

BRIEF INTRODUCTION TO URBAN POVERTY ¹

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Despite decades of development assistance the world has seen an increase in poverty around the world. Urban poverty has become a politically and socially explosive problem not only in cities of developing countries but increasingly in large cities of Europe, Eastern Europe and North America. Cities are becoming spatially and socially divided. This reinforces inequality and creates urban environments earmarked by impoverishment, inadequate living conditions, social tensions, urban violence, criminality and a general feeling of insecurity and fear. The largest Latin American cities such as Lima, Bogota, Rio de Janeiro, Sao Paulo, Mexico as well as cities like New York, Los Angeles, Cincinnati and London – just to mention a few - are vivid examples of divided cities turning into a potential time bomb for social unrest that will have large-scale consequences nationally. The future sustainability of cities is a function of poverty reduction!

There is a strong need to bring out the various forms of social exclusion and poverty, how various stakeholders (local government, CSOs, households) are combating it, and how localized research can contribute to developing alternative ways to reduce poverty and increase social inclusion. It is an important goal of development planning, leading to tangible actions and measurable results. Producing applicable knowledge, knowledge dissemination as an instrument for urban development, and the strengthening of local capacities of local governments and civil society organisations in producing knowledge for development are effective vehicles to narrow the existing gap between policies and poverty reduction that will lead to “inclusive” cities.

There is currently little doubt about the need for institutional change and policy reforms that can result into concrete measures beneficial to poor families. While these reforms are politically motivated and therefore dependent on the balance of power at the national and/or local level where the poor may or may not exercise pressure one must recognise that there is a need to raise awareness of policy makers and civil society organisations (and the poor residents and their grassroots organisations) about positive experiences and results achieved by poverty reduction measures across the world.

Applied research has the potential to unveil the practical and empirical evidence of the success and failures of particular policies and development approaches. The findings and results of this type of research are powerful devices in bringing out the necessity for change but it is not enough to put it into practice. Comparison of policies and experiences help to disseminate lessons learned with good or equivocal policies, programmes and projects in similar or totally different development contexts establishing some kind of policy dialogue. But it is equally not enough to bring about changes in traditionally very rigid institutions and stone-head professional cadre. Capacity building in its broader sense has a lot to do with the way knowledge is produced/generated, disseminated and internalised – meaning appropriated – within

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organisations and individuals who are responsible for these organisations to function and exist as such. Only a smart combination between scientific research (and other forms of knowledge production) , dissemination and capacity building efforts – training being an indispensable element of that – herein called “knowledge triad” can have a positive impact on organisations and people, paving the way to institutional changes and fundamental policy reforms required to start resolving social exclusion and poverty.

The traditional approach to poverty has been "modernisation and economic growth" oriented and applicable to the nation, not to the individual, supposing that economic growth would automatically lead to poverty eradication. With the recognition that many social factors play a role in being poor or non-poor, at some point in time the attention has been drawn to social policies rather than to economic growth. However social development constraints affect the position of the poor on the labour market and therefore their income generating possibilities, thus inducing poverty. Economic and social development cannot be separated. Governments should therefore pay attention to both.

In spite of the fact that poverty is not entirely an income-related problem, income-generating activities are an important aspect of poor people's lives. Large cities tend to have highly segmented labour markets in which the poor have difficult access to formal, decent jobs. Constraints they encounter in the social development field influence this: low level of education; precarious, ill located housing; not well connected, often a migrant background, etc. Many poor people are therefore found in the informal sector: self-employed, in a low quality job or as a so-called "micro entrepreneur". Different views have been developed by scholars and practitioners on the potentials of informal sector economic activities: from high business development potential to merely survival oriented with no potential at all. What are the implications of these views for future research agendas?

The process of globalisation implies a shift in emphasis from national to sub-national (local) competitiveness. National and local governments therefore have the responsibility to induce local economic development processes by applying specific economic development policies. The question in relation to poverty is "how to make local economic development policy pro-poor (or inclusive)". This includes issues like business attraction, business development and employment creation; education, vocational training and job access; development for export markets and development of local markets; the real potential of informal sector business; the need for survival support.

Apart from the classical approach to poverty-economy-employment there is a need for a more evidence based understanding of processes of social exclusion. A particular dimension of poverty that is related to the limited access of low-income families to policy decision making and to their difficulties to get their needs and demands articulated in the political agenda of local governments. This seems to be a difficult poverty dimension to measure but equally important in countries where the disparity of income and wealth is reinforcing divided societies and submitting a great part of the population to a situation of “perpetual” poverty. Thus, it seems justified to state that a pro-poor local government policy must go beyond the economic-employment dimension of poverty. This leads to questions of what and how. For example municipal financing systems and housing deserve greater research

attention than it is actually given by national governments and the international donor community. The current global trend towards decentralisation implies the gradual empowerment of local governments and the reallocation or transfer of key responsibilities from central and provincial government levels. In theory municipalities should become richer in resources while at the same time one should expect that the retreat of central and provincial governments from direct involvement in local affairs catch local governments not yet well-equipped to cope with the magnitude of tasks and problems. More and more local governments will be entirely responsible for addressing issues such as poverty, housing needs, basic social services and other basic needs while it will continue to need additional assistance to build their capacity to plan, finance, manage and guide urban development. It is at the local government level where the exercise of citizenship really materialises. That calls for a better understanding about the limitations and potentials for local government finance to cope with these new and inevitable challenges. Local government financing instruments can become effective self-reliant vehicles for poverty reduction.

The link between urban management, governance processes and local participation is a very relevant theme that deserves more attention of both scholars and policy makers since it can become a mechanism for poverty reduction. The needs and demand of low-income families are not always well articulated towards the status quo of local government policy making and implementation. This is a particular dimension of poverty meaning that resource allocation and decision making rarely meet the basic needs and demands of low income families who are set aside in a certain marginal position except during pre-election periods. Poor families are victim of their own condition of “being excluded” living in inadequate housing, in disaster prone areas, underemployed and subject to critical environmental conditions that exacerbate their vulnerability to poverty.

We know today though that that an increasing number of Brazilian cities have institutionalised a process called “Participatory Budgeting” that demonstrates that it is possible for civil society and community-based organisations to determine where, how and how much of the municipal budget is allocated to priorities set at the local level of the barrio. Through a process of open governance practice, making use of local knowledge and partnerships, wealth is redistributed internally in the city by directing public investments towards the needs of poor families.

It is important to find out how research and knowledge can contribute more effectively to such development processes, and how partnerships between people with local knowledge and ‘professionals’ can be made more effective and equitable. Do they support poor families in becoming empowered via these participatory approaches and help resolve some dimensions of poverty? These are questions whose answers may help governments in other countries to rethink their local practices of planning and managing cities. It also may stimulate donors and national governments to facilitate new incentives to both local governments and researchers in the battle against poverty.