Urban Informality

The complexity of this urban space cannot be overstated. Informal settlements have been the most pervasive form of new urban development over the past half century. Understanding urban informality is critical to developing an understanding of the best practices for implementing effective urban planning.

In the simplest sense, informality is the absence of government regulation. Informality is often used in terms of economics, where the informal sector is not taxed or regulated by the state. The International Labor Organization now estimates that informal work accounts for 72 percent of all employment in sub-Saharan Africa. The spatial impact has been massive as these populations compete for scarce land near crowded urban cores. De Soto[1] argues that the poor engage in informal activity because “their only alternative is to live and work outside the official law” in order to cope and survive. This sector and its workers are separate and distinct from a formal governmental sector. In a city, where people may engage in both sectors on a daily basis, the formal-informal distinction becomes increasingly hard to draw. Ihrig and Moe[2] conclude that informality is positively related to tax rates and negatively related to enforcement of taxation.

Informal settlements have been the most pervasive form of new urban development over the past half century, and the gap between the rich and poor has never been wider [3]. These settlements are economic powerhouses; for example Dharvai, a slum in India, has a GDP of somewhere between 650 million and 1 billion US dollars [4]. As such, they are destinations for migrants, which is one of the primary reasons for their continued growth. Rapidly growing cities are faced with continued sprawl, increasing poverty, inequality, and crime.

Myers[5] argues that a modern city may exhibit informality to such an extent “that it’s an informal city.” Thus, the separation of informal and formal becomes impossible as the two grow inseparably. The complexity of this urban space cannot be overstated. The fundamental motivation for people to engage in informal activity is the scarcity of resources. Whether it stems from land, food, or service scarcity, activities and structures arise which allow individuals to cope or even thrive in those circumstances. However, strictly limiting informality to a survival mechanism is inaccurate. Informality comes to compliment the formal economy and form numerous forward, backward, and ancillary linkages in almost all urban elements. Dovey[6] sums up the importance of informality by stating:

“In informal controls are imposed over informal practices: informal fines, fees and bribes are paid, votes are bought, blind eyes are turned. Informal houses, shops and factories are built and inhabited by informal residents and staff. Informal land tenure and home ownership systems evolve, informal rents are paid, informal electricity and water is tapped. Informal governance operates within the framework of formal governance.”

Understanding urban informality is critical to not only understanding informal communities but also to developing an understanding of the best practices for implementing effective urban planning.


**Keywords**

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