

Pro-poor urban policies

Junior Davis, from the Enterprise Trade and Finance group at the NRI, asks whether pro-poor policies are affected by energy needs...

Can pro-poor urban policies be developed which take into account the importance of natural resources to the urban poor? This paper examines the role played by agriculture and the natural environment in the livelihoods of the urban poor in African, Caribbean and Pacific (ACP) countries. Governments need to recognise the strong informal, social and economic links with rural areas that shape the lives of many of the poor in the rapidly expanding cities of the developing world.

Poverty in urban areas

The urban poor are a heterogeneous group. Even within a geographically limited area, there may be many different groups of poor, reflecting different circumstances. Urban poverty has many dimensions, and differs in many ways from rural poverty. There is also an ad hoc nature to urban poverty because of the important role of unforeseen illness or redundancy.

Natural resources in the livelihoods of the urban poor

Now we consider how urban populations use natural resources (NR) to support their livelihoods in five areas:

- Employment and income;
- Migration, remittances and investment;
- Consumption and expenditure;
- Environment, energy and pollution;
- Policy and institutions.

Employment and income

For the urban poor, who reside in a highly monetised economy, access to employment is a key determinant of wellbeing. Most of the urban poor are employed in the informal sector – or in wage employment which offers poor salaries and little or no protection. Risk of redundancy and risk of illness are the greatest threats to the livelihoods of the urban poor – leading to indebtedness or asset depletion.

Within the informal sector, NR-related activities are important. Poor women, for instance, are often engaged in small ‘divisible’ activities that require minimal working capital and can be carried out within their neighbourhood (close to the home and childcare responsibilities). Thus,

trade of fresh produce, dry goods, and small-scale food processing, and food preparation activities (for roadside sale) are all important. Other informal sector activities that are NR-related include collection and sale of fuelwood, trade of other agricultural goods sourced in rural areas, sometimes through friends or family, urban agriculture, furniture manufacture and construction (Davis, 2003). Even in formal sector employment, natural resources are important – because the economies of the poorest ACP countries are very dependent on agriculture, forestry and fisheries to provide raw material for their small industrial base. Much of this employment is located in urban areas – for instance in canning, edible oil processing and service sectors around port and airport areas supporting agricultural export activities.

Migration, remittances and investment

Rapid urbanisation in ACP countries is due largely to rural-urban migration, meaning that many people living in developing country cities retain close links with rural areas. Whilst the importance of remittances sent to rural populations is well recognised, as a source of consumption and investment in rural areas, there are other important flows too. For instance, new migrants would often stay with urban relatives. These favours are reciprocated to some extent with flows of agricultural goods. In some cases, these produce flows are more formalised, enabling resale by urban dwellers on a regular basis.

There is another important consequence of this linkage: “Urban malnutrition dances to the same tune as does rural malnutrition possibly because of the climate but also because agricultural seasons affect commodity flows, the type of work done in the urban economy and urban income flows which in turn trace seasonal malnutrition.” (Harriss et al., 1990, p 2794).

Consumption and expenditure

In the monetised urban economy, virtually all food must be purchased (the exceptions being remittances in kind, mentioned above, and the proceeds of urban agriculture). In addition, other essential items must be purchased in urban areas, that would be available at low cash cost in rural areas, for instance, fuelwood, shelter and water. Food is an

extremely important item in poor people's expenditure – and in urban areas, food entitlements are critically dependent on access to employment and income.

There are other important ways in which urban consumption and expenditure patterns differ from those in rural areas:

“Low-income urban populations tend to have more diversified food and general consumption patterns than their rural equivalents. This often involves a strong preference for, and increased consumption of, high status or so-called ‘preferred’ foods. Within Africa, this has meant wheat, rice and maize displacing sorghum or millet. The result is a paradox in that, while low incomes are the chief source of urban malnutrition, additional income results in only marginal improvements in consumption and nutrition.” (Amis, 1995).

Slum improvement schemes have sometimes had perverse outcomes, where insufficient attention was paid to non-housing factors. Unless carefully designed, housing improvement schemes can result in increased rents, which divert expenditure away from food. A further irony is the fact that “the poor pay more” for goods and services (ibid) because of their tendency to make low-volume purchases of household necessities.

Environment, energy and pollution

Environmental factors are important to the urban poor in a number of ways. As in rural areas, wood and charcoal provide essential cooking fuel; but in urban areas, these must be purchased and prices are higher.

In urban areas not connected to public water distribution systems, water is an extremely scarce commodity. The poor pay dearly for water – in the price paid to merchants, or in the time expended to collect it. The water used by the poor is often unsafe, with predictable health consequences (von Braun et al, 1993). Sewer systems are also rare in Africa. There is a significant relationship between the physical environment and health indicators (Harriss, 1989).

Policy and institutions

Commoditisation makes urban populations much more vulnerable to changes in policy affecting prices and labour markets. They have less scope to retreat into subsistence than their rural counterparts. Urban populations have suffered as a result of contractions in formal sector employment (with knock-on effects in the informal sector) which came about as a result of structural adjustment austerity and realignment, and the unsustainable, growth-stifling economic policies that preceded these reforms. They have also suffered as devaluation and reduced public expenditure (on subsidies) has increased the prices of the local and imported foods they consume. Community structures tend to be weaker in urban areas, obliging greater dependence on state machinery and support systems.

Planning and tenure issues

Access to land and water are key issues for poor urban populations, especially for migrants living in unregulated or illegal shanty towns. Ambiguous legal status compounds the problems faced by the urban poor in securing shelter, access to land for urban agriculture and small-business premises. For the poor, the worst manifestation of this is in slum clearance schemes. Yet even where such extreme action is not taken, the poor are still disadvantaged by inadequate access to services, and no legitimacy in their claims for a better deal.

Urban environmental management policies clearly need to address the problem of balancing the needs of the urban poor (equitable access to key resources, principally land and water) with the potential gains from freeing up urban land markets. For the poor, measures to clarify land status and facilitate the development of urban land markets may well lead to unambiguous and direct displacement, or simply price them out of the market. This is an area where community-based approaches, aimed at reconciling indigenous or customary modes of access with the individualisation of land tenure, may be able to contribute to the development of more balanced urban land policies.

Recent initiatives based on Community Land Trusts have attempted to reconcile community ownership of land with individual rights to improvements made in land. Incorporating these systems of resource access into formal policy measures is central to the sustainable use of natural resources among the urban poor. Legitimising the claims of the poor to the urban areas where they live and farm would contribute much needed security, and provide an important base for the improvement of other services, be they state- or community-provided.

Support to appropriate formal and informal institutions

Throughout this paper, the significance of the monetised aspect of the urban economy has been stressed. Employment is of central importance to the urban poor. Yet, the more obvious policy measures to improve employment opportunities may not reach the poorest. Small-business development may not be particularly labour-intensive, whilst larger enterprise may expand on terms which make their workforces more vulnerable (Harriss, 1989). Harriss (1989) and Amis (1995) both stress the importance of support for micro-enterprise and informal activities “...to focus on the majority of the informal sector where the potential is minimal...but potentially might lead to some employment creation although little growth” (ibid, p 156).

The nature of these activities is labour-intensive and sparing of cash investment (Davis, 2003). Social capital (ie. networks), however, is often very important. Harriss, (1989) stresses “... access to casual work is associated with dependence on personal contacts...with people other than

family members and near kin.” Group-lending schemes are also a recognised way in which credit may be channelled to the poor in a sustainable way, supported by training and services in areas appropriate to the activities of those concerned.

The role of social capital is stressed because it is a less obvious ‘facilitator’ of informal activity, but it is clearly important to the activities of the poor, and certainly merits more attention (and research). Relatively little is known about how such important informal institutions might be fostered and strengthened, and complemented by formal institutions to bring increased benefits to the urban poor.

Recommendations on policy framework – summing up

In synthesising the experience and research discussed above, four distinct groups of policies can be identified:

- Overall macroeconomic policy, which affects economic growth;
- Urban infrastructure and planning, including local governance mechanisms;
- Employment generation;
- Safety nets and compensatory measures.

Sound macroeconomic management clearly affects urban employment prospects through its effect on medium to long-term prospects for economic growth. Yet in the short-run ‘sound economic management’ may require painful adjustments, felt more acutely by urban populations – adjustments that reduce employment opportunities in the formal and informal sectors, reduce the availability of affordable public services, and increase the price of some important urban staples. Agricultural policies have important knock-on effects in urban areas, because of the importance of agricultural raw materials in manufacturing industries and of food in the expenditure of the urban poor, and because of changes in the rate of rural-urban migration. Whilst the policies may provide a long-term framework conducive to needed economic growth, it is important to recognise and take steps to reduce the worst short-run impacts on the urban poor. Likewise, food subsidies may be important to the poorest groups (Von Braun, 1993).

Another important area relates to the provision of infrastructure and appropriate planning, which takes account of the urban poor’s need for shelter and sometimes land to farm. Safe water, sanitation and waste management are also critical. Local and participatory governance mechanisms can usefully complement appropriate urban planning.

The third area concerns employment generation. There are a number of micro-measures that can be targeted to the urban poor. These include appropriate education and training, selective credit interventions, strengthening savings mechanisms, and investigating ways to improve

their ability to usefully network. Many women in urban areas are very dependent on food-related activities (production, trade, processing and food preparation) for their livelihoods, and there may be scope to improve networks amongst these women, or between these women and rural areas, to strengthen their livelihoods. Urban agriculture, although important to the urban poor, is scarcely ever officially recognised in the provision of extension or input services. More concerted focus on the activities that are important to the urban poor will permit the identification of local priorities.

Finally, there are the important safety nets. These include the provision of essential healthcare, and the need to avoid inadvertent undermining of the coping strategies used by the poor (eg. to avoid criminalising urban agriculture and informal income-generating activities). There is a need for provision of infrastructure that affects public health (notably safe water and sanitation). Ways to target the poorest are required that improve their incomes and their living conditions (eg. CARE’s food-for-work scheme).

This paper has highlighted many ways in which the livelihoods of the urban poor are bound up with natural resources, even though removed from the more obvious rural setting. Appropriate policies to reduce urban poverty must clearly address important issues of employment, vulnerability, food entitlements and access to other necessities (particularly water and shelter). The development of appropriate policy requires an understanding of the way poor urban people use natural resources, the links they retain with rural areas, and how they are affected by agricultural, trade and general macroeconomic policies.

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