

UN-HABITAT

STATE OF THE WORLD'S CITIES 2010/2011

BRIDGING THE URBAN DIVIDE



URBAN DIVIDE: UNEQUAL CITIES

Three South African cities top the list of the most unequal cities in the world, when measured on income-based data gathered in a UN-HABITAT survey of cities in 109 countries from all regions.

In its *State of the World Cities 2010/2011: Bridging the Urban Divide*, UN-HABITAT cites Buffalo City (East London), Johannesburg and Ekurhuleni (East Rand) as extremely unequal with Gini coefficient values of 0.71 or more. These are followed by the Brazilian cities of Goiana, Fortaleza, Belo Horizonte, and Brasilia; all of which feature income Gini values above 0.60.

The Gini index is the most widely used measure of inequality. It measures either the distribution of household income or consumption spending in a country. A zero value implies perfect equality with resources distributed proportionally amongst all households, while 1 signifies perfect inequality, where one household has all of the nation's income and no one else has any. Normally used to analyze national wealth, UN-HABITAT's report makes a breakthrough by using available city-level data to shed light on the urban divide.

The **Colombian** cities of Bogota, Barranquilla and Cali in South America; Lagos in **Nigeria**; Chiangmai and Udonthani in **Thailand** show the sharpest economic divide in the world: all feature very high income disparities of Gini coefficients above 0.55. Catamarca and Buenos Aires, in **Argentina**; Santiago and Chillan, in **Chile**; and the **Ecuadorian** capital, Quito, follow closely with income Gini values between 0.55 and 0.51.

Not far behind are cities with inequality well above the national average. In decreasing order, they include Addis Ababa, Ethiopia; Nairobi, Kenya; Maseru, Lesotho; Mexico City, Mexico; Ho Chi Minh City, Vietnam; and Hong Kong, China. All feature income-based Gini values above 0.52, which ranks as "very high".

CONSUMPTION BASED EQUALITY

When Gini values are based on consumption spending they usually reflect less inequality than when based on income. In a broader, updated sample of consumption-based equality Jakarta, Indonesia; the Bangladeshi cities of Chittagong, Dhaka, Khulna; Lome, Togo; Freetown, Sierra Leone; Dar es Salaam, Tanzania; Phnom Penh, Cambodia; Bissau, Guinea-Bissau; and Dakar, Senegal; stand out as the most egalitarian in the developing world – with Gini values ranging from 0.27 to 0.37.

In fact, the "most equal" developing-world cities sampled by UN-HABITAT are just "equally poor cities". This is because their spread in consumption spending is similar for rich and poor. All these cities fail to provide water, sanitation or housing to all residents, and feature some of the highest numbers of slums in their respective regions.

The "most equal cities" in the sample also display poor social indicators. Chittagong and Dhaka — with consumption-based Gini values of 0.29 and 0.31, respectively — are examples. They suffer under-5 mortality rates of 97 deaths per 1,000 children at urban levels nationwide, and up to 130 in the worst slum settlements. In Dakar, a city with relatively low consumption inequality (0.37), the literacy rate among women was 63% in the year 2000, compared with 90% for men. This combined into a female-to-male literacy ratio of 0.7, reflecting a marked gender disparity. Likewise, in Jakarta and Dar es Salaam, overall literacy rates for women stand at around 94%, but in slums and the most deprived areas they drop to 63% and 50%, respectively.

According to the report, it frequently happens that the income-based Gini coefficient for a city does not reflect the "bundle of commodities and services" available to residents; this has led to an increasing number of countries to adopt consumption or household expenditure as a more accurate benchmark of inequality.

- Cities, and countries such as **India**, that make various subsidies available to low-income groups tend to feature lower consumption inequality, as they enable people to access basic goods for free or at reduced

rates. Similarly, **Canadian** cities tend to be less unequal than those in the United States, as Canada maintains a range of social policies that target the poor and the vulnerable

- Although **Brazilian** cities generally experience extremely high degrees of income inequality, they fare better than highly unequal cities in poor African countries when it comes to access to piped water and sanitation
- For instance, in 2007, even though Brazil's capital city Brasilia featured a very high (0.60) income Gini coefficient, 90% of the population had access to piped water and 85% to sanitation
- On the other hand, Ethiopia's capital, **Addis Ababa**, also featured a very high Gini coefficient (0.612) in 2003, but only two-thirds of the population had access to piped water and only 44% to adequate sanitation

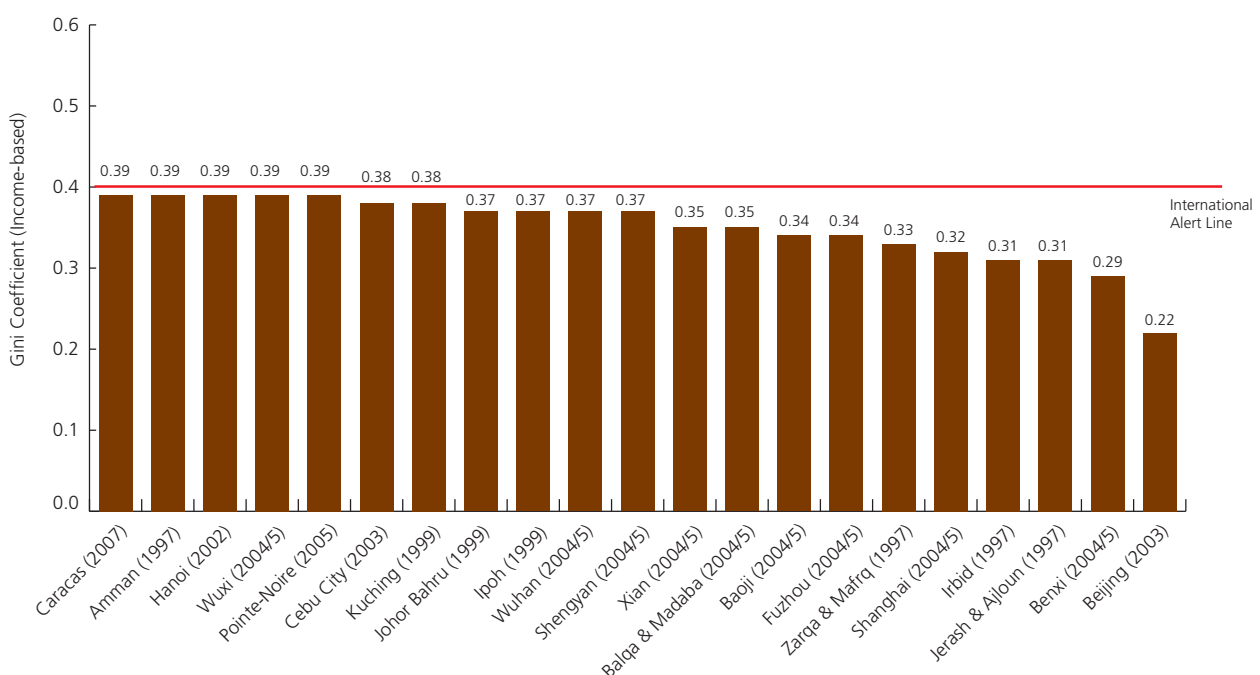
In some cities, significant income inequality is often highly related to other types of inequalities.

- With its relatively high consumption Gini coefficient of 0.64 in 2006, **Lagos** is among the most unequal cities in sub-Saharan Africa. This is reflected in shelter indicators such as living area and sanitation, as well as in high unemployment rates among males. Nearly two-fifths of Lagos residents live in overcrowded housing, and a quarter have no access to adequate sanitation. The city is also unable to provide jobs for its growing population, with 40% of males and 12% of females unemployed in 2006
- On the other hand in Mexico, income inequality in **Guadalajara** is relatively low compared with other Latin American cities, and this situation happens to be matched by healthy shelter and social indicators; residents enjoy near-universal access to safe water and sanitation, and almost all are literate

Slum prevalence or "ghettoization" may or may not influence income inequality in any particular city. In some of the most unequal cities in Latin America and the United States, for instance, it is only a relatively small proportion of the population that lives in slums or urban ghettos, and yet inequality remains high.

- In cities where poverty and wealth are concentrated in specific areas, income inequality measures may also fail to capture important dimensions of the urban divide. For instance, **Simi Valley**, California, on the outskirts of Los Angeles, enjoys a relatively low degree of income inequality (with a Gini coefficient of 0.37) because it is a relatively homogenous and wealthy "bedroom community", whose members are isolated from impoverished or less wealthy communities within the city of Los Angeles
- **Washington, D.C.**, on the other hand, is significantly more unequal (0.537), which is reflected in the spatial division of the U.S. capital by both wealth and race factors, with its significant, and largely poor, African American and Hispanic communities concentrated in certain areas. The same pattern can also be seen in **New Orleans**, with large pockets of wealth amid populations that suffer from endemic poverty.

MOST EQUAL CITIES (INCOME-BASED GINI). SELECTED CITIES IN THE DEVELOPING WORLD (1997-2006)



Source: UN-HABITAT, Global Urban Observatory, 2009.
Data from UN-ECLAC, UN-ESCAP, UNU and other sources (see Statistical Annex).