



Durban2019
11-15 November

UCLG CONGRESS
**WORLD SUMMIT OF LOCAL
AND REGIONAL LEADERS**



Addressing Informality in Cities

#CitiesAreListening
Town Hall Track

Policy Papers

Cities Alliance
Cities Without Slums



SDI.
SHACK/SLUM DWELLERS
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#CitiesAreListening

The 2019 Congress and World Summit will mark the way towards the follow up of the implementation of the 2030 Agenda and the first review of the New Urban Agenda in 2020.

It will consolidate the policies that UCLG has been promoting within its strategic plan, with a strong focus on localizing the SDGs, aiming at leaving no one, and no place behind, with a key focus on local governments as representatives of communities and for communities, and keeping the four UCLG Policy Councils issues as key pillars.

Special attention will be paid to creating a space of structural dialogue with other constituencies and stakeholders and in particular civil society. For the first time, the outcome will not only be a declaration, but a corpus of integrated policy recommendations resulting from a consultation with other stakeholders and offering both bottom-up continental and region-specific priorities.

The Summit will provide a space to ensure connection between the agenda of the global municipal and regional movement and that of the sister constituencies. A special Track has been set up to this end: The Town Hall - with discussions at the highest levels led by the organized international constituencies.

The Town Hall is the space for dialogue and interaction between different internationally organized civil society and the political leadership of the local and regional governments constituency to jointly define the local global policies. Local and regional leaders cannot achieve these goals on their own, and thus they need to build upon, strengthen and enhance partnerships moving forward. The goal is not only to invite partners and stakeholders to join, but to collaborate in the world that we are building. The Town Hall is structured around 5 sessions with different themes: Accessible Cities; Addressing Informalities; Gender Equality; Right to the City, and Sustainable Urban Development.

Preparations towards the Congress were articulated around an open process of co-creation led by the constituencies themselves and facilitated by the World Secretariat. Each group elaborated policy recommendations for local governments to implement transformative action on the above-mentioned themes. At the Congress' Town Hall sessions – designed by the constituencies themselves –, each document will be presented by the constituency's representatives, discussed with UCLG members and debated with all other constituencies. After deliberations a pooling of recommendations will be defined as a result of the session, which will be presented to the World Assembly of Local and Regional Governments.



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Produced by: Cities Alliance Secretariat Please cite this publication as:

Cities Alliance (2019), Addressing Informality in Cities, Cities Alliance/UNOPS, Brussels.

Acknowledgements:

The need to formulate a policy addressing informality in cities was proposed through a collaboration process led by Cities Alliance with constituency members: AVSI Foundation, Habitat for Humanity International (HFHI), Slum/Shack Dwellers International (SDI) and Women in Informal Employment: Globalizing & Organizing (WIEGO). This process brought together experts who are at the forefront of addressing informality and whose valuable input contributed to the formulation of the policy recommendation.

Disclaimer:

The findings, analysis and policy recommendations of this policy paper do not represent the views of the United Nations Office for Project Services (UNOPS), neither the policies nor viewpoints of all members of Cities Alliance



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Executive Summary

The overarching objective of this policy paper is to provide recommendations to national and local governments on how to address informality in cities. The policy paper focuses on the two main features of urban informality; the informal settlements and the informal sector.

First and foremost, the policy recommendation takes a close look into the existing global commitments, declarations, and international frameworks such as the 2030 Agenda, the New Urban Agenda, and Paris Agreement, to highlight the extent to which informality is recognized at the global level. The policy further analyses the actual policy challenges and trends towards the transformation of society. Considering these challenges, the policy provides specific policy priorities and recommendations to local and regional governments.

The policy further identifies the implementation means to deliver the policy recommendations, not only for the local and regional governments but for all spheres of government. Finally, the policy has proposed joint action at the local, regional and international level.

1.0 Acknowledgements and Background

This policy recommendation focuses on the two main features of urban informality: the informal settlements that provide shelter, and the informal sector that provides most employment. Informal settlements arise for a variety of reasons, including rapid urban growth, under-resourced local governments, weak governance, and poor urban policies. While different regions have different challenges, overall the outcomes are similar: spatially inefficient cities, high levels of socio-economic inequality, arising from limited access to land, housing, and basic municipal infrastructure and services. Similarly, the informal economic sector arises from a lack of employment opportunities in the formal sector, prejudice and social exclusion and a misalignment between workforce skills and opportunities.

Informality is a key contributor to successful emerging economies while on the other hand it drives socio-spatial inequality. Understanding and addressing the dynamics of informality is therefore strategic. This policy paper offers local governments a road map towards new urban partnerships between city governments, private sector and citizens, providing the basis for city-wide solutions to static problems.

Informality is well acknowledged at the global level particularly by the post-2015 Global Agendas, especially the 2030 Agenda, Paris Climate Agreement, and the New Urban Agenda. The New Urban Agenda takes cognisance of the role played by the informal settlements and informal livelihoods in cities, basically because the two are interrelated and together encompass vulnerable communities whose future will determine whether member states meet their pledge to “leave no one behind and, indeed, leave no place behind.

However, in the time since these global agendas were adopted, progress has been modest, at best. The Report of the Special Rapporteur on adequate housing-2018, is critical of the fact that the vulnerable continue to be pushed into the informal settlements without secure tenure or basic services, with vulnerable conditions exacerbated by climate change-related disasters. The report notes that “these conditions are unsustainable and amount to violations of multiple human rights.”

This position underscores the commitments member states made in the New Urban Agenda through recognition of inclusivity and collective decision making in urban governance as the entry point towards resilient and sustainable human settlements. The agenda advocates for human settlements that fulfil their social function, including the social and ecological function of land, are inclusive and ensure equal rights for women.

Even though informal settlements are typically occupied by the poorest segments of the population, they also house essential service workers such as police, firefighters, teachers, nurses and government workers. Affordability is increasingly an issue not just for the low income but also for the middle class. According to ILO Recommendation 204, the majority of these people are pushed into the informal economy “not by choice but as a consequence of a lack of better opportunities in the formal economy and in the absence of other means of livelihood.” The recommendation calls for the gradual transition of workers and economic units from the informal to the formal economy, the protection of existing livelihoods, the creation of enterprises and decent jobs in the formal economy, and the prevention of the in- formalization of formal jobs.

The Paris Agreement on climate change also recognizes the need for “a just transition of the workforce and the creation of decent work and quality jobs” in order to address the challenges of climate change. The agreement further notes that the actions taken to address climate change must consider human rights particularly those of the “people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity.” Consequently, the most vulnerable must be shielded from adverse effects of climate change.

Finally, the 2030 agenda has addressed the primary causes of socio-spatial and economic inequality through sustainable development goal one which aims to eradicate extreme poverty, ensure appropriate social protection systems, equal rights to economic resources and basic services, ownership and control over land and other forms of property. The goal also aims to “build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.” Other SDGs addressing informality include; SDG eight on decent work and economic growth, SDG 10 on reduced inequality and SDG 11 on adequate, safe and affordable housing. These goals intend to safeguard and enhance the wellbeing of the vulnerable.

2.0 Assessment and Challenges

The scale and pace of the urban demographic transition places unprecedented pressure on local and regional governments. Most urban growth is taking place in small and medium-sized cities, placing additional strains on inadequate infrastructure and institutions, exacerbating infrastructure backlogs and inefficiency in service delivery.

One in eight people live in informal settlements. This is approximately one billion people globally. In sub-Saharan Africa 59% of the urban population live in slums, compared to 28% in Asia and 21% in Latin America and the Caribbean.¹

As noted in the introduction, informality dominates both the shelter and the local economic sectors. We believe that the essential first step is for local governments to acknowledge this reality, and then to devise policies that both support and regulate these environments, offering pathways to improvement over time.

Too often the situation is aggravated by the fact that local and regional governments often lack the requisite authority and/or resources to perform their developmental and statutory duties. Notwithstanding very real resource constraints, many local and regional governments have failed to plan for, and provide, the essential services required by all citizens, especially the urban poor.

The bulk of informal growth taking place (particularly in rapidly developing economies) is unplanned, informal and incremental. Access to livelihood opportunities is limited while access to affordable, adequate and proper urban housing remains a huge challenge and as a result most urban residents are pushed into the informal settlements and informal livelihood activities.

At the global level 61% of all workers are informally employed, a total of two billion workers worldwide. The majority are in vulnerable employment with no access to social protection, decent working conditions or workers' rights. In this sense, the informal is the normal; many more of the world's workers are informally employed rather than formally employed². In similar vein, the urban poor are currently the most effective builders of shelter in the world, outperforming formal private and public programmes.

Informal employment as a percentage of total employment is 89% in Sub-Saharan Africa, 88% in South Asia and 77% in East and Southeast Asia (excluding China). This is 68% in the Middle East and North Africa, compared to 54% in Latin America and the Caribbean, and 37% in Eastern Europe and Central Asia.² Informality also has important gender features, with women dominating more vulnerable categories of informal employment.

¹ Slum Almanac 2015/2016-UN Habitat: Tracking Improvement in the Lives of Slum Dwellers ² International Labour Organization (ILO)

While not all informal workers are poor, however, poverty is both a cause and a consequence of informality. For many informal workers, informality means job uncertainty, and poor working conditions while for the informal enterprises access to finance is limited and productivity is low.

3.0 Recommendations to Local and Regional Governments

Successful cities cannot be built through the exclusion of informal settlements, nor the significant numbers of citizens seeking opportunities to improve their lives, those of their children and, indeed, their fellow citizens. In short, the real test of leaving no-one and no place behind will be substantially resolved through how local and nation governments recognise, support and include informal settlements, and the citizens who live and work in them.

This policy paper recognizes the vital link between well-managed urbanisation and the social, political and economic development affecting all urban residents. Therefore, an effective system of cities is essential for sustainable local and national economic and environmental development.

At the local level, the very essence of city development revolves around the quality and strength of the relationships between public authorities, individual residents and their organisations, and the private and non-state sectors. Notwithstanding any flaws in the intergovernmental system, it is essential that new and constructive partnerships be forged between all citizens, including the urban poor, public authorities and the private sectors for the benefit of the whole city, and all citizens.

It is important for local governments to recognise that informality, unplanned settlements and markets are currently a reality in most cities: they are, quite simply, part of the city. Therefore, it is important to explicitly welcome the contribution of the working poor, both in providing their own shelter, and in the informal economy, and particularly recognise the leading role of women.

Within the framework of national and local contexts, this policy paper therefore recommends the adoption of a comprehensive and inclusive approach to the development of cities, guided by the principles of leaving no-one, or no-place behind and the right to the city. To achieve this, this policy paper recommends:

1. Recognizing the residents of informal areas as full and equal citizens, deserving of the same dignity, respect and opportunities afforded to all citizens in cities.
2. The inclusion of all informal areas in city planning processes and the generation of the necessary data to ensure effective planning;
3. Strengthening the capacity of local and regional institutions, to give effect to citywide planning;

4. Facilitating public engagement mechanisms to ensure that all citizens have a meaningful say in matters that affect them, and to ensure that all parties recognise their rights and fulfil their responsibilities.
5. With specific reference to the urban poor, this policy recommends:
 - Making provision for all residents to have access to land for housing, settlement and other forms of property, with secure tenure and access to essential services;
 - Ensuring the access of informal workers to public services and public spaces.

4.0. Enabling Environments for Local Action

This policy paper recommends creation of a national enabling environment for cities to address informality primarily through:

1. Enactment of legislation that enable access to land or property for settlement, municipal services and livelihood opportunities;
2. Establish mechanisms of participation in urban governance and in development projects, including slum upgrading projects and the development or reform of regulatory frameworks;
3. Establish national safeguard policies for all infrastructure/upgrading projects, including for public space, to mitigate and remedy adverse project impacts on the vulnerable social groups and the environment;
4. Enactment of legislation that provides for intergovernmental fiscal transfers that are equitable, predictable and reliable and access to municipal/city borrowing and other means of raising capital
5. Engage in participatory processes for designing urban and housing policies at national and local levels.

5.0 Joint way forward

To generate the necessary synergy for transformation of the informal sector and the informal settlements requires collaboration between the national and local governments, the civil society and the local communities. Moving forward this policy paper proposes the following.

1. Raise awareness among the actors on the need to improve policies and systems in order to help people access property and land for settlement, municipal infrastructure and secure livelihood opportunities;
2. Create and institutionalize city platforms to allow dialogue between the different levels of governance, civil organisations and the urban poor;
3. Create unique knowledge hubs and networks that bring together urban practitioners, specialists, researchers and policymakers;
4. Increase the capacity of the regional and local governments, to allow them to perform their functions in city governance, policy formulation and planning.
5. Establish data collection platforms for the informal settlements and the informal sector.

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