Promoting Inclusive Growth by Creating Opportunities for the Urban Poor*

1. Introduction and Context: Urbanization and Poverty in the Philippines

Urbanization is one of the most significant drivers of development. It can provide a pathway out of poverty and act as an engine of growth. High urban densities can reduce transaction costs, make public spending on infrastructure and services more economically viable, and act as an economic hub that attracts investments and talents. But if not well managed, urbanization can give rise to inequality and exclusion which affects a city’s competitiveness and opportunities for growth.

Inclusive urbanization, where everyone can reap the benefits, is critical to city competitiveness and growth. Policies to recognize the rights of the poor to the city and allows them to participate in, contribute to, and enjoy the benefits of urbanization are important for inclusion. Inclusive urbanization requires an integrated multi-dimensional approach that addresses three key dimensions of inclusion – economic, spatial, and social. Economic inclusion relates to addressing poverty and providing economic opportunities such as jobs, sources of livelihood, and access to finance. Spatial inclusion refers to improved access to land, housing, infrastructure and basic services. Social inclusion relates to fundamental principles of equal rights and participation of the marginalized in the development process. The three dimensions of inclusion are interrelated and mutually reinforcing. Policies must therefore address all three aspects.

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Today, half of the Philippine's population lives in cities. The proportion will continue to increase to reach 84% by 2050. Philippine cities generate 70% of the GDP, of which 36% is generated in Metro Manila alone. Urbanization has often helped reduce poverty by providing new job opportunities and raising incomes of the poor. Indeed, poverty incidence for urban areas (12.5%) was less than half of the national poverty incidence (25.2%) in 2012.

Yet as cities fail to keep pace with the rapid urbanization in the Philippines, multi-dimensional poverty in urban areas is deepening and widening. With in-migration of those aspiring for better lives from rural areas to urban centers came surges in demand for jobs, housing, infrastructure and basic services in major cities. Yet, the Government has been unable to address the increased demand given the accelerated pace. The result has been proliferation of informal settlers in urban areas without adequate access to decent living conditions. The number of informal settlers in the Philippines has increased gradually, from 4.1% of total urban population in 2003 to 5.4% in 2012. In 2012, 5.4% of the urban population or about 2.2 million people lived in informal settlements in the Philippines. In Metro Manila alone, an estimated 1.3 million people, or close to 11% of the population in the region, lived in informal settlements.

Not all informal settlers are income poor, but many are vulnerable to external shocks that can easily push them below the poverty line. An estimated 25% of the informal settlers in the country are income poor based on 2012 Family Income and Expenditure Survey (FIES). The rest are living above the poverty line but residing in poor living conditions. But this data needs to be interpreted with caution. Informal settlers are usually minimum wage earners and contractual workers whose incomes vary based on seasonality or job availability with no protection. Those engaged in small businesses suffer from unsteady levels of income. Many of them have limited savings that are exhausted in the event of any external shocks such as natural disasters. Informal settlers are therefore highly vulnerable to experiencing episodes of income poverty especially with external shocks.

Informal settlers also suffer from multiple forms of exclusion. They often lack access to basic infrastructure and services, secure land tenure, have limited access to capital, productive and stable employment and livelihood opportunities, and are vulnerable to natural hazards especially floods. The Government estimates that over 104,000 informal settler families (ISFs), or about 520,000 people equivalent to 40% of the ISFs in Metro Manila, live in danger areas, exposing themselves to recurrent flooding. Furthermore, ISFs suffer from social discrimination. They are seldom integrated into the broader communities, perceived as “problems,” are rarely involved in official decision-making and face higher incidence of crime and violence. The figure below shows that ISFs’ perceived problems include threat of eviction, crime and violence, natural hazards, and access to services.

4 Oxford Economics.
5 FIES (2012).
7 FIES (2012). Informal settlers are defined in this chapter as households that responded that they are living in “own house, rent-free lot without consent” or “rent-free house and lot without consent”.
8 WB staff calculations based on FIES (2012).
9 Ballesteros (2010).
2. Key Challenges

2.1 Economic Exclusion

Aspects of economic inclusion relate to addressing income poverty and providing economic opportunities through employment.

a. Urban Poverty

Between 2003 and 2012, urban poverty in the Philippines remained largely unchanged, while national poverty decreased slightly.\(^{11}\) Urban poverty incidence has remained relatively stagnant over the past decade regardless of which poverty lines are used.\(^ {12}\) However, once population growth is taken into consideration, there is a slight increase (1 percentage point) in the share of the urban poor.\(^ {13}\) Among the urban poor, 9% reside in Metro Manila or NCR, Luzon (excluding NCR) and the Visayas account for close to a quarter each, and Mindanao alone accounts for more than 43%.

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\(^{11}\) World Bank (2016).

\(^{12}\) The following poverty lines have been used for analysis in the Philippines, US$1.90/day international poverty lines at 2011 PPP, $3.10/day in 2011 PPP, and the national poverty lines which are set broadly following the cost of basic needs approach. The total poverty line (computed for each domain or rural/urban area per province) is the minimum cost to meet 1) basic food needs that satisfy the nutritional requirements set by the Food and Nutrition Research Institute (FNRI) and 2) basic non-food needs such as clothing, housing, transportation, health and education expenses.

While urban poverty incidence may be relatively low, disparities in living conditions are most evident in urban areas compared with rural areas. With no or low paying jobs, migrants are unable to afford decent housing and adequate access to services, resulting in prevalence of informal settlements. Shelter inequalities depict significant polarization in the distribution of wealth and resources in cities. In most cities, but most pronounced in Metro Manila, informal settlement communities with no security of tenure and inadequate access to basic services coexist with exclusive, fully serviced, and gated communities.

Majority of the people are forced to remain in informal settlements for decades given the lack of affordable housing options. A survey on ISFs in three cities of Metro Manila shows that 54% have been living in the informal settlements between 11 and 40 years, whereas 24% responded that they moved within the last five years. This implies that while there is new influx of migrants, majority remain in informal settlements for decades. The main reason for staying is because be they income poor or not, they have no other affordable housing options near their jobs and thus remain stuck in informal settlements for a long time.

b. Jobs

Unemployment rate remains relatively low but underemployment rate is high in urban areas. Unemployment and underemployment rates in the Philippines were at 6.8% and 18.4% in 2014, respectively, while in urban areas, they were at 8.8% and 14.7%.

14 World Bank (2016). Metro Manila Slum Survey. (Mimeo)
15 Ballesteros (2010)
16 Labor Force Survey (2014)
underemployment rates in urban areas have improved over the years, as have those in rural areas, but the improvement has been modest. For both rural and urban areas, males, workers with higher educational attainment, and the youth have the highest incidences of unemployment, while the poor have the highest incidence of underemployment.\(^\text{17}\)

Urban poor suffer from high underemployment, though significant regional variation exists. Based on 2012 Labor Force Survey (LFS) and FIES data, both urban poor and urban non-poor have an average unemployment of 8.7%. The gap between the two groups is the highest in NCR at 17.8% for urban poor compared to 9.4% for urban non-poor. Underemployment is high for both urban poor and urban non-poor groups, but particularly so for the urban poor whose underemployment rate is twice as much (29%) as that of urban non-poor (14.7%). In NCR, the difference is even starker, where underemployment of the urban poor (37%) is almost three times that of urban non-poor (13%).\(^\text{18}\) High underemployment rates among urban poor are also more noticeable in Regions IV-B, V, VI, and CARAGA. This signifies that many urban poor work but they are predominantly engaged in part-time or casual labor, which is informal by nature, and suffer from unstable income. This is consistent with the overall finding in the World Bank Philippine Development Report 2013 that due to long history of policy distortions, agricultural productivity has remained depressed, manufacturing has failed to grow sustainably, and a low-productivity, low-skill service sector such as petty retail trade and public transportation has emerged as the dominant sector of the economy.\(^\text{19}\)

While actual reasons for the regional variation in unemployment and underemployment are unclear, one possible explanation could be that underemployment rates tend to be higher in regions that are relatively more urbanized because there tend to be more job opportunities, despite their informality. NCR does not fit this explanation, however, and merits further analysis in the future.

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\(^\text{18}\) LFS (2012) and FIES (2012).
\(^\text{19}\) World Bank (2013)
Figure 7. Unemployment Rates (Poor vs. non-Poor) Among Urban Population Per Region

Source: FIES and LFS 2012

Figure 8. Underemployment Rates (Poor vs. non-Poor) Among Urban Population Per Region

Source: FIES and LFS 2012
Many urban poor are trapped in low-wage and low-productivity jobs in the informal service sector. More than 75% of the Filipino workers nationwide are informally employed, as defined as self-employed workers (not including employers), unpaid family workers, and wage workers with no written contract, social insurance, or protection from dismissal. Two thirds of urban jobs are informal, and among wage workers, 6 out of 10 are hired informally.\textsuperscript{20} The informal service sector has become the dominant source of employment for the majority of the urban poor who cannot find work in formal service sector such as in the BPO industry, which caters to highly educated workers, or manufacturing sector which only employs about 8% of the total labor force.\textsuperscript{21} Informal wage workers lack employment contracts and social insurance, and are not protected against unfair dismissal. Wages tend to be significantly lower than formal jobs and often below minimum wage. For example, a majority of workers (56%) are low-paid in the informal sector, with only a minority (7%) in the formal sector. These informally employed people face high degrees of vulnerabilities to income fluctuation and external shocks.

\textbf{Figure 9. Shares of Informal Employment to Total Employment (Rural vs. Urban)}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{graph.png}
\caption{Shares of Informal Employment to Total Employment (Rural vs. Urban)}
\end{figure}

Source: FIES and LFS 2012

\textsuperscript{20} World Bank (2016).
\textsuperscript{21} World Bank (2016).
The urban poor are affected by informality and low wages due to low levels of education compared with urban non-poor. Low levels of education are clearly correlated with urban poverty with 35% of the urban poor belonging to households with heads with less than primary education compared to 20% of urban near-poor and 7% of urban non-poor. Workers with less than secondary education face substantially worse labor market prospects than those who complete high school. Their earnings are significantly lower, and the risk of poverty is much higher. Based on a survey of 3,000 ISFs in Metro Manila, 67.7% of the surveyed ISFs have less than secondary education, limiting their job opportunities. Those without secondary education face a significant employment challenge as they are not eligible to join vocational skills training offered by Technical Education and Skills Development Agency (TESDA) accredited institutions, and many employers require a minimum of high school completion. Share of informal employment among urban poor is significantly higher than urban non-poor’s informal employment in NCR and CALABRAZON, while in other Regions, it is the other way round. Average daily wage for the urban poor is less than half of that of the urban non-poor across all regions.

Figure 10. Shares of Informal Employment Among Urban Poor vs. Urban Non-Poor

Source: FIES and LFS 2012

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22 World Bank (2016).
23 World Bank (2016).
The low levels of income result in urban poor having higher total expenditure than total income, suggesting that they borrow to finance their day-to-day expenses.\textsuperscript{24} Factoring in all possible sources of income such as incomes from interest and dividends, as well as remittances from abroad, urban poor’s total expenditure is higher than their total income as shown in figure 6.12 below\textsuperscript{25}, suggesting that they are permanently in the red and are borrowing to finance their expenditures. This makes them extremely vulnerable to external shocks. The urban poor also spend less – a combined 3.3\% of the total expenditure on human capital investments such as health and education compared to the non-poor (7.9\%), partly due to their low levels of income and partly as they have more access to free health and education.

\textsuperscript{24} World Bank staff calculations based on FIES 2012.

\textsuperscript{25} No quantitative data on urban poor’s levels of saving is available in FIES. However, qualitative studies have shown that urban poor have minimal savings.
Research shows that most urban poor prefer formal wage employment should there be opportunities. In a qualitative study conducted by the World Bank on livelihoods for the ISFs, majority of the respondents noted that they preferred stable regular wage labor in the formal sector rather than engaging in risky micro-enterprise development, and that many poor are engaged in self-entrepreneurship “out of necessity.” The challenge is that most of the formal, well-paid jobs are taken by well-educated, high-skilled workers, and urban poor face a significant hurdle in landing any formal jobs without high school degrees.

Much of the livelihood support provided for the ISFs has focused on micro-enterprise development that has been designed without sufficient market analysis, leading to suboptimal results. Various livelihood interventions have been provided in the past to ISFs by different actors including the Government, NGOs, and development partners. Yet not many of them have been successful. This is partly because many livelihood interventions have focused on microfinance supported micro-enterprise development. Studies show that without a sound market analysis, business management skills, and appropriate personal characteristics, it is difficult to sustain a profitable micro-enterprise. Furthermore, many interventions have been “labor supply-driven”, focusing primarily on what the ISFs want to do, or what skills they already possess, rather than focusing on what the market needs. This approach has resulted in mismatches between the supply of skills and the demands of the economy.

For example, TESDA has been providing free or subsidized livelihood skills training to many ISFs on bead accessory making, rug making, or cosmetology without any market assessment. This has resulted in many trainees unable to sell their products or services upon completion of the training.
2.2 Spatial Exclusion

The spatial dimensions of inclusion in the context of this study refer to access to land, housing, infrastructure and basic services in cities, as well as exposure to natural hazards. These remain major challenges, affecting the living conditions of the urban poor.

a. Land and Housing

Informal settlements are the most visible manifestation of multi-dimensional poverty in the Philippines. The largest concentration of informal settlements is in Metro Manila, which houses almost 40% of the total informal settlements in the country. Many ISFs are confronted by physical, economic, social, legal and environmental risks on a day-to-day basis. Aside from the current need, HUDCC anticipates that in 2017 the total housing needs will reach 6.3 million households. The private sector also estimates that 12.5 million housing units will be needed by 2030 given the pace of urbanization in the country and the current demand-supply trends and analysis. As with other developing countries, the pervasiveness of informal settlements in the country can be traced to low income, unrealistic and inadequate urban planning, lack of serviced land and affordable social housing, and a dysfunctional legal system.

![Figure 13. Concentration of ISFs by Region](image)

Source: National Housing Authority

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Spatial analysis on the distribution of ISFs in Metro Manila\textsuperscript{33} shows that the informal settlements are not distributed evenly in Metro Manila. Quezon City has the biggest share of the total area of the informal settlements (34\%) but is also the largest municipality and is followed by Taguig City which includes 10\% of the area of the ISF. San Juan City, Makati City and Pateros have less than 1\% of their area covered by ISFs.\textsuperscript{34}

Informal settlements arise due to lack of affordable accommodation available on the formal market and access to productive jobs for the new arrivals. In spite of the large tract of land currently allocated for residential use, lack of housing is still a major problem as manifested by the large number of ISFs, increased demand for rental housing, the concomitant rise in rental rates. High land prices partly due to lack of strategic land use planning and functioning land market, as well as the low income capacity of families in the cities hinder many households to participate in government and private housing projects. Thus, about half of NCR households do not own the land they occupy.\textsuperscript{35} The number of ISFs has been rising as many opt to build substandard dwellings in private and public lands so as to be close to their employment or livelihood source. ISFs list threat of eviction as their biggest concern.

**Figure 14. Tenure Arrangement of ISFs**

<table>
<thead>
<tr>
<th>Tenure Arrangement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not have any ownership or rights to the lot or dwelling unit</td>
<td>3.6%</td>
</tr>
<tr>
<td>Own the dwelling unit</td>
<td>7.3%</td>
</tr>
<tr>
<td>Own the lot</td>
<td>10.6%</td>
</tr>
<tr>
<td>Own the lot and dwelling unit</td>
<td>42.4%</td>
</tr>
<tr>
<td>Rights to the dwelling unit</td>
<td>34.0%</td>
</tr>
<tr>
<td>Rights to the lot</td>
<td>2.1%</td>
</tr>
</tbody>
</table>


\textsuperscript{33} The spatial analysis was conducted by GIM under the technical partnership between the World Bank and the European Space Agency. GIM used advanced semi-automated Object-Based Image Analysis to process very high resolution satellite images (i.e. Pléiades data, spatial resolution of 50 cm) on the basis of certain characteristics and identify and delineate the informal settlements. The maps are currently the most recent and detailed view on a selected number of informal settlements, as these were taken from satellite imagery in 2014.


\textsuperscript{35} World Bank (2016).
Over the years, the Government has developed a number of social housing programs for the urban poor, but they are limited and have not been very successful. Despite the magnitude of the ISFs, the Government has only allocated a staggering 0.1% of the total GDP for the housing sector between 2000 and 2014. This makes Philippine public spending on housing the lowest compared to its peers in Asia such as Singapore, Thailand, and Malaysia. Moreover, the outcomes of social housing programs have been mixed at best. The Government has predominantly opted for off-city resettlement through National Housing Authority (NHA) due to lack of available land and high land prices in cities. However, off-city resettlement has often been implemented against the wishes of the ISFs and has resulted in perverse socio-economic impacts such as loss of livelihood, lack of adequate access to basic services, and disruption of social networks. A five-year longitudinal study that compared the bottom 30th percentile of ISFs who were resettled off-city and those that remained in-city found that after five years, the income gap between the two groups rose to more than 50%. The study also found that off-city resettlement resulted in increased costs of transportation to work, schools, and health facilities. Social Housing Finance Corporation (SHFC) has been providing affordable financing for predominantly on-site, in-city shelter upgrading through its community mortgage program (CMP). However, the number of CMP projects are limited. Moreover, many CMP sites become blighted, as communities only manage to take out loans for land acquisition and lack the financial capacity to borrow for site development or housing, let alone set aside funds for estate management. CMP has thus been termed by some as “going from slums to slums”. SHFC has recently introduced the High Density Housing (HDH) program that aims to resettle ISFs from danger areas to medium-rise buildings in-city or near-city. Initial reaction from the ISFs has been positive, but outcomes remain to be seen as repayment rates are quite high and questions remain as to how affordable HDH housing are.

Many local government units (LGUs) have failed to respond to the challenges of ISFs and instead have looked to the central government to lead or worse, to relinquish their responsibilities for social housing. Many LGUs are reluctant to properly allocate adequate resources to the housing sector, except perhaps for their own employee housing. City planning and housing policy remain uncoordinated, both at the national and local levels. There have been a number of housing projects developed through engagement from different civil society organizations (CSOs) such as the Gawad Kalinga program, but they fail to achieve scale.

Key constraints to affordable housing boil down to four inter-related issues: (i) land availability; (ii) affordable housing finance; (iii) governance; and (iv) lack of inclusive urban development that optimizes land use. For urban centers in the country, availability of land is a constraint. This is further complicated by lack of accurate land information and costly and complex processes to make land available for social housing. The housing finance framework needs to be revisited to expand the reach down-market to allow lower-middle income class to access formal finance and give the low-income class access to government subsidized financing. For governance, there is a need to provide incentives and technical support to LGUs to promote their proactive role in social housing. It is also crucial to ensure that land use planning is inclusive, disaster resilient, and sustainable.

b. Access to Basic Services and Social Safety Net

Access to clean water, among other basic services, is a serious problem for the ISFs. Almost half of ISFs get water through vendors, 11% fetch water from neighbors, and 3% share the connection with their neighbors.\(^{38}\) The major constraint that prohibits ISFs from accessing potable water is the connection fee. New connection fees are equivalent to US$97 and US$176 in Manila West and Manila East, respectively.\(^{39}\) Additionally, there are administrative requirements such as proof of land title, which prevent many households from connecting individually. In such cases, households share utilities but they are charged a higher tariff rate. Yet the cost of water from small scale service providers can be extremely high, with no quality control.\(^{40}\) In the Philippines, ISFs pay 9-13 times more for the delivery of water than households living in adjacent fully serviced neighborhoods.\(^{41}\)

ISFs’ lack of access to proper sanitation aggravates water pollution causing health problems. While access to basic sanitation is high, 93% of the urban poor sampled report having access to water-sealed septic tanks\(^{42}\), many of them are improperly designed and hardly maintained, allowing human waste to pollute the water. In Metro Manila, only about 15% of the sewage is treated, and all other pollutants are drained into rivers.\(^{43}\) The water pollution is often a cause of gastro-intestinal problems, skin ailments, cholera, typhoid and other infectious diseases.\(^{44}\)


\(^{39}\) ADB (2014)


\(^{44}\) Ballesteros (2010)
Majority of ISFs have access to electricity, but high tariffs pose a significant financial burden. The Philippines has a very high electricity rate – the fifth most expensive in the world, averaging at $0.24 per kilowatt-hour in 2012.\(^{45}\) The high electricity rate forces many ISFs to resort to shared connection or “jumping”, illegal connection to neighbors or public electricity.\(^{46}\) 46% of the ISFs have their own connection, 37% only have shared connection that leads to higher premium, and 14% say they are illegally connected from their neighbors or public electricity.\(^{46}\) Some people spend as much as US$100/month to pay for their electricity from their average monthly household income of about US$507 (Php.22,835) in NCR in 2012.\(^{47}\)

Improper solid waste management exacerbates health issues and flooding. Water pollution is prevalent especially in Metro Manila. In Metro Manila, only 10% of the 7,000 tons of solid waste generated daily basis is recycled or composted while the rest are either hauled to the city’s dumpsites (where many urban poor live and work as scavengers), dumped into nearby water bodies such as creeks and rivers, or burned on the streets. Leachate from solid waste contaminate the soil as well as both groundwater and surface waters, resulting in health issues.\(^{48}\) When solid waste collection is difficult, such as in many cramped informal settlements, nearby water bodies like creeks and rivers become convenient dumping grounds.\(^{49}\) Some of the uncollected garbage on the streets also finds its way to creeks and rivers through underground and open drainage systems. All this hampers water discharge during the rainy season which in turn contributes to flooding, perversely affecting the ISFs living along waterways.

Transportation costs weigh heavily on the urban poor, being the second highest expenditure item for a household. Without any intervention, traffic demand will likely increase by 13% in 2030, and transport costs then are estimated to 2.5 times higher.\(^{50}\) As it is, transportation costs accounts for 15% of the total household expenditure for ISFs. This amount is equal to about a kilo of rice or three cans of sardines, enough for a day’s meal.\(^{51}\) In addition to the financial costs, there is the time cost, as well as physical and psychological cost associated with traffic congestion especially in Metro Manila where commutes can be lengthy. Over 80% of the ISFs in Metro Manila spend 30-60 minutes one way to commute to their work.\(^{52}\)

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\(^{46}\) World Bank (2016).

\(^{47}\) Ballesteros (2010)


\(^{50}\) JICA (2014).


\(^{52}\) World Bank (2016). Metro Manila Slum survey.
Access to education is also limited due to financial constraints. As mentioned before, a survey of 3,000 ISFs in Metro Manila found that 22.4% had up to elementary school education or lower, 30.6% were high-school drop-outs, and 46.7% had completed secondary education or higher. Given that ISFs especially in urban areas responded that they have physical access to schools\textsuperscript{53}, the factor that limits their access to education seems to be financial. In the Philippines, public education is provided for free from kindergarten to 12th grade. However, surveyed ISFs responded that expenses for textbooks, school supplies, uniform, lunches, and transportation costs are often a burden they cannot afford.\textsuperscript{54} Moreover, for the very poor families, the opportunity costs for sending children in early teens and above can be high, resulting in an elevated high school drop-out rate.

**Figure 17. Time Spent for Commute to Work by ISFs in Metro Manila (in Minutes)**

![Figure 17](source: Metro Manila Slum Survey)

**Figure 18. Educational Attainment of ISFs in Metro Manila**

![Figure 18](source: Metro Manila Slum Survey)

\textsuperscript{53} World Bank (2016).
\textsuperscript{54} World Bank (2016).
Many urban poor benefit from conditional cash transfer though the amount is relatively small. Introduced in 2007, Pantawid Pamilyang Pilipino Program (Pantawid Pamilya), which is managed by the Department of Social Welfare and Development (DSWD), provides cash in exchange for compliance with age-specific health and education conditions, such as receipt of pre- and post-natal care, immunization, and 85% attendance rate at daycare, primary, or secondary schools. Since its inception, it has reached 4.2 million households, or approximately 21% of the country’s total population. It has a budget of US$1.5 billion, equivalent to 0.5% of the GDP. Beneficiaries are poor households with children aged 0-18 and/or with pregnant women that have permanent address, identified through Listahanan, the national household targeting system. In 2013, among poor households with children 0-14, the coverage rate was 58%. Of the program’s total beneficiaries, 65% are income poor and 35% are non-income poor, while ISFs only represented 4.4% of the beneficiary households. Targeting accuracy is high compared to CCT programs in other countries. Listahanan used the “pockets of poverty” methodology to identify the poor in urban areas. This has proven a challenge, however, with inclusion errors at 37%, 15 percentage points higher than 22% in rural areas.

On average, Pantawid Pamilya beneficiary household received a monthly grant of Php.703.5 (US$16.4) in 2013, which corresponds to 11.6% of beneficiary households’ monthly income from the poorest quintile in the same year. This is lower than the benefit level of around 23% of potential households’ income which the program intended to achieve at the time of its design in 2006, which is on par with CCT programs in other countries such as Brazil and Mexico. Nevertheless, Pantawid Pamilya has proven effective. Impact evaluation found that the program reduced the poverty rate among the beneficiaries by 6.5 percentage points and the national income inequality as measured by Gini coefficient by 0.5 points. The program has also influenced behavioral change among beneficiaries. CCT beneficiary households were also offered skills training and cash-for-work assistance ($6.60/day or 75% of the prevailing daily wage rate) or micro capital assistance for sustainable livelihoods ($220/family) under DSWD’s Sustainable Livelihood Program as a complementary measure.

A modified conditional cash transfer (MCCT) program that targets the urban poor among others has also been piloted, though results have been mixed. To address poor households that were not included in the Listahanan, such as homeless families who were not enumerated due to lack of permanent address, as well as indigenous people and other vulnerable groups, the government piloted the Modified CCT (MCCT). As of April 2016, MCCT has benefitted 5,214 homeless families, of which 3,519 are from NCR, in addition to indigenous people and other vulnerable families. MCCT offered additional support for housing in the form of balik probinsya ($1,540) for those who want to return to their province of origin, and rental subsidies worth $88 a month for a maximum of 6 months. Only fewer than half of the beneficiaries availed themselves of the rental assistance, and of those, only 30% were able to continue renting a house on their own accounts, and 20% returned to the streets as they were not able to sustain themselves. Only 32% accessed cash-for-work activities and 16% received skills training.

57 P. Acosta and R. Velarde (2015). The relatively low transfer size is partly explained by the fact that the Government prioritized coverage of all poor households with children over updating benefits level to adjust for inflation rate to maintain a reasonable program budget.
59 As of April 2016, MCCT had 237,859 household beneficiaries with the following breakdown: (i) 5,214 homeless households; (ii) 182,055 indigenous people households; and (iii) 50,590 other vulnerable households such as disaster affected families.
facilitation of employment or capital assistance. While a more in-depth evaluation to understand the reasons for low uptake is needed, the results imply that given the chronic nature of poverty the urban poor face, exposure to longer-term interventions may be more important in helping address the structural challenges of urban poverty.

**c. Exposure to Hazards**

Many slums have been built on river floodplains or along the shorelines, exposing ISFs to recurring floods. Due to government’s poor enforcement of land use planning and regulation, many slums have developed near water bodies. This has exposed ISFs to constant flooding. Deficient infrastructure such as lack of drainage or proper maintenance of it, as well as clogged waterways due to lack of effective solid waste management compound the problem. Almost half of the ISFs surveyed in Metro Manila report that they are affected by constant flooding. The flooding can have significant impacts on livelihoods, cause costly damages to housing and assets, and increase health risks due to prolonged exposure to water pollution. People cope with the reduced income by: (i) taking on additional or temporary jobs where available; (ii) reducing food consumption; and (iii) taking out multiple loans. Despite these coping strategies, income remain insufficient to cover basic consumption needs in most cases.

**Figure 19. Issues Faced with Flooding by ISFs in Metro Mania**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>0.4%</td>
</tr>
<tr>
<td>Not affected</td>
<td>0.7%</td>
</tr>
<tr>
<td>Goods get spoiled</td>
<td>0.7%</td>
</tr>
<tr>
<td>Water supply disruption</td>
<td>2.4%</td>
</tr>
<tr>
<td>Temporary evacuation</td>
<td>3.6%</td>
</tr>
<tr>
<td>Fewer customers for business</td>
<td>3.9%</td>
</tr>
<tr>
<td>Household members get sick</td>
<td>4.7%</td>
</tr>
<tr>
<td>Electricity disruption</td>
<td>6.2%</td>
</tr>
<tr>
<td>Insufficient food supply</td>
<td>6.7%</td>
</tr>
<tr>
<td>Unable to work at home</td>
<td>13.1%</td>
</tr>
<tr>
<td>Damaged/ruined house parts</td>
<td>17.4%</td>
</tr>
<tr>
<td>Children unable to attend school</td>
<td>19.0%</td>
</tr>
<tr>
<td>Unable to travel to work</td>
<td>21.1%</td>
</tr>
</tbody>
</table>

Source: Metro Manila Slum Survey

60 Gentilini (2015).
Fire is one of the primary man-made disasters that affects the ISFs. While no statistics are available, fires that burn hundreds of houses in slums are quite common. Fires are usually caused by unattended candles and gasoline lamps, malfunctioning Liquefied Petroleum Gas (LPG) tanks, cooking stoves (charcoal stoves), fireworks, and faulty electrical wiring. In most cases, fire spreads throughout the community in minutes and can last for several hours before suppressed. Various factors contribute to the rapid spread of fire. First, slums are often highly congested with houses close to each other and pathways too narrow for fire fighters and trucks to enter. Second, most houses are made of light materials like scrap wood, cardboards, tin roof, and tarpaulin that are highly inflammable. Fires damage the houses and assets, and displace families, further impoverishing the urban poor and pushing the vulnerable poor below the poverty line.

The dimensions of social inclusion relate to fundamental principles of equal rights and participation of the marginalized in the development process. In the context of the urban areas in the Philippines, particular aspects of crime and violence and social cohesion are issues affecting social inclusion of the urban poor.

### a. Crime and Violence

Crime and violence can take a heavy toll on social and economic development. Violence can incur strong, negative impacts on economic development by drastically reducing growth and producing long-lasting detrimental social impacts, creating a vicious cycle of violence and poverty. Economically, it discourages investment and diverts public resources from development toward law enforcement and support for victims. For example, in 2005 in Guatemala, the direct costs of violence, concentrated predominantly in the capital city, was estimated at US$2.4 billion or 7.3% of the national GDP. It is estimated that if Jamaica and Haiti reduced their crime levels to those of Costa Rica, their annual GDP growth could increase by 5.4%. Socially, violence, or the mere fear of it, stigmatizes certain neighborhoods, erodes social cohesion, limits people’s mobility, and negates citizens’ trust in a state that cannot protect them.

Globally, crime and violence are more pronounced in urban areas and are compounded by their rapid growth. A study estimated that 60% of urban dwellers in developing and
transitional countries have been victims of crime over a five-year period, with victimization rates reaching 70% in parts of Latin America and Africa.\(^{68}\) It has also been established that even in regions with relatively low levels of urban violence, such as Western Europe, urban violence is higher than rural-based violence.\(^{69}\) As centers of social, political, and economic power, cities can be hot spots for violence and conflict. The stark inequalities in cities can contribute to frustration, and rapid growth can accumulate risk factors and intensify the potential for violence. Unmanaged growth transforms power relationships and creates new social and economic opportunities (or inequalities), which, combined with weak state security presence, can foster criminality and violence. The impacts are especially pronounced in cities where institutions are fragile.\(^{70}\) While there is still much to be learned about the relationships among different patterns of city growth, economic growth, and expression of violence, the city’s growth rate appears to have a stronger relationship with homicide rates than does its size or density.\(^{71}\)

Some groups are impacted more, or differently, by urban violence than others. In most cases, areas that struggle the most with crime and violence are often areas that are the poorest.\(^{72}\) There are also clear gender dimensions. Globally, male homicide rates are roughly double the female rates for all age groups.\(^{73}\) Men commit majority of violent crimes from domestic violence to homicide, although the rates of nonfatal victimization by violence are more equal by gender. Women are much more vulnerable to sexual and domestic violence.\(^{74}\)

Crime and violence in the Philippines significantly increased in 2013 compared to previous years. Philippines is not safe, but not strikingly unsafe, ranking at 62nd in the 2012 world global homicide rate ranking, which is widely considered the most accurate indicator of overall levels of violence in a country. Compared to the world average homicide rate of 6.2 per 100,000 people, homicide rate in the Philippines was 8.8, though it is much higher than the Asian average of 2.9.\(^{75}\) Government data on homicide shows that it more than doubled in 2013 compared to the previous year. Other serious crimes, which the government terms as index crimes, also tripled while less serious non-index crimes increased by more than six-fold in 2013.\(^{76}\) Reasons for the significant increase in crime and violence in 2013 are unclear. The overall trend of crime rates follows a similar trajectory as the homicide rate. Alarmingly, the crime solution efficiency rate halved in the same period though the reasons are unclear.

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\(^{69}\) World Bank (2011)

\(^{70}\) World Bank (2011)

\(^{71}\) World Bank (2011)

\(^{72}\) Winton (2004)

\(^{73}\) WHO 2008

\(^{74}\) WHO 2008


\(^{76}\) Index crimes, as defined by the Philippine National Police (PNP), include murder, homicide, physical injury, rape, and crimes against property such as robbery, theft, car-napping/carjacking and cattle rustling. Non-index crimes are violations of special laws such as illegal logging or local ordinances.
Drug-related crimes are prevalent in the Philippines, in particular in NCR. According to the Philippine Drug Enforcement Agency (PDEA), Philippines remains to be both a producing and consuming country of illegal drugs. Based on the data on drug-related arrests, shabu (methamphetamine hydrochloride) remains the most abused illegal drugs in the country. In 2015, 95.5% of drug-related arrests were linked to shabu, followed by marijuana at 4.3%. As of December 2015, out of the total 42,036 barangays in the country, 11,321 or 26.9% were drug-affected or have drug-related cases irrespective of the volume. Among them, NCR remains to be the region with the highest number of “drug-affected” barangays, where an estimated 92.3% of barangays were affected in 2015, followed by the relatively highly urbanized regions of Region IV-A with 49.3% and Region VII (where Cebu city is located) with 48.8% of the barangays affected.

Of the 19,432 drug personalities arrested in 2015, 87.6% were male. Of the minors involved, 93% are in the age bracket of 15 – 17.

Yet, people’s average perception of safety has improved since 2013, possibly masking the regional discrepancy. According to Numbeo’s crime index, perceptions of both safety and crime in the Philippines has improved since 2013. The discrepancy between the official data and perception data could mean that the official data is inaccurate, or that there is a representation bias in Numbeo users. Another plausible explanation could be that the national average crime rate masks the regional disparity, notably the rural-urban disparity.

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77 Index crimes, as defined by the Philippine National Police (PNP), involve crimes against persons such as murder, homicide, physical injury and rape, and crimes against property such as robbery, theft, carnapping/carjacking and cattle rustling. Non-index crimes, on the other hand, are violations of special laws such as illegal logging or local ordinances.


79 According to PDEA, a barangay is said to be drug-affected when there is a drug user, pusher, manufacturer, marijuana cultivator or other drug personality “regardless of number in the area. There are three basic degrees as to how a barangay is affected by illegal drug activities—slightly affected, moderately affected, and seriously affected. Barangays are considered slightly affected if there are identified drug users in the community but no known drug pushers or traffickers are operating in the area while moderately affected if at least a suspected drug pusher or trafficker is operating in the barangay. A barangay is seriously affected if at least a drug laboratory, den, dive or resort is suspected to exist in the community.

80 PDEA (2015).

81 PDEA (2015).

82 Numbeo is the world’s largest crowd-sourced database of user-contributed data about cities and countries ranging from consumer prices, perceived crime rates, quality of health care, to traffic quality. Data from Numbeo has been used as a source in hundreds of major newspapers around the world, including Forbes, The Economist, The New York Times, and BBC.
Disaggregated data shows that crime rates in NCR, which is highly urbanized, was 52% higher than the national rate in 2010.  

83 Numbeo data shows that Quezon City, Zamboanga, Bacolod, Manila, and Cebu in that order have the highest crime rates in the country. Globally, Quezon City and Zamboanga City rank 43rd and 48th unsafe cities. These two cities with the highest crime rates in the Philippines vary in population size at 2.8 million and 807,000 respectively. But interestingly, both cities experienced a high population growth between 1990 – 2010 at 2.6% and 3.1%, well above the national average of 2.1%.  

84 This supports the hypothesis that the city’s growth rate seems to have a stronger correlation with homicide rates than the size or the density. That is because cities that grow quickly are more likely to experience a convergence of factors that increase the risk for destabilizing levels of violence if they are not appropriately addressed.

Crime and violence disproportionately affect the urban poor, in particular male youth. Despite the general perception of improved safety, such perception is not shared among the urban poor. As shown in figure 6.16, crime and violence is cited as the second most serious threats following eviction for the ISFs. Poor children and youth who don’t go to school are prone to falling prey to exploitative gangs that engage in delinquent and risky behaviors. Substance abuse claims some 1.4 million youth (15 – 30 years) who have used or sold illegal drugs. Of 700 Metro Manila street children surveyed, 40% admit to using prohibited drugs.  

85 Surveys stress that the greater number of out-of-school youths or young men without jobs had a negative impact on the overall sense of security in the community. The linkages between youth idleness include: (i) increased drug use; (ii) increased gang violence; and (iii) in isolated instances of more violent crime (“hold-ups”). People also highlighted that the living condition in their areas (such as narrow, maze-like streets, lack of street lighting) make it more difficult for police to control crime and violence.

b. Social Cohesion

Urban poor communities’ social networks are built around kinship, and accordingly, common issue-based community organizations work best to mobilize the broader community. Rural migrants move to cities through their social networks such as family and friends, and typically end up in homogenous communities that are from the same regions. Yet, as slums grow, many kinship-based groups come together creating a broader heterogeneous settlement. As such, primary social support networks and solidarity mechanisms for the urban poor exist mostly within smaller sub-groups, connected by kinship ties or by the fact that particular groups of households had moved into an area from the same areas at the same time. Community-based
organizations that rally members around specific issues such as home-owners’ associations (HoAs) are more likely to be able to reach out to a broad spectrum of households in the bigger heterogeneous communities rather than generic community groups. Where there are no active CSOs or government assistance, many urban poor communities remain unorganized.

Social cohesion is disrupted when there is a significant influx of new settlers. It is not uncommon for a split to emerge between longer-time residents and new migrants, strengthening the notion of “us” versus “them.” Often times, deterioration in law and order is attributed to “other” sub-groups. Overcrowded schools and health facilities, and competition over customers (for service providers such as tricycle drivers) can also be sources of tension between the old and new communities.

ISFs’ relationship with and influence on LGUs, especially the barangay government, critically depends on whether they are organized and whether they have any kinship ties. Formal institutions that are important for the slum dwellers include purok (ward) leaders, barangay captains, and barangay councilors. How good the relationship with these institutions is, and how much leverage the slum dwellers can have, varies greatly by how well the community is organized, whether they have any conduits such as CSOs that can act as a bridge between the community and the LGU, and whether there are any kinship ties. If they don’t have any strong ties with the local governments, they are often excluded from official decision-making process.

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88 World Bank (2011). SIM.
89 World Bank (2011).
3. Recommendations

Inclusive urbanization is important to city competitiveness. A large number of the population in informal settlements are low-income workers that provide critical labor and contribute to the productivity and growth of cities. A key aspect of a city’s competitiveness is its ability to be inclusive, ensuring that all residents are able to share in and contribute to rising prosperity. Addressing urban poverty and inequality remains an important challenge for the Philippines and will require a holistic approach that integrates all dimensions of inclusive urbanization – economic, spatial, and social.

**Economic Exclusion**

One of the key interventions to help alleviate the multi-dimensional poverty that urban poor face is to address the urban poor’s jobs challenge. That is, to address the urban poor’s high underemployment rate due to informality so as to allow higher and more stable income. The challenge is that due to low educational attainment and low levels of skills, urban poor face a significant hurdle in landing productive formal jobs. The report thus recommends a short-term approach to: (i) provide skills training and placement support for the low-educated, low-skilled urban poor tailored to the preference and profiles of ISFs but in line with market demand; and (ii) expand social protection through cash-for-work programs using a properly designed public works program to provide income support to the unskilled poor. Longer-term approach includes undertaking structural measures to generate more formal sector employment opportunities for the urban poor.

Help the urban poor access formal jobs by providing market-driven skills training and placement services in close collaboration with the private sector.

As noted above, majority of the urban poor prefer stable regular wage labor in the formal sector rather than engaging in risky micro-enterprise development, and many poor are engaged in self-entrepreneurship “out of necessity.” It is thus essential that government provides employment support to the urban poor. Such support, however, needs to be provided in a “market demand-driven” manner unlike the conventional “labor supply-driven” approach which has resulted in mismatches between the supply of skills and the demands of the economy. Effective interventions must take into account: (i) matching of livelihoods/jobs with people’s skills, interests, and mobility; (ii) presence of a steady market to buy people’s services or products; (iii) quality of the end product and/or skills; and (iv) placement services for employment, with a focus on providing waged employment opportunities in formal sector to at least one household member to ensure stable household income. Such endeavor should be undertaken with strong collaboration with the private sector to tailor the skills training to the employers’ need and ensure access to employment post-training. A robust tracer study to track the trainees’ retention and career projection is needed to shed more light on which industry yields the largest returns on investment.

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Expand cash-for-work programs to provide income support to the unskilled urban poor to smooth their income variability.

A properly designed public works program can be an effective means to provide income support to the unskilled urban poor, especially to compensate the unstable income. The government can use Listahanan to target the right beneficiaries for such cash-for-work programs, and communities can identify public works that will benefit them. In addition to augmenting income, such a program can enhance beneficiaries’ employability by providing them with labor market experience and by providing innovative technical and life skills training. These programs, however, need to ensure that: (i) wage is set below the market rate to ensure self-targeting of the poor; (ii) set a clear timeframe and exit strategies for participants; (iii) types of infrastructure are those that benefit the local urban poor communities; and (iv) work is labor-intensive.

Expand formal sector employment while raising the incomes of those informally employed.

In the longer-term, there is a need to create more formal jobs which are accessible to the urban poor. This entails some structural changes that are beyond the scope of this study. According to the World Bank’s Philippine Development Report 2013 which looked quite extensively on this issue, some of the recommendations to generate more formal jobs include the following: (i) reinvigorate the manufacturing sector to create more formal jobs to low-skilled, low-educated urban poor; (ii) simplify regulations in business registration and licensing, tax regime, and access to finance to encourage rapid growth of businesses, especially the micro-, small and medium enterprises (MSMEs) in the formal sector that can generate more jobs; and (iii) make labor market regulations more responsive to job creation, especially for small and labor-intensive firms.

Provide financial support to facilitate secondary education completion

Completion of high school education is critical in securing job opportunities. Support to alleviate the financial burden of uniforms, school supplies, education materials, and transportation costs would greatly enhance the chances of more urban poor youths to complete higher education. Pantawid Pamilya is already providing cash grants for education up to high school, but it may be worth considering increasing the grant amount to further encourage completion of secondary education.

Spatial Exclusion

Urban poor suffer from inadequate access to land, affordable housing, basic services, and are vulnerable to hazards. Given the magnitude of ISFs, it is vital that opportunities for affordable housing and secure tenure are sustainably expanded, and key services and infrastructure are provided. To achieve this, a number of inter-related interventions are proposed.

Close the gap in affordable housing and provide access to basic services for the ISFs.

Housing is a basic human right as recognized in the Universal Declaration of Human Rights. The state, being the main institution entrusted with the responsibility of promoting the common good and rights of its people, has

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93 World Bank (2013)
94 World Bank (2013)
to make housing as broadly accessible as possible. Housing needs to be embedded in the broader goal of inclusive and sustainable urbanization. Housing should not only be about the physical structure but also the development of thriving neighborhoods and communities where capital (social, physical, and other forms) are created, making them conducive venues for people to be fully human and alive. The unit of measure in an effective and efficient shelter program therefore should not be the number of houses produced or the loans taken out but the number of communities that have improved.97 Accordingly, while the recommendations below center on provision of housing and basic services, they should be implemented along with recommendations to address economic and social exclusions to provide holistic solutions.

• Establish an integrated land and ISF information system through citywide participatory mapping. Lack of a current inventory of ISFs, their locations, status of the land they occupy, as well as inventory of idle land that can be used for social housing impedes government from taking swift action and increases the transaction costs.

• Provide grants in the form of serviced land, help secure property rights on safer grounds, and provide home improvement grants for low-income informal communities. For a fundamental overhaul of the housing finance system, the government needs to create an enabling environment to expand the housing finance system down-market to reach middle and lower-middle income households, so that they can access formal housing and do not capture subsidized housing or finance. Low income households that cannot access formal housing or financing, however, will require a more direct government intervention. This includes provision of support to secure property rights (through programs like CMP), provision of serviced land or if on-site, support to slum upgrading, and home improvement grants including for room extensions for rent.98

• Provide infrastructure and site development for formal but blighted communities and informal communities that are in the process of securing land tenure. Primary and secondary infrastructure development should be undertaken under the leadership of the LGU to ensure consistency with city-level planning. Tertiary

99 World Bank (2016).
infrastructure such as small-scale water supply, drainage, sanitation, solid waste management, footpaths, fire safety measures, sidewalks and street lights are also needed. Identification and prioritization of tertiary infrastructure could be carried out in a community-driven manner to empower the poor. Disaster risk reduction will be mainstreamed through design and implementation to reduce the poor's exposure to both natural and man-made disasters.

- Expand connective infrastructure to allow neighboring areas to benefit from urbanization, including off-city resettlement sites. Properly planned and managed urban development with good connectivity between economic hubs and neighboring areas will help decongest the city center and expand residential areas. Better connectivity between large-scale off-city relocation sites and economic centers will reduce attrition rate of social housing.

- Help the rental housing market grow. Home ownership is a major investment and not all households are ready to invest and may opt for rental housing. The government should conduct more research to understand the status of both formal and informal rental markets, and review rent control and any other restrictive regulations, taxes, or subsidies that discourage rental investments for different segments of the society.

**Strengthen institutions that underpin affordable housing and inclusive urbanization**

A coherent assignment of institutional roles and functions in managing the urbanization processes at both the national and local level is absent. Local Government Code (LGC) and Urban Development and Housing Act (UDHA) spell out that LGUs have the primary responsibility for providing housing assistance and conducting an inventory of lands to identify sites for social housing. Yet multiple responsibilities coupled with limited land and institutional capacity, made more pronounced by their dependence on national government for logistics and finances, overburden a majority of them. Hence LGU constituents, most of all the ISFs wanting to be engaged in their development process, find difficulty accessing technical and logistical support from government. Concrete cases would show nonetheless that when given technical support, LGUs are able to effectively carry out their planning roles as demonstrated by initiatives such as the Citywide Community Upgrading Strategy piloted in three LGUs in Metro Manila. There is thus a need to strengthen support for the LGUs. Additionally, the mandates of key shelter agencies need to be refined, and an authoritative body that oversees overall urban development needs to be identified or created. Finally, there is a need for continued support to develop and implement key policy reforms in the areas of urban development planning, housing finance, land use management and administration, disaster risk management etc.

**Social Inclusion**

*Identify and design appropriate interventions to address crime and violence based on robust diagnostics.*

Anecdotal evidence suggests that urban poor male youth that are idle are affected by crime and violence more than others. Drug abuse is also pervasive especially in NCR. However, there is no comprehensive diagnostic on the

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100 World Bank (2016).
101 World Bank (2016).
102 A program spearheaded by the World Bank, the Citywide provides technical assistance to LGUs and builds multi-stakeholder partnerships at the city level toward addressing the housing needs of poor communities. The pilot LGUs are Muntinlupa City, Barangay 177 of Caloocan City, and District 6 of Quezon City.
drivers, impacts, profiles of perpetrators and victims of crime and violence in the Philippines, which allows the government to design appropriate interventions. There is thus a need to collect more data to better understand these issues. Such evidence will allow the government to choose from a wide range of interventions—be they sector-specific approaches such as criminal justice or cross-sectoral approaches such as social prevention interventions or environmental design\(^{103}\) — that have proven effective in Latin America and Africa, and tailor them to the Philippine context.

Facilitate technical assistance to help organize urban poor communities around collective priority issue of housing.

Community-based organizations that rally members around specific issues such as home-owners’ associations (HoAs) are more likely to be able to reach out to a broad spectrum of households in heterogeneous urban communities rather than generic community groups.\(^{104}\) Given the significance and magnitude of the need for affordable housing, organizing communities around the housing agenda is likely to gain traction from the ISFs. Benefits of organizing communities have also been proven in that while under the national resettlement program, organized communities developed a People’s Plan and had a voice in their resettlement, while those unorganized ended up being resettled in large-scale off-city resettlement sites mixed with numerous communities irrespective of their preference. There is sufficient history and experience of organizing urban poor communities into HoAs, and there are good CSOs that can assist the communities. The major challenge is who will provide TA funds to support community organizing. SHFC’s HDH program has built in provisions for CSOs’TA costs, but this remains a small fraction. It is recommended that HUDCC ensures all public housing projects build in TA costs for community organization and strengthening.

Empower the communities and engage them in the local development process through citywide mapping and community-driven slum upgrading.

It is well established that communities can be effective if empowered to undertake planning and decision-making of their own affairs. By providing hands-on facilitation, capacity building, and engaging them in community-driven mapping and slum upgrading, and providing opportunities to engage with LGU officials, urban poor communities will be empowered and social cohesion within the community will be strengthened. Increased social cohesion can nurture mutual trust that helps mitigate crime and violence. Moreover, increased interaction between the LGU and the communities helps generate social capital which can be harnessed by LGUs toward advancing local development and housing initiatives.

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104 World Bank (2011). SIM.