

Committee: Economic & Social



Topic: Commercial corruption in squatter settlements

Summary

A squatter settlement can generally be defined as a residential area in an urban locality inhabited by the very poor who have no access to tenured land of their own, and hence "squat" on vacant land, either private or public. These settlements are growing illegally on vacant lands; therefore, urban policies are not very active regarding the development or management of these areas. Cities like Mumbai, Dhaka, Caracas, Bogotá, Mexico City, Cairo, Lagos, Johannesburg are some of the examples where growth of squatters and slums are taking on such a fast pace that they are encroaching on a significant portion of the urban fabric.

Due to the lack of regulation and management in many of these areas the spread of corruption and other crimes are rife. It is further projected that in the next 30 years, the global number of slum dwellers will increase by approximately 2 billion, if no decisive action is taken. This large scale spread of squatter settlement has consequently led to more widespread corruption, in many cases this has become uncontrollable, making these areas effectively lawless, not bound by national legal systems. Corruption in slums may involve bribes, extortion, fraud and other unfair practices in order to manipulate local people and their businesses for private benefits. In most cases, corruption is lead by groups or gangs that instigate these unfair practices.

This spread of corruption has socio-economic impacts on both small-scale (slum specific) and large-scale (national/international). Within squatter settlements, the presence of corruption means a lack of social mobility and means that economic growth is virtually impossible. Corruption normally leads to a major ruling group within the slum that dictates all economic activity, this also spreads to control over social and personal issues. This can have severe negative impacts leading to a critical poverty trap. Ultimately, like with any corruption, it will undermine democracy, economic development, the environment and people health; partially impacting the poorest (i.e. those living with the lowest income within the squatter settlements). In general, there are very few ways in which government is able to combat this presence of small-scale corruption, new and innovative strategies are required, to develop the existing methods of control.

Definitions

Corruption: the dishonest or immoral (often illegal) abuse of entrusted power for private gain, especially of people in authority.

Squatter Settlement: a residential area which has developed without legal claims to the land and/or permission from the concerned authorities to build; as a result of their illegal or semi-legal status, infrastructure and services are usually inadequate.

Bribery: The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages.

Embezzlement: when a person holding office in an institution, organisation or company dishonestly and illegally appropriates, uses or traffics the funds and goods they have been entrusted with for personal enrichment or other activities.

Extortion: act of utilising, either directly or indirectly, one's access to a position of power or knowledge to demand unmerited cooperation or compensation as a result of coercive threats.

Whistleblowing: making a disclosure in the public interest by an employee, director or external person, in an attempt to reveal neglect or abuses within the activities of an organisation, government body or company (or one of its business partners) that threaten public interest, its integrity and reputation.

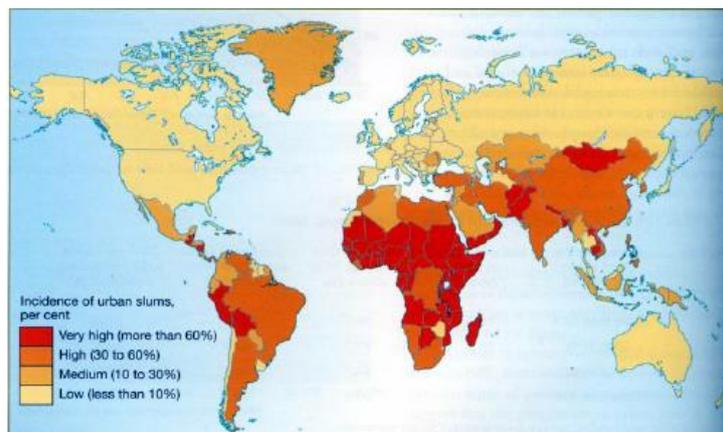
Clientelism: an unequal system of exchanging resources and favours based on an exploitative relationship between a wealthier and/or more powerful 'patron' and a less wealthy and weaker 'client'.

Fraud: to cheat. The offence of intentionally deceiving someone in order to gain an unfair or illegal advantage (financial, political or otherwise). Countries consider such offences to be criminal or a violation of civil law.

Petty Corruption: everyday abuse of entrusted power by public officials in their interactions with ordinary citizens, who often are trying to access basic goods or services in places like hospitals, schools, police departments and other agencies.

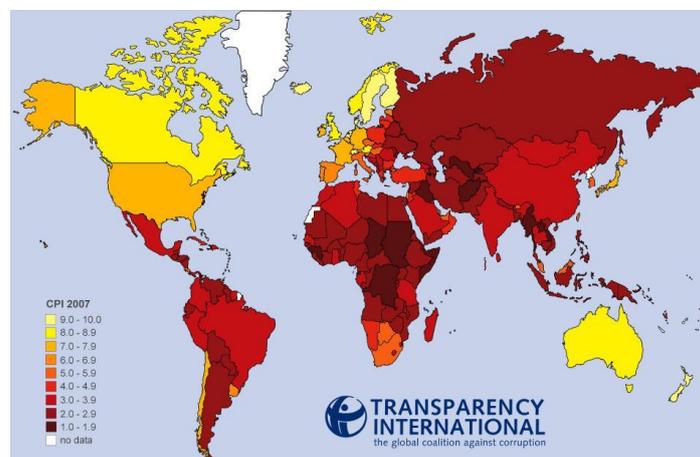
Squatter settlements have several country/region specific synonyms including, but not exclusively, slums, favellas, shanty towns, Campamentos, barrios and Villa miseria.

Key Diagrams



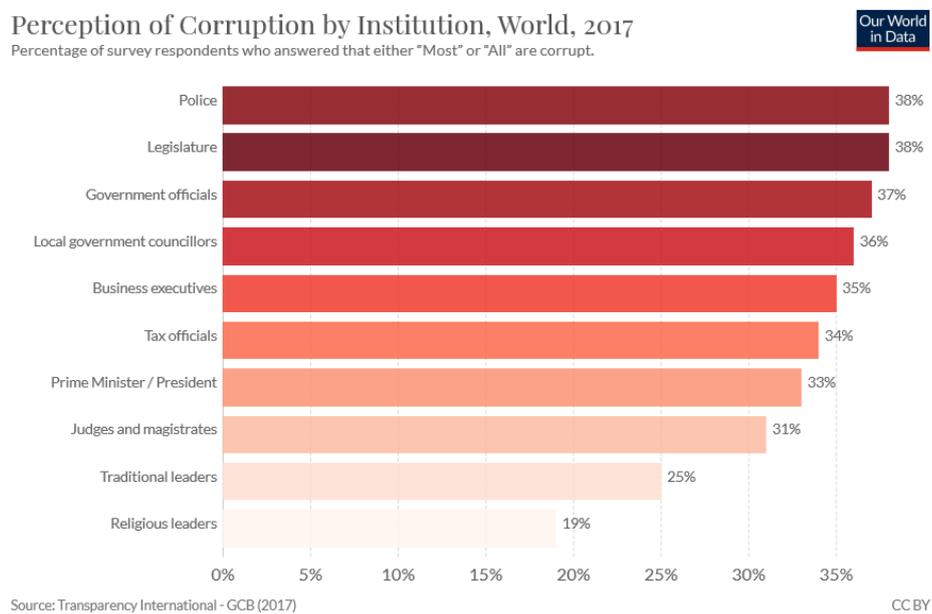
Source: UN-Habitat, 2003b.

MAP 5.1 Urban slum incidence, 2001



Background information and facts

- According to UN-Habitat, around 33% of the urban population in the developing world in 2012, or about 863 million people, lived in slums.
- The proportion of urban population living in slums in 2012 was highest in Sub-Saharan Africa (62%), followed by Southern Asia (35%), South-eastern Asia (31%), Eastern Asia (28%), Western Asia (25%), Oceania (24%), Latin America and the Caribbean (24%), and North Africa (13%).
- Among individual countries, the proportion of urban residents living in slum areas in 2009 was highest in the Central African Republic (95.9%).
- Between 1990 and 2010 the percentage of people living in slums dropped, even as the total urban population increased.
- The world's largest slum city is found in the Neza-Chalco-Ixtapaluca area, located in the State of Mexico.



- Graph shows police as the most corrupt group, in slums this means any potential corruption may go without consequence. Likewise, Business Executives are among the most corrupt as such contributing to corporate corruption based both inside and outside of these areas

According to research done under the Government/UN-Habitat Collaborative Slum Upgrading Programme on rents in informal settlements, owning structures in slum areas is a highly lucrative and exploitative business. No maintenance, improvement of structures or provision of basic services is required. Given the irregularity of the market, there is a virtual absence of accountability of structure owners. According to information received by the Special Rapporteur, some shack owners collect revenues from over 1,000 shacks. Public officials are allegedly some of the biggest shack owners. Thugs not only collect rent from shack tenants but also forcibly evict those who are too poor to pay, or those who major shack owners and land cartels wish to displace. Ordinary slum-dwellers thus find themselves at the mercy of these powerful actors and their agents.

Example of countries with large-scale squatter settlements

India

India is home to several 'slums' including Banganga, Baiganwadi, Chandmari, Dharavi, Kathpathli, Tikia Para and many smaller settlements. Most of these areas have little largescale economic activity. In general, there are no big businesses and jobs are scarce (and for the very few jobs nepotism exists). Some people run small family business. Often there is a large black-market, where goods accessed through corrupt practices get sold at inflated prices. In Dharavi business is more controlled and they have become producers of pottery and textiles. There is also a growing recycling industry, this area sees less corruption.

A 2005 study done by the Transparency International in India found that more than 92% of the people had first-hand experience of paying bribes or peddling influence to get services performed in a public office.

Brazil

In Brazil squatter settlements are called favelas. Following the end of slavery and increased urbanization into Latin America cities, a lot of people from the Brazilian countryside moved to Rio. These new migrants sought work in the city but with little to no money, they could not afford urban housing. In the 1920s the favelas grew to such an extent that they were perceived as a problem for the whole society.

Brazil's favelas are thought to be the result of the unequal distribution of wealth in the country. Brazil is one of the most economically unequal countries in the world, with the top 10 percent of its population earning 50 percent of the national income and about 8.5 percent of all people living below the poverty line. As a result, residents of favelas are often discriminated against for living in these communities and often experience inequality and exploitation. This stigma that is associated with people living in favelas can lead to difficulty finding jobs. All types of corruption exist. Clientelism, cronyism and nepotism are widespread in Brazil.

Kenya

In cities, most prominently in Nairobi, powerful individuals are involved in malpractices such as land speculation, the running of "land cartels" and illicit land markets. Most owners of structures and dwellers in slums like Kibera or Korogocho pay a fee to the local administration, including to chiefs, village elders and police officers, to receive official permission to occupy structures and shelters. Practices include illegal allocation of private or public land and contravene the law. Furthermore, slum-dwellers run the risk that persons who are not fully aware of the illegal practices will invest in housing. The innocent and poor must be protected and practices fuelling land speculation must be curbed urgently.

Other countries where large squatter settlements exist are:

Egypt, Ghana, Kenya, Liberia, Mauritania, Namibia, Nigeria, South Africa, Swaziland, Bangladesh, Japan, Pakistan, Philippines, South Korea, Sri Lanka, Bulgaria, Italy, Serbia, Turkey, France, Yemen, Haiti, Jamaica, Mexico, Argentina, Puerto Rico, Argentina, Brazil, Colombia Peru, Chile, China and Peru. (Smaller settlements occur elsewhere)

As such it can be seen their presence is global. The very nature of the settlements means that corruption can quickly spread, so this is a widespread global issue.

Relevant UN treaties

- United Nations Convention against Corruption
- The Challenge of Slums (2003)

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