Making sense of urban poverty

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SUMMARY: This paper synthesizes recent work on urban poverty with an emphasis being placed on the relationship between urban poverty and the labour market. The themes considered include the distinction between permanent and temporary poverty and between trends and shocks. A number of distinctive features of urban poverty are discussed including the informal labour market, female headed households, the individualized nature of urban poverty and the greater exposure of urban residents to environmental risks. A final section considers policy implications, differentiating between promotive and protective strategies.

I. INTRODUCTION

THE AIM OF this paper is to synthesize recent work on urban poverty, to examine the specifics of poverty in an urban setting and, finally, to identify possible policy options. After a considerable period, during which it was rarely discussed or simply ignored, urban poverty is now very much on the agenda, a welcome and hopefully long-term change. In the last few years a quite substantial literature on urban poverty has emerged, more specifically: structural adjustment(1); policy and research issues(2); conceptualization(3); a literature review(4); food security and malnutrition(5); poverty lines and survival strategies(6); international perspectives and relative deprivation(7); food riots and austerity programmes(8); environmental and health impacts(9,10); and urban history(11).

In this paper, I shall try and identify the themes and possible alternative interpretations. The emphasis will be on the importance of understanding urban poverty in relation to labour market changes; on the importance of distinguishing between long-run trends and short-term shocks; on clarifying the specificity of “urban” poverty; and, finally, on distinguishing between promotive and protective strategy policies.

II. URBAN POVERTY

Urban Poverty in an Historical Context: Identifying the Long-term Trends

THE WORLD BANK, in 1988, estimated that the urban poor
accounted for 25 per cent of the urban population in the Third World or 330 million individuals.\(^{(12)}\) Indeed, as a result of continuing urban growth, by the year 2000 the majority of the world’s absolute poor will live in urban areas.\(^{(13)}\)

The recent literature pays considerable attention to the relationship between structural adjustment and increases in urban poverty. There is now clear evidence from Asia, Africa and Latin America that the urban poor have suffered disproportionately from the adjustment process.\(^{(14)}\) This is due to: changes in prices (and a reduction in subsidies), in particular increases in food prices and service charges; restrictions on wage levels and reductions in employment; and cuts in public expenditure (health and education) and urban infrastructure expenditure.\(^{(15)}\)

There is nothing contentious about the above observations, however, there is perhaps danger in focusing too narrowly on structural adjustment. Recent work is changing this perspective. Within Africa it is clear that urban wages have been declining since the 1970s.\(^{(16,17)}\) and similar processes have been documented in Latin America and the Caribbean.\(^{(18)}\) These changes predate structural adjustment and the austerity policies associated with the IMF. Destruction of a privileged urban sector (or a “labour aristocracy”) has occurred throughout sub-Saharan Africa as governments have had to choose between maintaining or increasing wage levels and employment creation: they have all chosen the latter option.

The historical background is pertinent. The labour aristocracy was a privileged urban workforce created by high wages, housing and other benefits, making it politically conservative. This privileged urban sector was a policy response to the rise in African nationalism. The case of Kenya is both illustrative and important in the development of this late colonial policy. The urban dimensions of the nationalist struggle (the Mau Mau movement) in the late 1940s and 1950s has only recently been addressed. The picture that emerges shows a colonial administration that lost control in the increasingly impoverished and politicized urban areas of Africa.\(^{(19)}\) This was most apparent in Nairobi where, from the late 1940s, large parts of the city were off-limits.\(^{(20)}\) These developments traumatized the colonial authorities.

The policy response which culminated in the East African Royal Commission in 1954 and 1956 was to build a stable middle-class as a bulwark against radical nationalist demands. The instruments used included a minimum wage to increase wage levels, the provision of urban infrastructure, and subsidized housing to create a stable urban workforce. The central issue was that this required a dramatic increase in the public sector area, indeed it is argued that the whole idea of the public sector in Africa had its origins in this period. From the 1960s onwards, it became increasingly apparent that, for whatever reason, the entire public sector area and associated modern expectations were unsustainable. The result was increased debt, both external and internal, and the subsequent adjustment and austerity packages.

In an important recent book, Walton and Seddon,\(^{(21)}\) compar-
ing the eighteenth century food riots in Europe with contemporary (IMF) riots in the Third World, develop a similar argument. These contemporary austerity riots are exclusively urban. At a general level they are associated with the collapse in the 1970s of a modernizing (import-substituting, industrializing) developmental state capable of buying off large sections of the urban populace. The debt crisis was to destroy this pact. The result was austerity measures, impoverishment and subsequent riots, which they document across the Third World.

The authors then try to explain the incidence of such food riots. Thus, “The key links between international demands, state action, and protest include: [...] large urban populations not absorbed in formal sector and industrial employment and so more likely to experience the pains of austerity; cities that are socially and politically organised in a strong civil society (e.g. in unions, political groups, community associations, churches); and a moral economy that provides ideological legitimation for popular protest based on the social pact previously negotiated by developmental regimes.”

**“Proleterianization” and the Labour Market as Starting Points rather than Urbanization**

While we are not directly concerned with the causality of austerity riots, what is of interest is the reference to “unabsorbed” urban populations, namely those without formal sector employment. The message is that it is urban populations who are without sources of employment and/or income who are the poorest and hardest hit and thus susceptible to riot. This is a function of labour markets rather than urbanization.

The point we are trying to make is that it is the process of proleterianization, i.e. the extent to which an individual’s subsistence depends upon a cash wage, that determines urban poverty rather than anything associated with urbanization. Historically, this involves the transition from a situation where an individual’s subsistence depends upon household consumption and production of agriculture and food to one where subsistence depends upon wage labour with which to purchase food. The extent to which the model is adhered to is both problematic and informative of the potential for different survival strategies.

In this, we are following Castells’ devastating critique of urban sociology, namely that the “urban” is a spatial, cultural or ideological term and that wider societal forces (capitalism) are determining these apparently urban issues. Thus, what were previously considered urban problems, such as crime, unemployment and poor housing are really problems created by capitalism. It is my suggestion that this is an appropriate approach to the problem of poverty in cities.

In this analysis, the labour market becomes our starting point rather than urbanization per se or other characteristics of poverty. This is consistent with the Indian literature which emphasizes the importance of the labour market in determining the incidence of urban poverty. Furthermore, it is an argument of this paper that a substantial number of the other major


22. See reference 8, page 54.


characteristics of poverty (disadvantages in education; cultural and social barriers; household structure and breakdown; health; location) are relevant to the extent that they impact on an individual’s chances within the labour market.

A central concern, therefore, is the interaction between wage levels and food prices. This is consistent with the approach taken to problems of urban food insecurity and malnutrition and studies concerned with the food security of landless groups in rural areas. Furthermore, this labour market approach, by focusing on questions of how individuals survive, changes the nature of the discussions on the differences between urban and rural poverty. It is livelihoods and survival strategies that matter rather than spatial location. The question to ask is not where do individuals live but how do they survive and where do they get their incomes from?

However, this is not the same as suggesting that studies of rural poverty are irrelevant. On the contrary, one of the features of the recent literature has been to borrow extensively from the rural sector, in particular the concepts of vulnerability, entitlements, capabilities and the importance of assets, the critique of poverty lines, and the use of participatory methods.

In relation to survival strategies it seems that the process of proletarianization offers a higher ordering principle for addressing the myriad of options that are available to different households. Furthermore, it is also an historical process and, as such, allows us to gain some insight into how poverty in urban areas is changing. In a recent survey, the following were suggested, inter alia, as being important in household strategies: access to formal sector employment, informal sector production, and capital; and access to urban land for farming or access to the rural economy. All of which are often mediated through kinship networks. While these can not all be explained by the process of proletarianization, they are ultimately determined by the process.

It is our contention that in comparative analyses of poverty in urban areas, the extent to which individuals are or are not solely dependent upon wage labour, and the room they have for manoeuvring around this, is a useful starting point.

**Distinguishing between Poverty as a Permanent or Temporary Condition**

This emphasis is consistent with the historian Illife’s seminal study of African poverty. Illife makes two distinctions, namely structural poverty which is long-term and normal caused by individual circumstances and conjunctural poverty which is a temporary phenomenon into which normally self-sufficient individuals are thrown in a crisis. In addition, he makes a distinction within structural poverty between that associated with land-rich and land-scarce societies. In land-rich societies, individuals are poor as a result of lack of labour or injury. In land-scarce societies the same groups are poor but, in addition and much more importantly, individuals are poor because they lack access to land, to employment, or to employment at a suf-
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35. See reference 19, page 5.

36. See reference 19.

37. See reference 8.

38. See reference 25.


44. See reference 26.

This transformation to the kind of poverty associated with land-scarce societies has already taken place in India, while the transition is currently underway in sub-Saharan Africa.

These two distinctions reappear in studies of poverty namely between whether it is a permanent, endemic or normal condition, or whether the poverty is associated with a temporary and one-off crisis. And, secondly on whether an individual’s subsistence depends upon access to land and agriculture or is dependent upon income from wage labour or employment.

Distinguishing between Trends and Shocks

In discussing the incidence of urban poverty, it is helpful to distinguish between long-term trends and shocks. Food security analysis makes the distinction between long-term trends which influence food security, such as the introduction of export cash crops, and short-term shocks, such as a drought. The former tend to be structural while the latter are conjunctural or specific.

We have already identified some of the long-term trends in relation to labour market changes. Furthermore, we have suggested that these changes can be related to the collapse of a developmental state, the debt crisis, and an unsustainable public sector. While the precise nature of such trends is difficult to disentangle, two other trends are worth highlighting. First, and it is an amplification, the process of deregulation and casualization in the labour market. This process has been widely associated with increases in urban vulnerability and poverty. The second trend is the process by which basic needs in general, and housing and land markets specifically, both formal and informal, have become commercialized. This was an unintended impact of a *de facto* policy to accept unauthorized settlement which was promoted by the international agencies, in particular the World Bank’s involvement in urban lending after 1972. The simple logic was that, once an eradication policy was abandoned, in rapidly expanding cities with increasing housing demands capital would be invested in such sectors. In the African context, the clearest example has been the development of rental housing within unauthorized settlements. This process has been well documented across Asia, Latin America and sub-Saharan Africa, and the result is that the urban poor must now pay for services and basic needs which they used to obtain for free.

The Impact of Shocks on Households: Evidence from India

Shocks are short-term incidents that push a previously self-sufficient household over the edge. Clearly, there are a variety of possible shocks and the literature from India is particularly illuminating in this respect. The importance of shocks is highlighted in a recent longitudinal study of the survival strategies of the urban poor in Madras. In particular, the importance of female headed households as a distinct poverty group is em-
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phasized. The study is concerned with responses (labour, non-labour and “other”) to stress or shock events. The most frequent event was ritual celebrations; the most expensive event was marriage and dowry; the most devastating event was the loss of a major income earner. However, the event with the greatest impact on the households in terms of frequency and magnitude was illness in a major income earner. (45)

The dominant responses were to increase female employment and/or for them to take a second job, while the overwhelming non-labour response, especially over time, was indebtedness. Thus, “taking loans from a variety of sources was a dominant adjustment pattern over the study period for 80 per cent of the households”. The money lender was the most common source response. (46) Interestingly it was pointed out that women’s self-employment (the panel was chosen from those in a self-employed organization) provided access to subsidized credit which was almost as important as the activity itself. Furthermore, such subsidized credit did not reduce women’s dependency on money lenders but was important in keeping households out of onerous debt situations. The main policy suggestion was that, for women, more emphasis should be placed on production rather than on welfare orientated schemes. (47)

The critical importance of illness as a shock which causes households to fall into acute poverty/malnutrition is confirmed by Pryer’s work in Khulna in Bangladesh. (48) Furthermore, the fact that the costs of illness were carried by decreasing assets and indebtedness was also absolutely clear. Thus, “...in the Slum as a whole, the relative risk of a severely malnourished child coming from a household with an incapacitated earner was two and a half times greater than from households without an incapacitated earner”. (49)

III. WHAT IS SPECIAL ABOUT POVERTY IN URBAN AREAS?

WHILE EARLIER WE emphasized the importance of the labour market and wider societal forces in determining urban poverty, there are, nevertheless, specific features to the nature of poverty in urban areas. Many of these are partly related to the function of urbanization in the development of capitalism and the operation of the urban land market. (50) One of these functions, it is argued in advanced capitalism, is that the urban form necessitates state intervention in providing for the “reproduction of the labour force”. (51) At present, it is difficult to see in the Third World the processes which are creating the need for state intervention in the urban sphere. In what follows we shall try and identify, for policy purposes, the specific characteristics of poverty in the urban context.

The Importance of Position within and Access (both Social and Physical) to Labour Markets

That employment, or the lack of it, is the single most impor-
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52. Harriss, J. (1986), Vulnerable Workers in the Urban Labour Markets of South and South-East Asia, Report for ILO.

53. See reference 25.


55. See reference 54, page 113.

56. See reference 25.

57. See reference 16.


60. See reference 1.

The Ability of the Informal Sector to Absorb the Unemployed is Limited

There was an argument that unemployment in the cities of the South did not exist and that those not in employment were surviving in the informal sector. This comfortable assumption has increasingly been questioned. First, there is evidence that there is a process of differentiation in the informal sector between those sectors capable of growth and capital accumulation and those which offer little more than barest survival. There are barriers to entry in terms of capital, and often political terms, which create a tendency towards monopoly in the successful areas of the informal sector: these are difficult to get into.

Thus, the informal sector’s ability to mitigate poverty may be limited; however, it continues to grow in many urban areas. Conversely, the increasing numbers in the unprofitable areas of the informal sector are simply further driving down incomes and wages, through competition and saturated markets.

A Greater Vulnerability to Changes in Market Conditions

Urban populations’ vulnerability and exposure to market conditions are the central reasons why, as a group, they have been disproportionately hit by the processes of structural adjustment. However, landless agricultural workers, who are also solely dependent upon a wage, are equally exposed. The clearest market changes are in food prices and wages. It is the ability to escape or “retreat into subsistence” that determines the extent of this exposure. The mechanisms by which market conditions are transmitted are quicker in urban areas and the ob-

tant determinant of urban poverty seems self-evident to everybody except economists. The evidence from India suggests that it is positions within the labour market which determine levels of poverty. This is determined by the nature of the labour market, market segmentation and the incidence of casual labour. The rigidities in these labour markets is most probably the single most important determinant of poverty, employment and income opportunities. These rigidities and compartments in the urban labour market, mainly determined by education, caste and the neighbourhood, are extraordinarily strong and unusual by international standards.

Furthermore, a regression analysis was done to explain the poverty. “The results showed that labour status is the single most important factor for explaining poverty, basically through the difference between protected and unprotected wage work and within the latter between regular and irregular workers.” In a recent paper on urban poverty Harriss has used this analysis to suggest that the process of casualization is the single most important cause of urban poverty. While the nature of labour markets may change and vary across countries it is difficult to imagine a situation where labour markets and wage levels do not influence poverty.
Objective of many structural adjustment policies is to improve their efficiency. Urban workforces are also vulnerable to international competition and both large and small-scale indigenous industries are affected, often negatively. There is evidence from Ghana that this competition has adversely affected employment in the informal sector.

The Critical Importance of Female Headed Households in the Composition of the Poor

Within the urban economy, women are a disadvantaged group, with evidence that they are over-represented by any definition of poverty being overwhelming both globally and in India. This is a result of the predominance of women in casual and low-paid jobs, of the alternative pressures of domestic responsibilities, and of the cultural barriers to education, health and the labour market. Women are also disadvantaged by a lack of assets (capital and land) which, as we shall see, is a critical survival strategy. Furthermore, household fragmentation, resulting in female headed households, is both a cause and a consequence of poverty in the urban environment.

A Tendency for the Urban Poor to pay more for Services and to have more Westernized Tastes

In comparisons, low-income groups often paid four times or more for water than did middle-income groups. This is part of a general problem faced by poor households, that they are forced, through lack of access and lack of resources, into uneconomic shopping habits, for example, purchases of small units at often expensive outlets. This has been a well documented phenomenon in the cities of Europe and the USA. The argument that the poor pay more was the title of a path-breaking study documenting this in the USA.

In studies comparing rural and urban rates of malnutrition, one of the most interesting observations concerns the poor nutritional status of urban children as the result of the almost universal decline in breast-feeding, and early weaning. This decline is only partly explained by the greater involvement of women in the labour market but also by false perceptions that other foods will be better; in this sense they are the result of the increased penetration of Western values and advertising in urban 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. Another discernable change is that urban populations eat a higher proportion of food outside the household.
Fewer “Coping Strategies”, in particular an Absence of Common Goods and a greater Reliance and Tradition on State Provision of Basic Needs

In general, urban populations have fewer coping strategies than their rural counterparts. Furthermore, these strategies are often undermined and reduced by market forces. This is particularly noteworthy in the absence of common goods to fall back upon. Indeed, one of the important trends we identified was the commercialization of such free goods in terms of shelter. At a risk of terrible overgeneralization, the community structures are not as well developed as in rural areas. This, in part, reflects a greater reliance on formal provision of basic needs, for example, health, education, infrastructure and shelter. This was part of the settlement with the urban populace by the 1960s developmentalist state. As we have argued, this has now collapsed and has not yet been replaced. There is a risk in the “survival strategy” literature of overemphasizing the options available indeed, sometimes, they sound more like a financial institution organizing an investment portfolio. In many cases, households and individuals are not surviving; it is not a function of better research to identify yet more innovative responses.\(^{69}\)

The Individualized and Private Nature of much Urban Poverty, determined by Shocks (Redundancy, Ill-health) which affect Individuals rather than Communities \textit{per se}

It is in the incidence of shocks that the condition of poverty in an urban setting is most different from the experience of poverty elsewhere. The literature from India discussed earlier makes their importance abundantly clear. The two most important are redundancy and ill-health both of which directly affect individual livelihoods. In many societies, there is a substantial group which is not in a condition of poverty but remains vulnerable to shocks. Two observations are pertinent: first, there is thus an important “random element” in much urban poverty with the majority of these shocks affecting individuals rather than communities; these events are often invisible. Second, it was the need to provide protection from such shocks that lay behind the establishment of the welfare states in Western Europe. The discourse of insurance and protection is revealing, indeed the idea of the provision of universal health care underpins the 1994 attempts by the Clinton Administration to reform the US health care system. To this day, it is protection and the fear of such shocks that keeps a large percentage of the world’s urban population awake at night.

The Critical Importance of Assets and Debt as Survival Strategies to Shocks

As mentioned earlier, it is the relative lack of communal assets to fall back upon which makes assets and debt the critical strategies to withstand shocks for urban groups. Assets, par-

\(^{69}\) Personal observation, Murray (1986).
particularly if defined in the wider sense, are both tangible (resources and stores) and intangible (claims and access) and determine a household’s possible survival strategy and ability to cope with shocks.\textsuperscript{(70)} For the urban poor, these are likely to be more monetized. Within the Indian context, indebtedness represents a critical survival strategy for the urban poor; there is very little research on this in sub-Saharan Africa. Given the attempts by some donors to replicate South Asian models of credit delivery to the assetless this is a critical research and policy vacuum.

There is an important cumulative aspect to urban poverty, in that assets are depleted over time before pushing individuals into poverty, with women’s assets often the first to be depleted. The length of time that adjustment takes is thus important. Paradoxically, the result can often be situation where households’ well-being may be declining alongside an upturn in the labour market and other indicators.\textsuperscript{(71)}

A Greater Exposure to Environmental Risks both in Terms of Human Pathogens and Industrial Toxic Compounds

It is no accident that the urban poor suffer considerable exposure to environmental risks in terms of both biological pathogens and industrial toxins. It is the almost inevitable result of the workings of the urban land market. Intra-urban differences in health (mortality and morbidity) from other studies have been well summarized.\textsuperscript{(72)} Furthermore, it has recently been argued that there is a very clear, broad relationship between poverty, environment and health not only in terms of greater exposure to hazards at home, at work and in the neighbourhood but also in terms of the delivery of services that mitigate the health impact of these hazards (for example, preventive health care and emergency services). Effective urban governance in the delivery of services can greatly reduce the link between low income and exposure to environmental risks.\textsuperscript{(73)}

Two studies, however, may help illustrate the complexity of the relationship. The first observation is that there is a small but consistent literature which documents increases in malnutrition alongside housing improvements. This was the case in the 1930s in Stockton on Tees and Glasgow in the UK.\textsuperscript{(74,75)} The reason was that housing improvements, while improving the environment, also resulted in slightly increased rents which skewed household budgets away from food, causing quite a negative impact on child health. There is evidence of this taking place in an environmental slum improvement project in Amman Jordan\textsuperscript{(76)} and also a strong suggestion that this was taking place in the Dandora site and service scheme in Nairobi during the 1970s.\textsuperscript{(77)}

Finally, there are some new insights from a longitudinal study of Poona. First, the importance of female labour force participation is emphasized, as is labour market segmentation, and overall vulnerability depending upon events/shocks. However, and significantly for urban planning, the studies show a significant relationship between the physical environment and health indi-
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cators, even when controlling for income and maternal education. The conclusion is that higher income households were unable to “isolate” their children from their overall environment. “We conclude that the increase in income that these households can achieve cannot offset the effect of living in a deleterious physical environment.”

The Importance of Links to the Rural Economy for Survival and in Seasonality in Urban Poverty

Despite the modern nature of much of urban society, links with the rural economy are important especially in sub-Saharan Africa. First, links to the rural sector in general, and to land in particular, are an important component in many households’ survival strategies. Remittances are also a very important component of many rural economies and household survival mechanisms: indeed, in Kenya they provide a critical source of capital and, thus, the motor for agricultural change. Declining urban incomes and increases in poverty will have a significant impact on such flows and on rural change.

Within South Asia, the importance of seasonality has recently been noted in the urban economy. Thus “Nutritional status varies seasonally in the slum in a fashion like that of rural Bangladesh...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.” This is also confirmed by Bardhan’s work on urban West Bengal in which he links urban levels of living to the productivity and seasonality of the surrounding area; in addition, he also notes the significance of remittances which are likely to be less during the agricultural busy time. The clear implication is that seasonality is an important dimension of urban poverty and vulnerability. This should not surprise us, as unemployment and labour statistics in the UK are adjusted for seasonality.

IV. POLICY IMPLICATIONS

THE POLICY IMPLICATIONS to be drawn from the above analysis are that any serious poverty alleviation programme must start with the major causes of poverty and the specific features outlined above. The relevant policy interventions can be direct and indirect. Theoretically, these can be further divided in terms of social security between promotive and protective. Protective security aims to protect against the one-off shock associated with temporary poverty. The aim of promotive security is to increase incomes and capabilities in the case of poverty which is permanent or structural.

Promotive Urban Poverty Strategies

In terms of direct poverty alleviation the majority of pro-
Programmes are promotive. This includes employment creation, physical infrastructure and shelter improvements (which can include systems delivering services at cheaper prices). It is important to go beyond a simple debate about the benefits of service provision or income generation. The evidence suggests that both physical infrastructure and income generation are necessary components in urban projects.

In policy terms there is a real dilemma in that almost all employment initiatives are directed at the successful parts of the informal sector and often via cooperatives or marketing assistance, usually unconsciously strengthening the sector’s monopoly and capital intensive tendencies. This is likely to lead to little employment creation. The alternative wider strategy is to focus on the majority of the informal sector where the potential is minimal. This is much harder and difficult to put into operation but potentially might lead to some employment creation although little growth. In relation to employment creation, in policy terms there is a very serious dilemma between a growth objective which may create sustainable jobs, and an employment or welfare objective. This has been clearly illustrated by the Indian Government’s IRDP programme which aimed at asset transfer to create rural employment but ended up as a large-scale disguised welfare transfer.\(^{83}\)

However, it is important to recognize that many of the major policy levers and instruments which influence urban poverty, and especially labour markets, are at the national level. In this, the recent international agency concern with institutional development and municipal management may not be sufficient.\(^{84}\)

Strengthening local institutional capacity matters but the importance of central government must also be recognized.

The labour intensive nature of other investments in urban areas and urban projects needs to be monitored. This is often simply not considered: in slum improvement projects, the employment consequences are usually not included in the appraisal and design. In conclusion, the experience of promotive urban social security can be said to have been moderately effective, with the service delivery element being more so than the income generation element.

**Protective Urban Poverty Strategies**

The importance of protective systems of social security needs to be put on the agenda. Shocks are the most important element of urban poverty and protecting the urban poor from such shocks is a critical policy area. This includes compensatory schemes, strengthening intermediary institutions (emergency credit), and measures to strengthen existing coping strategies or measures to limit their erosion.

Strengthening informal credit systems such as SEWA (Self-employed Women’s Association) in India and NGOs which provide loans to mitigate the worst impact of shocks is important. This is potentially a critical and unexplored area in sub-Saharan Africa. In designing such programmes, it is important not to make the moralistic distinction between use of credit for pro-

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84. See reference 12.
In the case of the urban poor the total fungibility of funds makes such a distinction meaningless.

Compensatory schemes (nutrition and food assistance, employment and income-generating schemes, and socio-economic infrastructure interventions) can be effective in the short-term but more work is needed to design programmes which improve the human capital of the poor and thus their productivity. There is, therefore, a clear need for both a promotive and a protective strategy.

Finally, there are very important synergies in primary health and education in all the strategies outlined above; this is particularly the case with programmes targeted towards women. The importance of primary education and health aimed at women in any urban poverty approach cannot be overstated. In almost all Third World societies female headed households are the most vulnerable urban group. Gender is critical in the design of urban poverty programmes.

In conclusion, given the specific and often “invisible” nature of urban poverty, it is important to set up simple and rapid systems to monitor increases in the incidence of urban poverty. It is suggested that such systems pay attention to the complexity of urban poverty, namely the importance of household composition (or destruction), assets, and informal labour markets (e.g. daily wage rates). This is particularly important given its cumulative nature.

87. See reference 28.
88. See reference 12.
89. See reference 82.