



Task Force 01

FIGHTING INEQUALITIES, POVERTY, AND HUNGER

Redefining Urban Development: Challenges and Solutions in Latin America's Informal Settlements

María Migliore, Directora de Integración Socio-Productiva, Fundar, Argentina.

Antonia Cleide Alves, Presidente, UNAS Heliópolis e Região.

Denis Pacheco, Co-fundador, Red Brasileira de Urbanismo Social, Brasil.

Agustina Rodríguez Biasone, SPURS Fellow, Massachusetts Institute of Technology.

Carina Arvizu Machado, SPURS Fellow, Massachusetts Institute of Technology.

María Luz Benitez, Investigadora, Fundar, Argentina.

Matías Sanchez, Fundador, La Esquina Hace Arte, Argentina.



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Abstract

Latin America, currently the most urbanized region with 80% of people residing in cities, faces challenges due to unplanned urbanization, resulting in 113 million people living in informal settlements (UN, 2020). This concentrated structural poverty (Barrett, C., & Carter, M., 2013) represents a significant obstacle to poverty reduction and social inclusion.

Recognizing this is crucial for redefining the problem. It extends beyond land occupation or substandard construction quality; it involves excluded neighborhoods lacking basic services, public transportation, and security. Consequently, the current challenge is to integrate these neighborhoods into the city and vice versa.

Living conditions in these neighborhoods hinder both individual and national development. A key aspect is recognizing that those born in these areas face more disadvantages. It is logical that progress is harder when born into a home that floods with every rain, lacks internet access, potable water, recreational spaces, and adequate lighting for nighttime safety.

The socio-urban integration policy proposes a comprehensive approach to address this issue by creating equality in initial conditions to foster development.

Based on experiences in designing and implementing these processes, we propose recommendations focusing on two main aspects: incorporating participatory methodologies to ensure process implementation and sustainability and working comprehensively on three main dimensions: urban integration, housing, and socioeconomic aspects.

Key words: urbanization- informal settlements- structural poverty- social exclusion- socio urban integration- participatory methodologies- housing deficit- public services- social infrastructure- sustainable development- economic empowerment- sustainable cities.

Diagnosis of the Issue

Latin America and the Caribbean (LAC) experience rapid urbanization and the resulting social exclusion pose significant challenges to achieving inclusive and sustainable cities. In LAC, the Gini inequality index declined on average by 1.1% annually between

2019 and 2022, but income gaps continue to be very high across the region and are exacerbated by the concentration of wealth (CEPAL, 2023).

Compared to other urban residents, people living in informal settlements, especially in marginalized neighborhoods, experience greater economic, social, and spatial exclusion from the benefits and opportunities of the broader urban environment (UN-Habitat, 2015). "*Rapid urbanization and rapid growth of large cities in low- and middle-income countries have been accompanied by the rapid growth of highly vulnerable urban communities living in informal settlements*" (IPCC Fifth Assessment Report, 2014; cited by Satterthwaite et al., 2020, p. 145). More than 100 million people live in informal settlements in LAC (UN-Habitat, 2020), meaning one in five people in the region experiences conditions of social exclusion.

The problem stems from social exclusion as a consequence of rapid and unplanned urbanization. This impedes development and the creation of inclusive cities, turning urban areas into hubs of structural poverty. During the 1950s, many countries experimented with policies of slum eradication and relocation. These policies failed and led to the proliferation of informal settlements, which in the 1960s and 1970s prompted massive public housing construction. It was believed that the core of the problem lay in the poor housing conditions of the impoverished, so the proposed solution was to construct public units at relatively low costs (Rondinelli, 1990). This not only imposed high costs on the government—associated with housing construction—but also failed to

achieve the desired effects on the population, as it did not consider the sustainability of the new habitat or the importance of the environment, resulting in high economic costs (housing maintenance) and significant problems related to social displacement (Rondinelli, 1990).

Today, informal settlements continue to be a major challenge for development in LAC, as well as for other regions of the world. There are significant deficits in housing, access to basic services, and labor informality. Addressing this problem requires a broader perspective: not only a housing-specific issue but also the exclusionary situation of living in these areas. In this context, the notion of socio-urban integration has emerged as a new paradigm, adopting a more holistic perspective that emphasizes the issue of exclusion.

The integration of informal settlements emerges as a crucial priority for the G20, given the extensive population living under these conditions in the LAC region. The holistic approach aligns with the United Nations' SDGs, particularly 11 (aiming to achieve more inclusive and sustainable cities), 10 (focused on reducing inequalities), and 6 (directed at ensuring access to clean water). It has been demonstrated that urbanization processes can not only improve living conditions, including health (SDG 3) but also have positive effects on the environment (SDG 13) and climate change mitigation.

Recommendations

Social-urban integration is proposed as a public policy tool to address habitat in informal settlements, social exclusion, and structural poverty.

The adoption of this public policy is essential to overcome structural poverty, prevalent in Latin America but also strongly present in Africa and Asia. This entails investing in social infrastructure to change the structural conditions that limit people's development, ensuring that informal settlements have the same conditions as formal neighborhoods. It is crucial for G20 countries to make efforts to promote comprehensive and participatory projects by funding and promoting cooperation and knowledge exchange among different countries to replicate these experiences.

In this vein, we developed two key recommendations, fundamental to maximize the impacts of informal settlement integration:

1. Incorporating participatory strategies in informal settlement integration projects at every stage.

It's recommended that participatory strategies be integrated into informal settlement integration projects at every stage. Community involvement should be central, leading to significant changes in public policy and resident decision-making roles, ensuring project sustainability and positive impact.

Community participation is crucial for the success of an urban integration project. According to the Latin American Observatory at The New School (2020), participatory methods enhance project impact, even amid economic fluctuations and regulatory changes. The New Urban Agenda (2017) emphasizes inclusive participation and social cohesion for sustainable urban development.

A notable example is Villa 20 in Buenos Aires. Since 2016, the city government, with CAF funding, has employed a participatory planning model. This approach involves residents in co-designing project outcomes through various participatory mechanisms, as opposed to top-down imposition (Almansi et al. 2020). Therefore, specific recommendations are:

- **Incorporating Participatory Methodologies in Project Design:** create real opportunities for public opinion, participation, and evaluation throughout all stages of the project through specific participatory devices that promote joint decision-making and co-management among various actors (CAF, 2020).

- **Design and Implementation of Participatory Devices:** Participatory devices should be flexible and horizontal to facilitate decision-making and project adaptation to the complex problems presented by each context. To ensure their sustained implementation, the institutionalization of created devices is fundamental. Successful examples, such as the *Mesas de Gestión Participativa* (MGP) in Villa 20, Buenos Aires, show that these devices can be institutionalized through local legislation, guaranteeing their legitimacy and effectiveness (Almansi et al. 2020).

- **Benefits and Sustainability:** Community participation not only increases residents' satisfaction and the appropriation of new housing spaces but also, investment in participatory processes is relatively low (1.3% of the total cost of the process-project), yet it generates high levels of long-term commitment to the project (New School Observatory, 2020).



2. The development of a comprehensive approach to socio-urban integration processes that takes into account three basic dimensions:

- **Housing dimension:** It focuses on ensuring the minimum living conditions for the population living in informal settlements. This aims to mainly resolve the qualitative housing deficit, ensuring that households have formal connections for access to basic services. Additionally, it seeks to provide legal certainty for those who inhabit these areas, meaning that the occupation ceases to be informal. This point is key to generating both the rights and obligations that arise from this certainty.

In this regard, we highlight the interventions carried out in Barrio Mugica in the City of Buenos Aires. As part of a comprehensive plan for social, urban, and economic integration, this World Bank-funded project developed two components aimed at reducing the housing deficit: the Housing Improvement Program and the Resettlement Program. The first focuses on improving the exteriors and structures of existing homes, as well as promoting other actions such as connecting to public services and interior improvements through self-construction. The second focuses on families living in dangerous locations (such as under the highway) who were offered the opportunity to move to new homes built for this purpose in the vicinity of the neighborhood. This program has contributed to improving the quality of life for families in the neighborhood, as evidenced by improved indicators related to overcrowding and perceived security (Suaya et al. 2021). However, the study conducted by CIPPEC (2021) also highlights the importance of strengthening in-situ housing improvement policies to scale up this initiative.

- **Urban dimension:** Conceptually, it focuses on the urban development of each neighborhood. The goal is to connect the neighborhoods to the city and vice versa. It prioritizes access to basic public service infrastructure (water, sewage, electricity, and

telecommunications) and the improvement of public space by opening and optimizing streets and access roads to facilitate mobility, as well as the construction and revitalization of green areas.

The *Programa de Mejoramiento Urbano* in Mexico exemplifies urban dimension intervention through a participatory urban design approach. Initiated in 2019, it has been implemented in 26 states and 162 municipalities across Mexico. The program involves stakeholders from the formal city structure to collaborate on settlements and prioritizes basic service infrastructure and community facility projects. From 2019 to 2023, the program benefited 9.5 million people, constructed over 25,000 housing improvements, generated 410,000 jobs, and received 122 national and international awards. The scope of the intervention includes 9 million m², encompassing the development of public spaces and the provision of essential utilities to marginalized communities, significantly enhancing living conditions and promoting social inclusion.

- **Socioeconomic dimension:** When it became evident that the issue of informal settlements could not be resolved solely through the construction of housing and urban infrastructure, efforts began to focus on social and economic development. The goal is to complement housing and service works with a focus on human development, ensuring the presence of the state through essential social services such as education, health, and security, thereby promoting integration into the socio-urban fabric. Additionally, the people in these neighborhoods work and generate economic value, even though most of this work is informal. Therefore, the objective of socioeconomic interventions should be to improve the productivity of this sector and create conditions to integrate the work into formal value chains, breaking the cycle of extreme poverty and social exclusion. This involves working on skills development, formalizing activities, and access to financing. In this context, we highlight two successful experiences:

○ **Centros Comunitarios de Paz (Compaz) in Recife, Brazil:** This project promoted the development of social infrastructure to reduce violence levels and improve the quality of life. According to Santos (2022), the pillars of COMPAZ are social urbanism, service centers, citizen coexistence, economic empowerment, a culture of peace, and early childhood care. This program has been recognized for its measurable social impact, with intensive use of its facilities and a decrease in violence levels, achievements recognized by the UN in 2022.

○ **Centro de Desarrollo Emprendedor y Laboral (CeDEL) in Buenos Aires, Argentina:** The local government implemented policies focused on job training, market identification, skill development, and soft skills enhancement. Distinctive components of this experience include (i) the creation of two major work streams: tools to strengthen local production and employment promotion, both with offices located in each of the popular neighborhoods; (ii) these actions were supported by normative frameworks for systemic changes and innovative tools, directing social investment towards economic-productive logics (Popular Economy Law and Economic Integration Law); and (iii) strengthened collaboration with the private sector, universities, and third sector organizations, which were invited to participate by providing training, mentorship, monitoring, and evaluation.

Based on these experiences, we recommend:

- **Skills Development and Formalization of Activities:** Invest in skills development programs to improve opportunities for access to the formal labor market. Promote the formalization of informal, productive activities through specific normative frameworks.

- **Social Infrastructure:** Invest in social infrastructure projects that promote community development and violence reduction, establishing accessible physical spaces for the provision of essential social services, following successful examples like Recife.
- **Multi Sectoral Partnerships:** Foster cooperation between the state, private sector, universities, and social organizations to maximize the impact of interventions. In both mentioned cases, the state established mechanisms that later functioned in coordination with social actors to achieve integration objectives.

Scenario of outcomes

Various scenarios could arise regarding the socio-urban integration of informal settlements if these recommendations are taken into account. The implementation of socio-urban integration policies could significantly improve the quality of life for inhabitants of informal settlements, reducing structural poverty and social exclusion. This would lead to greater participation of these communities in the benefits of economic growth and increased social stability. Therefore, these policies should be seen as essential tools for addressing the habitat problems in informal settlements, which represent the cores of structural poverty in many countries, in addition to promoting planned urban development, governments should focus on integrating areas where informal living persists.

The recommendations previously outlined focus on key aspects of successfully implementing socio-urban integration projects based on experiences that demonstrate this. For instance, the incorporation of participatory strategies in the integration of informal settlements is essential for the success and sustainability of these projects. Positive experiences, such as Villa 20, demonstrate that effective community participation can transform public policy, improve the quality of life of residents, and ensure the long-term success of urban interventions. Main achievements include voting on 100% of urban reconfiguration projects, 97.6% acceptance and satisfaction with relocation, prevention of 100% of occupations of freed-up spaces, and satisfaction and appropriation of new housing by residents (Almansi et al., 2020).

This approach marks a crucial difference from historically working with this segment, ceasing to see inhabitants as mere objects of policy impact and incorporating them as stakeholders with a voice in constructing solutions. Neglecting this will lead to the

implementation of desk projects, with a low capacity for adaptation to reality and likely hindrance in their implementation. We believe that implementing a comprehensive approach that addresses multiple dimensions of the problem will maximize the impact of investments and bring society closer to the ultimate goal of integrating settlements into cities. In this regard, our recommendations highlight how investment in social infrastructure contributed to reducing violence in settlements in Recife, Brazil, and the development of working lines within the CEDEL framework contributed to improving productivity in neighborhoods in Buenos Aires. Likewise, investment in basic services infrastructure had a national impact in Mexico, and the diversification of actions between improvements and the provision of new housing to resettled populations had positive impacts on improving housing conditions in the Mugica neighborhood of Buenos Aires. It is important to note that while we highlight these components as successful experiences feasible to be replicated by governments, these programs are all part of comprehensive projects aligned with the vision we propose. In addition, these endeavors contribute significantly to tackling structural poverty and social exclusion. However, contradictions and challenges could also arise. For example, the adoption of a participatory approach could face resistance from certain interest groups or sectors of society benefiting from the status quo. Additionally, implementing integration projects could generate tensions in some communities, especially if the needs and concerns of all involved are not adequately addressed. Another possible scenario is that, despite efforts to integrate informal settlements, some forms of exclusion and marginalization may persist due to limitations in funding, lack of institutional capacity, or political resistance. Consequently, even though significant progress may be achieved, the complete objectives of socio-urban integration may not be fully realized.



To summarize, if the recommendations are adopted, both positive advances and challenges are likely to occur in the process of socio-urban integration of informal settlements. It is crucial to anticipate and address these contradictions to ensure that implemented policies are effective and equitable.

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