than other States, for over a 100,000 homeless people, the government runs only 14 night shelters with a maximum capacity of 2,937 people, which is only 3 percent of the homeless people in the city²⁵. Therefore it should be obligatory to reserve 25 per cent to 40 per cent of land in city development plans for new social housing stock to accommodate the future inflow of poor migrants. Not many State and local governments are willing or able to comply with this and it means that more than 50 per cent of the central funds for low cost housing remain unutilised. An official drive will be needed in all cities and towns to identify government land that has been encroached on by mafias, and land that lies unutilised with public agencies or is under unwarranted litigation to obtain the required extent from within the system (Kundu 2013).

7.2 SJSRY & livelihoods

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched in December 1997 to provide gainful employment to the unemployed and underemployed urban poor by encouraging skill development and self-employment and also through wage employment for construction of socially and economically useful public assets.

The wage employment component of SJSRY has generally been used by the city governments for general municipal works, and thus has created no additionality of employment. In any case unskilled wage employment seems to be less of a problem for the urban poor than the terms at which it is provided by the contractors. Creating more unskilled employment without any improvement in living conditions (shelter, health, etc) may further aggravate the inhuman conditions in which the urban poor live. Hence the unskilled wage component in SJSRY meant for unskilled work should be dropped in the XII Plan (2012-17).

As regards the self-employment component, it should be recognised that many small entrepreneurs in the country are facing genuine problems – poor quality infrastructure; inadequate access to institutional credit; delayed payments by large industries; procedural delays in getting government clearances; harassment by inspecting officers; rigid labour laws, technological obsolescence; non-availability of skilled manpower; lack of marketing facilities and difficulty in competing with well-established foreign and national

²⁵

<http://sccommissioners.org/Homelessness/homelessness.html>

brand names. These would require not only policy changes but an efficient and responsive administration. Though supply side intervention in the form of rural electrification, roads, credit and communication systems is vital for the growth of the non-farm sector, institutional framework within which government support is delivered – plethora of official organisations and agencies, many charged with overlapping functions, with poor coordination between themselves – needs to be set right too (Saxena 2012).

Unfortunately none of these issues are being addressed by SJSRY. It is based on the simplistic assumption that subsidised credit will help in creating new entrepreneurship and augmenting incomes. However the high cost of appraising, monitoring and enforcing small loan agreements deters the banks from extending credit, and therefore the overall coverage of the scheme is still limited. The assumption that the urban poor will set up new units if provided with cheap loans needs to be questioned.

Urban unemployment rates are very high, particularly in 15-24 age group; female unemployment rate is estimated to be 12.5 per cent in urban areas (NSSO 2013). However, many industrial jobs being created are low-productivity and contractual, while employment growth in the relatively higher productivity services sector has been slow in recent years. In addition, with an average schooling of 5.1 years, Indian youth are, on average, ill-equipped for high productivity urban employment. Gender differentials in literacy attainments translate into average

schooling of 4.1 years for women vis-à-vis 6.1 years for men.

A report by McKinsey and Company (2012) notes that industrialisation will raise the demand for medium skill workers with secondary education and vocational training, but due to low rates of high school enrolment and completion, there could be a shortfall of 13 million such workers in India by 2030. Women are very visible in the lowest paying, low skill jobs that are also often tedious, risky and hazardous. This all points to the need for skill upgradation so that 'occupational up-scaling' may take place.

Skill development has been neglected in the past and needs much faster expansion. A key critique of SJSRY has been the focus on providing 'employment' to the unskilled urban poor as opposed to the promotion of skill upgradation thus giving them the option for sustained self/wage employment in the long term (Planning Commission 2012). SJSRY should focus more on skill upgradation, and then wage employment as skilled workers, than on self employment. Skill development has to be correlated to the demands of the industry and service sector in and around the city.

The non-farm sector in India has immense potential to generate new jobs with relatively low direct investments. However its expansion depends upon a number of factors, which are influenced by government policies – directly or indirectly. For instance, poor progress in the energy-transport infrastructure has always been a major constraint on any effort to

achieve a significant acceleration on the growth of the non-farm sector. Since these are non-tradable services, the necessary expansion in supply must come from increased domestic production. The quality of these services in terms of both price and reliability are as important as availability.

7.2.1 A few examples of urban poor livelihoods

Many urban poor have neither the capital, credit nor the enterprise to set up business, and therefore eke out a hand to mouth existence as rag pickers, rickshaw pullers, construction workers, or street vendors. Many of them live in constant fear of being forcibly moved and hence have to 'pay' someone in order to remain undisturbed. With street vendors there is also the anomalous situation that they cannot vend without a license and yet there is almost a blanket ban on fresh issue of licenses, and even if issued there is always the additional whim of the traffic police to deal with. Women constitute a large segment of these street vendors in almost every city. The licence-permit raj is now largely gone for large industry, but it is as entrenched as ever in the areas where the poor earn their livelihood. In cities like Mumbai, the municipal authorities have stopped issuing licenses for several years. As a result, the number of licensed vendors is around 14,000 whereas the total number of vendors is around half a million (Bhowmik 2006). In other cities the situation is more or less similar.

Delhi has about 0.6 million rickshaw pullers but the city government has put a limit of

99,000 on licences to pull rickshaws²⁶. Thus, about half a million rickshaws operate illegally in Delhi. Ironically there is no limit to the number of polluting motor cars, whereas the non-polluting, eco-friendly, and cost efficient transport providing livelihood to the poor has a ridiculously low ceiling! Many rickshaw pullers sleep at their stands and public spaces because they cannot afford to rent a shared room even in the slums.

GOI has formulated a National Policy on Urban Street Vendors in 2009 that clearly recognises that street vendors form a very important segment of the unorganised sector in the country. However in most cities the Policy is yet to be implemented. The Union Cabinet has now approved a Street Vendors (Protection and Livelihood and Regulation of Street Vending) Bill, 2013 which has been approved by the lower house of the Parliament. It would give ten million street vendors in the country an identity as well as protect them from harassment by law enforcement agencies.

A part of JnNURM funds should be reserved for those States which implement the National Policy about street Vendors at the earliest.

7.3 Water & sanitation

In many cities, water availability ranges from 1 to 4 hours per day. This must be increased, especially for the poor and slum dwellers. In the current water supply system, there are enormous inefficiencies—losses in the

²⁶ <http://www.hindustantimes.com/India-news/NewDelhi/Smart-cards-for-rickshaw-pullers-in-N-Delhi/Article1-1011329.aspx>

distribution system because of leakages and bad management. But equally, there are huge challenges, for water is divided between poor and rich India. There is a huge gap in the supply within the city, which some parts getting all, others getting none. Delhi's per capita water supply of 200 lpcd does not mean much to about 30 per cent of the city's population who have access to only 25 litres or less. Water is needed in the city, but it must also reach everybody in the city and not just a few.

The quantum of water that is lost in distribution is a serious problem; this must be the focus of future policy and plans in cities. Currently, cities estimate that as much as 40-50 per cent of the water is 'lost' in the distribution system. Even this is a guesstimate, as most cities do not have real accounts for the water that is actually supplied to consumers. That, along with an inadequate metering system, results in low revenues for the municipality. If the urban bodies could focus on better service, and fewer leaks and illegal connections, consumer service levels would improve with lower rates or minimum tariff increases (Planning Commission 2011c).

As regards sanitation, over 50 million people in urban India defecate in the open every day. The problem of sanitation is much worse in urban areas than in rural due to increasing congestion and density in cities. Indeed, the environmental and health implications of the very poor sanitary conditions should be a major cause for concern.

Lack of sanitation brings to the fore the specific problems that women face, which are linked both to their specific biological needs and to social norms and values. For women living in low-income settlements in Indian cities, lack of sanitation presents three main issues: the non-availability of services and lack of hygiene which prevents them from maintaining their self-respect and social reputation; their worries about immediate physical safety for themselves and their children; and the social stigma attached to living in a low-income settlement without adequate services. If there are public toilets available, these are not sufficiently clean. Therefore women either have to use dirty public toilets with long queues and pressure on them to take very little time, or they have to go at night, in the dark.

Due to shortage of space, community toilets should be promoted, though these require mobilizing communities and building their social capital. Local bodies have traditionally seen the toilet blocks as their property and no effort has been made to involve communities even in maintenance. Moreover, the quality of construction is frequently poor, the availability of water is limited, sometimes there is no access to drainage and most often, there is no garbage dumping area. The toilet areas become the dumps and all these problems add to the early deterioration of the few working toilets in the city.

The consequences of this way of doing things are there for all to see: in most of Indian cities, there are few operational toilet blocks and people perforce have to squat and defecate in

the open. The sight of bare behinds along railway tracks and other public spaces is a common experience in the city. Women often have to wait till it is dark to perform these natural functions to protect their modesty. As a result, gastric disorders are widespread amongst them. Children squat anywhere and everywhere and human excreta are spread all over the place. These insanitary conditions and environmental hazards take their toll upon the health of the poor. The links between public sanitation and public health are well established (Burra 2001).

The city profiles being prepared by GOI should prepare city-wise repeated studies on the availability of water and sanitation to the poorest areas so that one knows what exactly has been the performance of the city governments in fulfilling their promises made in the DPRs for which they would receive grants under JnNURM.

The provisioning of basic water and sanitation should be de-linked from issues of land tenure and legal status. This basic service should be extended to recent and temporary/seasonal migrants as well. These services should be provided on the clear understanding that this provision does not automatically translate into legal entitlements in other spheres, especially as regards legal rights to the land and/or dwelling space.

As cities expand their water footprint which implies sourcing water from distance sources, the cost of water supply as well as transportation losses and leakages rise. Committing a larger capital investment in

creating such infrastructure also leaves utilities with very little money to maintain these networks which further compounds the problem. It is necessary therefore that all efforts should be made to develop source of water close to where people need supply. The city sources are water bodies, which capture rain or floodwaters from rivers as well as its underground water aquifers. There is an urgent need to protect and nurture these sources.

It is necessary that planning of a water supply project should also include provision for treatment of sewage. Discharge of untreated sewage, besides making cities and our water bodies unhygienic also significantly raises the cost of treatment of water. The guiding principle should be to incentivise cost saving innovations in building sewage network, reduce the length of sewage network and to treat the waste water as resource by turning it into water for irrigation or use in the industry. Recycling and re-use of waste water is already in practice. This is required to be scaled up in a planned way.

7.4 Solid Waste Management

Increase in consumerism, rapid urbanization and greater population densities have resulted in high proportions of waste being generated in the Indian cities. Most cities follow a centralized waste management model, which essentially involves a single agency collecting and transporting waste to a designated landfill. Neither households nor municipalities in India practice segregation of biodegradable waste from the rest, and public awareness on the

benefits of segregation is low. Less than 30 per cent of the solid waste is segregated (MoUD, 2010). There is neither institutional arrangement nor legal provisions to enforce segregation across all waste generators. And the tenders for waste purely focus on collection and transportation and do not incentivize segregation.

The poor management of solid waste has led to contamination of groundwater and surface water through leachate and pollution of air through unregulated burning of waste. Unscientific practices in processing and disposal compound the environmental hazards posed by solid waste. Even with current levels of highly inadequate service, solid waste management accounts for 25-50 per cent of a ULB's expenditure (World Bank 2006), but cities recover less than 50 per cent of the O&M cost (MOUD 2010).

Experts, however, feel that the 'landfill' based approach is not sustainable in the long run, particularly since soaring land prices in cities ensure that new landfills are further away from the older ones. There needs to be a concerted effort across the value chain to ensure segregation. Otherwise, all the waste will

continue to be dumped in landfills when one location is filled to capacity, a new landfill site is identified to repeat the process.

Waste should not be seen as a problem, but as a resource with the potential to earn money. Waste could be an income opportunity for the waste pickers and informal recyclers, including slum dwellers and low income residents. Decentralized systems provide better working conditions and an identity to these workers. Some of them could also go on to become social entrepreneurs. This system also helps keep slums/low income areas clean and thereby reducing instance of disease. Replicating the decentralized model and scaling up these units to cover an entire city would go a long way to resolve the endemic waste challenges across various cities.

PPP could also be tried for solid waste management. For organic waste, waste to energy schemes could be promoted. A private partner treats the waste as resource and as input for generating something to add value. The value added part comes by way of manure out of the solid waste or electricity from solid waste or bricks to be made out of the construction waste and so on.

Solid Waste Management (SWM) with Vehicle Tracking (Grant Thornton 2011)

PCMC (Pimpri- Chinchwad Municipal Corporation, in Maharashtra, population 1.7 million in 2011) has started GPS vehicle tracking system. This GPS system has been integrated with an interface which will assign waste pickup job and duty management. This also monitors and registers the auto job pick up adherence via geo reference and stop at pickup bin location. Vehicles Trip/job report is generated for number of trips per vehicle per driver and as well as contractor. Pickup adherence report, exception report on missed bins is also generated for the authority to monitor the collection of solid waste form bins. Tracking report, stoppage, over speed reports and

detentions reports and idle reports are generated for continuous monitoring of collection and transportation of vehicles. This also includes

- Bin wise service efficiency report
- business specific alerts via SMS/email
- Vehicle being dispatched to trip
- Vehicle reaching assigned waste bins locations
- Unloading at land fill site
- Vehicle stoppage time in various locations and breakdown.

This initiative has increased the efficiency of SWM in the region.

7.5 Mobility and transport

Congestion presents a major challenge for mobility in Indian cities. Narrow roads combined with pervasive growth of private car ownership mean that journey speeds for motorized travel in all cities are barely faster than riding a bicycle. Public transport has not been able to serve the expanding mass of urban commuters, and even though initiatives are under way to enhance its supply, its limited integration with other modes of transport and onerous land use planning are holding down how much it is used (World Bank 2013).

Public transport accounts for only 22 per cent of urban transport in India, compared with 49 per cent in lower middle income countries (e.g. the Philippines, Venezuela, Egypt) and 40 per cent in upper middle income countries (e.g. South Africa, South Korea, Brazil). The motor vehicle population in India has increased 100 times from 1951 to 2004, while the road network has expanded only eight times, and

this does not even cover the period of sharp acceleration in vehicle purchases after 2003 (HPEC 2011). In 2007, Indians bought 1.5 million cars, which is more than double the number purchased in 2003. Only 20 out of India's 85 cities with a population of 0.5 million or more in 2009 had a city bus service. On the whole, share of buses was only 1.1 per cent of total registered vehicles in 2001.

There are only a few cases of improvement in public transport in recent years. Delhi's rail-based MRTS and Ahmedabad's Bus Rapid Transit System (BRTS) have successfully contributed to improving the situation with respect to public transport. To some extent, the poor showing of public transport in India can be attributed to the fact that the tax policy regime militates against public transport. The total tax burden for public transport vehicles per vehicle km is 2.6 times higher than for private vehicles (HPEC 2011). The Parliamentary Standing Committee on Urban Development (Urban Transport) 2010

recommended a 'congestion tax' on personal vehicles in the form of a toll tax in congested areas. But the Ministry of Urban Development has indicated that 'in the Indian context, levying of congestion tax may be pre-mature at this stage keeping in view the quantity and quality of the available public transport and the absence of Intelligent Transport System (ITS)'.

7.6 Health

The urban poor suffer from poor health status. As per NFHS III data, under 5 Mortality Rate (U5MR) among the urban poor was 72.7 in 2006, significantly higher than the urban average of 51.9. More than 50 per cent of urban poor children are underweight and almost 60 per cent of urban poor children miss total immunization before completing one year. Poor environmental condition in the slums along with high population density makes them vulnerable to lung diseases like Asthma; Tuberculosis (TB) etc. Slums also have a high-incidence of vector borne diseases (VBDs) and cases of malaria among the urban poor are twice as many than other urbanites.

Inequities in public expenditure on health are staggering. According to a World Bank study the poorest 20 percent of the population captured only about 10 percent of the total net public subsidy from publicly provided clinical services. The richest quintile received more than three times the subsidy received by the poorest quintile, indicating that publicly financed curative care services are 'unambiguously pro-rich' (Peters 2002).

There is a need to increase the urban infrastructure for health at all levels including big cities and small towns to cope with the growing urban population. Posts need to be created at various levels in slum areas within the health department to ensure adequate delivery and provision of outreach services. Special provisions should be made for providing health services to pavement dwellers and temporary settlements. All health posts should provide outreach services to slum and slum-like areas. The recommendation of the Krishnan committee for a community health worker for population of 2,000 should be put into place²⁷.

Number of ICDS centres should be increased in slum and poor areas. Of the total number of ICDS centres, hardly 10 percent operate in the urban centres.

National Health Mission (NHM) - The Prime Minister in his Independence Day speech, 2012 had declared: 'After the success of the National Rural health Mission, we now want to expand the scope of health services in our towns also. The National Rural Health Mission will be converted into a National Health Mission (NHM) which would cover all villages and towns in the country.' A major component of NHM is proposed to be a scheme for providing primary health care to the urban poor, particularly those residing in slums. However, paucity of funds has prevented the scheme from being launched.

²⁷ http://www.ihmp.org/urban_health.html

8 Cross-sectoral issues

Many evaluations of JnNURM focus on the lack of human and financial capacity of ULBs to carry out reforms. This critique is significant in light of the fact that the 65 mission cities which spend most of the JnNURM funds are relatively large cities. If funding support is made available to the small and medium towns, it is clear that issues of human and financial capacity will become key reforms blocks in any subsequent programme. For instance, considerable capital investment is needed for efficient solid waste management. In metros, motorised transport is used for the collection and disposal of solid waste. There are funds to ensure that these vehicles are well maintained. Some small towns might have vehicles, but more often than not these cannot be used because of poor maintenance. As a result, they are dependent on cycle rickshaws or manual collection. In Mirzapur²⁸, rickshaws piled high with waste can be seen plying through the streets, often depositing half of what they have collected on the road. The rest is thrown on the banks of the river Ganges that runs through the town (Sharma 2012).

Even in larger cities, GOI funds are mostly spent on improving infrastructure for the general public, and are not sufficiently directed to the poor. Targeting small & medium towns as well as the poor would need identifying certain common and cross-sectoral issues which are discussed below.

²⁸ A small town in UP with a population of 130,000 in 2011.

8.1 Addressing Gender Concerns

Gender based urban development is about promoting cities that respond equally to men and women. However, because women experience cities differently, meeting women's needs becomes critical to promoting sustainable/equitable urban development. In patriarchal economies such as India, women's interests have conventionally been underrepresented in policy and planned development. Cities, especially large urban areas also have more numbers of women headed households, single women living by themselves, professional women who need to travel, etc., and urban development planning must respond to the needs of these diverse groups. Enhancing women's role and participation in urban governance is therefore vital in creating equitable cities and should be a key measure of the success of JnNURM (UNDP 2009).

The Mission had until recently excluded health, education and employment and was much more focused on infrastructure. As a result, there has been no focus on women's issues in the project documents. For instance, as already stated in section 3.1, only a very small percentage of women have legal title to housing/land. Women's lack of title/ownership makes them a voiceless and vulnerable constituency. Monitoring compliance of the Succession Laws in property ownership should therefore be a mandatory clause in the conditionalities set by GOI for the states.

Secondly, because transport services are unfriendly to women, most poor women use

homes for economic activities, due to reasons of safety, lack of mobility and child-care responsibilities. Inadequate spaces without basic services lower potential economic output (for example, without power women cannot run electric sewing machines to increase production) and the capacity to overcome poverty. Since women often lack education and technical skills, they tend to be predominantly in the informal economy.

Women living in slums often walk to a close by posh locality to work as domestic help. However forced evictions from such slums and settling them in faraway places destroys their job opportunities or the markets for their home based enterprise. The destruction of slums does not mean the demolition of homes alone but often means that the informal enterprises/livelihoods that the women engage in are also destroyed.

Women's Participation in Kerala²⁹

The municipalities of Kerala adopt a decentralized and innovative citizen-driven approach to identify and target families amongst the urban poor for entitlement programs. Every poor family within the City Corporation is identified through a socially understood and accepted set of transparent non-monetary criteria. These families are then mobilized into a Neighbourhood Group (NHG), with each family being mandatorily represented by a woman. All NHGs in a ward are organized into an Area Development Society (ADS) and the ADSs within a city are in turn federated into a registered organization – the Community Development Society.

At each level of this three-tiered network, a set of women volunteers are recruited and given the responsibility of overseeing the running of government schemes for health, education, community infrastructure, economic development and general management. More significantly, they provide primary inputs at each level to an Anti Poverty Sub Plan that the Kerala Municipal Corporation outlines each year, thereby helping in accurately articulating the demand for pro-poor public services in urban areas. This has led to a robust, accountable governance mechanism for service delivery in the state, which strongly and effectively incorporates the voice of its most vulnerable citizens, especially women.

²⁹ urbanpoverty.intellecap.com/?p=961

Efforts must be pursued to mobilize and organize women at the grassroots, especially in low resource communities and slum areas, where women are less likely to be organized/engaged. This will require partnerships with local civil society groups, who have experience of working with poor women in urban communities, to address their needs. There should be mandatory inclusion of a critical mass of women in policy discussions with governments and local institutions. Finally there should be gender appraisals of JnNURM projects, so that good gender practices being followed in projects, as well as programme experiences and lessons in promoting gender equality are identified, documented and shared amongst the ULBs.

8.2 Empowerment of ULBs

This is something about which States seem to be reluctant despite the 74th Constitution Amendment, which lists 18 functions to be transferred to ULBs. Most States have not done this though it is also a JnNURM reform conditionality. Funds, Functions, and Functionaries relating to municipal functions need to be fully and effectively transferred to the urban bodies. Very few States have a system of direct election of Mayors for full five year term. Mostly it is indirect election, that too for terms like one year. Financial devolution is extremely slow and even consistent increase in annual allocation is very rare. India's cities are still governed by bureaucrats who have a very short tenure, and hence take no interest in long term problems. This is in sharp contrast to large cities elsewhere that have

empowered mayors with long tenure (MGI 2010).

The organising principle of the JnNURM was the full involvement of the elected ULBs. However, in actual practice, the disconnect between various activities of the Mission and the ULBs has been pervasive. Right from the preparation of the city development plans, which was the starting point of the Mission, the involvement of the local bodies has been marginal. The concerned departments of the state government or the agency designated as the nodal body determined the selection of projects and the financing arrangements. The responsibility for the execution of many of the projects lies with parastatal agencies. The monitoring of project execution and the reporting on various parameters determined by the government are also the responsibility of the state nodal agency. There are, of course, some exceptions in the case of large corporations such as Mumbai, Pune, Hyderabad, Kolkata, etc. The UIG Mission guidelines do provide that whatever be the arrangements for project implementation, an accountability platform under the urban local body should be set up, to which the implementing agencies would report. There is no evidence to show that this has been done.

8.3 Capacity building and people's participation

Urban self-governments have remained starved of funds and technical skills, and suffer from poor management. Even if the manpower is provided at various levels for implementation of the poverty alleviation

programmes, it will be of little use if they do not have the capability, capacity and sensitivity to effectively implement social sector programmes. Therefore, there is a need to build the capacity of the project functionaries at various levels in the State and Central governments, as also of other stakeholders including representatives of NGOs, FIs, Banking institutions, Training Institutes etc.

In larger cities, people seem to be losing faith in the effectiveness of Ward committees in addressing their grievances. Failure of Ward committees has led to emergence of civil society organisations, RWAs, corporates, etc. One should study this shift by evaluating the ward systems and the parallel bodies.

There is no proper municipal cadre. ULBs do not have the support of professionals in line with today's varied requirements. Except for mega cities, very few municipalities have regular access to urban planners, transport planners, PPP specialists, IT specialists, competent finance persons, poverty alleviation specialists, slum rehabilitation strategists, and project writers. The lack of capacity of urban local bodies leads to a centralised approach to

planning whereby power to make decisions is concentrated in the central and/or state governments.

No plan for improving the city can be successful without the participation of the urban poor. They need to be integrated into the planning process and in campaigns for a better environment. The experience of a marginalised section of the urban workforce, namely, rag pickers, has shown this. Rag pickers have been regarded as a nuisance and they are blamed for spreading garbage. They are harassed by civic authorities and by middle class residents associations. In fact these people are engaged in activities that are very positive for the environment as they collect recyclable materials from the city's garbage. In Ahmedabad, the Self-Employed Women's Association (SEWA), a trade union of women in the informal sector, has been able to include ragpickers in the 'clean city' campaign. In Mumbai, the Stree Mukti Sangathana too, has involved ragpickers in beautification campaigns in some parts of the suburbs. Such moves are not only beneficial for the urban environment, they also try to restore citizenship to the marginalised (Bhowmik 2006).

People's participation in building drainage systems

The Alandur (Tamil Nadu) model of public-private partnership in providing underground drainage has been widely touted as a precedent in the country. A municipal suburb of Chennai, Alandur has grown rapidly in recent years and is home to a large middle class population. The Alandur Municipal Corporation conceptualized the construction of 120 km-long sewerage network and the development of a Build, Operate and Transfer (BOT)-based sewage treatment plant whose functioning was directly dependent on citizen partnership. The maintenance of the system required monthly contributions as user charges from the citizens. At the heart of the project, therefore, was a well-designed citizen outreach and communications programme.

The project was widely publicized through media and several community meetings. The results were very positive. Of the total cost of nearly Rs 337.5 million estimated for the sewerage project, the municipality raised funds amounting to over Rs 260 million from institutional sources whereas Rs 80 million accounting for nearly 24 per cent of the total cost, were raised through beneficiary contributions from the residents of Alandur. For the first time in the country, project beneficiaries had paid nearly one-fourth of the project cost upfront even before the project was started. These include a large number (43%) of slum dwellers who have opted and paid for individual sewerage connections. However, local RWAs played a critical role in negotiating the user fees downward.

The effort demonstrates that services can be improved where municipalities with strong, transparent and popular leadership are able to spearhead initiatives that involve citizens.

(Coelho et al. 2011)

However citizen participation has its limitations and cannot substitute for efficient local government. Unless the poor's presence is considered desirable and legitimate by the state, mere populist policies will not lead to either responsible behaviour or mobilisation of the poor. Participation cannot be localised or fragmented, isolated from other forces and concerns. It is shaped by the broader socio-political context.

8.4 Strengthen monitoring systems

It is well established that the States and the Municipalities capacity for discharging the poverty alleviation functions is low and so far hardly any priority was assigned to the tasks of slum upgradation, housing and poverty alleviation. There has to be third-party periodical assessment of the implementation of these intentions at the Municipality level, otherwise in the absence of adequate oversight it is feared that the noble objectives might remain only on paper.

For instance, one should find out of the new houses that have come up in the last five years, how many are for the weaker sections and for the BPL category. Despite the fact that more than 90 percent of housing shortages are for this class of people, it is likely that very few houses have been constructed for them in many cities. Documenting the failures of the state governments is the best way to goad them into action. A chart showing comparative city-wise performance on housing for the disadvantaged would instil a sense of competition amongst the cities to do better.

One NGO working in the NCR region of Delhi studied the Madipur resettlement colony. This was established in the 1960s for 21,400 people, but now 72,760 people are living there, the existing population density is 1000 people per acre, as against the norm of 300 per acre. There is no tenurial record, most construction is illegal, and some time back a four storey building collapsed, although only one storey is permitted. No record is kept by the Municipality of who is in occupation, and under what rights. There is a fair amount of

encroachment on public lands. On the whole, a story of sheer neglect by the authorities. Such evaluations should be publicised so that effective action is taken by the State and municipal authorities.

8.5 Corruption

Widespread corruption and non-accountability of employees and municipal councillors has further compounded the problem. It must be admitted that there exists a nexus between the elected representatives, contractors and the lower ranks of the ULB's bureaucracy. There is in most local bodies, unfortunately, a long and dishonourable tradition of different groups like contractors, engineers, and Councillors getting a 'cut' from projects in their areas. Often, estimates of works are inflated and the excess shared at the expense of the public (Burra 2001).

Civil society participation is one of the Good Governance principles in addition to accountability, transparency and non-discrimination. It allows to capture feedback from customers and the poor about the quality of service delivery and complaint response. It is a tool to expose inadequate practices and to ensure transparency in fulfilling the rights of consumers and underserved communities. Several forms of institutionalised and non-institutionalised citizen participation exist.

For instance, civil society can mobilise the community and prepare Citizen Report Cards to capture feedback from customers in general, as well as the poor and other marginalised groups in particular, about the quality of public service delivery. In Bangalore,

it contributed to a significant increase in citizen satisfaction with the services and a visible decline in corruption. Public officials were brought together in workshops and seminars, which saw active participation from civic groups, to address issues uncovered by the feedback³⁰.

8.6 Poor revenue collection

Aggregate revenue of all ULBs in India, is very low at around 0.75 per cent of the country's GDP³¹. In contrast, the ratio is 4.5 per cent for Poland, 5 per cent for Brazil and 6 per cent for South Africa. Measured in terms of what the municipalities raise with their revenue-raising powers and what they spend, municipal sector is tiny. Their own tax revenue in 2007-08 was Rs. 153 billion (per capita Rs. 492) which comes to 0.35 per cent of GDP, whereas their revenue expenditure was Rs. 284 billion.

Although the functions and responsibilities of ULBs have increased significantly since 1992, there is no proportional increase in their resource base. This happens because of ULBs in small towns are usually unable to collect the few taxes that they are entitled to collect such as property tax, water tax, commercial tax and vehicle tax. They simply do not have the manpower for the task. This leads to very poor expenditure of civic services. According to the norms Bhopal and

³⁰ <http://www.waterintegrityforum.com/wp-content/uploads/2013/06/Description-WSP-Integrity-Instruments-1.0.pdf>

³¹

http://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=1157

Kanpur³² should have spent Rs 770 and 858 per capita in 2000-01, whereas the actual expenditure was only 223 and 102 Rupees.

The reasons for under-spending are many. One, local bodies have been unable to exploit property tax as a major source of revenue, despite the facility that the ULBs can retain 100% of the tax collected without sharing it with the state or central government. Two, State Finance Commissions have been recommending that a portion of the State revenues be transferred to local bodies, but States have not complied with their recommendations. Three, though grants from the Centre provide additional support, these transfers have not been adequate for local bodies to provide the desired level of services. A significant part of resource transfer is tied and non-discretionary, limiting the abilities of the urban local bodies to match resources to locally felt needs. In turn, the poor conditions prevailing in small towns and their dismal urban infrastructure deters private investors from other parts of the country from bringing in fresh investment to such towns. Municipal bodies are thus caught in a pernicious vicious cycle of low capability, resulting in low collection of revenue leading to poor performance in the delivery of all basic services.

Quality of expenditure, measured as establishment and administrative expenditure as a proportion of total expenditure also turns out to be a major factor in determining the ability of MCs to provide basic services. Some

of the MCs have an unsustainably high proportion (more than 50 per cent) of total expenditure on establishment and administration, which affects the sustainability of their finances and their service delivery capacity. Lower spending on administrative and establishment purposes would leave more resources with the MCs to provide civic amenities (RBI 2011).

There are large inter-city variations in property tax revenues, with the Mumbai Municipal Corporation registering a per capita annual revenue of Rs. 1334 as against Rs. 25 for the Patna³³ Municipal Corporation. Property tax is unquestionably a prime revenue source, but is characterized by huge inefficiencies. Only 46 per cent of tax demanded is collected. 41 per cent properties are not on Municipal house tax register.

There is tremendous scope for improvement in revenue from property tax, even without increasing rates, and indeed, even without any structural alteration of the basis of levy. Property tax revenues could increase four to five times to Rs. 250- 320 billion, merely by bringing all cities to an 85 per cent coverage level and 85 per cent collection efficiency, without changing any other variables. It is urgently required that the municipalities in India complete formal registration of all properties, whether assessable or not. This needs to be followed by the complete assessment of all registered properties and collection of the demands raised on

³² The population of these towns was 1.8 and 2.9 million respectively in 2011.

³³ Capital of the state of Bihar, population was 2 million in 2011.

assessable properties at a minimum of 85 per cent efficiency.

8.7 PPP

The huge investment needed for urban infrastructure is beyond the means of urban local bodies. There is a need to turn to private sector or institutional financing. The process of private sector participation has already begun in urban infrastructure services, such as solid waste management in Mumbai, Surat and Panjim and water supply schemes in Chennai, Tiruppur and Bangalore. Other municipalities including Hyderabad, Rajkot, Surat, Nasik and Pune have contracted out the provision of services (Sivaramakrishnan *et al.* 2005).

PPPs are quite popular in infrastructure projects where government commits to make in-kind or financial contributions to the project, whether through subsidies or guarantees, and the private partner builds, maintains, and operates the assets in exchange for some combination of user fees³⁴.

For instance, the role of private sector in providing low cost sanitation and potable water can be quite significant and needs to be explored. Currently, in many cities, a water and sanitation unit is generally operated as a traditional public sector, line department. In this context, reform options may include converting the water and sanitation

department into a corporate utility operated under an independent board with a legally binding performance management contract between the city and the utility. In this case, the city remains the owner and policy maker but service provision is now in the hands of a corporate provider at an arm's length from the policy maker. Another option would be to bring in a private operator to manage the utility, further strengthening the arms length relationship between the policy maker and provider. In the solid waste sector, to take another example, cities may institutionally separate the operations of collection, transfer and landfill into different entities bringing private sector participation in where appropriate in the chain. If warranted by the economies of scale, a cluster of cities may jointly own and manage a common landfill operated by a corporate utility. Again, the regulatory function could be passed onto the State. These are examples of how the roles of policy making, provider and regulator can be separated.

9 Summary of suggestions

Policies and programmes in India need to respond to India's urban poverty challenges from a Human Development perspective. Unfortunately, as repeatedly stressed in this paper, the starting point has to be acceptance of presence of the urban poor in the cities. As of now, their very presence is considered illegitimate by the city authorities. The poor contribute to the globalizing economy of the cities as much as the non-poor. But the poor do so without receiving the due economic or other civic facilities or services at par with the

³⁴http://www-wds.worldbank.org/external/default/WDSCContentServlet/WDSP/IB/2012/10/15/000356161_20121015035114/Rendered/PDF/732110BRI0PPI00PPPs020110Highlights.pdf

non-poor. Many services such as issuing ration cards that enables them to buy subsidised food is denied to them as the migrants, pavement dwellers, and people living in unauthorised slums do not have a permanent or authorised address. Inhuman living conditions in urban settlements in fast growing cities, evictions of occupants and demolitions of their homes resulting in untold miseries to them, and proliferation of shanty dwellings in such cities, need a more pragmatic and humane approach on the part of government.

No doubt, many government programmes are started for them, specially by GOI, such as BSUP and IHSDP, but only half-heartedly, and are marred due to inadequate allocation and even lower expenditure, as the city municipalities are engulfed in their obsession with air-conditioned shopping malls, five star hotels, and housing for the elite. Construction of these facilities creates jobs for the poor, who migrate from the countryside and put up with inhuman conditions to earn a livelihood. Their earnings are not sufficient for them to find shelter and satisfy basic human needs in an oppressive market without governmental intervention. The poor are not able to exert pressure on the municipalities to give them priority, as they are politically not organised. Therefore this paper argues that initiative to provide essential basic amenities to them must come from GOI and the state governments, who have to ensure that the Municipalities are empowered and incentivised to do justice to the poor.

Some of the important recommendations made in the paper are summarised below. These have been categorised under five heads; government policies, basic services and livelihoods, women's concerns, cross-sectoral issues such as financial resources, capacity building, peoples' participation, etc., and the role of civil society/ UN agencies.

9.1 Government policies

Re-define urban poverty: While determining the number of the poor in urban areas both per capita expenditure and access to civic services should be given equal weight, as often a large number of people who are at present not included in the category of the poor are deprived of essential basic services of shelter, drinking water, and health.

Count seasonal migrants and the poor in census towns in the list of beneficiaries: Migrants are often missed out in urban statistics, and are even denied recognition by the authorities. Government should launch a drive to recognise migrants so that they have access to pro-poor schemes such as subsidised food, health care and schooling. Similarly the 3894 census towns should be declared as statutory towns and included in programmes, such as JnNURM and RAY.

Focus on secondary cities with < 1 million population: These small and medium towns have languished for want of an economic base, high incidence of poverty, and lack of access to benefits that are available to metros. Besides their large number, often the smaller cities are very different from their bigger counterparts in their problems and hence in

the solutions to these problems. Smaller cities and towns should be treated differently from larger cities and metros – for funding, capacity building, reform content and timelines.

Include peri-urban areas in urban planning:

Exclusion of peri-urban areas, which in reality are centres of intense economic activities with huge potential to generate jobs, has led to haphazard development around many of the cities. As the boundaries of cities continuously expand, it is important that the suburbs are included in urban planning.

9.2 Basic services and livelihoods

Prioritise housing for the poor - 99 per cent of the urban housing shortage is from the economically weaker sections (EWS) and the low income group (LIG) households. It is ironical that though there is negligible housing shortage for the HIG (high income group) category, most new houses are meant for them, leading to a situation that the rich own more than one house that remain unoccupied, thus leading to wastage of a scarce resource. It should be obligatory to reserve 25 per cent to 40 per cent of land in city development plans for new social housing stock to accommodate the future inflow of poor migrants.

It should be compulsory by law for all housing schemes in which more than 20 dwelling units are being constructed, whether for higher or middle income groups, to construct a certain percentage (say 30 percent of the total number) of affordable houses of 25-30 sq m for the poor as part of the scheme. It should be compulsory by law for all advertisements

on housing to specifically mention in what manner the poor would benefit from the housing scheme.

Tax unoccupied property – With a view to discourage speculation on urban land, GOI should assess the degree of unoccupied houses for cities over a period of time. It might show that despite the withdrawal of the Urban Ceiling Act and liberalisation of renting laws, the percentage of unoccupied houses has not gone down. There should be heavy taxation on unoccupied property. This will also help in raising resources for housing for the poor.

Facilitate the creation of social/rental housing: The focus on provision of rental/social housing stock for the urban poor and migrant population is a critical element in making the cities more inclusive. It must include individual rental units, shared rental units as well as dormitory and night shelter options.

Enable provision of security of tenure: Rajiv Awas Yojana, a key scheme, launched in 2011 for rehabilitation of slums, envisages provision of tenure security to slum dwellers. This should form a key element of strategy to ensure inclusive growth in 12th plan as it would facilitate transition of urban poor from informal to formal sector. Interest subsidy on bank loans for the poor for housing should be introduced. It is ironical that the rich get income tax rebate on housing loans, but the poor get no such benefit from government.

Provide legal security to informal workers – Many poor are self-employed as street vendors or rickshaw pullers but they have to

pay bribes to the police and municipal authorities, as they do not valid licenses. The Indian Parliament has approved a new Bill to facilitate vendors' business, which should be made applicable as early as possible. A part of JnNURM funds should be reserved for those States which implement the National Policy & law about street Vendors at the earliest. Similarly all rickshaw pullers without any ceiling should be issued smart cards, similar to a driving licence, which will give them a legal status, save them of harassment from the police, and entitle them to other government schemes, such as for health insurance.

Promote skill upgradation - Unskilled wage component in SJSRY should be dropped, and the scheme should focus more on skill upgradation, and then wage employment as skilled workers, than on self employment. Skill development has to be correlated to the demands of the industry and service sector in and around the city.

Promote public toilets - Due to shortage of space, community toilets should be promoted, though these require mobilizing communities and building their social capital. In the interim, PPP arrangements should be worked out for cleaning and maintenance of toilets. Such arrangements already exist in some metros, such as those maintained by Sulabh International.

Delink tenure over land from provision of basic services - The provisioning of basic water and sanitation should be de-linked from issues of land tenure and legal status. This

basic service should be extended to recent and temporary/seasonal migrants as well. These services should be provided on the clear understanding that this provision does not automatically translate into legal entitlements in other spheres, especially as regards legal rights to the land and/or dwelling space.

Improve coverage of medical facilities - All health posts should provide outreach services to slum and slum-like areas. Special provisions should be made for providing health services to pavement dwellers and temporary settlements.

Open more ICDS centres - Of the total number of ICDS centres, hardly 10 percent operate in the urban centres. Number of ICDS centres should be increased in slum and poor areas.

9.3 Women's concerns

Give high priority to women's protection – Women in India constantly face harassment, intimidation and violence in the cities. There seems to be an alarming increase of cases of rape and violence against them in the recent years. In addition to securing fast conviction in such cases, government should improve urban services from gender point of view. By treating everyone the same and assuming that the position and needs of women and men are similar, plans may unwittingly reinforce gender inequalities. Poor urban services, lack of safe and gender responsive transport, housing, sanitation and street lighting leaves poor women and girls in cities vulnerable and exposed. Systematic

failings by police to address the widespread problem of violence against women and girls exacerbate these threats. Recruit more women in the police forces.

Improve women's share in property – GOI should closely monitor and incentivise the implementation of the Hindu Succession Act, 2005 that guarantees equality in matter of devolution of property. Involve women's groups in the process so as to improve women's awareness about the law. Women's lack of title/ownership makes them a voiceless and vulnerable constituency.

9.4 Cross-sectoral issues

Substantially increase investment in the urban sector: Historically, India has under-invested in urban areas leading to a poor quality of life for urban citizens. To address this, India needs to significantly step-up its investments. Moreover significant investment in capacity building is required to effectively utilize this money. ULBs' own tax collection should be incentivised by linking their efforts to devolution of grants from the Finance Commissions.

Ensure revenue sharing from states to ULBs: Revenue sharing by states with ULBs should be enforced constitutionally. According to HPEC (2011), states should share 25 percent of the state revenues with rural and urban local bodies. This can be fine-tuned by SFCs based on the level of economic activity, population, severity of urban issues and other relevant factors.

Vest executive municipal authority to Mayor and extend the term to 5 years: Mayor should have executive municipal authority and corresponding accountability. Mayor's term should be extended to five years instead of the current one to two year term.

Enhance the capacity of ULBs: Most ULBs do not have the mechanisms and the requisite skills to carry out project preparation and the states have engaged consultants to do so. Capacity building, perhaps the single most important activity required in the today's urban sector scenario should be monitored by an agency similar to appraising and monitoring agencies for reforms and projects.

9.5 Role for advocacy groups and UN agencies

Introduce Citizen Charters: Every municipality in the metropolitan area should produce a citizen's charter. It should contain comprehensive information on service levels for all urban services, time limits for approvals relating to regulatory services such as licenses and permits and the relief available to the citizens in case of non-adherence. Information technology should also be used for time efficient provisioning of urban services.

Prioritise Participatory Planning process: An important aspect of urban planning should be involvement of community with an overriding objective of making cities engines of inclusive growth. Participatory planning should be a pre-requisite for any endeavour for urban renewal.

Bring human development analysis to urban poverty reduction - The Ministry of Housing and Urban Poverty India supported the preparation of a Mumbai HDR and this did help Government and citizen groups to look at HD issues across the different wards and review Government and private sector investments and policies. So apart from providing governments with a good analytical frame, HDRs can also serve as a powerful advocacy tool and bring governments, private sector/market players and citizens on a common platform.

Mobilise women's groups - Efforts must be pursued to mobilize and organize women at the grassroots, especially in low resource communities and slum areas, where women are less likely to be organized/ engaged. This will require partnerships with local civil society groups, who have experience of working with poor women in urban communities, to address their needs.

Strengthen monitoring systems - It is well established that the States and the Municipalities capacity for discharging the poverty alleviation functions is low and so far hardly any priority was assigned to the tasks of slum upgradation, housing and poverty alleviation. There has to be third-party periodical assessment of the implementation of these intentions at the Municipality level, otherwise in the absence of adequate oversight it is feared that the noble objectives might remain only on paper. Such evaluations should be publicised so that effective action is taken by the State and municipal authorities.

Establish a comprehensive approach to facilitate PPPs: A massive push is needed to attract private investment in all areas of urban infrastructure, both for large infrastructure projects and in bulk water supply, waste water recycling, treatment of MSW and treatment or urban sewerage. This should be done under an extended '4P' framework—People-Private-Public Partnerships as experience across the world indicates that in urban renewal and management, the role of 'People' in design of projects and partnerships is crucial, much more so than in large infrastructure projects such as highways, airports, power, power plants, etc in which 'People' have a relatively limited role in the ongoing governance of the projects and their outcomes. Therefore best practices and model documents for 'PPPP' must be evolved and deployed for India's urban management agenda to succeed.

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11 Abbreviations

BOT	Build, Operate and Transfer
BRTS	Bus Rapid Transit System
BSUP	Basic Services for Urban Poor
CDP	City Development Plan
DPRs	Detailed Project Reports
EWS	economically weaker sections
GDP	Gross Domestic Product
GOI	Government of India
GPS	Global Positioning System

HIG	high income group
HUPA	Housing and Urban Poverty
ICDS	Integrated Child Development Services
IDSMT	Integrated Development of Small and Medium Towns
IHSDP	Integrated Housing and Slum Development Programme
JnNURM	Jawaharlal Nehru National Urban Renewal Mission
LIG	low income group
MPCE	monthly per capita expenditure
MRTS	Metropolitan Rapid Transit System
MTA	mid-term appraisal
NFHS	National Family Health Survey
NGO	Non-Government Organisation
PDS	Public Distribution System
RAY	Rajiv Awas Yojana
RWA	Resident Welfare Association
SEWA	Self-Employed Women's Association
SJSRY	Swarna Jayanti Shahari Rozgar Yojana
SWM	Solid Waste Management
UCs	utilization certificates
UIG	Urban Infrastructure and Governance
ULBs	urban local bodies

Acknowledgements

These three papers constitute a chapter of the thematic background report for 2013 Global Poverty Reduction and Development Forum.

This chapter includes situation analysis, gaps identification, comparative and empirical studies from Asia and Africa on urban poverty and social safety nets in response to this new phenomenon. It also puts forward policy recommendations to decision-makers and development practitioners drawing on best practices across the globe.

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17 October 2013