

PART 04

Poverty and inequality in Asian cities

Quick Facts

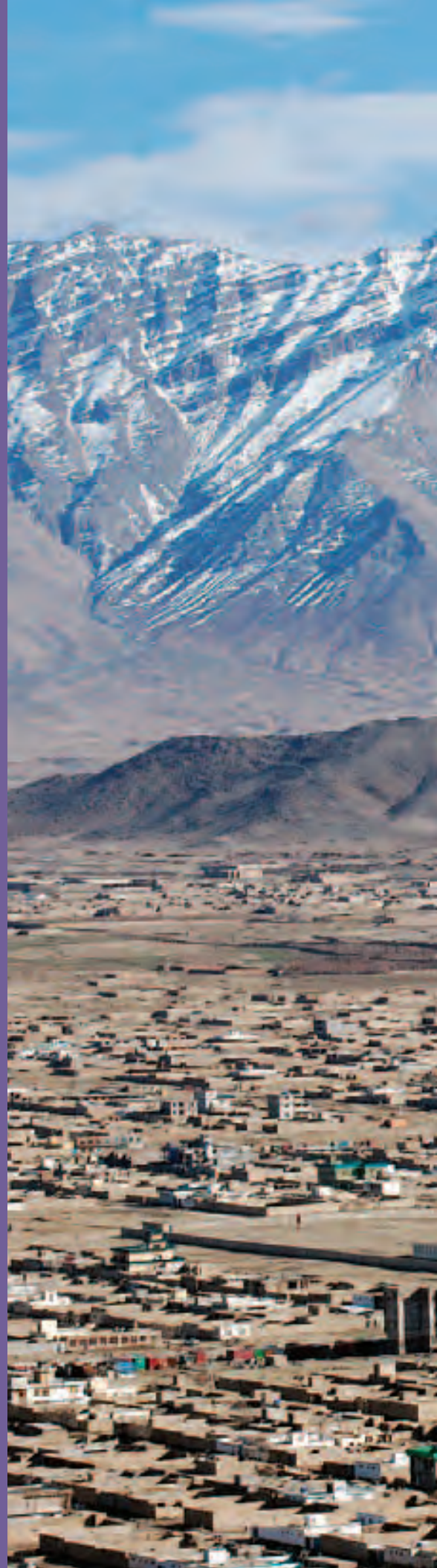
1. The Asia-Pacific region is leading the reduction of overall poverty in the world.
2. Economic growth has not benefited all urban dwellers in the region equally. Urban income poverty in Asia is declining more slowly than its rural counterpart. Urban inequality is rising in the Asia-Pacific region.
3. Since the year 2000, the lives of 172 million slum-dwellers in Asia have been improved through various policies and programmes.
4. The Asia-Pacific region remains host to over half of the world's slum population, and huge sub-regional disparities remain.
5. Most Asian cities are on their way to achieving the target set under the Millennium Development Goals (MDGs) for access to water.
6. Although Asian cities have made considerable progress in providing access to improved sanitation, many are likely to miss the Millennium sanitation target.

Policy Points

1. Asia-Pacific countries must address urban poverty with adequate policies. National governments and local authorities need to make concerted efforts to reduce urban inequality in the region.
2. Asian governments should continue to invest in slum upgrading and low-cost housing, and to upscale pilot projects into national programmes.
3. Governments should review urban land policies to make residential land more accessible and affordable to low and middle-income households.
4. Local authorities should avoid unlawful evictions which destroy the social fabric of poor neighbourhoods. Slum eradication, where necessary, should be combined with fair relocation and compensation schemes.
5. People's process of housing and slum improvement should be encouraged by all levels of government through training, financial incentives and legal recognition.
6. In countries where access to urban water supply has declined, governments should take necessary steps to ensure that safe water supply reaches all residents.
7. Governments should assess the state of sanitation in cities, set national targets to ensure improved sanitation for all, and monitor progress on a regular basis.

Kabul, Afghanistan.

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4.1

Poverty



▲ Colombo, Sri Lanka. Housing conditions have a direct bearing on any individual's ability to enjoy the benefits of urban life. ©Robin Hammond/Panos Pictures

The Asian economy has grown rapidly during the past 10 years with gross domestic product growing by over 6 per cent an annual average basis in several countries. Asian cities, which are the powerhouses of the region's economy, are becoming increasingly confident, capable and self-reliant. However, for all this good economic performance and efforts to foster social development, poverty remains a major problem in the region. Over 900 million of the world's poor still live in Asia. Economic growth has not brought significant poverty reduction in all subregions, as it is not just the overall pace of growth which determines the extent of poverty reduction but also the *pattern* of such growth. Until recently and as noted in Chapter 3, this growth has been largely export-led and backed by high rates of foreign and domestic investment. For the purposes of poverty reduction, resources must be directed to the areas where the poor live, to the sectors where they work, to the factors of production they possess and to the products they consume (ESCAP, 2008a).

Income is the most commonly used measure of poverty. Different methods are used by different countries to determine national poverty lines. For example, in some countries income poverty is measured as the minimum income required for basic food consumption. Other countries include consumption of basic services (water, electricity, sanitation and health care) in addition to food. As a result, it becomes difficult to make international comparisons based on varying national poverty lines. This is why an international benchmark of "one dollar a day" per individual, and as measured in purchasing power parity (PPP, i.e., the same purchasing power that the US dollar had in the United States at a given point in time) prices, has been used as a poverty benchmark (now updated to US \$1.25 a day). This definition has also been accepted as the baseline for the Millennium Development Goals. While US \$1.25 a day is widely accepted as a worldwide measure of poverty, it raises some serious issues. One criticism is that PPP estimates are generated from average consumption levels, i.e., average baskets of goods that do not necessarily coincide with those more typical of the urban poor. For example, given



▲ Lao PDR. The economic and social dimensions of poverty are inter-related. ©Muellek Josef/Shutterstock

that food makes up a much larger share of total expenditures for the poor (often 15 to 20 per cent higher compared with the general population), food prices should be given greater weightings in the purchasing power parities used in the measurement of poverty benchmarks.

Poverty is also defined through the social exclusion approach, which refers to the phenomenon whereby individuals or groups are unable fully to participate in political processes. Since excluded groups or individuals might not be deprived materially, this concept is much broader than that of income poverty (Asian Development Bank, 2004a). An alternative definition of poverty as expounded by Townsend (1979) is 'relative poverty'; this refers to a lack of the resources required to participate in the activities and to enjoy the living standards that are customary or widely accepted in the society in which poverty is being measured. This concept of poverty is used by the European Union.

Moreover, by-now widely recognized non-monetary approaches to poverty measurement have been developed, such as the 'capabilities' approach. In *Development as Freedom*,

Amartya Sen defines poverty as the deprivation of the basic capabilities that provide an individual with the freedom to choose the life s/he has reason to value. These capabilities include good health, education, social networks, control over economic resources, and influence on the decisions that affect one's life (Sen, 1999).

In functional terms, poverty can be essentially described as lack of income, of access to basic services, and of empowerment. These economic, social and political dimensions of poverty or inequality are inter-related and a deprivation in one dimension could make the poor vulnerable in others (e.g., lack of access to safe water has repercussions on health, as well as on girls' opportunities for education with the associated effects on the next generation (UN-HABITAT, 2010). Along with the three basic (economic, social and political) deprivations come issues like food security, access to employment opportunities, as well as personal, professional and tenure (i.e., land and shelter) security. For all the general acceptance that these dimensions add new understanding to the concept of poverty, their measurement can be problematic.

4.2

Poverty in Asia

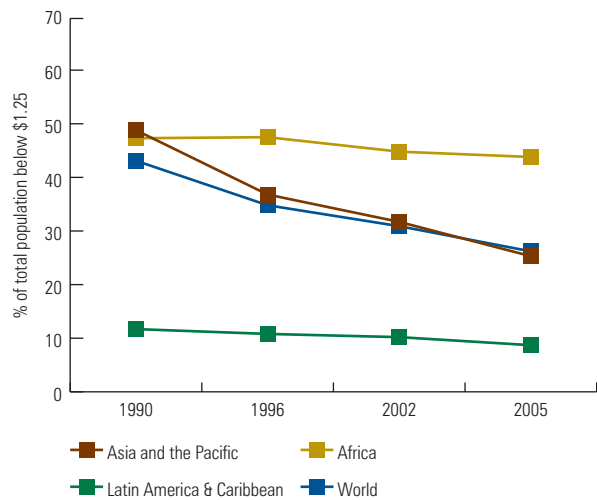


▲ A young boy studies in a shop selling recycled oil cans in Kabul, Afghanistan. ©Manoocher Deghati/IRIN

The international poverty line has now been updated to US \$1.25 a day. This revised benchmark captures extreme poverty as defined by the national poverty lines of the 15 poorest countries in the world. Another threshold, US \$2.00 a day, can be considered as 'moderate poverty' and represents the median poverty line of all developing countries (Chen & Ravallion, 2008; Asian Development Bank, 2008a; Bauer *et al.*, 2008).¹

According to recent estimates, extreme poverty was reduced worldwide from 43 per cent in 1990 to 26 per cent of the population in 2005. This achievement was largely due to a significant reduction in Asia and the Pacific, where extreme poverty decreased from 49 to 25 per cent over the same period (see Chart 4.1). This remarkable progress in poverty reduction in this region has been largely due to East and North-East as well as South-East Asia (see Chart 4.2). On the whole, between 1990 and 2005, 20 out of the 24 countries in the Asia-Pacific region for which data are available managed to reduce the proportion of their populations living on less than

CHART 4.1: POVERTY IN THE DEVELOPING WORLD ON US \$1.25 A DAY AND UNDER



Source: Based on data from ESCAP (2010)

US \$1.25 a day. Poverty has been reduced everywhere, except in North and Central Asia. In South and South-West Asia, the decline in poverty has not been as significant as in East Asia.

In East and North-East Asia, a dramatic drop in poverty trends took place in China (from 60 per cent of the population in 1990 to 16 per cent in 2005), on the back of rapid economic growth (see Chart 4.3). In Mongolia, the only other country in the subregion for which data is available, poverty actually *increased* during the same period. This has been attributed to the fact that the Mongolian economy is largely dependent on the mining sector, which provides few employment opportunities (ESCAP, 2008a).

In South-East Asia, the largest reductions in poverty were achieved in Indonesia, with a decline from 54 to 21 per cent of the population between 1990 and 2005. Urbanization has played a major role here, as labour was reallocated from low-productivity, low-paid jobs in rural areas to better-paid employment in the urban, formal economy. In Viet Nam between 1992 and 2006, the poverty rate fell from 64 to 21 per cent of the population. This favourable trend is attributed to an egalitarian redistribution of land, rapid growth in the urban economy due to liberalization, and rising demand for labour (ESCAP, 2008b; Islam, 2002; World Bank, 2008).

In South and South-West Asia, too, poverty declined over the past decade or two. In the whole subregion, the fall was from 47 per cent of the population in 1990 to 35 per cent in 2005. However, this favourable trend largely reflected the robust performance of Pakistan, where the poverty rate fell from 65 per cent in 1990 to 23 per cent in 2004 – an outstanding achievement relative to other countries in the subregion (ESCAP, 2008b).

In North and Central Asia, cross-currents resulted in little overall change in poverty rates. A few countries experienced worsening poverty, such as Uzbekistan (from 32 per cent

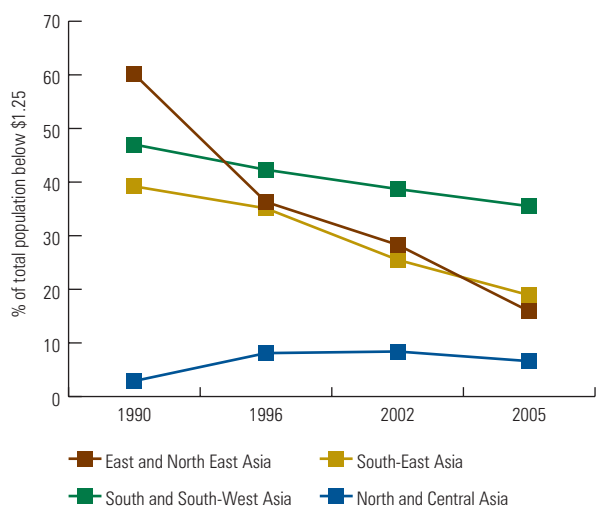
in 1998 to 46 per cent in 2003). In Kyrgyzstan, an increase during the late 1990s was subsequently reversed, and by 2004 the poverty rate had declined to 22 per cent.

4.2.1 Poverty in urban areas

Even though economic growth has reduced absolute poverty in several countries, the Asia-Pacific region has experienced a geographic shift in the location of poor populations: *poverty has been urbanizing*. What is remarkable is that the absolute numbers of poor people in rural areas have declined across the world, whereas the absolute numbers of poor urban dwellers have increased (see Table 4.1). Overall, poverty has declined much more slowly in urban than in rural areas. In many Asian countries, though, the rural-to-urban poverty gap remains narrow. From a more general point of view, some authors have found that 25 per cent of the world's poor live in urban areas and this proportion has kept rising over time. More specifically, the growth in urban populations has helped reduce absolute poverty overall, as it went hand in hand with economic growth, but this did little for urban poverty. Over the 1993–2002 period, the number of people on 'one dollar a day' or less fell by 150 million in rural areas but rose by 50 million in cities.² "The poor have been urbanizing even more rapidly than the population as a whole" (Ravallion *et al.*, 2007:1).

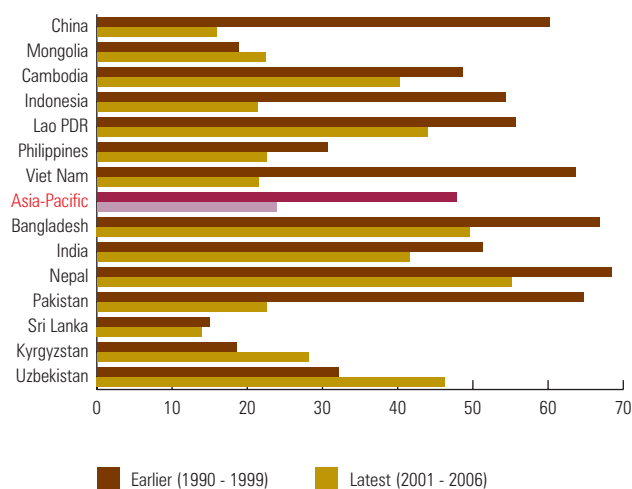
Why is *urban* poverty in Asian countries so significant and on the increase, despite relatively sustained economic growth? Part of the reason can be found in the pattern of development in Asian cities. Urban development has largely been driven by concentrations of local, national and, increasingly, foreign profit-seeking enterprises. This process effectively excluded the poor, as the channels through which they might have benefited from this wealth creation were simply lacking in Asian cities. In other words, there was no automatic process

CHART 4.2: POVERTY IN ASIA



Source: Based on data from ESCAP (2008b)

CHART 4.3: POPULATION LIVING ON LESS THAN US \$1.25 A DAY IN ASIA AND THE PACIFIC



Source: Based on data from ESCAP (2008b)



▲ Karachi, Pakistan. Newly-erected shacks under the Liyairi Expressway. ©Asianet-Pakistan/Shutterstock

TABLE 4.1: URBAN AND RURAL POVERTY RATES - AT/UNDER "US \$1 A DAY"* (1993 PPP)

	Number of Poor (Million)			Headcount Index*(%)			Urban Share of the Poor	Urban Share of Population
	Urban	Rural	Total	Urban	Rural	Total	(%)	(%)
1993								
East Asia-Pacific	28.71	407.17	435.88	5.55	35.47	26.17	6.59	31.09
China	10.98	331.38	342.36	3.33	39.05	29.05	3.21	29.77
South Asia	107.48	383.30	490.78	35.30	43.55	41.43	21.90	25.70
India	94.28	324.55	418.83	40.06	48.88	46.57	22.51	26.17
Total World	235.58	1 036.41	1 271.99	13.50	36.58	27.78	18.52	38.12
2002								
East Asia-Pacific	16.27	223.23	239.50	2.28	19.83	13.03	6.79	38.79
China	4.00	175.01	179.01	0.80	22.44	13.98	2.24	37.68
South Asia	125.40	394.34	519.74	32.21	39.05	37.15	24.13	27.83
India	106.64	316.42	423.06	36.20	41.96	40.34	25.21	28.09
Total World	282.52	882.77	1 165.29	12.78	29.32	22.31	24.24	42.34

* Refers to the proportion of the population with consumption per head below the poverty line.
Source: Ravallion et al. (2007)

whereby wealth concentrations (under the form of fresh capital expenditure or high-income residents in cities) contributed toward the costs of any infrastructure or services that might have been needed (Satterthwaite, 2004, 2005). As suggested by UN-HABITAT (2010), wealth creation hardly ever has an automatic ‘trickle down’ effect on the poorer segments of urban populations.

The baselines used to set poverty lines in cities are theoretically different from those for rural areas, although in practice the measurements of poverty are the same. For example, in urban areas the income required for essential goods for a family of four is relatively higher than that for a similar rural household. The added deprivation in urban areas is due not just to inadequate income but also to other factors such as poor housing conditions and lack of access to services. The urban poor also face challenges due to their extra-legal status, which makes them vulnerable to unlawful intrusions and natural hazards as well. Satterthwaite (2002) has listed eight aspects of urban poverty which suggest a range of possible policy responses. These include inadequacies in (i) shelter, (ii) provision of public infrastructure, (iii) income, (iv) asset base, (v) provision of social services and (vi) protection of rights through law enforcement, together with (vii) lack of a safety net to ensure access to shelter and (viii) powerless political systems. Since poverty lines are only rarely adjusted in order more accurately to reflect variations in the costs of non-food essentials within nations (such as the real costs of housing, transportation and services), the scale and depth of poverty is understated in places where these costs are particularly high (mainly cities). In the absence of adequate data, questionable assumptions and ‘rules of thumb’ are often used to set poverty lines which usually under-estimate the scale of urban poverty (Satterthwaite, 2004).

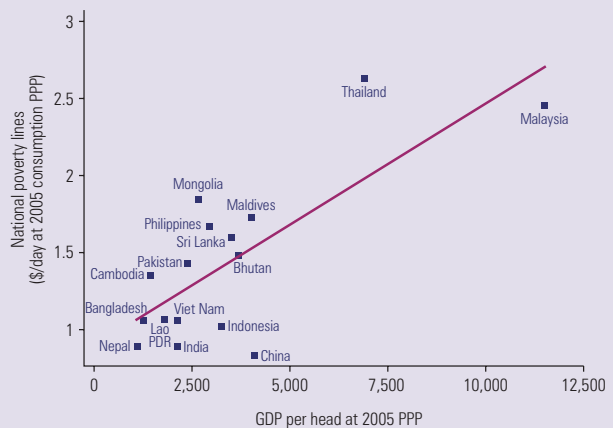
As a consequence of the phenomenal economic growth of Asian countries, much of which is attributable to cities, the urban population in the region is growing, but so is urban poverty. People move to cities (urbanization) but remain poor (the urbanization of poverty). This comes as a denial of the ‘urban advantage’, i.e., the blanket assumption that cities have more to offer (in terms of opportunities, etc.) than rural areas. In many Asian countries, given the predominant rural population, national policymakers have often considered poverty as a rural, not an urban problem. The rural poor, especially landless labourers, are extremely vulnerable not only to the seasonal nature of agriculture but also to the lack of diversified employment opportunities and access to infrastructure and services. Declining rural poverty suggests that Asian government efforts to address rural poverty issues have had some effect. However, declines in urban poverty have been less significant, except in China, Indonesia and Viet Nam (see Table 4.2) (ESCAP, 2007a; UN-HABITAT, 2010).

Estimates based on national poverty lines suggest that the proportion of urban poor in East and North-East Asia is very low (see Table 4.1). Ravallion & Chen (2004) estimated that in the 20-year period after 1981, the proportion of the Chinese population living below the international poverty line fell from 53 per cent to 8 per cent. By 2004, only 2 per

BOX 4.1: NATIONAL POVERTY LINES – URBAN AND RURAL

Most national poverty benchmarks are based on a “minimum acceptable standard of living” in a given country. The definition of this minimum standard” differs widely across nations. In developing countries, the focus is on survival and, as a result, poverty lines are often based on those food items required to achieve a minimum caloric daily intake. On the other hand, richer countries set higher benchmarks that include a range of non-food items. For example, in China and India, the national poverty line is around US \$0.60 at PPP prices, compared with over US \$2.50 in Malaysia and Thailand. Several countries do not calculate separate poverty lines for urban and rural areas.

CHART 4.4: NATIONAL POVERTY LINES IN ASIA-PACIFIC: RICHER COUNTRIES TEND TO HAVE HIGHER POVERTY LINES



GDP = Gross Domestic Product, PPP = Purchasing Power Parity
Lao PDR = Lao People's Democratic Republic

Source: Bauer et al. (2008)

cent of the country’s population were living on or below China’s own national poverty line (see Table 4.2). However, it has been suggested that urban poverty in China has been underestimated because of unrealistically low poverty lines. Moreover, some 100 million temporary migrants live and work in urban areas but are classified as rural. Even if their incomes are above the poverty line, these people are deprived of access to education, housing, health care and employment (GHK & IIED, 2004) (see Box 4.1).

South-East Asia as a whole has managed to reduce absolute poverty (see Chart 4.2); however, severe rural poverty remains an unmet challenge. In Cambodia, Viet Nam and the Philippines, more than 30 per cent of the rural population live in poverty.

In South and South-West Asia, Pakistan has achieved substantial reductions in absolute poverty. The past few years' sustained economic growth created employment opportunities which helped to reduce poverty. Increased remittances from expatriates have resulted in higher consumption and greater employment opportunities, too, on the back of stronger capital expenditure in the construction industry and by small and medium enterprises or other businesses. Further poverty reduction seems to have been derived from significantly increased public sector spending on pro-poor sectors, especially education, health and infrastructure (rural electrification, roads and improved irrigation). For all these improvements and efforts, though, rural poverty rates in Pakistan are now almost double those in urban areas (see Table 4.2). This is because skewed access to assets (land) and power challenges the capacity of the rural poor to emerge from their state of economic deprivation, as does an inability to mitigate income fluctuations (Asian Development Bank, 2008b).

In India, the proportion of the population living on or below the national poverty line fell from 36 to 28 per cent between 1994 and 2005 (see Table 4.2). Given the country's large population, this means that many millions have escaped poverty. In 2004, the urban poverty rate was 26 per cent, compared with 28 per cent for the rural population. However, according to the Expert Group of the Planning Commission (Government of India, 2007), in absolute terms the number of economically poor urban dwellers did increase, while the number of rural poor decreased. Urban growth in India does seem to reduce economic deprivation, though, as poverty is found to be negatively correlated with the level of urbanization. This is because the shift away from the primary to the secondary and tertiary sectors has delivered significant gains to India's poor. Poverty also varies inversely with the size of the settlements – the incidence of poverty is lower in large than in smaller cities and towns (Hashim, 2009; Rustagi *et al.*, 2009; ESCAP, 2008b).

TABLE 4.2: SHARE OF POPULATION ON OR UNDER NATIONAL POVERTY LINES, RURAL AND URBAN AREAS

Country	Survey Year	Earlier			Survey Year	Latest		
		Rural (%)	Urban (%)	National (%)		Rural (%)	Urban (%)	National (%)
East and North-East Asia								
China	1998	..	..	4.6	2004	..	..	2.0
Mongolia	1998	32.6	39.4	35.6	2002	43.4	30.3	36.1
South-East Asia								
Cambodia	1994	..	..	47.0	2004	38.0	18.0	35.0
Indonesia	1996	19.8	13.6	17.6	2005	..	..	16.0
Lao PDR	1997-1998	41.0	26.9	38.6	2002-2003	..	..	33.0
Philippines	1994	45.4	18.6	32.1	1997	36.9	11.9	25.1
Viet Nam	1998	45.5	9.2	37.4	2002	35.6	6.6	28.0
South and South-West Asia								
Afghanistan	..	..	..	..	2007	45.0	27.0	42.0
Bangladesh	1995-1996	55.2	29.4	51.0	2000	53.0	36.6	49.8
India	1993-1994	37.3	32.4	36.0	2004-2005	28.3	25.7	27.5
Nepal	1995-1996	43.3	21.6	41.8	2003-2004	34.6	9.6	30.9
Pakistan	1993	33.4	17.2	28.6	2004-2005	28.1	14.9	23.9
Sri Lanka	1995-1996	27.0	15.0	25.0	2002	7.9	24.7	22.7
Turkey	1994	..	..	28.3	2002	34.5	22.0	27.0
North and Central Asia								
Armenia	1998-1999	50.8	58.3	55.1	2001	48.7	51.9	50.9
Azerbaijan	1995	..	..	68.1	2001	42.0	55.0	49.6
Georgia	2002	55.4	48.5	52.1	2003	52.7	56.2	54.5
Kyrgyzstan	2003	57.5	35.7	49.9	2005	50.8	29.8	43.1
Uzbekistan	2000-2001	33.6	27.8	31.5	2003	29.8	22.6	27.2

Sources: World Bank (2008); Rustagi *et al.* (2009); Pakistan Ministry of Finance (2006)



▲ Yangon, Myanmar. ©Piers Benatar/Panos Pictures

4.3

Inequality



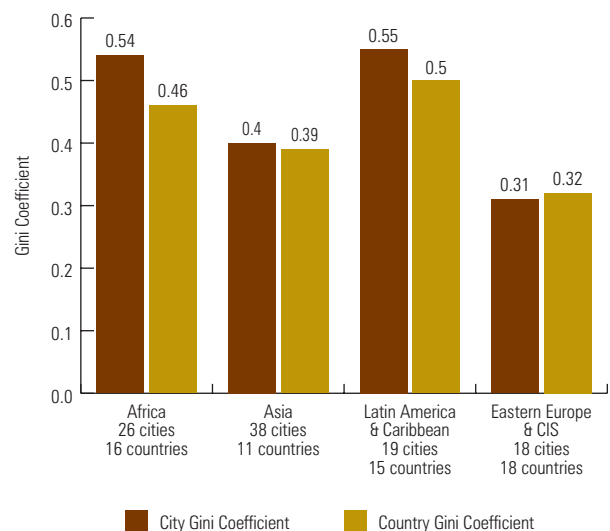
▲ Hong Kong, China. Asia's growth has had some impact on poverty reduction, but the benefits are not shared equitably. ©Mark Henley/Panos Pictures

While Asia's economic expansion is celebrated as an example of successful globalization, it has not been equally distributed among the populations. As mentioned above, Asia's growth has had some impact on poverty reduction, but the benefits are not shared equitably. Inequality is an important factor, since increases in inequality dampen the poverty-reducing effect of any given amount of economic growth.

Poverty is related to inequality and economic growth in different ways. The pace of poverty reduction depends on the rate of average income growth, the initial degree of inequality and subsequent changes in that degree. In particular, poverty reduction is fastest in countries where income growth is combined with falling inequality (UN-HABITAT, 2010). While overall income poverty in Asia may be falling, evidence suggests that economic growth may have exacerbated inequalities.

The distribution of income has implications for poverty reduction and, beyond that, for macro-economic outcomes. For a given growth rate in income per head, rising inequality typically means less poverty reduction. If the increase in inequality is large relative to growth, poverty could even rise. An Asian Development Bank (ADB) report shows that poverty reduction in Asian countries would have been more significant if inequalities had been less pronounced (Asian Development Bank, 2007a).

CHART 4.5: INCOME/CONSUMPTION INEQUALITY - AVERAGE URBAN GINI COEFFICIENTS BY REGION (SELECTED COUNTRIES)



Source: UN-HABITAT (2008a:63), UN-HABITAT, Global Urban Observatory, 2008. Data from UN-ECLAC, UN-ESCAP, UNU and other sources, using various data years. Notes: Gini data is a mix of income and consumption. Africa: income: 15 cities and 8 countries; consumption: 11 cities and 8 countries; Asia: income: 36 cities and 6 countries; consumption: 2 cities and 5 countries; LAC: income; Eastern Europe and CIS: income.

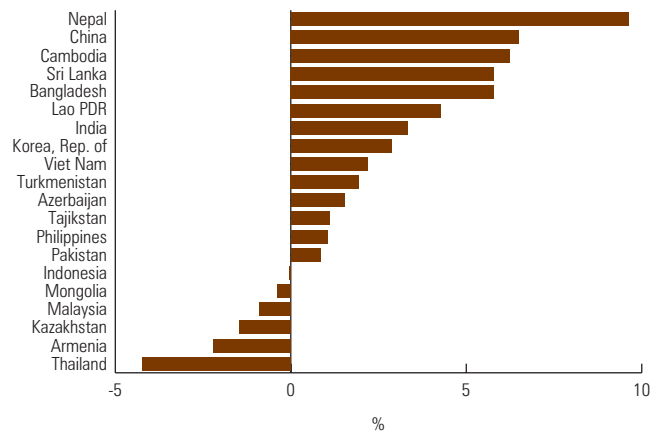
Inequality is often perceived as an intermediate outcome of the economic development process. Under the so-called ‘Kuznets hypothesis’, inequality rises in the early phase of development, peaks in the middle phase and then declines as the process matures, like an inverted U-shaped curve. It is often argued that income disparities are a necessary condition for capital accumulation and economic growth. The World Bank’s 2009 *World Development Report* also suggests that as economies grow, production becomes more concentrated and imbalances occur. These shortcomings are considered to be inherent to the development process, and are expected to decline as countries and cities develop further.

The relationship between inequality and economic growth seems to work as follows: the higher the degree of inequality, the smaller the reduction growth can make in poverty, and higher degrees of inequality cause growth to slow down. Cornia & Court (2001) call this the “efficient inequality range” in which Noda (2009) assumes Asian countries currently find themselves.

Still, Asian cities exhibit lower degrees of inequality by comparison with the rest of the world, especially Latin America and Africa; this is corroborated by the fact that Asian countries as a whole have recorded lower degrees of inequality in comparison with these two regions (see Chart 4.5). However, high degrees of inequality have been observed in Asia when it comes to health and education, which are essential for well-being; the same applies with access to infrastructure and asset ownership (Asian Development Bank, 2007a).

Income inequality is conventionally measured through Gini coefficients and the attendant Gini index (i.e., the Gini index multiplied by 100). Gini coefficients are now available for a large number of countries, though less frequently for individual cities (UN-HABITAT, 2010). The coefficient

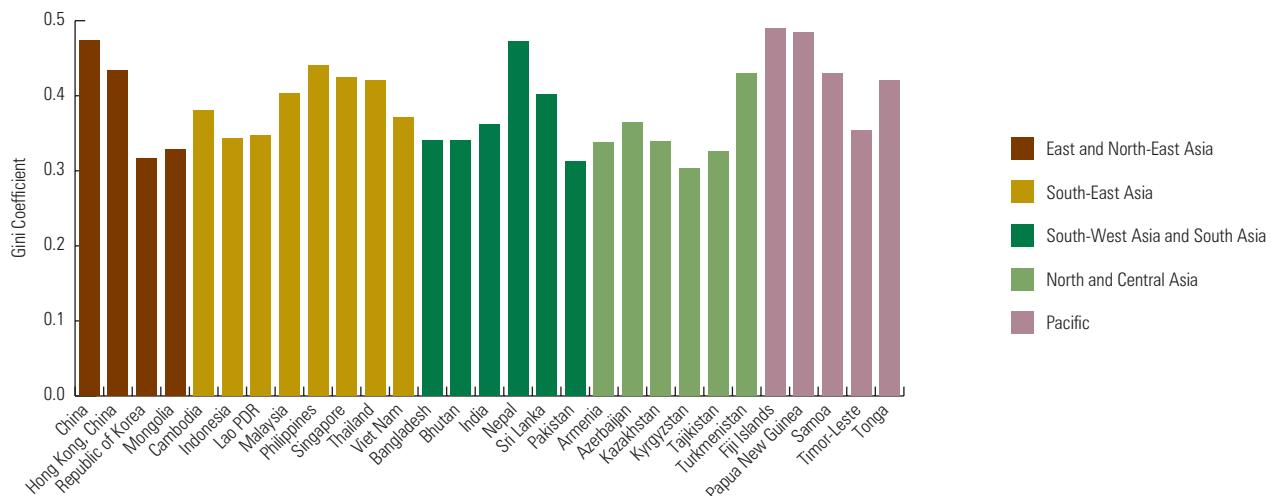
CHART 4.6: CHANGES IN GINI COEFFICIENT FOR EXPENDITURE/INCOME DISTRIBUTIONS, 1990S–2000S (PERCENTAGE POINTS)



Source: Asian Development Bank (2007a)

measures the distribution of either household income or consumption expenditure as a ratio of 0 to 1, where 0 indicates perfect equality (a proportional distribution of income/consumption), and 1 indicates perfect inequality (where one individual holds all of the income and no one else has any). In between, the coefficients denote the following degrees of inequality: below 0.299: low inequality; 0.3 to 0.399: relatively low; 0.4 to 0.449: relatively high; 0.45 to 0.499: high; 0.5 to 0.599: very high; and 0.6 and upwards: extremely high inequality. It must be kept in mind that inequality as measured by Gini coefficients is only relative: there can be very low inequality in the poorer (e.g., some sub-Saharan countries) as well as in the richer countries (e.g., Northern Europe), largely depending on the availability, or otherwise, of income redistribution systems (UN-HABITAT, 2010).

CHART 4.7: NATIONAL GINI COEFFICIENTS, SELECTED ASIAN-PACIFIC COUNTRIES, VARIOUS YEARS (2002–2004)



Source: Asian Development Bank (2007a)

TABLE 4.3: GINI COEFFICIENTS AND THE HUMAN DEVELOPMENT INDEX (HDI), 2004

Country	Gini Coefficient (Year)	HDI (2004)
East and North-East Asia		
China	0.473 (2004)	0.768
Hong Kong, China	0.434 (1996)	0.927
Republic of Korea	0.316 (2004)	0.912
Mongolia	0.328 (2002)	0.691
South-East Asia		
Cambodia	0.381 (2004)	0.583
Indonesia	0.343 (2002)	0.711
Lao PDR	0.347 (2002)	0.553
Malaysia	0.403 (2004)	0.805
Philippines	0.440 (2003)	0.763
Singapore	0.425 (1998)	0.916
Thailand	0.420 (2002)	0.784
Viet Nam	0.371 (2004)	0.709
South-West and South Asia		
Bangladesh	0.341 (2005)	0.530
Bhutan	0.341 (2000)	0.538
India	0.362 (2004)	0.611
Nepal	0.472 (2004)	0.527
Sri Lanka	0.402 (2002)	0.755
Pakistan	0.312 (2004)	0.539
North and Central Asia		
Armenia	0.338 (2003)	0.768
Azerbaijan	0.365 (2001)	0.736
Kazakhstan	0.339 (2003)	0.774
Kyrgyzstan	0.303 (2003)	0.705
Tajikistan	0.326 (2003)	0.652
Turkmenistan	0.430 (2003)	0.724
Pacific		
Fiji Islands	0.490 (1990)	0.758
Papua New Guinea	0.484 (1996)	0.523
Samoa	0.430 (2002)	0.778
Timor-Leste	0.354 (2001)	0.512
Tonga	0.420 (2001)	0.815

Source: Asian Development Bank (2007a)

4.3.1 Inequality at the national level

Research by the Asian Development Bank found that as measured by Gini coefficients over almost 10 years from the 1990s, inequality had increased in many Asian countries (see Chart 4.6).

Chart 4.7 shows that economic inequality is more severe in China than anywhere else in East and North-East Asia. In South and South-West Asia, Pakistan features a lower degree of inequality than Nepal.

Table 4.3 compares national Gini coefficients with the Human Development Index (HDI). The HDI is a more comprehensive measure of poverty than income alone (UN-HABITAT, 2010). The table demonstrates that some of Asia's wealthier countries also feature high degrees of inequality. For example, Singapore combines a high HDI (0.916) with a Gini coefficient similar to Thailand's, a country with a much lower HDI; in other words, Singapore features a high degree of inequality with much less overall poverty. This suggests that the link between inequality and poverty reduction can become looser in the later stages of a country's development, depending largely on the extent of redistribution (in contrast to Singapore, Northern Europe's highly redistributive socio-economic systems combine an absence of poverty with a very limited degree of inequality). In the earlier stages of development and possibly even as a country's integration into the global economy is in progress, inequality can be so entrenched as to challenge poverty reduction; however, in the later stages of development, and as can be expected, inequality is measured from a higher baseline which is no longer linked to absolute poverty (Asian Development Bank, 2008c).

In the Pacific Island countries (and particularly Papua New Guinea), both poverty and inequality are much more pronounced than in East and South Asia. The reason is that those countries have not been able to sustain economic growth and are highly dependent on subsistence agriculture (Yari, 2004).

4.3.2 Urban inequality

Chart 4.5 shows that on the whole, the Asia-Pacific region features lower urban inequality than Latin America and Africa, as noted above. In Asia's three largest countries, inequality has increased in both rural and urban areas (see Table 4.4). In India, the poverty gap ratio³ (i.e., the mean distance separating the population from the poverty line) has not reduced significantly, but urban inequality has increased (as measured by the Gini index). In Indonesia, a significant decline in the poverty gap ratio has gone hand in hand with a marginal increase in inequality in both urban and rural areas. In China's urban areas, the poverty gap ratio appears to have been eliminated, but inequality has risen – i.e., people have become more unequal than poor, suggesting that economic expansion benefits the better-off more than other segments of society. As a result, and unlike India and Indonesia, in China the degrees of inequality are now broadly similar in urban and rural areas.

In Viet Nam, estimates are that as much as 96 per cent of the rise in inequality across the country has occurred *between* rural and urban areas, with the remaining 4 per cent due to an increase *within* rural or urban areas. In fact, during 1993-1998, it was estimated that inequality within rural areas had decreased slightly, while it had increased in urban areas (Huong, 2004).

Still, data shows that income inequalities in Asian cities stand relatively low compared with those in other developing regions except Eastern Europe and the Commonwealth of Independent States (CIS) (see Chart 4.5). However, "the

TABLE 4.4: RURAL AND URBAN POVERTY GAP RATIOS AND GINI INDICES – CHINA, INDIA AND INDONESIA

Country		Poverty Gap Ratio		Gini Index	
		Rural	Urban	Rural	Urban
China	1990	27	5	31	26
	2005	6	0	36	35
India	1993	14	11	29	34
	2004	11	10	30	38
Indonesia	1990	16	15	26	35
	2005	5	4	30	40

Source: ESCAP (2010:123)

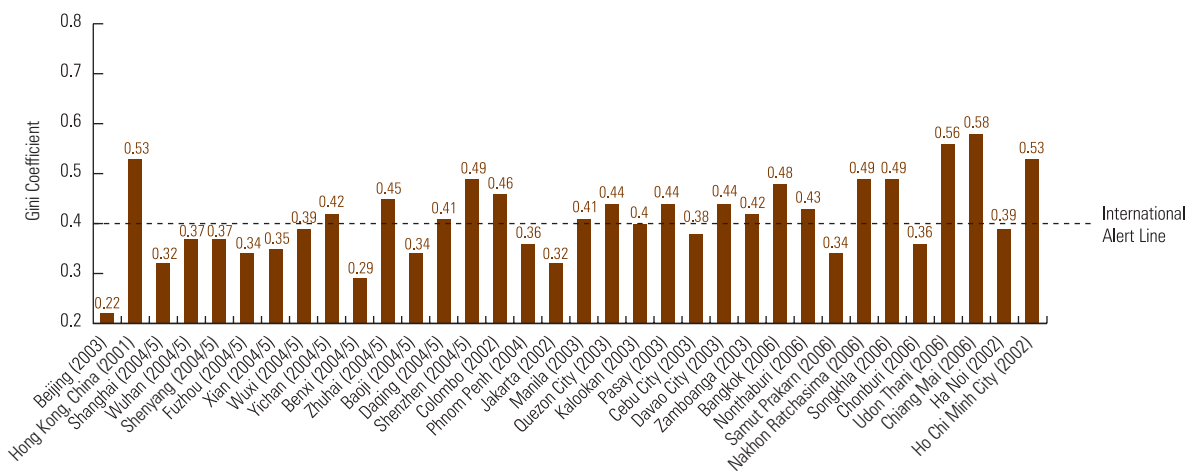
economic urban divide is widening”, warns UN-HABITAT (2010:69). Moreover, significant discrepancies in income distribution across cities, even within the same country, demonstrate that national aggregates are not necessarily reflected at the local level. Beijing can boast the lowest Gini coefficient in the world (not just China or Asia) while Hong Kong, China, and Ho Chi Minh City feature some of the highest in the region (see Chart 4.8). In Chinese cities, inequalities have been increasing since the 1980s, coinciding with the early stage of urban economic reforms. On the other hand, inequalities have been reduced in Sri Lanka after having reached extremes in the 1990s (UN-HABITAT, 2008a).

Recent evidence confirms that in those cities plagued with high inequality and poverty, and as intuition would suggest, economic growth does not benefit all segments of society and actually *increases* poverty. Moreover, particularly high degrees of inequality may hinder future growth and development prospects. Several hypotheses have sought to explain the relationship between inequality, poverty and economic

growth. One suggestion is that credit market imperfections determine the way these elements interact: where there are no such imperfections, redistributing capital from capital-rich enterprises or individuals to capital-poor enterprises and credit-constrained individuals increases economic efficiency, investment and growth. The second hypothesis claims that too much inequality in a redistributive democracy leads to more redistribution and less capital accumulation. Alternatively, too much inequality may lead to social tension as expressed through collectively organized or individually-led violent ‘redistribution’ (Bourguignon, 2004).

Since there is no automatic link between economic growth and reductions in equality, rising inequality in Asia can also be attributed to policies. The fact is that in Asia, policies have focused largely on growth, with major initiatives directed towards liberalization, macro-economic stability, promotion of private investment, infrastructure and skill development. At the same time, there has been a conspicuous lack of serious attention to the reduction of inequality at the city level.

CHART 4.8: INTRA-URBAN INEQUALITIES (GINI COEFFICIENTS)



Source: UN-HABITAT (2008a:75)

4.4

Access to land and housing



▲ Jakarta, Indonesia. 505.5 million slum-dwellers still live in Asia. ©Mark Henley/Panos Pictures

Poor access to land and housing stands out as a major aspect of urban poverty. The high incidence of poverty in the Asia-Pacific region poses a daunting challenge to those urban planners attempting to deliver proper housing to millions of urban poor. The Asian Development Bank advocates the use of the ‘US \$2.00 a day’ benchmark to include housing-related expenditures in the poverty line.⁴ With 1.8 billion people (or 54 per cent of Asia’s population in 2005) living below US \$2.00 a day, the range of affordable housing the market makes available to them is limited.

4.4.1 Housing and the poor in Asian cities

As defined by the UN Human Rights Council (2007), “*the human right to adequate housing is the right of every woman, man, youth and child to gain and sustain a safe and secure home and community in which to live in peace and dignity.*” The right to adequate housing has seven components, one of them being secure tenure which, again is linked to the right to land.

Housing conditions have a direct bearing on any individual’s ability to enjoy the benefits of urban life. This is particularly true for slum-dwellers, whose predicament denies them

those benefits, since shelter deprivation (i.e. living in slums) leads to many incapacities (on top of lack of basic infrastructures): lack of representation, lack of economic freedom, lack of security, lack of transparency, and lack of social opportunities (Sen, 1999; UN-HABITAT, 2010).

Although urban slum residents contribute significantly to the local economy, they are not mainstreamed into the urban socioeconomic environment. The slums in Asian cities reflect a more deep-seated phenomenon of structural poverty: they come as an emanation of social, political and institutional disparities and deprivations that are exacerbated by the pressures of sustained urban growth. Slums effectively segregate urban areas into the “rich” and the “poor” city – the ‘urban divide’ resulting from economic, social, political and cultural exclusion (UN-HABITAT, 2010). Instead of reaping the benefits of the ‘urban advantage’ as they expected, slum-dwellers pay an urban *penalty* through denial of legal status in the city and deprivation of a range of urban services. They constantly experience the risk of eviction, lack voice and are insufficiently protected. Most slum-dwellers are excluded from the main attributes of urban life – political voice, decent housing, safety and the rule of law, education and health – which remain a

BOX 4.2: FROM AN EXCLUSIVE TO AN INCLUSIVE CITY

New terms, such as “world class cities”, “investment-friendly infrastructure” or “foreign direct investment” (FDI) have entered the development vocabulary. As more politicians and official planners in Asian cities use these terms, the whole approach to planning has undergone a change. Apart from ‘beautification’, local authorities nowadays are keen to make cities look more “global” for the sake of visitors and investors. This entails (i) building flyovers and elevated expressways, as opposed to much-needed traffic management and planning; (ii) building high-rise apartments as opposed to upgrading informal settlements; (iii) building shopping malls as opposed to traditional markets (which are gradually eliminated); (iv) removing the poor from city centres to the periphery in order to improve the city’s image and attract foreign direct investment, instead of eradicating poverty; and (v) catering to tourism rather than supporting local commerce.

The nature of the investments currently being made in many Asian cities, and the mindset behind them, are exacerbating the existing urban divide

in five major ways: (i) stimulating land hoarding; (ii) eviction of hawkers and informal businesses; (iii) pushing informal settlements far away from the city centre and, therefore, from social facilities; (iv) excluding (through gentrification) the poorer communities from public spaces as well as recreation and entertainment areas; and (v) the resulting piecemeal encroachments of cities onto ecologically sensitive or productive agricultural land. Turning their backs on the 1980s, the master and/or strategic plans currently deployed in too many Asian cities do not give priority to the socio-economic issues arising out of these five trends.

The rich-poor urban divide can only widen as a result of these policies which have also amplified external shocks for the poor: structural adjustment has curtailed social sector subsidisation against a background of rising inflation and higher utility charges. If the present trend continues, then the rich-poor divide, evictions, informal settlements and exclusion will increase, with the poor living in slums surrounded by rich “ghettoes” behind armed guards and security systems. As a result,

governance issues will increasingly have to do with law and order rather than justice or equity. This can only make fragmentation worse. The only thing that will hold a city together is an aggressively upwardly mobile middle class.

An inclusive and environmentally-friendly urban environment can be deployed if some principles are adhered to: (i) planning should preserve the ecology of the areas where urban centres are located; (ii) land use should be determined on the basis of social and environmental considerations, rather than effective or potential land values; (iii) planning should give priority to the needs of the majority of the population, which in the case of Asia is none other than low- and lower-middle income communities, including street vendors, informal businesses, pedestrians and commuters; and (iv) planning must preserve and promote the tangible and intangible cultural heritage of the communities that live in the city. Zoning bylaws should be developed on the basis of these principles in order to make them pedestrian- and street-friendly on top of favouring mixed (i.e., residential and commercial) land use.

Source: Adapted from Hasan (2007)

monopoly of a privileged minority. As a result, their quality of life is often worse than that of the rural poor.

In Asia as in other parts of the world, slums are the cruellest form the ‘urban divide’ can take. They are the most glaring physical manifestation of the inconsistency between the demand for labour in Asia’s urban areas and inadequate supply of the affordable housing and infrastructure the workforce needs for the safe, decent living conditions they are entitled to expect.

Slum housing is typically provided by the informal housing market. Transactions in this segment of the informal economy border legality and make slum-dwellers more vulnerable. For lack of any alternative, the poor end up in those settlements where the constant threat of eviction enables housing providers and municipal authorities alike to exploit and marginalize them further. Their informal status maintains them in “the locus of deprivation” for a long time. City beautification or clean-up programmes all-too often result in forced eviction of the poor and subsequent demolition of ramshackle dwellings (UN-HABITAT, 2010; Kothari & Chaudhry, 2010). This is ignoring that instead of being a problem, slums can be a solution the poor have found for themselves (see Box 4.2).

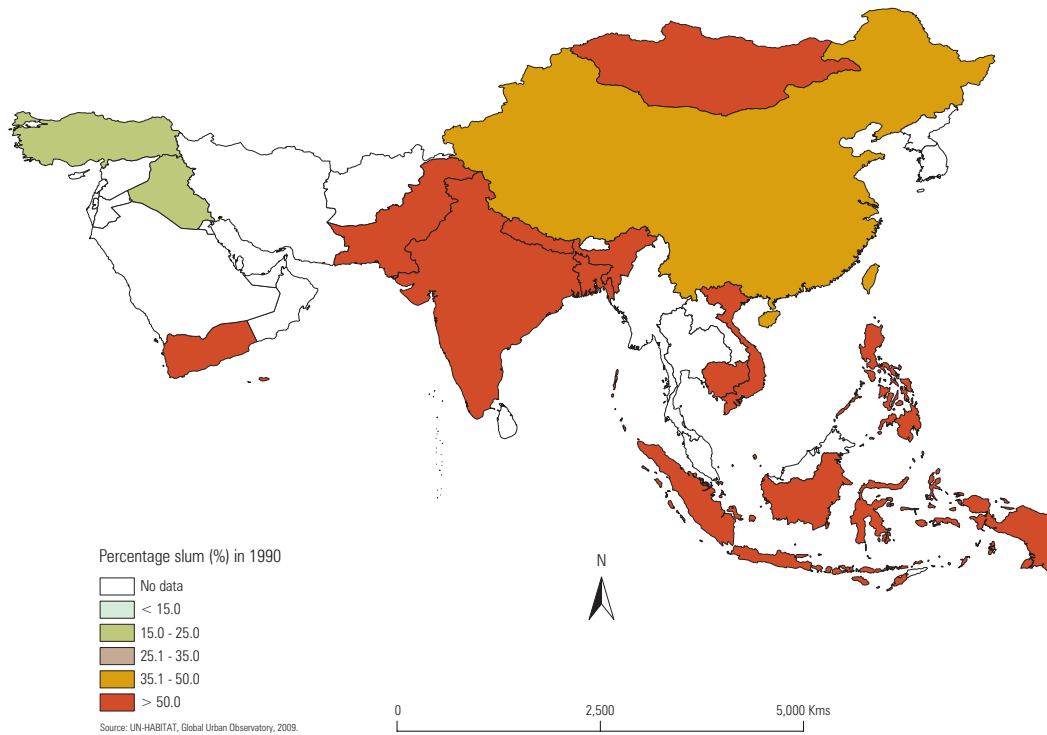
4.4.2 Slums in Asia

In order to measure progress on the Millennium Development Goal related to slums, UN-HABITAT has adopted a functional definition of slums based on the household as the basic unit of analysis and five measurable shelter deprivation indicators:

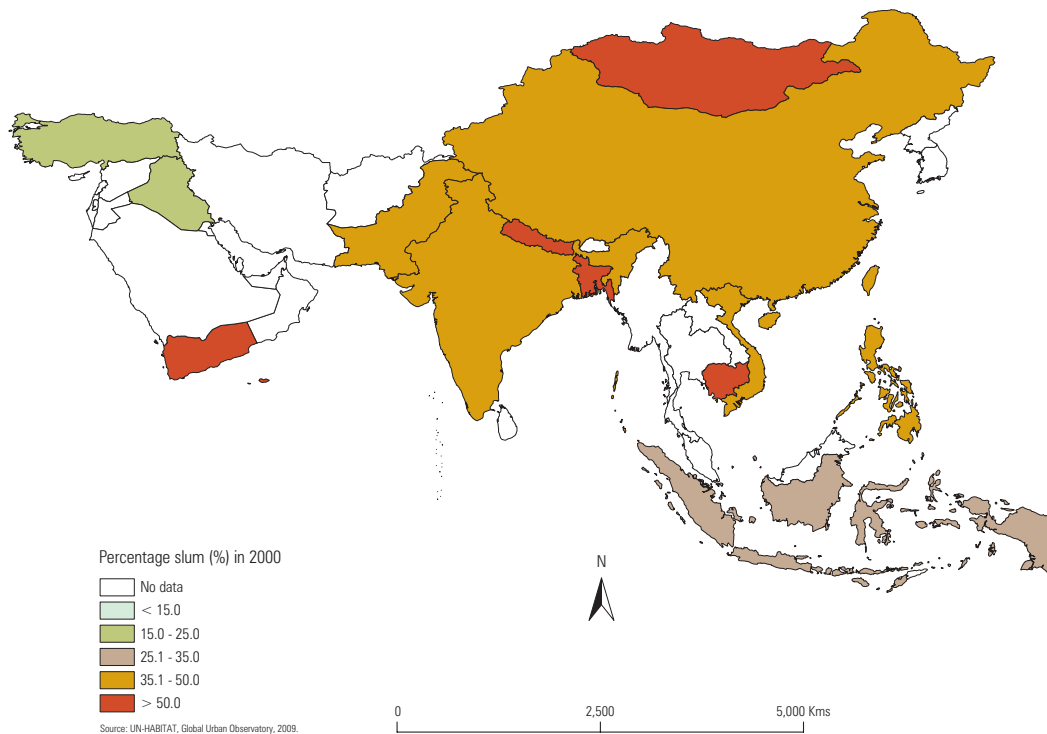
“A slum household consists of one or a group of individuals living under the same roof in an urban area, lacking one or more of the following five amenities: (1) durable housing (a permanent structure providing protection from extreme climatic conditions); (2) sufficient living area (no more than three people sharing a room); (3) access to improved water (water that is sufficient, affordable and can be obtained without extreme effort); (4) access to improved sanitation facilities (a private toilet, or a public one shared with a reasonable number of people); and (5) secure tenure (*de facto* or *de jure* secure tenure status and protection against forced eviction). Since information on secure tenure is not available for most countries included in the UN-HABITAT database, however, only the first four indicators are used to define slum households, and then to estimate the proportion of the urban population living in slums” (UN-HABITAT, 2010:33).

FIGURE 4.1: **PERCENTAGE CHANGE IN SLUM PROPORTIONS IN SELECTED COUNTRIES IN ASIA BETWEEN 1990 AND 2010 (ESTIMATE)**

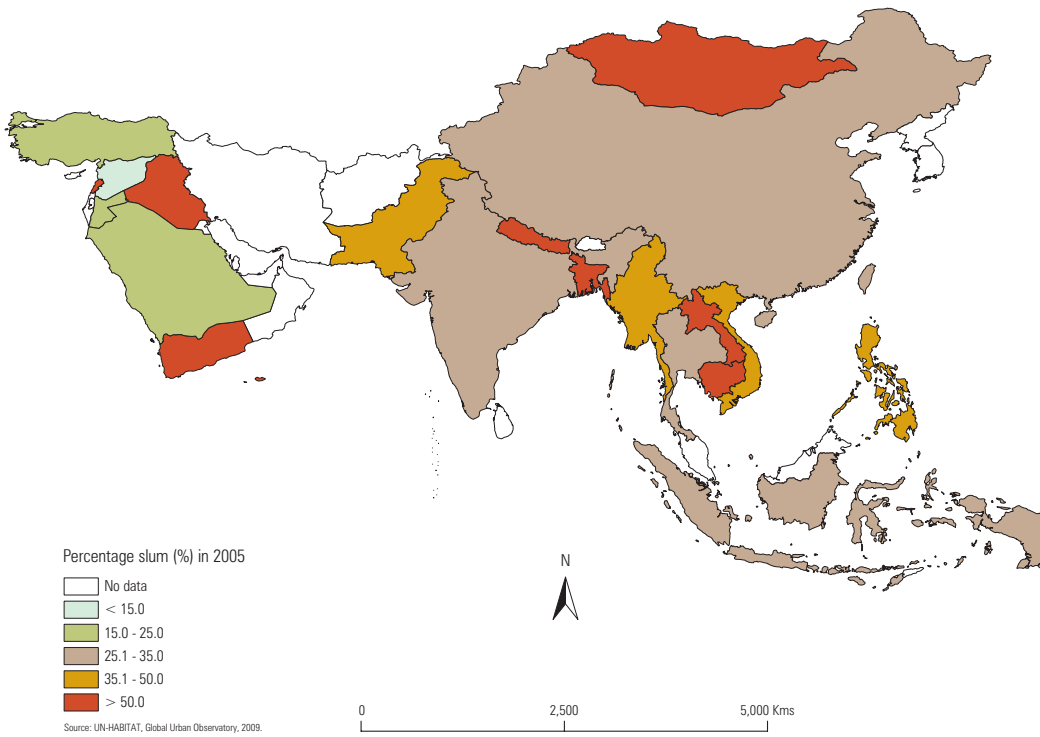
Slum proportions of selected countries in Asia (1990)



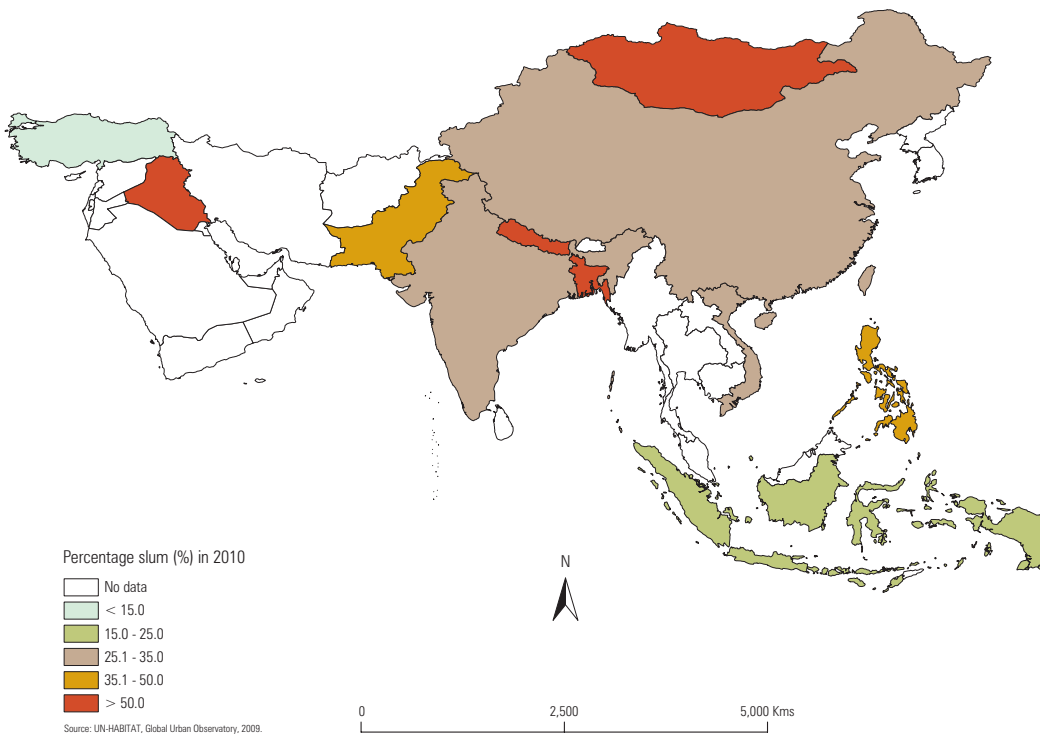
Slum proportions of selected countries in Asia (2000)



Slum proportions of selected countries in Asia (2005)



Slum proportions of selected countries in Asia (2010)





▲
A slum house in Kathmandu, Nepal. ©De Visu/Shutterstock

TABLE 4.5: **SLUM POPULATION IN ASIA AND THE PACIFIC SUBREGIONS, 2010 (PROJECTIONS)**

Region	Urban Population (1,000s)	Slum Population (1,000s)	Urban Population Living In Slums (%)
Eastern Asia	671 795	189 621	28.2
Southern Asia	545 766	190 748	35.0
South Eastern Asia	286 579	88 912	31.0
Western Asia	145 164	35 713	24.6
Oceania/Pacific	2 306	556	24.1
Asia-Pacific (Total)	1 651 610	505 550	30.6

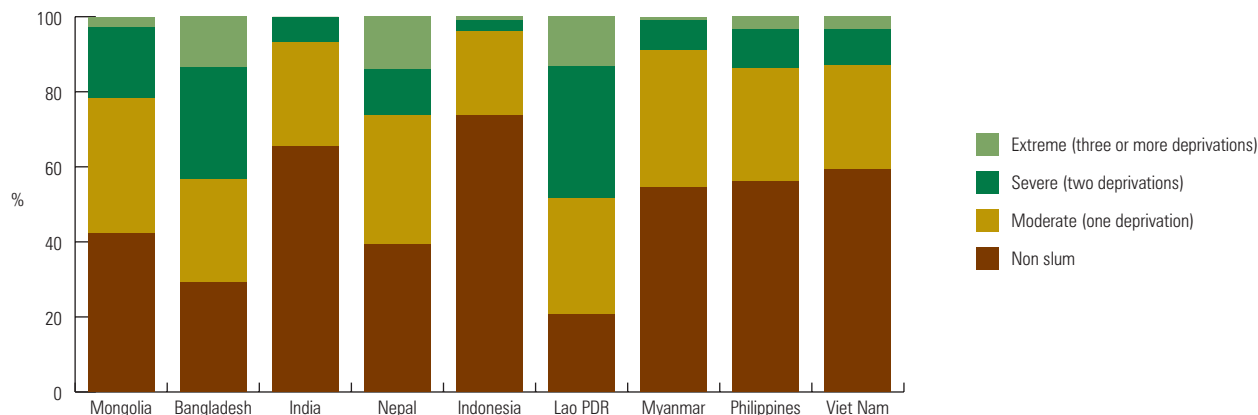
Source: UN-HABITAT (2010:179)

These criteria are very different from those used by various countries in the region. This is the reason that UN-HABITAT slum data is at a significant variance from, and often much higher than, national estimates.

Slums in Asian cities are not homogeneous. The typical visual depiction of a slum house is that of a family staying in a one-room mud-and-tin shack without any water and sanitation facilities. Across the region, slums are known under a variety of names: *chawls*, *shanties*, *adugbo atiyo* and *katchi abadis*, for example. Gradations of slums are widespread, each with a different name attached. For instance, in India, a *chawl* (a densely packed block of one-room ‘apartments’ with shared toilets and bathrooms) is quite different from what in Pakistan is known as a *katchi abadi* (a shack made of non-durable materials, often located in a crowded settlement within or on the outskirts of a city).

UN-HABITAT statistics show that 505.5 million slum-dwellers, or over half of the world’s slum population, live

CHART 4.9: DISTRIBUTION OF URBAN POPULATION BY DEGREE OF SHELTER DEPRIVATION, 2005



Source: UN-HABITAT (2010:180)

in the Asia-Pacific region. The number is high in East Asia (mainly China) and South Asia (mainly India). Across the various subregions, the proportion of urban residents living in slums varies between 24 and 35 per cent (see Table 4.5).

Chart 4.9 shows that in many Asian countries, the high proportions of informal settlement dwellers in urban populations are due to any one or more of the five recognised deprivations that qualify those settlements as slums. It is, therefore, possible that in many inner city tenements, new low-income houses built by public entities have been counted by UN-HABITAT as slums based on the agency's definition of overcrowding, although these houses are not regarded as slums under national definitions.

In very few countries only (e.g. Bangladesh, Lao People's Democratic Republic and Nepal) slums feature three or more shelter deficiencies, i.e., belong in the 'extreme' deprivation

category. With a majority of slums deficient in one of the five parameters, it is possible that a shift in one of the deprivations (e.g. tenure, water, sanitation), lifts the settlement out of the 'slum' category (UN-HABITAT, 2010). This phenomenon has probably had a role in some of the major shifts in the slum proportions in Asian countries between 1990 and 2005.

Estimates for a few Asian countries show that most slum-dwellers lack sufficient living areas. In Bangladesh and the Philippines, significant proportions of slum-dwellers lack durable housing (see Chart 4.10).

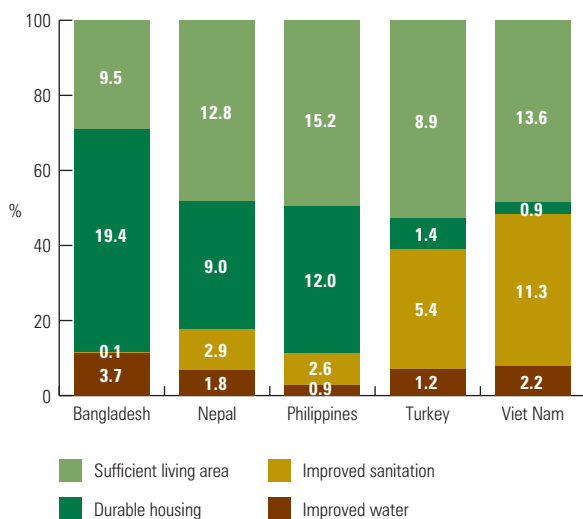
The estimates in Table 4.6 show that in many Asian countries, high proportions of the urban population live in slums. In four of these, slum prevalence was over two thirds: Bangladesh (71 per cent in 2007), Cambodia (79 per cent in 2005) and Lao PDR (79 per cent in 2005). In other countries such as Mongolia and Nepal, more than 50 per cent of urban dwellers live in slums⁵ (see Figure 4.1).

Slum population estimates for a few Asian countries are available for 1990, 2000, 2001, 2005 and 2007⁶ (see Table 4.6). Between 2001 and 2005, the only major definitional change has occurred in the measurement of sanitation access where pit latrines are now counted as another form of access. However, this change of definition has affected only those countries where pit latrines are widespread. In urban Asia, where settlements feature high densities, the population dependent on pit latrines is small, and therefore this change of definition is unlikely to have any major effect on slum estimates.

The Millennium slum target: Asia at the forefront

As highlighted by UN-HABITAT (2010:33), "Asia was at the forefront of successful efforts to reach the Millennium slum target between the year 2000 and 2010, with governments in the region improving the lives of an estimated 172 million slum-dwellers; these represent 75 per cent of the total number of urban residents in the world who no longer suffer from inadequate housing. The greatest advances in this region were recorded in Southern and Eastern Asia, where 145 million people moved out of the "slum-dweller" category (73 million

CHART 4.10: DISTRIBUTION OF MODERATELY DEPRIVED SLUM-DWELLERS (ONE DEPRIVATION) BY TYPE OF DEPRIVATION, 2005



Source: UN-HABITAT (2008a:101)

TABLE 4.6: ASIA'S SLUM POPULATIONS: 1990-2007

Country	Slum Population (1,000s) ^a					% Urban Living in Slums ^a				
	1990	1995	2000	2005	2007	1990	1995	2000	2005	2007
East and North-East Asia										
China	137 272	153 985	169 600	174 587	173 988	43.6	40.5	37.3	32.9	31.0
Republic of Korea	11 728 ^b	-	14 385 ^c	-	-	37.0 ^b	-	37.0 ^c	-	-
Mongolia	866	905	907	847	867	68.5	66.7	64.9	57.9	57.9
South-East Asia										
Brunei Darussalam	3 ^b	-	5 ^c	-	-	2.0 ^b	-	2.0 ^c	-	-
Cambodia	964	1 273	1 705	2 172	2 385	-	-	-	78.9	-
Indonesia	28 407	29 912	30 620	28 574	26 852	50.8	42.6	34.4	26.3	23.0
Lao PDR	422 ^b	-	705 ^c	1 230	-	66.0 ^b	-	66.0 ^c	79.3	-
Malaysia	177 ^b	-	262 ^c	-	-	2.0 ^b	-	2.0 ^c	-	-
Myanmar	3 105 ^b	-	3 596 ^c	6 703	-	31.1 ^b	-	26.4 ^c	45.6	-
Philippines	16 224	18 817	21 080	23 175	23 891	54.3	50.8	47.2	43.7	42.3
Timor-Leste	1 ^b	-	7 ^c	-	-	2.0 ^b	-	12.0 ^c	-	-
Thailand	-	-	-	5 291	-	-	-	-	26.0	-
Viet Nam	8 109	8 897	9 366	9 274	9 137	60.5	54.6	48.8	41.3	38.3
South, South-West and West Asia										
Afghanistan	2 458 ^b	-	4 945 ^c	4 629 ^d	-	98.5 ^b	-	98.5 ^c	88.6 ^e	-
Bangladesh	19 552	23 206	25 574	27 860	29 871	87.3	84.7	77.8	70.8	70.8
Bhutan	61 ^b	-	70 ^c	-	-	70.0 ^b	-	44.1 ^c	-	-
India	120 746	122 376	120 117	113 223	109 501	54.9	48.2	41.5	34.8	32.1
Iran (Islamic Republic of)	17 094 ^b	-	20 406 ^c	14 581 ^d	-	51.9 ^b	-	44.2 ^c	30.5 ^e	-
Nepal	1 194	1 589	2 099	2 591	2 798	70.6	67.3	64.0	60.7	59.4
Pakistan	17 620	20 271	23 304	26 189	27 508	51.0	49.8	48.7	47.5	47.0
Sri Lanka	899 ^b	-	597 ^c	345 ^d	-	24.8 ^b	-	13.6 ^c	12.0 ^e	-
Turkey	7 947	8 055	7 911	7 610	7 202	23.4	20.7	17.9	15.5	14.1

^a Except for ^{b,c,d} and ^e(as below), computed from country household data based on the four slum criteria (water, sanitation, (durable) housing and (sufficient) living area)

^b Data from UN-HABITAT (2006:189)

^c Data for year 2001 from UN-HABITAT (2006:189)

^d Data from UN-HABITAT (2008a:248)

^e Computed using ^d above and United Nations (2010)

Source: UN-HABITAT (2010:178)^f

and 72 million, respectively); this represented a 24 per cent decrease in the total urban population living in slums in the two subregions. Countries in South-Eastern Asia have also made significant progress with improved conditions for 33 million slum residents, or a 22 per cent decrease.”

These achievements resulted from the determined, concerted efforts some Asian governments have made to improve living conditions for slum-dwellers (see Box 4.3). At city level, interventions for slum upgrading come two forms: (i) policy- and strategy-making – as in the cases of Dili, Timor-Leste and Ulaanbaatar, Mongolia (see Box 4.4) (UN-HABITAT, 2007b), and (ii) physical improvements – as in the case of Indonesia and the Philippines (see Box 4.9). However, Table 4.6 suggests a more nuanced picture which illustrates the cross-currents at play in slum demographics in Asia as in other developing regions.

Table 4.6 shows that in South and South-West Asia, the slum population declined (in absolute numbers) in only three or four countries between 1990 and 2007, with India and Turkey at the forefront. On the other hand, the numbers of slum-dwellers increased in Bangladesh and Pakistan over the same period, as they did in China. In South-East Asia, Indonesia is the only country where the slum population decreased (in absolute numbers) between 1990 and 2007.

The trend in *relative* numbers looks more encouraging, though. As shown in Table 4.6, the percentages of urban populations living in slums have declined in all Asian subregions and countries. Between 1990 and the year 2007, the declines ranged between 4.0 per cent (Pakistan) and 27.8 per cent (Indonesia). Two factors can account for this favourable trend in the relative numbers of slum-dwellers in Asia: (i) as shown in Chapter 2 (Table 2.1), the overall pace

BOX 4.3: HOW SOME ASIAN COUNTRIES BEAT THE MILLENNIUM SLUM TARGET

Over the past 10 years or so, one-third of developing countries have managed to reduce the absolute and relative numbers of slum-dwellers among their populations, according to current literature and UN-HABITAT research. In the process, they anticipated on the target set in the Millennium Declaration, improving the conditions of an estimated 227 million slum-dwellers (instead of the required 100 million) by 2010 (or 10 years earlier than the agreed deadline) (UN-HABITAT, 2010).

How did they do it? UN-HABITAT policy analysis shows that public authorities took the responsibility for slum reduction squarely on their shoulders, backing commitments with bold policy reforms, and preventing future slum growth with equitable planning and economic policies. More specifically, their success was based on five specific, complementary approaches: (i) awareness and advocacy, (ii) long-term political commitment, (iii) policy reforms and institutional strengthening, (iv)

proper implementation and monitoring, and (v) scaling up successful local projects.

As far as awareness and advocacy are concerned, Indonesia and Viet Nam have demonstrated the important role of proper monitoring systems and indicators to collect information and analyse trends. Advocacy also involves disseminating messages on improved conditions for slum-dwellers, as exemplified by some cities in India. The latter country also stands out, alongside China and Turkey for long-term political commitment to slum reduction.

India and Indonesia rank among those countries that have shown the way for policy reform and institutional strengthening. This involves a wide range of well-coordinated policies, including land, housing and infrastructures in order to integrate larger numbers of urban poor into cities' legal and social fabrics. Like Iran, the Philippines and Turkey, Indonesia has also looked beyond the housing sector and

fought slums as part of broader-ranging poverty reduction strategies, with policies shifting from entitlement to co-participation.

Transparent and pro-poor policies must be backed up by adequate human and technical resources, as demonstrated by Indonesia and the Republic of Korea. Most importantly, as happened in China, Viet Nam and Sri Lanka, slum policy implementation must involve close coordination between central, regional and municipal authorities and the private sector. Cambodia and Thailand set themselves clear targets and benchmarks, and Indonesia resorted to results-based monitoring.

Replication and scaling-up of successful, local one-off or pilot slum-upgrading projects have served a number of countries well, including Sri Lanka and Indonesia. Upscaling can involve the private sector and civil society, as in Turkey. In China, huge public subsidies have gone into housing projects for the poorest.

Source: UN-HABITAT, 2010

of urbanisation in Asia (measured as the share of urban in total populations) slowed down noticeably between the year 2000 and 2010 (2010 data are projections); and (ii) some countries (including China, India, Turkey and Viet Nam (UN-HABITAT, 2010) took the challenge of slums head-on and seem to have achieved tangible results as early as 2007 (see Box 4.3).

All in all, these divergent relative and absolute numbers leave the trend in Asia very much in line with slum demographics in the rest of the developing world. As UN-HABITAT (2010:30) summarised the global situation: "Proportions are declining but numbers are growing" – and all the more so as urbanisation in Asia is projected to re-accelerate between 2010 and 2030 (see Table 2.1 in Chapter 2). Practically, this means that for all the recent favourable numbers, there can be no let-up in Asia's efforts to tackle slums; if anything, success in a few countries demonstrates that determined, well-devised policies *do* achieve tangible results (see Box 4.5), and should be widely disseminated wherever relevant.

At this point, it must be stressed that if between the year 2000 and 2010 the lives of an estimated 172 million Asian slum-dwellers have improved (UN-HABITAT, 2010), they owe it to two other contributing factors. One is "the emergence of organizations formed by the urban poor that increase their influence on city-government and, where political circumstances permit, form powerful and effective partnerships with local governments to reduce the cost and increase the sup-

ply of housing and infrastructure and to make legal housing more affordable" (Satterthwaite, 2005:13). The other factor has been hinted at earlier; it has to do with UN-HABITAT's standard definition of slums, the practical import of which is that it can take an improvement on any one deprivation, e.g. access to water or access to sanitation, for a settlement to switch from 'slum' to 'non-slum', as is the case with many settlements around the world. And since, as noted earlier, UN-HABITAT's definition of slums is more stringent than those used by national governments, far from purely nominal this switchover reflects tangible realities. All it takes policymakers and urban planners to bring it about is to shift slums "from blind spot to spotlight" (UN-HABITAT, 2010:46).

Slums and poverty are closely related and mutually reinforcing, but the relationship is not always so straightforward. All slum-dwellers are not poor, and the non-poor live in slums only for lack of proper housing. As per the US \$1.25-a-day poverty benchmark, over 200 million people in the Asia-Pacific region have escaped extreme poverty between 1990 and 2005. This implies that even though the proportion of slum-dwellers is declining, it is not doing so as fast as poverty itself, because the bulk of the housing stock in Asian cities remains unaffordable.

On the whole, living conditions are better in urban than in rural areas. This is attributed to the availability of better services and better health care facilities, both from the public and private sectors. However, figures do not reflect the day-

TABLE 4.7: KEY INDICATORS OF URBAN POVERTY IN INDIA

	Urban Poor NFHS* 2	Urban Poor	Urban Non-Poor	Overall Urban	Overall Rural	All India
Environmental Conditions	2000	2005-2006				
Households with access to piped water supply at home (%)	13.2	18.5	62.2	50.7	11.8	24.5
Households with access to public tap/hand pump for drinking water (%)	72.4	72.4	30.7	41.6	69.3	42.0
Household using a sanitary facility for the disposal of excreta (flush/pit toilet) (%)	40.5	47.2	95.9	83.2	26.0	44.7
Median number of household members per sleeping room	3.5	4.0	3.0	3.3	4.0	3.5
Infectious Diseases						
Prevalence of medically treated TB (per 100,000)	535	461	258	307	469	418
Prevalence of HIV among adult population (age 15-49) (%)	.	0.47	0.31	0.35	0.25	0.28

*National Family Health Survey

Source: Urban Health Resource Centre (2008)

to-day realities that face the urban poor. Where data on intra-urban differentials in health indicators is available, for instance, all it suggests is a worsening of health outcomes for the urban poor.

Available statistics for India (see Table 4.7), both national and intra-urban, show that the urban poor are worse off than average urban residents on many health-related indicators, including the prevalence of tuberculosis and AIDS, and access to health services. India's urban poor do seem to enjoy slightly better access to water and sanitation than their rural counterparts, but for both the urban and the rural poor access is much scarcer than the average for whole urban areas.

Similar research in Bangladesh has found that among the urban non-poor, who live in modern houses with all facilities, infant and child mortality is considerably lower than in rural areas, while the urban poor experience higher infant and under-five mortality rates than rural households. Poor and non-poor childhood mortality differentials are higher in urban than in rural areas. In poor urban areas, the child survival ratio is worse than average among (especially recent) migrants. The results in Bangladesh support the findings of many previous studies showing that in developing countries, housing conditions such as construction materials, access to safe drinking water and hygienic toilet facilities are the most critical determinants of child survival in urban areas (Islam and Azad, 2008).

The quality and location of shelter can make slum-dwellers vulnerable. Slum housing is often constructed of flimsy scrounged materials, such as plastic sheets, cardboard or scrap metal, or the cheapest construction materials. These structures are easily destroyed by storms, or floods since these are frequent in the locations (river banks, etc.) where many informal settlements are located. A survey of families in Manila's squatter settlements found houses made of scrap wood and makeshift materials, and consisting of one room occupied by more than one family. The majority of residents used the river or open pits to defecate. Riverbank dwellers in Manila face yearly flooding and some are flooded year-round.

Most houses surveyed were on government-owned land and earmarked for demolition (Fry *et al.*, 2002).

As for Viet Nam, the quality issues of housing in Hanoi have been described as follows by Satterthwaite (2005:16):

"In Hanoi, much of the poor quality housing is a legacy of housing stock built with government funds under central planning that was allotted to workers and public employees of plants, enterprises and government agencies. These housing blocks are generally still managed by the plant or agency that employs the residents and little attention has been given to maintenance and repair, in part because rents paid by households are low... Responsibility for the maintenance of these housing blocks is being shifted to municipal or district housing administration agencies but the process is incomplete. In addition, many households have not paid rent for years."

4.4.3 Land accessibility and affordability

In urban areas, land comes under pressure from demographic growth and economic development. Higher demand raises market prices and the process is further intensified by global economic integration. As Asian cities grow in size, population and prosperity, demand for land brings unforeseen pressures on an already scarce resource. The inaccessibility of decent, secure, affordable land is the major factor behind Asia's abundance of slums. It is also a contributing factor to urban poverty (ESCAP & UN-HABITAT, 2008a; Global Land Tool Network, 2008).

In many Asian cities, much larger numbers of people live without any form of secure tenure than with formal land titles. The poor are priced out of the land market and the opportunities for them to squat unused public land are declining. With rapid economic growth, many private landowners and government agencies continue to develop vacant urban land and evict slum-dwellers for commercial development or urban infrastructure projects. Evicting slum households

BOX 4.4: WHEN POLICYMAKING REACHES OUT TO INFORMAL SETTLEMENTS: THE CASE OF ULAANBAATAR



▲ Ger area in Ulaanbaatar, Mongolia. ©UN-HABITAT/Bharat Dahiya

Massive rural migration lies behind the rapid demographic expansion of the Mongolian capital Ulaanbaatar in recent years. The migration was caused by a combination of three distinct factors: low incomes in the countryside, the ‘dzuds’ (extremely cold winter disasters) of 1999-2001, and a Supreme Court decision in 2003 upholding “freedom of movement” within the country.

As a result, the capital’s population had risen to 1.1 million* by the end of 2008, and since then the 2009-10 dzud has triggered further rural migration. The migrants have settled in the *ger*-areas outside the conventional built-up city which largely lie beyond the reach of infrastructure and services. As many as two thirds of Ulaanbaatar’s population live in ‘gers’, i.e., traditional felt tents, and 45 per cent of them are poor. Some 10 per cent of the households in the capital are female-headed (average household size: 4.5 individuals). Being deprived of infrastructure and services, the *ger* areas present unique development challenges. Basic services in these low-density, unplanned settlements cost more than in formal built-up areas. Water is hand-carried from kiosks and residents use pit latrines and coal-and-wood-fired stoves for cooking and heating (a major source of air pollution); some have (informally) connected to nearby electric power lines. The areas are devoid of proper access lanes and solid waste collection is minimal.

For all these deficiencies, though, security of tenure and informal buildings are recognised, especially for those residents who register with the local authority and obtain individual land

privatisation certificates. Every household is allowed to own up to 700 sq m. of land, which are delineated with wooden fences (*khashaa*). What the *ger* areas needed was recognition at the policymaking level in terms of planning, upgrading and development against a background of runaway, haphazard expansion.

This is why Cities Alliance and UN-HABITAT have been providing financial and technical support to the Municipality of Ulaanbaatar under the *Citywide Pro-poor Ger-area Upgrading Strategy and Investment Plan* (*GUSIP*). After a detailed assessment, including an inventory of community organisations, the Project has identified three types of *ger* areas which face different sets of urban development challenges (Dahiya & Shagdarsuren, 2007):

- (i) *Central ger* areas have potentially easy access to water, roads and waste collection services. More modern buildings are slowly replacing traditional *gers*;
- (ii) *Middle ger* areas where residents depend on kiosks and tankers for water. Access is difficult for lack of roads and drainage, and some areas are prone to flooding.
- (iii) *Peri-urban ger* areas are characterized by haphazard, accelerated expansion and are farthest from basic urban services and infrastructure.

In all three types of *ger* areas, residents use pit latrines, posing a serious threat to Ulaanbaatar’s water supply of which groundwater provides more than 90 per cent.

The three types of *ger* areas have by now been

formally recognised by the Municipality and the Ulaanbaatar Regional Council in their urban development programmes. The assessment was carried out through a structured, consultative process in which three *ger* area-specific working groups involved sector-specific agencies of the Municipality of Ulaanbaatar, the Ministry of Construction and Urban Development, the private sector, civil society organisations, ‘*duureg*’ (district) and ‘*khoro*’ (sub-district) authorities, *ger*-area communities and the Mongolian Association of Urban Centres. In the next, strategy development stage, Cities Alliance and UN-HABITAT helped the Municipality of Ulaanbaatar to formulate development visions for each of the three types of *ger* areas.

The *Citywide Pro-poor Ger-area Upgrading Strategy* was developed through a four-step process, which included: (i) information inventory and sharing; (ii) information collection, review and analysis; (iii) setting the strategy’s scope and framework, and (iv) consultative preparation. A citywide consultation was organised in June 2007; the strategy was approved by the Ulaanbaatar Citizens’ Representative Council in July 2007 and its recommendations have been implemented through various development programmes and projects.

* Statistics Department of the Municipality of Ulaanbaatar. The figures include the registered population only, and therefore do not take in (recent) rural migrants who had not yet registered.

BOX 4.5: BRIDGING THE URBAN DIVIDE – UN-HABITAT'S RECOMMENDATIONS

To bridge the urban divide and make progress towards an inclusive city, UN-HABITAT recommends a rights-based approach that recognizes and simultaneously promotes the economic, social, political and cultural dimensions of inclusion. If they are to make those universally recognized rights more effective, cities must act as follows:

- i) Assess the past and measure progress: a realistic, participatory assessment of a city's specific development path and shortcomings provides the sound basis required to map out the next four steps.
- ii) Build more effective, stronger institutions: tackling the four dimensions of exclusion simultaneously is a complex endeavour requiring well-coordinated policies and adequate institutional frameworks to implement them. This new set-up can take the form of new institutions, or new channels between those already there.
- iii) Establish new linkages and alliances between the three tiers of government – national, regional and municipal; this will secure proper resource mobilization, coordination and deployment, including public-private partnerships.
- iv) Evolve a participatory, sustained vision to promote inclusiveness, starting with a general strategic plan, with broad-ranging consultation with, and subsequent dissemination among, all stakeholders and the population.
- v) Ensure a more equitable distribution of opportunities. In this respect, UN-HABITAT recommends five 'levers of inclusiveness', as follows: (a) improve quality of life, especially for the urban poor; (b) invest in human capital formation; (c) foster sustained economic opportunities; (d) enhance political inclusion; and (e) promote cultural inclusion.

Source: UN-HABITAT (2010)

might be an effective way of clearing land for other uses, but almost all evictions result in increased poverty (ESCAP & UN-HABITAT, 2008a; UN-HABITAT, 2010).

Low-income households need to live close to income-earning opportunities in commercial and industrial centres in order to reduce the monies and time spent commuting to work. However, proper land in central locations is generally in high demand and therefore expensive. As a result, low-income households who need to be closer to the city centre are forced to occupy land which is not in demand because it is inappropriate or hazardous (such as land prone to flooding or landslides, or along railway lines, canal banks and roadsides, etc.) and is located on the periphery – which means that these plots are not serviced at all. Not only are these areas far from the city centre where the poor have their livelihoods, but their typical physical features are such that they force those who settle there to occupy as little space as possible, resulting in very high densities and unhealthy overcrowding (ESCAP & UN-HABITAT, 2008b).

For instance, in Beijing, it is common for low-income households to reside as many as two hours away from workplaces. Short of better land-use management that delivers more options for lower-income households, these will increasingly be pushed to those urban peripheries which middle and upper-income groups do not want for themselves, at least in the short term. However, as cities grow, those peripheral locations may become increasingly attractive to better-off residents or commercial developers, and once again, low-income informal settlements will be pushed away to the new outer bounds of the city periphery (Satterthwaite, 2005; UN-HABITAT, 2010).

In Phnom Penh, an absence of land use planning has combined with the sluggish performance of an unmitigated free-market economy to exacerbate the shortage of housing for the poor and the lower middle classes. As a result, squatter and low-income settlements have spread all over the Cambodian capital's seven districts. The country's housing policies and programmes during the 1960s, early 1970s and 1990s overlooked the expectations of the low-income segments of the population. As the land/property market expanded on the back of combined demand from domestic or foreign business, tourism and high-income housing, the poor have been driven further out to the periphery. All prime locations are purchased by the private sector and either developed or retained untouched for the sake of speculation. The bulk of these plots are government-owned, but are sold off under pressure from a powerful nexus of politicians, bureaucrats and local and foreign developers. This leaves low-income populations with little if any alternative central locations, especially given the pressure in favour of their eviction from increasingly sought-after plots (Satterthwaite, 2005; Crosby, 2004).

In many other Asian cities, a similar, powerful nexus of developers, politicians and bureaucrats is at work, too. Admittedly, these categories have everything to gain from land development, and they will oppose any land policy that might favour low-income groups. This is why those cities where much of the land is under public ownership do not make any difference with those where the private sector is predominant. In Karachi, for instance, this nexus acquires not only vacant land, but even land that has formally been set aside for recreational and amenity purposes. It can also happen that as they expand, slums come to encroach onto land that had been earmarked for infrastructure. In addition, government land and properties are often sold well below market values through political patronage for public-private partnership projects (Satterthwaite, 2005).

In Hanoi, elaborate and ineffective land-use controls have increased the costs of housing projects, as the procedures involved are very time-consuming. Private developers are admittedly encouraged by the government to provide for low-income groups in abidance with stipulated ratios or land regulations. However, the lower profits deriving from new low-income housing have discouraged many private developers from fulfilling their legal obligations (Lam, 2005).

On a more positive note, land proclamations in the Philippines have provided assurances to squatters of public land that

they would not be evicted and that local social services would be improved. Between the year 2000 and 2002, more than 645,000 families in 33 informal settlements have benefited from these government exemptions. However, the policy does not apply to those squatting private land, who are the majority of informal settlers; still, this positive, pragmatic response has provided a modicum of secure tenure which, in turn, has encouraged many poor Filipino households to improve their homes and neighbourhoods (UN-HABITAT, 2004a).

Several Asian cities have tried out innovative methods to help the urban poor acquire serviced land within reasonable distance from income-earning opportunities. In Phnom Penh, urban poor organizations have been involved in city-wide surveys that have identified both the scale and location of low-income communities and any vacant land where they might be housed. In Karachi, thanks to detailed mapping of all informal settlements, the location and quality of existing infrastructures have been identified; the exercise highlighted the scale of community investments in infrastructure while providing the basis for improvements (including linking community-designed and implemented sewers and drains to city-provided trunks) (Satterthwaite, 2005).

4.4.4 Land tenure

Enhanced land rights serve as a basis for secure shelter and access to services. Land tenure can also act as a source of financial security, turning land into a transferable asset which can be sold, rented out, mortgaged, loaned or bequeathed. Tenure security creates incentives for land users to invest labour and other resources in the quality of dwellings or the value of land and property (Global Land Tool Network, 2008).

In most Asian cities, land tenure and property rights can be of a formal (freehold, leasehold, public or private rental), customary or religious nature; they can also include various types of unauthorised/informal tenure or settlement. Tenure entails varying degrees of legality, depending on the relevant legislative framework. Some tenure rights come with time limitations or with restrictions on land uses, sales, transfers or inheritance. Many governments preserve their rights of eminent domain, enabling them legally to take away an individual's or a community's right to stay in case the plot is needed for some public purpose. Moreover, in many cities more than one legal system is in force, with statutory, customary and religious tenure systems coexisting and overlapping (ESCAP & UN-HABITAT, 2008a; Global Land Tool Network, 2008).

For the poor, the best option will always be secure tenure on the site they are occupying. This enables them to stay in the same place without dislocation of, or disruption to, their livelihoods and social support systems. An alternative is to make tenure collective through long-term non-individual leases or granting land titles to community cooperatives. Collective tenure can work only where the community is well organized. Collective tenure rights can act as powerful buffers against market forces, binding communities together and giving them good reason to remain that way. A collective

community structure can act as an important survival mechanism. Kathmandu's Kirtipur Housing Project shows how collective tenure has made it possible to turn a squatter settlement into a community housing project (see Box 4.6) (ESCAP & UN-HABITAT, 2008a).

Once the poor hold legal rights to the land they occupy, they can use those rights (i) to obtain access to public services, (ii) to secure bank loans, (iii) to start small home-based businesses, and (iv) to legitimize their status in the city. However, as soon as tenure in a slum is made more secure, through regularization, formalized user rights or land title issuance to residents, these formerly insecure and unattractive diminutive plots enter the urban land market virtually overnight and become marketable commodities. Real estate developers queue up to offer large sums of money to buy the poor out. This has been observed in Mumbai, where some resettled slum-dwellers have sold off their plots and gone back to slums (ESCAP & UN-HABITAT, 2008c).

4.4.5 Forced evictions

As defined by the Centre on Human Rights and Evictions (COHRE), security of tenure is the freedom from fear of forced eviction (COHRE, 2009). A 2007 report by UN-HABITAT's Advisory Group on Forced Evictions noted that millions live in constant fear of eviction, and that thousands are forcibly evicted in disregard of the law, leaving them homeless and subject to deeper poverty, discrimination and social exclusion (UN-HABITAT, 2007a).

Forced eviction is defined as the permanent or temporary removal, and against their will, of individuals, families and/or communities from the homes and/or land they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Such evictions can always be ascribed to specific decisions, legislation or government policies, or to government failure to halt forced evictions by third parties (UN-HABITAT, 2007a; ESCAP & UN-HABITAT, 2008c; UN-HABITAT, 2010). According to the UN-HABITAT dedicated Advisory Group, nearly half of all forced evictions in the world occur in Asia's four most populated countries (see Table 4.8).

The main reasons for evictions include increasing pressure on land due to rapid urbanization, large infrastructure or 'beautification' projects, as well as 'global mega events' (sport, exhibitions, major international conferences, etc.) which may not benefit the poor at all (UN-HABITAT, 2010; Kothari & Chaudhry, 2010). Eviction generates rather than alleviates poverty, and therefore is to be considered as counterproductive in terms of human development. Poor communities – the main targets for eviction in Asian cities – are also those least prepared to weather the consequences of eviction, which leaves them in an even poorer state than before (ESCAP & UN-HABITAT, 2008c).

Apart from development projects, construction of roads can also lead to relocation of poor urban residents. In China, for example, between 1988 and 1993, over 120,000 people were resettled against their will due to road projects financed

BOX 4.6: HOW TO REHABILITATE A SQUAT: NEPAL'S KIRTIPUR HOUSING PROJECT



▲ Row housing in Kirtipur. ©Vishal Shrestha/Lumanti

In Nepal's capital Kathmandu, the Vishnumati Link Road project involved the construction of a road running along the Vishnumati River, where a number of communities have been living in informal settlements for almost 50 years. Notices were posted warning residents in five affected communities to move, as their houses would be demolished to make way for the new road. After numerous meetings between the residents, a non-governmental organisation known as *Lumanti* ('memory', in the local Newari dialect), donors and the government, the road construction was postponed. The Kathmandu Metropolitan City Office formally agreed to provide secure housing for all affected families, as well as rental compensation until new housing was delivered.

In 2003, a municipal Urban Community Support Fund was created by the Kathmandu metropolitan authority, *Lumanti* and some donor organizations like the Asian Coalition for Housing Rights, Slum Dwellers International and Acton Aid Nepal. The Fund grants loans to

groupings on affordable terms and the monies are on-lent to urban poor households, enabling them to improve socio-economic conditions, housing and physical facilities. The Fund's first project involved the resettlement to a new site in Kirtipur of the squatter families affected by the Vishnumati Link Road project. Under its 'Housing the Poor in Asian Cities' scheme, the UN Economic and Social Commission for Asia and the Pacific has helped *Lumanti* develop a low-cost, low-maintenance wastewater treatment system for the resettlement scheme together with the Asian Coalition for Housing Rights, Slum Dwellers International and Acton Aid Nepal. Similarly, the UN-HABITAT Water for Asian Cities Programme in Nepal had provided support for rainwater harvesting, and the Nepalese Department for Urban Development and Construction helped with paved open spaces.

The location for the new housing project was decided after lengthy discussions with the families regarding their needs and their visions for a new community. Affordability was a major

factor, since the families must make monthly repayments to the Support Fund. The housing design was chosen by the community from several alternatives. Through the entire planning process, the low-income households demonstrated their capacity to develop viable solutions and to fight for housing rights and security of tenure; this involved organizing themselves, saving money, designing houses, developing management skills, and remaining firmly committed to building better lives for themselves and the community.

The Urban Community Support Fund made it possible for the evicted families to buy the new housing units with low-interest (five per cent) 15-year loans. On top of steering the project, the Kirtipur Housing Management Committee monitors repayments to the Support Fund. Since the housing project is a long-term venture, the Committee also makes sure that it continues to serve the community over time. Households are not allowed to sell off their houses without approval from the Committee, which makes sure that any new buyer also comes from a poor community, slum or squatter settlement. The collective nature of all aspects of the project – land tenure, house building, savings and management – generates a strong sense of community.

This project was Kathmandu's first as far as rehabilitation is concerned. Beyond providing alternative shelter to affected families, it also sets a precedent as an environment-friendly community. Another, important goal of this project is to eradicate the psychological stigma of being a squatter. Instead of just looking to relocate squatters as such, the project was designed as an opportunity for beneficiaries to become fully free, empowered citizens with the right to make major decisions regarding their lives, property and employment.

Source: www.lumanti.org/kirtipur-housing-project

TABLE 4.8: REPORTED FORCED EVICTIONS IN MAJOR ASIAN COUNTRIES, 2001-2005 (NUMBERS OF VICTIMS)

Year	Indonesia	China	Bangladesh	India	Total Reported Evictions - World
2001	49 205	341 754	63 750	450	498 883
2002	3 000	439 754	..	950	756 747
2003	5 184	686 779	..	150 850	993 121
2004	39 184	467 058	21 552	20 715	617 872
2005	4 425	187 064	9 355	363 795	2 090 772

Source: UN-HABITAT (2007a)

BOX 4.7: BEATING EVICTION IN A GLOBAL CITY: PEOPLE-MANAGED RESETTLEMENT IN MUMBAI

"It is hard to avoid some population displacement in any city where the government seeks to improve the provision of infrastructure and services for their populations and enterprises. In crowded central city areas, almost any improvement in provision for water, sanitation, drainage, roads, rail-ways, ports, airports and facilities for businesses needs land on which people currently have their homes. Within an increasingly competitive global economy, a successful city needs to attract new enterprises, and this also requires redevelopment and changes in land use." (Patel *et al.*, 2002:159). Between 1990 and the year 2000, Mumbai demonstrated that 60,000 people could be relocated without coercion to make way for a development project - in this instance, an improvement programme for the commuter rail system. The resettlement programme benefited from strong support from community organizations. The scheme was unusual on three counts: (i) contrary to what usually happens

with infrastructure development, those who moved were not further impoverished through resettlement; (ii) the actual move was voluntary and needed neither police nor municipal enforcers to execute; and (iii) the resettled people were involved in the design, planning and implementation of the resettlement programme as well as in the management of their new places of abode. The community has also been involved in the whole process, including the baseline survey of the households to be moved, the design of their new accommodation, and managing the relocation process, including the allocation of units.

The resettlement was facilitated by an alliance of the National Slum Dwellers Federation, a women's group called *Mahila Milan* ('women together') and the Society for the Promotion of Area Resources Centres (SPARC). The process was not easy. The alliance had to cope with an unexpected eviction when the railway company

pulled down 2,000 huts along the railway line. This was against the declared policy of the state government and the covenant of a World Bank loan to the Mumbai Urban Transport Project. The civil society alliance responded by mobilizing thousands of members who shut down the city's railway system - a move that eventually secured the emergency resettlement on which it had been insisting.

The major lessons from this experience of resettlement are the importance of community organization and the effectiveness of community engagement in the development of resettlement and relocation plans. Another important factor to keep in mind was the flexibility shown by key state and local government institutions and officials. A fourth factor was a clear policy on resettlement and rehabilitation. On the whole, it was a combination of the World Bank's policy, sympathetic government agencies and pressure from organized slum-dwellers that made the resettlement effective.

Source: Adapted from Patel *et al.* (2002)

BOX 4.8: SLUM UPGRADING PIONEERS IN ASIAN CITIES

Indonesia's *Kampung* Improvement Programme

The innovative *Kampung* Improvement Programme (KIP), launched in 1969 in Indonesia, was the first urban slum upgrading project in the developing world. The rationale was to provide basic urban services, such as roads and footpaths, water, drainage and sanitation, as well as health and education facilities. The programme soon became a model for the transformation of slums from illegal settlements into a regularized component of the urban fabric. Through official recognition of improved *kampungs* ('villages' or 'hamlets', in Malay) as formal settlements, municipal authorities effectively brought security of tenure to, and improved the lives of, 1.2 million slum-dwellers in Jakarta between 1969 and 1974.

In 1974, the World Bank decided to support the programme with soft loans in order to accelerate implementation and upscaling. In 1979, the Indonesian government endorsed KIP as national policy. By the time World Bank support came to an end in 1982, the programme had improved the day-to-day living conditions of close to five million urban poor. Permanent monitoring and assessment, based on trial-and-error, as well as input from the communities, were the major factors behind the success of the programme. The KIP has gone through various stages of

growth over the past 30 years, turning from a physical improvement approach to community-based development. In the early years, the scheme received adequate support from the government, international agencies and the people. More recently, and although rapid urban extension remains a major challenge for KIP, support from the government and the community has been waning and no international agency funding is available to keep the programme going at its initial pace. As a result, the first slum improvement programme in the developing world has not been able to keep pace with the current growth of slums in Indonesian cities.

Manila's *Tondo* Urban Development Project

The largest slum in Manila and another of the largest in Asia with over 180,000 residents, Tondo Foreshore is one more example of early slum upgrading efforts in the region. In the late 1970s and after having tried several small-scale resettlement plans, the Manila municipality, with World Bank support, launched an *in situ* upgrading scheme for infrastructure and services as a less disruptive and low-cost solution to the problem. As a result and over the subsequent 10 years, the slum community transformed itself into an upwardly mobile neighbourhood. In this sense, the Tondo project corroborated the assumption

that if given security of tenure and basic urban services, families will build their own housing, the quality of which, in that particular case, surpassed even the most optimistic predictions. Indeed, Tondo residents participated in upgrading efforts and became property owners with a stake in stability.

This extensive community participation was one of the most positive features of the project. It was indeed less disruptive to the community than resettlement would have been, but it entailed formidable complexities and delays. The project was anticipated to last four years, but it actually took nine. It was expected to be less costly than resettlement, but a large increase in costs occurred due to the delays associated with the massive size, complexity, and experimental nature of the scheme. The weakest element in the project was the recovery of costs which, by the end, had risen threefold. Moreover, the anticipated cross-subsidies from land sales for commercial/industrial purposes largely failed to materialise.

Unlike the *Kampung* Improvement Programme, community involvement in design and implementation was limited in Manila's Tondo project. Still, the lessons from what worked and what did not paved the way for major slum upgrading programmes all over Asia.

Source: <http://web.mit.edu/urbanupgrading/upgrading/case-examples/ce-10-jak.html>, <http://web.mit.edu/urbanupgrading/upgrading/case-examples/ce-PH-ton.html>

BOX 4.9: PUBLIC HOUSING DELIVERY AND OWNERSHIP: SINGAPORE SHOWS THE WAY



▲ Public housing in Singapore. ©Mike Tan C. T./Shutterstock

Singapore's public housing stands out amid the general "doom and gloom" stories of slums and inadequate housing in many developing countries. Under its public housing programme, the city-State provided for 80 per cent of the population, most of whom (90 per cent) are now homeowners. This was a significant achievement, even in comparison with the Western experience of mass social housing. The success of the programme is demonstrated in the 80 per cent satisfaction rate of those living in public housing.

Source: Contributed by Belinda Yuen

In the early 1960s, Singapore was facing two fundamental challenges: (i) the population was fast outgrowing decent housing supplies, and (ii) housing as provided by the private sector was not affordable to low-income families. Housing surveys indicated that public housing would be required at the rate of 11,000 new units a year for those unable to afford private housing. The challenge was taken up by the newly elected government which had won the 1965 election on a manifesto where employment and housing featured prominently.

What makes Singapore experience special is that the government considered economic growth and social development as being of equal and symbiotic importance. Two statutory agencies – the Economic Development Board and the Housing and Development Board (HDB) – were set up in 1960 with financial, legal and institutional powers to enhance the supply of jobs and housing, respectively. This complementary relationship between employment and housing has (so political-legitimacy analyses have argued) played a key role in Singapore's enduring political stability.

The two basic functions of the HDB were to "provide housing of sound construction and good design for the lower income groups at rents which they can afford" (Housing and Development Board, 1962:3); and "to encourage a property-owning democracy in Singapore and to enable Singapore citizens in the lower middle income group to own their own homes" (Housing and Development Board, 1964:2). As it strengthened owner-occupier tenure through new, mass public housing specifically designed for subsequent sale, the government, acting through the Housing and Development Board, effectively assumed the role of facilitator and social engineer.

Although the public housing programme began on an exclusively rental basis, the new and innovative policy of home ownership for low-income categories, on 99-year leases, was launched in 1964 (Housing and Development Board, 1964:9). Under the public eligibility and allocation framework, which continues to this day, an income ceiling serves as a cut-off point to help low-income families gain access to the programme; applicants whose total household income exceed the eligibility ceiling do not qualify for public housing.

For all public housing beneficiaries, housing credit was made more affordable through government support for down-payments and mortgage loan interest rates. Prominent among these was a scheme enabling buyers to withdraw a portion of their savings in the Central Provident Fund (a pay-as-you-work social security scheme) for down-payments (20 per cent of purchase price) and mortgage-related payments. The remaining 80 per cent of the purchase price could be paid in instalments through a Housing and Development Board-assisted mortgage loan, with privileged interest rates set below the prime rate. Thanks to the Central Provident Fund, it became possible to own a flat on a 99-year lease without suffering a reduction in monthly disposable income.



▲ A poor family is evicted from a slum in Gopalgonj Town, Bangladesh, July 2009. ©UPPR/UNDP/UN-HABITAT

by the World Bank. The Bank's Urban Development Project in 'Jabotabek' (the greater Jakarta metropolitan region, see Chapter 2) led to the forced resettlement of some 50,000 people. In Mumbai, construction of five new roads has caused the forcible relocation of 6,000 families. In every case, the majority of those forcibly relocated were low-income slum-dwellers (Hook, 2006; Tiwari, 1999).

The Universal Declaration of Human Rights (Art. 25) states that *"Everyone has the right to a standard of living adequate for the health and well-being, of himself and of his household, including food, clothing and housing."* (United Nations, n.d). In this context, forced evictions are considered as violations of human rights (UN-HABITAT, 2010; Kothari & Chaudhry, 2010).

Under the 1996 Habitat Agenda, governments recognize the importance of *"protecting all people from, and providing legal protection and redress for, forced evictions that are contrary to the law, taking human rights into consideration, (and) when evictions are unavoidable, ensuring, as appropriate, that alternative suitable solutions are provided"* (Habitat Agenda, para. 40 (n)) (UN-HABITAT, 2003a). Based on this, many governments now provide alternative accommodation or options to those forcibly evicted. However, the process often requires facilitation by non-government organizations to ensure some smooth resolution. For example in Mumbai, the Society for the Promotion of Area Resource Centres (SPARC), a local non-governmental organization, facilitated the relocation of slum-dwellers who had been evicted in connection with a transportation project (see Box 4.8).

Resettlement schemes can be conflict-ridden, too. In January 2003, the Bangkok Metropolitan Administration served the residents of Pom Mahakan, a 300-strong

community in the city centre, with a notice to vacate their homes in order to make way for an urban park. Despite large-scale protests, in August 2003 an administrative tribunal ruled that the eviction was legal and could proceed. After several failed attempts to evict the community, the Bangkok Metropolitan Administration agreed in December 2005 to preserve the community and develop the area as a historical site, as suggested by the community (UN-HABITAT, 2007a).

Some Asian countries have adopted anti-eviction laws, including the Philippines and India. For example, in Mumbai, all slum-dwellers who had occupied land prior to 1995 enjoy *de facto* tenure on the plots. Such anti-eviction laws regulate relations between landowner and occupier and guarantee the rights of both. However, they often fall short of the required degree of protection because the poor may have to struggle to mobilize expensive and inaccessible legal services to defend their rights. While anti-eviction laws could be a step towards more secure types of tenure, identifying who has occupancy rights on what land remains a major difficulty (UN-HABITAT, 2004b).

Almost all evictions are preventable and one of the best ways to achieve this is through provision of secure tenure and on-site upgrading. In the late 1960s and early 1970s, international agencies sought to pioneer slum upgrading in Asia. In Indonesia, Jakarta's Kampung Improvement Programme, launched in 1969, was probably the first slum upgrading project in Asia, followed by the Philippines' Tondo Urban Development Project in Manila (see Box 4.8). These examples demonstrate the enormous potential of secure tenure when it comes to generating better-quality housing and living environments for the urban poor (ESCAP & UN-HABITAT, 2008c).



▲
Seoul, Korea. ©JinYoung Lee/Shutterstock

4.4.6 Housing delivery systems

In many Asian countries, shelter does find a prominent place in national policy, but the public resources devoted to housing remain well short of requirements. In the poorer Asian countries, too many households need homes and governments have too few resources to build even a fraction of the numbers of homes required.

Public housing

Some Asian governments have tackled the housing problem head-on and have achieved remarkable results. In the Republic of Korea, Singapore and Hong Kong, China, public projects have been the hallmark of government housing policies and their vigorous pursuit of slum-free cities.

In the Republic of Korea since the mid-1970s, the government not just actively promoted but also provided new hous-

ing in order to counter the upward pressure on prices caused by short supply. This led to the development of apartments within tenement blocks, which now account for 53 per cent of the housing stock in the country (51 per cent in Seoul). Since then, the Korea National Housing Corporation has continued to improve living standards through new housing and urban renewal. By 2005, the Corporation had built 1.65 million units, focusing on mass housing for the homeless and low-income households. The scheme is funded through government grants and the National Housing Fund (RICS, 2008).

In Singapore, the private/public housing ratio is about 20 to 80. Most of the public housing flats built by the Housing and Development Board have been sold to local citizens (at subsidized prices) and permanent residents on 99-year leases (see Box 4.9). In Hong Kong, China, the Housing Authority increased its own stock by 18,000 units between 1991 and 2001 (Yu, 2004; UN-HABITAT, 2005).

Many countries have experimented with public housing, though only on a minor scale because of limited financial resources. Public rental housing has not been allocated to the poor, and if it had would not necessarily have been affordable. In some cases, these public properties have eventually been privatized as governments pursued more market-orientated policies (UN-HABITAT, 2005).

A mechanism known as Incremental Housing Development follows the same principles as those used in squatter settlements, recognizing that people are fully capable of building and developing their own houses when given the opportunity. This is achieved through “sites and services” projects, where serviced plots are sold to the poor at affordable rates. Having thus gained security of tenure on their plots, households are free to build whatever they want and can afford, on the assumption that the settlement can only improve over time as resources permit. This approach has been most widely adopted in Hyderabad (Sindh Province, Pakistan), where it is known as *Khuda-ki-Basti* (‘God’s own settlement’ in Urdu) and has been implemented with some success by the Hyderabad Development Authority (PADECO, 2007).

Public-private partnerships in housing

Over the past few years, several Asian cities have established partnerships with private developers to stimulate affordable housing construction for the poor. In most cases, commercial development rights on plots were granted to private sector enterprises who, as a *quid pro quo*, would build affordable housing on a specified percentage of the total land developed.

In the year 2000, India’s Madhya Pradesh state launched an innovative programme known as *Ashraya Nidhi* (‘shelter fund’) to give the low-income segments of the population access to residential plots or houses. In residential settlements, private developers are required to allocate 15 per cent of the total developed area for low-income households. Alternatively, a developer can build houses in 25 per cent of the developed area. The developers who do not want to opt for either of the above two formats must pay the *Ashraya Nidhi* a ‘shelter fee’ for the total area of the settlement at specified rates (ASCI-Centre for Good Governance, 2006).

In Chengdu (Sichuan Province, China), comprehensive revitalization of the rivers Fu and Nan has entailed the removal and subsequent on-the-spot relocation of those living in the riverside slums. Once the land was vacated, the municipal authority built decent, affordable housing for the slum-dwellers on 660 ha and opened bids for commercial development of another 860 ha. The commercial side of the plan enabled the municipality to raise an additional US \$200 million for the project. The relocation of all households was completed in 18 months without a single case of forced eviction (Wang, 2001).

In Indonesia and since the 1970s, housing policies have focused on providing low-cost shelter for low-income households through a compulsory “1:3:6” rule, under which for every high-cost house, developers must build a minimum of three middle-class houses and six basic or very basic

houses. On top of this, state-owned mortgage banks granted subsidised loans for low-cost housing. For all these efforts, medium- and high-cost houses, which represent only 10 per cent of housing units, have dominated the market in terms of sales value. Since private sector lenders (including a number of domestic banks and one large foreign bank) have been actively involved in housing finance for high-end property, this has given them an opportunity to become involved in the primary mortgage market alongside two state-owned mortgage banks (Zhu, 2006).

In many Asian cities, *land sharing*, as coordinated by local authorities, has emerged as a successful alternative to compulsory acquisition. Under land sharing partnerships, the landowner (public or private) and the occupiers (squatters) reach an agreement whereby the landowner retains the economically more attractive parts of the land parcel and the dwellers are allowed to build houses on the other part, usually with full tenure rights. This land sharing format is particularly effective where community organization is strong. The benefits for slum-dwellers include security of tenure and proper housing. For private landowners, the attraction is a waiver of development controls, allowing for intensive exploitation of the commercial portion of the land (UN-HABITAT, 2003b).

In Mumbai, land acquisition can take the form of a ‘transfer of development rights’ (TDR). To the landowner whose land is to be acquired for public purposes, TDR is the alternative to monetary compensation. The scheme offers the benefits of flexibility, giving landowners three options: (i) to use the development rights on the remaining area of land owned (if any), (ii) to use the development rights on any other land owned by them, or (iii) to transfer (sell) the development rights to others who can use it on other land parcels. In Mumbai, TDRs are granted on lands reserved for roads, open spaces and public amenities; they can originate from anywhere in Greater Mumbai, but can be used only within designated zones, which exclude sensitive and congested areas. The uses of the land from which the TDR originated and of the land on which it can be implemented are specified in Mumbai’s development control regulations (PADECO, 2007).

As far as housing is concerned, public-private partnerships can also involve various forms of land re-allocation, such as pooling, readjustment or consolidation. These formats enable public authorities to amalgamate individually owned land parcels into a single one for more efficient subdivision and development. Once the land parcels are consolidated, the area is partitioned into serviced sites or plots. Servicing is funded by the sale of some plots. Some are earmarked for public purposes, including low-income housing, and the remainder is distributed among the original landowners. In India’s Gujarat state, these land pooling arrangements are known as the Town Planning Scheme and have enabled municipal authorities to develop peri-urban areas, with up to 10 per cent of the land reserved for low-income housing. Various types of land readjustment schemes have been implemented in Indonesia, Japan, the Republic of Korea and Thailand (UN-HABITAT, 2003b; PADECO, 2007).

Private sector housing delivery

The Global Shelter Strategy led by UN-HABITAT in the 1980s advocated an “enabling” role for governments, in order to put the private sector in a better position to deliver low-income housing (Pugh, 1994, 2001). Many Asian governments have done so. Although Asian cities are hosts to more poor (insolvent) than rich households, formal private sector housing follows the reverse pattern, favouring the rich and disregarding the poor. Since supply of urban serviced land is relatively finite and therefore ‘inelastic’, real-estate developers find themselves hard put to meet the demand, causing an overall rise in property prices. Still, in Mumbai the Maharashtra state government is looking to involve the private sector in housing provision for slum-dwellers (Patel and Arputham, 2008).

One problem in Asia is that housing markets are beset with high transaction costs. In many countries, more than 10 per cent of the property value is spent on such costs; as a result, many transactions take place informally and often in cash, in the process depriving government of revenue. Countries with less transparent markets and more registration procedures also feature higher estate agent fees, particularly the Philippines and Indonesia. Many countries (such as Thailand) are trying to streamline the property transaction process or to reduce transaction costs (for example, stamp duty reform under the national urban renewal programme in India) (Cruz, 2008).

On the whole, and to the exception of a few countries, Asia has no well-developed housing market. While everyone aspires to own a house, the housing tenure pattern in Asian cities is varied – from 30 per cent home ownership in Dhaka to over 85 per cent in Phnom Penh. Although most national governments in Asia promote home ownership and have mechanisms in place for mortgage finance, ownership is not available for those at the bottom of the income pyramid. As a result, home-ownership in Asian cities is much lower than in Europe or North America. In Asia, many urban residents lack the income, or access to housing finance, required to participate in the formal home-ownership market. De Soto (2001) suggests that the poor do not really “own” the property they reside in, because they are not granted any legal title. As a result, the urban poor cannot turn this property into capital, which impairs the wealth accumulation that could help take them out of their state of economic deprivation.

Rental housing

Although significant proportions of urban dwellers are tenants, the number of governments giving effective support to rental housing development is small. The bulk of this housing, when privately-owned, accommodates low-income families through informal arrangements, and is located near city centres and, more recently, industrial estates. Increasingly, rental housing is also available in slums and informal settlements. As for public-sector rental housing, its defining feature is that supply never manages to keep up with demand. Frequently, the poor are excluded because even though public agencies usually provide generous subsidies, the poor are

typically not one of the targeted groups. Even where rents were heavily subsidized, governments have often found ways to exclude the neediest (UN-HABITAT, 2003c).

In Asia, some 20 per cent of urban dwellers live in rental accommodation, of which 45 per cent or so benefit from some form of tenure. This proportion remains imprecise as it is difficult to keep count of renters in slum settlements. To Kumar (2001), the rental share in Asian cities represents about 30 per cent of the housing market. City-level data on tenure status suggests that the share of rental housing varies from a high of 65 per cent in Dhaka, Melbourne and Ulaanbaatar, to a low of 30 per cent in Seoul and even 20 per cent in Hanoi (Asian Development Bank, 2001).

Informal rental housing entails lower rents and more flexible lease arrangements, the drawbacks being weaker security of tenure and probably lower-quality public amenities in the immediate surroundings. Squatter housing involves illegal occupation of land, which to law-enforcers seems to be a more serious offence than tax evasion or regulatory noncompliance. Moreover, in many developing countries, the bulk of households cannot afford formal housing. To a large extent, informal housing is housing for the poor, in the same way that informal employment is employment for the poor. This is why issues related to poverty loom larger in policy debates over informal housing than they do in debates over informal labour and product markets. The overregulation of formal housing makes it unaffordable not just for the poor but for much of the middle class as well (Arnott, 2008).

Faced with this problem, some Asian countries have been imposing rent controls since the 1950s in a bid to keep local rental costs from rising to prohibitive levels. In many developing countries, this has increased demand on the back of rapid urbanization, declining real incomes and the general inelasticity (i.e., limited amount) of housing supplies. Some authors contend that rent controls discourage new construction, cause abandonment, delay maintenance and reduce mobility (Alston *et al.*, 1992). Many Asian countries have either repealed rent controls or amended them to keep new housing out of their scope as well as to maintain rents above certain prescribed values in a bid to promote a proper rental housing market.

Bangkok has seen some innovative rental housing, as low-income communities have evolved a practical arrangement with landowners to enable them to live in areas with access to livelihood opportunities. Under this scheme, the poor look out for owners who keep land plots vacant as they wait for these further to gain in value before developing them. The poor offer to rent the land on a short- to medium-term lease, paying what they can. Landowners, find that this arrangement works very well for them as a defence against third-party invasion of their property. In recent years, communities and the authorities have been exploring the provision of basic urban services to temporary settlements. Long-term leases pave the way for higher service standards, but residents must be willing to vacate the area when required. This arrangement has enabled large numbers of poor households to live in areas



▲ In Chengdu (Sichuan, central China), comprehensive revitalization of the rivers Fu and Nan has entailed the removal and subsequent on-the-spot relocation of those living in the riverside slums. ©Fenghui/Shutterstock

that would otherwise have been beyond their (economic) reach. As urban expansion takes livelihood opportunities to other locations, the poor can move with the flow and negotiate similar arrangements with other landowners (Global Land Tool Network, 2008).

4.4.7 The ‘People’s Process’ of housing and slum improvement

Asia can provide many good examples of participatory slum improvement or upgrading. Governments tend to adopt a facilitating role in projects while maintaining financial accountability and adherence to quality norms. In Asian cities, participatory slum improvement is becoming an

important indigenous development method (Lankatilleke & Todoroki, 2009; UN-HABITAT, 2007b).

Asia has pioneered the people-led process of housing and slum upgrading - commonly known as the people’s process - as spearheaded by dedicated civil society groups. These are strong in the region and have gained ground in many cities as a result of efforts by organisations like Slum Dwellers International or the Asian Coalition for Housing Rights, among others. They, promote community-led housing development in Cambodia, India, Indonesia, Mongolia, Nepal, Pakistan, the Philippines, Sri Lanka and Thailand.

Asia also is testament to the fact that while the private sector is able to meet the housing requirements of the rich, the ‘people sector’ has been able to cater to the poor. Meeting the needs of the poor through social policies is crucial, as the more developed countries in Asia – Malaysia, the Republic of Korea and Singapore – have demonstrated. When government and civil society come together, as in Thailand, large numbers of people can improve their own living conditions. As more cities in Asia adapt these methods and improve the housing conditions of the larger segment of their populations, they stand a good chance of becoming more productive and inclusive at the same time. The Kirtipur Housing Project in Kathmandu (see Box 4.6), the resettlements of slum-dwellers in Mumbai (see Box 4.7), the Baan Mankong Programme in Thailand (see Box 4.12) and Sri Lanka’s community contracts (see Box 4.10) all stand out as examples of effective community participation in slum improvement (see Box 4.8).

These various schemes suggest that a citywide slum upgrading approach is more effective than piecemeal, project-based improvement of a few slums. In India, Ahmedabad’s Slum Networking programme was designed to take in all the slums in the city. It was conceived as a pilot project, with four main stakeholders joining as partners – the slum community, a private and a non-government organization, together with the Ahmedabad Municipal Corporation. Civil society took care of community mobilization and development while municipal authorities acted as facilitators. In Thailand, the Baan Mankong scheme is now a nation-wide programme.

Programmes that involve integrated upgrading of the entire city take advantage of slums not as urban “islands”, but quite the reverse – as together combining into some sort of an urban grid. The spatial spread of slums across a city, together with the contiguity between slum settlements, gives an opportunity to strengthen infrastructure networks. The projects outlined above show that the slum fabric can be used effectively to extend projects from community to citywide scale. They also demonstrate that complex, large-scale urban renewal programmes can be sensitively executed. The key to success is none other than the slum dwelling communities, who show that they are willing to mobilize resources despite their poverty. They have gone into partnerships with government agencies, local authorities, civil society (including women’s groups) and local professionals. Slum networking is a bottom-up approach primarily under community control (UN-HABITAT, 2003b).

BOX 4.10: COMMUNITY CONTRACTS: GOOD PRACTICE FROM SRI LANKA



▲ The settlement of Bosevana in Colombo is where Sevanatha undertook a very successful upgrading project with the Women's Bank in 1993 - one of the first times the resident community was involved in all aspects of settlement upgrading. ©Homeless International

Community contracts were introduced by the National Housing Development Authority (NHDA) of Sri Lanka in 1987 to the satisfaction of slum communities. The new system came in response to the failure of the conventional competitive tender-contract system to provide infrastructure and services. It was one of the best community-based slum upgrading methods the government has used as part of its so-called One Million Houses Programme (1984-1994). Over the past two decades or so, community contracts have become a popular way of facilitating community participation in infrastructure provision. The system is used by many agencies in Sri Lanka as well as by government entities elsewhere in Asia, and in Africa.

A community contract is a procurement system that involves residents in the planning and implementation of infrastructure in their own living environment. In this partnership arrangement, communities play the three roles – promoter, engineer and contractor – involved in the conventional tender system, and on top of their role as end-users of the service provided. Beyond a procurement mechanism for the provision of infrastructure to slums, community

contracting empowers people as it gives them control over the local development process.

Before the approach was introduced, the government would often provide facilities (such as public toilet blocks) to shanty areas without community involvement. As a result, the facilities were in the wrong location, were not maintained by the community and quickly fell in disrepair. Moreover, the community felt that private contractors tended to do poor-quality work. The frustration was such that an urban poor community told the agency that they could do a better design and construction job with NHDA funding. To demonstrate its capacity, the community designed and built a well with financial and technical support from NHDA.

Based on this experience, municipal councils and non-governmental organisations (particularly *Sevanatha*, which is involved in urban low-income shelter and environmental issues) used the Community Construction Contracts to extend infrastructure to slums. The format provides for a variety of issues such as form of contract, legal status, sharing costs and responsibilities, any risks involved, penalties for non-fulfilment and performance monitoring. In early 2010, the Colombo Municipal Council was

in the process of incorporating the procedures into the municipal procurement system. UN-HABITAT Regional Office for Asia and the Pacific has actively promoted Community Contracts as part of the People's Process of housing and slum improvement in countries including Afghanistan, Bangladesh, Cambodia, Indonesia, Maldives, Mongolia, Sri Lanka and Timor-Leste (UN-HABITAT, 2007b). The International Labour Organization (ILO) has introduced the format in Africa (Tanzania).

Community contracting entails lower overheads than work by private construction firms and is therefore cheaper. Community construction contracts are also easier and faster to process. The savings a community reaps from this type of contract are deposited in a community fund, which makes local people less financially dependent on public authorities. Moreover, transparent procedures and transactions make the system more accountable. Most of all, the format empowers communities as far as their own development and the management of those facilities are concerned. They gain a sense of ownership and attachment to the facility, which automatically ensures long-term maintenance and sustainability.

Source: <http://www.unescap.org/pdd/prs/ProjectActivities/Ongoing/Best%20practice/Contracts%20System.pdf>

4.4.8 Housing finance for the poor

Housing finance is a key to economic growth as it has linkages to many sectors in the economy – including land, construction and labour markets (Tibaijuka, 2009). The underdevelopment of this sector in Asia reflects structural weakness in domestic capital markets, distortions in the legal and regulatory frameworks, and poor familiarity with housing finance and mortgage lending (Bestani & Klein, 2005).

To this day, Asia's mortgage sector remains the least developed in the world. In many Asian countries, mortgage financing amounts to less than 2 per cent of annual gross domestic product, compared with as much as 88 per cent in the United Kingdom. However, major changes have taken place in recent years. For instance, in the formal housing market, the Republic of Korea is leading in new housing and related finance; China is the largest mortgage market in Asia; and mortgage markets in Singapore and Hong Kong, China, are well developed (Ong, 2005). In recent years in India, housing mortgage finance grew an annual 45 per cent on average, with commercial banks taking the lead. Housing finance has also experienced buoyant growth in Indonesia, Pakistan and Sri Lanka (Cruz, 2007).

For all these favourable recent developments, growth in formal housing finance, largely fails to extend to low-income households. These are effectively left out because residing in informal settlements does not provide any of the comforts or securities typically required by mortgage lenders. As De Soto (2001) argues, this situation can change if the informal property arrangements of low-income households can be incorporated into a formal body of law that is enforceable. De Soto shows that this is possible because existing informal arrangements are based on some quasi-legal precedents that could be mainstreamed into law. Poor urban households in Asia lack the regular incomes that many mortgage lenders demand. Housing finance agencies are also unwilling to seek out clients for small loans because of the operational costs involved. At the same time, it must be recognized that many formal housing finance institutions have sought to “down-market” through mediation by micro-finance agencies or non-governmental organisations. However, the reach of such programmes is limited, again due to high operational costs. For example, in Mongolia, much-needed reforms have been made, but the existing housing finance options remain inadequate. The country's housing markets are constrained by lack of familiarity with mortgage lending, an underdeveloped banking system, and murky land ownership laws (Bestani & Klein, 2005).

Cooperative movements are typically strong in Asia, as is the savings culture. Many self-help and savings groups have been formed among the poor with the help of non-governmental organisations. Micro-finance institutions have also managed to meet the credit needs of the poor, though only to some extent as their reach in urban areas is

limited. Many national governments in Asia have supported community savings schemes and housing cooperatives. Cambodia, India, Indonesia, the Philippines, Sri Lanka and Thailand have all established the institutional and financial frameworks enabling self-help groups and other organizations to promote pro-poor development. This is a vital asset for many Asian countries, as demonstrated by Cambodia's Urban Poor Development Fund and Thailand's Baan Mankong Programme (see Boxes 4.11 and 4.12).

Asia's commendable achievement is that if anything, formal market failure to cater to the poor has spawned many innovative alternatives for housing, infrastructure and community development finance for low-income groups. Moreover, with their combinations of savings loans and subsidies, these innovations have had broad-ranging benefits, including negotiated land tenure security, housing construction and improvements, as well as water and sanitation. As part of the “enabling” role of the public sector, and as advocated by international agencies with regard to housing, many public agencies have shifted operations from housing to finance (see Box 4.9 on Singapore). As a result, housing has become a significant part of the microfinance portfolio of many agencies, although borrowings are for house improvements and extension rather than new buildings.

With financial deregulation, more institutions in Asia have taken an interest in mortgage finance, making this type of loan available to a broader range of income categories. The rapid expansion of self-help groups has also had a demonstrated effect on the development of housing finance innovations. These include using savings and loans to transform low-income neighbourhoods (Mitlin, 2008). As is well known, Grameen Bank in Bangladesh has taken the lead in new financial products for the poor over the last three decades, and this experience has been replicated in other Asian countries.

In the Philippines, the Community Mortgage Programme gives access to affordable housing for squatters living on public or private land without security of tenure. The scheme grants subsidised loans to community groups facing eviction for both land purchasing and housing development. As far as housing is concerned, non-governmental organisations and other professional groups, including local government, are given distinct roles and are entitled to act as “originators”, i.e., to provide technical support to the communities benefiting from the scheme. The Community Mortgage Programme has enabled 140,000 households to secure tenure through land purchases or housing development loans (UN-HABITAT & Cities Alliance, 2006).

BOX 4.11: GOOD PRACTICE FROM CAMBODIA: THE URBAN POOR DEVELOPMENT FUND

Since Cambodia's first democratic election in 1993, Phnom Penh has experienced extensive development, but commercial and public interests have remained on a collision course with the specific needs of the urban poor. As a result, the poor have been left worse off and struggling to secure a place in the aggressive commercialization of land markets.

In 1998, the Squatter and Urban Poor Federation together with other non-governmental organisations and the Phnom Penh municipality established the Urban Poor Development Fund to provide shelter loans to a specific community to support their relocation from a forthcoming inner-city development project. Since then, the Fund

has diversified its activities in response to other community needs.

In particular, the Fund has supported the development of a new City Development Strategy, the basic principle of which was the vital need for a vision of the city's development that was shared between various stakeholders. Preparatory work led to a consensus that options should include *in situ* upgrading, which the Fund duly promoted at its fifth anniversary event (May 2003). The next (2004) national election came as an added incentive for the government to launch this pro-poor upgrading initiative.

The Urban Poor Development Fund provides low-interest loans for housing, improved settle-

ments and income generation for the benefit of those urban poor communities that are actively involved in a community savings process. Loans are made only to communities, not to individuals, through their savings and other communal groups. Besides providing a much-needed source of affordable credit, the Fund supports the poor in several ways: adding capital to community savings to help people overcome financial constraints, supporting community innovations in housing, settlement improvements as well as negotiated tenure formats that demonstrate fresh solutions and test new kinds of institutional set-ups.

Source: ACHR (2005)

BOX 4.12: GOOD PRACTICE FROM THAILAND: THE BAAN MANKONG FINANCING PROGRAMME

The *Baan Mankong* Programme ('secure housing' in Thai) was launched by the Thai government in January 2003 as part of efforts to address the housing problems of the country's poorest urban citizens. The programme channels government funds in the form of infrastructure subsidies and 'soft' (i.e., on concessional terms) housing loans directly to poor communities. Beneficiary communities plan and carry out improvements to housing, the environment and basic urban services, and manage the budgets themselves. Those communities under serious threat of eviction are given priority. Instead of delivering housing units to individual poor families, the Baan Mankong Programme puts Thailand's existing slum communities – and their networks – at the centre of a process of developing long-term, comprehensive solutions to land and housing problems. The programme is implemented by the Community Organizations Development Institute (CODI, a public organization under the Ministry of Social Development and Human Security), and is unconventional insofar as it enables poor

communities to work in close collaboration with local government, professionals, universities and non-governmental organisations. The programme starts with a survey identifying the needs for upgraded housing among the more deprived urban communities. Based on survey findings, citywide upgrading plans are developed, and once a number of these are selected for implementation the Development Institute channels the infrastructure subsidies and housing loans directly to the communities.

The Thai Government has approved a four-year budget to support the Baan Mankong community upgrading programme, to be implemented in 200 cities across the country between 2005 and 2008. The objective is to upgrade the housing and living environments of 300,000 families in 2,000 poor communities. The government will provide the Development Institute with a total budget of about US \$470 million for the subsidies related to infrastructure and housing loan interests. It is then for the Development Institute to grant housing and land-purchase loans to communities from its own

revolving fund, and to link with commercial banks to negotiate more community housing loans at a later stage. The government's total subsidy works out to about US \$1,650 per household, which covers infrastructure, social and economic facilities, local management and administrative costs, along with a 2 per cent interest rate subsidy on housing loans, and all the expenses involved in capacity-building, learning, meetings, seminars and exposure trips. This subsidy represents about 25 per cent of total upgrading expenditures, with communities contributing 65 per cent (mostly in the form of housing loans and labour), and local authorities provide the remaining 10 per cent.

Since the first 10 pilot upgrading projects were approved in 2003, the Baan Mankong Programme has grown to involve 226 cities and districts in 69 provinces (out of a total 76 in the country). So far, 512 projects have been approved, benefiting 53,976 families in 1,010 distinct areas.

Source: Community Organization Development Institute (CODI), prepared from material on website: <http://www.codi.or.th/downloads/english/Paper/CODI%20Update%205%20High%20Res.pdf>

4.5

Access to basic urban services



▲ Kabul city, Afghanistan. ©UN-HABITAT/Wataru Kawasaki

A key feature of inclusive and harmonious cities is access to basic urban services (UN-HABITAT, 2008a; 2010). With high urban densities, access to safe and reliable water supply and sanitation services is critical for health, business, social status and dignity, as well as basic security for women and children. If these benefits are to be sustainable, effective and financially viable, utilities are essential. Special measures are also needed if these benefits are to accrue to the urban poor, who often lack access to these services. In this respect, UN-HABITAT and the United Nations Institute for Training and Research (UNITAR) have elaborated a set of 'International Guidelines on Access to Basic Services for All', which were approved by the UN-HABITAT Governing Council in April 2009 (UN-HABITAT Governing Council, 2009). This signals a clear commitment on the part of governments around the world in favour of improved provision of basic services.

4.5.1 Water supply⁸

Sustainable access to drinking water is one of the Millennium Development Goals (MDGs). Asian subregions seem to have done better for water supply than sub-Saharan Africa, but have fallen behind Latin America and Northern Africa (see Chart 4.11) (World Health Organization &

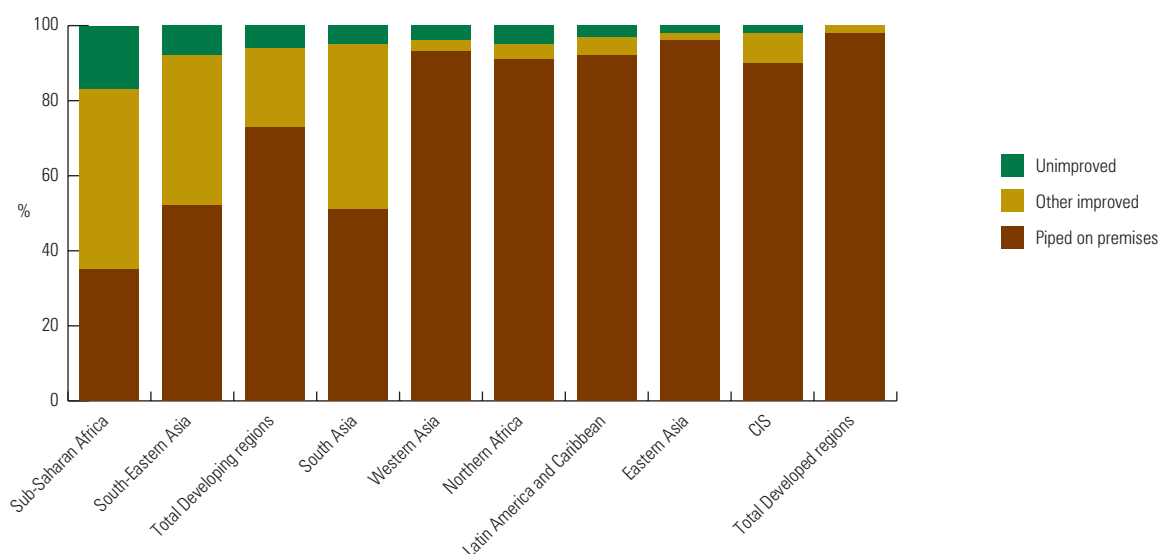
UNICEF, 2010). Eastern Asia has forged ahead to achieve 98 per cent coverage, largely due to China's determined efforts as shown in Table 4.9.

In South-East Asia, Malaysia and Singapore have achieved universal water coverage between 1990 and 2008. Services in Thailand and Viet Nam have expanded significantly over recent years. Indonesia, Cambodia, Myanmar and the Lao People's Democratic Republic still have a long way to go. It must be noted that in South-East Asia, water utilities have made significant contributions to improved access. Still, Chart 4.12 suggests a persistent, though small, shortfall in universal basic water coverage.

In South Asia, Bhutan, Iran, Maldives and Sri Lanka have achieved close to universal coverage of urban water supply services between the years 1990 and 2008 (see Table 4.9). In India, the last steps towards universal service are slow, whereas Pakistan seems to have stalled very close to the target. Bangladesh and Nepal are lagging behind, with 15 and 7 per cent of the urban population still left without any basic water service, respectively.

Between 1990 and 2008, the shares of urban populations with access to safe drinking water have declined by between 3 and 12 per cent in Bangladesh, Indonesia, Myanmar and Nepal (see Table 4.9). Against this worrying background,

CHART 4.11: STATUS OF URBAN WATER SUPPLY BY MDG REGION, 2008



Note: The MDG regions are as defined by the United Nations.
Source: World Health Organization & UNICEF (2010:52)

a number of initiatives in Asian cities may show the way forward (see Box 4.13). More attention from policymakers is needed if universal access to basic supply of drinking water is to become effective.

A closer look at Asia's urban realities highlights two major patterns at work in the area of water distribution. In this respect, South Asia stands in sharp contrast to other subregions. Whereas in most of urban Asia, improved water distribution has been achieved through increases in individual piped connections, in South Asia the share of the population with this type of connections has been on the decline (see Chart 4.13).

This decline in the numbers of individual connections to water networks is particularly significant in India, South Asia's largest country. Detailed analysis suggests that while India's basic urban services are now much more widely available, individual piped water connections as a share of the total urban population have actually declined. This is probably linked both to poverty and to the high share of the population living in informal settlements (see Chart 4.13) where lack of legal tenure often bars access to piped water at home.

Though most subregions (and countries) in Asia are likely to achieve the Millennium Development Goal for water supply, most are left to grapple with the fact that 4 to 8 per cent of

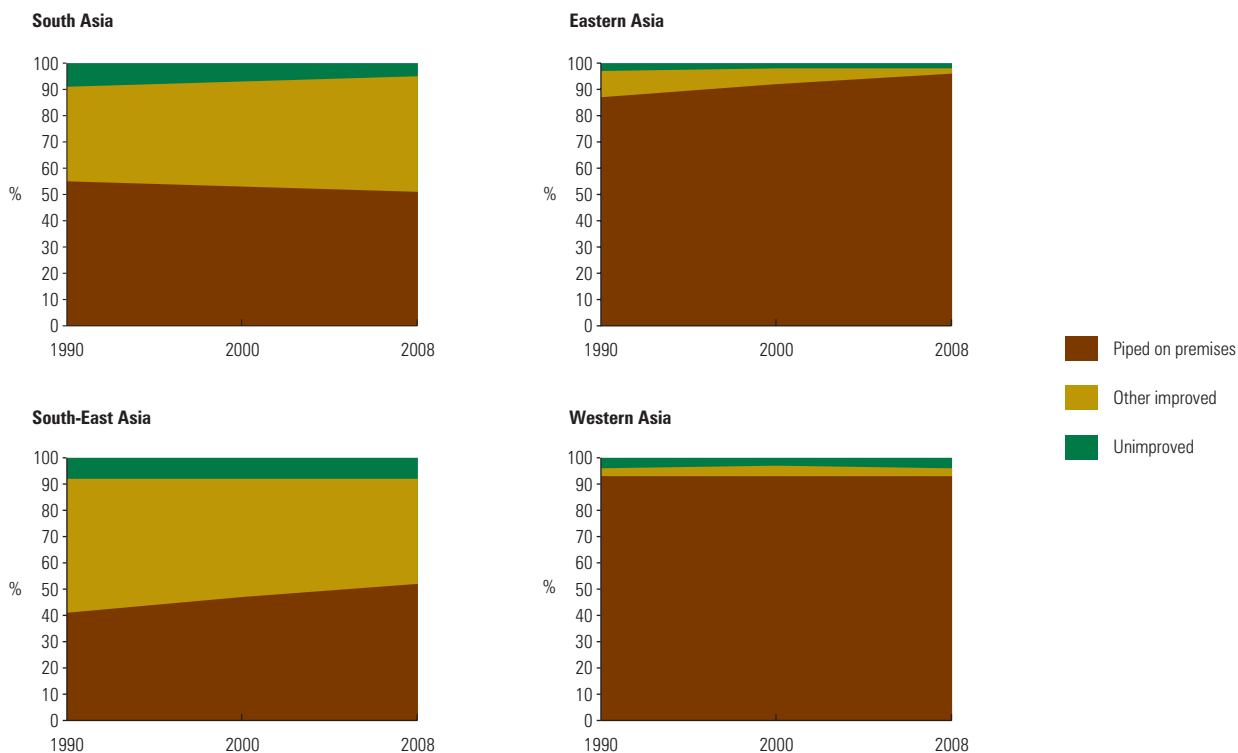
TABLE 4.9: URBAN POPULATIONS: ACCESS TO WATER SUPPLY, 1990-2008

Country	1990	2000	2008	Country	1990	2000	2008
Eastern Asia				Eastern Asia			
Republic of Korea	97	98	100	Democratic People's Republic of Korea	100	100	100
China	97	98	98	Mongolia	81	88	97
South Asia				South-East Asia			
Bhutan	N/A	99	99	Malaysia	94	99	100
Maldives	100	100	99	Singapore	100	100	100
Iran	98	98	98	Thailand	97	98	99
Sri Lanka	91	95	98	Viet Nam	88	94	99
India	90	93	96	Philippines	93	93	93
Pakistan	96	95	95	Indonesia	92	90	89
Bangladesh	88	86	85	Cambodia	52	64	81
Nepal	96	94	93	Myanmar	87	80	75
Afghanistan	N/A	36	78	Lao PDR	N/A	77	72

More than 98 per cent More than 95 per cent Less than 95 per cent

Source: World Health Organization & UNICEF (2010:38-51)

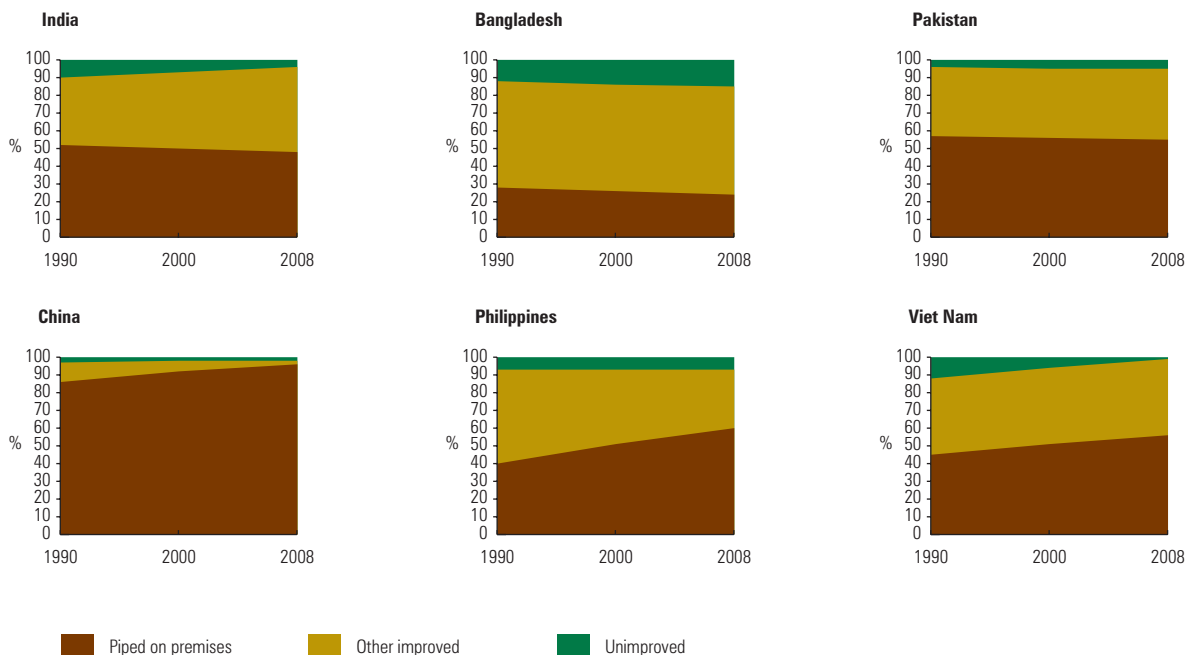
CHART 4.12: TRENDS IN ACCESS TO URBAN WATER IN ASIAN SUBREGIONS



Note: Improved drinking water sources include (a) "piped water into dwelling, plot or yard", which include piped household water connection located inside the user's dwelling, plot or yard, (b) "Other improved", which includes public taps or standpipes, tube wells or boreholes, protected dug wells, protected springs or rainwater collection; (ii) Unimproved drinking water sources include unprotected dug well, unprotected spring, cart with small tank/drum, surface water (river, dam, lake, pond, stream, canal, irrigation channels), and bottled water (World Health Organization & UNICEF, 2010:13).

Source: World Health Organization & UNICEF (2010:52)

CHART 4.13: TRENDS IN NATIONAL LEVEL ACCESS TO WATER, 1990-2008



Source: World Health Organization & UNICEF (2010:38-51)

BOX 4.13: COMMUNITY-MANAGED WATER POINTS IN URBAN SLUMS, BANGLADESH

In Bangladesh since 1996, a non-governmental organisation known as Dushtha Shasthya Kendra (DSK – 'Centre to Help the Helpless through Health' in Bengali) has been working in Dhaka's slums to facilitate access to water and sanitation. DSK acts as an intermediary between the Dhaka Water Supply and Sewerage Authority (DWASA) and poor communities in slum settlements. DSK persuaded the Authority to overcome the obstacle of lack of legal tenure and authorise a number of collective water points⁹ in those settlements. DSK helped build slum-dwellers' capacity to manage and maintain the water points; this included user collection of charges on water consumption, which also went towards repaying DSK's initial capital outlays. By 2002, DSK had built nearly 100 water points benefiting about 6,000 slum households. To DWASA, the tangible benefits did not take long to accrue under the form of increased revenues and reduced losses from illegal connections. As a result, the Authority has launched its own "Urban Water and Sanitation Initiative for Dhaka's Urban Poor" with donor funding while reducing the deposit requirements for water points. Under the initiative, replication of the water point scheme to an additional 110 community-managed systems is to improve the living conditions of as many as 60,000 slum-dwellers, not to mention ongoing expansion to other large slums. The success of the scheme is such that DWASA has decided that, subject to local political approval, it will transfer the ownership of the water points to those communities that demonstrate a good track record for maintenance and payment of bills. With the help of WaterAid and other civil society partners, the community-managed water-point model is now replicated in the slums of Chittagong, the country's second largest city.

Sources: Ahmed (2003); Jinnah (2007)

the populations remain persistently deprived of access, except in Eastern Asia (see Chart 4.12). This suggests that even after an overall improvement in service coverage, a 'last mile' effort is necessary to ensure *universal* access to basic urban services.

The 'last-mile' hurdle is proving difficult for many countries to overcome.¹⁰ The reasons may involve combinations of inadequate, poorly targeted public resources, as well as issues related to recognition and/or legal tenure in slum (informal) settlements which in many Asian cities stand in the way of even basic urban services. It is a matter of great concern that some countries in Asia show *declines* in the proportion of urban dwellers with access to basic water supply. This may be a reason for the increase in the numbers of slum-dwellers in some countries (see Table 4.6). These findings would seem to chime in somewhat with a recent finding by UN-HABITAT (2010), whereby a surprisingly large number of informal settlements across the developing world are only one deprivation away from shedding the 'slum' denomination.

All of this suggests that any efforts to improve water distribution in South Asia must address the twin issues of affordability and legal tenure. With regard to affordability,

good practice can be found in South-East Asia where utilities have significantly improved household access to piped water. In Indonesia, Viet Nam and the Philippines, this took a combination of local utilities' own efforts and targeted subsidies (see Box 4.14). In these cases, the subsidies were provided by the Global Partnership for Output-based Aid (GPOBA) instead of more conventional (central or local) government sources. These examples also highlight the need for *well-targeted* subsidies if water distribution is to be effectively improved. More specifically, subsidies must target the appropriate segments of the population while maintaining the utility's performance incentives. As for the other obstacle to improved water distribution (and sanitation) in South Asian cities, it is for urban policies to address land tenure and right-of-way access for networks. A few Indian cities have started to do so. For example, in Ahmedabad, the Municipal Corporation has severed the link between tenure status and service provision. More specifically, the municipal authority issues 'no-objection certificates' which enable those who reside in houses of less than 25 sq. m. to connect to the water network. The certificate is available on payment of a small application fee. In Hyderabad, the Andhra Pradesh state government has granted partial tenure to all slum-dwellers, which gives them the right to continue to reside on their plots of land, but does not grant them the right to sell (Water and Sanitation Programme, 2009). The results of the scheme are quite tangible on a daily basis for those increasing numbers of slum-dwellers who now have access to potable water through taps in their own homes.

On top of government and non-governmental organisations, utilities, too, have developed some innovative methods of sidestepping the land tenure problem and reaching out to the poor in Asian cities. In Colombo, this even took the unexpected shape of privatization, under a project sponsored by the UN Economic and Social Commission for Asia and the Pacific. A small construction company in Sri Lanka's capital overcame the tenure obstacle when it obtained a concession to provide water (purchased in bulk from the utility) through individual connections to 556 slum households that were willing to pay for a better service than the eight stand posts they had so far been sharing between them (i.e., one post for 70 households of about six individuals each). The company laid out the pipes across the slum, installed a meter in each household and took to collecting the bills every month. A partnership between the community, the private company and the water utility has been established to run the system (ESCAP, 2005). This would tend to show that at times, private enterprises are willing to take more risks than government agencies or utilities, although in this instance it was on an admittedly small scale.

This and other experiences amply demonstrate the importance of providing targeted subsidies and/or overcoming lack of tenure if the poor are to benefit from access to basic services in urban slums. Experience also shows that raising water service standards to individual piped connections requires well-functioning and sustainable utilities as well as appropriate incentive structures.

BOX 4.14: IMPROVING ACCESS TO WATER FOR THE URBAN POOR: A TALE OF THREE CITIES

Surabaya, Indonesia

In Surabaya, East Java, the second largest city in Indonesia, water and sewerage services are provided by a public utility known as PDAM. The utility has jurisdiction over a population of 2.7 million, of which it is able to serve only 67 per cent through house connections to the water network. Having increased production capacity through optimized water treatment plants, the Surabaya PDAM has started to expand its distribution network and set up new connections in order better to reach out to the urban poor. These find that they can now afford access to piped water through two alternative schemes. For individual connections, households can contract standard two-year loans from Bank Rakyat Indonesia, the country's largest microfinance institution. The second approach involves a subsidised output-based aid scheme which is to extend piped water connections to 15,500 eligible households (or a total 77,500 end-users). The subsidised scheme entails three alternative types of service: (i) infill connections to existing mains; (ii) expansion connections to previously un-served areas; and, (iii) bulk supply or 'master meter' connections for particularly poor, dense, or informal communities not otherwise eligible for individual connections.

Under the master meter approach, no land title is required, which is of special interest to the poorer communities. Thanks to subsidisation, households are to meet only about 40 per cent of the total cost of infill connections (12 per cent for the expansion scheme).

Ho Chi Minh City, Viet Nam

As part of a World Bank project, Ho Chi Minh City's water utility has attempted to improve service quality and reduce water loss. Reducing the volume of unaccounted-for water increases the supply available to customers, cuts operational costs, generates more revenues, and results in greater overall efficiency for capital expenditures. These improvements in turn facilitate service expansion into new (often poor) areas and ultimately help reduce consumer charges through economies of scale. The utility now plans to expand services to the poor with support from the Global Partnership for Output-based Aid. This support entails subsidised rates for new poor-household connections once a reduction in leakages has been demonstrated. Over 150,000 people stand to benefit from nearly 30,000 new connections.

Manila, the Philippines

The Manila Water Company (MWC) has been awarded a 25-year concession to provide services to 5.3 million people in the city's eastern zone. In 1998, the utility launched a flagship programme known as *Tubig Para sa Barangay* ('water for the community') to improve access for the poor. Since then, more than a million poor people have received a regular supply of clean, safe and affordable drinking water. Here again (as in the example of Colombo, Sri Lanka, mentioned earlier, see Box 4.10) the problem of individual connections in the absence of legal land titles (not to mention an often difficult terrain) has been sidestepped through bulk water deliveries, with subsequent distribution among households through pipes and kiosks. In 2007, a grant from the Global Partnership for Output-based Aid supported individual connections for 20,000 homes (or 120,000 end-users). The Filipino government has agreed to subsidise the MWC scheme once it has provided three months' acceptable service. The subsidies will make individual water connections more affordable to households who, for the sake of project sustainability, will still meet part of the connection cost through water bills.

Sources: Viet Nam: GPOBA (2008b); Philippines: IFC Press Note 2007, GPOBA (2008a, 2008c)

BOX 4.15: COMMUNITY MANAGEMENT OF SHARED SANITATION FACILITIES

Shared sanitation facilities or community toilet blocks are widespread in many large South Asian cities such as Mumbai, Chennai, Dhaka or Delhi. In the past, poor maintenance would result in low use, but the situation has improved over the past few years thanks to considerable maintenance efforts. Since then, new schemes have involved communities in the design, location and management of facilities.

Over the past decade and a half, efforts have focused on improving the design and management of communal toilet blocks, which were often found to be "the most appropriate sanitation provision in slums where insecure tenure and a shortage of space make household toilets problematic" (Eales, 2008:6). These efforts have been spearheaded by alliances among community organizations (such as the National Slum Dwellers Federation and the *Mahila Milan* women's group)

in partnership with India's Society for the Promotion of Area Resource Centres (see Box 4.7), and carried out in close coordination with local authorities. As might be expected, these alliances and, more generally, civil society have focused on community-led processes; however, links with local authorities have introduced another, useful and complementary dimension, namely, a greater ability to upscale efforts as well as to make bureaucratic processes more responsive to community needs. In Mumbai and Pune, two large metropolitan areas in Western India, over 500 toilet blocks serving thousands of households have been completed and similar initiatives are afoot in nearly 10 other cities all over India. The projects rely on some public funding, but the Society for the Promotion of Area Resource Centres has also mobilised the Community-Led Infrastructure Finance Facility (CLIFF)¹¹ to smooth

out the construction loan process. As a result in Mumbai, Pune, Kanpur and Bangalore, US \$1.5 million worth of bridge loans have benefited 260,000 households. A number of non-governmental organisations have also been involved in similar projects in Dhaka and Chittagong, with funding from UK charity WaterAid. While a number of options were provided to local populations, they have opted for community-managed toilet blocks.

On the whole, the direct benefits of community management stand out quite clearly: improved, well-adapted designs, reduced costs and improved maintenance, all of which combine to enhance sustainability. Indirect benefits are not negligible, either, as communal sanitation facilities typically work better and improve the relationships between utilities and low-income communities.

Sources: Burra et al. (2003); Satterthwaite (2006); Moulik & Sen (2006); Eales (2008)

4.5.2 Sanitation

Sustainable access to basic sanitation is one of the Millennium Development Goals (MDGs). Asian cities have made considerable progress on this score, but many are likely to miss the relevant Millennium target; similarly, Asian subregions as a whole fare better than those in sub-Saharan Africa, but have fallen behind Latin America and Northern Africa. The latest available (2008) data shows the recent status of access to sanitation in Asia (see Chart 4.14). A large share of Asia's urban population lacks access to safe sanitation at home and instead must rely on shared facilities. Open defecation, a source of health hazards and human dignity concerns, is still prevalent in cities of South Asia, Eastern Asia and South-East Asia.

In Asia, the Western subregion is the only one (see Chart 4.15), that has achieved near universal coverage, with only 6 per cent of the urban population using shared sanitation facilities. Despite high rates of urban growth, Eastern Asia has improved coverage through increases in both individual and shared facilities. However, both South and South-Eastern Asia have experienced only slow growth in improved access. South Asia fares the worst: with 24 per cent still lacking access to safe sanitation, and another 19 per cent relying on shared facilities, the subregion seems bound to fall short of the Millennium targets for sanitation in urban areas – unless, of course, public authorities make the efforts required at all levels.

For the time being, and as happens with water in some countries, lack of access to safe sanitation in Asian cities tends to be remedied through increased reliance on shared as opposed to individual household facilities. The practical consequences of this emerging trend are different from those of shared water access, though. Even where they are considered as 'safe sanitation', the inherently limited access to shared facilities may affect regular use by all household members. That is why the Millennium targets do not consider shared facilities as acceptable. Indeed, serious concern has been expressed by the Joint Monitoring Programme for Water Supply and Sanitation¹² (JMP) (UNICEF & World Health Organization, 2008) about two major aspects: actual accessibility throughout the day, and the security of users especially at night.

In most Asian countries, however, the use of shared sanitation facilities seems to be limited to less than five families per unit.¹³ This suggests that with proper design and community participation in the management of such shared facilities, safe use can be ensured. While detailed information is not available, experience from South Asia suggests that where communities have been involved in the design and management of shared sanitation facilities, use and maintenance have generally been adequate. For the poor, access to sanitation is generally far worse. For example in 2006, only 47 per cent of the urban poor in India had access to safe sanitation, as compared with 95 per cent of non-poor households.¹⁴ Similar findings are also reported from Viet

Nam and Cambodia: "the poor at the bottom three wealth quintiles in Viet Nam have less than 10 per cent access to sanitation, whereas the top two wealth quintiles average 49 per cent access to sanitation, while in Cambodia less than 5 per cent of the poorest quintile had access to improved sanitation in 2004, compared to 63 per cent in the richest quintile" (Robinson, 2007:20).

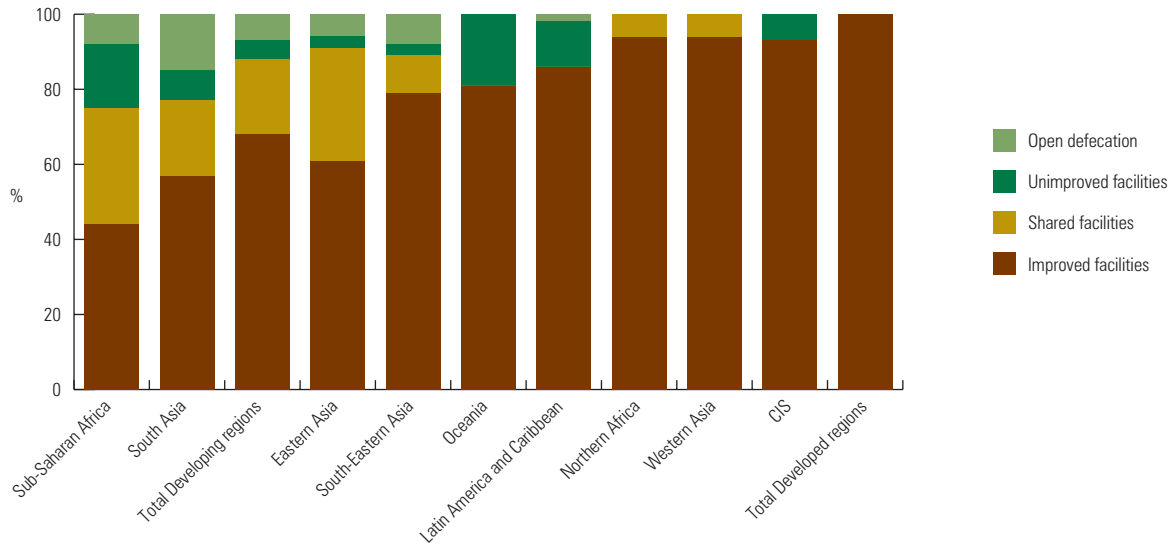
In India, South Asia's largest country, a specialist non-governmental organisation known as Sulabh International remains an active promoter of shared facilities for improved access to safe sanitation. In 2006 alone, the organisation installed 1.4 million shared household toilets; it also maintains 6,500 public pay-per-use toilets, and an estimated 10 million people used its facilities across the country (UNDP, 2006).

While shared facilities may not be an ideal solution, they may be the only affordable and workable option until housing and, here again, tenure issues in dense slum settlements are resolved. When shared and individual home facilities are combined together, the proportion of urban Asians with access to safe sanitation rises from 68 to 84 per cent.¹⁵ If shared facilities were to be counted in, even South Asia would be more likely to achieve the Millennium targets. If anything, this acts as an incentive to sort out any approaches that can result in proper shared facilities, especially in urban slums. Admittedly, tenure and space constraints may make it difficult to provide individual toilets for slum households. Slum upgrading programmes must be matched by innovative solutions, for which some initiatives are showing the way forward (see Box 4.15).

In this regard, information-sharing has an obvious, crucial role to play, but it cannot be stressed too strongly that so far, it has not been readily available. Sorely lacking is more readily available, detailed data on critical practical issues like connections to sewerage networks or the various methods in use for sewage treatment and disposal. These shortcomings make it difficult to assess the extent of services currently provided by utilities and urban authorities. Household survey-based information is available in a few countries, though.¹⁶ What it shows is that between 1990 and 2004, only China achieved significant increases in household access to sewerage networks, which expanded from 9 per cent in 1990 to 22 per cent in 2004. In India and Pakistan, data shows that increases in the actual numbers of sewerage connections have failed to keep in pace with demographic expansion. Overall and as far as South Asia is concerned, sewer networks remain very limited in scope.

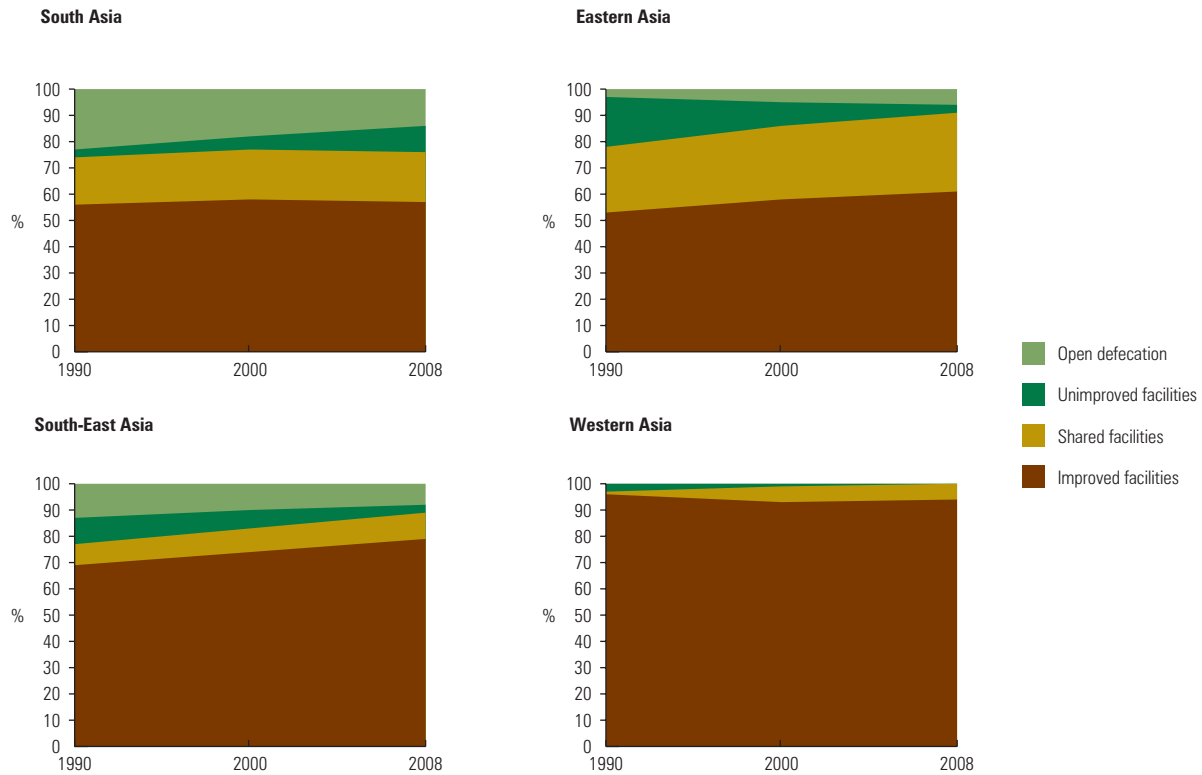
As incomes increase in cities, improved basic services become more important. Better sanitation matters as it results in significant health and economic benefits; and these, difficult as they may be to quantify, are likely far to outweigh the costs of improved sanitation.¹⁷ This is why it is essential to design sanitation and sewerage projects carefully and combine these with innovative financing as well as a focus on information, education and communications efforts.

CHART 4.14: STATUS OF URBAN SANITATION BY MDG SUBREGION, 2008



Note: The MDG subregions are as defined by the United Nations. Source: World Health Organization & UNICEF (2010:52)

CHART 4.15: TRENDS IN ACCESS TO URBAN SANITATION BY MDG SUBREGION IN ASIA



Source: World Health Organization & UNICEF (2010:38-51)



▲ Funafuti, Tuvalu. Solid Waste Management is of growing concern in this atoll nation. ©UN-HABITAT/Sarah Mecartney

4.5.3 Solid waste management

Generally speaking and because of different consumption and conditioning/packaging patterns, the urban poor in Asia generate less waste (including solid) than their counterparts in higher income countries. Besides consuming fewer non-food items, they tend to collect, re-use, recover and recycle materials, since 20 to 30 per cent of their waste is recyclable. Municipal refuse collection and disposal systems tend to neglect the poor, a phenomenon for which Laquian (2004) gives the following reasons:

“First, many urban poor families live in congested slum and squatter areas that are not readily accessible to garbage trucks. Second, it is very hard to organize residents of urban poor communities to collect their garbage, sort it into biodegradable or non-biodegradable categories, and take it to containers located outside their communities where the municipal garbage collectors can pick it up. Third, private business or informal sector garbage recyclers do not find it profitable to sort through the garbage of the urban poor because there is very little of any value they can recover from it. Fourth, the garbage of the urban poor tends to be wet, smelly, and subject to putrefaction such that contractors find it onerous or even hazardous to collect it. As the non-organic part of the waste has already been collected, most of their waste is organic and decomposes rapidly when it is not collected daily. Finally, the urban poor are often reluctant or unable to pay for the garbage collection services. Because of these factors, the garbage

of the urban poor is often uncollected and just dumped in vacant lots, street corners, streams, canals and rivers” (Laquian, 2004:21).

The urban poor play an important role in solid waste management as they routinely sort, recover, re-use and recycle refuse. In many Asian-Pacific cities, large numbers of itinerant, economically poor families with their ubiquitous push carts make a living out of recovering useful items (paper, plastic, aluminium cans, bottles, metals, etc.) from refuse bins. Some rag-picking families reside near urban refuse dumps and recover recyclable items. Some grassroots and civil society groups in Asian cities have launched refuse recovery and recycling programmes that have proved to be beneficial to urban poor families. In Metropolitan Manila, for example, the *Linis Ganda* (‘clean and beautiful’) project, a privately launched resource recovery and recycling programme, has set up a network of 17 cooperatives and 572 junkshops. In 1999, the project recovered and sold about 95,000 tons of solid waste, providing gainful livelihoods to 1,000 ‘eco-aides’ and their families (Bennagen *et al.*, 2002).

Research has shown that informal sector participation in solid waste collection and disposal saves urban authorities significant amounts of money. About 12 to 15 per cent of the solid waste collected by waste pickers has saved Delhi the equivalent of four to five million US dollars a year (at 2010 exchange rates). In Hanoi, where waste pickers collect and sell 18 to 22 per cent of solid waste, the estimated savings to the city range from US \$2.5 to US \$3.1 million a year (Maclaren *et al.*, 2007).

BOX 4.16: ELECTRICITY FOR THE POOR: GOOD PRACTICE FROM AHMEDABAD

Between 2001 and 2008, the Ahmedabad Electricity Company (AEC) worked in partnership with local business and civil society to implement a pilot Slum Electrification Project for 800 households in the Indian city. Prior to launch, a survey found that willingness to pay for connections to the power grid declined significantly if the price was higher than 50 per cent of what the company normally charged to other users. The problem was remedied through a partial subsidy provided by USAID and the utility itself. The project built on an ongoing slum upgrading programme (known as *Parivartan*) involving a partnership with the Municipal Corporation. As mentioned earlier, municipal authorities took this opportunity to sever the conventional link between tenure status and service provision. This took the form of formal certificates whereby the Municipal Corporation declared it had “no objection” to connections to the power grid. The success of the project was also due to the substantial efforts deployed to inform potential clients about the process.

The scheme has brought stakeholders the same benefits as a similar one involving water provision (see Section 4.5.1 above). The poor have secured connections to the service at subsidised rates and, in the process, gained the stronger tenure afforded by the municipal certificates, not to mention the health benefits of better, safer lighting. From the utility’s point of view, the number of illegal connections has declined and revenues increased. And as has happened with water, this success has prompted the electricity company to expand connections – in this case, to another 115,000 households in slum areas by 2006. This was achieved through a reduction in connection charges that was made possible by cross-subsidisation among users, rather than external subsidies. This network expansion has also had an indirect beneficial effect, as the company adopted not just special technologies but also new methods for better outreach and bill collection for the new clientele in slum settlements. This other instance of good practice from Ahmedabad clearly demonstrates how subsidisation can leverage access in a mutually beneficial way – to basic services and better living conditions for the poor, and to new, profitable markets and methods for utilities.

In the Philippines, the Manila Electric Company has conducted a similar programme where more than 300,000 households were either regularized or connected to the power grid for the first time.

Source: Based on conversations with local stakeholders, and Advanced Engineering Associates International (2004).

A practicable approach to solid waste collection and disposal is the Waste Concern Model introduced by a non-governmental organisation in Dhaka, Bangladesh. The model promotes recycling, treats all urban waste as a resource, involves active, income-generating participation of waste pickers, improves collection services, and reduces transportation costs. In two projects launched under the auspices of the UN Economic and Social Commission for Asia and the Pacific (ESCAP) and other partners, the model was introduced in Matale, a town of 40,000 in Sri Lanka, and Quy Nhon, a city of 200,000 in Viet Nam. In both sites,

waste pickers have been properly organised and provided them with pushcarts. Solid waste is brought to a central location to be sorted into useful recoverable materials that are sold to dealers. Organic materials suitable for composting are separated and the remaining waste disposed of in a landfill. In Quy Nhon, the system can treat two to three tons of waste per day. With proper financing, training of more waste pickers, and proper management, an up-scaled version of the model could be designed for larger urban areas (ESCAP, 2007b).

4.5.4 Health

The urban poor who live in deprived urban settings, informal settlements or slums together make up the single largest group of vulnerable populations in Asian cities today. Poor quality of shelter, where any at all, poses a major threat to health in urban slums, i.e., to more than half a billion people in the region. Compelling evidence links various communicable and non-communicable diseases, injuries and psychosocial disorders to the risk factors inherent to unhealthy living conditions, such as faulty buildings, defective water supplies, substandard sanitation, poor fuel quality and ventilation, lack of refuse storage and collection, or improper food and storage preparation, as well as poor/unsafe locations, such as near traffic hubs, dumpsites or polluting industrial sites (Mercado *et al.*, 2007; UN-HABITAT, 2010).

The result is that in Ahmedabad, for instance, infant mortality rates are twice as high in slums as the national rural average. Slum children under five suffer more and die more from diarrhoea or acute respiratory infections than those in rural areas. On average, slum children in Ahmedabad are more undernourished than the average in the whole of Gujarat state. In Metropolitan Manila, the overall picture of child health in the squatter settlements looks alarming, although no research seems to have addressed the issue directly. Infant mortality rates in Manila’s slums are triple those in non-slum areas. There is also evidence among slum children of a high incidence of tuberculosis, diarrheal disease, parasitic infections, dengue and severe malnutrition (Fry *et al.*, 2002).

As Islam *et al.* (2006) have found in Manila, the Philippines and Indore, India, urban health services are well aware of the effects of monetization on the health-seeking behaviour of the poor. In particular, they realize that the poor are likely to abandon courses of prescribed medication, or buy less than prescribed, to save on the costs. Health professionals are not surprised when the poor fail to return as requested for follow-ups or progress assessments (Montgomery, 2008). A slightly more paradoxical finding is that since, for the poor, waste of time means earnings shortfalls, some will rather go to a costly private clinic for immediate attention and assistance, rather than to a free public health service where they may have to wait for hours or even days.

Ill health is a factor behind both poverty and unemployment, but this negative linkage can be reversed, as demonstrated in the Philippines. The authorities in Marikina City have launched an innovative volunteer programme that targets health and unemployment issues simultaneously. The scheme recruits local (mainly poor) volunteers and gives them

TABLE 4.10: TRANSPORTATION IN ASIAN CITIES – MODAL BREAKDOWN

City	Walking	Cycles	Public Transport	Two-Wheelers	Car	Para-transit	
						Motorized 3-Wheel Taxi	Cycle Rickshaw
Delhi	14	24	33	13	11	1	..
Mumbai	..	..	88	..	7	5 (taxi)	..
Ahmedabad	40	14	16	24	0	5	0
Beijing	14	54	24	3	5	..	..
Shanghai	31	33	25	6	5	..	..
Manila	..	..	29	..	30	41	..
Jakarta	13	..	..	..	..	..	12
Dhaka	62	1	10	4	4	6	13
Bangkok	16	8	30	..	46	..	..

Source: Tiwari (n.d.)

training in primary health care and preventive medicine. The volunteers then work four hours a day for a daily 100 pesos (two US dollars) and a period of three to six months. They do as much as needs to be done, from clerical to health-related work, and this includes teaching families the ways and virtues of basic hygiene. After the volunteers' stints are over, their details and qualifications are added to an employment roster where both private and public entities can look to match their staffing needs with the volunteers' proven individual skills. The scheme has had an immediate impact on the city's health systems and, as had been hoped, the employment opportunities created came as an additional benefit (Mercado *et al.*, 2007).

4.5.5 Energy

Access to modern and sustainable energy resources is critical for the poor if they are to take their fair share of local prosperity and improve living standards. The International Energy Agency estimates that 1.6 billion people across the world still have no access to electricity, including one billion in Asia-Pacific countries. The disparities in access to power grids are wide across the region – from 20 per cent of the population in Cambodia to 56 per cent in India and 99 per cent in China. Faced with this situation, developing countries over the past few decades have launched a wide range of technological schemes and energy sector reforms, ranging from ambitious government-run programmes to small-scale community-led schemes involving the private sector and financial institutions (Asian Development Bank, 2008d).

A variety of reasons – irregular tenure, shared spaces, ill-defined responsibilities for payment, and low consumption – can account for the deficiencies of energy utilities with regard to poor urban communities. These also tend to pay high prices both for relatively poor kerosene-based lighting and for low-quality biomass cooking fuels. Slum-dwellers are frequently ignored or by-passed in favour of rural populations, regardless of their non-negligible contribution to their city's economic expansion (Modi *et al.*, 2006).

As demonstrated in Ahmedabad, power utilities can overcome the issues of affordability and tenure which so far have made it difficult for them to reach out to the urban poor (see Box 4.16). One lesson from the power sector is that regulation of service providers (local utilities or authorities) should focus on servicing all residents and start viewing the urban poor as potential clients.

4.5.6 Urban transport

The poor need easy, affordable access to their places of low-paid work or employment. Since they cannot afford land or housing close to workplaces, they need affordable public transport from home to work. Now, Asia's admittedly overstrained urban transportation systems have not fully integrated the specific needs of the poor, who as a result find it more difficult to participate in the urban economy. Since many of them cannot even afford public transport, they turn to non-motorized modes such as bicycles or walking. In addition, the poor are disproportionately exposed to 'transport externalities': these refer to the risks entailed by inadequate pavements (where any), poor road surfacing or lack of bicycle lanes on trunk roads as well as dangerous crossroads and slack enforcement, for instance. The factors that are specific to public transport in Asian cities include very low user capacity to pay, short commutes and high proportions of pedestrians and non-motorized modes, which reflect specifically urban features such as mixed land use and high population densities (Asian Development Bank, 2006).

In developing countries, the urban poor typically tend to make fewer trips (because most are not regularly employed), but tend to spend more time and a greater share of disposable incomes on transportation. For the working poor, commuting to work and back can cost relatively large amounts of time and money. Those who cannot afford motorized vehicles and face road conditions that make walking or bicycling unsafe spend significant shares of household incomes on bus or minibus fares. The poor do not directly benefit from capital expenditure on urban roads since most are designed for car

owners; at the same time, the poor are over-represented among the victims of the frequent adverse effects of such investments in roads (Hook, 2006; WHO, 2009).

Table 4.10 shows that the higher the number of poor residents in a city, the greater the proportion of trips that involve walking, non-motorized vehicles and para-transit modes¹⁸, with Dhaka and Delhi standing out. Para-transit vehicles such as three-wheelers in Delhi and Kolkata and *jeepneys*¹⁹ in Metropolitan Manila are the main transport modes of the urban poor. Interestingly, the proportion of trips in private automobiles is relatively high in cities like Bangkok, Jakarta and Metro Manila, although local incomes are not as high as in Tokyo or Seoul. But then considerable status and prestige are attached to people who drive cars, and gasoline comes relatively cheap in the Filipino, Indonesian and Thai capitals – a phenomenon that may be traced to various policies that favour elites rather than the urban poor, like taxation, import duties, licensing and user-charges for cars.

Non-motorised transport

Walking and non-motorized vehicles have traditionally served as the main modes of transport in Asia. However, both are becoming more difficult and less socially acceptable in many cities. In China and Viet Nam, bicycle lanes built in the 1960s and 1970s are now often taken over by cars or systematically removed. In most Asian cities, walking involves threading one's way along narrow, uneven pavements (where

any) past street vendors, urban furniture and parked cars in a noisy, polluted environment where it is difficult to make progress at a steady pace.

Asia's emerging economies currently feature low rates of individual motor ownership. Motorized or not, vehicles are important assets which families use to lift themselves out of poverty. Ownership of a bicycle can do more than reduce daily commuting bus fares and times: it can make it easier to run a small informal business and to by-pass middlemen. In most Asian cities, bicycles are within reach of many poor households and have been widely used for decades. Unlike in most African and Latin American cities, bicycles and the maintenance thereof, are affordable even to those for whom public transport is too expensive. Some bicycle and motorbike owners have become bicycle taxi operators, like *ojeks* in Indonesia. In Bangladesh, India and Indonesia, a cycle rickshaw or *pedicab* is often the first work opportunity fresh migrants can find in urban areas, and owning the vehicle is itself an important first step out of poverty (see Box 4.17) (Hook, 2006). For all these benefits, though, the upfront cost, lack of credit facilities, and fear of theft are significant barriers to bicycle ownership by the very poor, leaving them little alternative other than walking.

Proper walking and cycling facilities enable people to make short trips safely, basically for free. Short of such facilities, the urban poor are forced to resort to more expensive motorized modes, driving up the costs of living for them and of labour



▲ Delhi, India. School-going children often use cycle-rickshaws in South Asian cities. ©Jakub Cejpek/Shutterstock

BOX 4.17: CYCLE RICKSHAWS: A POLICY BLIND SPOT

The cycle rickshaw is a sustainable urban transport for short-distance trips (1-5 km). It can also complement and integrate very effectively as a low-cost feeder service to public transport systems, providing point-to-point service (i.e., from home to a bus stop). According to estimates, over seven million passenger/goods cycle rickshaws are in operation in various Indian cities (including some 600,000 in India's National Capital Region) where they hold substantial 'modal share' (i.e., the number of trips or percentage of travellers using a particular type of transport). The cycle rickshaw meets the mobility requirements of low- and middle-income urban dwellers as well as tourists. It is also routinely used to carry household goods as well as business and construction materials. Still, for all its popularity and benefits, this non-polluting type of transport is largely ignored by policymakers and transport planners. Recently in Delhi, a ban on cycle rickshaws resulted in additional traffic problems as people turned to 'auto' (i.e., motorized) rickshaws instead. The ban met with public outcry and opposition from many civil society groups. In a landmark decision in February 2010, the Delhi High Court ruled that the Municipal Corporation's ban on cycle rickshaws was unconstitutional.

Source: Sinha (2008); Delhi High Court (2010)

for employers. Research in Surabaya, Indonesia, showed that as far as trips under three kilometres were concerned (i.e., roughly half of total trips in the city), over 60 per cent were made by motorized vehicles, even among low-income groups. This is due to the fact that 60 per cent of Indonesia's paved roads have no proper, if any, sidewalks and none have cycle paths. If poor Indonesians were able to make the same numbers of short trips using non-motorized vehicles, they would save roughly US \$0.30 per day, which to them represents about 20 per cent of total average daily income (Hook, 2006).

Small individual vehicles

Most vehicle fleets in Asian cities comprise large shares of two-wheelers, and as a result the fuel consumption per mile travelled remains relatively low. In China, for instance, the total number of personal vehicles for every 1,000 people remains a modest 45 (of which fewer than 10 are four-wheelers), compared with 530 per 1,000 in Japan (of which 430 are four-wheelers). However, the sheer size of emerging economic giants like China and India would suggest that in a relatively short time, their respective vehicle fleets will become comparable in absolute numbers to that of the United States (Asian Development Bank, 2007b).

About 75 per cent of all two-wheelers in the world are found in Asia, with China and India accounting for 50 and 20 per cent respectively. In India, motorized two-wheelers are cheap and, as incomes rise, a much larger proportion of the

BOX 4.18: CHINA PROMOTES ELECTRIC BIKES AND SCOOTERS

Electric bikes in China include two-wheel bicycles propelled by pedals and supplemented by electrical power from a storage battery, as well as low-speed electric scooters (with perfunctory pedals to meet legal specifications). These two-wheelers have become popular with the Chinese, providing an inexpensive, effortless alternative to public transport or conventional two-wheelers. Low energy consumption and zero tail-pipe emissions are ideal features for China's congested urban areas, and this is why the national government and many local authorities are promoting electric two-wheelers.

As a result, e-bikes are gaining an increasing share of two-wheeled transportation across the country, and in some cities like Chengdu and Suzhou they have even surpassed conventional bicycles. In fact, the electric bike market has expanded more rapidly than any other mode in China, with production soaring from nearly 40,000 in 1998 to over 10 million in 2005.

Three major reasons have contributed to the expanding market share of e-bikes in China: (i) technical progress (improvements in battery and motor technology), (ii) economic factors, namely, a concomitance of rising incomes, the declining costs attached to mass production, and the rising costs of gasoline, and (iii) policy factors, such as the Road Transportation and Safety Law which classifies e-bikes as non-motorized vehicles.

Source: Weinert et al. (2007)

population can afford them, which drives the motorization process. Delhi (income per head: US \$800) has 120 two-wheelers per 1,000 people, compared with Shanghai's 60 (income per head: US \$4,000). A more recent phenomenon in China is the mounting popularity of electric bicycles ('e-bikes') (see Box 4.18).

Public transport systems

Although most Asian cities need public transport more badly than their American or European counterparts, they fare much more poorly when it comes to delivery. Tokyo and Hong Kong, China, can certainly boast excellent public transport with adequate capacities. In contrast, many other cities like Jakarta, Manila and Delhi have fared poorly in terms of capacities relative to European counterparts, although (just like Tokyo and Hong Kong, China) they are much more dependent on public transport. Among other Asian cities, Kuala Lumpur and Bangkok depend heavily on private transport for lack of adequate public networks.

In Asia, a combination of increased incomes and fast urban growth has led to rapid growth in individual motorization in most cities, causing a decline in the relative share of public transport. To the exception of a few prominent instances, most cities in emerging Asia only offer rather low-quality public transport: the systems are not yet adequately developed and capital expenditure has been limited. Bus and para-transit services predominate and are often exclusively operated by the



▲ The Mass Rapid Transit system (MRT) in Taipei, Taiwan, Province of China. ©Machkazu/Shutterstock

private sector (as in Colombo, Dhaka and Kathmandu). Poor regulation (where any) of private buses, particularly with regard to routes and schedules, spawns excessive competition; the negative repercussions on financial performance and quality of service negate the very benefits that could be expected from public spending on road construction. Moreover, security and safety issues remain significant – not to mention the high levels of polluting emissions (Asian Development Bank, 2006; Lohani, 2007).

As far as the lower-income segments of Asia's urban populations are concerned, the situation can be summarised as follows: the urban poor cannot afford the transport modes favoured by urban authorities (road-based systems for cars and other vehicles, as well as underground and other rail-based rapid transit systems but those they use instead (walking, bicycles, para-transit systems) are often ignored, or not favoured, by urban authorities or transport planners. Lack of attention to safe pavements, an absence of well-marked and controlled pedestrian lanes, and the location of homes far from work places, all combine to work against the poor (Peñalosa, 2010).

Urban economic growth is contingent upon adequate transport infrastructures. Many Asian cities have invested in underground rail and bus rapid transit systems (BRT), expressways, grade-separated intersections as well as elaborate traffic control mechanisms. These policies have resulted in faster movement of people in cities and have certainly helped the real estate sector. However, in urban transport, “supply creates its own demand” and wider roads and expressways have resulted in nothing but more traffic, in the process shifting congestion to intersections, flyovers, smaller streets and by-lanes. Use of transport facilities is also linked to poverty and inequality in cities. Automobile-based urban transit does not help the poor (Peñalosa, 2010) since roads

are inaccessible and unsafe to pedestrians and non-motorized modes of transport. As for the expensive mass transit systems now introduced in some Asian cities, including underground railways, they remain unaffordable for the poor.

The urban poor are the main victims of transport modes

The urban poor tend to suffer a disproportionate share of the negative consequences (“external costs”) of transport modes, including (i) air, water, soil and noise pollution, (ii) traffic accidents and fatalities, (iii) delays caused by traffic jams, (iv) the higher costs of goods and services due to transport difficulties, and (v) high transit fares. In the case of air pollution, for example, the poor, i.e., the bulk of the urban population, often suffer the highest degrees of exposure, since they (including infants, the elderly and the handicapped) often reside and work by the roadside where air pollution is typically higher than farther away. The poor are all the more vulnerable due to the lack of adequate nutrition and health care. As private motor vehicles increase in numbers, they crowd out non-motorized transport and reduce the variety of public transport available to the poor.

In Asian cities, accident rates show that the poor tend to be disproportionately affected (WHO, 2010). In the case of road accidents, the majority of the fatalities are pedestrians and cyclists. In Delhi, car and taxi passengers accounted for only 2 per cent of road accident fatalities in the year 2000, but the proportions for pedestrians, cyclists and motorized two-wheel vehicle users were 42, 14 and 27 per cent respectively (Badami *et al.*, 2004). It is ironical that the poor are the main victims of the travel modes they least use. Moreover, road accidents can be particularly devastating for the poor – apart from the physical and emotional effects, the economic costs of accidents can bring ruin to whole families.

4.6

Diagnosis and future challenges



▲ Shenzhen, China. ©Mark Henley/Panos Pictures

The unprecedented pace of economic growth in the Asia-Pacific region has led to rapid urbanization. This has posed serious challenges to local authorities and national governments in the face of ever-increasing demand for secure tenure, proper housing and services in urban areas. There is no doubting that economic growth in Asia and the Pacific has pulled millions

out of extreme poverty; still, the numbers of those in moderate poverty remain high. The simple truth is that in Asia, and as UN-HABITAT has been warning for years, rapid urbanization has gone hand in hand with the urbanization of poverty. In this as in other developing regions, UN-HABITAT's major concern is that urban economic growth has not benefited all residents equally, with the poor left to bear most of the

drawbacks and shortcomings in terms of tenure, shelter, jobs, health, education and the environment. In other words, the distribution of the benefits of urban economic growth in Asia does not match demographic expansion. In this sense, Asia epitomizes the “urban divide” recently highlighted by UN-HABITAT (2010) and the attendant four, inter-related dimensions of exclusion – economic, social, political and cultural.

In the cities of Asia-Pacific and elsewhere in the developing world, slums are the cruellest form of poverty and exclusion. Improving the conditions of 505.5 million slum-dwellers is a major challenge for Asian cities.

A prevalent view is that governments lack the resources required to provide proper housing to all slum-dwellers, and therefore they should play an enabling role, encouraging the private sector to “down-market” housing production and cater to the poor. However, in many poor developing countries, market mechanisms in the housing sector are in no position to solve the problem. More and more poor people dreaming of better living conditions in urban areas become the victims of market forces because of their inability to generate effective demand in housing markets. Market-orientated policies have failed to solve the housing problems for the poor. Instead they have led to a situation where the housing needs of the majority of Asia’s urban populations are not catered for either by the market or by government (UN-HABITAT, 2008b).

An author like Arnott (2008) argues that in developing countries, the large size of the informal sector relative to the economy combines with the high proportions of informal housing to stymie the types of demand-side intervention that have been the mainstay of housing policies in more developed countries. Since governments are reluctant to subsidize unauthorized housing, their housing programmes (except for public housing and slum upgrading projects) are biased towards formal (authorized) housing and, therefore, against the neediest households. Furthermore, the inability to measure household incomes with proper accuracy precludes broad housing assistance programmes that are geared to income.

The lessons from Asian cities suggest that small-scale programmes are more conducive to participation by the poor in design and implementation, thereby increasing ownership and enhancing sustainability. Public housing is the solution tried out by many governments. This is apposite when public authorities have enough resources and political commitment. For low-income countries in Asia, the public option, by itself, is inadequate as the resources required for the huge demand are not available. Greater success is achieved in those Asian cities where the urban poor have deployed their own housing and slum upgrading initiatives. These people-led initiatives are small in scale, but often prove to be the more effective when it comes to improving the living conditions of the poor. Indeed, the specific lesson from any programmes designed and implemented at national level is that as far as slum upgrading and low-cost housing are concerned, “one size does not fit all”. Any projects must be adjusted to local conditions and requirements. Another lesson is that local stakeholder

participation in planning, design and implementation of housing programmes has worked well in Asian-Pacific cities (ESCAP, 2005; UN-HABITAT, 2007b).

While falling well short of needs, Asian cities have shown their commitment to improved living conditions for the poor. The 2008 economic recession and subsequent contraction in real estate markets offers opportunities for radical policy reform in the urban housing sector. Such policy reforms should be based on the lessons from those few Asian countries that have managed to make their cities slum-free. On top of UN-HABITAT’s more general recommendations (2010), some of these lessons highlight the need for: (i) a leading role for government through proper institutional strengthening at all levels; (ii) empowering the poor through secure tenure; and (iii) developing housing finance mechanisms that cater to the poor, and through which housing savings can be mobilised and subsidies can be targeted. Linking housing loans to savings, providing targeted incentives to households and developers, encouraging both rental housing and home ownership, and investing in all types of environmental infrastructure, could be the basic features of an ambitious revival strategy, modelled on the success of Western Europe in the 1950s and 1960s and, more recently, China (Biau, 2009).

As regards access to basic urban services, Asian cities have fared fairly well on drinking-water. However, on sanitation, performance is poor. A large segment of urban residents depend on shared facilities or simply have no access to any sanitation. The situation is particularly bad for South Asia’s urban poor. This subregion is unlikely to meet the Millennium targets for water and sanitation in urban areas unless specific programmes are deployed soon.

On top of water and sanitation, Asia’s urban poor face multiple barriers to health and education, the major one being inability to pay for services. This includes not just nominal costs, but also the time lost in gaining access and the income foregone in the process. Some among the urban poor face legal barriers to basic urban services for lack of birth certificates, household registration or residence permits – not to mention, of course, security of tenure. People who live and work in the informal sector are often excluded from all sorts of entitlements, including access.

The ability of the poor to participate in income- and employment-generating activities is contingent upon access to basic services, such as education, health and clean living environments. Lack of such services severely constrains access to education and jobs (especially for young females – UN-HABITAT, 2010) but also for those in gainful employment. Since national governments, local authorities, public or private service providers and civil society organizations share responsibility for the delivery of basic urban services to all, they must negotiate and formalize partnerships among them, taking into account their respective responsibilities and interests. Such partnerships should be encouraged and facilitated through appropriate legal and regulatory frameworks, including clear, results-orientated contracts and monitoring mechanisms (UN-HABITAT Governing Council, 2009).

Asian cities have begun to realise the importance of mass transit and are now making it a policy focus instead of improving vehicle flows. Several cities have deployed bus, sky-train and underground networks to cater to the needs of a larger public, but a good many of those on low incomes cannot even afford public transport. This points out to an urgent need to promote sustainable transport schemes based on affordable, environmentally-friendly, motorized and non-motorized transport.

Reduction of poverty and inequality in cities – the ‘urban divide’ – is a major challenge in the Asia-Pacific region. Only a few countries have so far been able to promote a develop-

ment path that has tackled urban poverty in any effective way. This is no easy task for Asian cities as poverty comes on top of new, major challenges like immigration, ageing, climate change, housing and basic services at a time when the worldwide economic crisis is not over. Asian cities are expected to rebound from the 2008 global credit crunch just as they did from the regional 1997-98 financial crisis, again growing at a much faster pace than those in other regions. The key to revival will be to ensure that this urban economic growth is sustainable, and therefore inclusive. The crisis is an opportunity to correct the structural imbalance in urban economies, and to reduce urban poverty and deprivation.

ENDNOTES

¹ By adjusting Purchasing Power Parity to 2005 values, the international poverty line is estimated at US \$1.25, resulting in an increase of nearly 400 million poor globally (Chen and Ravallion, 2008).

² As urban rural breakup of poverty for the revised poverty line of \$ 1.25 is not available, the analysis of urban poverty is based on ‘dollar a day’ benchmark.

³ The poverty gap ratio is defined under MDG Target 2 as the mean distance separating the population from the poverty line (with the non-poor being given a distance of zero), expressed as a percentage of the poverty line. It measures the depth of poverty. ESCAP (2008b), Statistical Yearbook for Asia and the Pacific 2008, section 17, Poverty and inequality.

⁴ In its recent study on implications of the new US \$1.25 international poverty benchmark, the Asian Development Bank states, “(this) does not properly reflect the living situations of the majority of Asian’s poor. In addition to using the US \$2.00 poverty line, the Bank may come up with a set of key indicators for social and environmental poverty that secure a decent living for all. If it were to include such indicators in its reporting system, the Bank would go beyond the narrow, food-focused definition of income poverty (equivalent to 2,000–2400 kcal per person per day – plus basic expenditures for housing and clothing) (Bauer et. al., 2008).

⁵ The UN-HABITAT estimates given in Table 4.6 are different from national estimates of slums in many Asian countries. For example, the slum population of India was estimated to be 62 million in the year 2001 during its population census, whereas UN-HABITAT estimated that there were 120 million slum-dwellers in India in the year 2000.

⁶ Chronic lack of reliable data or up-to-date information on the Pacific Islands makes it difficult to assess slum prevalence in this least populated and most remote subregion (UN-HABITAT, 2003b).

⁷ Data availability for slum populations runs into various problems. Even in UN publications, figures in the main text do not necessarily match those in statistical tables.

For this analysis, figures have been taken from the statistical annexes of the mentioned sources.

⁸ As definitions of “access” can vary widely within and among countries and regions, and as the WHO/ UNICEF Joint Monitoring Programme for Water Supply and Sanitation is mandated to report at global level and across time, it has created a set of categories for “improved” and “unimproved” facilities that are used to analyze the national data on which its trends and estimates are based. An improved drinking-water source is defined as one that, by nature of its construction or through active intervention, is protected from outside contamination, in particular from contamination with faecal matter. To make estimates comparable across countries, the Programme uses the following classification to differentiate between “improved” and “unimproved” drinking-water sources: (i) Improved drinking water sources include (a) “piped water into dwelling, plot or yard”, which include piped household water connection located inside the user’s dwelling, plot or yard, (b) “Other improved”, which includes public taps or standpipes, tube wells or boreholes, protected dug wells, protected springs or rainwater collection; (ii) Unimproved drinking water sources include unprotected dug well, unprotected spring, cart with small tank/drum, surface water (river, dam, lake, pond, stream, canal, irrigation channels), and bottled water (World Health Organization and UNICEF, 2010:13).

⁹ A water point involves a hand pump head on top of an under/overground reservoir connected to the mains, with a platform above or around for water collection, washing and bathing. With a water stand post, a tap or hand pump is directly connected to the mains. Both techniques are applicable in urban areas with centrally managed water supply systems, like Dhaka, Chittagong and Khulna in Bangladesh.

¹⁰ This may be even more pronounced as a recent countrywide Health Survey in India suggested that 95 per cent had access to basic services, as compared with the 96 per cent projection from the Joint Monitoring Programme. The 2005-06 National Family Health Survey (NFHS) provided country and state-wide estimates for urban areas.

¹¹ The Community-Led Infrastructure Finance Facility (CLIFF) provides venture capital and other financial support directly to urban poor groups, rather than to government, to support community-led slum upgrading schemes designed in partnership with city authorities.

¹² The Joint Monitoring Programme (JMP) is the official United Nations mechanism monitoring progress towards the Millennium Development Goal (MDG) relating to drinking-water and sanitation (MDG 7, Target 7c: “Halve, by 2015, the proportion of people without sustainable access to safe drinking-water and basic sanitation”).

¹³ As reported in Joint Monitoring Programme 2008 (UNICEF & World Health Organization, 2008) based on Multiple Indicators Cluster Surveys (MICS) in several countries.

¹⁴ Based on analysis from the 2006 National Family and Health Survey (NFHS) as reported in Urban Health Resource Centre (2008).

¹⁵ The definition used by the Joint Monitoring Programme currently excludes shared sanitation facilities as ‘safe sanitation’ for the purposes of MDG targets.

¹⁶ The information displayed on Joint Monitoring Programme 2004 Website pages provides details of household sewerage connections for 1990 and 2004 in several countries. However, this information is not available in more recent Joint Monitoring Programme reports.

¹⁷ See for example Water and Sanitation Programme (2008)

¹⁸ Paratransit (also known as ‘dial-a-ride’) is an alternative mode of flexible passenger transportation that does not follow fixed routes or schedules. It includes mini-buses, shared taxis, cabs, vans, rickshaws, tongas, etc.

¹⁹ Jeepneys are the most popular public transport in the Philippines and were originally made from US military jeeps left over from World War II.

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