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Financing the millennium development goal 7, target 11

IMPROVING THE LIVES OF 100 MILLION SLUM DWELLERS

Today, roughly one out of six inhabitants of large and small cities lives in slums. But by assuming that city life necessarily equates with improved lives, the world has, thus far, found it relatively easy to ignore the woefully inadequate living conditions implied in this statistic. But this has not been the case.

Ill-conceived and mismanaged policies and beliefs have too often translated into high pricing of what would otherwise have been affordable and humanely adequate housing. And worse still, misdirected efforts to erase this market failure by governments and municipal authorities have resulted in decades-long evictions of poor people from the only shelter they can get in urban areas. But as evictions dominated official policy, the population of the urban poor never disappeared; it continued to grow in depth and scale.

In the face of such adversities, the urban poor have come up with creative solutions. 'Slums' are often a solution in progress and a means of creating a home and better life in the city. A positive twist to this situation has been that international organizations have –in declarations and policies they have made over the last two decades- recognized slums as a solution to homelessness. Governments too, are increasingly taking a cue from this.

It is within this context that the United Nations Millennium Assembly saw it fit to highlight the need to improve the lives of urban poor through incorporating a 'slum target' in the Millennium Declaration. The Declaration committed the world to an effort to improve -significantly- the lives of at least 100 million slum dwellers.

Since then, Task Force 8, of the Millennium Project charged with overseeing the process, has emphasized the need to include strategies to provide 'adequate alternatives to new slum formation'. Nearly one billion people alive today – one in every six human beings – are slum dwellers. The danger of not aligning the target with the realities of urban growth could be that by 2020, the population of slum dwellers will have increased to over 1.6 billion. In short, the target of improving the lives of 100 million slum dwellers is not enough.

The estimated cost of financing MDG Goal 7, target 11, in its full original intent, including working on pre-emptive strategies, will require an average investment of approximately US\$294 billion or US\$440 per person over the period 2005-2020. Such an investment could touch the lives of 670 million people.

This is a realizable amount. The urban poor already contribute significantly to upgrading their homes. Therefore, 30 percent of the money could come from small loans extended to relevant households, 10 percent from the beneficiaries and 60 percent from subsidies from national and local governments and through other domestic and international resources.

The Global Report on Human Settlements 2005: Financing Urban Shelter fits, a timely analysis of the current status of housing finance around the world provides an in depth account of the possible alternatives including mortgages, microcredit facilities and community funds.

Unprecedented urban growth in the face of increasing poverty and social inequality, and a predicted increase in the number of people living in slums (to about 2 billion by 2030), mean that the United Nations Millennium Development goal to improve the lives of at least 100 million slum dwellers by 2020 should be considered the absolute bare minimum that the international community should aim for, according to the report to be released in October 2003.

The locus of poverty is moving from the countryside to cities, in a process now recognized as the "urbanization of poverty." The absolute number of poor and undernourished in urban areas is increasing, as are the numbers of urban poor who suffer from malnutrition, say the report's authors.

This movement towards “full urbanisation”, which has already been completed in Europe and in North and most of South America, means that most new population growth will be absorbed by the cities of the developing world, which will double in size by 2030. Three quarters of this growth will be in cities with populations of 1 to 5 million people, and in smaller cities of under 500 000 people. The report finds that, alarmingly, there is currently little or no planning to accommodate these people or provide them with services.

Yet the United Nations’ goal of “Cities without Slums” is not unattainable, according to the report, which calls for the vigorous implementation of urban planning and management policies designed to prevent the emergence of slums, along with slum-upgrading and a commitment on the part of governments to reduce poverty.

Economic Trends at the Heart of Slum Growth

Slum formation is closely linked to economic cycles, trends in national income distribution, and in more recent years, to national economic development policies. The report finds that the cyclical nature of capitalism, increased demand for skilled versus unskilled labour, and the negative effects of globalisation – in particular, economic booms and busts that ratchet up inequality and distribute new wealth unevenly – contribute to the enormous growth of slums. The report notes that, in the past, the global economic system was responsible for creating the famous slum areas of major cities in today’s developed world and it is very likely to do the same again in the developing world.

Slum development is fuelled by a combination of rapid rural-to-urban migration, spiralling urban poverty, the inability of the urban poor to access affordable land for housing and insecure land tenure.

Focus should be on poverty

While traditional approaches to the slum problem have tended to concentrate on improvement of housing, infrastructure and physical environmental conditions, the report’s authors advocate a more comprehensive approach to addressing the issue of employment for slum dwellers and the urban poor in general. Slums are largely a physical manifestation of urban poverty, a fact that has not always been recognized by past policies aimed either at the physical eradication or the upgrading of slums. For this reason, future policies must go beyond the physical dimension of slums by addressing the problems that underlie urban poverty.

Slum policies should be integrated with broader, people-focused urban poverty reduction policies that deal with the varied aspects of poverty, including employment and incomes, shelter, food, health, education and access to basic urban infrastructure and services.

Improving incomes and jobs for slum dwellers, however, requires robust national economic growth, which is itself dependent upon effective and equitable national and international economic policies, including trade. Current evidence suggests that globalisation in its present form has not always worked in favour of the urban poor and has, in fact, exacerbated their social and economic exclusion in some countries.

Investment in Infrastructure Key

At the core of efforts to improve the environmental habitability of slums and enhance economically productive activities is the need to invest in infrastructure – to provide water and sanitation, electricity, access roads, footpaths and waste management. Low-income housing and slum-upgrading policies need to pay attention to the financing of citywide infrastructure development. Having said that, however, the main focus of policy makers must be on poverty reduction and the up-grading of slum communities.

The report finds that upgrading existing slums is more effective than resettling slum dwellers and should become the normal practice in future slum initiatives. It goes on to state that the eradication of slums and resettlement of slum dwellers can create more problems than are solved. Eradication and relocation unnecessarily destroy a large stock of housing affordable to the urban poor and the new housing provided has frequently turned out to be unaffordable, with the result that relocated households move back into slum accommodation.