

FINANCING THE MILLENNIUM DEVELOPMENT GOAL 7, TARGET 11 *IMPROVING THE LIVES OF 100 MILLION SLUM DWELLERS*

Will it be possible for the world to improve the lives of 100 million slum dwellers as envisaged by the United Nations Millennium Goals agreed to by world leaders at the Millennium Summit in 2000?

The Global Report on Human Settlements 2005: Financing Urban Shelter answers with a resounding “yes”. To answer in any other way would mean ignoring the reality of what is now taking place at the urban level as well as the political momentum building in support of the MDGs world wide.

Today, roughly one out of six inhabitants of large and small cities lives in slums. But by assuming that city life necessarily equates with improved lives, the world has, thus far, found it relatively easy to ignore the woefully inadequate living conditions implied in this statistic. But this has not been the case.

Ill conceived and mismanaged policies and beliefs have too often translated into high pricing of what would otherwise have been affordable and humanely adequate housing. And worse still, misdirected efforts to erase this market failure by governments and municipal authorities have resulted in decades-long evictions of poor people from the only shelter they can get in urban areas. But as evictions dominated official policy, the population of the urban poor never disappeared; it continued to grow in depth and scale.

In the face of such adversities, the urban poor have come up with creative solutions. ‘Slums’ are often a solution in progress and a means of creating a home and better life in the city. A positive twist to this situation has been that international organizations have –in declarations and policies they have made over the last two decades- recognized slums as a solution to homelessness. Governments too, are increasingly taking a cue from this.

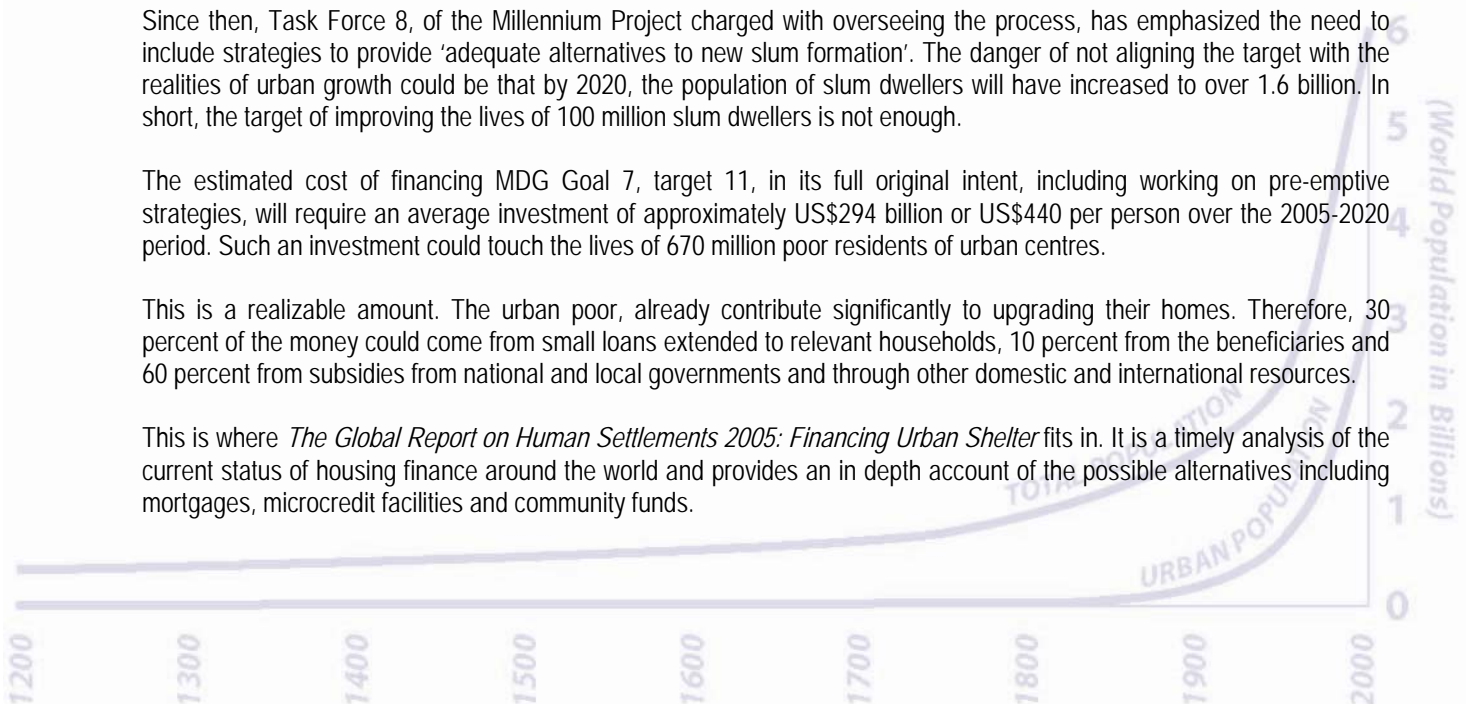
It is within this context that the United Nations Millennium Assembly saw it fit to highlight the need to improve the lives of urban poor through incorporating a ‘slum target’ in the Millennium Declaration. The Declaration committed the world to an effort to improve -significantly- the lives of at least 100 million slum dwellers.

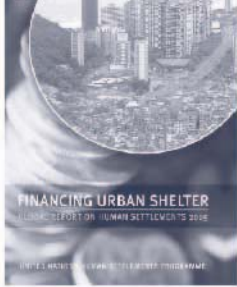
Since then, Task Force 8, of the Millennium Project charged with overseeing the process, has emphasized the need to include strategies to provide ‘adequate alternatives to new slum formation’. The danger of not aligning the target with the realities of urban growth could be that by 2020, the population of slum dwellers will have increased to over 1.6 billion. In short, the target of improving the lives of 100 million slum dwellers is not enough.

The estimated cost of financing MDG Goal 7, target 11, in its full original intent, including working on pre-emptive strategies, will require an average investment of approximately US\$294 billion or US\$440 per person over the 2005-2020 period. Such an investment could touch the lives of 670 million poor residents of urban centres.

This is a realizable amount. The urban poor, already contribute significantly to upgrading their homes. Therefore, 30 percent of the money could come from small loans extended to relevant households, 10 percent from the beneficiaries and 60 percent from subsidies from national and local governments and through other domestic and international resources.

This is where *The Global Report on Human Settlements 2005: Financing Urban Shelter* fits in. It is a timely analysis of the current status of housing finance around the world and provides an in depth account of the possible alternatives including mortgages, microcredit facilities and community funds.





INVESTMENT REQUIREMENTS AND ENVISAGED SOURCES OF FUNDING TO MEET TARGET 11

| | Investment requirements | | | Source of funding | | |
|---|------------------------------|--------------------------------|---------------------------|-----------------------|---------------------------|---|
| | Target Population (millions) | Average cost per person (US\$) | Total cost (US\$ billion) | Donors (US\$ billion) | Government (US\$ billion) | Slum dwellers and future low-income urban dwellers (US\$ billion) |
| Upgrading slums | 100 | 670 | 67 | 23 | 37 | 7 |
| Providing adequate alternatives to slum formation | 570 | 400 | 227 | 78 | 126 | 22 |
| Total | 670 | 440 | 294 | 101 | 163 | 29 |

Source: UN Millennium Project, 2005a, p143.

PER CAPITA INVESTMENT REQUIREMENTS IN US\$ TO UPGRADE SLUMS BETWEEN 2005 AND 2020

| Arab States, Turkey and Iran | Asia (including East China) and Oceania | Latin America and the Caribbean | South-central Asia | Southeast Asia | Sub-Saharan Africa, Egypt and Sudan |
|------------------------------|---|---------------------------------|--------------------|----------------|-------------------------------------|
| 1328 | 619 | 1200 | 612 | 643 | 528 |

Source: UN Millennium Project, 2005a, p128.

PER CAPITA INVESTMENT REQUIREMENTS IN US\$ FOR ALTERNATIVES TO SLUM FORMATION

| East Asia | Latin America and the Caribbean | North Africa | Oceania | South-central Asia | Southeast Asia | Sub-Saharan Africa | Western Asia |
|-----------|---------------------------------|--------------|---------|--------------------|----------------|--------------------|--------------|
| 334 | 780 | 829 | 334 | 285 | 363 | 352 | 829 |

Source: UN Millennium Project, 2005a, p138.

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Mr. Sharad Shankardass, Spokesperson, Ms. Zahra Hassan, Press & Media Liaison, Tel: (254 20) 623153/623151/623136, Mobile: 254 733 760332; Fax: 254 20 624060, E-mail: habitat.press@unhabitat.org, Website: www.unhabitat.org

