

# Urban Poverty in Asia

**Are the Poor the Future of a More Inclusive Cities in Asia?**



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**International Policy Workshop on  
Urban Poverty and Inclusive  
Cities**

**24-25 June 2013, Suqian, Jiangsu  
Province, People’s Republic of China**

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# Subjects of our discussion



1. What is urban poverty?
2. Beyond income poverty: inequalities and land grabbing, shelter, climate change Risks, lack of jobs, and services delivery affect the poor more
3. Do smaller cities provide better opportunities for the urban poor?
4. Policy responses to urban poverty: is urbanization move pushed by growth for more earnings among a few, or better living quality for all people?
5. What are the key questions this conference should address?
6. Further readings

# 1. What is urban poverty?

Poverty reduction in Asia was mainly because of  
**(a) rural poverty reduction and development**

**(b) government driven poverty reduction programs**  
**(not inclusiveness of growth)**

- Of the aggregate number of those lifted out of poverty, nearly 90% are rural poor.
- Between 1990 and 2010 Asia lifted 786 million people out of \$1.25 poverty, and brought down the incidence of \$1.25 poverty from 55% (1.5 billion) to 20% (0.76 billion), and \$2 poor from 82% to 40%
- This is mainly a success story in **rural areas**, where growth was inclusive; nevertheless 90% of total poor are still living in rural areas
- **Poverty reduction in Asia was not due to inclusive growth but because of poverty reduction programs**

**Poverty reduction in Asia is a success story of poverty reduction programs, not of inclusive growth**

	world			Asia									Asia poor as % of world poor
	population	poor	incidence	East, Southeast and Pacific			South and West			total Asia			
	(million people)	(million people)		population	poor	poverty incidence	population	poor	poverty incidence	population	poor	poverty incidence	
<b>\$1.25</b>													
1990	4433.09	1908.45	0.4305	1647.27	926.42	0.5624	1147.11	617.26	0.5381	2794.38	1543.68	0.55242	0.808866
2010	5889.37	1214.98	0.2063	2010.44	250.9	0.1248	1633.15	507.77	0.31091	3894.61	758.67	0.1948	0.62443
<b>\$2</b>													
1990	4433.09	2852.69	64.35	1647.27	1329.35	0.807	1147.11	955.43	0.8329	2794.38	2284.78	0.81763	0.800921
2010	5889.37	2377.54	40.4	2010.44	591.47	0.2942	1633.15	1081.8	0.6624	4235.35	1673.27	0.39507	0.703782

## 1. What is urban poverty?

- How much urbanization really contributed to poverty reduction is still to be debated

- Asia is urbanizing, but it remains mainly rural, even more so than Sub-Saharan Africa and especially Latin America
- There is urbanization, but urbanization is still low in Asia (38% (1990) to 43% (2008))
- Will this change now with “rebalancing of growth”?
- What are the implications on people, and especially poor people?

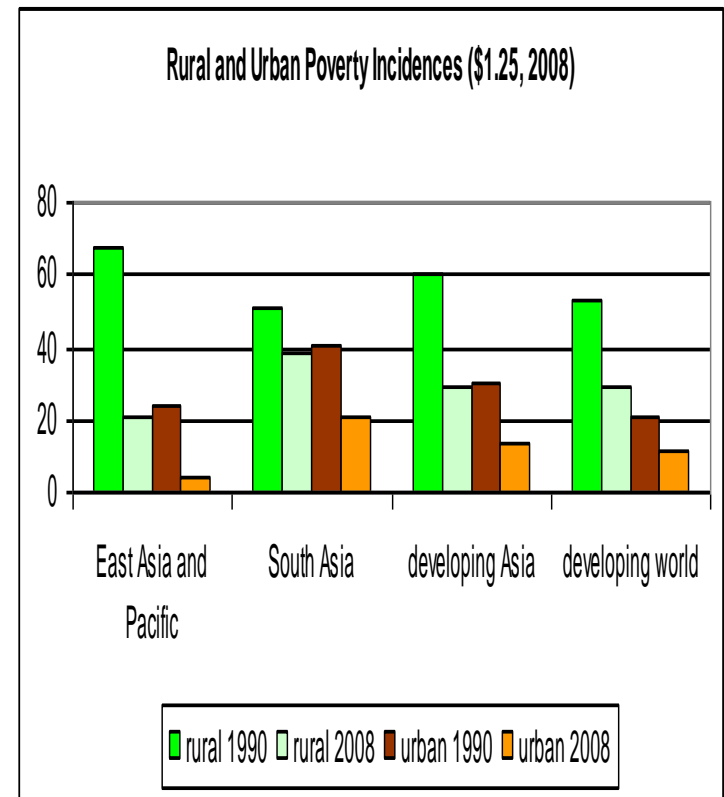
Urbanization, growth, and urban poverty (2012)					
	city population as % of total (2012)	level of urbanization in 2013	urban poverty incidence (2008)	GDP per capita (GNI, USD, PPP, 2011)	
developing world			11.6		
Asia	46.0		13.2		
Southeast Asia	46.0		29.7		
Cambodia	20.0	29.2	11.8	2,328	
Indonesia	50.7	53.7	9.2	4,682	
Lao PDR	34.3	53.1	17.4	2,424	
Malaysia	72.8	82.2	1.7	16,034	
Philippines	51.0	58.3	12.0		
Thailand	34.1	45.8	3.0	9,573	
Viet Nam	31.0	44.2	3.3	3,435	
East Asia	57.0		4.3	8,185	
PRChina	51.0	61.9	3.8		
Mongolia	68.5	71.6	30.6	4,788	
South and West Asia	34.0		20.7	3,366	
Afghanistan	23.5	32.2	29.0	1,280	
Bangladesh	28.4	41.0	21.3	1,906	
Bhutan	35.6	50.0	1.7	5,787	
India	31.3	39.7	20.9	3,783	
Nepal	17.0	31.7	15.5	1,439	
Pakistan	36.2	45.6	13.1	2,753	
Sri Lanka	15.1	19.6	5.3	5,620	
Latin America	78.0		13.8		

Source: Mathur (June 2013), UN Habitat (2013) State of the World Cities F

# 1. What is urban poverty?

## - National poverty shifts to the urban areas

- Urban poverty incidence is much lower than the rural
- But rural poverty declined faster, while urban poverty remained largely unchanged, and in some countries even increased.
- Between 1990 and 2010, urban share in Asia's poor has risen from 18.3% to 22.9% (Global Monitoring Report 2013), and we have today much more urban poor than in 1990
- 2008 economic crisis pushed more than 130 million people into poverty → most of them were urban poor
- Urbanization impacts rural poverty more than urban poverty.
- Urban poverty exists side by side with extremes of wealth → inequality



# 1. What is urban poverty?

## - rural and urban poverty in Asian countries

Rural and Urban Poverty in Asia															
	year	popu- lation (million, 2010)	national poverty line				\$1.25 intern. poverty line (2010)				\$2 internat. poverty line (2010)				
			national poverty (%)	rural poverty		urban poverty		country wide		urban poverty		country wide		urban poverty	
			inciden- ce (%)	number (million)	inciden- ce (%)	number (million)	inciden- ce (% of popul.)	number (million poor)	inciden- ce (% of popul.)	number (million poor)	inciden- ce (% of popul.)	number (million poor)	inciden- ce (% of popul.)	number (million poor)	
<b>West and South Asia</b>				38.0	422.7					29.7	140.8				
Afghanistan	2008		36.0	37.5	8.3	29.0	1.8								
Pakistan	2006	173.4	22.3	27.0	28.1	13.1	7.2	17.3	30.1			55.7	96.5		
Uzbekistan	2005	28.1	25.8	30.0	4.9	18.3	1.7	20.3	5.7			44.0	12.4		
other countries															
<b>South Asia</b>				38.0	408.0					20.7	152.0				
Bangladesh	2010	164.3	31.5	35.2	37.7	21.3	8.8	41.0	67.3			71.7	117.7		
India	2010	893.3	29.8	33.8	285.9	20.9	79.2	42.3	377.7			68.7	803.4	34.1	
Nepal	2011	29.8	25.2	27.4	6.8	15.5	0.8	50.4	15.0			73.7	22.0		
Sri Lanka	2010	20.4	8.9	9.4	1.7	5.3	0.2	5.8	1.2			26.5	5.4		
<b>East and Southeast Asia</b>				20.4	215.5					4.3	37.7				
Mongolia	2009	2.7	38.7	49.6	0.4	30.6	0.6	16.6	0.5			42.3	1.1		
PRChina	2009	1,338.7	na	22.3	215.1	0.9		4.6	61.6	0.9		17.5	234.7	5.4	
<b>Southeast Asia</b>															
Cambodia	2007	15.1	30.1	34.5	3.7	11.8	0.3	26.1	3.9			53.9	8.1		
Indonesia	2011	232.2	12.5	15.7	18.9	9.2	11.0	17.8	41.4			49.6	99.5	50.6	
Lao PDR	2008	6.4	27.6	31.7	1.3	17.4		30.6	2.0			62.9	4.0		
Malaysia	2009	28.0	3.8	8.4	0.7	1.7		0.0	0.0			1.9	0.5		
Myanmar	2010	25.6		29.2		15.7									
Philippines	2013	93.5	27.9	29.3		15.4		16.1	15.1			40.4	37.8		
Thailand	2010	68.8	7.8	10.4	4.8	3.0	0.7	0.2	0.1			9.6	6.6		
Viet Nam	2008	88.2	14.5	18.7	11.4	3.3	0.9	11.8	10.4			36.7	32.3		
<b>Asia</b>	<b>2008</b>	<b>3,517.7</b>	<b>536.6</b>	<b>29.4</b>	<b>419.9</b>		<b>116.7</b>	<b>18.1</b>	<b>637.1</b>	<b>13.2</b>	<b>178.6</b>	<b>42.9</b>	<b>1,609.9</b>		
<b>Latin America</b>	<b>2008</b>	<b>583.9</b>		<b>13.2</b>	<b>16.4</b>			<b>5.5</b>	<b>32.3</b>	<b>3.1</b>	<b>13.8</b>	<b>10.4</b>	<b>60.5</b>		
<b>Sub Sahara Africa</b>	<b>2008</b>	<b>853.6</b>		<b>47.1</b>	<b>247.8</b>			<b>48.5</b>	<b>413.0</b>	<b>33.6</b>	<b>96.1</b>	<b>69.9</b>	<b>596.2</b>		

Note: Regional sums show international poverty data from the World Bank PovCalNet for 2008

Source: World Bank and IMF (2013) Global Monitoring Report; ADB (2012) Framework for Inclusive Growth; World Bank (2012) World Development Indicators; ADB / Wan Guanghua (2011) Poverty in Asia and Pacific. An Update



## 2. Beyond Income/Consumption Poverty

### Urban poverty is multidimensional



- Inequalities
- Informal employment
- Access to social services
- Very costly housing
- Congestion
- Climate change, pollution, and disaster risks
- Health risks
- Affects particularly children, the elderly, the unemployed youth, women

## 2. Beyond Income/Consumption Poverty - slums and shelter deprivation

Slum population in Asia				
	1990		2009	
	million people	percent of urban population	million people	percent of urban population
East Asia	154.2	43.7%	206.5	28.2%
PRChina	131.7	43.6%	180.6	29.1%
Mongolia	0.9	68.5%	0.9	57.9%
South Asia	181.7	57.2%	200.5	35.0%
Bangladesh	87.3	20.0%	27.5	61.6%
India	121.0	54.9%	104.7	29.4%
Nepal	1.2	70.6%	3.1	58.1%
Southeast Asia	68.9	49.5%	79.9	31.0%
Cambodia	NA	NA	2.1	75.0%
Indonesia	27.6	50.8%	23.3	23.0%
Philippines	16.5	54.3%	18.3	40.9%
Thailand	NA	NA	6.1	27.0%
Viet Nam	8.1	60.5%	9.2	35.2%
West Asia	17.8	22.5%	35.7	24.6%
Pakistan	18.1	51.0%	30.0	46.6%
Pacific	0.4	24.1%	0.6	24.1%
Asia-Pacific region	422.9	39.4%	523.2	28.6%
Developing world	650.4	46.2%	862.6	32.7%
Asia as % of world	65.0%		60.7%	

Source: UN-Habitat (2012) Global urban Indicators database

- What is a slum? Durable housing, secure tenure, sufficient living area, access to improved water and sanitation
- 863 million people live worldwide in slums, 61% of them in Asia
- 28.6% of Asia's urban population live in slums → more slum poor than urban poor
- Slums particularly in BAN, IND, PRC, PAK, VIE
- PRC: additional 48.9 million slum people since 1990
- Migrant workers come to the slums first



## 2. Beyond Income/Consumption Poverty - sanitation is a major problem in some countries



Water and sanitation facilities in urban Asia (% of urban households, 2010)					
	water		sanitation		
	unim- proved	surface	unimproved sanitation facilities (%)	using shared and community latrines	defecting in open areas
<b>South Asia</b>					
Bangladesh	15%	0%	43%	26%	2%
India	3%	0%	42%	27%	14%
Nepal	7%	3%	52%	6%	13%
Pakistan	4%	0%	28%	28%	4%
<b>East Asia</b>					
Mongolia	0%	0%	36%	31%	3%
PRChina	2%	0%	26%	24%	0%
<b>Southeast Asia</b>					
Cambodia	13%	4%	27%	10%	15%
Indonesia	8%	0%	27%	13%	14%
Philippines	7%	0%	21%	18%	3%
Thailand	3%	0%	5%	5%	0%
Viet Nam	1%	0%	6%	6%	0%

- Sanitation of the poor is different than sanitation of the rich
- 14% of India's and Indonesia's poor defect in open areas

→ Focus on water is wrong; need to focus more on sanitation

## 2. Beyond Income/Consumption Poverty - informal employment



- ILO: Working poor and decent work
- 908 million Asian workers (52% of the region's work force) live on less than \$2 a day (Asian Employment Forum)
- **Jobless growth**: While growth in the region is high (6%), it does not create much jobs (0.5% per year)
- High youth unemployment (but much lower than Spain or Greece because of informal sector employment)

The working poor in Asia in 2012				
	number of working poor (million)		workingmg poor as % of total employment	
	\$1.25	\$2	\$1.25	\$2
Asia	237.7	602.7	13.9	35.8
East Asia	46.3	113.2	5.6	13.6
Southeast Asia and Pacific	35.4	98.3	11.7	32.5
South Asia	155.9	391.2	24.4	61.3
World	383.8	653.7	12.3	27.3
Asia as % of world	40.6%	59.8%		

Source: ILO data base

## 2. Beyond Income/Consumption Poverty - climate, pollution and disaster risks of the urban poor



- Sea level rise is not the main issue
  - although 54% of Asia's urban population live near coast):
  - HCMC, Dhaka, Jakarta, Kolkata, Mumbai, Shanghai, Bangkok, Manila
- More important are flooding and storms:
  - most of the poor live along the coastal area, and river beds which are easily being affected
  - see Environments of the Poor work of ADB

## 2. Beyond Income/Consumption Poverty congestion



- Children have no space for playing
- Average sqm per person: rich 40 sqm, poor: 5 sqm
- Pollution is high in congested areas
  - The poor breath different air
  - Waste management
  - Water and sanitation
- High incidence of road accidents
  - increase in number of handicapped people due to traffic accidents: children, motor cycle drivers
- Heat waves affect the health of the elderly because poor live in congested areas

### 3. Which urban poor are most affected? - children, youth, women, migrants



- Children
  - Domestic labor is mainly urban; 25-45% of household income of the urban poor is coming from children
  - In Asia 10 million children live on streets
  - World wide: 215 million child labor of which 115 million work in hazardous context
  - Waste pickers, tea stalls, cigarettes selling, fireworks, carpets knitting, prostitution
  - High incidence of road traffic injuries in slums
- Feminization of poverty
- Youth:
  - Asia has 754 million young people of which 350 million are in workforce and 34 million unemployed
  - Youth unemployment (10.8%) is increasing, but still low compared to Greece or Spain
- Migrant workers: 140 million floating population in PRC

#### 4. City size and urban poverty

### Shall we focus on the smaller cities ?

- Small is not beautiful:  
Income poverty is largely concentrated in small and medium towns...
  - Large maybe even less: ...  
However, social poverty however is more pronounced in the slums of larger cities
- what should we focus on?

City size and urban poverty		
	small and medium city	large and mega-city
Viet Nam		
urban poverty incidence	3.3	
poverty incidence	11.2	1.9
percent of all urban poor	70	30
percent of urban population	43	57
Thailand		
urban poverty incidence	17	
poverty incidence		
percent of all urban poor	76	24
percent of urban population		
Bangladesh and Pakistan		
urban poverty incidence	21.3 / 23.6	
poverty incidence	38	26
percent of all urban poor	76	24
percent of urban population		

Source: Mathur (2013)



#### 4. Geographics of urban poverty

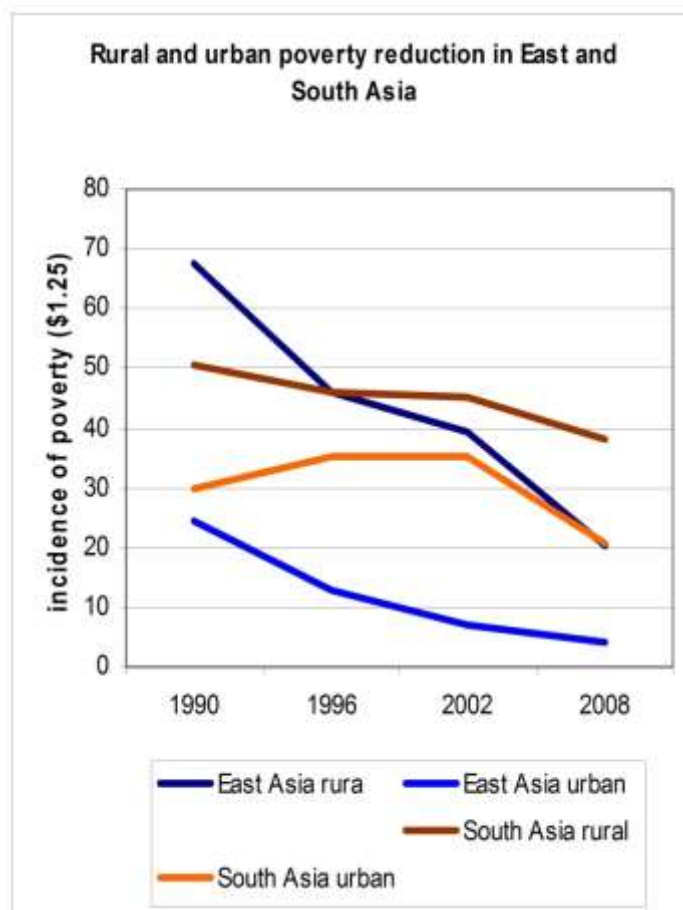
**Urban poverty is mainly a concern for South Asia, but ...  
... housing poverty is everywhere**



- East Asia reduced urban poverty at an annual rate of 4% between 1990 and 2010,
  - but in South Asia urban poverty increased
  - PRC has million people living in bad housing environment; mainly migrants
  - VIE needs to build 700,000 low-cost houses for low income earners, in order to meet increasing demand. By 2015, the Ministry of Construction said there will be about 1.7 million people with housing problems in urban areas throughout the country.
  - PHI: 100,000 low cost houses for Manila's poor
- 
- BRA: 84.4% of the 230 million people in the country live in cities; strong increase of the population in favelas (now 12 million)

## 4. Geographics of Urban poverty

### Urban poverty is mainly a concern for South Asia



Urban and rural poverty incidences (\$1.25, 2008): urban poverty is mainly a South Asia problem

	1990		2008	
	rural	urban	rural	urban
East Asia and Pacific	67.5	24.4	20.4	4.3
South Asia	50.5	40.1	38.0	20.7
developing Asia	60.1	30.0	29.0	13.7
developing world	52.5	20.5	29.4	11.6

Source: Global Monitoring Report 2013

## 4. Geographics of Urban poverty - PRC



- Urban poverty
  - \$2 poor in PRC: 29.8% or 359 million women and men (2008), down from 84.6% in 1990
  - Urban poverty line is very low (2,184 Yuan/capita/year)
  - In 2007: 22.7 million urban poor (3.8% of urban population)
  - In 2009: 180.6 million people in slums (29.1% of total population) (UN Habitat)
  - Shaohua Chen (World Bank): only 43.5% of urban poor households are covered by dibao
  - Urban poverty is mainly related to bad housing conditions of the migrant poor
- Urbanization
  - Urbanization = 53% plus 17% migrants (classified as rural)
  - Only 35% of the urban population is in possession of the urban residence permit (hukou)
  - No jobs in the cities for all the migrants and rural population
  - Moving 250 million farmers into cities
- is that the right government strategy?
  - China Daily (20 June 2013): "China's push for urbanization will lead to social unrest ... The government's goal is to fully integrate 70 percent of the country's population, or roughly 900 million people, into city living by 2025. But the "hukou" system keeps public services out of reach for many migrants .."
  - Land grabbing from the farmers by the local governments; driving people into apartment buildings → but there are no job opportunities in the new towns

## 6. Policies to address urban poverty the urban poor need different things

- Transport
- Utility connections
- Water
- Housing
- Markets

→ implication for all project design



## 5. Policies to address urban poverty



INO: slum upgrading through **community participation** (PNPM)

PHI: **private sector**

PRC: **urban dibao** under Ministry of Civil Affairs, targeting the 3 no groups, the poor unemployed, poor employees, poor students, and residents in economic hardships; but not targeting migrants; but dibao covers only 43.5% of urban poor

IND: **government policies**

BAN: **urban partnership for poverty reduction**

1. What is urban poverty?

**Policy makers and academe largely neglect urban poverty**

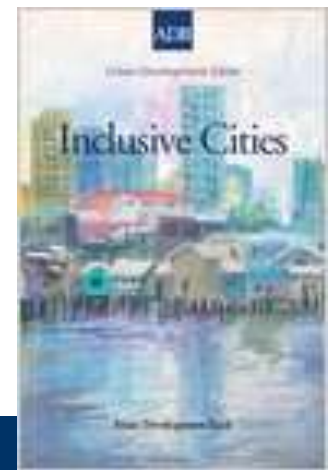
- Very few poverty reduction programs for urban areas
- Cities are not perceived a national responsibility
- Trickle down thinking
- Elite does not want to see urban poverty: migrants, informal settler, slums
- Urbanization is often seen as a means to growth not as a means to better living



## 7. Issues for discussion

- **Low urban poverty line:** it costs more in the cities to live and allowance for non-food needs (esp. housing, transportation, hospitals, schools) are too small; shall we go for a \$2-4 urban poverty line?
- Poverty dimensions in all projects?
- How to involve the private sector better → inclusive business
- How to address inequalities in the cities?
- Do we need urbanization to stimulate domestically driven growth or is there another way (BRA/MEX/PRC →← GER)
- What are the rural urban poverty linkages?
- Participatory planning and poor people's voice in project design

# Finding more information



ADB's Poverty Reduction website ([www.adb.org/poverty](http://www.adb.org/poverty))

Urban development in ADB:

<http://www.adb.org/themes/urban-development/main>

Environments of the Poor: <http://adbweb/Documents/Events/2010/Environments-Poor/default.asp>

Social impact of the global recession:

<http://www.adb.org/documents/books/poverty-sustainable-development/default.asp>

ADB and Inclusive Cities: <http://www.adb.org/features/inclusive-cities>,  
<http://www.adb.org/publications/inclusive-cities>

ADB (2012): Confronting Rising Inequality in Asia:

<http://www.adb.org/publications/asian-development-outlook-2012-confronting-rising-inequality-asia>

Om Prakash Mathur (June 2013): Urban Poverty in Asia. Background Study for ADB  
University of Singapore: The Urban poor in Manila, Jakarta, Vientiane, and Ho Chi Minh City

Tom Miller (2012) China's Urban Billion

McKinsey (2012) Preparing for China's Urban Billion.

[www.mckinsey.com/.../urbanization/preparing\\_for\\_urban\\_billion\\_in\\_china](http://www.mckinsey.com/.../urbanization/preparing_for_urban_billion_in_china)