

# Spatial inequality and urban poverty traps

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Ursula Grant

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and critical comment

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# Spatial inequality and urban poverty traps

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## **Executive summary**

This paper demonstrates how urban spatial poverty traps exist in developing countries and makes the case for including an urban focus to spatial poverty analysis and policy responses. It frames this within a discussion of rapid urbanisation currently occurring in many developing country contexts and the concurrent rise in urban poverty and urban inequality. The paper argues that inadequate attention has been paid to urban spatial poverty traps but that, in light of the current trends (urbanisation and rising urban poverty), there is a clear need to improve understanding of and policy responses to them.

The paper argues that spatial inequality in urban areas is based on more than physical proximity to services, infrastructure and jobs. Rather, it is linked to the development over time of distinct areas of urban deprivation that undermines the benefits of physical proximity that urban residence may offer. The paper argues that social analysis and micro-level analysis are critical in the urban context. It presents a framework that combines geography and social dynamics to show how spatial poverty traps exist in urban areas.

The paper then provides a series of examples and experiences of urban spatial poverty traps in developing countries. It examines possible neighbourhood effects in creating these poverty traps and draws an overarching framework that links geography, social relations and chronic poverty. Examples are provided from the urban inner city, the peri-urban periphery, small towns and refugee centres. More hidden forms of urban poverty (e.g. homelessness) are also discussed, before a series of policy issues and challenges are raised. The paper discusses the direct investment choices and governance shifts necessary for combating spatial inequality. It concludes that a shift is required in policymaking processes to incorporate both geographical analysis and social analysis for more strategic and equitable urban development.



# 1. Introduction

What does an urban dimension add to the experience of spatially distinct poverty traps? The spatial poverty traps literature draws on evidence and observations that pockets of poverty exist in particular locations. It concludes that people living in the same area experience similar risks and vulnerabilities, opportunities and economic conditions. For an area to be a poverty trap, the majority of the population is poor and local resources are extremely limited. In remote rural areas, this can often be expressed in terms of limited access to services and markets, very low incomes and often difficult and unproductive terrain. But what does it mean for urban centres?

This paper argues that urban spatial poverty traps are evident in developing country contexts, and that these exist alongside rapid urbanisation and rising urban poverty. This may seem counterintuitive as, by their nature, all residents in urban centres are physically much closer to markets and services, as well as productive activities. However, this paper argues that it is necessary to see beyond physical proximity and focus on the underlying dimensions of inclusion/exclusion, and on power relationships that mediate access to employment opportunities, markets and services. It argues that there are often strong spatial dimensions to these underlying factors in urban areas, but that much of this story remains unacknowledged in policy discourse because data are limited and aggregate, which distorts poverty analysis. The paper argues for stronger social analysis and micro-level analysis in the urban poverty context to support appropriate policy responses.

The spatial forms that urban poverty takes – and indeed national poverty takes – may relate to the roles played by urban areas in local and national economies and the links to wider regional and international economies. This paper is concerned with market interactions that shape urban areas and the geography of poverty. This is a topic that is likely to interest urban economists, but the paper does not use either the language or the models of economics. Rather, it examines the interactions and processes that keep certain people and areas poor over long periods of time, drawing on the theories and application of social geography.

Following this introduction, Section 2 examines trends in urbanisation and urban poverty in developing country contexts. Section 3 then briefly reviews some social geography theories and presents a framework for thinking about urban spatial poverty traps. It shows how commonly used data can miss much of what is captured by this framework. This section argues for linking spatial temporal analysis and micro-level dynamics in order to build a fuller picture of chronic poverty in urban areas (i.e. why certain areas stay poor over time). The paper argues that this level of analysis is crucial for differentiating urban 'space', particularly in contexts of limited data.

Section 4 characterises urban spatial poverty traps, linking geography, social analysis and chronic poverty in different urban contexts. The paper then outlines a number of key policy gaps and challenges (Section 5) before drawing conclusions around the dynamic geography of urban poverty traps (Section 6).



## 2. Urbanisation and rising urban poverty

For the first time in history, the world is now more urban than rural (UN-DESA, 2008). Urbanisation is happening much faster in developing countries than elsewhere – population growth rates are higher and widespread internal migration is occurring. There are currently 19 megacities globally, although most population growth is occurring in smaller cities (over 50% of the world's urban population lives in cities of under 500,000 people). Almost all of the urban population increase (90%) will be absorbed in less developed regions: in Africa and Asia, annual urban population growth is projected to be 2.4% (UN-HABITAT, 2003b). The number and proportion of urban dwellers is projected to continue to rise quickly, reaching 4.9 billion by 2030. In comparison, the world's rural population is expected to decrease by some 28 million between 2005 and 2030 (UNFPA, 2007).

Cities in the developing world are increasingly becoming 'global cities' (Giddens, 2006). Globalisation is presenting new economic markets for developing countries to promote themselves as locations for investment and development (Grant, 2004) and growing urban centres are a major force in economic development and innovation. There are considerable benefits to living in or near an urban area. Urban areas can provide engines for economic growth, offering residents greater opportunities for work, commercial activity and access to key services. They also offer greater societal freedoms (see CPRC, 2008). Urban areas fulfil strategic roles in development (economies of scale, vibrancy, change processes). At the same time, though, it is important to acknowledge that these processes are often occurring alongside rising urban inequality and new forms of urban insecurity.

Indeed, a simultaneous trend towards the urbanisation of poverty, with the poor moving into towns and cities faster than the rest of the population, has been noted (Ravallion et al., 2007). It is not always the poorest rural people who migrate to urban areas: it can be those who have some means to move (e.g. social connections, aspirations, money for transport). However, this is not always the case. A study of rickshaw pullers in Dhaka, Bangladesh, found that 58% had previously worked as casual day labourers, mostly in the agricultural sector. Incidence of extreme poverty is highest among agricultural wage labourers, so a large proportion of the sample rural migrants in this case appears to have come from the rural extreme poor (Begum and Sen, 2005).

In some contexts, urban poverty is becoming an increasing proportion of overall poverty. The proportion of households below the national poverty line still tends to be slightly lower in urban areas than in rural areas, but a substantial amount of total poverty in many countries in Africa and Asia is now urban (in excess of 20%) (Amis, 2002). This is expected to increase. An equal proportion (15%) of both the urban and rural population in India is trapped in chronic poverty (Mehta, 2001, in Amis, 2002). Over half of the urban population is below the poverty line in many countries,<sup>1</sup> with close to half in many others.<sup>2</sup> The same would be found in many others if their poverty lines made allowances for the real costs of non-food necessities in urban areas (UNFPA, 2007). In sub-Saharan Africa and Asia, 72% and 58% of the urban population, respectively, lived in slums in 2001 (UN-HABITAT, 2003b).

Disparities within global cities are to be expected, as new growth sectors of the economy (financial services, marketing, high-end technology) reap considerable profits but tend not to include the poor. A geography of 'centrality' and 'marginality' is taking shape, with acute poverty coexisting alongside considerable affluence (Giddens, 2006). The marginalised urban poor receive incomes that are too low to purchase what they need for long-term survival and advancement, reflecting poor employment opportunities, low wages and/or low returns from informal vending or other forms of self-employment. This also reflects the extent to which (and the amounts that) urban dwellers pay for everything they use, with few opportunities to secure essential goods and services outside of the market (e.g. water and sanitation, rent for housing, food, transport and health care) (Mitlin, 2005).

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1 Angola, Armenia, Azerbaijan, Bolivia, Chad, Colombia, Georgia, Guatemala, Haiti, Madagascar, Malawi, Mozambique, Niger, Sierra Leone and Zambia.

2 Burundi, El Salvador, the Gambia, Kenya, the Kyrgyz Republic, Moldova, Peru and Zimbabwe.

Uncertainty about the foundations of urban economies, particularly in Africa, creates some scepticism about the economic advantage of urban growth (Bryceson, 2006). Do different rates of growth bring sustainable opportunities for the urban poor? Does fast rural or national growth distribute economic benefits across urban areas (small towns, larger towns, cities, etc), or do the urban poor benefit most from concentrated urban economic growth? Urban agglomeration may be important for national/aggregate poverty reduction, but what does it actually mean for the urban poor and rates of urban poverty reduction? Impacts include both megapolises that have grown too big, with very large informal markets that create a large and stagnant urban poverty, or small towns in contexts of no or low economic growth.

Cities and towns are, by their very nature, always in a state of flux (new people, new trade opportunities, new forms of power and opportunities). These dynamics lead to tensions and violence, often linked to control over space and the changing nature of vulnerability. Urban poverty is characterised by weak labour market positions (Grant, 2008), health vulnerabilities (Begum and Sen, 2005) and physical insecurity (Henry-Lee, 2005; Perlman, 2003) and can be linked to how well urban populations adapt to change or cope with transitions (Mitlin, 2005). Where urbanisation is occurring rapidly and economic transformations are shifting the structure of the economy, those that cannot adapt will not benefit. Where rising prosperity and stark inequality are accompanied by violence, the social and economic consequences can affect whole geographical areas. Structures of economic, political and social difference can be self-perpetuating or 'durable' (Tilly, 1999) with regard to keeping up and legitimising poverty. In contrast, where urban areas have expanded rapidly based on expectations of economic growth that do not match reality, stagnation can extend pockets of urban poverty into a more general urban malaise.

Inadequate attention has been paid to urban spatial poverty traps. The World Development Report (WDR) 2009 (World Bank, 2008) is a timely contribution, as it begins to fill a gap in the knowledge on why and how spatial disparities develop alongside economic development, by attempting to combine spatial analysis and temporal analysis. It links first and second nature geographic analysis (i.e. linking patterns of spatial endowment to patterns of economic interaction and returns to scale) and asks whether there is a 'normal' pattern that countries should be expected to follow. It takes a direct look at the urban context and questions whether spatial structures shape a country's growth prospects and processes (see Box 1).

However, the WDR focuses mainly on the national and regional level, and is less concerned with local-level dynamics (community, household, individual). There is a lack of analysis at the micro level, which is necessary in order to understand why proximity to markets, increased densities and neighbourhood effects can result in large spatial disparities within urban areas. Such micro analysis would draw much from social analysis to determine how and why people engage with space in particular ways. The next section argues that there is a need for a focus on *chronicity* – how and why people in certain places remain poor for periods of time (i.e. time *and* space).

### **Box 1: Urbanisation in the 2009 World Development Report**

The WDR is interested in unpacking whether or not a country's spatial structures can be 'wrong' and whether this 'may reduce the returns to modern sector investment and thereby damage long run growth'. What does this mean for urbanisation? It focuses on three spatial changes that link specifically to urbanisation:

- Increasing densities of economic activity and populations associated with urbanisation as firms and workers seek to make use of the advantages of market size;
- The disparities in economic activity and living standards that emerge within countries as firms and workers attempt to reduce their distance to markets;
- The persisting influence of political, social and natural boundaries as well as the presence of neighbourhood effects for a country's prospects and performance.

So, increased densities, reduced distance to markets and neighbourhood effects, all linked to processes of urbanisation and urban dynamics, are conceptualised as critical to national performance. The WDR argues that, with development, the spatial distribution of economic activity becomes more concentrated in urban areas and in regions of the country that are closer to domestic and international markets, or in countries that enjoy access to world markets and world regions that are better integrated.

### **3. The value of social analysis to understanding urban poverty**

Social analysis is imperative to our understanding of urban spatial poverty traps. Social geographical analysis, for example, enables the detailed unpacking of those things which make up a town or city and the influences they have in society. Understanding these dynamics is critical to understanding why poor people live in certain neighbourhoods, and why certain areas remain poor over periods of time. Section 3.1 briefly examines some theories of urban geography and what these can tell us about geographies of urban wealth generation and poverty creation (and maintenance). Section 3.2 then more concretely shows the importance of combining spatial and social analysis, presenting a useful framework for thinking about spatial poverty traps. Finally (Section 3.3), we warn against making too many assumptions about urban areas from aggregate data, showing that social analysis can also shed important light on and help to contextualise urban data in ways that are important for appropriate poverty reduction policymaking.

#### **3.1 Urban geography and social science**

The development of urban areas changes not only the physical environment but also the social environment. Urbanisation transforms social relations, such as class and caste systems and gender dynamics, in ways which may provide benefits (e.g. greater freedom for women to enter the labour market) but also costs (e.g. poor labour or citizenship rights for migrant workers). As we have seen, urban areas are in a constant state of flux: new people, new trade opportunities, new forms of power and opportunity. Understanding these transitions greatly enhances our comprehension of how poverty traps might evolve in urban areas – often linked to control over space and the changing nature of vulnerability.

First, cities are created not randomly but in response to advantageous features. Urban ecology, for example, links city growth to advantageous environmental features (shores of rivers, fertile plains, intersection of trading routes or railways). Industry is situated near raw materials and supply lines; populations cluster around these workspaces; amenities develop according to need; competition increases as urban populations increase and diversify; land values and property taxes rise. This theory draws urban development along concentric rings from the centre, with business in the centre, alongside central cramped established neighbourhoods, and more affluent, newer residential areas moving out to form suburbs around the perimeter. This is underpinned by processes of invasion and succession: as property decays in a central or near-central area, ethnic minority groups might start to move into it, precipitating others to move elsewhere in the city and the suburbs (Giddens, 2006).

Second, urban areas are often characterised as more modern, autonomous and anonymous places. Urbanism provides a body of theory that accepts that density of social life creates distinct neighbourhoods. Yet these neighbourhoods may retain the character of small communities, for example immigrant areas may retain traditional types of social interaction. Over time, such distinctions decline as different groups merge and are absorbed into different neighbourhoods. Thus, urbanism is not just an expression of society but also itself shapes and influences society as it develops (Wirth, 1938, in Giddens, 2006).

Urban environments therefore represent symbolic and spatial manifestations of broader social forces. The taxation system influences who is able to buy or rent where and who builds where. Large corporations, banks and insurance companies, which provide capital for building projects, have a great deal of power over these processes. But government agencies also directly affect many aspects of city life, by building roads and public housing and planning green belts on which new development cannot encroach, for example (Giddens, 2006). Urban centres are created environments, reflecting social and economic systems of power. As wealth and power concentrate in some areas and sectors, others are left to decay. These social processes are interdependent (Harvey, 1973).

Social theory is relevant here. First, analysis of ‘networks’ (social capital) uses social theory (e.g. Wilson, Putnam, Fauchamps, Briggs) to map the spatial isolation of the poor from survival and mobility strategies. How people link to and define social groups can play a significant role in forming identities (e.g. Tilly) and enabling livelihood support, particularly among those living difficult lives. There may well be important issues around neighbourhood homogeneity here. If poor people tend to live in areas that largely house other low-income people, what might the implications be for their social capital? Social capital for support during times of hardship may be strong, but the kinds of social and socio-political capitals that enable escape from poverty may be limited.

Second, theories of exclusion/inclusion are also useful. People’s experiences of their environment are embedded in social relationships. Many key services, for example, are *necessarily* delivered in and through social relationships (e.g. doctor–patient, teacher–student). The same is true of how people are incorporated into economic, political and other socio-cultural spheres. Ethnic tensions and unemployment along ethnic lines are referred to as ‘the invisible fault lines within cities’ (see Giddens, 2006), which can erupt through urban violence and riots. City planning plays a major role in making city life liveable for the poorest in society (e.g. barrel-shaped benches that stop homeless people from sleeping on them, availability of public toilets, sprinkler systems in parks, etc). Often, planning efforts aim to contain the more visible urban poverty ‘problems’ (such as homeless people or squatter settlements) within certain zones or move them out of the city (e.g. evictions and harassment).

Clearly, many social influences cross paths in urban areas. These may be felt most strongly by rural migrants, who are often absorbed into the urban informal sector, in such activities as petty retail trade, transport, manufacturing, construction and domestic services. Conclusions about the benefits and costs of migration are not consistent across different contexts but, in a context of rapid urbanisation, it is important to understand the dynamics affecting migrants. Even among those who were not so poor prior to migrating, rural migrants are often among the poorest urban populations. How far this relates to a combination of weak social networks and multiple forms of social exclusion, embedded in experiences of urban geography, needs to be determined.

### **3.2 Linking the spatial and social dimensions of ‘poverty concentration’**

The Chronic Poverty Research Centre (CPRC) (2004) presented a framework linking the physical conditions of particular areas to the socio-political dimensions of poverty experienced there. Drawing these links is absolutely essential to understanding the nature of spatial poverty traps, not only in remote areas but also in urban areas. In addition to remote regions and low potential areas, the framework adds ‘less favoured’ and ‘weakly integrated’ as categories of geographical analysis (see Table 1). These last two terms are embedded in a social analysis of the processes that underpin multiple location-specific deprivations. Social analysis is required to unpack these processes and dynamics to determine why certain areas remain poor over time.

**Table 1: A conceptual framework for understanding spatial poverty traps**

Spatial poverty trap description	Key elements of the 'poverty concentration problem'				
	Definition	Ecological characteristics	Poor infrastructure	Weak institutions (including markets)	Political isolation
<b>Remote regions and areas</b> (frictional distance and locational disadvantage)	Can include high and low potential environments. Costs of centrally supplied infrastructure and services are higher. Generally lower potential for non-farm activity, though remoteness offers some protection from competition. Poor urban residential areas remote from workplaces, with weak connections.	Geographically isolated, may have low/high population densities with different implications for resource exploitation. Geographical obstacles contribute to isolation (slopes, ravines, marshes, etc).	High infrastructure costs lead to poor quality or absent provision. Poor road, rail, river connections lead to high transport costs.	Low economic diversity and lack of growth. Dependence on agriculture or natural resources, which are low-return and lowest wage sectors. Little wage labour available: out-migration or commuting 'solutions', but usually into low-skill/-return and insecure occupations. Few accumulation or expansion possibilities owing to low demand. Few opportunities to augment skills, save, get credit. High risk for investments. Social capital may be high but often excludes the poor or not useful for securing access to other resources.	Excluded. Relatively small (often fragmented) constituencies. Political access more constrained because less competitive. Voices rarely heard, especially if also ethnic or religious minority.
<b>Low potential or marginal areas</b> (ecologically disadvantaged)	Poor locations for built or productive environment: hillsides, roadsides, canalsides, riversides, dumps. Limited possibilities for technical change in natural resource-based production systems.	High ecosystem diversity, fragile or degraded land resources, climatic variation. Bio-physical constraints – limited rains, poor soils, steep slopes. Vulnerable to hazards, displacement.	Multiple costs to meet basic needs (shelter, water, transport, health, education) in settlements that are often unsafe and insecure. Low cash circulation as a result of low productivity. Dependence on remittances, public subsidy.	Poor economic and social infrastructure, 'over-population', low human and financial capital. Out-migration or commuting with positive and negative consequences depending on migrants' endowments. Includes poor areas within growth centres.	Political characteristics not usually considered but natural disadvantage may affect societal perceptions of people from such areas leading to stigma, discrimination and inequality. Illegal landholding increases vulnerability

<b>Less favoured areas</b> (politically disadvantaged)	Can include high and low potential environments and pockets. Lower levels of infrastructure and services, stigmatised, 'hardship posting'. Private sector avoids investment; savings invested outside the area.	Various – no clear patterns.	Lack of services for informal and illegal residents and enterprises, low public investment e.g. in social protection and basic services, leading to low cash circulation. Risk of falling out of labour market owing to injury or death.	Limited market access, low population density, 'residual' populations left behind – old, very young, disabled, ill, discriminated.	Lack of protection against abuse by officials, lack of institutions able to safeguard and further citizen rights, no safety net.
<b>Weakly integrated regions</b> (poorly linked and economically disadvantaged)	Can include high and low potential agrarian environments, poorly serviced and connected peri-urban and urban areas.	Various – no clear patterns.	Poor opportunities to commute or migrate; limited information on opportunities and rights.	Adversely incorporated into markets through exploitative or uncompetitive economic relationships: markets are fragmented and function weakly.	Politically marginal, unstable, liable to political fragmentation and conflict. Poor representation in political assemblies.

Source: CPRC (2004).

Ecological conditions as well as the presence of functioning physical and economic infrastructure are important in both rural and urban settings. These characteristics are often strongly linked and reinforcing. For example, investing in hard-to-reach mountainous areas can be more costly and difficult, with low returns. Political decisions concerning the allocation of public resources impact concretely on the coverage and reach of infrastructure, work opportunities and even safety nets to protect against environmental shocks, such as floods or droughts. These decisions are underpinned firmly by social relationships – and investment priorities are arguably not based on financial considerations alone.

Urban areas are by their nature more densely populated than remote rural areas and, at an aggregate level, political pressure for investment may be stronger. However, political representation in areas where poor people concentrate may not carry much weight and is highly constrained. Many of the urban poor have very weak access to institutions and organisations.

Urban poverty is often equated in the popular mind as 'slum', which at its simplest is defined as 'a heavily populated urban area characterised by substandard housing and squalor' (UN-HABITAT, 2003b). Slums are therefore characterised by high densities; low standards of services and structures; and 'squalor'. The first two criteria are physical and spatial dimensions, whereas the third is a social or behavioural dimension. This paper argues that the physical or spatial dimensions of urban poverty cannot be separated from the social, as social dimensions also influence how and why certain areas are excluded or overlooked by policy and investment. Slum dwellers are among the most disadvantaged and they are poorly integrated into broader urban society and opportunity. Social exclusion and disempowerment makes it very difficult for slum dwellers to do more than survive (ibid).

Social and spatial dimensions of poverty overlap with employment patterns. Inner city areas, for example, tend to be characterised by overcrowding and high levels of competition for work, in addition to commodification of land and services. Labour market discrimination is often experienced by

residents of *favelas*, slums and other informal settlements. Residents face overt discrimination on the basis of their address, particularly if settlements are stigmatised by high levels of gun and/or drug crime, and are often unable to provide employers with a formal address because of the informal/illegal nature of their residence. These forms of discrimination occur despite any increased investment in general urban infrastructure.

Political isolation allows only weak claims on local and central government services. Alongside this, weak or unfavourable access to market institutions can result in high transaction costs, which then leave the urban poor in a weak position to escape poverty. 'Pockets' of poverty can therefore entrench in areas where socioeconomic and political exclusion – on the basis of language, identity or gender for example – are concentrated in geographic areas.

### 3.3 Contextualising urban data

We have seen that social analysis can shed light on urban dynamics, linking spatial and social aspects of long-term poverty. It is also useful for contextualising urban data so that appropriate conclusions are drawn about urban patterns of poverty for policy.

The poverty situation in larger urban areas is often highly visible and difficult to ignore, and yet public policy responses are complicated by issues of illegality and data 'invisibility'. Policymaking commonly relies on urban aggregate data, tending to include large, medium and small urban centres together within a national 'urban' profile. Such data hide considerable differences in economic dynamics and high levels of urban inequality.

There is an inherent problem with collecting data among hard-to-reach populations. This is generally acknowledged in remote areas, but less so in urban areas, where it is often assumed that collection is easier and data more accurate. In reality, it can be tricky. It requires access to people without formal addresses or permanent homes (e.g. homeless populations, illegal or temporary migrants staying with relatives, people renting rooms to sleep by the hour, etc), as well as those living in illegal or informal dwellings and neighbourhoods (e.g. city dumps, overcrowded central slums or the peri-urban periphery). As such, much urban poverty remains invisible within policymaking.

Other limitations relate to how poverty is measured. First, the urban poverty line may not capture the depth of poverty experienced in urban areas if associated costs of living are not accurately calculated. Urban areas are typified by much higher expenditure requirements for basic goods and services (which may be free in rural areas). For example, land rents are an essential expenditure and all basic services require payment (Mitlin, 2005). The choice of price index used to set poverty lines is significant in measuring levels of urban poverty (Kedir, 2005). Prices can vary across urban areas, with the poorest populations often exposed to vastly higher costs of living owing to lack of public services and over-reliance on unscrupulous private and unregulated providers.

What may appear as impressive levels of access to housing and services in urban areas may in fact hide considerable variation. Among rickshaw pullers who live with their families in Dhaka, most appear to have good access to urban amenities (e.g. 90% have electricity; 52% have gas facilities; 62% have access to tap water; 78% have bathroom facilities; 99% have latrine provision; and 61% have a separate kitchen). However, most of the facilities are shared and highly inadequate, especially water, sanitation and kitchen facilities (Begum and Sen, 2005). If price indices for these expenditures are underestimated, there are considerable implications for how poverty is calculated.

Considerable urban expenditures that are specific to poorer urban residents are also often missed. Conticini (2005), for example, identifies a series of unrecorded taxes (bribes) that street children are required to pay in Dhaka, including payments to *mastaans* (mafia members), *matabbans* (community leaders), the police, guards and station and senior staff. There is also a gender dimension. Girls



reported being subjected to higher taxes than boys, even when performing the same work, reaching 50-60% of their income, compared with 30-50% for boys.

Further, while incomes may be generally higher in urban areas, livelihoods can be difficult to sustain. Once again in Dhaka, rickshaw pulling represents an important livelihood option, one with very few barriers to entry for the poorest. However, the physical effort required to maintain this livelihood is great, and yet is expected of people who are poor and malnourished. Over time, earnings tend to decline as the physical effects of such strenuous work limit productivity and cause accidents (Begum and Sen, 2005). Similarly, casual port labourers in Ahmedabad, India, tend to lose work days not through laziness, as is often claimed, but because of exhaustion (see Grant, 2004). The dynamic effect of labour intensity can be seen across urban centres and must be factored into discussions of urban poverty, particularly in contexts of discussions around 'pro-poor growth' or 'inclusive growth'.

Finally, although small towns are also likely to be a strong part of the national picture on urban spatial poverty traps, data are rarely disaggregated beyond simple urban–rural categories and this remains a poorly researched area.

The following section examines in detail some peculiarly urban dimensions of spatial poverty and provides a series of examples of where they exist, before drawing some conclusions about how policymaking can better respond.

## **4. Urban spatial poverty traps in developing countries**

Urban spatial poverty traps exist within urban areas (e.g. urban slums, along transport routes, peri-urban areas, city dumps, etc). Such sites tend to be informal or illegal, which leaves them less likely to be represented in formal data collection and therefore less likely to be recognised within formal policymaking processes. The urban poor tend to live in disadvantaged neighbourhoods, where average income is low, employment is informal and public services are limited. Residence on the outskirts of the city, where links to work opportunities are restricted, is also characteristic. Urban spatial poverty traps can also be found at national level, where urbanisation has occurred alongside low or no economic growth, e.g. in small or medium-sized towns and in refugee centres. Rapid urbanisation associated with conflict-related displacement is linked to poverty: large numbers of often traumatised people arrive to an area, bringing with them few possessions; receiving areas are often unprepared for the influx.

It is important to remember that there is no uniform picture. Take informality, for example: the informal status of housing for many of the urban poor can inhibit productivity, as the threat of eviction can inhibit people's willingness to invest in their homes. However, where there is high density of informality in a neighbourhood, this lack of regulation can, at the same time, or in particular contexts, support important solidarity networks and social capital formation. In Madagascar, a high proportion of informal workers work out of their homes, use family labour and carry out sales in the neighbourhood. By contrast, in Peru, informal residence is negatively associated with chronic poverty. Here, informal residents tend to reside in outlying neighbourhoods that have recently been established and are far from the selling points of the commercial downtown areas (Herrera and Rouband, 2003).

By its nature, a spatial poverty trap has evolved over time. The urban poor may experience specifically local problems associated with residency that differ across the inner city, peri-urban periphery and smaller towns but, as argued above (Section 3), this differentiation is also linked directly to the social relations that underpin them. Factors that are deeply related to the complexities of urban life trigger and perpetuate poverty among residents in these areas. The experience of urban poverty is influenced both by who you are as well as by where you are.

This section examines where pockets of urban poverty and marginalisation exist, and why. It begins by considering neighbourhood effects, including economic, political and social discrimination, before reviewing these in specific urban contexts, including slums and mega slums, the peri-urban periphery, small towns and refugee centres, as well as in more 'hidden' forms of urban poverty that retain a spatial dimension.

### **4.1 Urban poverty traps and neighbourhood effects**

Escape from urban chronic poverty is linked to neighbourhood and access to infrastructure, with good geographic location creating positive externalities, probably enabling residents to access market opportunities more easily (see Herrera and Rouband, 2003, for a comparative discussion of Madagascar and Peru). It is likely that neighbourhood effects also produce negative externalities that maintain poverty over time. Table 2 presents an exploration of these possible effects, drawing up the linkages between geographical dimensions, social dynamics and long-term area-distinct poverty traps.

**Table 2: Neighbourhood-level influences on spatial poverty traps**

Neighbourhood characteristic	Geographical dimensions	Social dynamics	Chronic poverty
<b>Economic activity and labour market</b>	<p>Inner cities closer to commercial centres find it easier to access employment opportunities vis-à-vis the peripheral areas, which can be far from markets and opportunities.</p> <p>People unable to trade in certain no-go zones, and certainly not at night.</p>	<p>Formal jobs hard to come by if neighbourhoods stigmatised by poverty, violence and crime.</p> <p>Where majority work in informal sector, workers may enjoy strong social capital and local markets. In other contexts, informal workers are isolated and discriminated against in markets.</p> <p>Street sellers and unlicensed street stalls vulnerable to arrest, harassment and confiscation of goods.</p>	<p>High unemployment, reliance on unskilled, low-paid, low-security and/or casual labour, sometimes also hard physical labour.</p> <p>Work long hours.</p> <p>Urban poor work till they die as little social protection exists.</p>
<b>Housing markets</b>	<p>Sub-markets exist within and between neighbourhoods (e.g. beds in dormitories, pavement dwellings).</p> <p>Homes are used as productive capital, sometimes providing a location to trade from, providing rent through letting out rooms or simply enabling small 'factories'. This is dependent on flexibility in housing and land use policy.</p> <p>Housing often vulnerable to floods, landslides or other 'natural' hazards, as living on more dangerous sites and less valuable land.</p>	<p>Unscrupulous landlords charge high rents, as informal sector is not regulated.</p> <p>Forced evictions are a constant threat as living on illegally occupied land. Evictions can have devastating results on social and economic wellbeing.</p> <p>Legal land sites often too expensive.</p> <p>Housing project locations are often less viable economically, displace kinship and social networks and diminish earnings.</p>	<p>Few free options. Housing costs too high for low-income households – particularly in central areas of cities.</p> <p>Many people sharing single rooms.</p> <p>Lack of formal address inhibits access to formal documentation, employment opportunities and some government services.</p> <p>Congested living spaces on cheap land that no one else wants.</p>
<b>Infrastructure</b>	<p>Municipal ineffectiveness in maintenance of existing infrastructure not keeping pace with physical expansion of urban centres.</p> <p>Availability of infrastructure increases with urban size, but proportion of authorised housing decreases.</p> <p>Some of the worst roads in the country are found in the capital cities, where vehicle load is heaviest.</p> <p>Lack of an efficient transport system makes it difficult for residents in peripheral areas to access available opportunities.</p>	<p>Access, but expensive or poor quality.</p> <p>Illegal connections can result in added premiums to service charges.</p> <p>Structural adjustment programme investment cutbacks in urban infrastructure have left cities in a general state of dilapidation.</p>	<p>Limits productive work (e.g. power, water, etc).</p> <p>City periphery residents spend considerable time and resources travelling back into the city for work</p>

<p><b>Basic services</b></p>	<p>Poor quality and access services for poor people/informal areas.</p> <p>Inadequate provision for safe and sufficient water supplies. Not connected to municipal drinking water supplies.</p> <p>Inadequate sewerage and drainage, waste disposal services (including garbage management), health care.</p> <p>Reliance on services from vendors at high prices, and other resources which may be contaminated.</p> <p>Public schools inadequate to accommodate demand adequately.</p>	<p>Accessibility becomes a function of ability to pay.</p> <p>Privatisation of public utilities and the introduction of metered charges have put services out of the reach of vast numbers of the urban poor.</p> <p>High urban inequality in provision, and poverty outcomes.</p>	<p>Slums and poor areas become synonymous with squalor, and other manifestations of community deprivation.</p> <p>Vulnerability to injury, poor health and illness and premature death.</p> <p>Considerable child malnutrition and under-five mortality in slums.</p> <p>School fees low on priority list, after other urban necessities (e.g. housing/rent, food, transport, utilities).</p>
<p><b>Social capital</b></p>	<p>Stigmatisation of whole neighbourhoods inhibits opportunities for residents, particularly in communities associated with poverty, crime and violence (e.g. drug and gun trading).</p>	<p>Limited formal capacity and organised civil society with which to build resilience.</p> <p>Prejudicial attitudes often linked to ethnicity and race, and can contribute to criminalising certain section of society.</p> <p>Prevalence of property crime and violent crime related to economic hardship. Gender violence inversely related to social status of women.</p> <p>Informal areas poorly policed.</p>	<p>Social capital a double edged sword: important part of urban survival strategies but also perpetuates poverty.</p> <p>Low aspirations for the future limit long-term investments and other life choices.</p> <p>Fractured family and social relationships, contribute to increased vulnerability.</p> <p>Poor suffer more from violence and theft. Unable to afford security.</p> <p>People living in fear and insecurity – psychological effects over time on whole areas.</p>

Urban areas differ hugely in terms of their economic diversity and sustainability, relating to the productivity of local economies of scale and links with external markets to respond to higher concentrations of consumers. City size holds considerable implications for city management and urban economic sustainability. For example, capital cities, or demographically or politically important cities, operate very differently to smaller towns. Within larger cities, economic dynamics vary across geographical spaces as well, for example between inner city and peripheral areas.

It is worth projecting a hypothesis that where neighbourhoods are more homogenous they are likely to experience stronger neighbourhood effects (positive and/or negative), whereas greater local variance reduces such dynamics. An illustration of this can be seen in the case of informal work. In Madagascar, high concentrations of informality in an urban neighbourhood can be linked to positive externalities and escape from poverty. This results in part from stronger solidarity networks and social capital. In contrast, in Peru, informal workers are more isolated and associated with chronic poverty (Herrera and

Rouband, 2003). Drawing conclusions about neighbourhood homogeneity is difficult and it remains a weakly researched area, but there could be important dimensions linked to how spatial poverty traps form and sustain over time.

Cuts in public spending are often inevitable in countries experiencing economic difficulties. Investment cutbacks in African urban infrastructure have left cities in a general state of dilapidation. Particularly problematic can be reductions in water supply. In restricted water sites, the urban poor often turn to freely available sources (ponds, streams) or the private sector, purchasing drinking water from vendors, often at very high prices. In Kumasi, Ghana, women and girls spend a large proportion of their time collecting and storing water (Grant, 2004). In Chawama (Zambia) in 1992, women made at least two trips a day to fetch water, with each trip taking more than an hour (Moser, 1996). This leaves less time for income generation activities and can result in area-based deprivation. Lack of resources inhibits movement to more secure locations and, even if resources become available, residents are often unwilling to move far from established sources of income (even weak ones) and support.

Neighbourhood effects are mediated through a series of geographical factors and social relationships, such that they may or may not result in poverty traps. Table 1 identifies a number of important neighbourhood-level issues, which link and overlap to produce positive or negative effects. As we have seen, in urban Madagascar, geography is a positive factor in maintaining productivity for informal workers (Herrera and Rouband, 2003), but only because of positive access to local markets, strong bonding social capital and flexible housing policies that allow for productive investments in homes. The experience was very different in Peru.

Operating from home minimises production costs and often allows for easy access to local markets for both finished products and for inputs (Grant, 2004). This can be inhibited both by the informal and/or illegal status of housing (people being unwilling to invest in homes if they live with the threat of eviction) and by lack of the basic infrastructure (electricity, water, etc) required to enable productive work. Good geographical location is crucial to grasping market opportunities, but other factors such as strong social capital also mediate local productivity and escape from poverty. Over a period of time, positive or negative circles of causality deepen and possibly spread out to affect whole areas. For example, the psychological effects of persistent deprivation and despair play a cyclical role in perpetuating individual and household poverty, and can have wider effects on neighbourhoods if expressed through crime and violence. Below we examine these overlapping dynamics in different urban contexts where large pockets of poverty tend to concentrate, namely the inner city, the peri-urban periphery, small and medium towns and refugee centres.

## **4.2 The inner city poverty trap**

These areas are characterised by high density living conditions, crowded areas with high levels of competition for work and resources and considerable commodification of land, infrastructure and basic services (see Box 2). Survival options which may be easily available in other neighbourhoods are more constrained in the inner city (e.g. urban agriculture) and exacerbated by high living costs. Significant health problems (including mental ill-health, although often hidden) are linked to destitution in central areas (Section 4.6). Examples of poor inner city neighbourhoods include ghettos, slums<sup>3</sup> or informal backyard dwellings in gardens of older housing stock left to deteriorate over a period of time.

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<sup>3</sup> Slums fall into two broad categories (UN-HABITAT, 2003b). In this section we examine the first, that of 'declining areas', namely, 'old' city centre slums and 'new' slum estates. The following section will consider the second category of 'progressing settlements', incorporating squatter settlements and semi-legal subdivisions.

## **Box 2: Geographical capital in three Jamaican inner city neighbourhoods**

Commonalities across neighbourhoods include:

- High levels of public poverty and limited access to basic services compared with the rest of the Kingston Metropolitan Area, indicating substandard housing, poor sanitation, environmental hazards, abandoned buildings, etc.
- The proportion of people with secondary school education is low, reaching half of that for the Kingston Metropolitan Area population as a whole.
- Rates of unemployment are high (as high as 57% in some communities).
- Crime and violence constitute a major feature of life.
- There is a high level of political capital, particularly during election periods, but quality of life depends on the relationship enjoyed with the 'don'.

*Source:* Aldrie (2005).

Inner city residence is often considered to mean having sufficient access to basic services but, as we have seen, it is essential to acknowledge that quality of access is often seriously inadequate. Service connections are likely to be illegal and insecure, often disrupted by the authorities. Households or individuals without access are likely to remain in poverty; where households do have access, declining quality and availability accompany growing population trends in urban areas (CPRC, 2004). Many households rely on public water taps or water deliveries at highly inflated prices from private sector providers. Similarly, sanitation provision is overly used and under-maintained (e.g. communal toilets). Many people in poor inner city neighbourhoods bypass such provisions and rely instead on 'bag and fling' type methods of waste disposal. The open sewers of overcrowded high density neighbourhoods are overwhelming and present extreme health hazards. These have considerable impacts on the health and wellbeing of slum populations.

Physical overcrowding renders particular kinds of neighbourhood-wide threats and vulnerabilities. In addition to health and safety, fire is a serious threat, for example. Once fires start in overcrowded unregulated areas, they are extremely hard to put out. Household assets can be lost, leaving people homeless and destitute. Similarly, overcrowding alongside deprivation and unemployment can influence levels of crime and violence. The results are felt at a neighbourhood-wide level: restrictions on movement (which in turn perpetuate low employment, education, social lives, etc), restrictions on interactions with wider urban society (e.g. through assumptions of criminality placed on slum residents) and further crime and violence (see Aldrie, 2005 for a discussion of these dynamics in garrison constituencies in Jamaica).

It is often assumed that urban representation is strong, particularly in comparison with that in rural areas. However, concentrations of very poor people tend to be less organised and government tends to be less responsive to their needs (Bebbington, 2003). This lack of representation often links to the illegal status of some neighbourhoods, residents and livelihood activities. In the case of Jamaica's inner city, 'garrison' constituencies have considerable political capital, but this is directed through patron-client relationships with politicians in ways that seriously impinge neighbourhood stability. In this context, political capital draws whole communities into violent competition with neighbouring areas and is linked to criminality. There is a serious lack of political will to reduce organisational crime, but the impacts reverberate across the whole area such that, when violence erupts, all forms of socioeconomic productivity are constrained (Aldrie, 2005). Even during peaceful periods, the whole area is stigmatised by the wider urban society. The inner city poor are not necessarily able to make demands on municipal governments for improvements in living conditions and safety concerns, despite often being located very close to municipal offices.

Economic conditions vary widely in central zones. Overall, there may be many opportunities but these are not available to all equally and may be mediated geographically. Access is increasingly competitive where urban populations are high and increasing, and market opportunities can be limited and fragile. Urban livelihoods among the inner city poor are typified by high formal unemployment and underemployment, casual and/or informal labour and insecure and low returns to employment. High wage dependency exists alongside low and falling wages (CPRC, 2004). There are often few opportunities to save and acquire assets, owing to high costs of living and weak access to credit.

Access to urban markets can be strongly mediated by discrimination. This is evident in housing markets. The tendency to form ethnically homogenous neighbourhoods can be part of the slum formation process. If immigrants have few resources they may find themselves congregated in the poorer parts of town, with few opportunities to join the wider community. It is not an accident that ethnicity is usually a major component of disadvantage, and that the most disadvantaged areas in cities are usually found within bigger zones of high ethnicity (UN-HABITAT, 2003b).

Similarly, labour market discrimination is also a considerable part of the urban poverty story, restricting the productivity and remuneration of work (Grant, 2008). In urban India, access to vending pitches and markets is often controlled by one ethnic group and this is ultimately underwritten by violence, affecting outsiders greatly (CPRC, 2004). Gender divisions within labour markets restrict employment opportunities for women, although the demand on women to work is strong within chronically poor urban households.

Informal economic opportunities are important for survival in the inner city. The informal economy may prove more accessible than the formal economy. But there are problems too, as there is far less livelihood security and sometimes restrictions on access to services (see Mitlin, 2005). The informal economy is untaxed and unregulated, meaning municipal governments are less concerned with ensuring good working practices and, indeed, much-needed revenue often fails to be collected where there are high levels of informality. Trading on the black market and other illegal activities become viable alternatives when the informal sector is unable to absorb an ever-expanding urban labour force (CPRC, 2004). For poor individuals and households too, informal work is often much less lucrative than formal work would be, and lack of regulation results in vulnerability to unscrupulous employers and practices, including high 'rents' for trading spaces (i.e. corrupt officials). Informal inner city traders live with a constant threat of stock being taken by police and trading being closed down.

### **4.3 Peri-urban and high-risk settlements**

Urban population growth and increasing scarcity of land push large and increasing numbers of people to live and work in high-risk, low-potential or marginal urban environments (CPRC, 2004). Informal settlements, often with low-quality dwellings, set up around the edge of the city, where there is more space. Land rents tend to be much lower in these zones, or land is cheaper for people to build their homes – usually illegally. For example, the trend of urbanisation in Latin America since the 1950s has been for a growing number of megacities ringed with illegal land occupations (*favelas* and *villas*), and large numbers of urban poor. Using panel data, Herrera and Rouband (2003) found residence on the outskirts of the city was strongly linked to urban chronic poverty in Peru and Madagascar. Links to centrally located work opportunities are poor, and transport costs are particularly high.

These settlements tend to be characterised as informal, unplanned and sprawling settlements found on public lands that lack proper municipal control or on private land with absentee landlords (i.e. cheap land that no one else wants). This land becomes increasingly inadequate over time, lacking infrastructure and direct access. Settlements are located along road or rail embankments, often situated precariously in inaccessible locations, such as on steep slopes or on outer city rubbish dumps. They also include previously rural areas that have been consumed by the expanding city (i.e. where the population remains engaged in rural livelihoods and is ill-equipped to adjust to the changing environment). Some peri-urban settlements have a more formal history (e.g. Soweto, outside Johannesburg), particularly as municipal housing projects. The very poor tend to end up living in these areas (UNFPA, 2007); indeed, these informal settlements are the most visible form of slum and sometimes extend across huge tracts of land.

These peri-urban slums become the physical expression of urban inequality. Migrants crowd into such 'squatter' zones, which mushroom around the edges of cities. Increased occupation of rural land can adversely affect rural populations drawn into the urban transition (Mitlin, 2003). These include tenant

farmers, share croppers and those who rely on common property resources. They have limited political urban connections with which to protect their interests and are weakly positioned to shift to alternative economic livelihoods alongside labour market transformations, as they lack skills, education, contacts, capital and/or freedom of movement (CPRC, 2004).

It can be difficult to secure central urban employment from peripheral locations. Unreliable and costly transport links to the city centre mean that, despite a lack of opportunity in peripheral areas, many people work locally with very low remuneration (CPRC, 2004). Lack of affordable transportation can render even relatively short distances costly and impractical if prices are too high relative to potential income (Mitlin, 2005). That said, residents of these often large informal areas offer a pool of unskilled labour for the city's growth, and it is seriously underproductive to ignore them and their needs in urban planning processes.

Just as with the older, inner city slums, peripheral peri-urban areas tend to be characterised by inadequate provision of services, infrastructure and transport, and typified by illegal squatting and informal subdivision of agricultural land. Such areas are known as the 'septic fringe' of the urban area (see Giddens, 2006) and, in addition to poor public transport connectivity, they are typically left unconnected to water and sewage services, leaving residents to live in squalor (see Table 3). For example, open channels for storm water drainage are often filled with mud, sand or rubbish, leading to recurrent floods and the spread of diseases.

These areas are geographically peripheral. They are also peripheral in relation to the 'social fabric' of the city. In addition to exclusion from formal planning of urban services and infrastructure, where people have no official address because they live in these informal settlements, they can be disqualified from accessing services such as schools for their children, subsidised basic commodities and health care (Mitlin, 2005). Unmet basic needs (e.g. food, work, housing, education, health, etc) result in physical and mental pathologies that affect both the individual and the community, and are a feature of these settlements. Abaleron (1995) argues that these dynamics lead to separation between these populations and the rest of the urban society. His study of San Carlos de Bariloche, Argentina, shows how low incomes, unemployment, job instability and exclusion from decision-making processes have condemned dwellers of marginal settlements to a precarious life.

Municipalities' lack of control of or interest in these peripheral areas leaves residents unprotected and plots of land unmanaged and fragmented across often unmanageably large territory. Sometimes – as in the southern peripheral areas of San Carlos de Bariloche, these areas fall within the remit of overlapping authorities (local, provincial and national) and become the responsibility of none.



**Table 3: Poverty and ill-health in unplanned peri-urban neighbourhoods in Aleppo, Syria**

Neighbourhood characteristic	Geographical dimensions	Social dimensions	Chronic poverty
<b>Economic productivity</b>	Scarce employment or in hazardous conditions.  Poor access to consumer goods, shops available often unclean and haphazardly located.	Lack of reliable transport also restrains acquiring a job outside the settlements.	Limited productivity.
<b>Infrastructure</b>	Nonexistent, precarious, expensive and/ or poor quality physical infrastructure.  Heating system based on the use of diesel and wood and cooking activities depend on the use of propane.	Conditions vary across zones, sometimes relying on middlemen, power relations or illegal connections.	Expansion exceeded municipality's ability to cope with meeting needs.
<b>Basic services</b>	Marginal health service coverage.  Poor waste collection/disposal system.	Ethnic, cultural, educational, institutional and economic barriers have hindered effective health care. Transport also constitutes a constraint to access health services.	Serious health issues: tuberculosis, leishmaniasis (Aleppo boil), cough, upper respiratory infections, diarrhoea, injuries, genetically determined health problems, substance and tobacco use and abuse and childbirth complications.  Low school attendance, caused mainly by poverty and socio-cultural factors.
<b>Housing</b>	Housing stock and buildings frequently in precarious conditions and constructed without any safety standards.	Families often living in overcrowded spaces.	Population exposed to environmental health hazards.
<b>Social capital</b>	High rates of population growth, owing mostly to migration from nearby villages or other sections of the city as well by refugees.	Significant levels of social capital, strong resilience and self-reliance.  High levels of crime. Absence of adequate policing.	Uncontrolled growth and failure to respond have inhibited exit from poverty.

Source: Hammal et al. (2005).

#### 4.4 Small and medium town poverty traps

There is some concern that small and medium towns are experiencing rapid poverty increases (Mitlin, 2003). Certainly, major population growth is now occurring in medium cities (i.e. of 1-5 million people) and in smaller urban centres (i.e. of under 500,000 people). Around two-thirds of the urban population in the South are in urban centres with less than 1 million inhabitants (Environment and Urbanization, 1995). In Bolivia, the proportion of poor people in small towns is higher (two-thirds of the population) than that in big cities (50% of the population). Further, 31% of the population in Bolivia's small towns is 'extremely poor', compared with 22% of the population of large cities. Similar findings were reported in urban Côte d'Ivoire (Satterthwaite and Tacoli, 2003).

Although smaller cities do not have the vast areas of exclusion, informality and unhealthy living conditions of the inner city and peri-urban areas of the largest cities, they are themselves less developed and as spatial entities do not tend to have much in the way of 'urban facilities'. This contributes to slum incidences that may exceed those of larger cities (UN-HABITAT, 2003b). Public investment is often concentrated in larger cities and notably absent in small and medium-sized urban centres, discouraging private investment and making urban activities in general less efficient and productive in these areas (UN-HABITAT and DFID, 2002). Problems with availability, quality and cost are generally more serious than in larger and more politically important cities (Satterthwaite and Tacoli, 2003). Smaller cities – especially those with fewer than 100,000 inhabitants – are notably underserved in housing, transportation, piped water, waste disposal and other services. In many cases, poor urban people are no better off than poor rural people (UNFPA, 2007).

In Ethiopia, slums represented 99.4% of the total urban population in 2001. Addis Ababa constituted only one-fourth of this total: the rest of the slum population was in and around another eight to 10 urban centres. In Chad, the capital city N'Djamena accounted for just over one-third of the urban slum population. In Nepal, 92.4% of the urban population lived in slums, but Kathmandu accounted for only one-fourth of the total (see UN-HABITAT, 2003a).

Smaller towns can be characterised by more unaddressed problems and fewer human, financial and technical resources available to deal with them. Capabilities for planning and implementation can be exceedingly weak in smaller towns. Yet, worldwide processes of decentralising governmental powers are heaping great responsibility on local governments. The good news is that necessary actions are, in principle, easier in smaller cities. They also tend to have more flexibility in terms of territorial expansion, attracting investment and decision making (UNFPA, 2007).

#### **4.5 Refugee centres**

In some crises (war, famine, flooding, etc), urban centres swell with the influx of internally displaced persons (IDP) and new zones develop as IDP or refugee centres. These centres house an often traumatised population, including people who have been pushed out of their homelands without any assets at all, having left them behind in the rush to escape persecution and/or acute insecurity.

IDPs and refugees are often alienated and isolated, crowded into camps or areas where they are not welcome and on land that does not belong to them (CPRC, 2004). Forms of social capital they previously relied on may have broken down completely. Large numbers of international immigrants are refugees from neighbouring war-torn areas. Individuals may experience only limited integration with the local population, and face social stigma (e.g. women who have been raped, children who return from capture and forced fighting) both within the centre itself and with local populations. They can be subject to all sorts of slurs regarding their customs and appearance, or accused of bringing disease and poverty (UN-HABITAT, 2003b).

Refugee support agencies often work hard to improve conditions, but camps can be among the most crowded, depressed and poor communities in the world. There are few opportunities to work productively, and if camp residents receive refugee allowances (i.e. money to which locals are not entitled) they often face accusations of being 'professional refugees' and this furthers resentment (UN-HABITAT, 2003b).

Government authorities also treat IDPs with little respect. Authorities forcibly evict thousands of people from these camps, resettling them in desert areas without access to clean water, food and other essentials (UN-HABITAT, 2007). In Sudan, for example, there are about 1.8 million IDPs in and around Khartoum. In Tanzania, more than 12,000 people were forcibly evicted from Dar es Salaam camps in August 2006, the majority of whom had been previously displaced through conflict in Sudan and settled in camps in or around Khartoum.

## 4.6 Homelessness and 'invisible' urban poverty traps

At the extreme, urban contexts are typified by large numbers of homeless people. Geographically, these poverty traps are hard to locate. They include wherever the most destitute are able to find overnight shelter or rest (e.g. doorways, streets, stations, bridges). Groups of people that might fall into this category include doorway populations, children living alone along railway lines, in transport stations or depots, or hourly room renters. These latter pay for beds in dormitories by the hour and tend to be (male) daily wage migrant workers, requiring only a bed to sleep at night during periods they are in towns, i.e. when they are working.

These people are often society's most deprived and destitute, but theirs is largely an unrecorded poverty and they are not present in formal city data. They are often highly stigmatised and blamed for their own poverty. They enjoy no or very little political capital, often experiencing violence at the hands of police and other officials. They experience socioeconomic and political exclusion on the basis of language, identity (e.g. ethnicity, caste, race, sexual orientation) or gender. There are high levels of mental ill-health among these groups. They are very hard to organise and it is difficult to get their voices heard in other urban social movements. Destitution can be 'institutionalised' through laws and policy (Harriss-White, 2005): some laws aimed at regulating destitution actually reinforce and exacerbate it, often criminalising it. For example, vagrancy is considered a crime in India and is least tolerated in metropolitan cities (ibid). Anti-poverty policy needs to address the issues affecting destitute people and not undermine their efforts at survival.

## 5. Policy gaps and challenges

There are important spatial dimensions to national growth scenarios. The impact of spatial inequality can be both economically and socio-culturally detrimental to development if it is extreme or becomes a source of conflict and unrest. Spatial inequalities may reflect simple market distortions but the geographic distribution of public spending is crucial – reflecting political influences and decisions about the most efficient way to allocate scarce resources so as to benefit from agglomeration economies and the like. National-level investments do not always benefit in predictable or widespread patterns, even if this is planned. Purposefully targeted, regional development policies in Vietnam, for example, have promoted the development of urban growth poles that are of central importance for the development record of the country, but benefits have not been felt as widely as expected (Klump and Bonschab, 2004). It is important to determine the most efficient allocation of activities across space to reduce the number of chronically poor areas (and people).

There will be winners and losers from policies and investment choices, but this is often argued on efficiency rather than equity grounds. This paper aims to reverse this. The economic potential of urban areas can be stifled by large and rising forms of ‘invisible’ poverty (which may be unattractive to investors, for example) and by more subtle social dynamics linked to rising inequality that can result in social unrest (e.g. when expectations of city life cannot match aspirations for the future). Urban social problems (e.g. violence, crime, unrest) can be intractable and be a strong influence on inward investments. Policymakers need to critically assess their strategies. Have things improved alongside economic growth/economic policies? For whom? Does poverty appear reduced? If so, does this constitute successful policy processes, or have pockets of poverty simply been pushed further out into new (or hidden) locations?

It is important to clarify the language used in this paper. We have talked about how certain kinds of poverty may be ‘invisible’ to policy processes. By this we mean that policy processes are using data that hide or do not capture the full extent of poverty in the urban area. However, this does not mean that the experience of such poverty is ‘invisible’: indeed, it is often highly visible (e.g. squalor of the slums, homelessness and begging, etc). The manifestations of not addressing these forms of urban poverty can be extremely detrimental to the success of an urban area. Slums must be viewed as the result of a failure of housing policies, laws and delivery systems, as well as national and urban policies (UN-HABITAT, 2003b).

Addressing inequality is harder than promoting economic growth, but the implications of leaving it are strong for both inequality and future growth. Urban economies are able to generate important benefits both within and beyond the centre, but this needs to be managed in ways that reflect coherence and strategic economic change. It is far too easy to destroy livelihoods with the aim of promoting fast urban growth; if this happens, specific policy responses are required. The numbers of urban people are largely outside the control of city governments (relating instead to a combination of economic stagnation, increasing inequality, population growth, immigration and migration). However, exclusionary zoning pushes negative externalities into low-income areas, where the poor are not organised to resist. For example, noxious and polluting industry or waste disposal facilities are located within these areas, further pushing down land prices. Illegal activities are also pushed into these areas, through police ‘turning a blind eye’ and lack of organised local opposition to their presence. The partly extra-legal nature of income opportunities for the poor also discourages the kind of strict scrutiny and enforcement that occurs in middle-class areas (UN-HABITAT, 2003b).

How can urban poverty traps be tackled? First, important direct investments (e.g. in basic services and infrastructure) can make a considerable difference to the lives of people living in urban poverty traps. In both urban Peru and Madagascar, lack of access to public infrastructure, such as electrical power, is a significant ‘marker’ of chronic poverty status (Herrera and Rouband, 2003). Investment cutbacks are often inevitable in countries experiencing economic difficulties, but often result also from structural

adjustment reforms and the privatisation of public utilities. In Africa, urban infrastructure is in a general state of dilapidation. Basic needs cover investments in water, sanitation, affordable transportation, health care, education and energy, as well as law and order and jobs that reward productivity.

In aggregate, urban areas tend to be far better serviced than rural areas, and certainly remote rural areas. However, urban infrastructure is not uniformly accessible or responsive to growing urban needs. In most contexts, there are few or no reliable data to formulate adequate context-based policies and regulations; if data exist, they are not available to local governments (e.g. data on housing conditions, adequacy of livelihoods and safety nets, quality of police and legal protection for low-income groups) (Satterthwaite and Tacoli, 2003).

Certainly in the large urban centres, there tends to be a more effective political lobby for infrastructure (Bird and Shepherd, 2003) but, crucially, such lobbying tends also to be extremely anti-urban poor (see Hasan et al., 2005). We need to see beyond 'access' and recognise how urban access to services and infrastructure is mediated by poor quality and high prices in certain areas of towns and cities.

It is not enough to assert targeted investment infrastructure and services as a singular response, however. The manner in which such investments are delivered is important, as is the manner in which they are conceptualised. Interestingly, the extent of spatial poverty in the inner zones of Western cities has been considered too intractable for them to attract private investment, and programmes have tended to be dropped when results are not quick enough to justify to boards and shareholders (Giddens, 2006).

Neighbourhood regeneration may be vital but it is not uncontested. Impacts on poverty and the lives of poor residents can be unexpected. Investments may increase the value of land in previously deprived neighbourhoods, but do nothing to improve the living standards of its current low-income residents, who may be pushed off the land and forced to move out (Giddens, 2006) as better-off/better-connected residents move in (see Box 3).

### **Box 3: Urban regeneration: – the case of AGETUR in Benin**

The Agence d'Exécution des Travaux Urbain (AGETUR) (Public Works Execution Agency) was created in October 1990, with the overriding objective of providing income-generating employment to large numbers of people negatively affected by structural adjustment, using labour-intensive agencies, while at the same time rehabilitating and constructing good quality infrastructure and/or amenities such as roads, gutters, markets, schools and health centres. Work is carried out through various local small- and medium-scale enterprises invited to tender for individual work contracts. These enterprises recruit both skilled and unskilled labour and are selected for contracts on the basis partly of the number of people they employ.

The AGETUR initiative was specifically directed towards ameliorating the deteriorating conditions of retrenched workers and unemployed graduates. The success in keeping this target group above the poverty line has been significant. However, of interest here are the rehabilitation aspects of the programme in poor urban areas. Much-needed infrastructure has been provided, drainage has been improved, latrines have been installed, public gardens, rest areas and meeting points established, alongside extensive city-wide improvements in the road network. Reduced levels of crime have also been attributed to environmental improvements and increased availability of work.

However, there is some concern that landlords have been unscrupulous in removing previous tenants in favour of those who can pay more once improvements in infrastructure and services have been made to previously deprived areas. It is very unclear where previous tenants and residents have moved to (perhaps further out to the city periphery), but a number of respondents spoke of the change in character of the area.

*Source:* Fanou and Grant (2000).

Specific urban investments are necessary but require considerable governance strengthening, particularly relating to informal sector regulations, and flexibility in planning and enforcement of urban land and housing policies. Despite the need for regulation and penalties, urban management has to be driven flexibly if it is to respond positively to the reality of local economies in low-income areas. To

maintain rather than destroy productive activity in these areas (and among the poor living in these areas) municipal governments require a flexibility that enables moving beyond rigid formal–informal, legal–illegal distinctions.

- **Providing legal title and upgrading existing settlements:** It can take a huge effort to work with local government to stop evictions of informal and illegal settlements, and to find a more palatable solution, one which can have better outcomes for residents and the local economy. In some cases, it is essential that settlements be removed, for example where they are located on dangerous sites. However, there are more productive ways of doing this than through forced displacement. Alternative approaches include providing secure tenure and onsite infrastructure development where possible, as well as collaborative planning with communities. In Brazil's Belo Horizonte, slum dwellers have benefited from the enactment of a land act that has provided security of tenure and an opportunity to regularise their status (Tibaijuka, 2005). To regulate the settlement of its rapidly growing population, Gaborone government, Botswana, provided plots of land free at first, then at nominal cost. Today, fully serviced plots belong to the state, which charges rents on them, but the houses belong to the plot titleholder for a period of 99 years. In order to prevent speculation, plot holders are not allowed to sell houses for 10 years (UNFPA, 2007). This approach has helped poor and middle-income residents alike, although the poorest tend still to be excluded on the basis of cost. There are a number of fairly large-scale housing subsidy programmes that have been pursued in different cities (see Mitlin, forthcoming on programmes in Chile, Mexico, the Philippines and South Africa). The most innovative of these programmes provide the urban poor with their most basic need – access to urban land with security of tenure without collateral.
- **Flexible planning laws:** Relaxation of restrictive planning laws enables more productive use of homes. Where the regulatory environment is flexible, home owners are able to sell part of their property or build new homes on their plot – or expand the existing one – to accommodate productive activities and/or expanding families (see Moser, 1996, for examples of unregulated land markets in Cisne Dos, Ecuador). Such relaxation in the enforcement of planning laws in South Africa has resulted in the construction of backyard shacks in the townships and in the use of housing as productive capital. Townships are now less homogeneous and the use of public and private space has changed. Prohibition of trading in townships has been ended and hawkers, retail outlets, taxis and so on are now an important part of local life.
- **Relaxed trading and land use regulation:** It is important that city governments do not destroy jobs through overzealous regulation. Given the inherent difficulties in implementing diverse legislation, municipal (and national) governments tend to be selective (or perhaps arbitrary) in what they implement (Grindle, 1980). They often respond to non-poor demands for city beautification or master planning approaches, but can damage the productivity of the urban poor. Relaxation of laws can have a positive effect. Municipal governments need to acknowledge the importance of informal labour markets to the urban poor and the productivity of particular areas where poor people live and work, and operate more tolerant policies

Secure tenure and flexible planning and land use laws, alongside infrastructure development and suitable services provision, can yield considerable economic benefits for residents of previously insecure urban neighbourhoods. It can take some time for municipal governments to reach this point, however.

Responding effectively to urban spatial poverty traps also requires more subtle changes in the conceptualisation and response to urban poverty and the urban poor. The approach to dealing with *favelas* in Rio de Janeiro followed three distinct phases: first, to eradicate them; second, to upgrade them; and third, to integrate them into the city (Perlman, 2003). The most recent response has been the Favela-Bairro Project, which has focused on upgrading the physical infrastructure in *favelas* as a means of integrating them into surrounding neighbourhoods. This is an important step in extending the

connectivity of previously excluded areas, but such 'insertion' demands an inclusive model of development in which deprived areas are integrated economically, politically and socially (ibid). This demands holistic and strategic urban planning.

This paper argues for two crucial changes in approach:

**Take geography seriously:** Policymakers need to take into account relationships between different spatial zones, particularly in terms of migration and other links between and within rural and urban areas. This includes breaking down the false dichotomy drawn between urban and rural areas. Linkages between hinterland cities, urban agglomerations and urbanised regions may be important in enabling poor rural regions to gear up to the demands of the global economy, as well as driving up wage rates, providing opportunities for migrants. The development of a strong domestic agriculture market may have very important impacts on urban food prices, for example. In Burkina Faso, agricultural development has decreased the prices of food staples consumed mainly by the poor, and increased the demand for locally (and informally) produced goods, thus also decreasing the pressure of rural–urban migration on informal wages (Grimm and Gunther, 2004). However, this remains an under-researched area; it is also clear that the impact of urban economic change within the urban setting itself remains an important and poorly understood dynamic (but one that this paper has hoped to illuminate).

Rural to urban migration provides a useful illustration. On the one hand, the impact on urban wages of heavy rural migration to urban centres can be detrimental to the wellbeing of particular groups of the urban poor, particularly as the level of competition for urban jobs increases (Mitlin, 2005). On the other hand, such migration does not necessarily lead to improved economic opportunities to escape from poverty for migrants themselves. For example, Begum and Sen's (2005) study of Rickshaw pullers in Dhaka concludes that:

Moving themselves and their families to urban areas seems only to reduce the prospects for escaping poverty in the longer run, since children are more likely to remain uneducated. This intergenerational transfer of poverty can then 'reverse' during the rickshaw pullers' later life, when children who have not escaped poverty remain largely unable to support their ageing parents.

The challenge is to integrate economic planning strategically. Strategy requires policymakers to ask the right questions and to state upfront their goals and the trade-offs they are willing to make to achieve these. We would argue for national growth strategies that put equity very firmly on the agenda. Spatial poverty traps need to be avoided locally too. In the urban context, we have argued that this means drawing away from aggregate data and focusing very sharply on the inequities and discriminatory and exploitative dynamics that drive urban market relationships.

**Draw on social analysis:** We have argued for a much stronger emphasis on social analysis in development policymaking. Ultimately, this means not allowing municipal and other policymakers to take the easy route and blame the poor themselves for their poverty status. It requires looking more deeply at the structural causes of poverty and the social behaviour that drives poverty in certain neighbourhoods and areas. In many ways, illegal activity offers a viable economic response to limited opportunities, and public policy is often inhibited in how it can respond because public officers may themselves be involved in what may be destabilising but also financially rewarding illegal activity.

Policy must be designed to reach minority households in poor areas and to explicitly recognise behaviour patterns (including compensating behaviour) that have served residents well in the short term but intensify inequalities in the longer term. It will be important to open up options for minority groups, both by ensuring that they are not disadvantaged (in labour markets, for example) and by changing the conditions that have caused their isolation and social exclusion.

## 6. Conclusion

This paper has highlighted the patterns of spatial inequality that affect urban areas. It has discussed social geography theories and how these allow us not just to unpack why urban areas have formed where they have but also to link this to an analysis of their development path – most notably the spatial development of wealth and poverty. This paper has shown how the formation of urban poverty often takes a distinct spatial dimension, but that this is an expression of social and political processes, relationships and dynamics, and not a factor of geography alone. The paper has presented an argument, some theory and some examples to support linking spatial temporal analysis to micro-level dynamics in order to build a fuller picture of chronic poverty in urban areas (i.e. why certain areas stay poor over time). The paper argues that this level of analysis is crucial for differentiating urban ‘space’, particularly in contexts of limited data.

This is all the more important within the context of rapid urbanisation and the urbanisation of poverty. Indeed, Ravallion et al (2007) go as far as stating that ‘urbanisation has generally done more to reduce rural than urban poverty’ and question whether urbanisation is a good or bad thing for poverty reduction. It is important to recognise that spatial disparities exist not only between regions, but also within areas such as small towns. The paper has illustrated how dynamic spatial changes that are inherent in urban areas stimulate important social transformations, which are intensified by processes of urbanisation or economic growth. The ability of people within particular areas to deal with or adapt to these transitions is critical to whether and how they are able to benefit from urban opportunities. However, this ability is mediated through a number of geographic and social dimensions. Economic change that facilitates escape from poverty is only advantageous if that escape is sustained. In turn, economic change that causes decline may not be too important if people are able to bounce back quickly.


Urban governance is an important factor. The challenge facing municipal governments is both to attract inward investment and to develop a skilled labour force, while simultaneously protecting the productive activities of the poorest (Grant, 2004). As articulated above (Section 2), rising urban poverty and inequality are concurrent with rapid urbanisation in some developing contexts. Are we expecting new spatial poverty traps to emerge over the next few years? Or is the concern that current urban poverty traps will expand (e.g. the mega slums) and stifle urban areas as national ‘engines of growth’. Certainly, we see evidence of rising urban congestion and need to acknowledge that there are serious costs associated with this kind of planning problem, linked to pollution (e.g. air, water, soil, noise), that can impinge future investments. Similarly, adaptation to climate change in urban areas is an issue that can no longer be ignored by municipal governments. The challenge to respond strategically to this agenda cannot be underestimated, and is critical for both urban and national development.



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