Urban poverty has been a low priority on development and research agendas. For two decades these have been dominated by rural development and rural poverty. Rightly so: by far the largest proportion of the world's poor live in rural areas, and in all countries rural poverty incidences are higher. and often much higher, than in rural areas. Table 1 shows this for the countries discussed in this Bulletin. Also, it has been shown that there are major gains to be made in reducing poverty by focusing on rural development. Even in the case of the East Asian miracles - which indeed have been miracles both in their rapid economic growth and in the speed of poverty reduction - rural development has provided a crucial precondition for the rapid development of the industrial and service sectors, and indeed for poverty reduction. Finally, the failure of large-scale infrastructure and housing projects has probably contributed to the lack of interest in urban issues

Of course urban research and policies have not been absent during this period. Research on Latin America naturally has had a strong urban component. Since the early 1970s there has been a world-wide stream of publications on the 'urban informal sector'. Some agencies have continued to focus on urbanisation, and within Britain, with its 'rural bias' in research, there are research institutes with a tradition of urban research.² But interest in urbanisation and urban poverty is currently spreading. Habitat II contributed to this, NGOs like Oxfam are developing urban programmes, and the ODA is now planning research on urban development.

Urban Poverty and its Alleviation

Introduction

Arjan de Haan

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Probably the most influential single publication in the field has been Lipton's Why Poor People Stay Poor: Urban Bias in World Development (1977). His arguments are still convincing. I'd like to thank Lipton for comments on a draft of this introduction. I agree with David Satterthwaite (in this Bulletin) that none of the arguments about the severity of urban poverty should be taken as a recommendation to shift development policies from rural to urban areas.

² Recent UK publications on urban poverty include special issues of **Environment and Urbanisation** Vol 7 Nos 1 and 2, 1995; the **Journal of International Development** Vol 6 No 5, and Gilbert (1994). The large project coordinated by Stren at the Centre for Urban and Community Studies at the University of Toronto deserves mentioning (Stren (ed.) 1994–95), as does the Asian Development Bank's publication on urban poverty in Asia (Mills and Pernia 1994).

The renewed interest in urban issues has been sparked by various factors. In the first place, there is the widespread idea – right or wrong – that urbanisation is speeding up. By the year 2000, about half the world's population will live in urban areas; in 1975 this was only 28 per cent. In 1970, developing countries' level of urbanisation was 25 per cent, in 1994 37 per cent, and it is projected to be 57 per cent in 2025 (UN 1995).³ Many studies, such as the Club du Sahel's 'West African Long Term Perspective Study', emphasise the rapid urbanisation that primarily rural areas are undergoing. China, which for a long time has restricted migration to the cities, is gradually loosening the rules and is likely therefore to urbanise rapidly.

Partly as a result of urbanisation, the number of urban poor is increasing, at least in absolute terms. David Satterthwaite, for example, estimates that 600 million people in urban areas live in health-threatening conditions. In India, the number of people living below the national poverty line is close to 100 million. And in China, which for a long time has kept urban poverty incidences very low by restricting migration, the number of urban poor is now probably increasing.

The wave of structural adjustment programmes during the 1980s has contributed to a renewed interest in urban poverty. Structural adjustment was intended, in part, to remove some of the urban bias by removing anti-agricultural price distortions. This has usually affected urban inhabitants adversely, and the urban poor have suffered from food price increases, contraction of industrial and public sector employment (creating a class of 'new poor'), and reductions in public expenditure.⁴

While not necessarily agreeing with high estimates of the number of urban poor, or of rapid rates of urbanisation, most people will agree that urban poverty is becoming more important, and that it deserves more attention in research and policies. There is more knowledge about rural poverty than about urban poverty, and we know more about rural poverty alleviation than about programmes

that aim to reduce urban poverty. The knowledge that there are great gains to be made in reducing poverty overall by focusing on rural areas, or the insight that, like in India, agricultural growth has had a positive impact on rural and urban poverty, while industrial growth has had no discernible impact on even urban poverty (Ravallion and Datt 1996), do not imply that there are no gains to be made in urban areas. As Ravallion and Datt note it may have been India's form of urban industrial development - with its focus on import substitution which is usually less labour intensive than production for export – that is responsible for the low contribution to poverty reduction. And, similarly, it may have been the type of urban development projects - which have focused on infrastructure and housing, neglecting employment creation and questions of sustainability - that is responsible for their failure.

A final argument to pay attention to urban poverty—although, again, not to shift the attention away from research on rural development—is that urban and rural poverty are related. This seems obvious, but is often neglected in research. We know perhaps too little about the linkages between agricultural and industrial (or service sector) development, or about how urban development affects poverty, urban and rural. Alan Gilbert in this Bulletin, for example, notes the positive trends in urban poverty in Bogotá; this of course leaves open questions about rural poverty, which, as Table 1 shows, is of much higher incidence than urban poverty.

A Research Agenda

Thus there are sufficient reasons for a renewed focus on urban poverty, without denying that most of the poor still live in rural areas or that rural poverty incidences are higher than urban poverty incidences. To balance the 'rural bias' in poverty research, the Poverty Research Unit at the University of Sussex and IDS organised a seminar series on urban poverty during the Autumn of 1995, and this Bulletin is the outcome of this series (except for the article by Kruse, all the papers were

³ It can be argued, however, that the definition of urban is very wide. Usually, areas with more than 5000 inhabitants are considered to be urban, even though many of these areas have a primarily rural character.

⁺ The effects of structural adjustment are discussed by Moser et al 1993; Moser 1996; Holland 1994; Horton *et al.* (eds) 1994; and Becker 1994.

Table 1	Rural-Urban Differences in Poverty, Health, and Safe Water					
	Poverty: Headcount Index			Access to Services: Rural-Urban		
	Rural	Urban	Rural/urban ratio	Health	Safe water	Sanitation
China 1990	11.5	0.4	29	89	58	9
Colombia 1992	31.2	9.9	3.2		76	43
India 1989-92	39.2	33.2	1.18	80	93	20
Pakistan 1990–91	36.9	28.0	1.32	35	74	31
Zambia	80 (national)	40	>2	50	12	16

Sources: for China, Colombia and Pakistan, World Bank Poverty Assessments; for India, Özler et al. 1996; for Zambia (where the higher figure refers to the nation as a whole), UNCHS 1996. See Lipton and de Haan, forthcoming, for more details on the Asian countries; last 3 columns: HDR 1996: 152–3 (figures are expressed in relation to urban average, which is indexed equal to 100 – the smaller the figure the bigger the gap).

presented there). The seminar series was intended to inform a new research agenda, and the presentation and a literature review confirmed our suspicion that there is much to learn about urban poverty. At least four areas of research deserve attention.

Measurement and data. There are important questions about the measurement of urban poverty. It is not just a question of knowing the number of poor people; having good data is crucial in order to analyse, for example, the effects of policies like structural adjustment, or to analyse the impact of sectoral growth on poverty. Despite considerable progress, data problems have not been solved. Even basic data about urbanisation are questionable, and figures are inflated by setting low margins for areas to qualify as urban (5,000 inhabitants for example, in Latin America often 2,000). Estimates of even a 'simple' measure like income or consumption poverty vary widely. Figures on the total number of urban poor, like the one produced by Tabatabai with Fouad (1993) who estimated that urban poverty incidences fell from 35 per cent in 1970 to 32 per cent in 1985, are doubtful since they use different poverty lines, definitions et cetera.⁵ There seems to be a consensus that urban poverty increased during the 1980s (e.g., UNCHS 1996: 107 ff.) but there is little reliable data to substantiate this.

Within countries, we often have fairly reliable data about urban and rural poverty, but even here there are many uncertainties. For example, data from the Indonesian government (reproduced in UNCHS 1996 for example) for 1987 show higher urban (20.1 per cent) than rural (16.4 per cent) poverty incidences. World Bank estimates show the reverse: urban poverty was only 8.3 per cent and rural poverty 18.5 per cent. The discrepancy is caused by different estimates of prices of consumption goods for the urban poor: the government figures assume 70 per cent higher prices than in rural areas. The World Bank data also indicates a much faster decline in urban poverty during adjustment than the government data suggests. Philip Amis in this Bulletin provides another example and shows the different poverty estimates within India.

been dramatically illustrated by the revision for the China data: because of changes in estimates of purchasing power parity, the number of poor tripled from about 100 million to 300 million (World Bank 1996).

⁵ The most reliable estimates of world-wide poverty are produced by the World Bank, using one-dollar-a-day in internationally comparable prices as the poverty line (Chen, Datt and Ravallion 1993; Ravallion and Chen 1996). As far as I am aware, this does not give a rural-urban breakdown. The sensitivity of the poverty data has

These problems are associated with a kind of data that is relatively unambiguous. Naturally, more complex measures of poverty, which would include more 'subjective' elements, are even more difficult to compare. In this Bulletin David Satterthwaite discusses issues of measurement and presents an estimate of 600 million urban poor. His definition of the poor includes people who live in health-threatening conditions characterised by inadequate housing, sanitation, water supply, drainage and health care. Other authors in this Bulletin also argue for including factors other than just income in definitions of poverty. While agreeing that a wider definition of poverty gives a better representation of the situation in which the poor live, and the causes of their deprivation, we should also note that the measurement becomes progressively more difficult, and data more difficult to compare.

Characteristics of urban poverty. Although there is some agreement on what differentiates urban from rural poverty, more research is needed on the characteristics and determinants of urban poverty. Whereas rural poverty is highly correlated (although perhaps decreasingly so) with ownership of land, urban poverty seems to be more complex. Wage labour, or the labour market, is a central determinant but many have argued that urban poverty has other dimensions. The poor are vulnerable because of insecure tenurial status, environmental conditions that threaten their health. changes in prices of basic goods, a lack of social networks, and violence in urban areas. It may not be of primary importance whether these problems are more serious in urban than in rural areas, but it is necessary, for policies as well as for theories, to gain more insight into the determinants of urban poverty.

In this Bulletin, this issue is discussed by David Satterthwaite, by Philip Amis, who reviews the literature on urban poverty in India, as well as by Jo Beall. All stress the multi-faceted nature of poverty. Beall in particular emphasises the importance of social relations. People with low income are usually also deprived of many other things, and are even

Urban labour markets, and migration. Arguably the most important determinant of urban poverty is the labour market. Research in India by John Harriss et al. (1989) and in Sao Paulo by Humphrey (1994) show a strong correlation between labour market status and poverty. People with a stable job, for example, are much less likely to be poor than people who have an unstable, casual job. To understand urban poverty, we need to know more about how urban labour markets react to structural adjustment and economic growth; for example about the shift back into agriculture observed in Bolivia, Cote d'Ivoire and Ghana (Horton et al. 1994), or about how the 'informal sector' responds to the increasing number of entrants as a result of decreasing employment opportunities in the 'formal sector'.6

Alan Gilbert's contribution in this Bulletin on Colombia's labour market is a 'crude test' of theories on the impact of liberalisation. His research would confirm the 'Washington consensus' which argues that a pattern of labour-intensive growth which would follow from an open trade regime redistributes income to and provides opportunities for the poor. Although real incomes have declined, poverty has declined because of increasing labour force participation rates, particularly by women: people are less poor, but also a great deal busier.

The two articles on migration, one on India by Arjan de Haan and one on the UK by Tony Fielding, show how important migration is for urban labour markets and poverty, even when rates of net migration are not very high. Both show that

made to wait longer, or even ignored by doctors. And people who in terms of income are not poor, may also be subject to other forms of deprivation, such as discrimination or be subject to risk of expulsion from their houses. The new social policies that combat social exclusion in France, as discussed by Crescy Cannan in this Bulletin, similarly are built on the assumption that problems of deprivation are multi-dimensional, and have economic, social and cultural elements.

⁶ Although the introduction of the concept of the informal sector in the early 1970s has helped to focus on certain segments of the urban labour market, the concept is in my opinion not very helpful because of its suggestion of a dualism in the economy (or even in

society), and because it neglects the heterogeneity within the informal sector. De Soto's study of Peru (1989) shows how different the phenomenon of the informal sector can be interpreted.

migration affects urban poverty, and not always in the expected direction. In the UK, inter-regional migration has added people to both the top and the bottom of London's labour market. In India, migrants in cities are on average slightly better off than non-migrants. In both cases, there is evidence that many who migrate are able to improve their socioeconomic position. But also, in both cases, there is evidence that the poorest do not migrate to the cities in as many numbers as the better off.

Urban poverty alleviation. We have already pointed at the lack of knowledge and consensus about urban poverty alleviation. Many earlier infrastructure and housing programmes are now considered to be failures. Problems with these programmes include low rates of return, the difficulties encountered after the international donors pulled out, and the fact that many of the lowincome housing schemes or 'slum-upgrading' did not profit the poorest. A World Bank Policy Paper (1991) argued for a new urban agenda for the 1990s consisting of four elements: to ensure the productivity of the urban economy; increasing the contribution of the urban poor and alleviating urban poverty, including provision of safety nets: to develop sustainable approaches to the management of the urban environment: and to increase and broaden research and development in the urban sector. Jo Beall in this Bulletin adds to this the importance of public safety and urban violence as policy priorities.

Crescy Cannan's analysis of new social policies in France shows a surprising convergence of thinking about urban programmes in France are integrated approaches which combat the diverse aspects of deprivation ('social exclusion'), and involve participation by local communities and partnerships between voluntary, statutory, charitable, and community groups. Along the same lines, Philip Amis in this Bulletin argues for a renewed role for Indian municipalities (and therefore decentralisation) in creating preconditions for general socioeconomic development and in working with the private sector as well as NGOs.⁷

Many of the articles in the Bulletin have poverty policies as a central focus, but they do confirm the idea (Lipton 1996) that there are fewer examples of successful urban programmes than there are of rural programmes, and that there is an urgent need for evaluation of existing programmes. Philip Amis argues that urban poverty policies - both the engineering approaches that have focused on service delivery and social development approaches that have concentrated on empowerment and small scale enterprises - have failed because they have tended to neglect the general process of socioeconomic development. According to him, local governments and municipalities have to revise their forms of intervention and provide the conditions for socioeconomic development in general. Beate Kruse presents an empirical analysis of the Indian urban employment generating programme Nehru Rozgar Yojana. She concludes that the programme fails in its objective to provide access for the poor to institutional finance. Jo Beall stresses the need for policy analyses to be supplemented by poverty assessments which measure the processes and power relations that determine poverty, and that policies need to build on the assets of people in poverty. Like Beall, Hilary Cottam criticises standard approaches to infrastructure provision and argues for a more flexible and differentiated approach, whereby communities design infrastructure programmes through 'learning by doing'.

In this Bulletin

The articles in this Bulletin cover a wide range of issues relating to urban poverty, and many have a strong policy orientation. They have a wide geographical range, including Europe. We are convinced that there is much to learn from comparisons between countries. The article by Crescy Cannan shows that there are many overlaps and prospects for mutual learning between programmes that address deprivation in the North and the South; it may even be argued that new social policies in the North are borrowing from the debates on the South. The articles by Fielding and de Haan show that, despite radically different circumstances, migration experiences do show

Wegelin and Borgman (1995) discuss the range of options available to municipalities to reduce poverty, including the regulatory framework that affects the poor, access to municipal services, employment creation, and

protection from crime. There is little information, however, about which programmes have worked and which have failed, and for what reasons (see also Kolstee *et al.* (1994)).

similarities. In any case, these articles prove that there is much to learn from North-South comparisons.

David Satterthwaite argues that the scale and severity of urban poverty has been under-estimated in international and national statistics, stressing that this implies no judgement on the severity of urban poverty in comparison with rural poverty. Discussing urban poverty in terms of inadequate income misrepresents its nature and causes, and he argues for integrating within the poverty debates concerns for housing and basic services, as well as for human rights. Similarly, he stresses the need for policies to address the different elements of poverty at the same time.

The Bulletin has one article on urban labour markets, and two on migration. Alan Gilbert discusses the effects of liberalisation and globalisation on Bogotá - the capital of a country regarded as a model of a well-managed Third World economy during the last twenty years. He focuses on the effects of economic restructuring on patterns of employment and poverty, the extent to which new jobs have been generated, whether these offer a decent income, working conditions, and changes in poverty and inequality. His analysis suggests that many of the fears about economic restructuring are unjustified. Since 1970 poverty has become less common and less serious, although this is principally because children form a smaller proportion of the population (a factor that has also greatly contributed to the success of the Asian tigers).

Arjan de Haan's contribution takes up the question of the relationship between rural-urban migration and poverty, focusing on India. He makes a case for analysing the interactions between rural and urban areas, particularly because many migrants continue to move between villages and towns. He concludes that migrants form a fairly representative sample of the rural population, and that migrants are slightly better off than the non-migrant population in the cities. But the poorest often lack the opportunities to migrate, and the slow growth in the number of jobs in India during the last decades may have intensified the competition for these jobs and created fewer opportunities for the poorest.

Tony Fielding's article on migration in England and

Wales shows how much more precisely the questions raised by de Haan can be answered with good data. Using data from the Longitudinal Study which links information from the 1971, 1981 and 1991 censuses on migration to Southeast England, he shows that the poor migrate less than the rich, which confirms findings of many developing countries' migration studies. Similarly, many migrants succeed in escaping from poverty. But migration also leads to polarisation of the social class structure: migration adds people both to the top and bottom of London's labour market. And finally, he shows that migrants from abroad do less well on average than the internal migrants, but that there are also significant differences amongst various groups of immigrants.

Jo Beall discusses the multidimensional character of urban poverty and the variety of ways in which the urban poor secure livelihoods. Her article is based on micro-studies in urban Pakistan amongst a variety of communities, including refugees from Kashmir, a community who were originally potters, and a Bengali community that migrated 25 years ago. She makes a strong case for combining conventional income and consumption surveys with qualitative and participatory approaches to shed light on processes of deprivation and the poor's perspective.

Hilary Cottam discusses the ways in which debates, the language and terms used, determine policy approaches, and describes the historical precedents of urban poverty debates. She focuses on debates around infrastructure, which have traditionally been dominated by engineers, and shows how the assumptions behind their approach have been carried over to social approaches. She argues that approaches to infrastructure have been characterised by a 'Fordist technical blue print mould', with standardised forms of investment. These produce certain types of society and social organisation. Her case-study in Zambia – like Beall's part of a World Bank Poverty Assessment - shows how a non-standardised approach may work: communities generate and design local projects; the approach is flexible, and follows 'learning by doing'.

Crescy Cannan presents a concrete example of programmes that combat diverse elements of urban poverty at the same time. The example comes from

France where, in reaction to the crisis of the welfare state, increasing problems of unemployment, and changes in family life, (and based on a French solidaristic tradition) new urban policies to combat 'social exclusion' were developed. These programmes are based on a common set of principles: they subscribe to a multidimensional view of poverty, they are carried out at the local level in partnerships between voluntary, statutory, charitable, and community groups, they involve participation by the local community, and they stress sustainability and long-run impacts.

Philip Amis explores possible policy responses to urban poverty in India. He argues that traditional approaches to urban poverty alleviation have failed to address the most important mechanism through which urban poverty has been reduced: the overall process of social and economic development. In line with the new 'Washington consensus', he stresses the complementarity of 'growth mediated security' and 'support led security' strategies. Municipalities have an important role to play in providing a basis for general socioeconomic development: creating conditions that facilitate

economic growth (including law and order), providing health and education, and improving the local environment. Many municipalities at present do not and cannot fulfil these roles. A renewed role for municipalities requires access to revenues, a taxation system that rewards them for good performance, the right political coalitions, and a commitment to work with the private sector and NGOs.

Beate Kruse presents an empirical evaluation of an urban poverty alleviation programme, the Nehru Rozgar Yojana, based on field-work in Delhi. This programme aims to promote self-employment among the poor through the provision of credit to the poor. Her evaluation, like that of other scholars, is not positive. The programme experiences great problems in reaching the poor, and follows a rather unsuccessful standardised approach that aims to involve nationalised banks. Transaction costs are high for those obtaining and providing credit, and the programme's incentive structure is not conducive to reaching large numbers of poor people. Kruse also emphasises the risk that borrowers will be worse off after participating in the programme.

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