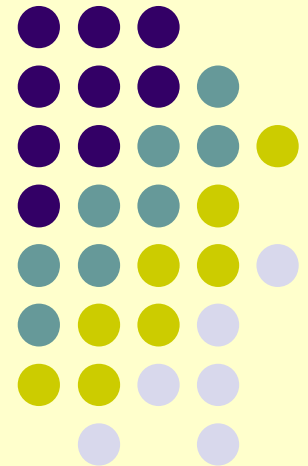


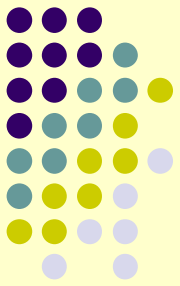
Meeting the Challenge of Urban Poverty and Slums

March 10, 2009

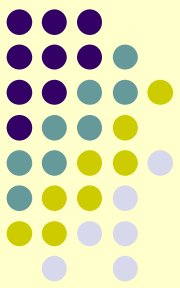
Judy Baker, Urban Anchor



Presentation: What have we learned?



- I. Scope of urban poverty
- II. Key issues for the urban poor
- III. Regional characteristics of urban poverty
- IV. Programs and policies for the urban poor
- V. A strategy for addressing urban poverty



I. Scope of Urban Poverty

- Challenges of measurement
- One third of all urban residents are poor
- Represents one quarter of total poor
- Highest incidence in Africa, South Asia
- Highest share of total poor in ECA and LAC due to high urbanization rates
- Poverty is becoming increasingly urban (except ECA as it is already urbanized)
- With crisis urban poverty is anticipated to increase

Urban Poverty as a share of urban population, (\$2.15/day) 1993-2002

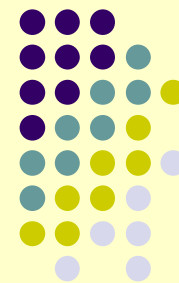
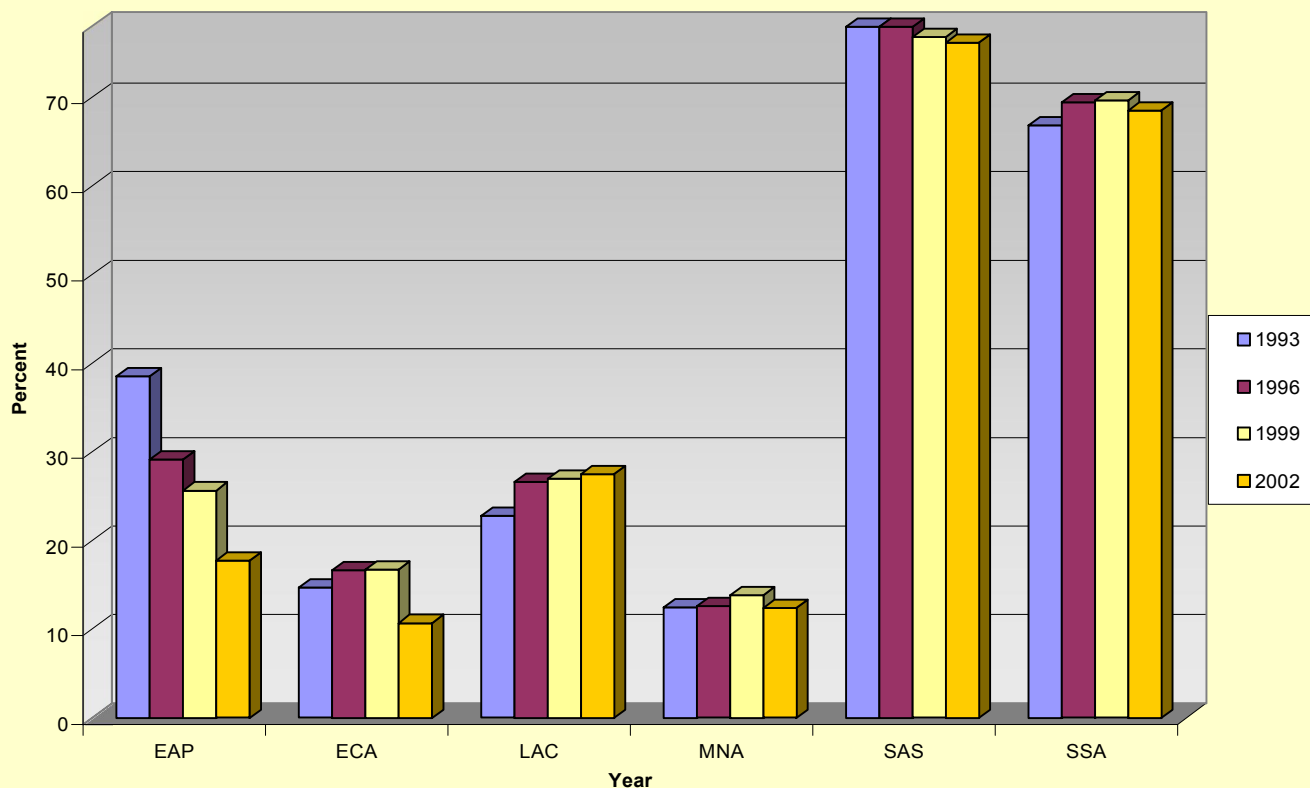


Figure 3: Headcount index urban areas (\$2/day poverty line)



Urban Share of the Total Poor (\$2.15/day) 1993-2002

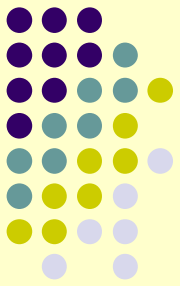
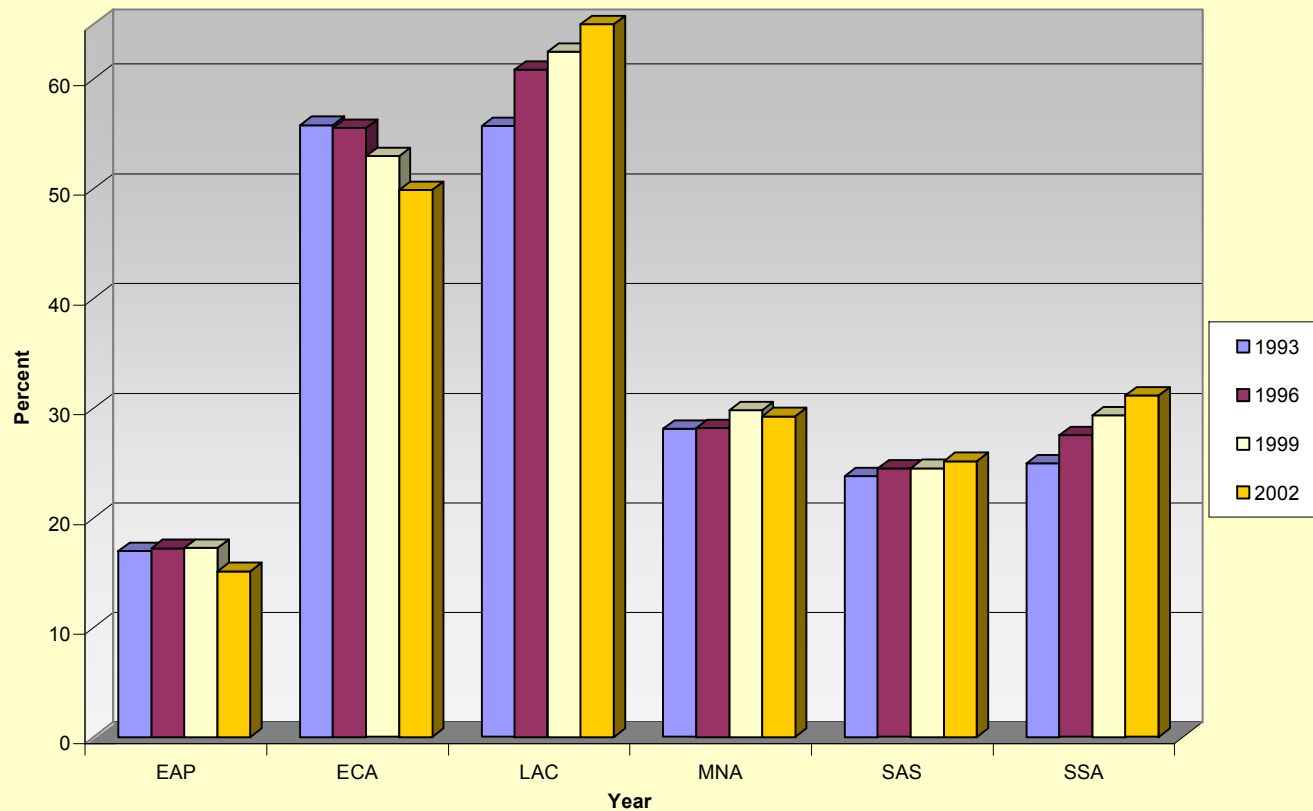
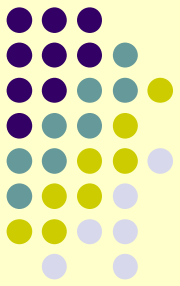


Figure 4: Urban Share of Total Poor
(\$2/day poverty line)



II. Key Issues for the Urban Poor



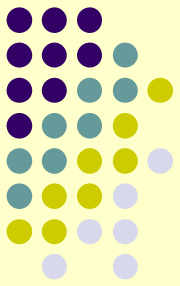
● Jobs

- Urban poor have low skills, low wages, unemployment, under employment
- Work mostly in the informal sector, no social insurance
- Youth unemployment is a major problem, linked to social problems

● Living conditions and tenure security

- Typically live in slums: overcrowding, lack of infrastructure, poor quality housing, limited access to services, insecure land tenure
- Estimates of approximately 1 billion people living in slums
- Substantial variation in slums; age; location (inner-city versus peri-urban); size.

Key Issues for the Urban Poor



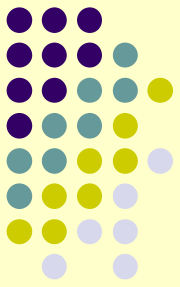
● Infrastructure and Services

- Necessary for urban growth
- For the poor, problems of access, quality and affordability
- Networks often don't go into slum areas, connection charges are unaffordable, poor end up often paying more for water, sanitation, electricity

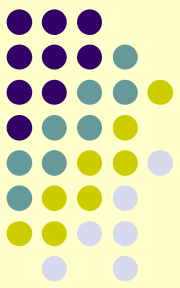
● Risks

- Health (overcrowding, inadequate water and sanitation, indoor air pollution, HIV/AIDS)
- Disasters, climate change
- Environmental
- Economic shocks – financial, food crisis

Key issues for the Urban Poor



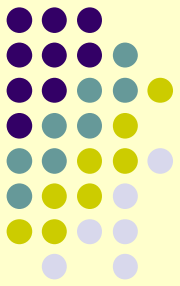
- **Location, Mobility and Transport**
 - A majority of the poor live in undesirable locations
 - Trade-offs between inner city and peri-urban areas
 - Transport costs can be huge
 - Neighborhood effects (social networks, stigma)
- **Inequality**
 - Stark in urban areas
 - Tends to be highest in big cities
 - Links to exclusion, and crime and violence



III. Regional Characteristics

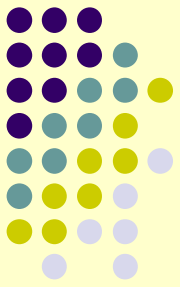
- Sub-Saharan Africa: Rapidly urbanizing, little access to water, sanitation, HIV/AIDS
- South Asia: Mega cities, major challenges of city management, large slums
- East Asia and Pacific: Rapidly urbanizing, challenges of keeping up with basic services
- Latin America and Caribbean: Highly urbanized, segregated, problems of crime and violence
- Middle East and North Africa: Relatively lower levels of urban poverty, but youth unemployment and political instability is of major concern

IV. Programs and Policies for Reducing Urban Poverty



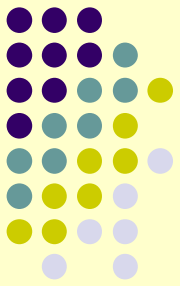
- 1. Economic Growth
 - Broad evidence on links between urbanization and growth, and growth and poverty reduction.
 - Policies focused on defined property rights, good investment climate, well functioning labor, land, and financial markets, broad access to infrastructure and education.
 - Case: Vietnam
- PRSPs are important policy instruments but urban has generally not been well covered.

Programs and Policies for Reducing Urban Poverty



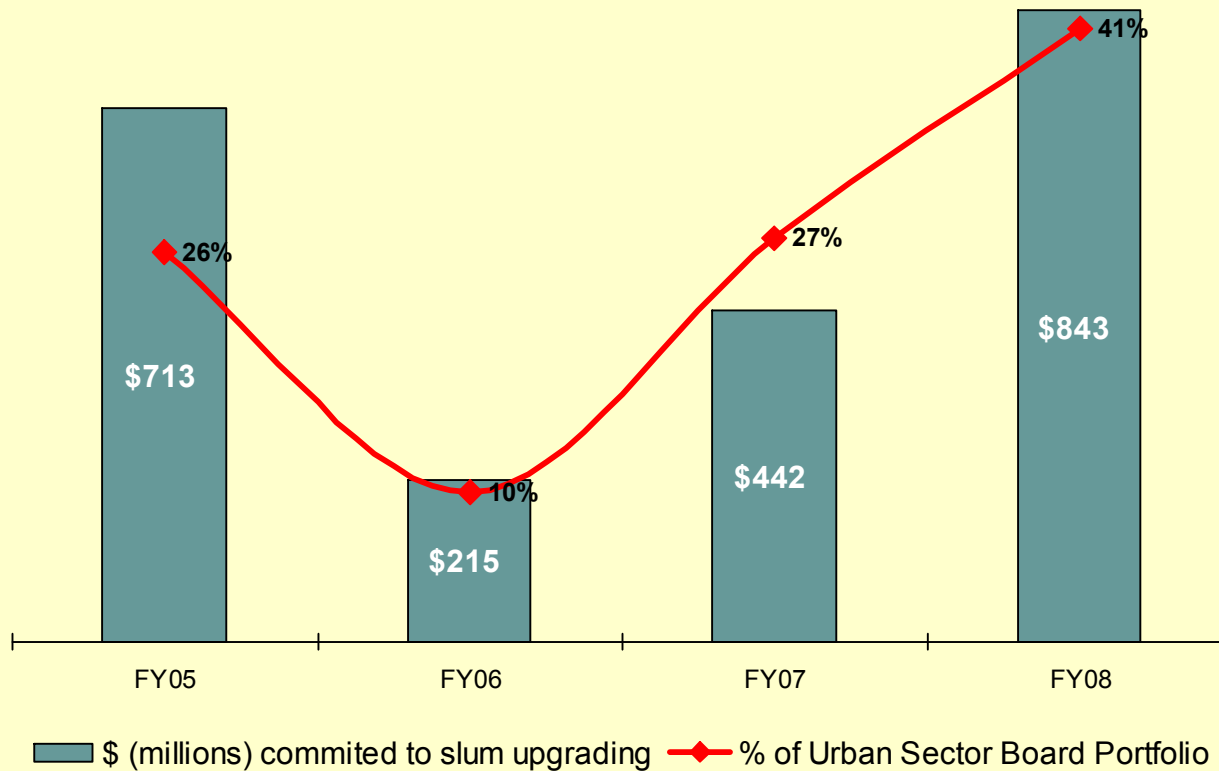
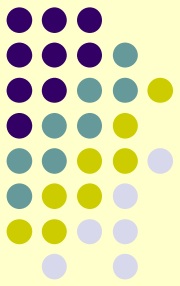
- 2. Improving Living Conditions
 - Slum upgrading, legal and regulatory reform on land policy, land tenure, infrastructure services
 - Many benefits of slum upgrading documented (increases in coverage to infrastructure, property values, health outcomes).
 - Approaches will vary by location
 - Learning from lessons on impact
 - Challenges at the project level with implementation, O&M, and can be costly
 - Broader challenge of scaling up
 - Slum prevention is more effective, less costly

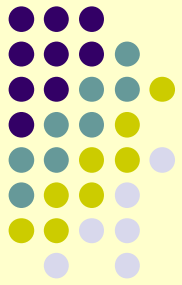
World Bank Lending Portfolio: Urban Services to the Poor



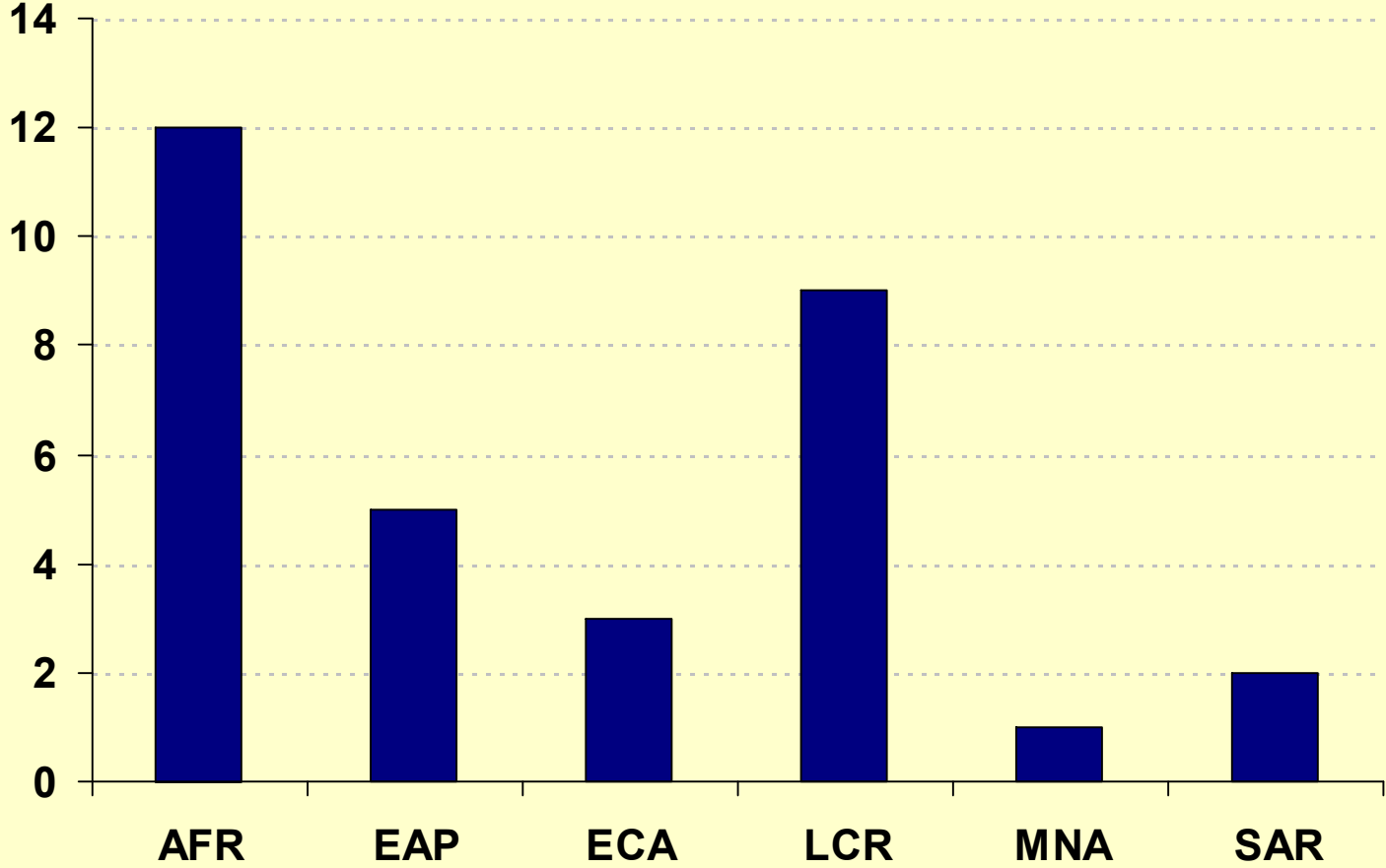
- Lending on the rise, between FY05-08, over \$2 billion was committed
- Average of 30% of urban sector lending
- 32 projects, FY05-08
- Mostly in Africa and LCR, though allocations highest in EAP and LCR

Urban Services to the Poor Commitments (\$ millions) as % of Urban Sector Board Lending, FY05-08

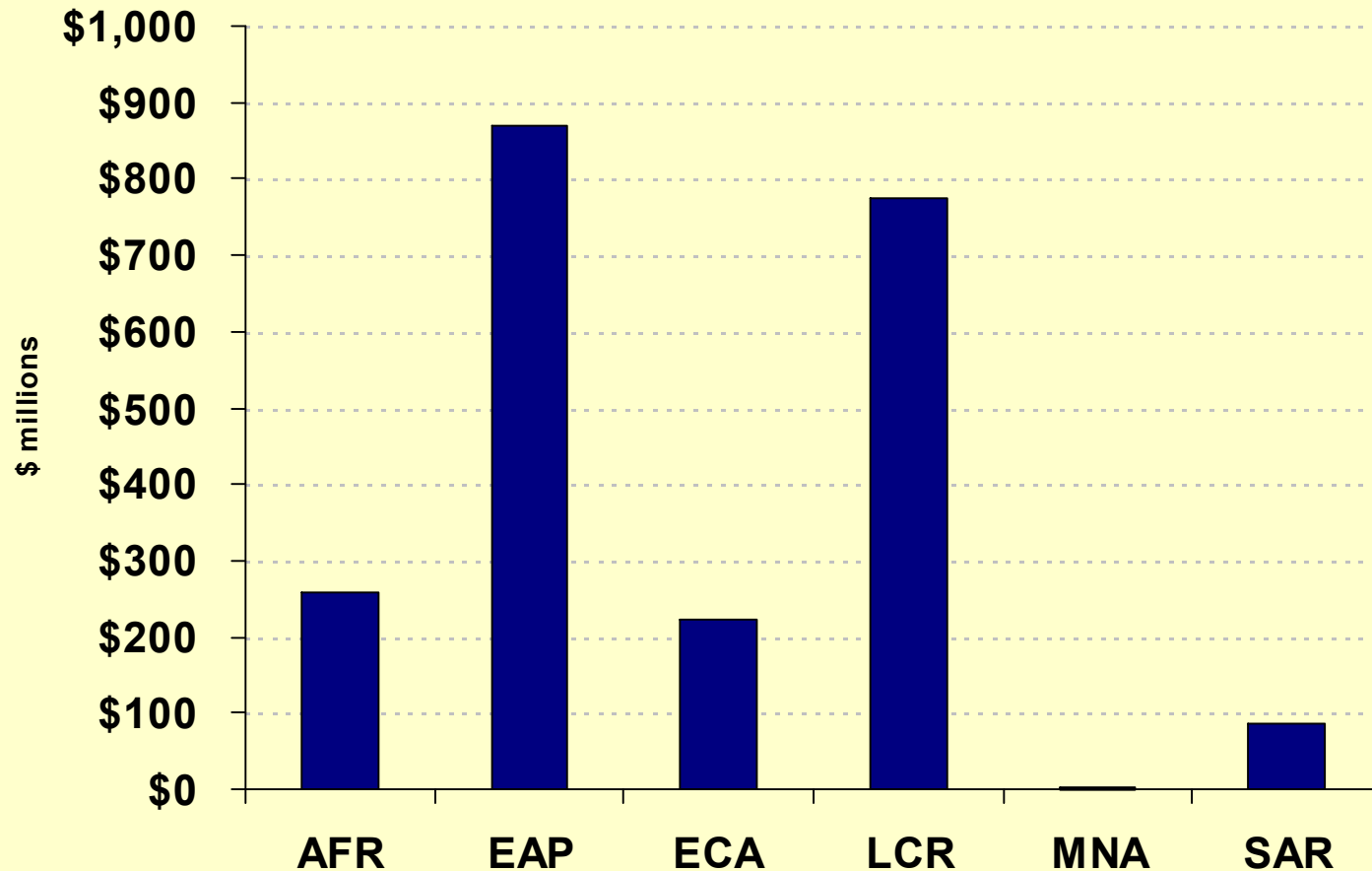
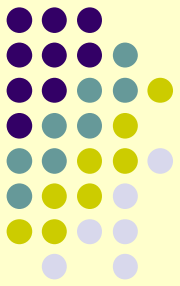




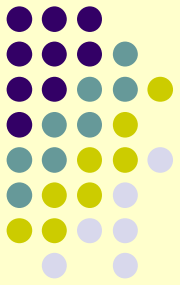
Number of USB Projects with Urban Services to the Poor Components FY05 – FY08, by Region



Commitment Amount (\$ millions), Slum Upgrading, FY05 – FY08, by Region

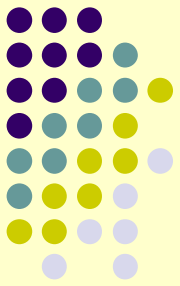


Programs for Urban Poverty Reduction



- 3. Income and Employment Programs:
 - Job training: mixed experience
 - Microfinance: shown to help poor to build assets, much scope for scaling up
 - Urban agriculture: income generation and food security
 - Childcare: allows greater entry to LM by women
 - Public works programs: can be very effective during crisis, can be designed for urban poor

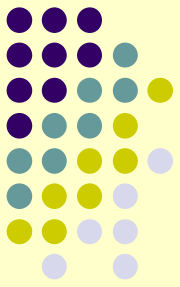
Programs for Urban Poverty Reduction



● 4. Social Safety Net Programs

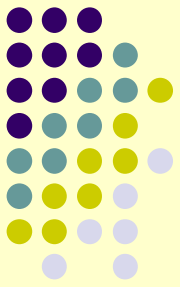
- Conditional Cash transfers (Mexico, Brazil, Bangladesh)
- Social assistance for vulnerable groups: cash transfers, feeding programs, vouchers, fee waivers
 - Programs tend to be temporary
 - Issues of targeting design in urban areas

Strategies for Reducing Urban Poverty



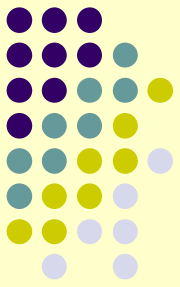
- What can Governments do?
 - Growth, macro stability
 - Healthy labor markets
 - Invest in human capital
 - Ensure the provision of basic services, infrastructure
 - Promote policies to reduce the inequality gap
 - Strengthen capacity at the local level
 - Tackle land issues

A strategy for the Bank on urban poverty reduction...



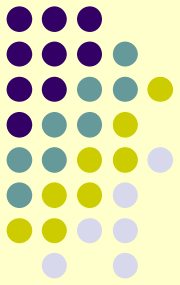
- Livability pillar of 2000 strategy is the starting point, priorities have not changed
- Growth remains critical
- Expanding support on:
 - Service delivery for the urban poor, integrated slum upgrading
 - Programs aimed at slum prevention
 - New approaches and instruments: Policy lending, partnership with Cities Alliance, OBA approaches, WSP, private sector financing

A strategy for the Bank on urban poverty reduction...



- Strengthening local governments to implement programs aimed at poverty reduction
 - Sustained efforts
 - WBI, CA initiatives
- Increasing support for analytical work on urbanization, urban poverty and slums
 - Fill in knowledge gaps at the city, country level (slums and vulnerability mapping, dynamics over time, constraints to employment, services, evaluation of program impacts)
 - Contributes to country dialogue, PRSP
 - Critical input to pipeline

A strategy for the Bank on urban poverty reduction...



- Promoting equity and reducing exclusion
 - More equitable access to basic services
 - Investing in human capital of the poorest, focusing on youth
 - Addressing property rights
- Improving the Bank's effectiveness
 - Mainstreaming urban in our country assistance strategies, PRSPs
 - Working multi-sectorally
 - Documenting lessons learned/ good practice
 - Collaboration with partners