

# Prosperity for all

Enhancing the informal economy through  
participatory slum upgrading





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participatory slum upgrading**



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# Foreword



Urbanisation is one of our century's most transformative trends. Nearly 54% of the world's population now live in cities, estimated to increase to two-thirds by 2030. The informal economy contributes 30-60% of GDP and provides four in five urban jobs in many countries of the global south. City governments are centrally placed to harness opportunities for sustainable urban development, and while both housing policy and economic development have been extensively debated, their links are less clearly articulated. This report bridges that gap, examining the innovation and enterprise in slums and informal settlements and their potential contribution in urban upgrading programmes.

While slums and informal settlements are deprived urban areas, people also make a living in them, raising families and contributing to the broader urban economy. Slums are often significant centres of local enterprise, much of which is informal. The energy and economic creativity of slum dwellers should be recognised and incorporated into urban improvement activities. The launch of the report *Prosperity for all: Enhancing the informal economy through participatory slum upgrading*

is thus timely in contributing to global development agendas, particularly Goal 11 of the 2030 Agenda for Sustainable Development, which seeks to make cities and human settlements inclusive, safe, resilient and sustainable, and its Target 11.1 to measure progress on ensuring access to adequate housing for all, and to upgrade slums. Developing inclusive and participatory upgrading approaches that incorporate residents' need for livelihoods are core to this agenda.

This report also aligns with the New Urban Agenda (NUA), agreed at the 2016 United Nations Conference on Housing and Sustainable Urban Development. The New Urban Agenda (NUA) is about people, prosperity, peace and partnerships in urban settings, and is an accelerator for the Sustainable Urban Developments. Its commitments include: strengthening resilience in cities, giving special attention to upgrading slums and informal settlements, and promoting decent work for all recognising the contribution of the working poor in the informal economy. The 2018 New Urban Agenda (NUA) review further stresses the importance of integrating partners into its processes of knowledge production and reporting.

This report stems from UN-Habitat Governing Council Resolution 24/11, which seeks to strengthen the UN-Habitat's knowledge base by documenting and disseminating good practices and tools on urban small-scale and informal economies. The report has been developed with the Participatory Slum Upgrading Programme (PSUP), a joint effort of the African, Caribbean and Pacific Group of States, the European Commission and UN-Habitat, to provide innovative and enabling frameworks that support city-wide and participatory slum upgrading. Under PSUP, Community Managed Funds – a key innovation – dedicate a percentage of overall upgrading funds to community-initiated projects through a revolving fund, which to date has led to improved living conditions for over a quarter of a million people.

Despite the wealth of knowledge on slums and informal settlements and the burgeoning urban informal economy, relatively little is known about the intersection between the two. This report addresses that gap, examining the characteristics and potential of the economy and enterprise of slums and informal settlements, and gives good practice examples of the potential and inclusion of how supporting economic enterprise can enhance participatory upgrading in challenging urban areas.

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