



HABITAT III ISSUE PAPERS

22 – INFORMAL SETTLEMENTS

New York, 31 May 2015

(not edited version 2.0)





ISSUE PAPER ON INFORMAL SETTLEMENTS

KEY WORDS

Urban poverty, slums, slum dwellers, vulnerable and marginalized groups, socio-spatial exclusion, governance, equity and equality, environmental justice, participatory planning, right to adequate housing, security of tenure, slum upgrading and prevention, inclusive finance, informal economy

MAIN CONCEPTS

Informal settlements – are residential areas where 1) inhabitants have no security of tenure vis-à-vis the land or dwellings they inhabit, with modalities ranging from squatting to informal rental housing, 2) the neighbourhoods usually lack, or are cut off from, basic services and city infrastructure and 3) the housing may not comply with current planning and building regulations, and is often situated in geographically and environmentally hazardous areas¹ In addition, informal settlements can be a form of real estate speculation for all income levels of urban residents, affluent and poor. Slums are the most deprived and excluded form of informal settlements characterized by poverty and large agglomerations of dilapidated housing often located in the most hazardous urban land. In addition to tenure insecurity, slum dwellers lack formal supply of basic infrastructure and services, public space and green areas, and are constantly exposed to eviction, disease and violence.²

Socio-spatial exclusion – refers to the processes that contribute to the geographic marginalization of particular individuals and groups because of where they live and who they are. It is characterized by their inability to access or effectively use a whole range of facilities and resources which improve well-being and position people to take advantage of available opportunities. Particular groups and individuals often suffer a disproportionate 'disadvantage' because of their identity, which is physically represented in urban contexts by the presence of informal settlements.³

Environmental justice – refers to the dynamic relationship between poverty, ecosystem services and pollution that sees vulnerable and poor urban dwellers suffer disproportionately from environmental impacts. Environmental justice aims at curbing abuses of power in relation to natural resources and calls for the legal and social empowerment of the poor and new approaches to sustainability to secure future generations' quality of life.⁴

¹ Derived from UN-Habitat (2003), The Challenge of Slums; UN-Habitat (2013), The State of the World Cities Report 2012/13. Refer to Issue Paper No. 9 on Land for 'security of tenure' definition.

² World Bank (2008), Approaches to urban slums; UN-Habitat (2015), Streets as tools for urban transformation in slums; Cities Alliance (2010), Building Cities; Cities Alliance, World Bank and UN-Habitat (2002), Cities without Slums.

³ Fincher, R. and Iveson, K. (2008), Planning and Diversity in the City; Vicki-Ann Ware, Hellene Gronda and Laura Vitis (2010), AHURI Research Synthesis Service: Addressing locational disadvantage effectively; Mitlin, D. and Satterthwaite, D. (2013), Urban Poverty in the Global South.

⁴ United Nations Development Programme (2014), Environmental Justice.



Participatory slum upgrading – is a methodological approach that aims to address urban development imbalances represented by slum dwellers' living. It engages and puts all key urban stakeholders – all levels of government, community representatives, civil society, non-government organizations, academia, private sector and, especially, slum dwellers – at the heart of the process to improve slums' living standards. This multi-stakeholder platform is considered more likely to promote the necessary partnerships, governance arrangements, institutional structures and financing options which result in inclusive planning and sustainable outcomes. Slum dwellers, in particular, have important knowledge, skills and capacity to contribute, direct and own the upgrading process, and an inclusive approach towards the improvement of their living conditions brings fundamental socio-cultural changes towards a rights-based society.⁵

FIGURES AND KEY FACTS

- Informal settlements, slums and other poor residential neighbourhoods are a global urban phenomenon.⁶ They exist in urban contexts all over the world, in various forms and typologies, dimensions, locations and by a range of names (squatter settlements, favelas, poblaciones, shacks, barrios bajos, bidonvilles). While urban informality is more present in cities of the global south, housing informality and substandard living conditions can also be found in developed countries.

- Informal settlements and slums are caused by a range of interrelated factors, including population growth and rural-urban migration, lack of affordable housing for the urban poor, weak governance (particularly in the areas of policy, planning, land and urban management resulting in land speculation and grabbing), economic vulnerability and underpaid work, discrimination and marginalization, and displacement caused by conflict, natural disasters and climate change.⁷

- Compared to other urban dwellers, people living in informal settlements, particularly in slums, suffer more spatial, social and economic exclusion from the benefits and opportunities of the broader urban environment. They experience constant discrimination and an extreme disadvantage characterized by geographical marginalization, basic service deficits, poor governance frameworks, limited access to land and property, precarious livelihoods and, due to informal settlements' location, high vulnerability to the adverse impacts of poor and exposed environments, climate change and natural disasters.

- In what refers in particular to slum dwellers, since 2003 UN Member States have agreed to define a slum household as a group of individuals living under the same roof lacking one or more of the following five conditions: 1) access to improved water, 2) access to improved sanitation facilities, 3) sufficient living area – not overcrowded, 4) structural quality/durability of dwellings, and 5) security of tenure. These '5 Deprivations' affect the lives of slum dwellers and, since their agreement, have enabled the measuring and tracking of slum demographics⁸ though a significant data gap exists in relation to the more broadly defined informal settlements.

⁵ UN-Habitat (2014), Participatory Slum Upgrading Programme, PSUP.

⁶ UN-Habitat (2009, 2011, 2013), The State of the World's Cities Report; World Bank (2006), Dimensions of urban poverty in Europe and the Central Asia Region; UN-Habitat (2010), Informal Urban Development in Europe.

⁷ UN-Habitat (2009, 2011, 2013), The State of the World's Cities Report.

⁸ UN-Habitat (2003), Slums of the World.



- Over the past 10 years, the proportion of the developing countries' urban population living in slums has declined from 39% (2000) to 32% (2010).⁹ In fact, UN MDG reports estimate that between 2000 and 2010, a total 227 million urban slum dwellers in developing countries experienced significant improvements in their living conditions, thus implying that Target 11 of Millennium Development Goal 7 has been exceeded by double.¹⁰
- Policy and programmatic responses by national and municipal governments, international development partners and non-governmental and community based organizations have also improved slum dwellers' living conditions. For example, the enactment of progressive and implementable urban development, affordable housing, slum upgrading and land policies has provided important impetus for programmatic responses such as direct infrastructure provision, pro-poor financing options and innovative partnerships for affordable housing solutions, informal settlements regularization and slum upgrading programmes.
- Despite these gains, however, around one quarter of the world's urban population continues to live in slums. Since 1990, 213 million slum dwellers have been added to the global population.¹¹
- Over 90% of urban growth is occurring in the developing world and an estimated 70 million new residents are added to urban areas of developing countries each year. Over the next two decades, the urban population of the world's two poorest regions — South Asia and Sub-Saharan Africa — is expected to double,¹² suggesting that the absolute numbers of informal settlement and slum dwellers in these regions will dramatically grow.¹³
- In Africa, over half of the urban population (61.7%) lives in slums and by 2050, Africa's urban dwellers are projected to have increased from 400 million to 1.2 billion.¹⁴
- In Asia, home to half of the urban population of the world, 30% of the urban population resides in slums. However, Asia was at the forefront of successful efforts to reach the MDG Target 11 Goal 7, with governments improving the lives of an estimated 172 million slum-dwellers.¹⁵
- In the Latin America and Caribbean region, where regularization of informal housing has historically contributed to providing housing solutions, informal settlements continue to be a significant feature of urban areas with at least 24% of the region's urban population still residing in slums, in spite of a 9% decrease in recent years.¹⁶
- In the Arab region, the proportion of sub-standard housing varies from country to country. In some countries, informal settlement and slum dwellings form isolated, marginalized pockets, while in others from 67 to 94% of urban residents live under one or more housing deprivations. In some Gulf countries, for instance, housing conditions of low-income migrant workers are often very poor compared to the rest of the urban population.¹⁷
- Urban areas of developed regions are not immune to urban disparities among the living conditions of their citizens. Europe, for example, has experienced a rise of urban dwellers who cannot afford to pay rent, with housing costs

⁹ UN-Habitat (2011), The State of the World's Cities Report 2010/11.

¹⁰ Ibid. MDG Target 7d is 'to achieve a significant improvement in the lives of at least 100 million slum dwellers'.

¹¹ UN-Habitat (2013), Streets as Public Spaces and Drivers of Urban Prosperity.

¹² World Bank (2008), Urban Poverty, World Bank Urban Papers, 2008.

¹³ UN-Habitat (2014), Slums and Cities Prosperity Index (CPI).

¹⁴ UN-Habitat (2013), The State of the World Cities Report 2012/13.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ UN-Habitat (2012), The State of Arab Cities Report 2012.



rising particularly rapidly in the more prosperous large cities. This is especially the case for the Southern and Eastern parts of the region, while Western European countries are said to have more than 6% of their urban dwellers living in extremely precarious conditions. Trends in other developed regions (North America, Australia and New Zealand) suggest that there are significant proportions of people who could be classified as living in contextually poor neighbourhoods.¹⁸

- The capacity of new slum dwellers to move out of these degraded environments remains limited. For example, of the 10 million more people added to the urban population of Sub-Saharan Africa each year, two-thirds (7 million) live in informal settlements or slums and only 2 million can expect to move out from there.¹⁹

- There is a relationship between the growth of informal settlement and slums and the lack of adequate housing and land. While private sector investment in housing has been steady over the years, this investment has not translated into pro-poor, affordable housing. Some studies suggest that the affordable housing gap now stands at \$650 billion a year and is expected to grow.²⁰

- At the household level, the 'five deprivations' continue to reflect the harsh living conditions of slums dwellers. For example, most slum dwellers still have no security of tenure and live under the constant threat of eviction,²¹ while their dwellings are continuously considered highly precarious, with almost three quarters of them in this condition in Sub-Saharan Africa.²² Sanitation is limited, like in Kenya's larger slum Kibera, in Nairobi, where open sewer lines empty effluent in front of people's houses and there are only 1,000 public toilets to serve the entire slum population of more than 180,000 people.²³

- The conditions in slums are a risk to inhabitants' health and make them more vulnerable to communicable disease outbreaks, and this has dramatic effects in slum dwellers' life expectancy. While the poorest 20% in cities struggles to reach 55 years of age, the richest 40% goes well beyond 70 years. Similarly, among the poorest 20% of the world's urban dwellers, the under-five mortality rate more than doubles that of the wealthier urban quintiles.²⁴

- Slums affect the prosperity of cities and their sustainability. While on the one hand these areas are acknowledged as providing much-needed mixed land use to cities and as having an active informal economy²⁵ that, in many countries, provides the majority of jobs, on the other hand, these informal jobs are unskilled, very-low-paid, and insecure livelihood options, part of a 'subsistence economy' that allows inhabitants to survive but not to progress sufficiently to change their living conditions nor to realize the full potential contribution to urban productivity. Urban

¹⁸ Economic Commission for Europe (2008), Committee for Housing and Land Management - In Search for Sustainable Solutions for Informal Settlements in the ECE Region; UN-Habitat (2013), The State of European Cities in Transition 2013; UN-Habitat (2008), The State of the World's Cities 2008/09. UNECE report on informal housing. <http://www.unece.org/index.php?id=11099> and <http://www.unece.org/index.php?id=38779>

¹⁹ UN-Habitat (2011), The State of the World's Cities Report 2010/11.

²⁰ McKinsey Global Institute (2014), A blueprint for addressing the global affordable housing challenge.

²¹ UN-Habitat (2011). The State of the World's Cities Report 2010/11.

²² Participatory Slum Upgrading Programme (2011), Phase 2 Country Outputs, www.mysup.org.

²³ Nairobi City Council (IRIN, 2013).

²⁴ World Health Organization (2010), Urban HEART.

²⁵ UN-Habitat (2008). The State of the World's Cities 2008/09; J. Herrera and others (2012), Informal Sector and Informal Employment, Women in Informal Employment (WIEGO).



areas with a high incidence of slums pay a real economic, environmental and social ‘cost’ represented by a ‘lopsided prosperity’.²⁶

ISSUE SUMMARY

- Although some governments acknowledge the existence of slums and informal settlements, many do not. This lack of recognition and subsequent response directly undermines city-wide sustainable development and prosperity to the detriment of millions of urban dwellers, and also results in forced evictions.
- Informal settlements and slums continue to be spatially disengaged from broader urban systems and remain excluded from mainstream urban opportunities, their nature yet to be further understood despite evidence suggesting an inextricable link between location and the persistence of intergenerational poverty and economic inequality.²⁷
- While research shows a link between access to land, supply of affordable housing and the prevalence of informal settlements and slums, the stock of affordable housing worldwide is declining.²⁸ Furthermore, governments are increasingly disengaging from a direct role in the provision of affordable housing, posing major implications for the urban poor as the housing sector is susceptible to speculative forces that tend to end up benefiting more affluent urban residents.
- Funding for large scale affordable housing and for expanding housing finance options for the urban poor has remained limited. Either private sector interests prevail or the financing arrangements do not meet the housing demand. There is often an absence of functioning municipal taxation systems and effective financial tools which capture land-value increases. Community-based finance options are also weak and disconnected from main stream financial institutions, despite the critical role they play for poor urban dwellers to engage in savings and loans.
- Accurate, localized, standardized and available qualitative and quantitative data on informal settlement and slums and associated learning platforms remain limited. Data is often ad hoc and not connected to robust city-wide monitoring and evaluation processes so the dimensions of inhabitants’ lives remain unknown to policy and planning responses. The absence of local, national and global learning platforms also limits effective knowledge and capacity building of urban stakeholders.²⁹
- Integrated development policies at both the national and local levels, especially linking urban planning, financing and legal components related to informal settlements and slums, are not prioritized and ‘no forced eviction’ policies still need to be institutionalized. Policies, legislation and regulations therefore continue to have major exclusionary effects on marginalized groups.
- Efforts to improve land management practice and adopt different conceptions of tenure security remain limited despite being acknowledged as fundamental to adequate housing provision and the eradication of poverty. Peri-urban areas are a particular governance challenge as they often fall outside formal ‘city/town’ boundaries.

²⁶ UN-Habitat (2013), The State of the World Cities Report 2012/13. UN-Habitat (2015), El Estado de las Ciudades Colombianas.

²⁷ UN-Habitat (2015), The Global Activities Report 2015.

²⁸ Refer to Issue Paper No. 20 on Housing.

²⁹ Patel, S., Baptist, C. and d’Cruz, C. (2012), Knowledge is power, *Environment and Urbanization*, 24(1).



- The lack of government response to and support for livelihoods in slums and informal settlements, combined with their lack of integration into the broader urban environment, perpetuates long term inequality and inter-generational disadvantage, especially women and youth.
- Many upgrading approaches continue to inappropriately import solutions from other places without adapting operations to the local context. They are therefore unable to neither take full advantage of local knowledge nor develop city-wide /'at-scale' responses.
- Informal settlements and slums are often located in the most environmentally and geographically hazardous urban areas – e.g. riverbanks; sandy and degraded soils, near industries and dump sites, in swamps, flood-prone zones, steep slopes. The impact of living in these areas, whose vulnerability is often exacerbated by climate change, is continually life threatening as no alternatives are provided.³⁰
- Specific groups are significantly affected by living in informal environments and their inequality is reinforced simply by who they are – increasing their level of marginalization. Women are more likely to have lower education levels and face high rates of teen pregnancies, children are constantly exposed to a whole range of impacts, unskilled youth are excluded from economic and employment opportunities, people with disabilities suffer with slums' dilapidated infrastructure and migrants, refugees and internally displaced persons affected by conflict and economic crisis also face additional levels of vulnerability and marginalization through their uncertain status and lack of resources.

KEY DRIVERS FOR ACTION

- **Recognition of the informal settlement and slum challenge and the mainstreaming of human rights.** Urban authorities that address the needs and rights of people living in informal settlements and slums through rights-based policy and integrated governance create more prosperous and sustainable urban contexts than those that take no action. The urban poor need to be treated as equal as other urban dwellers and their contribution – work, livelihood creation and taxes – recognized, just as their rights to infrastructure, basic services and adequate housing.³¹
- **Government Leadership.** National governments must play a leading role in recognizing informal settlement/slum challenges. They can provide the enabling environment to develop and implement the appropriate policies and plans to trigger change and improvement for, and in partnership with, poor urban dwellers. Actively working with regional and municipal governments is also fundamental because they have the capacity to convene and connect key stakeholders, harness local knowledge, enact policies and plans and manage incremental infrastructure development.
- **Systemic and city-wide/'at scale' approaches.** Conceiving and implementing policy, planning, financing and regulations that strengthen the capacity of urban areas to operationalize programmes at a city-wide or 'at scale' level are more likely to improve the lives of slum and informal settlement dwellers. This includes efforts to 1) capitalize on the broader city and regional agglomeration economies, 2) utilize innovative financing options and taxes, 3) ensure equitable land management approaches, 4) recognize the multiple forms (formal and informal) of livelihood and employment generation activities and facilitate their development especially for marginalized groups, 5) improve and

³⁰ UN-Habitat (2008), The State of the World's Cities Report 2008/09.

³¹ Refer to Issue Paper number 20 for Adequate Housing Definition.



reintegrate informal settlements with trunk infrastructure and basic services via integrative planning and design, 6) clarify the administrative responsibility of peri-urban areas, and 7) address the impact of conflict and undertaking risk-sensitive land use planning to avoid exposing the urban poor to environmental hazards. All tiers of government are critical to systematic and 'at scale' slum upgrading programmes.

- **Integration of people and systems.** Integrated approaches must be part of all systems, institutions and programmes. In relation to slum and informal settlement upgrading, all levels of government concerned must develop and coordinate broader integrated policy and planning frameworks that are 1) underpinned by urban planning, legislation and finance arrangements 2) supported by inter-connected institutional arrangements and 3) ensure the inclusion of marginalized groups and slum dwellers alongside other key urban stakeholders. A participatory approach for both process and a sustainable outcome must be at the heart of an integrated methodology, ensuring 1) a more complete understanding of the inhabitants and the existing community dynamics (including economic and social support networks) and 2) implementing practical changes that ultimately result in the regularization of informal settlement regularization and slums upgraded and linked into the broader urban environment.

- **Housing at the centre.** Strategic and integrated approaches to urban development must put housing at the centre of policy and urban contexts. Affordable housing mechanisms that fulfil the right to adequate housing for all income levels – including in situ upgrading and avoidance of unjustified forced evictions as per international guidelines,³² incremental auto-construction, security of tenure combined with livelihood and employment generation – play a major role in triggering people and cities' prosperity.

- **Appropriate long term financial investment and inclusive financing options.** Appropriate and sustained levels of domestic investment in affordable housing and slum upgrading programmes are critical. This includes encouraging major financing institutions to provide pro-poor housing plans for vulnerable groups and financing support for all tiers of government. Investment in microfinance housing programmes for incremental auto-construction, provision of credit enhancement support and increasing incentives for private investment in pro-poor housing and infrastructure - are also vital.

- **Developing participatory, robust, standardized and computerized data collection processes.** Localized qualitative and quantitative data collection and analysis systems to better and understand local urban contexts in a more timely and accessible manner should be adopted. In particular, slum dwellers should be engaged and lead innovative solutions to gather local data to address the challenges of slums. Data collected at community level must be standardized so it can be linked to broader city, regional, national and global comparative indicators, and must aim at identifying the social, cultural and economic dynamics of informal settlement communities, including tenure relations, means of livelihood and social support networks. Data collection must also be embedded in monitoring and evaluation processes, to show the long term inclusive outcome of slum upgrading projects.

- **Creating peer learning platforms.** Platforms that draw on the knowledge of stakeholders involved in the improvement of slums, especially slum dwellers themselves, must be prioritized in order to facilitate information and experience exchange as well as peer learning opportunities. These platforms may include a range of communication strategies and multi-media mechanisms.

³² United Nations Special Rapporteur on adequate housing, Guidelines on Eviction and Resettlement (E/CN.4/2004/48).



PLATFORMS AND PROJECTS

Participatory Slum Upgrading Programme (PSUP – UN-Habitat)

Reference: <http://unhabitat.org/initiatives-programmes/participatory-slum-upgrading/>

Global Housing Strategy (UN-Habitat)

Reference: http://mirror.unhabitat.org/downloads/docs/11991_1_594827.pdf

United Nations Special Rapporteur on Adequate Housing

Basic principles and guidelines on development-based evictions and displacement, A/HRC/4/18, available at: <http://www.ohchr.org/EN/Issues/Housing/Pages/ForcedEvictions.aspx>

Guiding Principles on security of tenure for the urban poor, A/HRC/25/54, available here: <http://www.ohchr.org/EN/Issues/Housing/Pages/AnnualReports.aspx>

Committee on Economic, Social and Cultural Rights, General Comments 4 (adequate housing) and 7 (forced evictions), available here: <http://www.ohchr.org/en/hrbodies/cescr/pages/cescrindex.aspx>

Cities Alliance

Reference: <http://www.citiesalliance.org/>

Shack/Slum Dwellers International

Reference: <http://www.sdinet.org/>

The Habitat III Issue Papers have been prepared by the United Nations Task Team on Habitat III, a task force of UN agencies and programmes working together towards the elaboration of the New Urban Agenda. The Issue Papers were finalized during the UN Task Team writeshop held in New York from 26 to 29 May 2015.

This Issue Paper has been led by UN-Habitat with contributions from UNOPS and OHCHR.