



SDC-IDS Collaboration on Poverty, Politics and Participatory Methodologies

Briefing Paper

CITIES, URBANISATION AND POVERTY REDUCTION

EXECUTIVE SUMMARY

The world is in the midst of demographic and urban transitions of staggering proportions, but while there are still enormous increases in urban population to come, in most of the world the rapid part of the transition is past. The annual increment to the world's urban population recently peaked at about 80 million people, roughly half the result of natural population growth and half the result of urbanisation (the increasing population share living in urban areas). Most urban growth is now in Asia, though by mid-century Africa should account for more than half.

Urbanisation is economically advantageous, but the politics of urban economic growth tend to be socially and environmentally disruptive. Economists often laud cities as engines of growth, while sociologists have long criticised cities that aspire to become growth machines. The challenge is to support vibrant local economies without allowing the benefits to be monopolised, public-private relations to become corrupt, or ignoring costly environmental impacts or destructive social conflicts.

Inclusive cities and towns are important whether urbanisation is being driven by improving urban conditions, or rural decline/crises. When cities and towns exclude, vulnerable groups are easily squeezed between declining villages and unwelcoming urban centres. Very rapid rural-urban migration can in principal make life harder for existing low-income urban residents, particularly if the economy is not growing commensurately. However, existing low-income urban residents are also growing rapidly, and suffer as exclusionary policies restrict their opportunities.

Using crude dollar-a-day poverty lines it has been estimated that in 2008 only 25% of the world's poor lived in urban areas. Income poverty lines tend to underestimate urban poverty, but in any case 25% is a substantial share. Also, poverty is urbanising, with the share is up from 19% in 1990.

There are a variety of approaches to addressing urban poverty directly. Some, such as welfare and social protection programmes, depend heavily on government action. Others, such as market enhancing approaches, rely on getting the private sector engagement. Others, such as strengthening social movements and facilitated self-help, rely heavily on the actions of the deprived groups. Compared to rural poverty programmes there is a greater focus on housing and shelter, and less on production, reflecting the poverty challenges that come with urbanisation.

Urban measures to tackle poverty can also benefit rural dwellers and circular migrants, and as well as addressing urban poverty directly, national poverty can be reduced by:

- Making urban economic growth more equitable
- Making urbanisation and cities more inclusive
- Supporting the economic development of smaller urban centres and their rural linkages
- Developing better and more effective national urban strategies
- Extending social protection programmes to urban populations
- Creating resilient cities that work for the poorest

There is a healthy overlap between the SDC priority areas and the poverty priorities for urban development in the list above. There are strong individual overlaps, such as between the urban priority of resilient and equitable cities and the SDC priorities of climate change and environment and disaster risk reduction. Equally impressive, the urban priority of making cities and urbanisation more inclusive overlaps with most of the SDC priorities. Indeed the SDC priorities could help to provide a lens through which to judge different approaches to addressing these urban priorities.

1. BACKGROUND ON URBANISATION, ECONOMIC GROWTH AND INEQUALITY

a. Urbanisation concepts and trends (McGranahan & Satterthwaite, 2014)

The world population is half urban and the annual increment to the urban population is peaking

The world's population is both growing and becoming more urban (see Figure 1). In 2014, the United Nations proclaimed that the world population had become more than half urban. Equally important, in about the same year the annual increment to the world's urban population peaked at about 80 million people (see Figure 2). It is projected to decline to about 60 million people a year by the middle of the 21st century. By way of contrast, the world's rural population is barely increasing, and set to start declining in the next decade or so. In effect, the world is in the midst of demographic and urban transitions of staggering proportions, but while there are still enormous increases in urban population to come, the most rapid part of the transition is past. Indeed, as illustrated in Figure 3, both urban population growth rates and urbanisation rates (the annual percentage growth in the urban share) have long been in decline.

Rural-urban migration accounts for less than half of the urban population growth

Although rural-urban migration tends to grab the headlines, about half of the urban population increase is currently the result of natural population growth. Moreover, despite the attention that megacities receive, only about 12 percent of the urban population in developing regions live in cities of over 10 million; this is projected to reach 15 per cent by 2030 (see Figure 4). This changing distribution is consistent with settlements of different sizes growing at roughly equal rates, though in any give region there often seem to be certain sized settlements growing faster than others.

Box 1: Urban definitions

Urban areas and populations: Compared to rural settlements, urban settlements generally have larger and more dense populations, a smaller population share engaged in agriculture, a higher position in their countries administrative hierarchy, and more large scale facilities (such as hospitals). International statistics generally rely on country specific definitions, most of which relate to these rural-urban differences, but whose specific criteria and cut-offs vary. Thus, those that apply population size criteria mostly use cut-offs of between 5K and 10K (ie only settlements above this are considered urban), but there are a number of countries with cut-offs well outside this range, making comparison difficult. As such comparisons should be done with care: for example, the surprisingly low levels of urbanisation in parts of South Asia largely disappeared when some researchers tried to develop more urban population statistics based on more comparable definitions.

Urbanisation and urban population growth: Urban population growth is the growth in the number of people living in areas defined as urban, while urbanization is the increasing share of a (national or regional) population that is urban. To a first approximation, a country's urban growth rate is equal to its overall population growth rate plus its urbanisation rate. Urbanisation itself is mostly the result of (net) rural-urban migration, though rural population growth also contributes to increasing density leading to rural-urban conversion.

FIGURES:

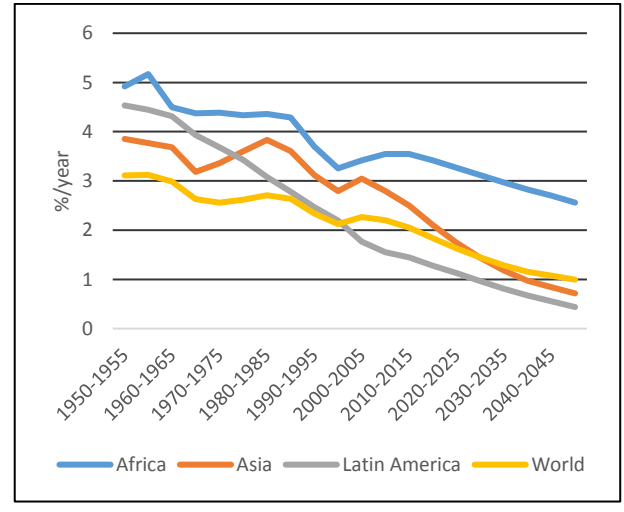
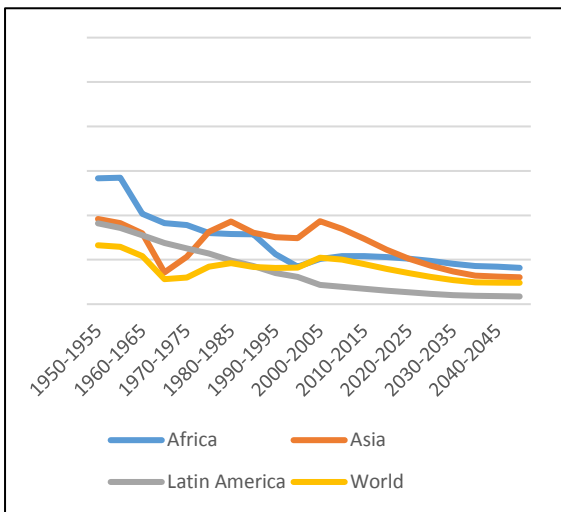
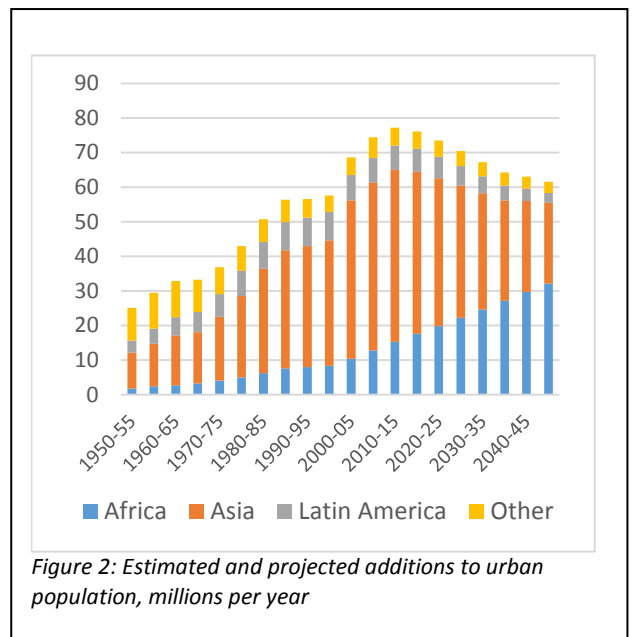
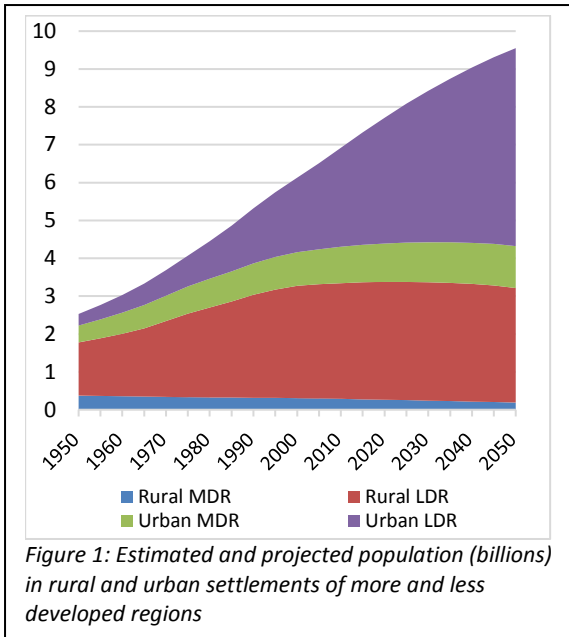


Figure 3a and 3b: Estimated and projected annual urbanisation rates (a) and urban growth rates (b), %/year 1950-2045 (same vertical axis for a and b)

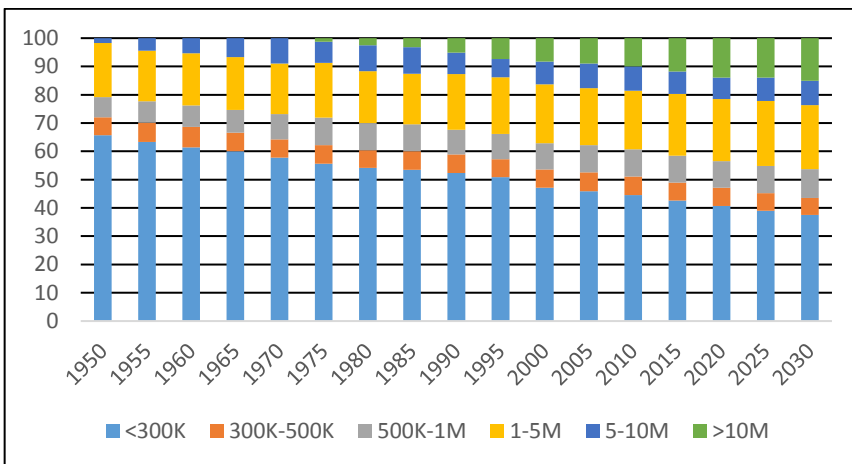


Figure 4: Estimated and predicted distribution of urban population in less developed regions by settlement size 1950-2030

Most urban growth is now in Asia, though by mid-century Africa should account for more than half

While it is fair to say that the world is in the middle of an urban transition, most of the urbanisation and urban growth are now being experienced in Asia and Africa, where most of the world's poverty is still located. The figures show Africa's urban populations growing faster than Asia's, primarily because of its higher natural population growth. It is Asia that is urbanising faster, and with its great overall size Asia accounts for about 60 percent of the world's urban population growth. However, this is expected to change as Asia comes out of its urban transition. Indeed, Africa's rate of urbanisation is expected to surpass Asia's by the late 2020's, and by the middle of the century Africa is expected to be accounting more than half of the world's overall urban growth. These estimates are uncertain, and assume business as usual, but the broad outlines are unlikely to change without major changes in the underlying trends.

b. Urbanisation, economic growth, inequality and poverty

Urbanisation is economically advantageous

Urbanisation and economic output tend to grow together, accompanied by growing inequality and relative poverty, but declining absolute poverty rates. Most non-agricultural production benefits from the scale and spatial clustering that cities allow, and as national economies move out of agriculture, urbanisation is economically explicable and desirable. The New Urban Economics that emerged in the early 1990s used the mathematical tools of mainstream economics to model this formally. For some, this new economics was taken to show how cities can become engines of growth. The World Bank brought together much of the thinking of the New Urban Economics in their World Development Report 2009, subtitled "reshaping economic geography", which made a strong economic case for the urbanisation. The report avoided any detailed analysis of the social and environmental consequences of urbanisation and growth, while indicating that it might be necessary to accept environmental and social problems during the course of urbanisation.

The politics of urban economic growth tends to be socially and environmentally disruptive

While economists often laud cities as engines of growth, sociologists have long criticised cities that aspire to become growth machines. This is at least in part because while the economists have focus on the economic benefits of cities, which can in principle be secured without much social or environmental disruption, the sociologists focus on the politics of urban economic growth, which often are very disruptive and steer the benefits of that growth to particular groups. The economic benefits of urban concentration come from sharing large scale infrastructure (such as hospitals and piped water systems), hosting large scale production facilities, creating better matches between people, enterprises and products, and more opportunities for learning from others. The politics of economic growth in cities, however, often involve attracting key investors, opening up and servicing land for favoured property developers, and boosting the reputation of the city or town as orderly, efficient and financially sound. Such politics can easily become very exclusionary and elitist, and make environmental management very difficult.

Vulnerable groups are often squeezed between declining villages and unwelcoming urban centres

Some rural dwellers will tend to lose out from agricultural commercialisation, but even the more successful cities and towns are wary of allowing in large flows of rural migrants whose economic prospects are poor. Surveys as well as anecdotal evidence suggest that authorities and elites of urbanising countries believe that their urban populations are already excessive and that it would be better if people came to the cities at a more manageable rate. More generally, cities and towns typically plan for the populations they want, not the populations they should expect. This often means that their low income populations, including migrants, are disadvantaged in their attempts to gain access to urban employment and livelihood opportunities.

Rural populations can benefit from good rural-urban links and opportunities

Even the rural populations that stay in rural areas, or only migrate temporarily, can benefit from more inclusive towns and cities, particularly when urban economies are growing faster than rural ones, and have more opportunities for informal employment. Rural people often try to improve their economic prospects by staying with urban relatives, or using urban contacts to seek out seasonal or temporary employment, or supporting someone else in the family to do so. In many countries, remittances from urban to rural areas are an important source of rural income, just as in some cases the flows of agricultural products to relatives in

the city is an important source of urban support. There are families whose economic, education, or care strategy involves having some members living in urban and others in rural areas. Circular migration between rural and urban areas is common. In effect, rural as well as urban people can benefit from economic opportunities in urban areas, even when most poor people live in rural areas.

Inclusive cities and towns are also important when urbanisation is being driven by crises.

When people are moving to urban areas as the result of rural crises, the economic benefits of urbanisation may not be realised, at least in the short term. However, people fleeing to cities do benefit considerably if they are accommodated, and a well-managed and inclusive process of urbanisation can reduce the risks of ethnic and other conflict and violence spreading. Humanitarian efforts can be more effective when they adjust to the growing importance of urban areas as places where internally displaced populations and those affected by disasters need to receive assistance.

It should not be assumed that more inclusive cities will increase urbanisation rates substantially.

Very rapid rural-urban migration can in principal growth can make life harder for existing low-income residents, particularly if the economy is not growing commensurately. However, the low income populations are also at risk when there is no pro-active planning for growth. In any case, there is little evidence that inclusive and pro-active planning has a significant effect on national rural-urban migration rates.

2. URBAN POVERTY AND COMPARISONS WITH RURAL POVERTY

a. Background on the features of poverty in urban versus rural areas (Lucci, Bhatkal, & Khan, 2016)

Urban-rural differences are less of a dichotomy than they once were, and more a set of continua

It is misleading to make a sharp distinction between rural and urban: there is a continuum from very small isolated rural settlements to enormous megacities, and another from the centre of settlements through their peripheries and into the surrounding rural areas. To complicate matters, the middle ground of this second continuum is expanding, with urban densities in most parts of the world declining, and sharp boundaries between rural and urban areas increasingly blurred. Needless to say, this also makes sharp distinctions between rural and urban poverty misleading.

Services tend to be better in urban areas, but the consequences of bad services are often bigger

Poor people in urban areas may have better access to improved services than their rural counterparts, but that can be in part because they face bigger problems if they don't. It takes less open defecation to create a health hazard in dense urban settlements, and the same pit latrine that is reasonably convenient and safe in a rural location is likely to be less so in urban areas. Much the same can apply in relation to other areas where urban services are designed in part to overcome the burdens related to urban congestion. Urban surface and groundwater are more likely to be contaminated, unlit or undrained streets are more likely to be dangerous, and accumulations of solid waste more quickly become a serious problem. It has also been argued that poor people are more exposed to violence, harassment and shaming in cities, though the evidence for this is less clear. This must be set against some of the clear advantages of living in cities.

Crowding and transport costs are often more critical to urban than rural poverty

Urban land values tend to be high, particularly in the central areas of large cities. Even within the same city, poverty may be experienced quite differently in the centre than on the periphery. In the centre, crowding within the home and of services is common. On the periphery long and sometimes costly trips to work and a lack of services are more critical issues. In some cities, migrants are more likely to rent central locations close to work when they first come to the city or when they are on their own. Then if they become more secure in their employment and social networks, they may move to the periphery to secure land and establish themselves more permanently in the city. Of course as the city expands, the periphery of today becomes incorporated into the city of tomorrow.

Many contributors to urban poverty are not reflected in low incomes

A list of key contributors to urban poverty noted in a recent review (Mitlin & Satterthwaite, 2013) cover:

1. Inadequate and often unstable income

2. High prices paid for many necessities
3. Inadequate, unstable or risky asset base
4. Inadequate protection through the operation of law
5. Voicelessness and powerlessness within political systems and bureaucratic structures
6. Inadequate provision of 'public' infrastructure and basic services
7. Poor quality and often insecure, hazardous and overcrowded housing
8. Limited or no safety net

To this could be added many more, such as poor working environments, various community scale environmental hazards, and more psychological burdens such as relative deprivation, shame and social exclusion. Urban violence can become a major threat, and while the poorest residents bear the greatest burden of violence, they can also be negatively affected by coercive efforts to police violence. Gender discrimination within households can create hidden poverty, and outside the home it can result in poverty impacting environmental hazards, such as the failure to prioritise household water and sanitation provision. Many of these create burdens that are not reflected in lower incomes (while the costs of protective measures are often treated as additional consumption). Unstable incomes and a lack of collateral may also force poor people to take out usurious loans that deplete their income. Of course many of these factors also apply in rural areas.

b. Measuring and comparing poverty in urban and rural areas (Martin Ravallion, 2016; M Ravallion, Chen, & Sangraula, 2007)

Despite their weaknesses income poverty measures remain the most popular

Income poverty remains the most commonly measured, partly because data on household income and expenditures are relatively easily available and superficially comparable, and partly because the economists that tend to think in terms of income poverty are influential and plentiful. The best known measure is the dollar a day poverty line, though with inflation the dollar has risen to \$1.90 in 2011 prices. Poverty estimates are also made on the basis of national poverty lines, which vary from country to country. Attempts are often made to adjust income poverty lines to reflect the cost of living differences between rural and urban areas, though the extent to which this captures differences in poverty is disputed.

The dollar-a-day poverty line underestimates urban poverty

The dollar a day poverty line is sometimes presented as identifying extreme poverty, as there are often many people above the line who cannot meet their basic needs. It has also been argued that income measures, and the dollar a day poverty line in particular, seriously underestimate the scale of urban poverty (Mitlin & Satterthwaite, 2013, Chapter 2). There is the concern that some of the poorest urban residents are not being captured in the surveys, that the poverty lines do not allow for sufficient income to meet basic needs, and that a narrow focus on income neglects important aspects of poverty (Lucci et al., 2016). As already noted above, there are good reasons to question the comparability of rural and urban poverty data. It is probably safe to assume that poverty rates in urbanising countries are higher in rural areas, and that most people in poverty will be rural for some time to come. However, the level of poverty in urban areas is underestimated, and the rural-urban differences may be exaggerated.

The share of dollar-a-day poverty in urban areas increased from 18% in 1990 to 25% in 2008.

Even this possibly underestimate is an appreciable share, and the figure for 2008 is 30 per cent in Sub-Saharan Africa, the lowest income region. The share of poverty in urban areas looks set to continue increasing with urbanisation, but even if the annual percentage changes in poverty counts observed from 1990 to 2008 continued to 2030, two thirds of poverty would still be rural. The shares would not be equal until around the middle of the century. In short, both urban and rural poverty need to be taken very seriously.

Table 1: Dollar-a-day poverty rates and counts for urban and rural areas by world region

| | Income poverty rate (% living below \$1.25 a day) | | | | Income poverty count (million living below \$1.25 a day) | | | | Urban Share of Income Poor (%) | |
|-----------------------------------|--|-------|-------|-------|---|-------|-------|-------|--------------------------------------|------|
| | 1990 | | 2008 | | 1990 | | 2008 | | 1990 | 2008 |
| | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban | | |
| East Asia and the Pacific | 68 | 25 | 20 | 5 | 764 | 116 | 209 | 41 | 13 | 16 |
| Europe and Central Asia | 2 | 1 | 2 | 0 | 2 | 1 | 1 | 0 | 40 | 25 |
| Latin American and Caribbean | 21 | 7 | 13 | 3 | 23 | 19 | 14 | 11 | 46 | 45 |
| Middle East and North Africa | 9 | 2 | 4 | 1 | 10 | 2 | 5 | 1 | 18 | 22 |
| South Asia | 51 | 40 | 39 | 30 | 429 | 114 | 433 | 143 | 21 | 25 |
| Sub-Saharan Africa | 55 | 42 | 48 | 38 | 202 | 59 | 259 | 111 | 23 | 30 |
| All Low & Middle Income Countries | 53 | 21 | 31 | 13 | 1354 | 308 | 908 | 325 | 18 | 25 |

Source: Martin Ravallion (2016) *The Economics of Poverty*, Oxford: Oxford University Press. Page 339. Poverty counts were calculated applying World Development Indicator population estimates to the poverty rates. Differences in the population figures used may account for slight discrepancies in the poverty count columns.

Smaller urban centres tend to have higher rates of income poverty than large ones

While the statistics on poverty in different sized urban settlements are limited, existing evidence suggests that smaller urban centres have higher rates of income poverty (for an analysis based on national poverty lines in eight developing countries, see Ferré, Ferreira, & Lanjouw, 2012). This is as one expect, and similar patterns may apply as one moves from the centre to the periphery of urban centres. Again, however, the shares in large cities or in the centre of cities are not insignificant.

The MPI also compares rural and urban poverty, but clearly underestimates urban poverty too

Many argue that poverty, along with well-being, has dimensions not captured by income alone. The Oxford Poverty and Human Development Initiative put out the [MPI](#), or multidimensional poverty index, which has also been used to compare rural and urban poverty (Alkire, Chatterjee, Conconi, Seth, & Vaz, 2014). For the 105 countries they covered, only an estimated 15 per cent of those living in poverty were urban, though the share is growing. The constituents of this poverty index are: nutrition and child mortality under health; years of schooling and school attendance under education; and cooking fuel, sanitation, water, electricity, floor and assets under living standard. Not surprisingly electricity, water and flooring contributed more to poverty in rural areas, while deprivations in child mortality, malnutrition and school attendance contributed relatively more to poverty in urban areas. Indeed, the indicators of a household's living standard are also indicators of rurality. They miss out the sorts of deprivations more common in urban areas, and ignore the extent to which urban crowding can amplify the consequences of having, for example, smoky fuels, simple pit latrines, shallow wells, and dirt floors (making a lack of electricity, improved water and flooring indicative of more extreme poverty in urban areas).

In any case, lack of poverty does not mean a city is doing what it should to address poverty

In principle, a lack of poverty in a city could reflect success at keeping poor people out, not in lifting them out of poverty. More important, as noted above, rural dwellers can benefit from more inclusive cities and towns, not only through migrating themselves, but also by remittances and favours from urban relatives and contacts, and through a tighter rural labour market, more productive family farms, and better markets for agricultural and non-agricultural production in rural areas. More generally, successful urban development can be more or less supportive of rural development, depending on the rural-urban linkages.

3. THE POVERTY-RELATED CHALLENGES AND OPPORTUNITIES OF CITIES AND URBANISATION

While most poor people may well live in rural areas, cities and urbanisation are critically important to reducing poverty, and a narrow focus on places of poverty as the places where poverty should be reduced can be very misleading. This sub-section looks briefly at some of the inter-related challenges and opportunities cities and urbanisation pose for reducing poverty. A number of these challenges and opportunities will be taken up in the following sections on urban approaches to reducing poverty.

Good rural-urban linkages can reduce rural as well as urban poverty (Tacoli, 2006; World Bank and International Monetary Fund, 2013).

Economic development benefits from close links between rural and urban areas, and the nature of these links has important implications for poverty and inequality, as well as environmental sustainability. From a poverty perspective, the ideal is for both rural and urban development to be built on a robust demand for labour, and for education and technological change to maintain rapid urban and rural productivity growth. Close rural-urban links can help urban centres take advantage of local agriculture to increase their own productive base, while also increasing the urban demand for labour and agricultural outputs, including from nearby rural areas. In practice, authorities and powerful groups in cities and towns often find that despite very low wages, the employment growth in their formal economy is far less than the growing number of job seekers. This leads to one of the major poverty challenges in urbanising countries: a tendency for towns and cities not to plan for the rapid growth in their low income populations, or to actively plan against them.

Exclusion during urbanisation has long been a source of social division and remains a major problem (McGranahan, Schensul, & Singh, 2016).

A recent study identified historic attempts to resist urbanisation in South Africa (through the apartheid system), China (through the hukou system), Brazil (through the favelas) as central to these countries' current patterns of urban exclusion. Brazil's passive approach, which did not involve a formal system of control like apartheid or the hukou, is more characteristic of other urbanising economies. It effectively pushed a large share of the growing urban population into informality, where they were probably better off than if they had been forced to stay in rural areas, but were disadvantaged in their pursuit of both urban homes and livelihoods. This was in large part the result of cities not taking measures to accommodate their predicted growth in low-income population, and instead developing standards and regulations more suited to their better off residents, but not enforcing them consistently. In Brazil and elsewhere this has contributed to the growth of informal settlements and a large informal economy.

Informality often reflects partially implemented measures of exclusion (A. Brown, 2015; D. Brown & McGranahan, 2016; Chen, 2012; Meagher, 2013).

The term informal sector was first coined in the mid-1970s by an anthropologist who had observed that urban practices, particularly in low-income settings, differed radically from the assumptions of urban policy discussions and planning. To some degree, informality is an awkward and passive compromise between active exclusion and inclusion. There are large urban informal settlements in many countries, that were developed outside and often against the formal planning process, equally often against the formal regulations, and sometimes based on informal land claims (though many residents in informal settlements rent their structures from others who may have a better but still insecure claim to the land). For reasons set out above, urban authorities tend to plan for the populations they hope for rather than the populations being predicted. The fear of large increases in the number of low income residents, and especially that due to migration, does not lead authorities to scramble to open up new land for affordable housing. Instead the growth is likely to be accommodated informally, perhaps illegally, and most likely contravening official regulations.

Urban violence and insecurity are growing issues, related to exclusion in poorly understood ways (Jones & Rodgers, 2015; McIlwaine, 2013; Muggah, 2014).

Like poverty, violence is urbanising. It is often claimed that rapid urban growth and urbanisation are a source of increasing violence generally. There is little evidence for this, but urban violence clearly differs from rural violence, and as populations, inequalities, and exclusions become increasingly urban, so will violence. Poor and informal settlements are not inherently prone to violence, but a range of factors can attract violent

groups (insurgents or drug dealers, for example), and poor relations with the state can make the violence endemic. Urban centres in fragile states are particularly prone to violence. Authorities are particularly concerned with urban violence, and when they perceive it as a threat they tend to respond by trying to impose order by force, though force alone can increase the burden on local residents, and often fails to quell the violence. More inclusive approaches can succeed, and the successes in Medellin have been well documented, but the details of what works and what doesn't, particularly from the perspective of the poor groups themselves, remains unclear.

Urbanisation and urban poverty are both gendered, affecting the levels and incidence of poverty (Chant & Datu, 2015; Tacoli, 2012).

For some women, moving out of the village and into the town or city opens up opportunities closed by the traditional restrictions of village life. But some patterns of urbanisation place a particularly heavy burden on women. When the poorest urban residents are forced to seek out informal and insecure places to live, because the cities are not planning for them, it is women and small children who bear a disproportionate share of the burden. Women in employment also tend to be more concentrated in the urban informal economy, and its low pay segments. Gender-based violence is common in both rural and urban areas, but is more of an issue outside of the home in urban areas. Urban gang violence and political violence is heavily gendered, with males as the most common perpetrators and victims of gang violence, but violence against women also an important outcome.

Climate change and disasters are amplifying the hazards of urban poverty (Revi et al., 2014).

Climate change is adding to the risks of being urban and poor, especially in low-elevation coastal areas, which account for only 2% of the world's land area, but about 13% of the urban population. Poor urban groups are vulnerable to a wide range of hazards, ranging from the more local day-to-day hazards such as poor sanitation and dangerous working conditions, to city-level hazards such as the pollution of ambient air and surface and groundwater, to global hazards such extreme weather events brought on by climate change. Reducing poverty through measures to reduce the risk of exposure to a wide range of hazards may be one of the best ways of adapting to climate change, and is unlikely to add significantly to the climate burden.

4. URBAN CENTRED APPROACHES TO POVERTY REDUCTION

a. Approaches to reducing urban poverty (Satterthwaite & Mitlin, 2014)

Poverty reduction strategies vary in their reliance on governments, markets and those in poverty

A number of different approaches to reducing urban poverty are summarised in Table 2 below. Some, such as welfare and social protection programmes, as well as urban planning and management based approaches, depend heavily on government action. Others, such as market enhancing approaches, rely on getting the private sector to be more supportive of urban poverty reduction. Others, such as strengthening social movements and facilitated self-help, rely heavily on the actions of the deprived groups. Still others, such as participatory governance and rights-based approaches are explicitly coproduced.

Table 2: Summary of eight approaches to urban poverty reduction in low and middle income countries

| Approach | Theory of change | Weaknesses |
|---|---|---|
| 1. Welfare/Social Protection , providing public assistance to those most in need or deserving. May be cash or in kind, given unconditionally or conditional on behavioural change. | The state is in the best position to support people who have fallen into poverty, and especially their children. They have an obligation to do so, and the country benefits when they fulfil this obligation. | Achieving scale is costly, and there is pressure to spend more funds than are raised. If left to cities to implement, may give them the incentive to make it difficult for those who require support to migrate in. |
| 2. Urban planning, management and service provision , with public services provided to all groups, including the poor (perhaps with cost recovery). | Good urban planning and management can address poverty while securing urban public goods and making the city or town operate more efficiently. | Modern management systems can be costly, have trouble supporting the unacceptably poor, and can become exclusionary. |

| | | |
|--|--|---|
| 3. Participatory governance , working to reduce poverty by creating the institutional mechanisms so poor groups can make government more responsive to their needs. | The poorest groups need to participate in governance, or else regulations, policies and programs else will fail to serve their needs, exacerbating rather than alleviating poverty. | Participation may be orchestrated from above, or resisted by authorities, leaving government unresponsive. Migrants may find participation particularly problematic. |
| 4. Rights based , focusing on the need for the state to treat citizens equally, and to meet its obligation to support the progressive realisation of human rights, which may include the right to the city. | By recognising human rights, and supporting their realisation with explicit policies and legal instruments, a solid foundation for addressing the worst aspects of poverty can be created. | Politically disadvantaged groups face difficulties claiming rights, and using legal tools. By privileging a legal approach, the rights-based approach may disadvantage those living and working in informal settings. |
| 5. Market enhancing , giving poor groups better access to markets, and enhancing and protecting their property rights. | With better access to markets and more secure property rights, those living in poverty will gain access to loans, receive more remuneration, and get more for their money. | Markets, including loans, often favour those already better off. Stronger property rights can undermine the use rights of the deprived, leading to evictions not better housing. |
| 6. Strengthening social movements , and collective organizations that represent the interests of the urban poor. | Strong organisations of the urban poor will be able to develop effective strategies to overcome deprivations of poverty. | Movements may lose momentum – if, for example, they focus on making demands on the state and fail to gain concessions. |
| 7. Facilitated self-help , accepting that the poorest will need to secure their own housing and services and jobs, and helping them to do so. | Provided they are given the right sort of support, the urban poor themselves are in the best position to provide themselves with basic housing and services. | Without subsidies or links to bulk infrastructure, the scope for self-help is limited. The poorest households may be excluded from such programs. |

Source: Adapted from D. Satterthwaite and D. Mitlin (2014). *Reducing Urban Poverty in the Global South*. New York, Routledge.

b. Seizing urban opportunities to reduce national poverty

Making urban economic growth more equitable (Rodríguez-Pose & Wilkie, 2015).

Many argue that economic growth is necessary for sustained poverty reduction, and some that it is sufficient. There is research indicating that while urban agglomeration is an important source of long term economic growth, investment in agricultural production has on average a larger short term impact on national poverty than investment in urban production (Dorosh & Thurlow, 2014). Thus a typical agricultural investment may be preferable from a short-term poverty perspective to an equally productive urban investment. However, whether agricultural or non-agricultural economic growth is pro-poor also depends on how it is achieved, and not all urban or agricultural investments are equally poverty reducing. A recent review argued that a sound strategy for equitable urban economic growth should emphasise the creation of decent jobs in both the formal and informal sector, and that some cities such as Alicedale town (South Africa), Medellín municipality (Colombia) and Rafaela city (Argentina) have been reasonably successful at this, with lessons for other cities. On the other hand, poor groups are vulnerable to economic growth strategies favouring the affluent, and promoting economic growth too narrowly can increase poverty.

Making urbanisation and cities more inclusive (McGranahan et al., 2016).

Inclusive urbanisation and cities are important to help create and share the benefits of urban development, and people having difficulties getting by in rural areas to find alternative routes out of poverty. Urban policies and planning, including especially those around land and informality, often make it harder for disadvantaged groups to secure the potential benefits of urbanisation. Urban exclusion rooted in such policies often affects women more than men, certain ethnic groups more than others, migrants more than long terms residents, and those living in poverty more than the affluent. Inclusive urbanisation and cities means not just removing such exclusions, but including currently disadvantaged groups, as well as migrants, more fully in the politics and economics of the cities. Some argue that it also means providing all residents with the right to the city. Especially during periods of rapid urbanisation and urban growth, inclusive urbanisation also means opening up suitable land for low cost and self-built housing on urban peripheries,

and as well as supporting better routes to low-income densification more centrally. Collaboration between local authorities and organizations of the urban poor can play an important role in this, as in the [Community Organisations Development Institute](#) (CODI) programme in Thailand, or the collaborations supported by Shack/Slum Dwellers International and [WIEGO](#).

Supporting the economic development of smaller urban centres and their rural-urban linkages

(Christiaensen & Todo, 2014; Roberts, 2014).

Small urban centres can be critical both to providing rural people with access to urban benefits, and to strengthening rural-urban linkages. Many poor rural households try to, or are forced to, decrease their reliance on agriculture, but cannot afford to or lack the contacts to make a successful move to a large city. They depend more on smaller urban centres, and especially those with links to agriculture. There is some evidence that poverty reduction is greater in countries where smaller urban centres account for a larger share of urbanisation, and support the move out of agriculture (Christiaensen & Todo, 2014). This does not justify policies that make it harder for migrants and disadvantaged groups to gain access to and benefit from economic growth in large cities. It does suggest however that if economic growth can be steered towards smaller urban settlements without incurring losses, then this should help reduce poverty.

Developing better and more effective national urban strategies (Turok, 2014; Turok & Parnell, 2009).

While decentralisation can help make government more responsive to local needs, inter-urban economic competition can make local authorities less willing to pursue inclusive policies for fear that they will attract migrants with poor economic prospects. More generally, the benefits of decentralisation for the poorest groups are more likely to be realised if there is a national urbanization strategy that encourages cities and smaller urban centres to be more inclusive, and avoids a bias towards infrastructure investment in large cities. National urban strategies vary considerably from country to country. While there is no one model that ought to be followed, successful models support good relations between local and national authorities. Moreover, the national strategy should give urban areas the incentive to compete in ways that contribute to national well-being, poverty reduction and environmental sustainability, and to avoid sacrificing national interests in striving for local goals.

Extending social protection programmes to urban populations (Gentilini, 2015).

In many parts of the Global South, social protection has been developed more for rural than for urban areas (China is an obvious and important exception). Developing more urban social protection programmes can be justified, particularly in countries where poverty is becoming increasingly urban. Since poverty takes different forms in rural and urban areas, as well as among different sorts of urban settlements, there are good reasons to take different approaches to social protection. Protection focussing on housing and neighbourhood health hazards (including those arising from poor sanitation) is particularly suitable to many urban locations. Mobile social protection that can be carried between rural and urban areas is especially suitable to urbanizing countries, where many deprived households adopt livelihood strategies that cross the rural-urban divide, and are hampered by government social protection systems that in effect restrict their mobility. Moreover, if rural dwellers bring national social protection benefits with them, local urban authorities have less incentive to exclude them.

Creating resilient cities that work for the poorest (Satterthwaite, 2013).

Climate change is a growing threat to efforts to reduce poverty. There is a danger that both urban resilience and reduced greenhouse gas emissions will be pursued in ways that further exclude deprived urban groups, by for example introducing energy regulations that are not affordable to those living in poverty. On the other hand, there is the potential to combine efforts to reduce urban poverty with measures designed more specifically to increase resilience to climate risks, or even to reduce greenhouse gas emissions. For example, reducing the costs of using cleaner and more efficient cooking fuels to the point where they are the preferred option of those living in poverty can both reduce harmful air pollution in the kitchens of the poorest, and reduce the greenhouse gas emissions. Indeed, eliminating poverty should be a key component of any city's attempt to achieve resilience.

Addressing the urban conditions and forms of exclusion that can foster violence.

Urban violence is not only a burden in its own right, but can contribute to poverty and mal development affecting a wide range of urban and rural dwellers, especially in fragile states. Urbanisation in conditions of poverty need not result in violence, but violence can arise from complex combinations of rapid urbanisation, poor relations between urban authorities and disadvantaged groups, ethnic or religious rivalries, exclusionary practices that re-enforce social cleavages, a tendency for authorities to ignore violence when it is confined socially or spatially excluded groups, and an overreliance on force to quell violence or social disturbances after they have erupted. There are inclusionary measures likely to inhibit violence that are warranted even in reasonably peaceful urban settlements. There have been some notable successes in turning around even very violent cities, along with many failures. Unfortunately, urban violence often has deep political roots that can make it difficult to ensure that efforts to reduce violence and enhance security are themselves being undertaken with the interests of the most vulnerable groups in mind.

c. Applying the lens of SDC’s priority areas to urban issues

SDC’s priority areas could provide the basis for designing programmes urban poverty programmes, building on the approaches elaborated in Section 4a above. As illustrated in Table 3, the SDC priority areas can also provide a lens for the poverty priorities for urban development that go beyond the narrow goal of addressing poverty within urban areas. The sizes of the circles are intended to represent the level of overlap. Thus the strongest individual overlaps are between the SDC priorities of climate change and environment and disaster risk reduction and the urban priority of resilient and equitable cities, between the SDC priority of employment and economic development and the urban priorities of equitable urban economic growth and stronger economies in small urban centres, between the SDC priority of governance and the urban priority of poverty reducing national urban strategies and finally between the SDC priority of peace, conflict prevention and human rights and the urban priority of pro-poor urban security. On the other hand there are some poverty priorities that overlap to a lesser degree with many SDC priorities, including inclusive cities and urbanisation.

Table 3: A Mapping of SDC priority areas and poverty priorities for urban development

| | Poverty priorities for urban development | | | | | | |
|---|--|-----------------------------------|---|--|-------------------------|--------------------------------|-------------------------|
| | Equitable urban economic growth | Inclusive cities and urbanisation | Stronger economies in small urban centres | Poverty-reducing national urban strategies | Urban social protection | Resilient and equitable cities | Pro-poor urban security |
| • basic education and vocational training | ○ | ○ | ○ | ○ | ○ | | |
| • climate change and environment | | | | ○ | | ○ | |
| • disaster risk reduction | | | | ○ | | ○ | ○ |
| • employment and economic development | ○ | ○ | ○ | ○ | ○ | | |
| • agriculture and food security | | ○ | ○ | | | | |
| • gender equality (incl. GBV) | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| • governance | ○ | ○ | ○ | ○ | ○ | ○ | ○ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| • health | | ○ | | | ○ | | |
| • migration | ○ | ○ | ○ | ○ | ○ | ○ | |
| • peace, conflict prevention and human rights | | ○ | | | | | ○ |
| • protecting the civilian population | | ○ | | | ○ | ○ | ○ |
| • water (WASH) | | ○ | | | ○ | ○ | |

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