

ECONOMY

World Bank says 64% of people who live in slums are in Asia

Policymakers urged to boost infrastructure, affordable housing and job access



A woman delouses her daughter by their home in a Karachi slum in Pakistan. © Reuters

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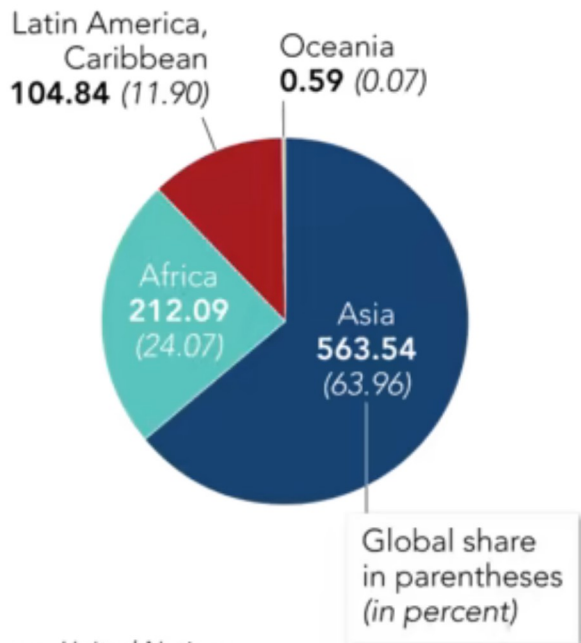
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SINGAPORE -- Around 64% of people who live in urban slums are in Asia, as the region experienced rapid rural-to-urban migration that has left millions of urban dwellers in poverty, according to the World Bank.

East Asia, including China, was home to most of the urban poor in 2014, followed by Sub-Saharan Africa, according to data from the United Nations quoted in the World Bank's new report titled "Expanding Opportunities for the Urban Poor." Asia is home to a total of 563 million urban slum dwellers, said the report.

Regional urban slum population

(in millions)



Source: United Nations

While rapid economic growth in China, Indonesia and Vietnam has lifted millions out of poverty, inadequate urban planning and a lack of social safety nets have led many of them to settle in urban areas at or below the poverty line. Around 1 billion people -- or one-third of the urban population -- in developing countries live in slums.

The figures are especially acute in "countries at earlier phases of urbanization and lower per capita income," said Judy Baker, World Bank lead urban specialist and lead author of the report, at a press conference on Tuesday. The proportion of slum-dwellers among urban residents is high in countries such as Mongolia, Myanmar and the Philippines, where the figures are between 38 and 43%.

"Failure to expand opportunities for the urban poor impacts the countries' growth potential," said the World Bank press release on Tuesday.

Lack of access to public transportation, jobs and affordable housing are among the many factors contributing to poverty, the report pointed out. Without supervision, the "modernizing" of urban areas can worsen the livelihoods of the urban poor. The report pointed to the example of bans on transport options such as trishaws and rickshaws in Asia. In some areas of China and Indonesia, such bans to eradicate congestion led to income losses and deprived the urban poor of affordable travel options.

The study also found that in many regional countries, poverty rates are lowest in mega-cities and extra-large cities, while small- to medium-sized cities have higher poverty rates. The tendency for administrations to focus more on infrastructure investments in capitals and first-tier cities leave small- to medium-sized cities behind. "Typically, a lot of private investments end up in the capital cities," Baker added. The lack of proper infrastructure and housing puts the urban poor at a higher risk of natural disasters and climate change such as floods, said the report.

The slow transition of informal employment into formal sectors is also a drag. Around 65% of total employment in East Asia excluding China is informal, in sectors such as waste disposal, causing the workers to depend on unstable wages and face the constant threat of losing their income.

"Informality is a drag on the economy. [The] Informal sector has lower productivity and lower growth rates, despite being a significant employer in most developing countries," said Abhas Jha, practice manager at the World Bank global practice for social, urban, rural development and resilience, suggesting that the governments should lower the barriers for industries to formalize themselves to "provide safety net for everyone."

Partially based on the success models of developed economies in the region, such as Japan, Singapore and South Korea, the study urged policymakers in regional developing economies to adopt a multi-dimensional approach to combat poverty. Among the suggestions are spatial planning of cities that is inclusive of the urban poor and providing access to financial services and skills training.