Addressing Urban Poverty, Inequality, and Vulnerability in a Warming World

Key Messages

• The poor make up an increasingly large component of Asia-Pacific developing countries’ urban populations; urbanization processes in these countries is leading to increased poverty and deprivation in cities.

• Urban poverty challenges are multidimensional, the most visible and enduring faces of which are the growing slum and squatter settlements linked to insecurity of tenure and inability to access basic services.

• The adverse impacts of climate change have intensified the vulnerability of the urban poor, worsened by their informal legal status, limited access to housing, basic services and social protection.

• As Asia-Pacific continues to urbanize, many of the region’s development challenges – job creation and poverty reduction, governance and access to services, climate change and environmental sustainability – will be focused in its’ cities.

I. Urban Poverty in Asia and the Pacific

Cities are at the centre of Asia-Pacific’s economic growth and development. They provide the environment and social milieu in which more and more people live their lives. Urban areas in the region, though containing around 42 percent of its population, account for 80 percent of the region’s GDP. Urbanization in Asia and the Pacific is proceeding at a scale and speed unprecedented in human history. It took 210 years for urbanization rates in Latin America to rise from 10 to 50 percent. Asia and the Pacific as a whole will take only 95 years to achieve the same level of urbanization, some countries in the region will require less than 60 years. While Asia-Pacific hosts over half of the world’s 20 megacities, over 60 percent of the region’s urbanites live in urban areas with populations of less than 1 million, often experiencing higher population growth rates than primary cities. Secondary cities also act as local economic growth centres, markets and processing centres for rural products, and bridges between rural areas and large urban centres, and yet most often lack basic infrastructure and services, as well as inclusive urban management capacity. Most have not developed global or even national linkages and are struggling to accommodate growing populations with lagging job creation and weak revenue bases.


\[2\] UNDP. 2013. *Sustainable Urbanization and Poverty Reduction: A Strategy Paper for Asia and the Pacific*. Bangkok: UNDP APRC. Note: Many Asia-Pacific countries already host over 50% of their population in urban areas; however, additional countries which will join them in less than 60 years from 2010, include: Fiji, Lao PDR, Pakistan, the Philippines, Indonesia, Myanmar and Thailand.


The region displays a strong urbanization–GDP linkage, attesting to the global evidence that urbanization and growth go together: no country has ever reached middle-income status without a significant population shift into cities. Conversely, the processes of urbanization in Asia-Pacific developing countries have been characterised by an emerging trend of increasing poverty in urban areas, and the poor make up a growing percentage of developing countries’ urban populations (see Table 1). Urban poverty stands neglected as there are no recent comparable estimates of the number of urban poor based on income. The last urban poverty estimates on the basis of the income poverty lines of US$1 and US$2 are available for the year 2002, as seen below.

Table 1: The Changing Face of Urban Poverty

<table>
<thead>
<tr>
<th></th>
<th>Number of poor (million)</th>
<th>Percent of developing world’s population below poverty line</th>
<th>Urban share of the poor (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Urban</td>
<td>Rural</td>
<td>Total</td>
</tr>
<tr>
<td>$1 a day</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>236</td>
<td>1,036</td>
<td>1,272</td>
</tr>
<tr>
<td>2002</td>
<td>283</td>
<td>883</td>
<td>1,165</td>
</tr>
<tr>
<td>$2 a day</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>683</td>
<td>2,215</td>
<td>2,898</td>
</tr>
<tr>
<td>2002</td>
<td>746</td>
<td>2,097</td>
<td>2,843</td>
</tr>
</tbody>
</table>


As developing countries in Asia-Pacific continue to move toward middle-income status, urbanization processes in countries such as China have impacted greatly on reducing the percentage of people living in poverty. However, at the same time, absolute numbers of people living in poverty, especially in middle income countries and cities, have continued to rise. Inequitable and unplanned rapid urban growth in developing countries have led to the emergence of highly vulnerable urban communities, particularly those living in informal settlements. There is a clear need for criteria for counting the urban poor beyond income poverty. Urban poverty has a multi-dimensional nature, of which slum and squatter settlements represent the most visible and enduring face in developing countries. According to the latest (2012) estimates from UN-Habitat, there are an estimated 850 million urban dwellers in slums and slum-like conditions globally, with over 500 million of them in Asia-Pacific cities (see Table 2).

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7 Ibid.
Table 2: Urban Slum Population at Mid-Year by Asia-Pacific Region (thousands), 2007-2012

<table>
<thead>
<tr>
<th>Major region or area</th>
<th>2007</th>
<th>2010</th>
<th>2012</th>
<th>Percent change (2007-2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia</td>
<td>202,809</td>
<td>197,529</td>
<td>206,515</td>
<td>1.8%</td>
</tr>
<tr>
<td>South Asia</td>
<td>192,325</td>
<td>190,647</td>
<td>200,510</td>
<td>4.3%</td>
</tr>
<tr>
<td>South East Asia</td>
<td>73,744</td>
<td>76,540</td>
<td>70,945</td>
<td>-3.8%</td>
</tr>
<tr>
<td>West Asia</td>
<td>32,470</td>
<td>34,112</td>
<td>35,704</td>
<td>10.0%</td>
</tr>
<tr>
<td>Pacific</td>
<td>520</td>
<td>552</td>
<td>575</td>
<td>10.6%</td>
</tr>
</tbody>
</table>


There have been improvements in reducing the proportion of urban populations living in slums in all sub-regions within Asia-Pacific and globally (see Table 3); however the number of people living in slums in the region is actually increasing (see Table 2), often due to physical expansion of cities and growing informal settlements. Urban poverty is a function not only of incomes and growth but also its distribution across income classes. Most of the recent growth statistics show that income inequalities have risen across countries; the GINI coefficients are sharply higher for urban incomes, with growth not having trickled down to the poor. Income inequalities matter for poverty reduction - the level of inequality indeed determines the share of the urban poor in the growth process9.

Table 3: Proportion of Asia-Pacific urban population living in slums (per cent), 2007-2012

<table>
<thead>
<tr>
<th>Major region or area</th>
<th>2007</th>
<th>2010</th>
<th>2012</th>
<th>Percent change (2007-2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia</td>
<td>31.10</td>
<td>28.20</td>
<td>28.20</td>
<td>-9.3%</td>
</tr>
<tr>
<td>South Asia</td>
<td>38.00</td>
<td>35.00</td>
<td>35.00</td>
<td>-7.9%</td>
</tr>
<tr>
<td>South East Asia</td>
<td>31.90</td>
<td>31.00</td>
<td>31.00</td>
<td>-2.8%</td>
</tr>
<tr>
<td>West Asia</td>
<td>25.20</td>
<td>24.60</td>
<td>24.60</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Pacific</td>
<td>24.10</td>
<td>24.10</td>
<td>24.10</td>
<td>0.0%</td>
</tr>
</tbody>
</table>


Poor people in cities may have greater cash incomes than in rural areas, but these may be unstable and inadequate, especially when considering the higher costs of living in cities, particularly for transport and housing services. The urban poor often do not own the land they occupy or have a formal legal identity needed to possess housing registrations and building permits. Environmental health, especially for women and children, can significantly impact their livelihoods and well-being. Limited or weak social networks can make recovering from risks and shocks, both natural and man made, a challenge.

Poverty linked to equitable land management in peri-urban areas is a particular problem with confusion between urban and rural governance arrangements and the growth of slums on the periphery of cities. Often the urban periphery is where the most vulnerable urban poor reside; where infrastructure and services are weak or totally non-existent; where land grabbing, haphazard developments and environmental degradation are rampant; and where urban governance arrangements and authority are weakest.10

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Urban poverty often stands neglected in policy-making in the region, given the historical levels of rural poverty. This bias persists even today in many countries, which look at urban poverty as a marginal issue. However, interest in urban poverty issues is increasing as a result of efforts to see poverty beyond income, including the issues of risks and vulnerability, structural inequalities, governance dimensions and inter-generational transmission of poverty. Vulnerability originates from different sources ranging from short-term external shocks, to long-term structural challenges, to achieving sustainable poverty reduction and human development in the urban context. The urban poor are primarily vulnerable to shocks and stresses due to limited access to traditional or informal safety net arrangements or coping mechanisms in times of stress or need. Nevertheless, the exclusive focus on income poverty risks overlooking the underlying causes of vulnerability, which revolve around social and environmental dimensions.

In recent years, urban poverty has become a subject of global attention due to its direct link to a lack of decent employment opportunities, especially for youth and women. The World Bank 2013 World Development Report on employment noted many causes of poverty; however, one critical reason is the lack of jobs and underutilization of labour capacity. The Report estimates that there will be no net gain in employment in rural areas in Asia after 2020. In the Asia-Pacific region, a prominent challenge for the urban labour market is therefore the creation of sufficient jobs for the rapidly growing labour force, particularly urban youth. For instance, in Indonesia the share

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of total unemployment concentrated in urban areas grew from 55.2 percent in 2008 to 60.2 percent in 2012. For young urban jobseekers aged 15-24, the unemployment rate in 2012 was 22.5 percent, nearly five times the urban adult unemployment rate. Similarly, in Metro Manila, in the Philippines, youth unemployment was an alarming 28.1 percent, more than four times the rates for adults. In Viet Nam, more than one-half of the unemployed population resided in cities in 2012 and youth accounted for nearly two-fifths of the urban unemployed.

Another key concern is the quality of employment as large segments of urban labour markets are characterised by informality, vulnerability and casualisation. For example, across a sample of six cities in China, nearly one-third of all workers outside of the agricultural sector were informally employed. In Cambodia, nearly three out of five urban workers were vulnerable as an own-account or contributing family worker in 2009. In Indonesian cities, the number of casual wage workers increased by more than one million (or 33 per cent) to 4.1 million between 2008 and 2012.

Furthermore, women face considerable disadvantages in terms of economic participation, opportunities and security in the urban areas. Economic participation of urban women is substantially lower than men in many cities of Asia. Women in the informal sector are often self-employed home-based workers or street traders. They also work in many high-risk sectors, for example as waste-pickers, street vendors or construction workers. Informal employment poses a number of risks for women and children in developing cities. Gender gaps in wages and earnings are quite significant in the urban areas.

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16 Own-account workers are those workers who, working on their own account or with one or more partners, hold the type of jobs defined as a “self-employment jobs”, and have not engaged on a continuous basis any employees to work for them. Contributing family workers are those workers who hold “self-employment jobs” as own-account workers in a market-oriented establishment operated by a related person living in the same household. See: ILO: Decent Work Country Profile: Cambodia (Geneva, 2012), p. 19, available at: http://www.ilo.org/integration/resources/pubs/WCMS_185267/lang--en/index.htm.
18 For example in Bangladesh, economic participation of urban women in 2010 was merely 34.5 percent, nearly 46 percentage points lower than that for urban men, see Bangladesh Bureau of Statistics: Key Findings of Labour Force Survey 2010, available at: http://www.bbs.gov.bd/WebTestApplication/userfiles/Image/keyfinding/Labour%20Force%20Survey%202010.pdf.
20 For instance, in Bangkok (Thailand), the gender gap in wages was considerable with men earning nearly 16 percent more than women in 2012 (see ILO estimates from tabulations by the Thailand National Statistics Office of the National Labour Force Survey (4th Quarter 2012), available at: http://service.nso.go.th/nso/nso_center/project/search_center/23project-en.htm). In Cambodia, the male-female differentials in earnings were high and rising in urban areas at 32.8 percent in 2009, an alarming increase from 14.3 percent in 2004 (see, ILO: Decent Work Country Profile: Cambodia). In Metropolitan Manila (Philippines), around 70 percent of working women earned a regular wage, whereas the comparable rate for men was 78 percent.
In addition, the way the burden of unpaid care work is distributed across different individuals has important implications for men and women’s wellbeing. As primary caregivers, women are responsible for ensuring children go to school and also accessing medical treatment for family members, which can pose an extra burden in countries with high rates of communicable diseases and poor access to health facilities. A 2010 study that examined urban advantage in maternal health in 30 countries, including those in Asia-Pacific, showed that there were substantial inequalities in access to maternal and newborn health in urban areas, and that the ‘urban advantage’ for some was non-existent despite the close proximity to services. Women and men use urban services, access urban environments, and are impacted upon by cities differently. Women also experience high rates of sexual and gender based violence in urban contexts, particularly in public transport and unsafe community spaces. Furthermore, since women in many societies are more likely than men to work in or near the home, they are less likely to commute long distances. For their more frequent, local trips, women tend to rely on public transport, if it exists, is safe and affordable. Some cities such as New Delhi and Mumbai have, for example, responded to frequent sexual and gender based violence in public transport by introducing ‘women only’ buses and special compartments in trains. It is vital that the impact of these multi-dimensional challenges on the location of facilities and services as well as the design of cities and urban poverty interventions be better understood by urban development stakeholders in the region.

24 Ibid.
II. The Urban Poor and Climate Change

The human dimensions of climate change, especially its impacts on the daily challenges of the urban poor in terms of employment, livelihoods, safety, health, housing, and access to basic services are critical for successful policies to create inclusive and resilient cities. Climate change presents numerous challenges in the urban context. Its impacts are expected to hit those living in poverty the hardest. Traditionally, cities were located near rivers and oceans for a myriad of reasons, including transportation to facilitate international trade networks and access to potable water for drinking and agriculture. Therefore, they are particularly vulnerable to rising sea levels and increasing severity and frequency of flooding. By and large, cities have high concentrations of the poor who are particularly vulnerable to climate change. Poor city residents in Asia-Pacific tend to live in the most vulnerable locations, such as the low-lying coastal areas, which are particularly vulnerable to storm surges (see Figure 1). Poor communities are often concentrated in flood-prone areas alongside rivers or even directly on watercourses, but also on steep and unstable land.

Figure 1: Percentages of Urban Populations Living in Low-Elevation Coastal Zones, 2000

Given the deprived living conditions in slum or squatter settlements, the urban poor are more susceptible to climate-related risks, which have increased the likelihood of more frequent and severe flooding, compounded by non-climate factors (such as land subsidence and poor drainage). The urban poor living in peri-urban areas and slums are particularly vulnerable as they disproportionately live in high risk unplanned areas and poorly constructed homes, have limited access to basic and emergency services, lack voice and access to civil and political rights, and suffer from a general lack of economic resilience.

The urban poor have to make difficult choices in regard to where they reside. This decision often involves trade-offs between proximity to economic opportunities, security of tenure, provision of services and protection from extreme events, and cost. As a result, informal settlements are often located in high-risk areas. A household’s capacity to cope with the occurrence of a disaster also varies according to income levels, house type, geographic location within the city, and the holding of insurance policies to offset incurred damages.

Moreover, climate change aggravates water resource constraints for the urban poor; growing demand, decreasing availability and quality will increase general water prices and have profound impacts on people’s health. Informal settlements without piped water often have to get their water delivered in tankers, generally paying much more than the rich. Due to limited resources, cities in Asia-Pacific developing countries also have relatively limited sewage systems. In addition, the region, especially South Asia, has some of the world’s worst urban sanitation coverage, ranked higher than that of only Sub-Saharan Africa (see Figure 2). Similarly, changes in global temperature and precipitation can also lead to the expansion of dengue, malaria and other infectious diseases.

**Figure 2: Percentage of Urban Population with Access to Improved Sanitation, 2010**

![Graph showing percentage of urban population with access to improved sanitation, 2010.](image)


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As Asia-Pacific continues to urbanize, many of the region’s development challenges — job creation and poverty reduction, governance and access to services, climate change and environmental sustainability — will be focused in its cities. The coming years will see massive physical, economic and social change, local and global climate consequences. What is clear is that the growth of cities will continue and successfully managing city growth will be critical to development outcomes and social stability. The future prospects for people in Asia-Pacific cities will be determined by the development response to rising urban poverty, inequality and vulnerability to climate change.

Limited access to basic social services, social protection and weak or non-existent social networks have magnified the adverse impacts of climate change on poor urban dwellers. These can be even more pronounced in peri-urban regions, where human settlements exist in unplanned areas where government authority between municipal and central government often overlap and conflict. Given the rapid unplanned growth of many Asia-Pacific cities, they often do not have adequate capacity or infrastructure to deliver basic services to the poor and marginalized. In addition, social exclusion and gender discrimination exacerbate the limited access to safe drinking water, sanitation, healthcare, basic education, and infrastructure to address the impact of climate-related risks and natural disasters.28

Given the rapid growth and density of urban populations and informal settlements, the urban poor and marginalized groups tend to have inadequate access to social protection and therefore rely on ineffective public healthcare systems. Primary healthcare is inaccessible to the urban poor due to a number of reasons, including high costs, limited services and lack of information. In fact, a substantial number of the urban poor do not have a legal status that gives them access to basic social services in the city. Climate change increases the complexity of urban service delivery, which largely depends on robust infrastructure as well as socio-political factors. Improving resilience of urban cities is imperative to deal with these issues in the face of global warming and climate change.

Exacerbated by the rapid economic growth and increase in demand vis-à-vis limited supply for land in urban and inner-city areas, access to affordable and climate resilient housing has become a serious challenge for the urban poor in many Asia-Pacific cities due to a number of reasons. These include land development policies in cities that do not keep pace with rapid urbanization, climate impacts, housing and land regulations and the lack of access to housing finance mechanisms for disadvantaged groups. For the majority of poor urban dwellers, insecurity of tenure often leads to forced eviction and the loss of physical capital, social safety nets, and sense of security.

Houses in informal settlements are usually built incrementally over a number of years, with materials of diverse origin and quality, and not always following accepted techniques to withstand climate impacts. Slum residents would like their houses to be more resilient but they lack sufficient resources to do so or are reluctant to spend on permanent structures when they lack title to the land they are building on. As a consequence, these houses rarely comply with official safety standards and there are no controls in place. Most buildings are used intensively – with high levels of overcrowding and a mix of living and working spaces. This is often combined with a lack of maintenance and with environmental conditions (e.g. proximity to river edges and coastal areas) that cause rapid deterioration. Houses are not as solid or as insulated as they should be and are often built on inadequate foundations (many on landfills or unstable land). Also, most low-income groups live in housing without adequate air circulation or insulation, and during heat waves, the very young, the elderly and people in poor health are particularly at risk. The poor quality of housing is an additional vulnerability factor to climate-induced disasters.

III. Toward More Inclusive and Resilient Cities in Asia and the Pacific

While cities now occupy centre stage in the region’s economic growth and development, the twin challenges posed by rapid urbanization and climate change are not yet reflected in most national policies and plans. The climate challenges of urbanization across countries in the region occur at enormously different scales, scope, geography and levels of impact. The biggest challenge, as illustrated above, is that its causes and effects are multi-dimensional. Holistic strategies to address urban poverty and climate change require substantial investment in resilient livelihoods, housing, improved service delivery, gender sensitive planning and a responsive and inclusive governance and policy environment.

Resilience can be promoted through bottom-up and top-down approaches. Community-based programmes and initiatives that have been successfully implemented in the region include early warning systems and saving schemes, among others. However, building resilient communities also requires governmental action. In Asia-Pacific, as the urban population is growing fast and the undeveloped land available for housing is decreasing, the need for equitable land management by the state is increasingly recognized. Institutionalizing secure tenure approaches for men and women that favour alternatives to private land ownership, such as community leases, occupancy rights, rental, and usufruct arrangements, provides opportunities for citywide planning that is flexible and sustainable. This institutionalization could accelerate the regularization of

untenured communities, improve the quality of housing and help build urban resilience to climate shocks. Related experiences from many cities in the Philippines, for example, has shown that formalizing the tenure of informal settlements triggered the provision of resilient services to these communities, not only by government, but also by private entities such as utility companies and civic organizations31. The urban poor are more willing to invest in legalizing their water and power connections when tenure is more secure. Secure tenure and equal property rights are critical issues for women and these depend in large part on their ability to own economic assets such as land and housing. In many societies found in the region, women can be excluded from the purchase of property, inheritance and decisions about land and property resources.

The increasing frequency and intensity of climate induced disasters, rising poverty, and vulnerability of the urban poor to these impacts is bringing about greater awareness by governments in the region of the need to sustainably address and adapt to climate change impacts. In order to adapt to climate impacts, these communities will require concerted support from both public and private institutions. In addressing climate change, cities should foremost protect and improve conditions and opportunities for their poor and vulnerable communities.

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