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Opinion – Sustainability for the Urban Poor Beyond COVID-19

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JAIMIN PARIKH, MAY 27 2020

At the dawn of this millennium when the United Nations initiated the Millennium Development Goals (MDGs), the policymakers had visualised a new rising picture of humanity in mind. While all the eight MDGs established their focus on eradicating various global inequalities, Target 7.C and 7.D of 'Ensuring Environmental Sustainability' emphasized the lives of urban slum dwellers and the facilities of clean drinking water and proper sanitation across the globe. The fact that presently around 1 billion people around the world spend their daily lives in slums indicates the tough realities of a larger population of the world as well as the inadequacy of their respective governments to follow a comprehensive approach while dealing with such urban settlements. Most of these are located in Sub-Saharan Africa and Asia but other regions are no less vulnerable to it – combinedly accounting for around 20% of total slums. This is just a scenario of formal settlements. While taking informal settlements into account the number rises to 1.6 billion indicating around 25% of the world's population.

There is no doubt that the MDGs have had positive impacts and effects and have uplifted lives of a larger proportion of the population. But we have remained a step behind from achieving sustainability for the 'urban poor'. A lack of full enthusiasm from governments and other stakeholders to work on the issue has also had an undesirable effect on their lives as they are trapped in a vicious cycle of socio-economic inequality.

When last February I attended the UN-Habitat meeting in Abu Dhabi, I was little surprised when we discussed the conditions of cities around the globe, in particular the developing cities which face the crisis of urban slums and settlements as if their domestic socio-political problems are less. Urbanisation throughout the world is ever-expanding, creating simultaneous opportunities as well as challenges for the people as well their political representatives. Push and pull factors which have accounted for in-situ as well as ex-situ migration of rural population in the developing cities have created an inequality – the 'urban poor'. These people, typically from a rural background who enter urban / metropolitan regions in the hope of seeking opportunities end up in chaos and housing crisis. This further escalates their social as well as economic marginalisation from the rest of the population of the region affecting them and their children adversely in the short and long term.

The prominent reason for the status quo of urban poor remains the 'housing trap' which doesn't allow them to have proper access to affordable and adequate housing in turn affecting their reach to basic services such as clean water supply, electricity, proper food, and other essential and non-essential services. As per the IMF Database, the global housing markets are considerably increasing, and the same holds for the real house pricing. Similarly, real credit growth in most of the countries of the world was strong. Moreover, the house-to-price income ratio around the world has also seen a sharp increase. It can, therefore, be concluded that although the housing sector is increasing the poor aren't the real beneficiaries. The virtual monopoly over the housing sector by few have left the vulnerable communities' interests at stake.

History suggests a lot if we are willing to listen. We ought to move to an alternative system if are to solve the inequalities which urban poor face in the wake of the 'housing trap'. At present where economies are driven by globalisation and multilateralism, we must not side-line the private sector by merely blaming them for the problems. I would suggest that it is the right time to see solutions in them and find a 'win-win' situation for both – the private

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sector as well as the urban poor. Public-private partnerships (or PPPs) seem the viable option to rely upon in the future given that the post COVID-19 era is surely going to be different further escalating the vulnerabilities of the already marginalised.

Given that private firms are increasingly dis-investing from the Asian markets in the wake of COVID-19, the very first step these countries, which account for most of the urban poor, must be taking is the easing their respective country policies on foreign direct investment. This will, to some extent, ensure that private players remain present – if not active in the market. The PPP model for affordable housing must also involve government enthusiasm. Although as economies have been widely affected by COVID-19, they can potentially opt for various cross subsidy measures in favour of the market players investing in urban housing. The urban settlers could further be given their subsidies by the government as per their income, thereby accelerating their reach to get affordable housing. This subsidy for the urban poor should come directly from the funds allocated for them in the respective financial budget of the country. The next mandatory step should be sustainably providing this housing thereby creating an ecological and economic balance. The land for this could be either directly given by the government to private players or they can propose to work on the same. This measure is directly in accordance to the SDG Indicator 11.1.1 and UN SDSN Indicator 4 which focusses on the lives of urban poor living in formal and informal settlements deeply engraved into the cycle of poverty.

The ‘win-win’ situation as I mentioned earlier relates to the long-term benefits which private players will be getting. Once these urban settlements are dealt with, the emergence of ‘urban sustainable areas’ would not take much time. These would further prove beneficial to private firms and governments investing in the circular economy. The likely sustainable hubs which would be created, even though on a smaller scale at the initial stage, will embolden further investments – as well as cheap and affordable labour for the private player. Private firms which would be investing in these schemes will further be able to expand the reach of their products in nearby markets with a stable capital investment in the long run.

In the end, the ‘win-win’ scenario for governments, the urban poor, as well as private players is likely to emerge if the needed enthusiasm for the PPP model is shown, especially by governments. One of the methods could be increasing corporate social responsibility by judicial intervention making it mandatory for private firms to invest some amount of their profit for the people whom they mainly see as ‘customers’ or ‘tool for profit-making’. In any case, it is high time that stakeholders pull up their socks and work upon the concerned issue to achieve sustainability in the housing sector.

About the author:

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