

# 2.2

## Urban Inequalities: Regional Trends



▲ Homeless in New York  
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### Methodology

This chapter provides preliminary results of an analysis of income and consumption/expenditure inequality at the urban or city level undertaken by UN-HABITAT's Global Urban Observatory in 2007/2008. Although income and expenditure variables do not represent a holistic view of the entire range of inequalities experienced by populations, such as inequalities in access to land or education, they are the most commonly collected measures in national household surveys and are useful for standardizing and comparing inequalities across regions and cities. Using a relatively large dataset of Gini coefficients for 94 cities in 47 countries, an additional 68 countries with data aggregated at the national urban level and 61 provinces with urban data, the findings described in this chapter reflect urban inequalities in a total of 72 countries. The years for which changes in urban inequalities at the national or city level are calculated range from 1983 to 2005. The data used in this analysis is derived mainly from official statistics and national household surveys.

The findings on urban income distribution not only provide information on levels of stratification of household earnings in selected cities, but also provide some information on economic and social welfare at the city level. The analysis details income distribution in selected cities as a way to understand local urban dynamics and to measure the success or failure of local policies and development strategies that do not necessarily mirror what is happening on the national scene. The findings of the analysis are intended to help policymakers, urban planners and others gain some insight into the possible causes of urban inequality and deepen their understanding of intra-city differentials.

## Income Inequalities and Urban Development: Understanding New Patterns and Trends to Reshape Policies

A growing number of statisticians, demographers, economists, and policymakers are recognizing that country-level calculations of inequalities often mask the degree of inequality across regions and locations. Evidence shows that national trends cannot explain what is happening in all cities and regions in the same country because the drivers of growth and the reasons for inequality vary in each location. Studies at the local level demonstrate that it is possible to find huge variations in income distribution in different cities and regions of the same country. National aggregates thus hide more than they reveal. For instance, the level of income inequality in Beijing is exactly half of the national index of income distribution, making it one of the most egalitarian cities in China. Conversely, income inequality in Maputo, the capital of Mozambique, is significantly higher than the national average, making it the most unequal city in the country.

National calculations of inequality also mask differences between rural and urban areas. In rural Kenya, for example, inequalities are declining, while urban inequalities are rising; the Gini coefficient of expenditure in rural areas fell from 0.417 in 1997 to 0.38 in 2006, while the urban Gini coefficient of expenditure rose from 0.426 to 0.447 during the same period. Interestingly, the proportion of people living in poverty in urban areas fell from 49.2 per cent in 1997 to 33.7 per cent in 2006, which could be a result of the significant rise in economic growth after 2003, which may have impacted some sections of low-income urban populations positively.<sup>1</sup> Similarly, in Chile, a study on income inequality at the county level shows huge differences in levels

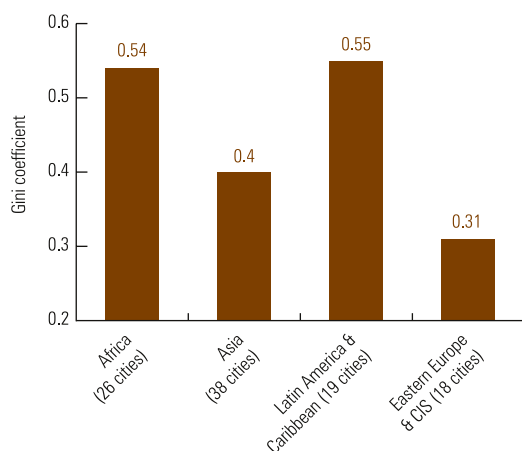
of inequality among various counties; the Gini coefficient for counties ranged from 0.41 to 0.61 (A Gini coefficient value above 0.4 generally denotes relatively high levels of inequality while a Gini coefficient value between 0.2 and 0.39 denotes moderate or low levels of inequality).<sup>2</sup>

Over the last two decades, international development efforts have increasingly focused on poverty reduction rather than on inequality. Yet, as discussed in the previous chapter, rising inequalities can hamper socio-economic development, poverty reduction efforts and economic growth. Gross inequalities can also create conditions conducive to social unrest and conflict.

Inequality levels have risen since the 1980s, especially in transition and some emerging economies of the developing world.<sup>3</sup> At the global level, on average, the most egalitarian cities in the world are located in Western Europe. Income inequalities are also low in most urban areas of Eastern Europe, with the exception of Moldova, followed by cities in the countries of the Commonwealth of Independent States (CIS) region, excluding Russia, Azerbaijan and Turkmenistan, where income inequalities are relatively high. In other developed countries, such as Japan, Australia and Canada, inequalities in cities are also relatively low.

In the developing world, on the other hand, income inequalities in cities are generally high, with some regions, notably Latin America and Africa, exhibiting exceptionally high levels of urban inequality. Latin American and African countries in which cities exhibit extremely high levels of inequality include Brazil, Colombia, Kenya, Namibia, South Africa, and Zimbabwe. Conversely, Asian cities tend to reflect moderate or relatively low levels of inequality.

FIGURE 2.2.1: AVERAGE GINI COEFFICIENT OF SELECTED CITIES BY REGION

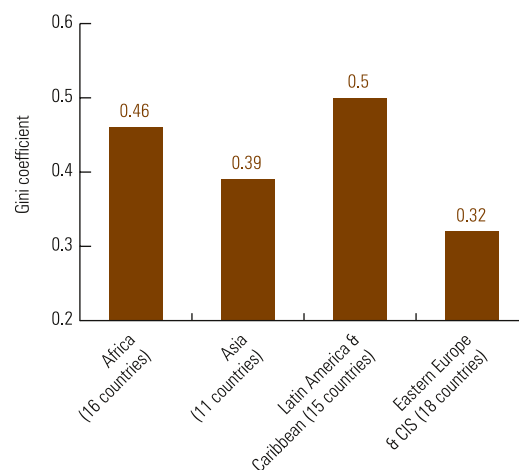


Source: UN-HABITAT, Global Urban Observatory, 2008.

Data from UN-ECLAC, UN-ESCAP, UNU and other sources.

Note: Gini data is a mix of income and consumption. Africa (income: 15 cities, consumption: 11 cities), Asia (income: 37 cities, consumption: 2 cities), LAC (all data are on income), Eastern Europe and CIS (all data are on income) Years of data are various.

FIGURE 2.2.2: AVERAGE URBAN GINI COEFFICIENT BY REGION



Source: UN-HABITAT, Global Urban Observatory, 2008.

Data from UN-ECLAC, UN-ESCAP, UNU and other sources.

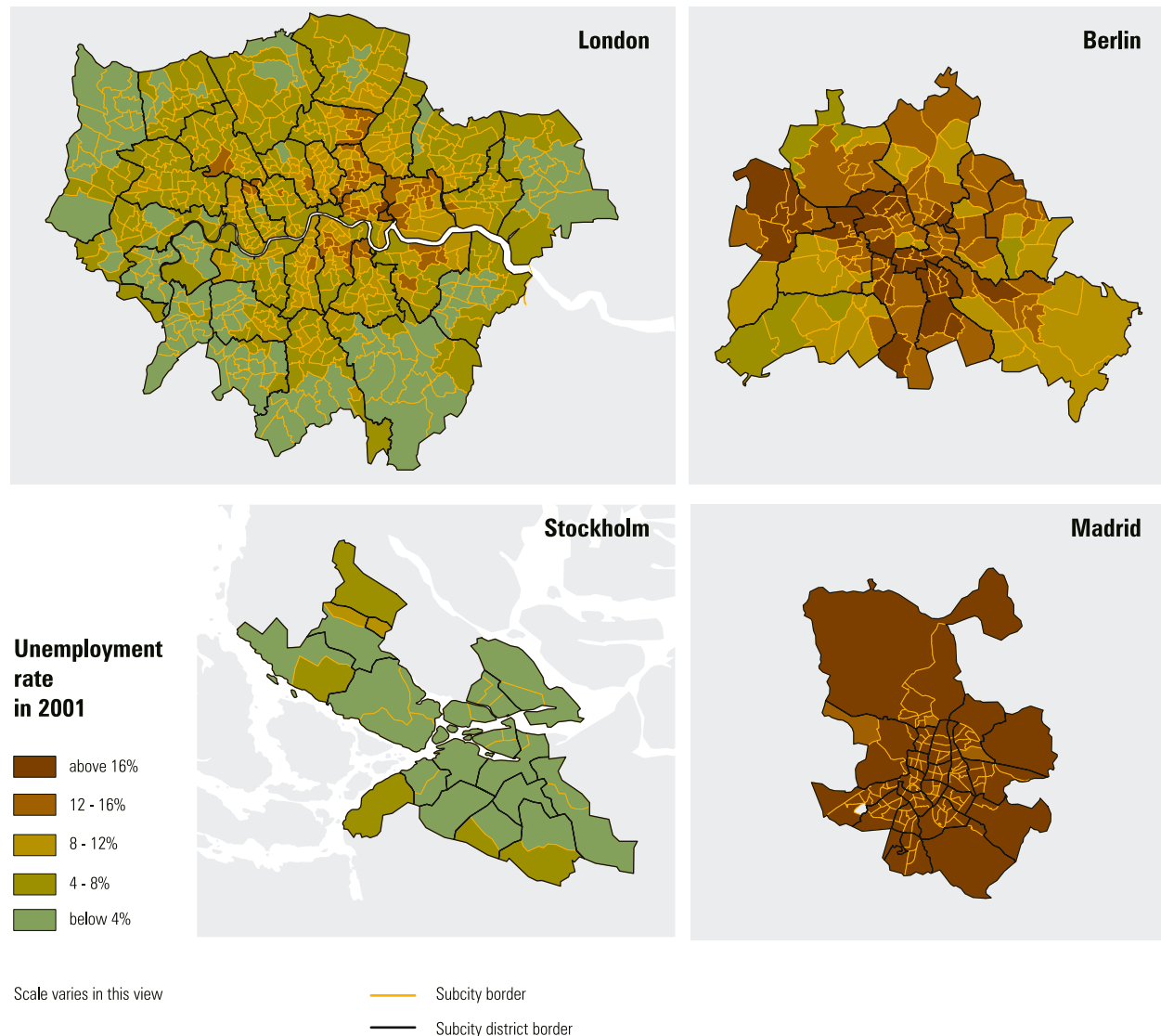
Note: Gini data is a mix of income and consumption. Africa (income: 8 countries, consumption: 8 countries), Asia (income: 6 countries, consumption: 5 countries), LAC (all data are on income), Eastern Europe and CIS (all data are on income) Years of data are various.

## Inequalities in cities of the developed world

*European countries*, particularly Denmark, Finland, the Netherlands, and Slovenia, exhibit relatively low levels of inequality (Gini coefficient below 0.25, the lowest in the world). Inequalities are also low in Austria, Belgium, France, Germany, Luxemburg, Norway, Sweden, and Switzerland, where the Gini coefficients range from between 0.25 and 0.3. Low levels of inequality reflect the performance of national and regional economies in these countries and the regulatory, distributive and redistributive capacity of the national and local welfare states.<sup>4</sup> Countries with relatively high inequalities by European standards are Greece, Ireland and Italy, (Gini coefficients between 0.32 and 0.33); Portugal (0.363); the United Kingdom (0.343); and Spain (0.34).

Within cities, however, significant differences in unemployment rates have been observed among neighbourhoods, illustrating clear income inequalities. An urban audit of 258 cities in the European Union found that the highest inter-neighbourhood differences were recorded in cities with high overall unemployment. Neighbourhood disparities in unemployment are particularly noticeable in France, Belgium and southern Italy, countries with high unemployment rates in general but are also significant in the cities of Eastern Germany, larger Spanish cities and the north of England. Long-term unemployment rates among elderly workers (aged between 55 and 64) is very high in Belgium, while youth unemployment is particularly high in Central

MAP 2.2.3: INTRA-CITY DIFFERENCES IN UNEMPLOYMENT IN LONDON, BERLIN, STOCKHOLM AND MADRID, 2001



Source: Urban Audit Data Base, State of European Cities Report 2007 - European Community, Directorate General for Regional Policy.

and Eastern European and French cities.<sup>5</sup> Differences in levels of employment among various neighbourhoods within the same city could affect the social cohesion of these cities.

The Gini coefficient in *Australia's* urban areas ranges from 0.332 in major cities to 0.31 in small cities in remote parts of the country.<sup>6</sup> In Tokyo, the capital of Japan, the Gini coefficient is 0.33, and is likely to increase<sup>7</sup> as emerging economies of other Asian countries deprive Japanese blue-collar workers of highly remunerated employment. Inequality is likely to grow, too, as the service sector grows, particularly in information technology, a market that is bringing disproportionate rewards to the most highly skilled workers.<sup>8</sup>

Although cities in the *United States of America* have relatively lower levels of poverty than many other cities in the developed world, levels of income inequality are quite high, and have risen above the international alert line of 0.4.<sup>9</sup> Large cities in the United States tend to be more unequal than small cities. Major metropolitan areas, such as Atlanta, New Orleans, Washington D.C., Miami, and New York, have the highest levels of inequality in the country,<sup>10</sup> similar to those of Abidjan, Nairobi, Buenos Aires, and Santiago (Gini coefficient of more than 0.50).

*Canada's* Gini coefficient is approximately 0.35. However, inequalities are increasing in most of the country's urban areas. In Toronto, for example, median family income in the poorest 10 per cent of neighbourhoods has risen by 0.2 per cent since 1980. In the richest 10 per cent, on the other hand, family incomes rose by 24 per cent. This increasing difference is observed in all large metropolitan areas in Canada.<sup>11</sup>

In Australia, Canada and the United States, one of the most important factors determining levels of inequality is race. In western New York state, for instance, nearly 40 per cent of the black, Hispanic, and mixed-race households earned less than US \$15,000 in 1999, compared with 15 per cent of non-Hispanic white households.<sup>12</sup> The life expectancy of African Americans in the United States is about the same as that of people living in China and some states of India, despite the fact that the United States is far richer than the other two countries.<sup>13</sup> Racial inequalities in Canada are also significant. In Winnipeg, for instance, the employment rate of Aboriginal people was 65 per cent in 2001, compared with 85 per cent among non-Aboriginal people; the same year, the annual employment income of Aboriginal people in Canada was only 68 per cent of that of their non-Aboriginal counterparts.<sup>14</sup> These countries are not only witnessing income polarization, but spatial polarization as well; in Canada and the United States, the urban poor are often clustered together, particularly in the inner core of cities.<sup>15</sup>

### Inequalities in transition countries

Perhaps nowhere has poverty and inequality spread so rapidly during the last decade than in the transition economies of Eastern Europe and the former Soviet Union, which were hit by unprecedented declines in gross domestic product (GDP) per capita and a marked increase in income inequality

in the 1990s.<sup>16</sup> Studies suggest that the introduction of market reforms led to income polarization in various transition countries.<sup>17</sup> In Uzbekistan, for instance, between 1991 and 1995 and between 1996 and 2000, the bottom 10 per cent of the population earned only 5 per cent of the country's total income, while the income share of the richest 10 per cent rose from 24 to 29 per cent, and the ratio of the income shares of the two groups grew from 9.7 per cent to 11.6 per cent in the same years.<sup>18</sup> Inequality has also increased in the Baltic republics of Estonia and Lithuania, which have witnessed rapid economic growth in recent years.<sup>19</sup> Increases in urban poverty and different forms of inequality were also registered



▲ Tallinn city, Estonia: Income inequalities have risen in several transition economies of Eastern Europe.

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in Hungary and Poland, two nations that have long been characterized by low Gini coefficients (0.29) but where social safety nets that kept inequality levels low, are being eroded.

Despite a positive sign of income inequalities declining in Georgia and Russia at the national level in the late 1990s (suggesting that households with below average income had benefitted from recent economic growth,<sup>20</sup> particularly in

rural areas), studies at the city level in Russia show that the distribution of income is, in fact, becoming more unequal. An analysis of the small city of Taganrog near the Black Sea showed that the Gini coefficient increased from 0.22 in 1989 to 0.382 in 2000, an increase that is reflected in other Russian cities.<sup>21</sup> Inequality in urban Russia, as in other former Soviet republics emerging from a centralized planned economy to a market economy, has been accompanied by a rapid decline in production that causes real wages to decrease substantially, which, along with growing unemployment, has increased uncertainty and volatility in urban areas.

It is clear that the burden of the economic transition in these countries has not been shared equally. It has even been suggested that income inequalities in urban areas may be higher and growing faster than what is reported because the method of estimation systematically over-samples the rich and under-reports the poor. The prevalence of high levels of inequality and worsening conditions are further demonstrated by a surprising increase in morbidity and mortality rates in these countries, which can be attributed not only to the sharp decline in public expenditure, but also to rising unemployment, low salaries and increased marginalization of the urban poor.

### Inequalities in cities of the developing world

Levels of income distribution and consumption vary considerably among less-developed regions. Many countries in the developing world are enjoying rapid, positive economic growth, but a large majority of their populations are not benefitting from the new wealth. On the other hand, in countries that are experiencing negative economic growth or recessions, low-income populations are becoming more marginalized. For instance, the share of national income of the wealthiest 10 per cent of the population in India in 2004 and 2005 – when the country's economy was growing at more than 7 per cent – was nearly ten times that of the poorest 10 per cent. Deep income inequalities were even more evident in Brazil, where the wealthiest 10 per cent of the population enjoyed 45 per cent of the national income in 2005, while the poorest 10 per cent received only 0.9 per cent the same year. In some rapidly growing Asian economies, the prevalence of poverty has decreased in an environment of rising inequalities, while in some poorly performing economies in Latin America and Africa, levels of both urban poverty and inequality have increased. The booming Chinese economy, which was growing at a remarkable 9.5 per cent a year in 2004, has dramatically reduced levels of poverty in the country, but inequalities between rural and urban areas have increased. This suggests that growth processes at the national and global levels have not had the same effect in all countries, and that they depend very much on how wealth is distributed nationally. In most countries, the rich or the skilled tend to capture a much larger share of the national income than the poor; there are, however, significant regional and local variations with different outcomes.



▲ Housing in Macau city.  
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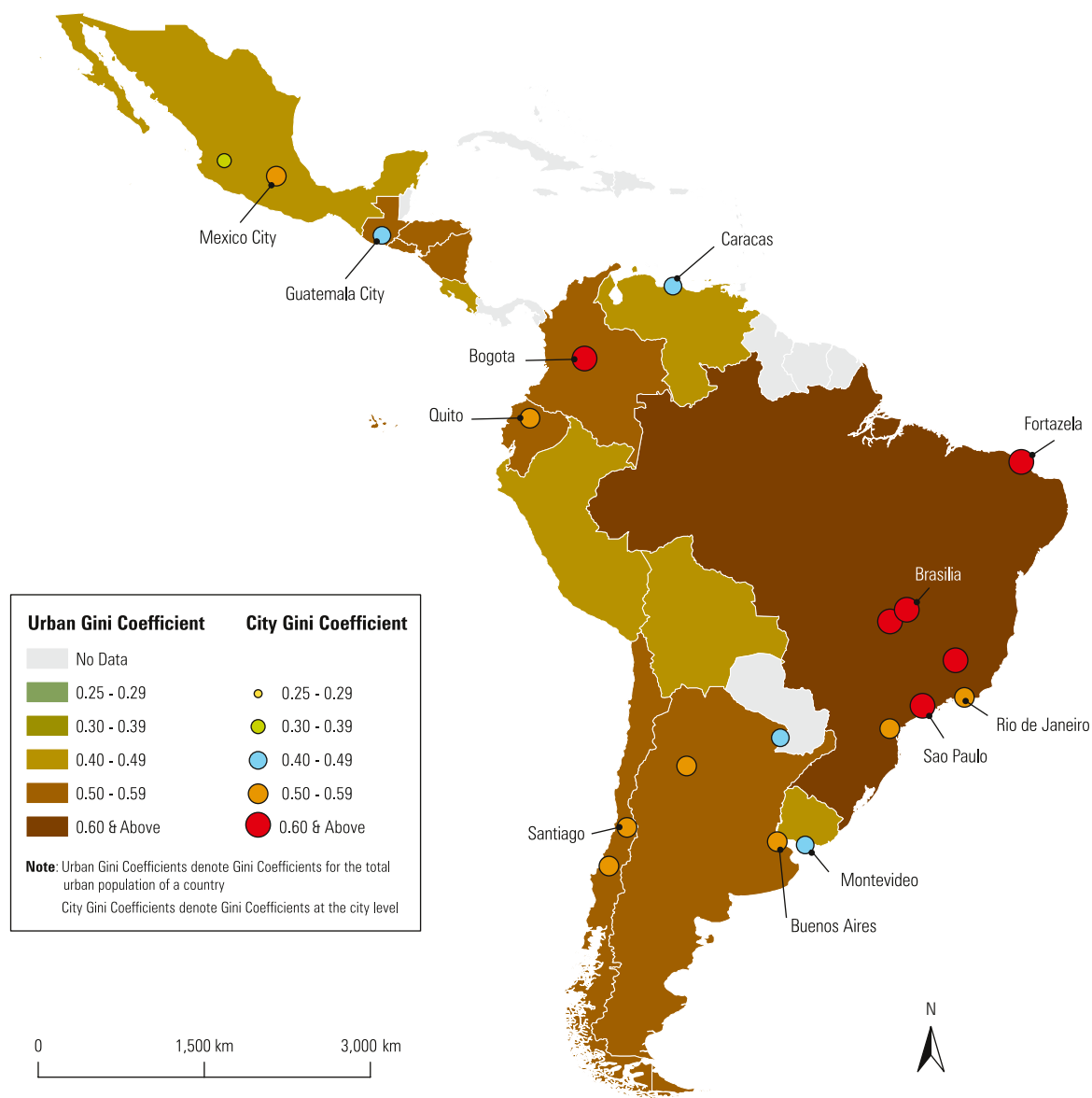
## Latin America and the Caribbean

*Latin America and the Caribbean* is the land of inequality: Gini coefficients in urban areas and several cities in the region are among the highest in the world. Moreover, a mere 5 per cent of the population receives a quarter of all national income, compared to South-Eastern Asian countries, where the wealthiest 5 per cent receive 16 per cent of all national income, and developed countries, where the richest 5 per cent receive 13 per cent. Meanwhile, the poorest 30 per cent of the population in Latin America and the Caribbean receives only 7.5 per cent of the national income, a figure that is not comparable to any other part of the world; in even the most unequal societies, the poorest groups typically receive at least 10 per cent of the national income.<sup>22</sup>

The high levels of inequality in the region are accompanied by slow-growing or volatile economies; per capita GDP in 2002 was below the level recorded in 1997.<sup>23</sup> Even in countries that are experiencing high economic growth rates, such as Brazil and Mexico, urban inequalities remain a persistent problem. UN-HABITAT analysis shows that the average Gini coefficient for urban areas of 15 countries in the region is 0.50 and the average Gini coefficient for 19 selected cities is 0.55,<sup>24</sup> which is extremely high when compared with urban India, where the average Gini coefficient for expenditure was 0.37 in 2005.

Latin America is the only region in the developing world where inequalities between urban and rural areas are similar

FIGURE 2.2.4: URBAN INEQUALITIES IN LATIN AMERICA AND THE CARIBBEAN



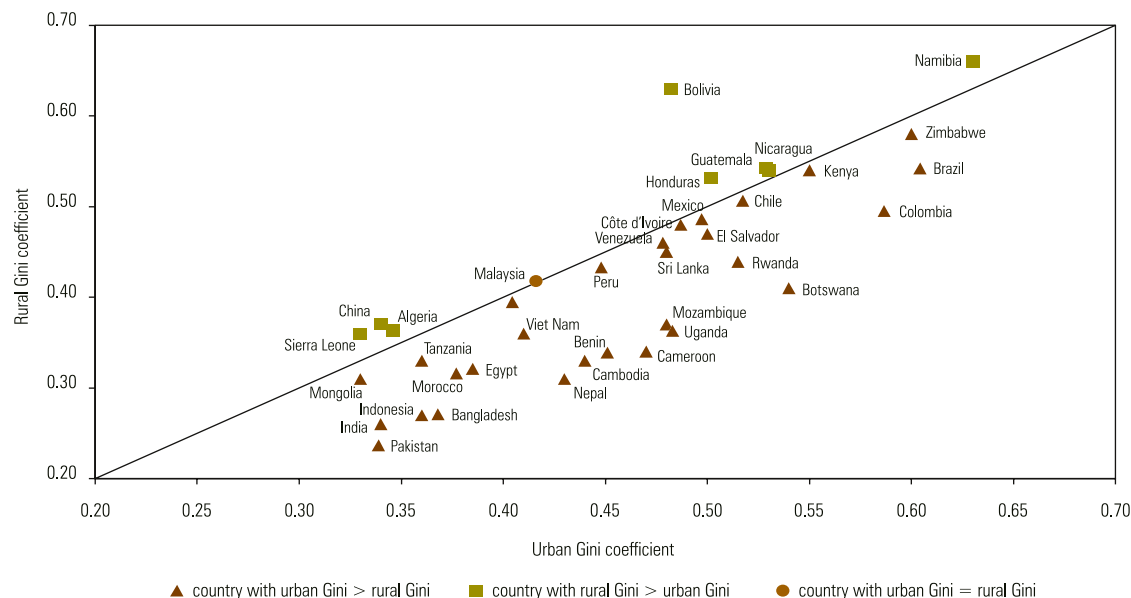
Source: UN-HABITAT Global Urban Observatory, 2008

(0.5 in 15 countries).<sup>25</sup> In four of these countries – Bolivia, Honduras, Guatemala, and Nicaragua – inequalities are higher in rural areas, exhibiting the highest difference of up to 15 points. These countries are characterized by very low urbanization levels (53.5 per cent versus 80.2 per cent in most other countries in the region); low per capita gross national income (GNI) (US \$1,370 versus US \$4,205); relatively low levels of industrial development and an important agricultural base that represented just less than one-fifth of the national structure of outputs by sectors in 2005, twice that of other countries in the region.<sup>26</sup> In only two countries – Chile and Mexico – are levels of urban and rural inequality practically identical, with average Gini values of approximately 0.52 and 0.50, respectively.

At the city level, the most unequal cities in this region include the Brazilian cities of Goiania, Brasilia, Belo Horizonte, Fortaleza, and São Paulo, and the Colombian city of Bogota – all with a Gini coefficient of above 0.60, which is considered extremely high by international standards. These are very closely followed by Rio de Janeiro and Curitiba in Brazil, which have Gini coefficients of just below 0.60, Buenos Aires and Catamarca in Argentina, Santiago in Chile, Quito in Ecuador, and Guatemala and Mexico City (the capital cities of Guatemala and Mexico, respectively), where the Gini coefficients ranged from 0.50 to 0.56 in 2005. Cities that have relatively low levels of inequality compared to the regional average include Caracas in Venezuela, Montevideo in Uruguay, and the city of Guadalajara in Mexico, where the Gini coefficient was below 0.45 in 2002.<sup>27</sup>

Despite progress in some countries, the data and analysis show that levels of income concentration are exceptionally high in Latin America and the Caribbean and have remained so since the 1990s. It is clear that the path to development in the region has not lessened inequalities. The cumulative effect of unequal distribution stretching over various phases of development – from post-war industrial-led growth to structural adjustment, liberalization and reforms – has been a deep and lasting division between the rich and poor. The macroeconomic policies adopted since the 1990s have apparently had negative distributional effects because they have not brought about structural changes in distribution. A study conducted by the Economic Commission for Latin America and the Caribbean (ECLAC) in nine countries in the region shows that the adoption of reforms in favour of unregulated markets, private investments and a greater integration in the international economy produced an abrupt and significant deterioration in income distribution both in rural and urban areas.<sup>28</sup> Unlike some Asian countries, trade liberalization or provision of public goods and infrastructure did not bring about expected benefits in the reduction of income polarization in cities. In Mexico, for instance, the urban Gini coefficient has fluctuated from 0.5 to 0.56,<sup>29</sup> even though the country has made important progress in health, education and other development indicators. This suggests that improved access to basic services does not always translate into increased income for the urban poor; sometimes it is necessary to introduce structural changes that would distribute incomes more evenly.<sup>30</sup>

FIGURE 2.2.5: URBAN AND RURAL GINI COEFFICIENTS FOR SELECTED DEVELOPING COUNTRIES



Source: UN-HABITAT Global Urban Observatory, 2008.

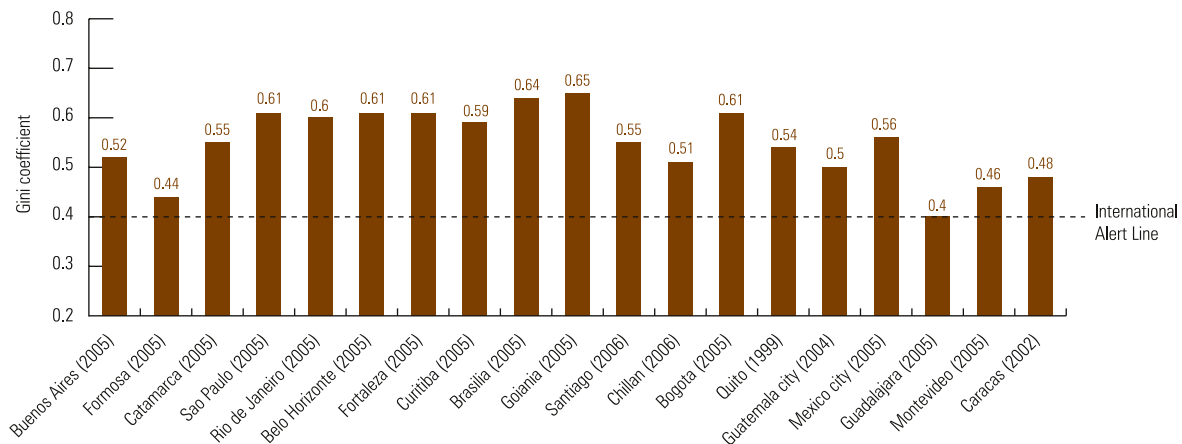
Note: Data is from UN-ECLAC, UN-ESCAP, UNU and other sources, various years.

Gini data are mix of income and consumption. Africa (income: 8 countries, consumption: 8 countries), Asia (income: 6 countries, consumption: 5 countries), Latin America and the Caribbean (all for income).



▲ São Paulo, Brazil.  
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FIGURE 2.2.6: GINI COEFFICIENT FOR SELECTED CITIES IN LATIN AMERICA AND THE CARIBBEAN



Source: UN-HABITAT, Global Urban Observatory, 2008.

Data from UN-ECLAC, for various years.

Note: All Gini coefficients are for income.

International alert line denotes Gini coefficient value above which inequalities can have negative social, economic and political consequences. The alert line was established by UN-HABITAT in consultation with its partners.



Inequalities in the region can also be partially explained by the adoption of industrialization processes based on capital-intensive industries that contributed to exacerbating the negative effects of sluggish GDP growth. For instance, in Brazil, unemployment rose from 4.3 per cent in 1990 to 12.3 per cent in 2003, and average wages of employees in the formal industrial sector fell by 4.3 per cent in 2003. Unemployment and declining wages in urban areas have polarized income distribution in urban areas.<sup>31</sup> For this and other historical reasons, Brazilian cities today have the greatest disparities in income distribution in the world. Inequalities in this country are rooted in structural causes, such as poor educational attainment among certain groups, land ownership patterns, inappropriate economic policies and, paradoxically, distributional policies.<sup>32</sup> Surprisingly, democratic processes that involve citizens' participation – which have created more opportunities for lower-income groups to influence institutions and policies that lead to greater redistribution of income – have had little or no impact on income inequalities; in fact, inequalities have grown. For instance, the metropolitan area of Porto Alegre, which is lauded for its participatory budgeting and inclusive policies,<sup>33</sup> registered a significant increase in levels of inequality, with the Gini coefficient increasing from 0.473 in 1991 to 0.495, in 2000.<sup>34</sup> However, it is possible that without participatory budgeting, this Brazilian city would have recorded even higher inequality levels.

Income inequalities in most cities and countries in this highly unequal region have not only increased in general, but have also grown in the places considered to be the most progressive in the region.<sup>35</sup> Buenos Aires, the capital of Argentina, for instance, has experienced a steadily unequal trend in the distribution of household income since the 1970s, resulting in an exacerbation of inequality, as evidenced by a rise in the Gini coefficient from 0.360 in 1974 to 0.510 in 2001.<sup>36</sup> Likewise, urban Costa Rica, which had one of the lowest levels of inequality in the region in 1990 (0.39) has since experienced

a significant increase in inequality, with the Gini coefficient rising to 0.404 in 2006.<sup>37</sup> These alarming trends indicate that despite progressive policies and practices in recent years, the region still has a long way to go toward addressing some of the root causes of inequality, including the structural and systemic flaws that favour some groups in relation to income and opportunities at the expense of others.

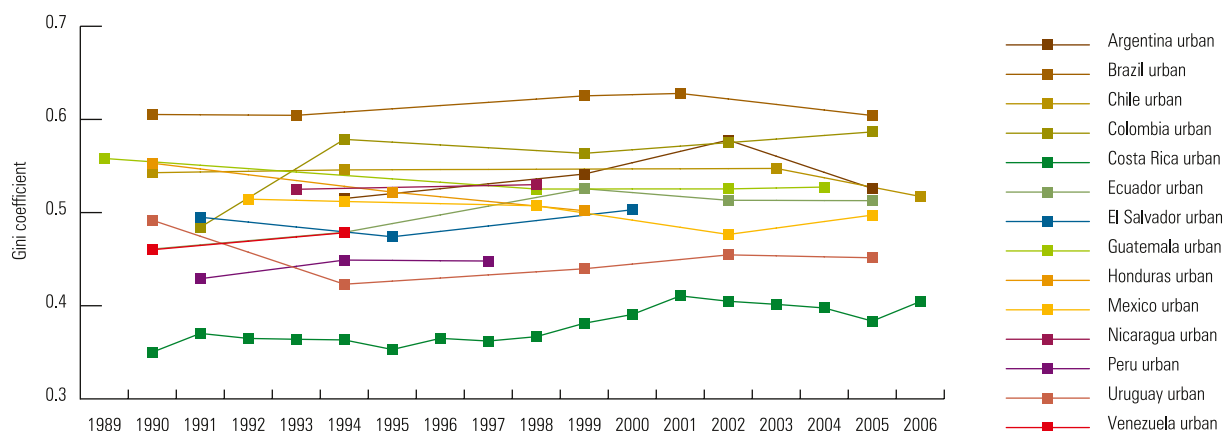
## Africa

*Sub-Saharan African* countries have the highest levels of urban poverty in the world. Although rural poverty is pervasive in the region, more than 50 per cent of the urban population in the poorest countries lives below the poverty line.<sup>38</sup> Poverty often manifests itself in inequality in access to adequate housing. In 2005, six out of every ten urban residents in the region were slum dwellers – nearly double the proportion of the rest of the developing world, and four times that of Northern Africa, where slum prevalence is approximately 15 per cent, and where slum growth is slowing.<sup>39</sup>

Sub-Saharan Africa is also the most unequal region in the world in terms of educational attainment. The Gini coefficient for education in the region is 0.59, much higher than that of Latin America and the Caribbean (0.34) and Europe, the most egalitarian region in the world, where the Gini coefficient for education is 0.19, denoting near-universal access to education.<sup>40</sup>

Educational inequalities are an important factor in the perpetuation of other types of inequality because they are strongly linked to opportunities and occupational mobility. In Africa, they are also associated with *social origin*. A study in 6 African countries shows that social origin – understood as region of birth, education of parents and place of residence – is a contributing factor in inequality levels. In Uganda, for instance, despite a certain level of democratization in access to schooling, a ratio of 1 to 7 still separated the sons of educated fathers from the sons of non-educated fathers. In Guinea, 64

FIGURE 2.2.7: URBAN INEQUALITIES IN SELECTED COUNTRIES IN LATIN AMERICA AND THE CARIBBEAN, 1989 - 2006



Source: UN-HABITAT, *Global Urban Observatory*, 2008  
Data are from UN-ECLAC, UNU and other sources.

per cent of children who never attended school had parents who were farmers or never went to school themselves.<sup>41</sup>

In terms of urban income inequality, however, sub-Saharan Africa ranks second after Latin America and the Caribbean for the highest levels of disparity between the urban rich and the urban poor; the average Gini coefficient for urban Africa is 0.46 compared to 0.50 for urban Latin America and the Caribbean and 0.39 for urban Asia. Income is concentrated among certain groups and areas in both urban and rural areas of the continent. With the exception of Algeria, Namibia, and Sierra Leone, where inequality levels are higher in the countryside than in cities, in all other countries for which data is available, average Gini coefficients are higher in urban areas than in rural areas.

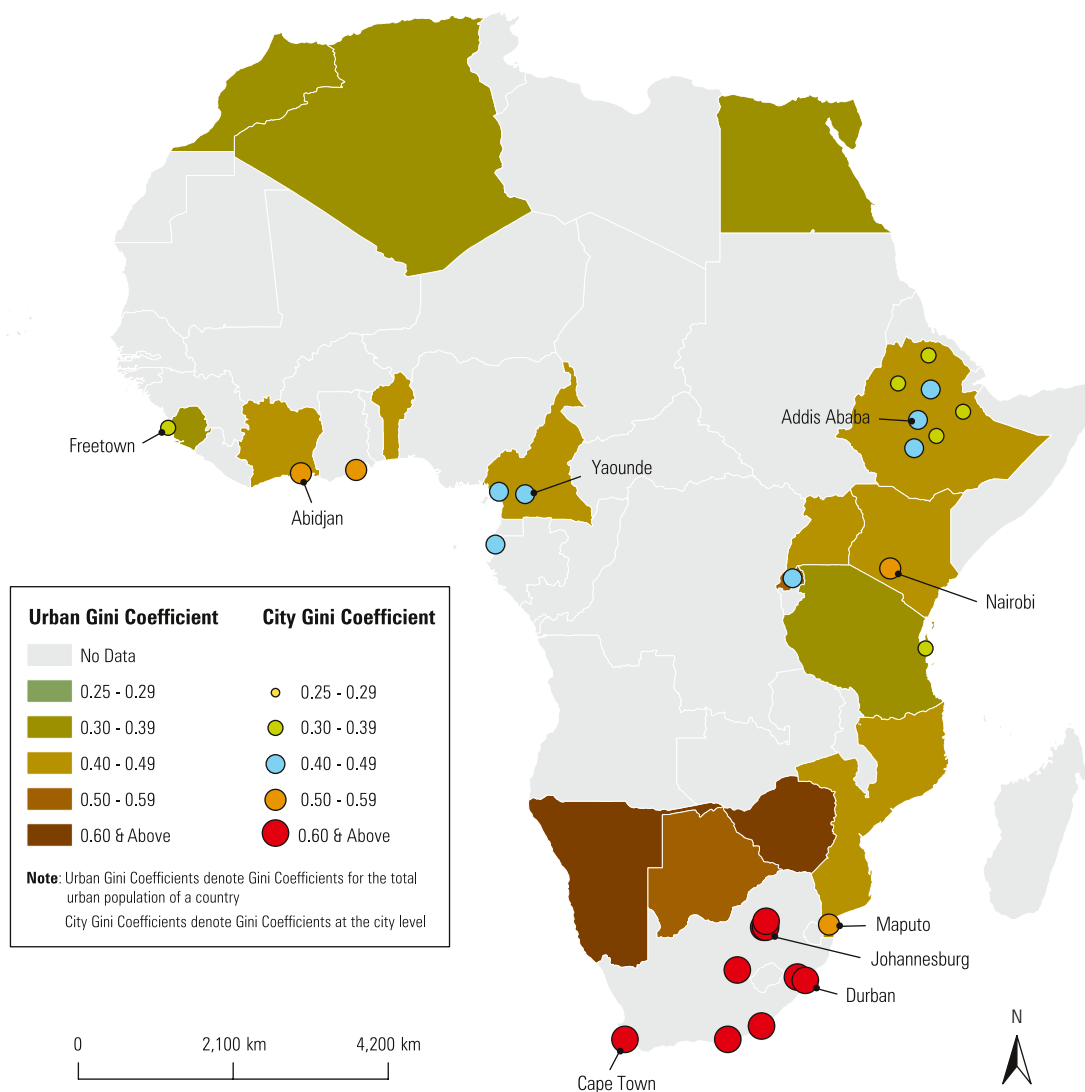
*Northern Africa*, on the other hand, shows a relatively egalitarian pattern of income distribution. The differences in urban poverty and slum prevalence between Northern

Africa and sub-Saharan Africa are reflected in the distribution of income, with the former having a moderate urban Gini coefficient of 0.37, compared with urban sub-Saharan Africa, where the Gini coefficient has an average value of 0.46. Indices of income inequality in urban and rural zones are also less pronounced in Northern Africa, with only a four-point difference between them, whereas in sub-Saharan Africa there is an eight-point difference between urban and rural values.<sup>42</sup>

In many countries, economic growth is often accompanied by rising inequalities. In fact, Africa's average economic growth rate of 5.4 per cent in the last decade<sup>43</sup> has exacerbated disparities between the rich and the poor; these disparities are likely to become more entrenched unless active steps are taken to provide lower-income groups with subsidies and other public goods, including schools and infrastructure.

Countries such as Ghana, Mozambique and Tanzania, which have been experiencing rapid economic growth in

FIGURE 2.2.8: URBAN INEQUALITIES IN AFRICA



Source: UN-HABITAT Global Urban Observatory, 2008

recent years, are also experiencing rising urban inequalities. However, economic growth is not the only impetus of rising inequalities in the region – countries experiencing slow growth, such as Cameroon and Côte d'Ivoire, have also recorded rising urban inequalities. In Kenya, on the other hand, economic growth in recent years has been accompanied by rising urban inequalities but declining rural inequalities.<sup>44</sup>

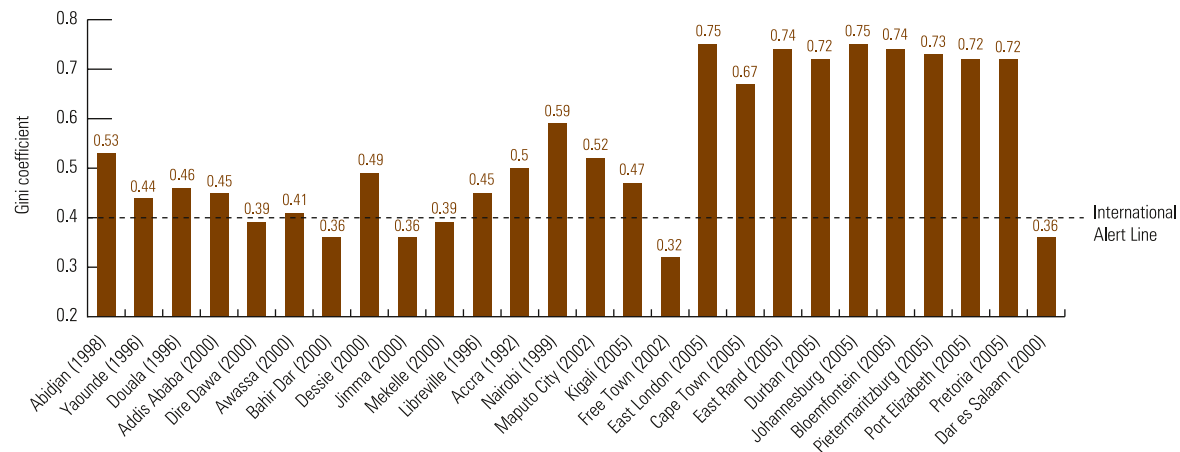
Income inequalities are high in most cities of the region, and in some cities they are rising. In South African and Namibian cities, inequalities are most pronounced and extraordinarily high, despite the dismantling of apartheid in the early 1990s. In fact, urban inequalities in these two countries are even higher than those of Latin American cities. The average Gini coefficient for South African cities is 0.73, while that of Namibian cities is 0.62, compared to the average of 0.5 for urban Latin America.<sup>45</sup> Maputo, the capital of Mozambique, also stands out as a city with high levels of consumption inequality, with a Gini coefficient of 0.52. The economic growth and general increase in consumption ratios registered in Mozambique have not benefitted the population that lives below the poverty line.<sup>46</sup>

Kenya also exhibits relatively high levels of urban inequality; the Gini coefficient of expenditure in urban areas recorded in 2006 was 0.447, compared to 0.38 in rural areas.<sup>47</sup> However, the introduction of free primary education in 2003 and the recent decision to allocate public resources directly to districts and communities could reduce inequality levels in the country in the future as both programmes aim to increase disposable incomes of the both the rural and the urban poor. More recent surveys conducted by UN-HABITAT in 17 small cities and towns around Lake Victoria in the three East African countries of Kenya, Tanzania and Uganda show that levels of inequality in these towns are almost the same as those of big cities, largely because of high urban growth rates that are not accompanied by increased provision of infrastructure and basic services, such as water and sanitation. The Gini coefficient for income



▲ A street in Lagos, Nigeria: Sub-Saharan Africa cities suffer from high levels of poverty and inequality.  
©Tiggy Ridley/IRIN

FIGURE 2.2.9: GINI COEFFICIENT IN SELECTED AFRICAN CITIES



Source: UN-HABITAT Global Urban Observatory, 2008.

Note: Data from various official sources, including national statistics offices and National Surveys.

Data for South African cities from South African Cities Network, 2006.

International alert line denotes Gini coefficient value above which inequalities have negative social, economic and political consequences. Alert line established by UN-HABITAT in consultations with its partners.

in these towns did not vary much between countries (0.56 for the Kenyan towns, 0.57 for the Tanzanian towns and 0.55 for the Ugandan towns).<sup>48</sup> Inequalities in these and other Eastern African countries are often related to inequality in access to land and assets distribution, both in rural and urban areas.<sup>49</sup>

Freetown in Sierra Leone, Dire Dawa in Ethiopia and Dar es Salaam in Tanzania are among the most equal cities in sub-Saharan Africa, with Gini coefficients of 0.32, 0.39 and 0.36, respectively. While urban inequalities are relatively higher in cities such as Yaoundé, Douala, Addis Ababa, Accra, and Kigali, levels of inequality in these cities – each of which has a Gini coefficient below 0.5 – are still lower than their respective national averages, and are also much lower than those of highly unequal South African cities, where Gini coefficients range from a “low” of 0.67 in Cape Town to a high of 0.75 in Johannesburg.<sup>50</sup> Despite important economic and social progress, particularly in social wage measures with subsidized rates in basic service delivery, education and housing,<sup>51</sup> South Africa has not yet succeeded in breaking out of the apartheid-era economic model that concentrated wealth and opportunities;<sup>52</sup> inequalities continue to be highly “racialized”, gendered and geographically localized. In fact, the average black African household experienced a 19 per cent drop in income between 1995 and 2000, while the average white household experienced a 15 per cent increase in income.<sup>53</sup> However, recent data shows that inequality levels have reduced slightly in most South African cities since 2001 when most cities had a Gini coefficient of 0.75 or above, with cities such as Buffalo city having extremely high levels of inequality reaching 0.8.

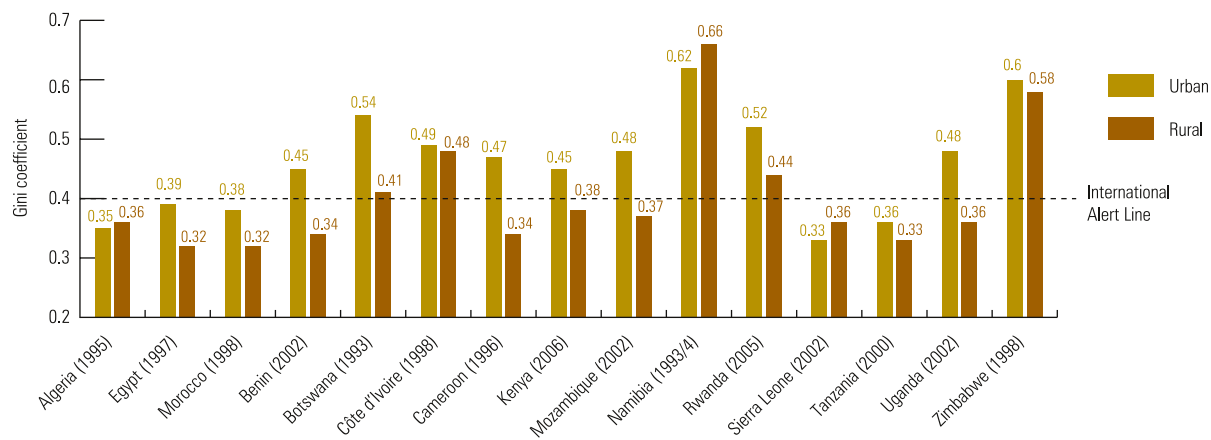
Positive economic indicators in many African cities, including South Africa, coupled with higher expenditures by the state as part of redistribution strategies, are showing some positive signs of a turnaround on urban poverty, unemployment and income inequality in some countries, although the impact of rapid economic growth on poverty

reduction and levels of inequality are yet to be felt in many cities.

Income inequalities in African cities are rooted in their colonial past, but are also reinforced by post-colonial institutions. Corruption, despotism, nepotism and other forms of unequal and exploitative relations have contributed to Africa’s poor record of wealth distribution. Income inequalities are also an outgrowth of fragile and ineffective local governments, poor governance and monopolized access to assets, particularly land, which is often in the hands of the political and economic elite. Structural adjustment programmes (SAPs), which removed subsidies for basic services, especially in urban areas, have been unsuccessful in alleviating poverty in cities, and in some countries, SAPs have actually contributed to exacerbating both urban poverty and inequality.<sup>54</sup> In urban Kenya, for instance, the Gini coefficient rose from 0.47 in the 1980s to 0.575 in the 1990s largely as a result of SAPs, poor governance and other factors that adversely affected the urban poor.<sup>55</sup> In Nigeria, the urban Gini coefficient increased from 0.37 to 0.416 for similar reasons,<sup>56</sup> and in Abidjan, adverse economic conditions culminating in the devaluation of the currency provoked an increase in the income Gini coefficient from 0.497 in 1992 to 0.529 in 1998.<sup>57</sup> Furthermore, a relatively new generation of poverty alleviation programmes in many African countries have yet to prove their effectiveness in reducing poverty, as many programmes merely address the symptoms of deep-rooted inequalities, not the structural causes underlying them.

The continent has also been ravaged by different types of calamities, which have exacerbated inequalities. Human-made and natural disasters not only turn back the development clock in countries where they occur, but they also accentuate disparities between social groups and regions. The Gini coefficient in war-torn Angola, for instance, increased from 0.45 in 1995 to 0.51 in 2000<sup>58</sup>. In many countries experiencing conflict or environmental catastrophe, the number of people

FIGURE 2.2.10: URBAN AND RURAL GINI COEFFICIENTS FOR SELECTED AFRICAN COUNTRIES



Source: UN-HABITAT Global Urban Observatory, 2008

Note: Data from various sources, and for various years.

International alert line denotes Gini coefficient value above which inequalities have negative social, economic and political consequences. Alert line established by UN-HABITAT in consultations with its partners.

living in poverty in urban areas also tends to increase as fleeing rural populations seek refuge in urban areas, where they join the lowest rung of society as internally displaced persons.

The global AIDS epidemic is another factor that impacts inequality levels on the continent. In addition to exacerbating poverty and hunger, it also affects the economy of the urban poor, contributing to further polarization of income. A study conducted in Botswana – a country with one of the highest rates of HIV prevalence on the planet, with approximately 25 per cent of adults infected with the virus – shows that more than one-quarter of the poorest households are expected to lose an income earner in the next 10 years to HIV/AIDS. Half of the poorest households will incur additional expenditures to treat at least one infected member, while other households will gain four dependents after the death of an infected member, multiplying needs that must be met with the same or fewer resources.<sup>59</sup> This trend is also prevalent in other Southern and Eastern African countries that have high HIV/AIDS prevalence, and must be considered when measuring levels of inequality in cities.

## Asia

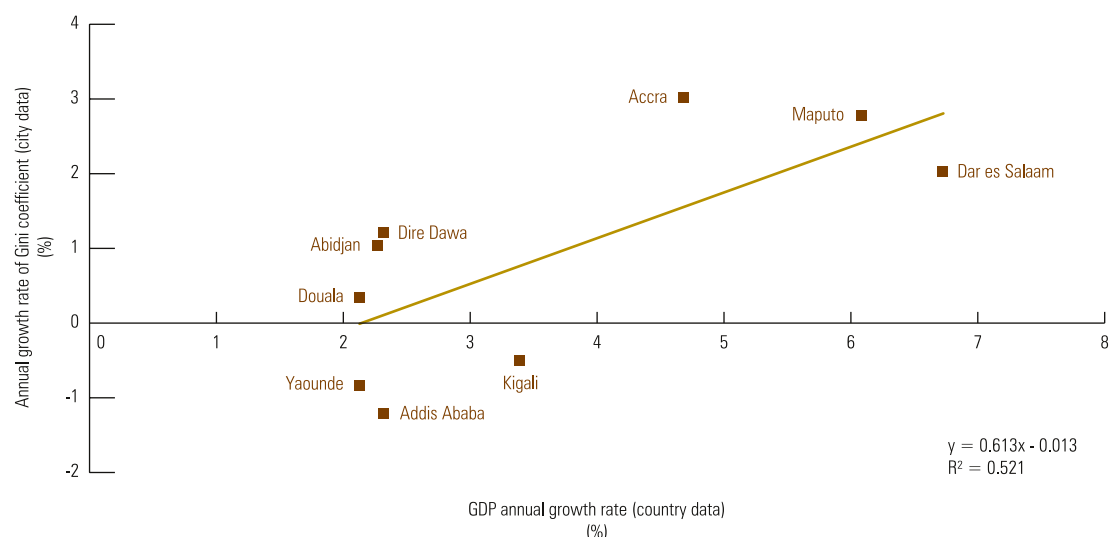
Asia is the most equal region in the developing world: the urban Gini coefficient is 0.39, slightly below the inequality threshold of 0.4, above which levels of inequality are considered unacceptably high. It is also the region with the greatest variations in income distribution, with some countries maintaining low levels of inequality or reducing them further, and others experiencing a rise in levels of inequality. Inequalities in Asian countries – measured by income or consumption Gini coefficients<sup>60</sup> – are generally higher in urban than in rural areas, with the exception of China, which is the only country in the region with higher Gini coefficients

in the countryside than in urban areas.<sup>61</sup> Malaysia is the only country in the region where levels of inequality are more or less equal in urban and rural areas.

In 2005, approximately one in three Asians were poor, representing close to 900 million people or roughly two-thirds of the world's population living below the poverty line; most of them lived in rural areas.<sup>62</sup> UN-HABITAT estimates that globally, approximately one-third of the world's urban inhabitants lived in urban slum conditions in 2005; of these, more than half, or 515 million people, lived in Asia.<sup>63</sup> In general terms, the region has made impressive advances in poverty reduction and in the improvement of living standards as a result of accelerated economic growth, yet, income inequality has not decreased in many countries, and in some cases, has increased considerably.

Income inequalities in Asian cities are at a fairly low level compared to other developing regions. Data from 39 cities in 8 Asian countries shows an average Gini coefficient of 0.40, roughly the average national urban income inequality rating in these countries. However, there are significant income distribution differences among cities, even within the same country, which shows that national aggregates are not necessarily reflected at the local level. For instance, Beijing, the capital of China, is the most equal city in Asia; its Gini coefficient is not only the lowest among Asian cities, but is the lowest in the world (0.22), whereas Hong Kong, the Special Administrative Region of China, has the highest Gini coefficient among all Asian cities, and a relatively high value by international standards (0.53). Hong Kong has witnessed a steady increase in income inequality over the past three decades, with the Gini coefficient increasing from 0.45 in 1981 to 0.476 in 1991 and 0.525 in 2001.<sup>64</sup> The other most unequal cities in Asia are Ho Chi Minh City in the southern part of Viet Nam, with a Gini coefficient of 0.53, and the

FIGURE 2.2.11: RELATIONSHIP BETWEEN ECONOMIC GROWTH AND CHANGE OF GINI COEFFICIENT IN SELECTED AFRICAN CITIES



Source: UN-HABITAT Global Urban Observatory  
Data from various sources, collected between 1989 and 2005



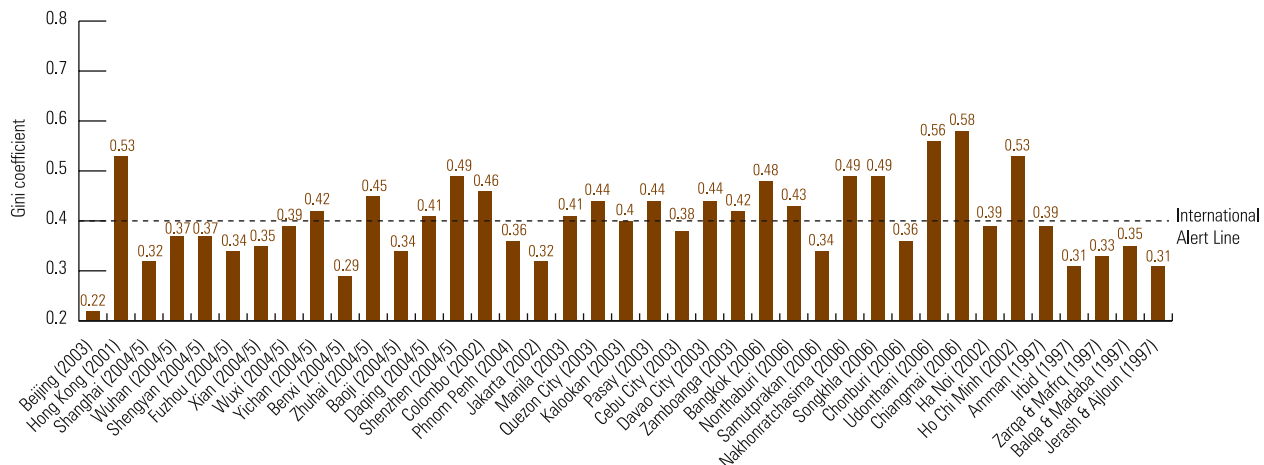
▲ Floating market in Bangkok: Thai cities have relatively high levels of inequality compared to other Asian cities.  
 © Kate Shephard/iStockphoto

Thai cities of Nakhon Ratchasima and Songkhla (0.49), closely followed by the capital, Bangkok (0.48). Inequalities are also high in the Philippines, in Metropolitan Manila (0.41), particularly in the cities of Quezon and Pasay, two populated suburbs that in 2003 had a Gini coefficient of 0.44. The rapidly growing Chinese city of Shenzhen in the Pearl River Delta has a high income Gini coefficient (0.49), as do the cities of Yichan (0.42) and Daquin (0.41). Inequalities have been widening in other urban centres in China since the mid-1980s, coinciding with the early stage of urban economic reforms that have increased China's Gini coefficient to 0.32, 9 points higher than it was in 1988.

Colombo in Sri Lanka, is also quite unequal, with a Gini coefficient of 0.46 in 2002. However, Sri Lanka merits a mention as a positive example of income inequality reduction. The country managed to reverse increasing inequalities in urban areas; in the 1990s, the Gini coefficient in urban areas fell from an extreme average high of 0.62 in the 1990s to a moderate high of 0.48 in 2002. Indonesia has also successfully managed to reduce both poverty and inequality levels in cities. Official statistics indicate that the incidence of poverty in the country declined from 40 per cent in 1976 to 13 per cent in 1993.<sup>65</sup> Assuming that there are no data comparability problems, the country also recorded a decline in income inequality in urban areas of approximately 8.3 per cent over the same years. Urban inequalities also remained fairly low during the period of high economic growth in the early 1990s and subsequent financial crisis in the late 1990s, which mainly affected high-income groups dealing with urban real estate and financial markets. For instance, the Gini coefficient in the capital city of Jakarta remained steady during this volatile period, ranging from 0.363 in 1996 to 0.322 in 2002.<sup>66</sup>

Iran is another good example of a country that managed to reduce poverty and inequality levels after its tumultuous post-revolutionary period in the 1980s. Iran's Gini coefficient is 0.40, much lower than other middle-income countries, such

FIGURE 2.2.12: GINI COEFFICIENTS FOR SELECTED ASIAN CITIES

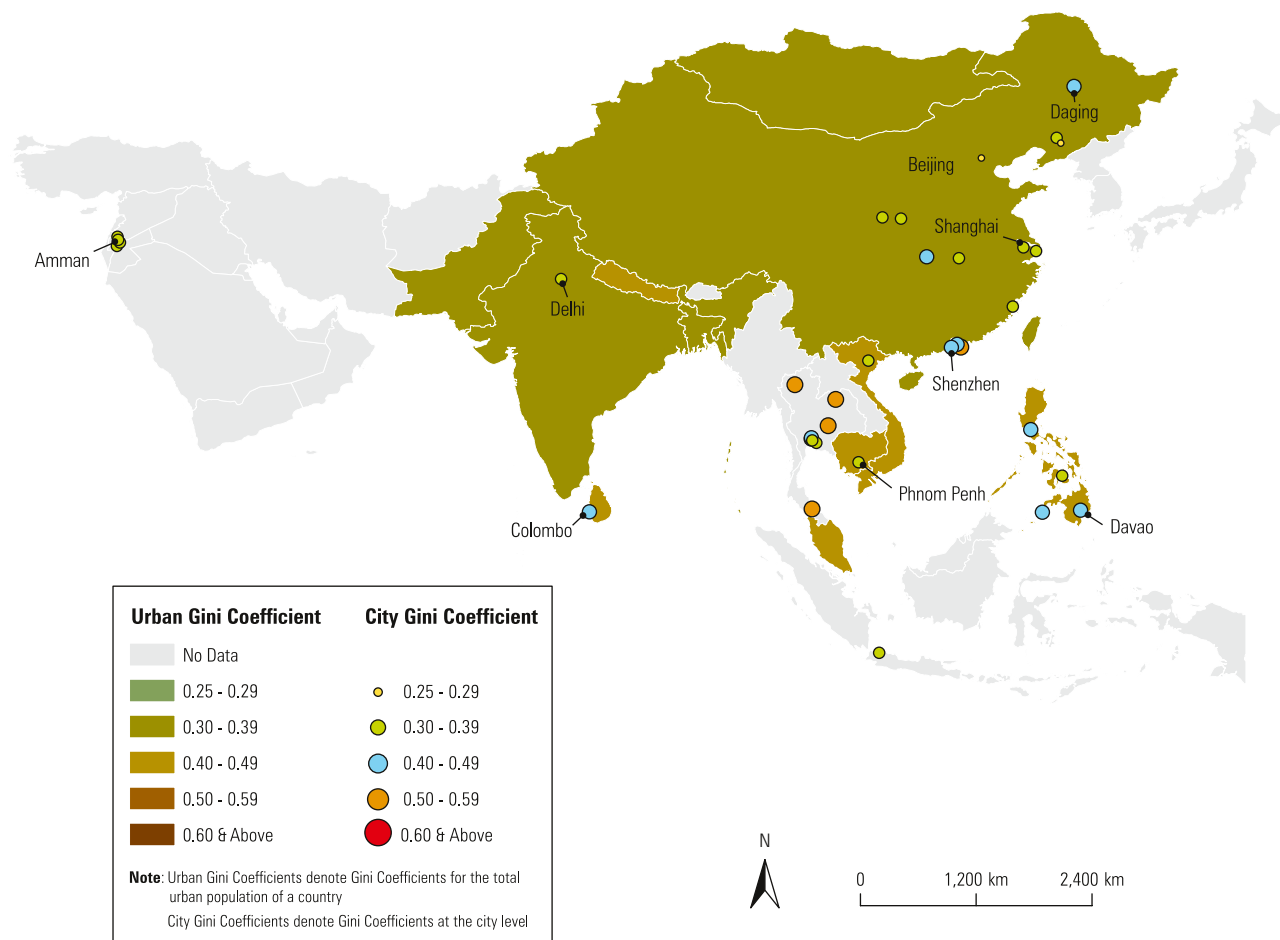


Source: UN-HABITAT Global Urban Observatory, 2008

Note: Data compiled by ESCAP for various years between 1990 and 2006

International alert line denotes Gini coefficient value above which inequalities have negative social, economic and political consequences. Alert line established by UN-HABITAT in consultation with its partners.

MAP 2.2.13: URBAN INEQUALITIES IN ASIA



Source: UN-HABITAT Global Urban Observatory, 2008

as Malaysia (0.49).<sup>67</sup> In addition, the share of the 20 richest population deciles in terms of per capita expenditures has remained constant since the mid-1980s relative to the poorest population deciles. Unlike in other oil-producing countries, Iran's recent oil boom (from 1994 to 2004) brought greater equality to urban residents, and sustained lower levels of inequality in urban areas than in rural areas, a phenomenon that has characterized this country for at least two decades. However, other studies show that economic growth in Iran is not income-inequality neutral; on the contrary, they show a general pro-rich and inequality-sustaining outcome, resulting from significant distortions in the relationship between institutional settings and the functioning of markets such that the income growth process does not generate sufficient employment, generating inflation.<sup>68</sup> In provincial capital cities such as Bushehr, Ilam, ShahrKord, and Semnan, which have lower than average population growth rates but higher than average economic growth rates, it is very likely, however, that economic growth will be spread more evenly.

Inequalities in Asian cities have often increased in the context of accelerated economic growth. For instance, in

China and Viet Nam, which experienced high economic growth rates of 11.5 per cent and 7.5 per cent annually in the 1990s, the cities of Beijing and Hanoi generated Gini coefficient increases of approximately 2.5 per cent.<sup>69</sup> A similar situation has been observed in Hong Kong and other Chinese cities, where increasing per capita incomes led to increased inequality. However, economic growth does not always translate into greater inequality in many Asian cities. Urban inequalities have remained constant or have declined in some countries experiencing positive economic growth.

As economies grow, however, regional disparities become more apparent. In China, for instance, the eastern coastal cities have attracted a remarkable amount of foreign direct investments and have generated large export flows, while inland cities and the country's western regions have fallen behind as a result of several disadvantages, such as a low-skilled workforce, inefficient agglomeration economies and other geographic location factors.<sup>70</sup> Inequalities in urban incomes are reflected regionally, manifested most strikingly in wage disparities among different provinces. Regional inequalities in access to education and other indicators are

also of concern: in general, the highly urbanized eastern part of the country has better human development indicators than remote rural areas in the interior of the country. For instance, levels of illiteracy in China's western region of Tibet are more than 60 per cent among girls and more than 40 per cent among boys over the age of 15 – levels comparable to those of less-developed countries in the Asia region and much higher than China's national average.<sup>71</sup>

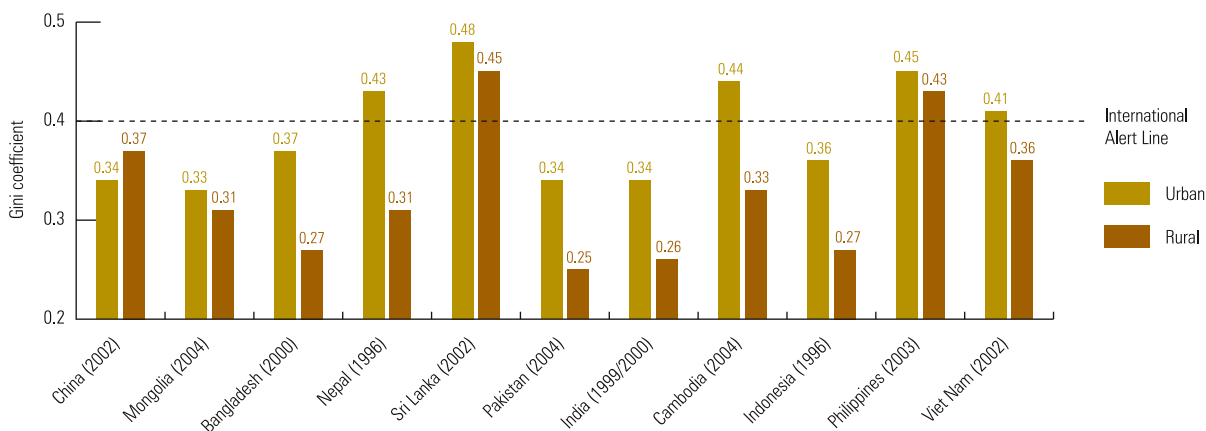
Many countries in the region, particularly China, are also grappling with income disparities between rural and urban areas. This type of rural-urban inequality has increased in the last two decades mainly as a result of economic liberalization and concentration of economic activities in urban areas or city regions. Prior to the economic transition, these countries had a fairly egalitarian income distribution, with national Gini coefficients of approximately 0.25. Today, China has one of the widest income gaps between rural and urban areas of any country in the world. In 2003, urban per capita disposable income was 3.2 times that of rural per capita income.<sup>72</sup> Studies suggest that the contribution of rural-urban inequalities to the nationwide income distribution may be higher than that regional disparities. The indices of income inequality within rural China are also higher than those in urban areas; this is primarily a result of changes in the agricultural economy, as more rural labourers move to non-farm sectors or migrate to urban areas, thereby widening rural income inequality.<sup>73</sup> Inequalities are also higher in rural areas than in urban settings because of distribution systems that guarantee only a limited level of access to certain services among rural populations, whereas in urban areas, residents have more access to a variety of public goods that help to reduce levels of inequality.<sup>74</sup>

Today, China has one of the widest income gaps between rural and urban areas of any country in the world

In India, on the other hand, as in other Asian countries, inequalities have increased faster in urban areas than in rural areas as a consequence of a general shift from labour-intensive to capital-intensive economic activities and the growth in manufacturing exports and imports that are demanding skill-intensive jobs with higher wages.<sup>75</sup> In India, rural consumption inequalities declined in the 1990s, from a Gini coefficient of 0.282 in 1993 to 0.258 in 2000. Consumption inequalities in urban India, on the other hand, increased marginally; In urban India, consumption inequalities remained stable and relatively low from 1993 to 2000, and are comparable to many cities in Europe, Canada and Australia. The Gini coefficient for expenditure in urban India has not changed dramatically in the last 25 years, rising only slightly from 0.33 in 1983 to 0.34 in 2000, however, inequality-adjusted monthly per capita consumption expenditure has increased in real terms in urban areas at the national level by nearly 29 per cent. Analysis of the urban Gini

coefficient at the state level, however, shows significant variations. Punjab, Rajasthan and Jammu and Kashmir, for instance, had lower urban gini coefficients than the national urban average in 2000, while Maharashtra recorded a slightly higher urban Gini coefficient than the national average in 2000. Urban Kerala recorded a significant decline in consumption inequality in the period 1993-2000, while urban Tamil Nadu showed a significant increase during the same period.<sup>76</sup> Tamil Nadu and Maharashtra also achieved a significant decline in urban poverty during this period; the proportion of people living below the poverty line in urban areas in Tamil Nadu declined from 40 per cent in 1993 to 22 per cent in 2000, while in Maharashtra, the proportion fell from 35 per cent to 27 per cent during the same period.<sup>77</sup>

FIGURE 2.2.14: GINI COEFFICIENTS FOR URBAN AND RURAL AREAS IN ASIA



Source: UN-HABITAT Global Urban Observatory, 2008

Note: Data from various sources, and for various years.

International alert line denotes Gini coefficient value above which inequalities have negative social, economic and political consequences. Alert line established by UN-HABITAT in consultation with its partners.



## China's urban transition

The word **transition** perhaps best describes China: the world's most populous country is transitioning from a predominantly rural society to an urban one. China's urbanization process in the last two decades has been extraordinary: the urbanization level in the country has nearly doubled from 25 per cent in 1987 to roughly 42 per cent in 2007; it is estimated that by 2030, 60 per cent of the country's population will be urban.

China is also transitioning from a centralized planned economy to a market economy, which has led to another important transition from relative social egalitarianism to a new era of individualism and competition. All of China's recent changes are also leading it to transition, almost within one generation, from a developing country to a developed one.

These changes have brought positive outcomes: China has experienced rapid economic growth for more than 15 years, and the country has been able to lift half a billion people out of poverty in the last 30 years – a remarkable achievement that no other nation has accomplished at the same speed or scale. The country has also improved the quality of life of hundreds of thousands of inhabitants, particularly in urban areas.

China's transitions began with the implementation of a set of progressive policy reforms that started with the restructuring of the agricultural sector at the end of the 1970s, in a period usually referred to as the "agricultural reform" that spanned eight years. It was followed by a second period known as the "urban reform" that started in 1985 and is still continuing. This second period has been characterized by rapid industrialization, the reorganization of state enterprises, increased trade openness, enactment of subsidies and tax exemptions in the export sector, and the gradual liberalization of the country's financial markets.

The changes in China have also had negative effects: decreases in rural-urban inequalities during the agricultural reform rose again because priority was given to coastal and urban areas. China has now attained some of the deepest disparities between rural and urban areas in the world, with urban per capita incomes three times those of rural areas. Regional inequalities are also growing, often among towns and cities within in the same region, as rural non-agricultural opportunities become concentrated in a



▲ Shanghai's skyline at sunset  
©Claudio Zaccherini/Shutterstock

few areas, and as some urban areas grow more rapidly than others. As a result, China's national Gini coefficient has increased rapidly in recent decades, growing from 0.30 in 1978, the year the reforms began, to 0.38 in 1988 and 0.45 in 2002, reflecting increased inequalities between rural and urban areas and among regions. Today, China has the highest level of consumption inequality in the Asia region, higher than Pakistan (0.298), Bangladesh (0.318), India (0.325), and Indonesia (0.343), among others.

At the urban level, income inequalities are growing as a result of a combination of factors: increases in manufacturing activity, and growth in the service industry and high tech

sectors, bringing disproportionate rewards to the most skilled workers; the adoption of capital-intensive industrial development that is creating a limited number of well-paid new jobs; and the emergence of real estate, insurance and communication sectors that are creating highly remunerated jobs. At the same time, the decline of state-owned enterprises has resulted in layoffs and an increase in the number of unemployed people, who, together with informal workers and rural residents, are facing serious problems in joining the new urban labour market. Cities with high levels of income inequality include Shenzhen (0.49), Zhuhai (0.45), Yichan (0.42), Daquin (0.41), and above all, Hong Kong, a Special



Administrative Region of China, which has the highest Gini coefficient not only in China, but in all of Asia (0.53). In general, however, urban inequalities within Chinese cities tend to be relatively low compared with rural areas and with other cities in Asia.

In modern China, lack of full-time employment means not only the loss of a job and income; in many cases, it also means exclusion from social services, such as education, health, retirement benefits and social security. Less than 15 years ago, social services were provided free of charge by the state or at highly subsidized rates, but now the government is abandoning work-protective policies that are impacting vulnerable populations. For instance, the state

paid 66 per cent of all individual health-care costs in 1988; in 2002, the state paid just 22 per cent. The allocation of social housing has also been dramatically reduced. As a consequence, the proportion of expenditures related to education and health has more than doubled for both mean-income households and the poorest 20 per cent of households.

China's new economic reality impacts both income and social inequality throughout the country. In China, urban incomes do not accurately reflect levels of inequality, as urban residents have access to a variety of services that are not as easily accessible to rural residents.<sup>78</sup> In Shanghai, for example, salary-based income accounted only for 65 per cent

of the city's total income, while 25 per cent was drawn from subsidies in housing, health care and education, and 10 per cent from irregular economic benefits such as second jobs, business sidelines and illegal forms of income. The opportunities for rent seeking, or gray income, widen the gap between the privileged and underprivileged and erode the resource base of the state welfare distribution. In addition, new mechanisms of housing allocation through real estate companies are creating new forms of spatial or area-based marginalization that further accentuate income and social inequalities.

Most studies on income inequality in China also include only those urban populations that are registered under the *Hukou* household registration system, which excludes rural migrants (commonly referred to as "floating populations") who only have temporary residential status in cities. The migrant population in China is roughly 150 million, and is considered not only the biggest migrant population in the world, but also the most mobile. Most migrants come to cities in search of jobs, which are often unstable, and live under temporary and inadequate housing conditions.

Ignoring migrants in the studies of overall income distribution therefore distorts levels of urban inequality in China. For instance, a study in the capital city of Beijing – a key destination in recent domestic migration flows – shows that the migrant population increased from 0.32 million in 1985 to 1 million in 1995 and 3.3 million in 2003, representing approximately one-third of the capital's total population. One of the few studies of the Gini coefficient in Beijing found that the coefficient values increase from 0.22 to 0.33 when migrants are included. Similar variances of approximately 12 points are found in other cities that are destinations of recent domestic migrations, with the Gini coefficient increasing from 0.402 to 0.418 when rural migrants are included. In these cities, the migrant population accounts for some 12 per cent of all urban employees and represents nearly one-fifth of the urban population.

Rural-urban and intra-city disparities, are therefore, emerging as consequences of China's urban and economic transition.

Sources: Xue, 1997; Kanbur, Venables & Wan, 2006. Wu, 2004; Meng, Gregory & Wang, 2005; Dai, 2005; Park, Wang & Cai, 2006; Zhu, 2007.

However, recent analyses suggest that India is undergoing an inequality trend somewhat similar to that of China as a result of economic liberalization and globalization.<sup>79</sup> Recent studies have found that economic growth in the country has involved mainly the formal economy and that the decline in manufacturing and the rise of the services sector have also affected the distribution of income among skilled and non-skilled workers. This differentiation of workers has been further aggravated by an increase in the number of people employed in managerial and professional occupations, including those holding new jobs in the banking and financial sectors. All of these changes in the occupational structure of the country are affecting levels of inequality. In 2002, for instance, the income gain of the richest 10 per cent of the population was about 4 times higher than the gain of the poorest 10 per cent.<sup>80</sup>

Between 1993 and 2005, there was an overall increase of about 9 per cent in the consumption Gini coefficient in urban India. At the same time, two of the most economically developed states in the country, Tamil Nadu and Maharashtra, have been able to cap the increase in inequalities at less than 6 per cent.

In Thailand, the provinces of Udonthani and Chiangmai in the northeast and northern part of the country have the highest income disparities among social groups, with very high Gini coefficients of 0.56 and 0.58, respectively – approximately 22 points higher than the national average and 10 points more than the capital city of Bangkok. These provinces are experiencing a significant increase in population, but they have among the lowest GDP growth in the country. The capital cities of these provinces have the highest levels of inequality in all of Asia.

In Viet Nam, the Gini coefficient for the country as a whole increased from 0.356 in 1995 to approximately 0.407 in 1999, owing primarily to the collapse of commodity prices, especially rice and coffee. Inequality appears to have

increased significantly in almost all provinces, with more than half experiencing an increase of at least 10 points.<sup>81</sup> These provinces are mainly located in the Red River Delta, Mekong River Delta and Southeast Region, which are the most prosperous and urbanized regions of the country.

In the Philippines, overall income distribution increased in the 1990s, with a change in Gini coefficient from 0.45 in 1994 to 0.487 in 1997, after which it remained stable. Inequalities are much higher in the southern part of the country, where poverty incidence is also higher, particularly in the most unequal region, Zamboanga Peninsula (0.52); followed by Northern Mindano (0.48); and Central and Eastern Visayas (0.47). The regions with the lowest income gaps are Llocos (0.39) and Central Luzon (0.35), which are also among the wealthiest regions in the country.

In war-torn countries and regions, inequalities seem to rise rapidly, owing to disruption in the economy and changes in socio-economic status and earnings. In Nepal, for instance, the urban Gini coefficient increased from 0.26 in 1991 to 0.37 in 2000 as the Maoist insurgency in that country developed. In Iraq, inequalities have been increasing dramatically in recent years in both urban and rural areas; in just one year, the country's Gini coefficient rose from 0.351 in 2003 to 0.415 in 2004.<sup>82</sup> War not only affects labour income, it also damages capital income, thereby exacerbating differences and reshaping the social stratification system. The Iraq Living Conditions Survey 2004, for instance, found that approximately 35 per cent of Baghdad's workers live in poverty and that roughly half of the residents of Mosul, Hilla, Najaf, Nassiriya, and Basra cannot afford to keep their dwellings warm in the winter.<sup>83</sup> Inequalities are likely to increase in some Asian countries in the near future, particularly in regions beset by internal tensions, political transitions and other unresolved territorial issues, which have worsened human development indicators in some countries and made residents more vulnerable.



▲  
Cycle taxis in China.  
©Stanislas Komogorov/Shutterstock

## NOTES

- <sup>1</sup> Government of Kenya, 2007.
- <sup>2</sup> Agostini & Brown, 2007.
- <sup>3</sup> Addison & Giovanni, 2001.
- <sup>4</sup> Mingione & Haddock, 2008.
- <sup>5</sup> European Community Directorate General for Regional Policy, 2007.
- <sup>6</sup> Australian Bureau of Statistics, 2003.
- <sup>7</sup> Tokyo Metropolitan Government, 2003.
- <sup>8</sup> Tachibanaki, 2005.
- <sup>9</sup> US Census Bureau, 2006.
- <sup>10</sup> Ibid.
- <sup>11</sup> Heisz, 2005.
- <sup>12</sup> U.S Census Bureau 2000
- <sup>13</sup> World Bank, 2000.
- <sup>14</sup> Heisz, 2005.
- <sup>15</sup> A study of 14 American cities shows that central-city areas have a higher level of inequality than suburban areas, which means that the very rich and the very poor live in the central part of the city. Jargowsky, 1997.
- <sup>16</sup> UNDP and Center for Economic Research, 2005.
- <sup>17</sup> Real consumption was affected by chronic rationing of most goods, dual distribution systems, parallel markets and regional differences in the supply. UNDP, *op cit*.
- <sup>18</sup> UNDP, *op cit*.
- <sup>19</sup> UN Economic Commission for Europe, 2004.
- <sup>20</sup> UN Economic Commission for Europe, 2004.
- <sup>21</sup> Gustafsson & Nivorzhkina, 2005.
- <sup>22</sup> Inter-American Development Bank, 2000.
- <sup>23</sup> López-Moreno, 2002a.
- <sup>24</sup> Data produced by ECLAC on 19 selected cities in 9 countries, commissioned for this report, 2008.
- <sup>25</sup> Gini coefficient data for urban Latin America and the Caribbean was compiled by ECLAC especially for this report.
- <sup>26</sup> UN-HABITAT Global Urban Observatory 2008, derived from ECLAC data.
- <sup>27</sup> UN-HABITAT Global Urban Observatory 2008, derived from ECLAC data.
- <sup>28</sup> Altimir, 2002
- <sup>29</sup> UN-HABITAT Global Urban Observatory 2008, derived from ECLAC data.
- <sup>30</sup> UN-DESA, 2007a.
- <sup>31</sup> UN DESA, 2007b.
- <sup>32</sup> Clements, 1997.
- <sup>33</sup> Some recent studies have suggested that participatory budgeting and other innovative governance processes in Brazil have had a minimum impact on inequality levels because they do not benefit the poorest of the poor and tend to be most beneficial to those low-income groups that are able to access governance structures within municipalities. Moreover, as the budget assigned to participatory processes is only a small proportion of the total city budget, its impact is limited.
- <sup>34</sup> IPEA, 2007
- <sup>35</sup> Altimir, 2002. Poverty incidence grew from 5 per cent in 1974 to 21 per cent in 2001, and unemployment rose from 3 per cent in the 1980s to around 17 per cent in 2001.
- <sup>36</sup> Altimir, 2002.
- <sup>37</sup> Instituto Nacional de Estadística y Censos, 2008.
- <sup>38</sup> World Bank 2002 estimates indicate that the highest levels of urban poverty in the region are found in Chad, Niger and Sierra Leone, and that rural and urban poverty prevalence is almost the same in many countries, including Nigeria.
- <sup>39</sup> UN-HABITAT, Global Urban Observatory, 2008.
- <sup>40</sup> Africa is followed by the Middle East (0.55) and East Asia and the Pacific (0.41). Refer to Cogneau Denis et al, 2006.
- <sup>41</sup> Cogneau Denis et al., 2006.
- <sup>42</sup> UN-HABITAT, Global Urban Observatory, 2008.
- <sup>43</sup> According to the World Bank's Africa Development Indicators 2007, 16 African countries grew by more than 4.5 per cent a year between 1996 and 2006.
- <sup>44</sup> Government of Kenya, 2007.
- <sup>45</sup> Cogneau Denis et al, 2006.
- <sup>46</sup> James, Arndt & Simler, 2005.
- <sup>47</sup> Kenya Central Bureau of Statistics, 2006.
- <sup>48</sup> UN-HABITAT Lake Victoria Region Water and Sanitation Initiative, unpublished document.
- <sup>49</sup> Society for International Development, 2006.
- <sup>50</sup> South African Cities Network, 2006.
- <sup>51</sup> Subsidies have brought clear achievements, such as access to water (79 to 83 per cent) and formal housing (66 to 73 per cent). Statistics South Africa, 2001.
- <sup>52</sup> Southern African Regional Poverty Network, 2008.
- <sup>53</sup> Statistics South Africa, 2002.
- <sup>54</sup> López-Moreno, 2002a.
- <sup>55</sup> Kayizzi-Mugerwa, 2001.
- <sup>56</sup> Kayizzi-Mugerwa, 2001.
- <sup>57</sup> Poverty rose four-fold during the same period, from 5 per cent to 20 per cent. Refer to Grimm, 2001.
- <sup>58</sup> Government of Angola, 2008.
- <sup>59</sup> Greener, Jefferis & Siphambe, 2000.
- <sup>60</sup> Note that five countries measure inequalities in consumption differentials and another five countries measure inequalities in income distribution.
- <sup>61</sup> China intra-urban inequality has been smaller than intra-rural inequality: 0.18 to 0.28 in 1985 and 0.24 to 0.33 in 1995, respectively.
- <sup>62</sup> López-Moreno, 2002.
- <sup>63</sup> UN-HABITAT, Global Urban Observatory, database 2008.
- <sup>64</sup> Zhao & Zhang, 2005.
- <sup>65</sup> Akita, Lukman & Yamada, 1999.
- <sup>66</sup> World Bank, 2006.
- <sup>67</sup> Salehi-Isfahani, 2006.
- <sup>68</sup> Farzin Ali, economist at UNDP Iran, communication with UN-HABITAT on 13 March 2008.
- <sup>69</sup> UN-HABITAT, Global Urban Observatory Database, 2008.
- <sup>70</sup> UN-DESA, 2007.
- <sup>71</sup> UNDP & China Development Research Foundation, 2005.
- <sup>72</sup> UNDP & China Development Research Foundation, 2005.
- <sup>73</sup> Changes in the rural economy contribute to the total income inequality up to 36 per cent. UNDP & China Development Research Foundation, 2005.
- <sup>74</sup> UNDP & China Development Research Foundation, 2005.
- <sup>75</sup> For instance, in India, the agriculture sector increased wages by 2.5 per cent in the 1990s, while in urban areas, the public sector doubled wages, and the private sector increased wages by several times more.
- <sup>76</sup> Government of India, 2002.
- <sup>77</sup> UNDP, 2003.
- <sup>78</sup> Xue, 1997.
- <sup>79</sup> Ravallion & Chaudhuri, 2006.
- <sup>80</sup> Gaurav & Ravallion, 2002.
- <sup>81</sup> UNDP, 2001.
- <sup>82</sup> Republic of Iraq/UN-HABITAT, 2007.
- <sup>83</sup> Data based on UNDP/Ministry of Planning and Development Cooperation's Iraq Living Conditions Survey 2005 and UN-HABITAT Urban Indicators Surveys conducted under a United Nations Development Group (UNDG) Trust Fund Project in cooperation with Iraq's Ministry of Municipalities and Public Works, Global Urban Research Unit, Newcastle University, and UN-HABITAT.