



Are we underestimating urban poverty?

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ABSTRACT

Data collection methods and poverty measures have not caught up with the reality of an increasingly urbanised world; as a result, urban poverty may be underestimated. This has important implications for targeting interventions and allocating resources in the 2030 Agenda for Sustainable Development. Several problems affect the measurement of urban poverty: definitions of ‘slum’ settlements vary widely, data collection may undercount slum populations, insufficient data disaggregation may conceal intra-city disparities, and common indicators and assumptions may be ill-suited to assessing both income and multidimensional poverty in urban contexts. However, not enough is known about the extent to which these issues affect the resulting estimates. This paper contributes to the existing literature by illustrating the scale of the bias associated with common practices in measuring urban poverty at different stages of the production of poverty estimates. The analysis draws on selected examples in the literature alongside new analysis of data from Demographic and Health Surveys and Household Income and Expenditure Surveys. The article also provides recommendations on how to address each of these problems to improve urban poverty measurement.

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1. Introduction

With urbanisation currently accelerating in many countries, it is becoming increasingly important to raise the profile and improve our understanding of deprivation in urban contexts.

Over the last two decades, there has been a growing discussion about the ‘urbanisation of poverty’. Ravallion, Chen, and Sangraula (2008) made the first decomposition of the international dollar-a-day poverty estimates by rural and urban location. They highlighted that although urbanisation plays a positive role in overall poverty reduction, the urban share of poverty is rising. Further, the UN Human Settlements Programme (UN-Habitat) – the only source of internationally comparable data on slum dwellers – estimates that 881 million people or 30% of developing countries’ urban populations live in slums (UN-Habitat, 2014), and that this could rise to 3 billion or 60% by 2050 (UN DESA, 2013, 2014). This rise in the urban share of poverty notwithstanding, data collection methods and poverty measures have not caught up with the reality of an increasingly urbanised world. In fact, household surveys – the main instruments to collect data on poverty – have not changed much in 30–40 years, when the focus was mostly on rural poverty

(Gibson, 2015). It is therefore unsurprising that these tools are in many aspects inadequate to account for living standards in an era of increasing urbanisation.

Many argue that urban poverty is commonly underestimated (for example, Mitlin & Satterthwaite, 2013; Parnell, 2005; Sabry, 2010; Tacoli, 2007; Thanh, Anh, & Phuong, 2013). Poor urban populations, such as those living in informal settlements, are often undercounted, and the indicators used to measure basic deprivations are not providing policy-makers with the information they need to formulate and implement policy to tackle urban deprivations (Lucci & Bhatkal, 2014).

Despite well-known measurement problems (Carr-Hill, 2013; Mitlin & Satterthwaite, 2013), not enough is known about their scale. Using selected examples from the literature and new analysis of Demographic and Health Survey and Household and Income Expenditure data, this paper contributes to the existing literature by estimating the scale of the bias in urban poverty measurement at different stages of the production of poverty estimates.

While discussions about data may appear very technical, they are also inherently political and have important implications for interventions. If current estimates underestimate deprivation in urban contexts, then governments’ and donors’ priorities and resource allocations may neglect pockets of deprivation in cities. A focus on the persistence of deprivations and intra-city inequalities in urban areas is salient in the context of increasing calls for

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data-driven policy and progress tracking in international development discourse and governmental attention on 'smart' cities.

The discussions in this article are relevant to ongoing international debates about implementing and monitoring the new Sustainable Development Goals (SDGs), particularly Target 11.1 on 'ensuring access for all to adequate, safe and affordable housing and basic services and upgrade slums', as well as the New Urban Agenda (the outcome of the 2016 Habitat III conference).¹ Our analysis also speaks to the 'Leave No One Behind' agenda, which posits that progress on the SDGs should include the hard to reach; this includes marginalised urban communities, such as slum dwellers.

This paper is structured as follows: Section 2 discusses how estimates of the number of slum dwellers, arguably a high proportion of the urban poor, vary according to the definitions used. Section 3 sets out some of the problems with the data that are currently collected, particularly the undercounting of slum dwellers and the lack of disaggregated data beyond urban averages. Sections 4 and 5 discuss how commonly used indicators and assumptions can underestimate monetary and multidimensional poverty, respectively, in urban contexts. Section 6 concludes by summarising our findings and providing recommendations to address the gaps that have been identified.

2. Problems related to definitions of 'slums'

It is hard to discuss urban poverty without focusing on slums, as they often include most poor people in cities in the developing world. The term 'slum' has been used to cover a range of deficiencies in housing and basic services, and different organisations – even within a country – often use varying definitions. In this section, we show how this variation makes it difficult to measure the number of people living in these areas.

UN-Habitat has developed a cross-nationally applicable definition. A set of people living under the same roof in urban areas that lack one or more of the following are defined to be living in slums or informal settlements (UN Habitat, 2016):

- access to improved water services which includes piped connection to house or plot; public stand pipe serving no more than 5 households; protected spring; rain water collection; bottle water; bore hole; and protected dug well
- access to improved sanitation services which includes direct connection to public sewer; proper flush latrine; pit latrine with slab; ventilated improved pit latrine; and direct connection to septic tank
- sufficient living space, with fewer than four people per habitable room
- structural quality or durability of housing that is built in a non-hazardous location and has a permanent and adequate structure able to protect inhabitants from extreme climatic conditions
- security of tenure that enables them to live with security, peace and dignity – this is included in the definition but not in slum measurement due to insufficient data (UN-Habitat, 2016).

The main advantage of this definition is that it allows for international comparisons, which are of interest to donors and multilat-

eral organisations as they consider resource allocation across countries. This was the definition used to monitor the 'slum' target in the Millennium Development Goals (MDG 7, Target 11) and now for SDGs (Goal 11, Target 11.1) (IAEG, 2016). It also provides a comprehensive picture of housing and basic service deprivations in urban settings, as a household lacking even one of the conditions described above would classify as a slum.

However, this definition, while comprehensive, is not sufficiently nuanced to distinguish different types of housing deprivations needed to inform policymaking. For example, it does not include density criteria for a settlement, whereas a high density of households is a characteristic commonly associated with informal settlements. This means that, under the UN definition, a singular household living in a precarious building in the inner city would qualify as a slum household.

In principle, this would be addressed if the total number of slum households could incorporate density criteria and the type of building structure (e.g. to distinguish between a slum settlement or inner city tenement). Further disaggregation by the number of deprivations that a household experiences would also provide a more complete picture of the depth of deprivations. In fact, it is common for some of these deficiencies to be experienced jointly, which can make addressing standalone issues (such as drinking water without sanitation) somewhat problematic.²

Finally, urban deprivations across regional and country contexts are often distinct, and global generalisations can be unhelpful (Gilbert, 2013). Thus, while the UN-Habitat definition and numbers have been used to monitor global voluntary commitments such as the MDGs and now the SDGs, countries usually deploy their own definitions of slum settlements in their own planning.

Take the example of India: In 2001, the country identified slums in the Census for the first time. Slums were identified at the neighbourhood rather than household level, and defined as areas satisfying any of the following three criteria: (1) all areas in a town or city notified as 'slum' by state or local governments and union territory administration under any Act, including a 'Slum Act'; (2) all areas recognised as 'slum' by state or local government and union territory administration that may not have been formally notified as 'slum'; or (3) a compact area with a population of at least 300 people or around 60–70 households of poorly built and congested tenements in an unhygienic environment, usually without adequate infrastructure and proper sanitary and drinking water facilities.³

The first two criteria are based on administrative designations and require official recognition of neighbourhoods as slums by local or state governments. However, these definitions are inherently arbitrary, as these governments employ different criteria (MHUPA, 2010) due to varying incentives (for instance, including slums on official lists has resource implications as municipal authorities are meant to provide notified and recognised slums with basic services). The third criterion identifies areas as slum settlements based on measurable attributes, using similar conditions to the UN-Habitat definition but with the inclusion of a density criterion. These slums are often inhabited by newer migrants, and generally have poorer access to basic facilities as authorities have no obligations on provision (IIPS & Macro International, 2007). However, the definition does not define the attributes it specifies (e.g. what constitutes an 'unhygienic environment') (Patel, Koizumi, & Crooks, 2014; Risbud, 2010).

¹ Habitat III refers to a global summit, formally the UN Conference on Housing and Sustainable Urban Development, held in Quito, Ecuador, on 17–20 October 2016. The UN has called the conference, the third in a series that began in 1976, to 'reinvigorate' the global political commitment to the sustainable development of towns, cities and other human settlements, both rural and urban. The product of that reinvigoration, along with pledges and new obligations, is referred to as the New Urban Agenda. That agenda will set a new global strategy around urbanisation for the next two decades (Citiscop, 2015).

² One other criticism of the slum definition used for the MDG target (and now for the SDGs) is that it overlaps with the water and sanitation targets (Gilbert, 2014).

³ This definition was amended following from the Pronab Sen Committee (Government of India, 2010) to reduce the density requirement to 20 households, making it less restrictive. This definition is used by the National Sample Survey Organisation in household surveys; however, the 2011 national Census used the 2001 definition.

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