

# EAST ASIA AND PACIFIC CITIES

## Expanding Opportunities for the Urban Poor



## OVERVIEW



East Asia and Pacific Cities

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**Overview**

**East Asia and Pacific Cities**  
Expanding Opportunities for the Urban Poor



This booklet contains the overview of *East Asia and Pacific Cities: Expanding Opportunities for the Urban Poor*. doi: 10.1596/978-1-4648-1093-0. A PDF of the final, full-length book, once published, will be available at <https://openknowledge.worldbank.org/> and print copies can be ordered at <http://Amazon.com>. Please use the final version of the book for citation, reproduction, and adaptation purposes.

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# The Growing Case for Addressing Urban Poverty, Inequality, and Slums in East Asia and the Pacific

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Urbanization in the East Asia and Pacific (EAP) region has created enormous opportunities for many. Cities create jobs and boost productivity, while urban density has the potential to lower the unit costs of public service provision, enabling governments to extend access to basic services to more people. The EAP region stands out for its impressive rate of poverty reduction over the past two decades, with much of it occurring in cities (World Development Indicators 2016).

Rapid growth in cities, however, can create challenges. It is often difficult for cities to keep up with the growing needs of their citizens, and a lack of planning and investments in physical infrastructure, housing, and transportation invariably results in congestion, pollution, and widening inequalities for urban dwellers. Urban inequality can undermine urbanization's benefits by threatening the sustainability of the growth process and slowing poverty reduction, and it can lead to social divisions, conflict, and rising crime and violence in cities.

This study focuses on urban poverty and inequality in EAP cities, recognizing that many countries of the region, particularly those with middle-income status, are at a critical juncture in the urbanization and growth process where potential social divisions in cities could harm prospects for future poverty reduction (box 1).

With an estimated 250 million people in EAP living in slums, the region has the largest slum population in the world (much of this due to the sheer numbers of people in EAP countries). Approximately 75 million people live below the US\$3.10/day poverty line, with urban poverty existing in both lower-middle-income and upper-middle-income countries. The cities with the highest numbers of urban poor are in China, Indonesia, and the Philippines, while the highest urban poverty rates are in the Pacific Island countries of Papua New Guinea and Vanuatu, and in Indonesia and

the Lao People’s Democratic Republic (PDR). Despite the concentration of urban poor in some large cities in the region, overall urban poverty is higher in small and medium-sized cities.

There are also multidimensional aspects of urban poverty that are not captured through standardized income or consumption-based poverty studies. The living conditions in slums, where many of the urban poor reside, are often overcrowded, lack adequate infrastructure and services, and present a number of resulting health and environmental risks. Mobility and access to jobs, services, and markets are constrained by limited options for affordable transportation. The high expenses in cities for food, shelter, basic services, and commuting put considerable pressure on poor households, and the gap between rich and poor can be quite stark in dense urban environments, which can lead to social tensions.

In EAP countries, there are also particularly high risks associated with natural disasters and climate change, as the region is the most disaster-stricken in the world, affected by small recurrent as well as rare high-impact events (Jha and Stanton-Geddes 2013). Exposure to these events is very high in cities, with their concentration of people and assets, and it is the urban poor who are most acutely affected (Baker 2012).

## **Urban Inclusion: Understanding the Dimensions of Urban Poverty and Inequality**

Because traditional measures of poverty and inequality do not always capture the multidimensional deprivations and issues facing the urban poor, a more comprehensive framework is used in this study, with a focus on urban inclusion. The framework is based on three dimensions of inclusion—economic, spatial, and social—which capture important factors related to jobs and livelihoods, living conditions, and equitable rights and protection of subgroups among the urban poor; these subgroups, for various reasons, are at a disadvantage in benefiting from the opportunities that cities bring.

### **Economic Inclusion**

The economic dimension of inclusion refers to equitable access to jobs and income-generating activities in cities, which are critical to poverty reduction and economic inclusion. In cities, the poor are reliant on cash incomes, highly vulnerable to job losses and wage reductions in urban-based industries, and do not have agricultural production to fall back on as they would in rural areas. External shocks can also impact their economic inclusion, particularly if mechanisms for resilience do not exist, as is typically the case for the urban poor. Key issues related to economic inclusion for the urban poor are related to barriers to formal employment and to limited resilience, as noted below:

- **Barriers to formal employment.** Cities across EAP are a driving force in the region’s economic development and are home to industries that

### **Box 1** *East Asia and Pacific Cities: Expanding Opportunities for the Urban Poor* **Objectives and Contents**

This study aims to provide a better understanding of issues of urban poverty, inequality, and urban inclusion in East Asia and the Pacific (EAP), particularly for those living in slums, as well as presenting a set of guiding principles for creating inclusive cities through multiple, interlinked dimensions—economic (jobs), spatial (housing and services), and social (equity in rights and participation, particularly for marginalized groups). The study is aimed at policy makers, researchers, donors, and practitioners working at both the city and national levels.

A focus on urban poverty and inequality is consistent with the World Bank twin goals of ending extreme poverty and promoting shared prosperity, as well as addressing the Sustainable Development Goals (SDGs), particularly Goal 11, which focuses on “inclusive, safe, resilient and sustainable cities.” It also closely aligns with the New Urban Agenda which calls for providing basic services for all citizens, ensuring that they have equal opportunities and face no discrimination, and fully respecting the rights of refugees, migrants, and internally displaced persons, regardless of their migration status, among other important priorities.

The work draws on an analysis of existing data, literature, case studies, and two specially-designed surveys of low-income urban areas of Metro Manila, Philippines, and Ulaanbaatar, Mongolia.<sup>a</sup> As data across countries are not always consistent, the study uses specific examples to illustrate key points. Finally, this study uses numerous good practice examples from EAP to demonstrate how cities and countries have approached specific aspects of inclusion and urban poverty reduction for consideration of possible replicability.

Chapter 1 of the main study covers broad trends related to urbanization, poverty, inequality, and slums in EAP; chapter 2 reviews economic inclusion as it relates to employment opportunities and the economic costs of natural hazards; chapter 3 discusses the factors of spatial inclusion, including housing, infrastructure and service delivery, and mobility; chapter 4 presents social inclusion, including rights for the elderly, women, and migrants; and chapter 5 outlines the guiding principles for policy in addressing urban poverty and inclusion. Appendix 1 includes country-level urban poverty profiles. The city-level poverty studies for Metro Manila and Ulaanbaatar are available as companion reports.

a. These cities were selected to coincide with parallel work that benefited greatly from new data on low-income residents.

have been critical for job creation. However, the region’s high level of informality leaves many of the urban poor engaged in informal low-skill and low-wage work, without employment contracts and social insurance, and without protection against unfair dismissal. This situation results from a number of constraints related to labor markets that, in turn, stem from constraints in educational opportunities, gaps in social networks that facilitate labor market entry for specific sub-groups—notably those with lower skills, such as rural migrants, youth, and women—and mobility challenges, particularly for those living in slums on the urban periphery.

- **Resilience.** Economic inclusion is also reliant on resilience to economic shocks from natural disasters or global crises. The EAP region has faced many shocks in recent years, with significant impacts on

the urban poor. Examples include urban flooding, the 2008–09 financial crisis, and the devastating cyclones in a number of countries that demonstrate how one event can wipe out years of economic gain, especially for those with little protection. The current slowdown in trade and the growing protectionism in developed markets are affecting labor demand, which can have substantial impacts on the poor. For example, the 2008–09 financial crisis is estimated to have resulted in an additional 1.4 million people living below the poverty line in the Philippines, primarily because of labor income losses. Most of these individuals were the near-poor living in urban areas, with lower levels of skills than the general population (Habib et al. 2010).

### **Spatial Inclusion**

The spatial dimension of urban inclusion links equitable access to land, housing, infrastructure, and basic public services. Mobility is particularly important, given its role in connecting low-income residents to jobs, services, and amenities. The relationship between the urban spatial structure and inclusion is important for understanding and addressing the inter- and intra-urban disparities that can hamper urban growth.

Spatial inequality in many EAP cities is high, with major divisions in access to housing, infrastructure and services, and affordable transportation. This division is exacerbated by the rapid growth of EAP cities, which have not been able to keep up with the needs of their burgeoning urban populations. Such deficiencies are particularly evident in slums where many of the urban poor live.<sup>1</sup> When analyzing spatial inequality, three key areas stand out as lacking for the urban poor: accessibility, affordability, and quality and safety, as explained below:

- **Accessibility.** Across the region, the urban poor’s level of access to housing and basic services varies considerably. For example, in Indonesia, the Philippines, and Vietnam, 27 percent, 21 percent, and 7 percent of the urban populations, respectively, still do not have access to improved sanitation. In the two largest cities of Vietnam—while overall water access is high—only 43 percent of the lowest quintile (poorest 20 percent) have access to private tap drinking water, compared with 75 percent of the wealthiest quintile. Basic road infrastructure, at the heart of accessibility, is also often constrained in slums where roads are narrow and without sidewalks, pushing pedestrians into the street. Roads extending to the urban periphery may be too narrow or of insufficient quality to accommodate larger public transportation vehicles, further limiting access. In accessing affordable housing, a number of complex issues create limitations in the market, including high demand and restrictive land policies in cities, and a lack of finance for low-income populations. Access to basic services is further constrained by legal



Photo credit: Phnom Penh, Cambodia. [https://commons.wikimedia.org/wiki/File:Slum\\_in\\_Phnom\\_Penh.JPG](https://commons.wikimedia.org/wiki/File:Slum_in_Phnom_Penh.JPG).

documentation in informal areas, preventing utilities from installing services, and by resource and capacity constraints—particularly in rapidly growing cities.

- **Affordability.** High housing costs in cities limit affordability by the urban poor. Given the informal nature of their work or residency status, the urban poor tend to be underserved by banks that might otherwise provide financing and loans for home ownership. In terms of the provision of basic services, municipalities typically have limited resources and are not able or willing to extend services to informal settlements, which are often in high-risk areas, further exacerbating costs and concerns. As a result, low-income urban neighborhoods may only be served by small-scale service providers who lack economies of scale and therefore charge higher costs for basic services than public providers do. Transportation costs can similarly be high for low-income areas, particularly in periphery neighborhoods, leaving the urban poor with costly and lengthy commutes to reach jobs in the city center. In Ulaanbaatar, Mongolia, for example, the city’s sprawling spatial form means that the cost of providing network services to periphery *ger* areas where the city’s poorest live is prohibitively expensive. Residents then must rely on costly private services, adding further burden to their limited resources.
- **Quality and safety.** Informality and land tenure insecurity may dissuade the urban poor from making investments to improve their houses and neighborhoods. Substandard housing gives rise to serious concerns about shoddy construction and overcrowding, and the associated health and safety risks. In areas unserved by public utilities, reliance on unregulated private vendors for water provision may

leave consumers vulnerable to health problems. Finally, in regards to mobility, the EAP region leads the world in the number of annual traffic fatalities, which tend to involve pedestrians and nonmotorized vehicles. Given that these modes of transportation are favored by the urban poor, they face a higher risk of injury or death.

### **Social Inclusion**

The social dimension of urban inclusion relates to individual and group rights, dignity, equity, and security. For this study, social inclusion in cities refers specifically to the urban poor, particularly those living in slums. Aspects of social inclusion/exclusion are most visible through their uneven recognition of their rights and their weak participation in decision making. There are also subgroups among the poor who are at higher risk and for whom the effects of urban poverty can be intensified because of their identity or place in society. These subgroups may include children, youth, the elderly, women, the disabled, the homeless, and migrant workers—although conditions differ across countries.

Social inclusion is especially important in cities where, given the high density of people, there are stark differences between income groups such as the rich and the poor. These divisions can exacerbate discontent and lead to conflict. Across EAP, the most visible forms of exclusion that affect the urban poor, both directly and indirectly, are as follows: limitations on rights to land and property; limitations on citizen participation; and exclusionary policies that prevent some from accessing urban services and social protection. These issues can be particularly acute for marginalized groups, as explained below:

- **Limited land and property rights for some.** The high informality levels in the region mean that land tenure security and land ownership are elusive for many urban poor. In countries such as Vietnam, property ownership is restricted to those with urban residency status, despite high rural-urban migration rates among low-income groups. Urban residency status is needed for more than just land ownership; it can bestow a “right to the city,” which gives residency holders access to health and education services. In countries across the region, including Indonesia, Malaysia, the Philippines, and Singapore, traditional views of gender roles have been codified in inheritance and property laws to make it difficult for women to own land. This situation is particularly restrictive for low-income women who may have no other assets.
- **Citizen participation.** Across EAP, highly centralized governance structures limit participation in governance and urban planning. However, in an effort to respond to growing urban poverty, many countries have pursued citizen engagement tools to promote development. Although legal frameworks encouraging participatory planning exist in some countries, including Cambodia, the Philippines, and



*Photo credit: Shanghai, China. © Judy Baker / World Bank.*

Vietnam, their adoption varies widely and is dependent on existing enforcement mechanisms.

- **Social protection.** Adequate social protection mechanisms are an essential tool for poverty reduction and social risk management in cities. Although spending on social assistance appears to have increased in most countries in the region, spending levels remain low, and many poor households still do not receive much-needed

social assistance. In Mongolia and Thailand, for instance, coverage of the poorest stands above 90 percent because of the universal nature of the benefits; yet in Cambodia, Fiji, Indonesia, Malaysia, and Timor-Leste, are below 25 percent (World Bank 2013). Specific challenges faced in reaching the urban poor include: (1) perception that social safety nets are not required, given the vibrant labor markets in cities; (2) urban poverty numbers are underestimated, especially for migrants and informal workers; and (3) slum-upgrading and community development programs focus more on infrastructure development and less on beneficiaries.

- **Marginalized subgroups.** Among the urban poor, it is children, women, the elderly, and rural migrants that stand out as the largest groups who, for various reasons, are at a disadvantage in benefiting from the opportunities that cities bring. In some countries, youths also find it difficult to enter the labor force, particularly if they have low levels of education and skills. Low-income women disproportionately face challenges such as the following: health and safety issues; higher vulnerability to layoffs during times of economic shocks or changes in market demand; and in some countries, legal constraints to asset ownership further undermine housing security, favoring men over women. Furthermore, the proportion of elderly is rising in many parts of EAP, although there has been relatively little analysis of low-income elderly in cities; they tend to have limited access to social protection, particularly if they did not work in the formal sector. The elderly have minimal savings, growing health needs, and in some cases, disabilities. As a growing population, the elderly is a group of increasing concern in many countries. Lastly, there are a number of exclusionary policies or attitudes that discriminate against rural migrants in EAP, making it difficult for them to find housing, jobs, education, and health care. While migrants do not necessarily start out as poor, they can fall into poverty traps as they struggle to navigate the exclusionary barriers that increase the opportunity costs of integrating into city life.

The three dimensions of inclusion—economic, spatial, and social—are highly interlinked, and any approach to analyze deprivations or develop solutions to address the complexity of issues must consider all three areas. Efforts to address only one aspect of inclusion are more limited in their reach. For example, narrowly focused slum-upgrading programs may improve living conditions for specific communities, but may not open up opportunities for mobility to jobs or help to integrate these communities into the broader urban economy and amenities. Such interlinkages are also an issue at the household level and require complementary approaches.



Photo credit: © Jonathan McIntosh.

## **Guiding Principles for Public Action to Promote Greater Inclusion in the Cities of East Asia and the Pacific**

This study raises a number of challenges facing cities in EAP that, if unaddressed, will put pressure on the region's future growth, stability, and social cohesion. Yet if addressed, there is enormous untapped potential for creating more inclusive, livable cities. This situation presents tremendous opportunities at the country and city levels across the region.

The study draws on global experience and presents a set of key guiding principles for policy makers' consideration and adaptation to specific country or city circumstances. Programs and policies to tackle urban poverty and social inclusion are not intended to come at the expense of addressing rural poverty, but rather are aimed at ensuring that urbanization's benefits are widely shared and can create future opportunities for those in rural areas. The guiding principles are mutually reinforcing and intended to address the multiple dimensions of inclusion.

Implementation will need to be tailored to the very diverse country and city contexts in the EAP region. Accordingly, a typology based on a country's or city's urbanization level is used to frame priorities (World Bank 2009). Priorities are defined by urbanization level in table 1 (at the end of the overview), and discussed below:

*Incipient urbanization* refers to places that are in the early urbanization stages and typically of lower-middle-income status. Although poverty levels may be higher, at this point there is an opportunity to put in place key policies and programs that will affect future urbanization with the aim of creating inclusive, livable cities. In EAP, at the country level, these places may include Cambodia, Lao PDR, and Myanmar; and at the city level, smaller cities are included, such as Siem Reap (Cambodia), Vientiane (Lao PDR), and Hai Duong (Vietnam). These places tend to have lower density, lower levels of wealth, and lower capacity, which means they may require particular financial and technical support.

*Intermediate urbanization* is characterized by countries that are around 50 percent urbanized or cities that are medium to large and are growing rapidly. Examples at the country level include China, Indonesia, the Philippines, and Thailand; and at the city level, Phnom Penh (Cambodia), Yogyakarta (Indonesia), Yangon (Myanmar), Cebu City (the Philippines), and Hai Phong (Vietnam) are included. For such places, urbanization has largely taken place and middle-income status has been attained, but there is a substantial need to address standard housing, deficiencies in service delivery, and inequality for some groups. There may be limited financial resources and capacity for such investments that require innovative financing mechanisms, as well as capacity support to design and implement programs and policies effectively.

*Advanced urbanization* refers to countries that are more than 75 percent urbanized. In EAP such countries include Japan, the Republic of Korea, and Malaysia. At the city level, advanced urbanization would include large highly urbanized metropolitan areas such as Beijing (China), Jakarta (Indonesia), Manila (the Philippines), Bangkok (Thailand), and Ho Chi Minh City (Vietnam). Although these places may have higher-middle-income status, much wealth, and substantial institutional capacity, there may still be high urban poverty levels in some places, and the backlog of those living in slums can be substantial, requiring urgent attention.

Key guiding principles are outlined below.

### **Promoting Economic Inclusion for the Urban Poor**

- **Connect the Urban Poor with Job Markets.** Employment and income generation are critical to achieving poverty reduction and economic inclusion. A concerted effort by policy makers to better connect the urban poor with job markets is necessary if the urban poor are to secure “good jobs” or jobs with high enough wages to allow them and their households to meet basic needs. Labor markets across the region are shifting toward higher-skilled workers, making investments in



*Photo credit: Waste pickers in Ulaanbaatar, Mongolia. © Judy Baker / World Bank.*

universal primary education a key bridge between the urban poor and good jobs. At the intermediate and advanced urbanization levels, the government can bring together industry and education, and promote training programs that impart sought-after skills to meet labor market demands. Examples from Hanoi and Ho Chi Minh City in Vietnam, and Shanghai, China, show how the government can partner with the private sector in such efforts. Connecting the urban poor to jobs can require providing better transportation infrastructure and services that enable mobility in poor communities, as has been done in China and Vietnam.

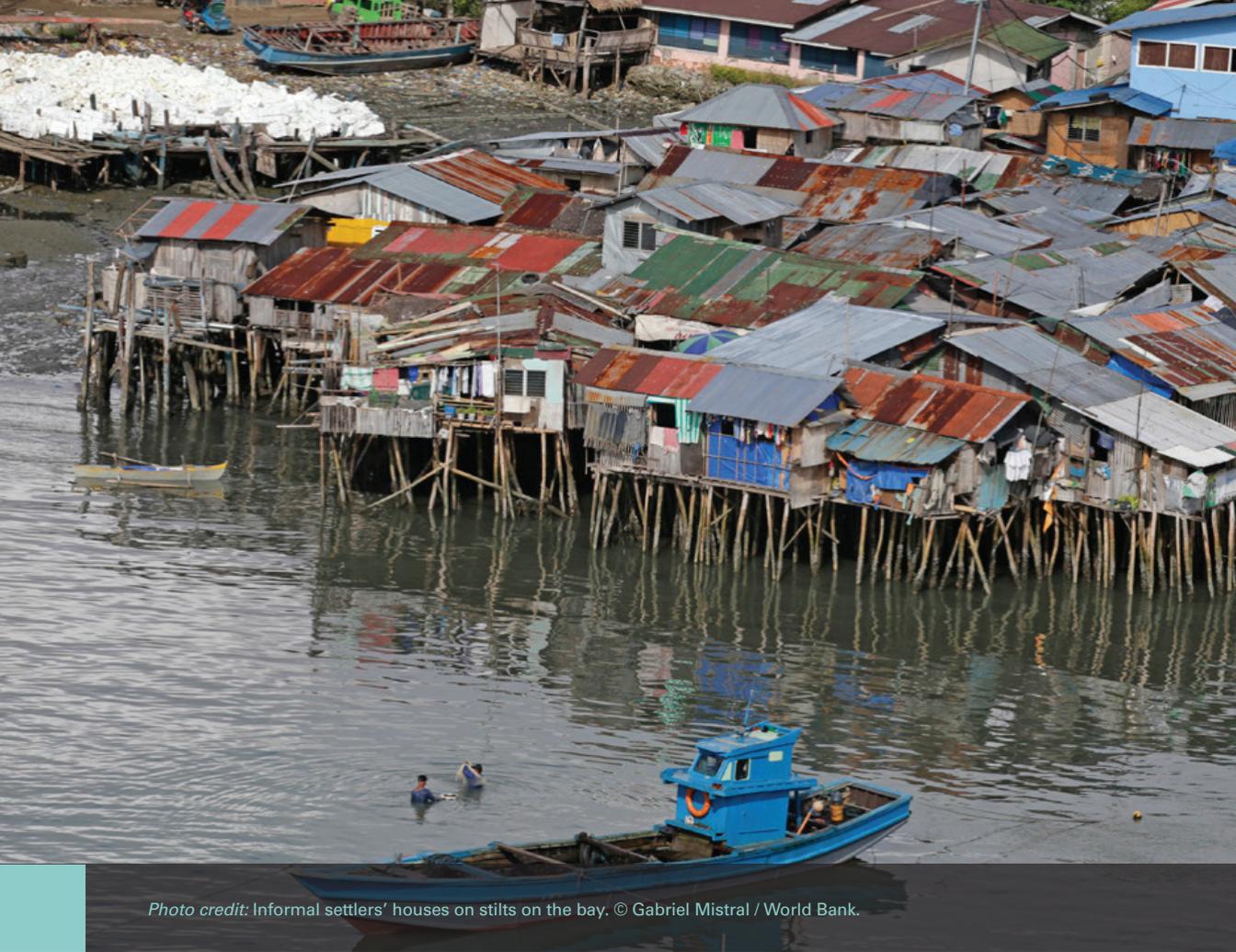
- **Encourage Pro-Poor Economic Development.** Many of the urban poor are self-employed and, without access to credit, cannot easily get capital to grow their businesses. At all urbanization levels, microenterprise initiatives fill this gap, but their reach is limited. Initiatives to expand credit to vulnerable groups can be found in Indonesia and the Philippines; however, these programs often target specific communities or neighborhoods rather than the urban poor more broadly. Policies that protect and promote the rights of informal workers are also important for protecting the urban poor,

particularly given the prevalence of informality in the region. Examples of such policies include legalizing space for informal work as seen in Indonesia, and creating laws that protect home-based works as in Thailand.

- **Build Resilience to External Shocks.** Risks from natural disasters are higher in this region than in other parts of the world, with the urban poor being particularly vulnerable. At all urbanization stages, community-level investments are important for building resilience. In Jakarta, Indonesia, for example, a Flood Early Warning System has been used to build local capacities to manage disaster risk using participatory planning, including in low-income communities. At the more intermediate and advanced urbanization levels, investments in social safety net and disaster planning programs can help the urban poor preserve economic gains. In China, Fiji, Indonesia, and the Philippines, for instance, social safety net programs offer disaster preparation activities for vulnerable groups and provide assistance for low-income residents affected by disasters. Also needed are programs and policies that provide formal funding both for preparedness measures (for example, insurance pools), and rehabilitation initiatives, such as building back the labor force and reconstructing damaged infrastructure.

### **Promoting Spatial Inclusion for the Urban Poor**

- **Invest in Integrated Urban Planning.** Spatial planning that is well-integrated with transportation planning can help reduce the inequality in access to urban opportunities and amenities. This reduction has been achieved over time in places such as Korea, Japan, and Singapore. The spatial pattern within cities is one of many factors that affect the inclusion of the urban poor, and it can be influenced by ensuring geographic alignment between jobs, markets, public transportation, health and education services, recreational areas, and affordable housing. Increased attention to urban planning, especially in incipient and intermediate cities, is required to proactively influence growth patterns so that the problems of sprawl, slums, and congestion can be avoided. At the intermediate and advanced urbanization levels, elements of pro-poor urban design include the following: prioritizing public transportation corridors and connectivity to facilitate easy connections between jobs and housing; allowing for cycle lanes and sidewalks because a significant portion of the urban poor rely on cycling or walking; and involving local governments and civil society in the planning process to ensure that local needs are met and equity considerations are included. Certain sites and services projects offer a prospective approach for growing cities in EAP, where the anticipated



*Photo credit: Informal settlers' houses on stilts on the bay. © Gabriel Mistral / World Bank.*

population increases can lead to proactive investments in the rights of way and basic infrastructure services in designated locations. This approach enables low-income households to purchase lots at a relatively low price and to build housing incrementally. There are also many approaches to building resilience through urban planning and management, particularly for high-risk areas where many of the urban poor live. These approaches need to become standard practice for cities.

- **Ensure Affordable Land and Housing.** The dysfunction of urban land markets and the shortage of affordable housing options have resulted in growing slum populations across EAP cities. Low-income residents have few options for financing home purchases or for affordable rentals. To address these constraints, beginning at the incipient urbanization level, policies must be put in place that ensure property rights are protected and that enable rapid construction permitting to have positive impacts on the overall market for affordable housing. At the intermediate urbanization levels, policies that can open access to land and improve tenure security are also very important to the

urban poor, as is seen in Iloilo City in the Philippines and with CODI in Thailand. A starting point is addressing the causes of high land prices in a given city—such as minimum plot sizes, maximum floor area ratio, and outdated zoning. Tools include the transfer of development rights; special assessment districts; density bonuses; mixed use development; and cross-subsidy schemes. Land pooling has been used successfully across the region to open up access to land. At the advanced urbanization levels, targeted subsidies, as well as land titling, land regularization, and land taxation policies and programs, can help to reach the poorest.

- **Provide Equitable Access to Infrastructure and Basic Services.** Aligned with pro-poor spatial planning in cities is equitable access to infrastructure and basic services. Investments in clean water, sanitation, and solid waste collection have tremendous impacts on health, productivity, and welfare, particularly at the incipient urbanization levels. As cities grow, ensuring affordable transportation provides access to income-earning opportunities as well as to services, such as schools, clinics, and hospitals, and it can reduce spatial disparities. To address priority infrastructure needs, slum-upgrading programs can use participatory approaches to identify and implement neighborhood-based interventions. Internationally recognized flagship programs in Indonesia, Thailand, and Vietnam are being scaled up. Other countries, such as Cambodia, Mongolia, and the Philippines, have a substantial need for slum upgrading, which requires urgent attention. The private sector has a significant implementation role.

### **Promoting Social Inclusion for the Urban Poor**

- **Recognize the Rights of all Citizens to the City.** An essential part of encouraging inclusive cities is to build on the understanding that all citizens, regardless of identity, income status, or whether they were born in rural or urban areas, can have equal access to urban services or purchase property. Coupled with this is a culture of empowerment, which engenders a sense of belonging in the urban environment. Local governments can play an important role in championing the right to the city for urban residents and investing in resources to accommodate growing populations, regardless of income level. However, local governments can also create barriers when planning strategies exclude low-income communities, informal workers, and migrants. Policies such as the *hukou* in China, or other exclusionary policies for urban migrants in Cambodia, Indonesia, and Vietnam, have historically left many behind. This situation has created divisions in society and prevented many from benefiting from urbanization. In the case of China, the situation is changing, with the recent



Photo credit: © Aileen Damatac / World Bank.

relaxation of the hukou, particularly in smaller cities. Other countries at various stages of urbanization similarly need to implement reforms to exclusionary policies to ensure equity and opportunity for urban migrants.

- **Target Marginalized Subgroups among the Urban Poor.** Funneling benefits to those who, for various reasons, cannot fully benefit from the labor market is important in promoting social inclusion. This process becomes especially important at intermediate and advanced urbanization levels as inequality rises. Social safety net programs, specifically conditional cash transfers and cash-for-work opportunities, can boost poverty reduction and inclusion in cities by providing a mechanism for vulnerable groups to achieve increased accessibility. Indonesia and the Philippines are prime examples of where these programs provide income support and training opportunities for those who fall outside the formal economy or for newcomers

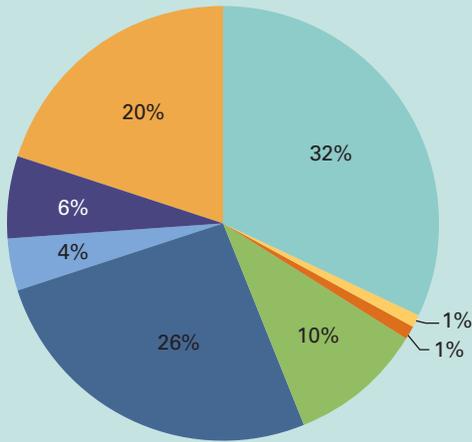
experiencing discrimination because of their identity. These programs have been adapted to address urban needs. Few such programs are available in other countries, particularly for those in informal settlements, leaving many excluded. Examples of programs representing groups such as low-income women, the elderly, and urban migrants in China, Indonesia, Japan, Korea, and Thailand, for instance, demonstrate how such programs can address vulnerabilities for those most disadvantaged.

- **Strengthen Local Governance and Embrace Citizen Engagement.** Building inclusive cities relies on good local governance through transparent and fair decision making at all urbanization levels. This process requires sufficient resources to successfully implement programs and policies on the ground. Research shows that the urban poor have less access and representation in the political system than the urban nonpoor; they have fewer opportunities than the nonpoor to shape and influence their governing institutions; and the urban poor endure a far more hostile and fearful relationship with institutions of urban law and order (Desai 2010). Engaging the urban poor in decision-making processes is important for strengthening policies, enhancing service delivery, and ensuring social stability in cities. Empowering urban dwellers to actively engage in and contribute to their cities is a powerful way of promoting social inclusion. One such program is the Asia Coalition for Community Action (ACCA), which targets inclusive slum upgrading for the urban poor in Thailand. And the Urban Community Driven Development Program in Indonesia (PNPM) encourages urban residents to take a proactive role to identify community priorities, improve relations with local governments, and design and implement community improvements. Ultimately such engagements can also help to empower local groups to organize for other community initiatives and benefits, which strengthens social cohesion within cities.

### **A Cross-Cutting Priority: Investing in Knowledge for Evidence-Based Decision Making**

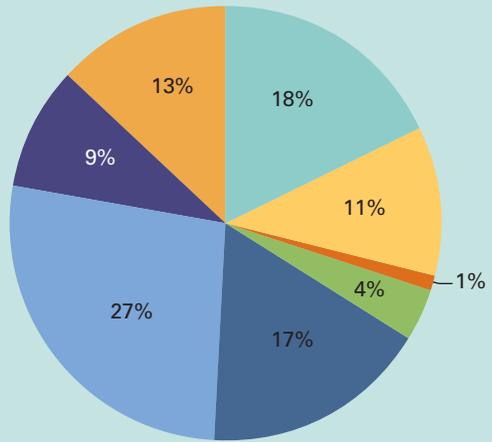
**Committing to better data and research.** A number of knowledge gaps emerged while conducting this study. Investing in reliable data and better research, as well as ensuring that results are fed back into decision making, will help to better design programs and policies aimed at reaching the urban poor and creating more inclusive, livable cities. Among the knowledge gaps

**Figure 1 Proportion of Slum Types by Area, Metro Manila**



- High dense
- Under the trees
- Linear along railways
- Linear
- Mixed
- Pocket
- Linear along rivers
- Low dense

**Figure 2 Proportion of the Various Types of Slums, Metro Manila**



- High dense
- Under the trees
- Linear along railways
- Linear
- Mixed
- Pocket
- Linear along rivers
- Low dense

Source: Derived from Metro Manila household survey data.

**Figure 3 Examples of Mixed Informal Settlements, Metro Manila**



Source: Google Earth.

**Table 1 Guiding Principles for Promoting Inclusion of the Urban Poor by Urbanization Level**

Guiding Policy Principals	Urbanization Level		
	Incipient	Intermediate	Advanced
<b>Promoting Economic Inclusion</b>			
Connect the urban poor with job markets	<ul style="list-style-type: none"> <li>Investing in primary education</li> <li>Develop strong labor market information systems</li> <li>Invest in vocational skills training</li> <li>Invest in public transportation to allow for mobility to jobs</li> </ul>		<ul style="list-style-type: none"> <li>Improve quality of education and skills training; invest in vocational and higher education;</li> <li>Provide targeted job training programs particularly for unemployed youth</li> <li>Expand investments in public transportation to all areas to expand access to jobs</li> </ul>
Encourage pro-poor economic development	<ul style="list-style-type: none"> <li>Encourage entrepreneurship and migration</li> <li>Expand access to credit through microenterprise programs</li> <li>Institute and enforce policies that promote the rights of informal workers such as legalizing space for informal work and creating laws that protect home-based workers</li> </ul>		
Build resilience to external shocks	<ul style="list-style-type: none"> <li>Support community initiatives for resilience building</li> <li>Invest in disaster planning and early warning systems in high-risk areas</li> <li>Develop targeted safety net programs</li> </ul>		<ul style="list-style-type: none"> <li>Expand early warning systems for disaster risk</li> <li>Expand and improve targeted safety nets</li> <li>Develop and implement targeted programs to reduce environmental degradation</li> <li>Retrofit infrastructure</li> <li>Develop insurance pools</li> </ul>
<b>Promoting Spatial Inclusion</b>			
Invest in integrated urban planning	<ul style="list-style-type: none"> <li>Invest in spatial planning that is well-integrated with transportation planning that facilitates spatial connections between jobs and low-income housing.</li> <li>Invest in transportation infrastructure and connective policies to facilitate density and encourage affordability, and enhance mobility for all</li> <li>Invest in cycle lanes and sidewalks</li> <li>Proactively plan for urban expansion including in sites and services in designated locations</li> <li>Invest in open public spaces</li> </ul>		<ul style="list-style-type: none"> <li>Deepen investments in transportation infrastructure, connectivity, cycle lanes and sidewalks;</li> <li>Invest and maintain public spaces</li> <li>Resettlement of urban poor in high-risk areas</li> <li>Ensure there are open green spaces in low-income areas</li> </ul>

*(Table continues on next page)*

**Table 1 Guiding Principles for Promoting Inclusion of the Urban Poor by Urbanization Level** (continued)

Urbanization Level		
Guiding Policy Principals	Advanced	
	Intermediate	
	Incipient	
Ensure affordable land and housing	<ul style="list-style-type: none"> <li>Expand administrative jurisdictions to coordinate infrastructure investments</li> <li>Refine and enforce land use regulations that maintain affordable land prices such as Transfer of Development Rights (TDR), special assessment districts, mixed use development, cross-subsidy schemes, and land pooling</li> <li>Develop and implement land titling programs</li> <li>Proactively plan for urban expansion, including in sites and services</li> <li>Prevent informal settlements in high-risk areas</li> <li>Introduce housing finance programs for low-income groups</li> </ul>	<ul style="list-style-type: none"> <li>Land use regulation and land taxation</li> <li>Implement land titling programs</li> <li>Enable expansion of housing finance for low-income groups</li> </ul>
Provide equitable access to infrastructure and basic services	<ul style="list-style-type: none"> <li>Invest in basic infrastructure services (water and sanitation)</li> <li>Universal provision of basic infrastructure services: clean water, sanitation, solid waste collection, electricity, affordable transportation</li> <li>Expand opportunities for private financing of infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Implement improvements in quality of universal provision of basic infrastructure services</li> <li>Institute slum upgrading programs and integration into the city</li> </ul>
<b>Promoting Social Inclusion</b>		
Open the rights of all citizens to the city	Reform or eliminate exclusionary policies for urban migrants	
Target marginalized subgroups among the poor	Invest in targeted social safety net programs for the poorest	Deepen and improve targeted social safety net programs for the poorest
Strengthen local governance and embrace citizen engagement	Invest in strong leadership, capacity building, and enforcement of governance priorities for urban management at the national and local levels	Deepen and improve targeted programs to reduce crime and violence
	Encourage opportunities for participation in local-level decision making	Support civil society groups that implement policies and programs in low-income neighborhoods
	Implement targeted programs to reduce crime and violence	Mainstream data collection initiatives
	Work with civil society groups on policies and programs in low-income neighborhoods	Conduct specialized studies on subgroups requiring further analysis
	Build better information systems on current living conditions and future areas of growth through surveys and remote sensing data.	
	Effectively use information systems for policy making and planning	

identified was a clear set of priorities for evidence-based decision making, including the following:

- Evidence-based urban analysis and planning are needed to assess and understand trends and characteristics related to living conditions within cities, to identify future challenges, and to develop plans accordingly.
- A comprehensive understanding of the impacts of programs and policies on the ground is lacking. Such knowledge is reliant on good information systems and sufficient capacity to conduct an in-depth analysis that allows cities to move from making reactive decisions to creating proactive solutions for the many urban issues. It can be challenging and expensive for resource-constrained cities to collect basic information on the location of low-income settlements, high-risk areas, access to basic services, and high-growth areas. Yet the benefits of investing in this data collection is critical to good planning, and it is particularly important at the intermediate and advanced urbanization stages, including at both the country and city levels.
- The value of data in understanding issues related to urban poverty and informal settlements is evident from the case studies in Metro Manila, the Philippines, and Ulaanbaatar, Mongolia we discussed previously. Figures 1 and 2, derived from Metro Manila household survey data, provide a more nuanced view of the composition of slum settlements. This level of detail can allow policy makers to develop more targeted interventions to address issues of urban poverty. In addition to household surveys, other important resources include remote sensing data, community mapping, census data, and new sources such as data from cell phones or citizen feedback; with these tools, policy makers can better understand their urban environment and their citizens so that they can respond to existing needs more effectively.

Investing in reliable data and better research, as well as ensuring that results are fed back into decision making, will ultimately help to design better programs and policies aimed at reaching the urban poor, and to create more inclusive, livable cities.



## Note

1. Slums are broadly defined using the UN Habitat definition that refers to a slum household as individuals living under the same roof in an urban area who lack one or more of the following: durable housing of a permanent nature that protects against extreme climate conditions; sufficient living space which means not more than three people sharing the same room; easy access to safe water in sufficient amounts at an affordable price; access to adequate sanitation in the form of a private or public toilet shared by a reasonable number of people; and security of tenure that prevents forced evictions.

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**U**rbanization in the East Asia and Pacific region has created enormous opportunities for many. Yet the rapid growth of cities has also created challenges—among them are the lack of affordable housing, deficits in basic service provision, and the widening inequality for urban dwellers.

With an estimated 250 million people in East Asia and the Pacific living in slums, the region has the largest slum population in the world. Approximately 75 million people live below the US\$3.10 per day poverty line, with urban poverty existing in both lower-middle-income and upper-middle-income countries.

In *East Asia and Pacific Cities: Expanding Opportunities for the Urban Poor*, the multidimensional aspects of urban poverty and inequality are analyzed using a framework that includes economic, spatial, and social dimensions. This framework focuses on key factors related to jobs and livelihoods, living conditions, and the equitable rights and protection of subgroups. The book also provides numerous examples of how these issues have been tackled in the region through specific policies and programs.

This is important reading for policy makers, practitioners, and researchers interested in understanding the challenges of the urban poor in East Asia and the Pacific, as well as successful approaches for addressing it.

Please see [worldbank.org/eap/inclusivecities](https://worldbank.org/eap/inclusivecities) for the full report and case studies.

