Inclusive Cities and Access to Land, Housing, and Services in Developing Countries
Inclusive Cities and Access to Land, Housing, and Services in Developing Countries

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Produced by the World Bank’s Social, Urban, Rural & Resilience Global Practice, the Urban Development Series discusses the challenge of urbanization and what it will mean for developing countries in the decades ahead. The Series aims to explore and delve more substantively into the core issues framed by the World Bank’s 2009 Urban Strategy Systems of Cities: Harnessing Urbanization for Growth and Poverty Alleviation. Across the five domains of the Urban Strategy, the Series provides a focal point for publications that seek to foster a better understanding of (i) the core elements of the city system, (ii) pro-poor policies, (iii) city economies, (iv) urban land and housing markets, (v) sustainable urban environment, and other urban issues germane to the urban development agenda for sustainable cities and communities.

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<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ANHI</td>
<td>Agence Nationale de Lutte contre l’Habitat Insalubre (National Agency for the Fight against Unsanitary Housing)</td>
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<tr>
<td>ARRU</td>
<td>Agence de Réhabilitation et de Rénovation Urbaine (Urban Rehabilitation and Renovation Agency)</td>
</tr>
<tr>
<td>CBO</td>
<td>Community-Based Organization</td>
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<tr>
<td>CEDEST</td>
<td>Centro de Estudos das Desigualdades Socio Territoriais (Center for Social-Territorial Inequalities Studies)</td>
</tr>
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<td>CODI</td>
<td>Community Organizations Development Institute</td>
</tr>
<tr>
<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>IDB</td>
<td>Inter-American Development Bank</td>
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<td>IMV</td>
<td>Instituto Municipal de la Vivienda (Institute of Municipal Housing)</td>
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<td>ISDF</td>
<td>Informal Settlements Development Facility</td>
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<tr>
<td>KIP</td>
<td>Kampung Improvement Program</td>
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<td>MENA</td>
<td>Middle East and North Africa</td>
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<td>MIG</td>
<td>Municipal Infrastructure Grant</td>
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<td>NGO</td>
<td>Nongovernmental Organization</td>
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<td>SEWA</td>
<td>Self-Employed Women’s Association</td>
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<tr>
<td>UDCO</td>
<td>Urban Community Development Office</td>
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<tr>
<td>ZEIS</td>
<td>Zonas Especiais de Interesse Social (Special Zones of Social Interest)</td>
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Historically, urban society has always been stratified and somewhat hierarchical. Economic forces and political events have shifted people among strata and reshuffled the composition of elites. Palaces and streets lined with the mansions of notables have continued to stand in sharp contrast to the unsanitary tenements where the poor crowd. Today’s concern with the situation emanates from the convergence of several forces that have affected the city’s traditional role as the locus of upward mobility.

The growing disparities in income and wealth experienced worldwide since the mid-1980s have contributed to the erosion of social cohesion in cities and created a patchwork of disjointed urban areas linked physically by transport networks but sharing few other connections. In the past two decades, the widening gap in wealth and opportunity has fractured urban society, and the pervasiveness of corruption at all levels of governance has led to public institutions being viewed as cumbersome and exacting bureaucracies and ruling elites as insular and acquisitive (see figure 1.1).

The sheer scale of urbanized areas affects spatial and social cohesion. Rapid technological change has accelerated this process. Cultural attitudes are increasingly influenced by unfiltered information on the internet and in particular the propagation of images of modernity, wealth, and achievement. This has contributed to one of the most socially significant trends in the past three decades, namely, the rifts within the middle classes, which have traditionally acted as the flexible hinges linking the upper and lower strata within the social structure. The neighborhoods where the middle classes live, their housing conditions, and their way of life shape the perceptions and aspirations of poorer strata and hence play an important role in defining exclusion. Differences in lifestyles within the middle classes attributable to differences in incomes have been aggravated by diverging cultural attitudes mainly due to differences in levels and quality of education. Those able to acquire the skills required to function in the private business sector have found well-remunerated jobs and avenues for upward mobility for both young men and women. In the Mashreq countries of the Middle East, women now account for close to half of enrollments in universities, even in the engineering departments.

In China, although the gap between urban and rural incomes and the disparities within cities have widened, household incomes have all increased albeit at different rates. Massive migration to cities has absorbed surplus rural labor and supported rural development through remittances. This feeling of improvement in one’s condition has helped minimize social unrest except in situations of eviction, appropriation of land, and loss of employment. In Brazil and the República Bolivariana de Venezuela, programs extending public services, microcredit, and subsidized housing helped lift a significant segment of the population above the poverty line and have led to a widespread feeling of decreasing exclusion.

Figure 1.1 Inequality in Selected MENA and Latin American Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Income share held by the highest 10%</th>
<th>Income share held by the lowest 20%</th>
<th>Gini Coefficient</th>
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<tr>
<td>Egypt, Arab Rep.</td>
<td>50</td>
<td>10</td>
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<tr>
<td>Morocco</td>
<td>45</td>
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<td>Syrian Arab Republic</td>
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<tr>
<td>Chile</td>
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<tr>
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<td>20</td>
<td>10</td>
<td>0.20</td>
</tr>
<tr>
<td>Mexico</td>
<td>15</td>
<td>5</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Source: World Bank Indicators, latest available.
An expected consequence of the growing perception and reality of exclusion is political destabilization and civil unrest where modern technologies and the media played a major role. Turmoil and civil strife erupted in the larger cities in the Middle East. In Iraq, Libya, and the Syrian Arab Republic, widespread destruction of the urban fabric and the fragmentation of cities into ethnic and religious enclaves reflecting the cleavages within the society have created a challenging situation of exclusion that will have to be addressed during postwar reconstruction.

Throughout the developing world, rising levels of social consciousness and societal expectations of governments have sharpened perceptions of inequity and exclusion and fueled forceful demands for economic opportunity, social inclusion, and meaningful participation in governance.

1.1. Defining Inclusion

The concept of inclusion encompasses a multidimensional web of interconnected factors that can become mutually reinforcing. On a negative path, these factors interact to trap people in a stigmatized space of poverty and marginalization. Working in the opposite direction, they can lift people out of social exclusion.

At the city level, inclusion is easier to define than to measure. Although general agreement is found on the key factors that contribute to its economic dimension, wide variations surround the relative significance of many aspects of its social, spatial, and environmental dimensions that encompass cultural differences in practices and behavior.

The economic dimension of inclusion basically involves job availability, earning capacity, and opportunity for advancement. Underpinning factors are the state of the local economy; skills and access to education and training; availability of public transport to employment centers; and access to noncollateralized credit and microfinance. An important component of the economic dimension is migration and mobility, which allow people to move in search of better economic opportunity. Cities are magnets for rural migrants, particularly youth who find their attraction irresistible. Larger cities are also magnets for transnational migrants. Unskilled and illegal migrants need to fend off discrimination, harassment, and extortion by gangs that operate and control migration routes and by labor contractors and employers; the latter issues affect particularly temporary and seasonal workers, household domestics, and day laborers.

The social dimension of exclusion encompasses barriers that are more difficult to break down. Prejudice and discrimination embody cultural behavior patterns (ethnic, religious, and customary) that are deeply rooted and hence difficult to overcome. Behavioral distance and marginalization lead to an uncaring attitude toward certain segments of the population resulting in delay or denial of access to public services. Practices and behavior patterns considered acceptable and normal in one cultural setting can be viewed as discriminatory and marginalizing in another cultural setting. No universal norms are found, but we find fundamental principles of rights, equity, and security.

The spatial dimension is a cornerstone of social inclusion and deserves more attention than it usually receives. Spatial issues when they are considered focus on access to infrastructure, basic public services, and road improvements lumped together under the title of “upgrading the quality of the living environment.” Urban land underpins all spatial issues, and access to land is a fundamental factor to foster inclusion.

Informality is not in itself a barrier to inclusion because different categories of settlements with different irregularities are lumped under this designation. In terms of land, it originally referred only to areas where land ownership was acquired legally while subdivision and construction activities occur illegally without a permit and in violation of existing regulations. Today the term is applied to all types of unplanned settlements. Most informal settlements that fit the original definition are in locations that can be integrated more or less easily in the city’s economic and social structure. When the infrastructure and public services in such areas are adequately upgraded through public investments and community effort, the living environment improves over time. Some areas become regular middle-class neighborhoods of the city whereas others reach only lower-middle-income status because of their less desirable locations, higher densities, and dearth of amenities, because the provision of such facilities requires displacement to clear the parcels on which they can be built.

One of the most ambitious studies to address the multiple dimensions of exclusion was undertaken by the city of São Paulo with a research team led by Professor Aldaíza Sposatti of Pontifical Catholic University of São Paulo, at the CEDEST. The study analyzed the determinants of exclusion in the city’s districts at the subdistrict level. The team identified seven main thematic dimensions of exclusion for which sets of measurable indicators were defined to provide an objective assessment of the level of exclusion:

- Self-Sufficiencies (five indicators)
- Quality of Life (14 indicators)
- Equality (two indicators)
- Human Development (15 indicators)
- Lack of Conditions to Participate in Civil Society (two indicators)
- Living in a Situation of Social Limitations and Abandonment (four indicators)
- Living under Daily Subsistence Conditions (seven indicators).

The range of values obtained for each indicator were indexed on a −1/0/+1 scale to provide a measure of the level of exclusion relative to the city mean or to a recognized reference standard adopted by the city. Some economists and statisticians voiced technical reservations about the methodology of creating composite indicators by summing sets of indexed values. These reservations notwithstanding, the study team’s mapping of the different indicators at the district and zone level was impressive and effective at visually demonstrating the degree of deprivation for each indicator of exclusion within the city’s boundary. Furthermore, comparative assessments through overlays made a significant contribution to understanding the interlinkages among the different components of exclusion. The mapping highlighted the spatial dimension of urban exclusion while underscoring the importance of interpreting physical indicators included in the quality-of-life index and socioeconomic indicators included in the Human Development Index with sociocultural indicators of deprivation, marginalization, and discrimination reflecting the particularities of the place. At the city level, it is the interaction among the different factors that determines the level of inclusion in the city. A complete list of the indicators studied by CEDEST is provided in Appendix 1.

In analyzing the spatial distribution of the different indicators, it is interesting to note that the composite index of exclusion developed by the team shared but did not match the quality-of-life index. It was also clear that the two indicators that best reflected the exclusion/inclusion index were income and education, key instruments in enabling upward mobility. This study inspired other municipalities in Brazil to look into urban exclusion applying simplified versions of the São Paulo methodology. The work undertaken by Santo André, considered one of the best managed municipalities in Brazil, led to the creation in 2001 of a new Secretariat for social inclusion within the organizational structure of the municipality separate from the Secretariat for Housing and Urban Development.

Programs aiming to improve the situation of lower-income families have all sought to raise their purchasing power through food, fuel, education, and housing subsidies in the Arab Republic of Egypt, direct cash transfers in Brazil, or targeted services programs in the case of the República Bolivariana de Venezuela and have managed to deliver important results that contribute to fostering inclusion, despite their inefficiencies and leakage.

The national policies and programs and the local projects reviewed in this report highlight the ingredients of success, discuss the difficulty in organizing integrative projects, and underscore the shortcomings arising from acting on one dimension of inclusion while ignoring others.
2.1. Demographics

Latin America and the Middle East share demographic and urbanization trends: Growth rates have declined over the past two decades, but youth constitute a large share of the population with the age groups below 25 accounting for 42 percent in Brazil and 51 percent in Egypt (see figure 2.1). As a matter of fact, large cities in Middle Eastern countries have the largest youth cohorts in the world. Improvements in transport and increasing mobility in different cultures allow young people to travel from villages to cities and between cities seeking employment and access to education and amenities.

**Figure 2.1 Youth Population: Selected Latin American and MENA Countries**

![Graph showing youth population data for selected Latin American and MENA countries.](source)

*Source: World Urbanization Prospects, 2012 Revision (for the year 2010).*
2.2. Mobility and Migration

The combination of large numbers of entrants into the labor force and the lack of stable employment offering living wages is driving hundreds of thousands of 20- to 30-year-old job seekers in poorer countries to leave in search of economic opportunity. The International Organization for Migration has documented the growing numbers of young migrants worldwide driven by conditions ranging from desperation to looking for better remunerated employment. Exclusion is a prime driver of migratory movements. Unmet expectations in migrants’ home countries in terms of employment and earnings are also a major motivator, whether expectations are realistic or not.

Studies by international and multilateral development organizations focus on remittance flows seeking to channel them toward “productive” investment rather than the “consumption”-oriented uses to which the receiving families put them (see figure 2.2). Lack of focus on the migrants’ own economic and social strategies has clouded the contribution remittances make to both exclusion and inclusion. Migrants readily accept exclusion in host cities with the hope of achieving inclusion in the hometown where it reflects on the family’s social status.

The need to minimize housing expenditures in host countries has given rise to migrant enclaves characterized by overcrowded lodging, hostels, and ethnic markets as well as boarded-up businesses and buildings vacated by their previous local inhabitants. These enclaves stand in contrast to surrounding neighborhoods and are “bad addresses” that prevent those who live there from obtaining stable jobs. Those seeking upward mobility eventually leave. For migrants, the road to inclusion in the home city is primarily through investment in land. Access to secure occupancy and tenure enables immediate access to housing and the opportunity to set up a business or add rental units, as well as to incrementally build up the economic value of these assets for the next generation. The social status conferred highlights the contribution of migration to social inclusion.
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The decision to migrate is a complex one requiring weighing current conditions and future expectations in the city of residence versus potential risks and perception of prospective earnings in destination cities. A survey by the Pew Foundation of a small sample of Egyptian youth in the immediate aftermath of the January 2011 revolution showed that the momentous events did not significantly alter decisions on migration (Pew Global Attitudes Project 2011).

Nearly all large and many secondary cities of Latin America, Asia, Africa, and the Middle East are both sending and receiving migrants at the same time. They act as gateways for incoming migrants or stations on transnational migration routes where the ultimate destinations may be North America, Western Europe, or the Gulf Cooperation Council (GCC) countries. The economic crisis of 2008 and the recession in Italy and Spain are prompting potential migrants to look to more prosperous countries around them. In the Middle East, the GCC countries continue to be the prime destination despite stringent work visa requirements, spatial segregation, low-quality living conditions, and social exclusion.

Elsewhere, intraregional migration is on the increase. In Africa, South Africa is the major magnet attracting migrants from all over the Sub-Saharan region. Rapidly developing Ghana and oil-producing Angola and Nigeria are destinations for workers from surrounding countries. Cities in Argentina, Brazil, Chile, Paraguay, and Uruguay are becoming destinations for migrants from Bolivia, Colombia, Peru, and many Central American countries. Malaysia is attracting migrants in this rapidly developing region despite the growth of local economies. These population movements create situations of marginalization and exclusion. Peruvian migrants are marginalized and exploited in Ecuador. Colombians fare better in Chile (Jordan 2013).

Wars and turmoil in the MENA region (Middle East and North Africa) have resulted in massive population movements that have overwhelmed receiving cities. A significant number of refugees and internally displaced persons from the wars in Iraq are physically and economically unable to rehabit their former dwelling areas. The ongoing Syrian crisis has displaced close to 7 million persons, of which 4.3 million are internally displaced and 2 to 3 million have left the country. Jordan and Lebanon have received about 1 million Syrian refugees each, and more than 20,000 Kurds have crossed the border into Iraq’s autonomous Kurdish region. The majority of refugees are women and children, and cities in receiving areas are hard pressed to provide basic needs such as water. The situation is being dealt with as a temporary humanitarian crisis. However, the lingering effects create pockets of poverty in the cities of origin and enclaves of marginalization in the receiving cities that can last for a decade or more after the resolution of the conflicts.
3.1. Rethinking the Approach to Slum Upgrading and Regularization of Informal Settlements

Four decades of focus on infrastructure upgrading and the provision of urban services in underserviced areas and unserviced urban extensions have improved living conditions temporarily or more permanently in some areas of most major cities and some secondary towns. Nevertheless, they have had little impact on social inclusion at the city scale. In all cities, spatial segregation has increased and aggravated perceptions of social exclusion.

Bolivia, Honduras, and Nicaragua trail the region in the provision of improved sanitation with rates straddling the 50 to 60 percent mark. Drainage systems are important yet often overlooked components in upgrading projects and are not reflected in current indicators. Lack of adequate systems exposes communities living in vulnerable areas (floodplains, marshland, estuaries, shorelines, natural drainage channels) and areas on or near steep slopes to risks of recurrent flooding and landslides, which disrupt access, isolate communities, and cause fatalities, injuries, and damage to dwellings (see table 3.1).

The spatial segregation, marginalization and exclusion of underserviced communities and the social tensions they create point to the necessity of integrating inclusion as a fundamental component in the development of infrastructure plans and in particular transport due to its impact on mobility, asset building, and image of the area.

Since the 1970s, upgrading programs often combined with a project offering small serviced building lots have been the standard approach to address the deplorable unsanitary conditions under which the poor live. The World Bank alone has funded more than 150 such projects. Each round of projects has introduced changes and new components to the upgrading template and contributed to a better understanding of effects and accomplishments, particularly through evaluations of achievements and impacts.
The high price and rapid appreciation of urban land, which has far outstripped increases in incomes worldwide, and the focus of local authorities on land development potential under its most lucrative use rather than its most urgent social need is eroding the inclusionary impact of improvements in access to public services. In both Latin American and Middle Eastern cities, households unable to pay rent in an upgraded settlement are relegated to finding accommodation in dilapidated housing in older slums often slated for demolition or in periurban areas at a distance of one to two hours’ travel time by local transport means to locations where they find employment. Alternatively, they settle on land exposed to natural hazards and areas affected by manmade risks such as garbage dumps and sites affected by industrial pollution. When they have no other option they settle on land they create themselves by dumping unconsolidated garbage in bodies of water, as in Guayaquil, Cartagena, and Cotonou or by living in shacks built on stilts in bodies of water as in Dhaka and Manila.

Although the workings of land market account for the marginal locations where the poorer strata of the population live, the statistics on access to services do not reflect the reality of the conditions in these areas. The poorer inhabitants of the steep upper reaches of favelas and barrios still carry water to their houses, as do the residents in the outlying areas and upper floors of middle-class buildings in informal settlements in many cities in the Middle East because of water scarcity and low water pressure.

Low-cost sanitation options may be viewed by local authorities as acceptable solutions, but they are unworkable at the higher densities of lower-income areas in larger cities and contribute to the pollution of the environment. Soils, aquifers, and water bodies are contaminated because of overloaded, ill-maintained treatment facilities and illegal dumping of sludge in water courses by cesspit pumping truck operators. The social importance of water-borne sewerage is such that households purchase toilets well ahead of the sewerage network reaching their neighborhood. From Fez to Caracas, toilets, bathrooms, and kitchens (no matter how modest and badly installed due to lack of resources) are prioritized by limited-income families for both their functional use and social significance.

Since the mid- to late 1990s, three major programs have considered social inclusion as a strategic objective of public investment in improving the living environment in underserviced, disadvantaged, and marginalized communities, which we will discuss in the following sections.

Table 3.1 Access to Basic Services in Selected MENA and Latin American countries

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<td>84.7 86.7 77.4</td>
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Source: World Bank Indicators.
3.2. South Africa’s Municipal Infrastructure Grant Program (MIG)

South Africa’s Municipal Infrastructure Grant program (MIG) was created in 1994 to ensure that “all communities have access to at least a basic level of service.” It is one of the most ambitious infrastructure upgrading programs in the world, on par with Indonesia’s Kampung Improvement Program (KIP). KIP was started in Jakarta as a citywide health and sanitation initiative and became the model for a national program to improve the living conditions in kampungs throughout the country. MIG was conceived by the national government as a social inclusion and poverty reduction mechanism. Its mandate is to contribute to six strategic objectives aimed at overcoming the apartheid legacy. Upgrading the living environment and providing bulk infrastructure for the government’s housing projects are its primary mission. Other objectives include integrating divided urban areas, promoting social equity, enhancing economic opportunity, generating employment, and training local entrepreneurs and workers including women and youth.

The program was designed for geographic coverage and speed of delivery at President Mandela’s request. It is structured as a partnership between the three levels of government and the communities that initiate the funding requests. The municipalities prioritize the requests, and the provinces review their eligibility before submitting them to the ministry. Funds are transferred to the municipalities, which manage implementation and take over ownership of the infrastructure and public facilities and assume responsibility for maintenance.

The allocation of funds is based on three criteria: the number of indigent families in the community with incomes below a set level ($343 a month in 2012), the lack of potable water supply, and the level of unemployment. MIG grants cover basic levels of services. Provinces and municipalities can supplement them from their own budgets if higher levels are desired. Interestingly, none of the three levels of government included maintenance funding in their budgets. Since 1998 several amendments have been made to the program to include upgrading and rehabilitation of systems in settlements that could be improved, reinforce the link between public investment in infrastructure and local economic development, and enhance the retention of funds in the community. Eventually the local economic development program was merged with the MIG program.

Between 1996 and 2004, the program completed more than 3,000 projects, and its budget peaked in 2004 at R 2357 million (about $475 million). By 2013, more than 5,000 projects have been completed, and the budget for the 2013–14 financial year stood at R 14,352 million (about $1,435 million). Starting in 2005, the role of the national and provincial governments for program monitoring and evaluation was progressively limited, removing instruments to supervise grant expenditures and assess program performance. Not unlike their counterparts elsewhere, municipalities showed a lack of responsible management, including misuse of funds and corruption. The program as a whole has been badly underexpendited at a time when gross domestic product (GDP) was beginning to decline, youth unemployment was increasing, and civil unrest growing. Project implementation is seriously lagging as decisions are deferred and payments to contractors delayed.

The difficulties experienced by the municipalities were attributed to poor financial management and lack of coordination between planning processes, budget cycles, and procurement procedures. These problems were taken into account in the Local Government Turnaround Strategy adopted in 2009 and included among its five main priorities. A special agency, the Municipal Infrastructure Support Agency, was created to assist municipalities with the planning aspects.

At present, the ministry is drafting an amendment to the regulations on municipal systems and promoting interaction with the provinces and other intergovernmental entities to address the challenges faced by municipalities. Although legal and administrative measures are necessary, they are unlikely to resolve these issues by themselves. Monitoring and evaluation functions must be restored to prevent performance from reaching dismal levels. A forceful program is needed to improve local technical and managerial capacities, enhance the qualifications of the municipal staff, and address the pervasive political instability and corruption that undermine the effectiveness of local governance. Furthermore, attention must be given...
to the maintenance of infrastructure and public facilities delivered by the program. Partnership agreements between the municipality and community-based organizations (CBOs) have worked well elsewhere. Communities should be empowered to contribute to the maintenance of the improvements they requested and to hold municipal councils accountable for their responsibilities in ensuring the delivery of the services prioritized by the community to foster inclusion.

3.3. Access to Public Services: Social Missions in the República Bolivariana de Venezuela

Access to health and education are among the most prioritized public services requested by underserviced lower-income communities. In 2003 the República Bolivariana de Venezuela’s president Hugo Chávez launched social programs referred to as “missions” to improve the living conditions of poor Venezuelans in domains of health, education, food security, housing, and job training.

Today 26 social mission programs are working to increase the availability of badly needed services to vulnerable segments of the population. They provide access to health services, enable Venezuelans who did not attend or dropped out of school to complete their education; ensure availability of basic food products with special initiatives focusing on children, the elderly, and those living in poverty; issue legal identification documents; seek to restore land titles and improve human rights to the country’s indigenous and vulnerable communities; give access to credit and financial support to purchase housing; promote culture and citizenship; offer financial assistance to poor women-headed households; attend to the needs of the homeless; and provide job training.

The most widely known and internationally lauded program, Barrio Adentro has provided free health services within the barrios. The country had a free public health system before the Chávez government, but hospitals were underequipped and understaffed, and waiting times were extremely long. Furthermore, the long distance between the barrios and the hospitals made the trip to access health care difficult and unsafe, especially for women and children. The driving concept of Barrio Adentro was to build and run health centers within barrios and marginalized areas in the cities (see figure 3.2).

Figure 3.2 Barrio Adentro Clinic, Venezuela

Launched in 2003, the first phase of the program aimed to ensure medical care for the most economically disadvantaged communities. A system was put in place to guarantee a doctor for every 250 families with a focus on preventive and primary care. From 2004 to 2005, the program carried out more than 150 million consultations (four times as many as the country’s conventional outpatient services). The second phase sought to provide advanced medical treatment; the third aimed at modernizing and improving health facilities and equipment; and the fourth phase, launched in 2006, is building 16 highly specialized hospitals throughout the country.

As a result of the program, UNICEF has noted improvement in key health indicators: From 2000 to 2009, the infant mortality rate fell from 27 to 15 per 1,000 births, and the children under age five mortality rate fell from 32 to 17 per 1,000. These improvement levels exceeded those of Brazil, Colombia, and Peru. In 2008, for the first time, the country achieved universal vaccination because of Barrio Adentro.

By providing free health services to the most marginalized communities inside their own neighborhoods, Barrio Adentro has addressed an important factor of exclusion: the inability to access health care, leading to debilitation and higher levels of morbidity and mortality, which contribute to impoverishment.
4

Restoring the Social Function of Public Space

Whether conditioned by fear of insecurity or lack of social trust, a resurgence has been seen of semiprivate spaces reserved for selected user groups. Planners and social scientists deplore the proliferation of gated communities in today’s cities and note their adverse impacts on urban life. A parallel trend is the multiplication of semiprivate spaces where admission is limited by fees and special rules, exemplified by shopping malls, ethnic and religious meeting places, and recreation areas. The public space is thus being gradually stripped of its social function as a space where different social groups and income classes mix, take a walk, stroll, shop in markets, enjoy an outing in green areas or city parks, or watch local youth play in the community sports field.

In most cities in developing countries, public spaces outside elite areas are not well maintained and in many cases insecure. In informal settlements they are hostile and often controlled by gangs, particularly in outlying settlements where roadways are long and narrow with few transversal links. Inhabitants avoid spending time in these spaces beyond their function as circulation paths. Women and youth who are vulnerable to harassment and violence dread them and hasten to reach home.

In favelas and barrios, women are often forced to pay exactions merely to walk and climb the steps up the slope to their houses. They constantly face the risk of urban violence, including vandalism of their homes if they do not pay the exactions demanded. Public spaces are also hostile when they are too large and neglected. Mothers do not want their children to play in such spaces despite the small sizes of their houses, fearing for their security.

In many ways, public space shapes the image of a neighborhood (more so than buildings) and yet receives little attention compared to infrastructure and housing. Despite the landscaping shown on upgrading and housing project plans, usual cost overruns leave the space unfinished. Planners and urban designers have led the effort to restore and improve the social function of public space, especially lower-income neighborhoods.

4.1. Rio de Janeiro’s Program

Rio de Janeiro’s Favela Bairro program (2003–10) ranks among the most ambitious programs undertaken by a local government to improve living conditions in its lower-income neighborhoods. The program included infrastructure upgrading (water, sewerage, road paving, and drainage) but also focused on the improvement of public spaces, street lighting, landscaping, and green areas and the provision of community facilities and sports fields, nurseries, laundry stations, and community centers. In the second and third phases, funded by the Inter-American Development Bank (IDB), social services were added, including child care, youth training and activities, and workshop space for income-generating activities and training for women. The city added, under a separate program, computer stations and youth training, managed by community associations.
IDB’s program evaluation in 2010 showed that the Favela Bairro program had a limited impact on school attendance but a significant impact on household wealth (15 percent increase) mainly attributable to the increase in the value of land and housing. It had no impact on employment or occupation.

Independent assessments of the program’s impacts have generated much debate. There is little doubt that the Favela Bairro program did improve the living conditions in the favelas. In her review of two improved favelas, Dr. Janice Pearlman showed that despite the physical improvements, the place was still socially stigmatized. Those who mustered the means to move out opted to do so, creating a leadership vacuum. In subsequent years, drug-related gangs started to take control of some favelas, spreading urban violence in the surrounding areas. Local officials noted that the most violent areas were those where retailing of drugs took place, whereas those where wholesaling was transacted were much less violent. Rio’s effort at uprooting the drug trade from the city ahead of the 2014 World Cup generated heated controversy in view of the demolitions and displacements that are bound to increase exclusion.

The IDB sought to promote land titling as part of the improvement package in the Favela Bairro program. The difficulties involved account for the fact that formal property ownership increased by only 3 percent compared with favelas that were not included in the program. However, awareness increased of the importance of securing informal means of documentation such as sales transaction documents. This is not surprising given the scarcity of documentation of land ownership in the favelas. In São Paulo, where the São Paulo Municipal Housing Secretariat was improving the Paraisopolis settlement in 2005, it was noted that out of more than 12,000 families in the favela, only 200 had a usucapion, a usufruct title gained through prescription rights (see figure 4.1). To obtain this title requires adjudication by the courts, which entails retaining the services of a lawyer and a lengthy process of documenting rights. Despite the security of occupancy that improvement programs offer, it is clear that lack of a recognized right to land tenure affected investment in housing as opposed to home appliances as well as attitudes toward the place. Starting in 2009, new instruments and processes were created by the Minha Casa, the Minha Vida program, and Law 11977/09, which subsidizes notary and registration costs and offers home improvement loans to lower-income families who have a legal title to the land and a stable income equal to three minimum wages. As noted by Dr. Perlman, the vast majority of favela residents are unable to meet these requirements and therefore cannot access the benefits offered by the program.

Conversely, formal titling without upgrading infrastructure and improving the living environment has had minor impacts on key indicators of inclusion, income, education, and housing in Latin America. An evaluation of Peru’s land titling program, which issued more than 500,000 land titles in Lima, shows that impacts on income were small, impacts on housing improvements were marginal, and impacts on access to collateralized credit were insignificant. However, the impact of titling on property is important for asset building by the poor (United Nations Human Settlements Programme 2012).
Informal land development occurs because available land options are either unaffordable or too isolated and the public housing options accessible through government programs are inconveniently located or not in line with family asset-building strategies. Small local contractors, strongmen, and speculators are key drivers of this dynamic, usually working in collaboration with land owners, municipal officials, and council members. In Latin American cities, they organize land invasions; in South and East Asia, they settle the poor on marginal, hazardous sites and along the edges of water bodies (as in Manila); and in Africa they illegally subdivide tribal lands and settle the very poor opportunistically in vacant and unbuildable spaces.

Continued occupancy of land and incremental construction require constant interaction with local authorities. Over the years, this has created ubiquitous forms of institutionalized corruption with some regional variations reflecting the particularities of land laws, local governance systems, and the dynamics of urbanization in the area. Around the world, the pervasive corruption in local management of urbanization and its adverse impacts on cities has led to forceful popular resistance to displacement and loss of rights to ownership or use of land (see figure 5.1). Sporadically, community-wide demonstrations demand national governments to take corrective action. Land regularization programs, whether undertaken separately or as part of an area-upgrading program, require formal recognition of beneficial occupancy, usufruct, individual ownership of a lot, or common ownership of the site by the occupants.

5.1. Regularizing Tenure in Informal Settlements: Impacts on Social Inclusion

Countries in the MENA region share legal background regarding land tenure shaped by medieval jurisprudence based on sharia law, local customs and traditions, and the Ottoman land code of 1858. Traditionally, registration of the different categories of tenure rights required a notarized document attested to by witnesses and filed with the courts, which validated it with the court seal (Tapu). Being in possession of a notarized document attested to by witnesses (Hujja) is recognized by the courts and considered a first step in the titling process. All countries have created a new formal titling system but have not abolished the traditional system, which remains the most prevalent form of recording rights.

This common legacy has resulted in the similarity of land management laws among Middle Eastern countries. Although local authorities regulate land use and development, subject to the powers granted under decentralization and national enabling legislation, tenure and registration of real estate property along with transactions are regulated by national laws that define the different categories of primary and derivative rights and detail the procedures for their transfer through inheritance, sales, rental, and buy back as well as different forms of beneficial occupancy.
Jordan’s unaffordable minimum lot size has encouraged a sharp increase in joint ownership of land parcels, which has become the predominant form of tenure in informal settlements. As a compromise, the state allowed titling of shares in a parcel, a process that has long been legally recognized in Egypt and where it has fueled informal land subdivision.11 Recent efforts have been made to untangle the situations created by joint ownership of land and overlays of real estate rights that impede the rehabilitation and renovation of older districts and the conservation of historic centers.

Since 1979, Syria has enacted laws to expropriate privately held, unbuilt land: first around Damascus, and then in other cities to provide sites for social housing. The terms of the compulsory purchase were considered as quasi-confiscatory by property owners, who rushed to subdivide and sell plots on the informal market, giving rise to a belt of informal settlements around Damascus and a string of settlements to the south and west of Homs and Aleppo (UN-Habitat 2012a, 56). Laws enacted since 2006 aimed to open up urban development to private investment and abolish joint ownership, which was viewed as an impediment to planned urban expansion. The laws were resented by landlords and proved difficult to implement.

A similar process occurs in growing cities in East and West Africa. Tribal council and property owners hasten to subdivide and dispose of land by sale or right of use ahead of annexation to the city’s jurisdiction. Within the urban boundary they would be subject to the controls in master plans, zoning ordinances, and other development regulations (UN-Habitat 2010).

In the Middle East, disruptions brought about by the ongoing political events of 2011 are creating a new reality in affected countries. An outcome of the security breakdown due to the civil unrest has been the chaotic expansion of informal settlements driven by land speculators resulting in the loss of tens of thousands of hectares of agricultural land in periurban areas and along transportation corridors. Protests emanating from these outlying, poorer settlements played a major role in the current turmoil.

The destruction brought about by the ongoing war in Syria will require a significant postwar effort to digitize and update property records, as is happening in southern Lebanon today. The situation will be complicated by the high number of families who have left the country, the large number of internally displaced households, and the return of refugees in surrounding countries.

Iraq has faced a similar situation since 2003 with conflicts over land and property remaining unresolved in the absence of an appropriate legal framework to address the problem. Similarly in Libya, property rights that were already in a state of ambiguity before the civil war are threatened today by various categories of vulnerability ranging from forced eviction by private militias to unclear tenure rights.

**Figure 5.1** Protests in Rio de Janeiro, Brazil (Left), and Istanbul, Turkey (Right), June 2013
In the GCC countries, older, deteriorated, and unplanned areas house mainly low-income migrant laborers and, in the special case of Saudi Arabia, a substantial number of pilgrims who overstay their visas. Current plans call for resettlement of these populations to allow for the redevelopment of these strategically located areas. If stripped of the buildings sitting on it, this land would command among the highest values in the cities.

5.2. Impacts of Property Registration on the Inclusion of Informal Settlers

The document equivalent to a bill of sale documenting the sale transaction that gives buyers access to rural land parcels or a share of a parcel affords security of occupancy that allows settlers to build on the parcel but leaves them vulnerable to serious risks. In all countries, formal tenure rights are established only after the land is registered at the official registry.

In Lebanon and Turkey, municipalities collect the registration fees that contribute to their revenues and have kept the fees high. Where high registration fees have been reduced (like in Egypt from 12 percent to a flat fee of LE 2000 [$300]) the fee is still quite high for lower-income families. The registration process itself has not changed and remains very cumbersome. It usually requires the presentation of an official survey and description of the parcels transacted, either undertaken by or checked and approved by the survey department. The owner must be present to certify ownership and attest to the sale transaction.

The registry recognizes only the last recorded owner despite the fact that the common situations encountered include previous, unregistered transfers; multiple owners as a result of inheritance and inability to locate original owners; or one or more joint owners due to life circumstances (death, migration, etc.). The typical bureaucratic response is refusal to register. The only alternative option is to prove the validity of the transaction through the courts, which is expensive, requires retaining lawyers and experts, and is very time consuming (taking several years). It is no wonder then that land transactions in the urban extension areas remain unregistered and informal development spreads, accounting for about 60 percent of the urbanized area in Egyptian cities and 20 to 40 percent in Morocco, Turkey, and other countries. The result of unregistered tenure is unavoidable illegal conversion of land from agriculture to urban use, underserviced subdivisions, violations of existing codes to maximize the buildable area (land coverage), construction without permits, and multiple code infractions, some of which can be structurally damaging.

From the viewpoint of social inclusion, unregistered titles carry risks for land owners and occupants of premises, whether owners or tenants. Ownership can be challenged by third parties at any time. Notarized transaction documents are not recognized by the private sector including the banks. Furthermore, settlers are vulnerable at any time to threats and exactions by local strong men and corrupt local officials. Although outright eviction is usually avoided for political considerations, settlers can be harassed and charged exactions for construction, additions, and connections to utilities. This constant threat is governed by informal fee schedules specific to each city and subarea specifying payments exacted per floor area, water point, shop space, and roof use.

A colonial legacy of unclear and insecure tenure claims in the Caribbean may be the major cause of the perpetuation of shacks in the informally urbanized areas of the islands, which are considered squatter settlements.

The rate of appreciation of unregistered land is high but still lower than registered property. Inability to register real estate has a depreciating effect on the value of the main asset of limited-income families. Areas where the bulk of the properties are unregistered acquire a reputation for being areas where titles are difficult and expensive to issue, a reputation that deters private investment capable of generating a meaningful number of jobs for local youths. Informal activities rarely employ more than one person besides the owner.

An urgent need is seen to establish a streamlined, transparent, and inexpensive registration process to end the economic and social marginalization of lower-income communities and enable limited-income families to ben-
5.3. Integrated Projects to Improve the Living Environment: The Role of State Agencies

In North Africa, Morocco and Tunisia have both initiated large-scale urban improvement programs since the late 1970s and created special public agencies to implement them.

Tunisia’s Agence de Réhabilitation et de Rénovation Urbaine (ARRU) had essentially eliminated all the bidonvilles in the country before the revolution of January 2011 and considers that it has improved the living conditions of close to 1.5 million persons (see figure 5.2). Its success is mainly owed to its reliance on the National Solidarity Fund for 65 percent of its funding. Its ability to adjust its operating modalities to the decentralization of governance in the 1980s facilitated its collaboration with local authorities. In 2012, in the midst of turmoil, ARRU launched a program to improve the urban environment in deteriorated areas in 50 secondary towns.\(^1\)

Reflecting the government’s launching of the national Cities without Slums program in 2004, Al Omrane’s activities have lowered the proportion of the Moroccan population living in slums from 8.1 percent in 2004 to 3.8 percent in 2011 according to the most recent national statistics. The degree of social inclusion achieved is debatable mainly because of site location. The scale and plans of “New Towns” display separate sectors zoned for different housing typologies and income groups (see figure 5.3).

In the Middle East, a longtime tradition sustained by medieval jurisprudence and modern laws prevents the demolition of houses except for the construction of roads and public facilities where it is determined that the project is in the public interest and on condition of compensation to owners and the provision of alternative housing to all displaced families. This legal requirement is very restric-
Figure 5.3 Temsana—Al Omrane New Town, 2010

Source: Al Omrane (English translation by I2UD).

tive for financially stressed national and local authorities. It has also laid the legal foundation for regularization of informal settlements and confined resettlement to cases of older dilapidated areas, high-risk hazardous sites, and key localities needed for the implementation of cities’ major infrastructure and critical facilities such as airports, transport terminals, port areas, and associated uses. Although applicable to public hospitals, universities, and other large-footprint facilities, displacement in these cases is minimized by a degree of flexibility in site planning and later expansion in adjacent or noncontiguous sites.

In Egypt the scale and rate of growth of informal settlements financed by remittances since the 1970s has overwhelmed the capacity of city and governorate authorities to control development in periurban and outlying areas. The government response to chaotic urban expansion since 1966 has been periodic decrees legalizing the de facto situation on the ground and stipulating stringent sanctions on future violators. These pronouncements and the delineation of urban perimeters for cities, towns, and villages do not deter informal developers and settlers who only have to await the next blanket legalization regularizing their situation and delineating a new urban perimeter farther out.

In Jordan, the Housing and Urban Development Department in the Ministry of Housing created a social unit within the department. Unit staff undertook an interesting study to look at social change in the settlements that had been upgraded in the late 1970s and early 1980s. The assessment documented that the well-located settlements had been integrated in the urban fabric and new housing and multistoried buildings had replaced the former shacks, whereas those in locations that were physically difficult to access remained unchanged despite their upgraded infrastructure. In those that came to be regarded as regular city neighborhoods, the population
had lost some of the original inhabitants at both ends of the income spectrum. Twelve percent left because they felt that they could afford bigger houses in an upper-class neighborhood. Their financial condition had improved, and they wanted their residence to reflect their upward mobility. At the lower end of the spectrum, 7 percent left because they wanted to capitalize on the higher land value of their lot. Relocating to a lower-priced area was the best financial strategy for them since they had better use for the money in their strategy for self-improvement. Conversely, new middle-class residents had moved in, and the total population increased in parallel with the increase in the floor area of buildings. The freedom and ability to move underpins the dynamics of transition from segregation to inclusion.

5.4. Egypt’s Informal Settlements Development Facility (ISDF)

With Egypt losing twice as much agricultural land annually to informal urbanization than it is able to reclaim given the available water resources, the government adopted a policy of drawing urbanization into the desert through development corridors and new settlements whose impact on urban growth patterns can be felt only in the longer term. To deal with the situation in and around cities, the government established the Informal Settlements Development Facility (ISDF) in 2009. The first executive director of the facility, Dr. Ali Faramaoui, prepared a national action plan based on a survey, mapping, and categorization of slums and informal and squatter settlements in the country. According to the physical criteria adopted by UN agencies, the 1,120 informal settlements housing close to 20 million persons, of which 70 percent lived in Cairo and Alexandria, would be classified as slums while the vast majority were in fact middle-income areas. They are overcrowded because of the large household size and the tradition of extended families. Some are still lacking water-borne sewerage because the network had not yet reached them though inhabitants use alternative sanitation systems (septic tanks and cesspits). The areas are well integrated in the economic and social life of the cities where they are located, and their middle-class inhabitants cannot be considered as suffering from exclusion. These settlements were simply temporarily underserviced awaiting infrastructure works and public services to be undertaken by local authorities as part of their statutory responsibilities and in accordance with their budget allocations. Their density constitutes the only serious problem. The lack of any vacant space within them entails some households having to be relocated to create sites for schools, clinics, and small sports and green spaces, an issue that is not smoothly resolved without the mediating facilitation of a specialized nongovernmental organization (NGO) that has both legitimacy and credibility within the communities.

The classification of settlements by ISDF identified those that were dilapidated, unsanitary, or located in hazardous areas. Targeted as priority action areas, they house about 850,000 persons considered to be marginalized populations. ISDF estimates that 75,000 subsidized housing units are needed to rehouse those living under the worst conditions or in the highest risk areas. The Facility extends credit to municipalities to implement projects. It has received seed funding to launch 25 projects in a first phase but must become financially sustainable thereafter. Given the scarcity of the resources available to the Facility and cities, reliance on land-based financing is the most functional option. Using in situ land readjustment as a key instrument, well-designed reblocking will release land with good redevelopment potential, which can attract private investors and be auctioned off by local authorities to reimburse ISDF loans. The facility has financed more than 100 small projects in 22 governorates, phasing projects to reduce the size of individual work packages and gauge the capabilities of the implementing authorities, as well as limit financial risk. Its 2012–13 plan has been disrupted by civil unrest. In October 2013, the governor of the Central Bank stated in an interview that banks are ready to assume their social responsibilities and will finance infrastructure in informal areas lacking services. He noted that the Ministry of Housing and the Ministry of Local Development must agree and formally designate the areas to be improved. The areas in question are all well-located, deteriorated neighborhoods where land-based financing can be used. Using land as a guarantee of economic viability underscores the reluctance of the banks to assume the risk of extending loans to local authorities.
Ensuring repayment is a concern for the Facility. The fact that the Minister of Local Development is the chairman of the ISDF board may either facilitate or complicate this task. The presence of civil society representatives and experts on the board will help in addressing the second concern, which involves the establishment of a legal framework to resolve the complex transactions required for the use of land-based financing for projects in urbanized areas with multiple tenure and occupancy rights. Without such a framework and streamlined procedures for regularization, titling, and registration of property transactions, only the most compulsively law-abiding citizen (among those who can afford the expense) will navigate the cumbersome and lengthy process of the current systems involving ministries, agencies, courts, and governorate and city authorities.

Preliminary appraisals in 2010 put the value added of projects in the ISDF work plan at close to LE 3 billion, for a public investment of LE 1.2 billion. Admittedly, the turmoil since 2011 must have affected these figures. However, it is clear from evidence throughout developing countries that land-based financing is financially attractive in larger cities and metropolitan areas.
In the 1950s and 1960s, projects in the Middle East and in most developing countries tended to focus on slum clearance, urban redevelopment, and public housing. By the early 1970s, the urbanized areas of larger cities and, in particular, the Megacities expanded rapidly while infrastructure lagged because of technical and financial constraints. The focus of government interventions shifted to slum upgrading and the regularization of informal settlements. Decentralization and amendments to planning laws gave local authorities the power to delineate areas to be upgraded and specify the urban planning and design standards that would apply in these areas.

From the 1980s on, development activities turn to large-scale projects in the emerging metropolitan regions. New development plans and regulations focused on urban regeneration, satellite cities, and new towns. Morocco and Tunisia assembled compendiums of urban laws, codes, and regulations. Egypt’s Law 119 of 2008 integrated previous regulations governing land development and building construction but did not fundamentally amend them.

The general trend became for land development companies and contractors to acquire land and obtain development permits for large housing estates, which are mostly developed as gated communities. Sometimes permits are issued pursuant to negotiated agreements with the municipalities including clauses making the developers responsible for providing part of the infrastructure or building a new school in the area. In Jordan co-operatives acquire land, obtain permission to subdivide, distribute plots among their members, and request services from the municipalities. All such activities leave the burden of providing infrastructure and public services in part or in whole to the government.

Turkey’s urban transformation law (updated in May 2012 by Law 6306) allows municipalities to clear shanty towns and informal settlements and relocate their residents in public housing and cooperative apartment buildings. Cities have used the law to clear strategically located sites that have high redevelopment potential (e.g., the highway corridor from the city center to the airport in Ankara). The relocation sites are invariably on the outskirts of the cities, resulting in improved housing conditions but also in spatial segregation. The construction company of the Greater Istanbul Municipality undertakes urban regeneration projects that replace older neighborhoods with apartment buildings and develop tall buildings on the periurban fringe for the resettlement of their inhabitants. Municipalities then provide them with infrastructure.

Sustained demand for housing because of the high rate of household formation has created pervasive housing shortages for the urban poor and the middle classes. The severity of the shortages and the rapid appreciation of urban land have led to the emergence of land speculators capitalizing on the inertia or collusion of local authorities to take control of tracts of land. In Egypt they have tended to claim ownership of publicly owned land, sell apartments on the basis of a subdivision or design plan to middle-class families, and use the high down payment requested (40 to 50 percent of the cost) to finance construction. They bet on the
The Erosion of Inclusive Options for Affordable Housing

21

The production of affordable housing and has served as a model for many Latin American countries. Ill-advised implementation decisions created segregated socially homogenous neighborhoods. The problems arose from the sheer scale of the projects and their spatial isolation. Seeking to expand affordability by containing costs required walk-up typologies, smaller units, and large parcels at low land prices. The projects produced physically and socially homogenous suburban neighborhoods at two to three hours’ commuting distance from employment areas. In the meantime, Chile’s economic growth lifted many residents to middle- and upper-middle-class status. They left the project areas for more accessible neighborhoods with better housing and public services.

Recognizing the problem, Chile redirected its housing policies in 2010 to increase the proportion of housing subsidies available to vulnerable groups in areas closer to and within the city center (see figure 6.1). New public housing projects are developed to accommodate mixed-income groups while zoning changes allow higher densities along major transportation corridors to attract mixed-use developments.

In North Africa interesting adaptations of traditions have emerged, enabling poorer families who cannot access land or housing on their own to enter into cooperative customary contracts with others (usually close relatives) to purchase land and build a two- to three-story structure to provide apartments for each family. This arrangement is particularly popular among lower-middle-income Moroccans.

6.1. Affordable Housing and Spatial Segregation in Chile

Chile’s affordable housing program provided subsidies to lower-income families and engaged the private sector in the expectation that the government would not politically be able to demolish housing paid for by hard-working families from years of accumulated savings whose predicament would receive supportive media coverage; proposals to resettle them elsewhere are usually decried as unfair and exclusionary.19 Recently efforts have been made to relocate inhabitants and recover strategically located public land.

In North Africa interesting adaptations of traditions have emerged, enabling poorer families who cannot access land or housing on their own to enter into cooperative customary contracts with others (usually close relatives) to purchase land and build a two- to three-story structure to provide apartments for each family. This arrangement is particularly popular among lower-middle-income Moroccans.

Figure 6.1 Location and Proportion of Vulnerable Groups’ Housing Subsidies, Santiago, Chile

In parallel, the government embarked on addressing the recovery of the large stock of deteriorating unpopular small houses in the suburban areas. An assessment determined that 55,000 “critical” houses were irrecoverable. Residents were offered the option to agree among themselves for a coordinated transfer to better-quality units. For the 200,000 recoverable units, the recovery program involves the resettlement of one-third of the families to allow the redistribution of the vacant space to the remaining families. The resettlement component has generated difficulties in the implementation process (Irrarazaval 2013). Similar renovation programs in France and in other European countries have also entailed resettlement.

In 2006 Chile launched a neighborhood “recovery” program administered by the Ministry of Housing and Urbanism and implemented by state and local authorities. The program, as part of its comprehensive set of urban and housing policies, intervenes in vulnerable areas to prevent their further deterioration and social segregation. In addition to funding upgraded infrastructure and public services, the program provides for the improvement of connections to the city to overcome the isolation of barrios. Residents prioritize improvements, but the agreements reached have to be formalized by contracts with the municipality. Having managed to overcome initial resistance by residents to engage in such contracts, the program received an increase in funding and has expanded (Nieto 2010). In 2013 it was active in 168 districts and affects 324,000 residents.

One of the biggest housing programs today was initiated in 1995 by South Africa as a component of President Mandela’s Reconstruction and Development Program. Commonly referred to as the RDP housing program, this housing subsidy scheme gives households a fixed sum as a grant to build or acquire a decent house (see figure 6.2). The grant sought to cover the cost of onsite infrastructure and maximize production by capping the allowable price of land. To date, more than 2 million small free-standing houses have been built by private contractors within sterile, unimproved public space at the edge of the urbanized areas. The program has improved living conditions for millions of South Africans but has contributed little to racial integration and overcoming the legacy of apartheid—which was one of its strategic objectives.

Cape Town experimented with alternative approaches including self-developed housing allowing larger units, two- and three-story walkups apartments in areas along major transport corridors, and, most recently, land readjustment and in situ reblocking in informal settlements.

### 6.2. Looking to Rental Markets as Instruments of Inclusion

In its *Report on the State of Latin American Cities*, UN-Habitat (2012b) argued that greater attention must be given to rental housing as a strategy for low-income families and called for directing resources to rental subsidies rather than focusing on uncontrolled urbanization.

![Figure 6.2 RDP Housing, South Africa](source: 12UD)
Most Western countries have various rental assistance programs that have been in operation for a long time. Each program works best as a component of an integrated housing policy that includes assistance to promote access to homeownership and grants assisted credit for home improvement and the renovation of older, deteriorating buildings. Such an array of instruments reflects the segmented character of the social housing market.

In developing countries, where the price of urban land is high, lower-income families usually rent accommodations in informally built houses. Enormous huge demand is seen for rental housing for lower- and middle-income groups as well as young professionals in Egypt, Jordan, Syria, and Tunisia.

Unmet demand for rental housing is a challenging issue in many countries, but government interventions in the market have been counterproductive and should not be advocated despite their seemingly inclusive character. Rent regulations and tenant protection laws often lead to the collapse of the formal private rental market, which is what happened in Egypt in the mid-1950s. Rent-controlled buildings, irrespective of their standing, deteriorate as rent levels lag inflation for decades and fail to cover minimal maintenance costs. Districts housing mostly salaried clerical employees turned into slums embedded in the cities’ central areas through the decay of older middle-income districts. The most strategically located are usually slated for urban regeneration; others are candidates for reblocking or renovation through partnerships between national ministries, local authorities, and community-based associations depending on the particularities of the situation. The improvement projects almost always include the release of part of the land that can be sold at market rate to cover part of the project cost.

In MENA and Latin America, the historic centers have suffered under the dual influence of physical obsolescence and rent regulations, as is the case in Quito, Cartagena, Fez, Tunis, Damascus, Mexico City, and Cairo. Planners, historians, architects, and conservationists have been struggling without much success to achieve preservation without excessive gentrification and commercialization. In Quito, one of the most successful cases from the viewpoint of restoration and preservation of cultural heritage and improvement of the urban environment, lower-income residents and informal markets have been contained in specific locations to make way for new commercial and business enterprises and attract middle- and upper-income households back to live and work in the historic center (Rojas and Lanzafame 2011).

Exempting new construction from rent controls does little to provide rental units for limited-income families. In the formal market, upper- and middle-income families and remittance-receiving households build for themselves and their children. Apartments are kept vacant until migrant families return and children grow up. It is estimated that Cairo has more than 1 million vacant apartments and tens of thousands are found in larger cities throughout the region (World Bank (2005)—an indicator of the degree of distortion introduced by regulatory legislation in the rental market. Poor families in unserviced settlements pay more for water and other services than the public tariffs for metered consumption; they also pay surprisingly high prices to developers and strongmen for occupancy of a small lot and to house owners for renting one- or two-room dwelling units well above the levels set by rent control laws and commissions, which are ignored in informal settlements.

All countries have some form of public housing program. Most of the production is aimed at lower- and midlevel government employees who cannot afford to buy or rent on the formal market. In countries where the housing shortage is acute such as Brazil, Colombia, Egypt, and Tunisia, public housing units are in high demand and are being preempted by middle-income employees and salaried workers. Many countries allow occupants to acquire ownership of their dwellings after regularly paying rent for a specified time, usually 10 or 15 years. Projects built on the urban periphery suffer from spatial remoteness and in most countries are allocated to rehousing families displaced by public works and natural and manmade hazards. This common practice leads to spatial segregation of families whose social and livelihood networks have already been disrupted by relocation. The exclusionary aspects of these housing policies are discussed in different sections of the report.
Municipalities levy development charges referred to as exaction fees paid by developers to cover the costs incurred to provide infrastructure and public services to developments. Granting development rights and allowing for building envelopes larger in height or in bulk than stipulated in zoning ordinances have been used to prompt developers to undertake public improvements and social projects. Cross-subsidization and mixing income groups by combining market-rate serviced parcels and low-cost building lots in urban projects have been widely used.

However, the most creative financing methods rely on infrastructure and land regulations to open up the development potential of well-located sites and allocate the proceeds of charges paid by developers to improve infrastructure, housing, and the urban environment in lower-income communities elsewhere in the city. Linkage programs have been successfully used in several U.S. cities. Stretching payments over several years allows cities to charge higher fees and cushions the impact of the business cycle.

In developing countries, the possibilities created by the rapid appreciation of urban land allow for more innovative approaches. Well-structured financial schemes can channel the flow of funds through the private sector (developers, banks, contractors, and NGOs) with limited involvement by the city if it has the managerial capacity and political will to implement a community-led program in partnership with CBOs. Risk, however, must be adequately assessed with reference to inflation trends.

Inclusion embodies the concept of equity, which demands that the poor have a right to a share of the state’s assets. In Middle Eastern and Latin American cities, this share is best delivered by secure land tenure as a first step in the process of asset building by the poor. Among the lower middle classes, informal housing construction is mostly funded by remittances. Providing the poor with access to land and infrastructure requires changes in systems and attitudes within local government and a marked improvement in the ability of the state to generate revenue by capturing a share of the appreciation in urban land values created by public investment in infrastructure.

Urban land is the most rapidly appreciating commodity in Middle Eastern cities, doubling in price every two to three years since the mid-1970s. Yet the tradition of property taxation based on rental income valuation makes it almost impossible to equitably tax vacant land and curb rampant speculation that has squeezed out of the informal land market the nonremittance-receiving households among the middle classes, whose only option is to rent housing in informal settlements. The property tax could and should be an important source of public revenue whether it is collected by national or the local governments. Yet reform of the tax has met with political controversy and operational difficulties that have impeded any significant progress on the issue. Tunisia is the only country that presumably uses capital value in the assessment of property taxes. In Egypt, the tax rate was reduced in
Generating Revenues to Finance Urban Improvements: Land-Based Financing

2008 from 60 to 10 percent of rental value to encourage private investment in the housing sector, but a new real estate tax law failed to pass because of its cumbersome assessment and procedures and its ambiguous objectives. Algeria, Morocco, and Tunisia do not tax nonregistered buildings, but Egypt’s tax department collects real estate taxes in informal settlements. Further details on the issues complicating property taxation reform are given in Appendix 2 drawing in part on the experience of the Istanbul Metropolitan Municipality.

Lacking financial resources, Egypt turned to land-based financing, which worked well on the open market in the new towns to increase the private production of affordable housing. The government offered private developers land in the satellite cities with access roads and offsite connections to water and electricity at 20 percent of the cost on condition that they build housing affordable to families below the national median income. All the land offered was sold. Orascom Housing Communities is building 50,000 housing units in a first phase of an intended 150,000-unit development. Fifteen thousand units using different housing typologies had been built in 2010 (see figure 7.1). It is not only the most ambitious affordable housing project in the country but also the only one with a developer who abided by the full stipulations of the agreement. Other developers who took the heavily subsidized land built high-end housing. During the turmoil of 2011, protestors demanding reforms often referred to these abuses. Interestingly, Orascom demonstrated that the program’s financial viability and environmental sustainability required relaxing the income ceiling to allow bracketing the median to have some market rate housing and accelerate sales. Bringing in families in the 60th income percentile is an argument that can also be made on social inclusion grounds.

The difficulties encountered in modernizing the property tax are going to affect public revenues of Middle Eastern cities for some time to come. Conservative political parties and real estate interests tend to oppose proposed changes, despite the increasing deviation of current systems from the realities of urban land and housing markets. Governments therefore need to look to creative ways of financing social inclusion in cities. Latin America in particular offers interesting models.

7.1. Cuenca’s Improve Your Neighborhood Program

In 2010 Ecuador enacted a national decentralization law (Código Orgánico de Organización Territorial, Autonomía y Descentralización) devolving to the local level the responsibility for planning, provision of public services, and management of property registries and cadastres. Among the fiscal resources made available to them is the plusvalía tax, a capital gains tax on property transactions and a betterment tax computed according to property frontage and appreciation, the latter not to exceed 50 percent of its prior value. A decade earlier, the city of Cuenca initiated an innovative program to prefinance public services through payments by property owners.

Cuenca is a gateway for Andean migration and receives about 40 percent of the remittances of Ecuadorian migrants. In 2000 the city launched the “Improve your Neighborhood Program,” an infrastructure-upgrading program designed to capture remittances to finance neighborhood improvements. The program is structured as a partnership between the city, the private sector (banks, contractors, and engineers), and property owners. Projects were initiated in middle-income areas with a high percentage of owner-occupied housing.
The city negotiates requests for improvements (road paving, infrastructure, street lighting) with residents on each street. It undertakes the technical studies and allocates the cost among property owners based on lot frontage. The municipality then divides the works into small packages for which construction permits and guarantee deposits are not required to enable local engineers and contractors using local labor to respond to the tenders. Work packages are to be delivered in 60 days. The municipality supervises implementation and gets a management fee of 12 percent. Property owners pay 40 percent of their share of the cost charged up front with the remainder payable over five years. To maintain credibility and pay small contractors on time, the municipality negotiated an agreement with local banks by which they would issue the city loans at slightly below-market interest rates. The funds are then used to pay contractor invoices directly, and property owners make their payments to the bank or to the municipality. The municipality provides subsidies to poor families, retirees, and women-headed households to enable them to participate in the program (Serageldin et al. 2014).

Upgrading infrastructure and landscaping of public space raised property values above the cost incurred by property owners by a factor of two to three. This appreciation accounts for the enthusiasm generated by the program and the list of pending applications. The municipality does not incur outlays because the management fee and the additional receipts raised through the property tax not only covered its costs but also actually contributed to its revenues. Property assessments are updated every five years.

In 2005 a new mayor renamed the program “Barrio para Mejor Vivir,” expanded its geographic coverage, and included recreational areas among the improvements financed. Now in a third electoral cycle, the new mayor has renamed the program “Barrio Solidario” and has included parks and green spaces among the improvements to be financed not only to improve the neighborhood but also to increase the attractiveness of the city.

The success and popularity of the program account for its continuity under several administrations. This is attributable to the creative financing structure, which enabled the municipality to channel remittance flows to prefinance public investment in urban improvements and subsidize the inclusion of poorer families without incurring any financial obligations.
Carrying forward the work on social inclusion and exclusion, the team at the Pontifical Catholic University of São Paulo spearheaded the demand that municipalities join forces to promote inclusiveness. The Statute of the City, adopted by parliament in 2001, legally mandated local authorities to regularize and service the favelas and informal subdivisions. The municipalities’ lack of enthusiasm to implement their new responsibilities led the social movements, political activists, and intellectuals to rally their forces and develop a declaration on inclusion, the Right to the City, which was circulated in 2004.

The name captured the imagination of social activists and reform-minded professionals. It soon became ubiquitous throughout the developing world and was widely referred to in documents by international NGOs and multilateral and bilateral organizations. It has now become quasi-synonymous with socially inclusion. However, the concept of the right to the city and the elements it embodies have been modulated in each region and country to reflect those factors that are predominantly responsible for marginalization of segments of the urban population and exclusion of the poor from access to the assets and services that cities offer. Although inability to access to land, infrastructure, and public services is the prime cause of exclusion, the underlying factors vary among regions and cities.

8.1. Implementing the Right to the City in Brazil

In Brazil, a partnership grouping social movements, NGOs, and academic institutions established the National Forum for Urban Reform to press for legislation fostering social inclusion. Their efforts led parliament in 2001 to adopt the Statute of the City (Law 257). The law provides a framework supporting social inclusion as a collective right. In practice, it provided legal backing to social movements to press their demands at the state and local levels.

The 1988 constitution strengthening decentralization, the law of fiscal responsibility redirecting municipal finance toward funding education and local services, and the Statute of the City bringing municipalities together to improve living conditions in the poorer neighborhoods constitute a powerful legal framework empowering cities to act on reducing disparities and promoting social inclusion.

Lack of action by the cities prompted the National Urban Reform Movement to issue a platform declaration, “The Right to the City,” which included among its demands that cities implement the Statute of the City; adopt democratic and participatory management processes; improve housing quality and environmental sanitation for all their inhabitants; prioritize public services, particularly transport, education, and health; provide public security; respect human rights; promote employment generation; and direct resources to “popular sectors.” The declaration underscored the fact that national legislation is necessary but not sufficient to change the situation on the ground.
The “Right to City” declaration essentially embodies four principles: democratic and participatory local governance, decent living conditions for all inhabitants, prioritizing the social function of real estate property, and sanctioning of owners who ignore the social function of land. The creation of the Ministry of Cities in 2003 and the establishment of a council of cities in 2004, which for the first time in Brazil included civil society, added to expectations that the right to the city would finally be incorporated into national urban policies.

Brazil’s Statute of the City contains a clear commitment to social inclusion reinforced by the recognition given to the social function of urban land, thereby prioritizing use value over market value. The concept is institutionalized through the mandatory participation of city residents in the formulation or amendments of its master plan.

Implementing the law entails a reform of the instruments and procedures to regularize land tenure and occupancy rights that has not yet been well articulated in the judicial system. The long-established blurring of distinctions between public and private values has affected urban governance and delayed the courts’ willingness to change their conservative legal interpretations (Fernandes 2007). Despite the legislation, the entrepreneurial approach adopted by cities tends to give precedence to projects that enhance the market value rather than the social value, most probably because of its contribution to local revenue and the scope it opens up for lucrative real estate development and land speculation. Master plans have been revised to reclassify areas designated for social functions (see section 8.4) to areas for real estate development without the mandatory public participation ever occurring.

Municipalities are cooperating with developers and land speculators and ignoring claims made under the Statute of the City law. The courts have sustained local authorities’ viewpoint based on the powers granted to them by the constitution and the clauses in the laws regarding the primacy of city master plans. The ambiguity in the definition of social function in arguments referring to use value versus market price contributes to further impeding the statute’s application.

In 2011 the Supremo Tribunal Federal curtailed municipalities from levying a tax or imposing other sanctions on property owners on account of disregard of the social function of land. With pressure for development increasing in preparation for the 2014 World Cup and in anticipation of the 2016 Olympic Games, in 2011 the living conditions in the larger cities’ poorer areas were deteriorating. These observations seem contradictory on the surface with statistics stating that 20 million Brazilians were lifted above the poverty line through the three programs anchoring President Lula’s social policy, namely, cash transfer to the poor (Bolsa Família), providing aid to small farmers, and pension reform. The Bolsa Familia consolidated the targeted cash grants initiated by the Cardoso administration, of which the most important program was the school grant (Bolsa Escola) offering poor families ($8–10 a month in 2000) per child attending school and supplemented impoverished families with a food grant ($17 a month in 2003). The consolidated cash transfer reached about 116 families a month in 2009 (Ansell 2011, 23). In 2012 it was estimated that inequality as measured by the Gini coefficient had fallen from 0.518 in 2009 to 0.501 in 2011.

The Bolsa Familia allowed the emergence of a lower middle class with household incomes ranging from $600 to $1000. This income level enabled them to buy home appliances by paying in installments but did not give them the financial capacity to access land and housing in middle-class neighborhoods. According to one estimate, the lower middle class constitutes more than 60 percent of the 12 million people living in Brazil’s favelas. The issue raised repeatedly by Hermina Maricato regarding the increasing marginalization of poorer populations underscores the multidimensional character of social exclusion. If improvement is confined to particular areas or population segments, disparities across the city remain wide and can even increase.
8.2. National Legislation and Local Implementation: Colombia’s Policies of Decentralizing the Improvement of Lower Income Settlements

City regulatory documents stipulated in Colombia’s Law 38/77 carry legal strength. The law instrumentalizes the 12-year master plan (Plan de Ordenamiento Territorial) through a capital improvement program, which the city is obligated to abide by for nine years. In addition to a development tax, the law authorizes the levying of betterment taxes (contribución de valorización), the taxation of appreciation in land value (plusvalías), and the freezing of land prices upon announcement of a public project on a specified site. Beyond Bogota and Medellín, use of these instruments to promote social inclusion in urban planning and management has lagged. Decisions by a city to initiate projects not on the master plan can be challenged (Alvarado and Gouarne 1994).

The promotion of social inclusion is a core policy concern underlying the Housing and Environmental Improvement Program. Leveraged funding is offered through several funds for regularization, upgrading, serviced sites, and core housing with cofinancing provided by departments and municipalities. Families receiving housing subsidies have had to provide at least 5 percent of the cost. The program paved the way for the current generation of programs providing subsidies to poor communities to upgrade infrastructure and improve the living environment.28

Colombia’s case highlights the fact that national legislation enabling cities to foster social inclusion allow dynamic local leadership to launch great initiatives but is not sufficient to prompt recalcitrant municipalities to act. Bogota adopted a city constitution that commits it to work on building an inclusive city characterized by dignity and equity. To overcome segregation it has focused on planning, design, and transport to increase connectedness among different parts of the city, improve security, and enhance the attractiveness and use of public spaces.29 For example, in 2000 Bogota opened the 12-line bus rapid transit system, the “TransMilenio.” As of 2013 Transmilenio served 1.9 million people, accounting for 30 percent of public transportation in the city.30 The system is operated through a public-private partnership and financed by ticket revenues. It has been credited with easing congestion and air pollution and reducing collisions, injuries, and deaths on the roads served by the system by 94, 81, and 88 percent, respectively.31

Medellín, recovering from widespread violence and civil strife, managed to institute a poverty reduction program “Medellín Solidaria,” which granted poor residents cash transfers and improved food security and access to health services, including a special health care program for early childhood. It targeted poorer neighborhoods, defined as those with lower levels of Human Development and Quality of Life Indices, for investments in infrastructure, transport, health, and education. It also experimented with in situ rehousing for areas where housing was precarious and vulnerable to natural risks.32

In contrast, Cartagena has not used the powers and tools made available by the national legislation despite its becoming an international vacation destination or precisely on that account (see figure 8.1). Behind the coastal high-end and tourism development, dense, lower-income settlements are found, of which the largest is the one that stretches along the edge of the Cienaga de la Virgen lagoon (Mortarini et al. 2013). The settlement is now extending on the lagoon by dumping infill of rubble and trash to create land on which to build. Despite recurrent flooding and pollution, the area remains attractive to low-income families because of its proximity to employment and urban amenities. Beyond constructing a section of peripheral road to prevent further encroachment on the lagoon and proposing a rapid bus transit system south of the settlement and a water link to the airport, little has been done to alleviate the marginalization of the residents since a World Bank–funded project regularized the eastern section (1979–86) (Mortarini et al. 2013).

In April 2012, Colombia’s president announced the launching of a new policy through which the government would provide 100 percent of the value of a low-cost house to “the poorest” families, including those affected by natural disasters and those who reside in high-risk areas who represent the bulk of the marginalized population in
Figure 8.1 Spatial Segregation by Income, Cartagena, Colombia
Income of Neighborhoods, Ranging from Income Level 1 (Lowest) to Income Level 6 (Highest)


8.3. An Emerging Urban Agenda in the Middle East

Urban specialists and development experts believe that the 2011 turmoil that erupted throughout the countries of the Middle East is having a significant impact on the formulation of a new development agenda going beyond the reform of governance.

The shape of the new systems that are emerging is still not well defined. However, the systems will have to respond to overwhelming popular demand for security, employ-
ment, housing, and services as well as the demands of the intellectuals and youth who spearheaded the protests for freedom, equity, and a voice in governance. Much overlap is found between these demands, hence the rallying of the middle classes to voice their support for change through massive demonstrations in the larger cities and the focus on their own demands calling for restoring security; control of the rising prices of food, energy, and housing; raising the low level of salaries and wages; and providing jobs for themselves and their children. These demands are essentially urban in character and reflect the challenges of daily life in the cities. With the exception of Libya and the Republic of Yemen, they are framing the reform agenda in countries that have experienced turmoil and are reverberating throughout the region.

In discussing the key features of this agenda and relating them to policies fostering inclusive cities, Dr. Ali Fara-maoui, the former director of Egypt’s Informal Settlement Development Facility, identified three major criteria for each of two key dimensions of inclusion:

- The spatial, environmental dimension, including access to land, infrastructure, public services, and avoidance of all categories of site hazards.
- The socioeconomic dimension, including youth employment, childhood nutrition, and access to health services by vulnerable groups (infants, women, and the elderly).

Translating this agenda into a rights-based approach would yield three basic rights that ensure inclusion:

- The right to life, which implies food security, a traditional responsibility of the state since antiquity in the region, which finds similar expression in Brazil’s Zero Hunger program.
- The right to decent shelter, which has been an increasingly forceful demand since the late 1950s and

- The right to the city, which entails access to land, infrastructure, and public services.

Underpinning the three rights are different forms of subsidies that must somehow be funded by the state.

Hence, the prioritization of areas where reblocking and land readjustment should occur enables municipalities to use land-based financing. Having the Ministry of Local Development designate them legally as action areas within delineated boundaries allows the municipalities to alter the treatment of each site in accordance with the specific problems. Recife’s ZEIS is an interesting model that the municipalities should consider.

8.4. Recife, Brazil (ZEIS)

In Brazil the city of Recife looked to partner with communities in fostering social inclusion by strengthening the capacities of CBOs. Forty-five percent of households in underserviced communities (earning less than minimum salary) and close to half of families having no legal right to land occupy Recife’s delineated Special Zones of Social Interest (Zonas Especiais de Interesse Social [ZEIS]) (Fernandes 2011). In these zones, antigentrification land development and dimensional regulations ensure that regularization does not result in displacement of the poor through the workings of the private real estate market. Residents in a ZEIS organized into CBOs approve the land planning and management regulations that will apply in the zone (Fernandes 2011). The strategy aims to allow poor families to reap the benefits of land value appreciation due to servicing and titling and to build up their assets (Serageldin et al. 2003). Some specialists worry about the impact of spatial segregation and the potential social exclusion it can create.
9 NGO’s and CBO’s as Strategic Partners in Driving the Implementation of Inclusionary Programs

9.1. Grassroots Initiatives: A Rights-Based Approach

In developing countries, CBOs have limited managerial and financial capacity and are unable to scale up activities beyond the neighborhood level without the support of local authorities and national programs. Technical and financial assistance by donors and international NGOs is often needed to help CBOs undertake a pilot project. International NGOs, foundations, and UN agencies have recognized initiatives worldwide that focus on poverty reduction and improvement of the living conditions of poor families. The UN Habitat Best Practices Award Database and the Building and Social Housing Foundation’s annual World Habitat Awards databases offer a selection of innovative housing initiatives to improve the living conditions of poor and marginalized communities. The three examples of practices from Latin America and the Middle East briefly presented below reflect the diversity of initiatives that adopt a rights-based approach to housing.

Egypt’s Better Life Local Housing Movement Program, initiated in 1997, has sought to improve housing, basic services, security of tenure, and offer construction training opportunities to local communities in the Minia governorate. Opting to bring a rights-based approach to this social mission, Better Life raises awareness of household’s legal rights to housing and land tenure. To date, Better Life has improved housing for 1,000 families and provided potable water and latrines to more than 5,900 families in the periurban areas.35

Argentina’s Institute of Municipal Housing (Instituto Municipal de la Vivienda [IMV]) considers housing a social right and works to improve the housing situation of lower-income families who live in shantytowns in the city of Rafaela. It aims to develop an approach to assist families who do not meet the eligibility criteria for access to government housing programs. In 2006 it started a pilot project involving 103 families living in dire conditions. Through the use of workshops and surveys, IMV led the group to define their housing needs and build their houses and helped them adapt to their new living environments.36

Brazil’s Association of Tenements in Central Areas was able obtain a 6,000-square-meter plot of land in the Santos city center, classifying it as a ZEIS with approved city funding. It began the construction of an initial 113 housing units while securing funds for additional units. In all 181 families have benefited from the project, and the group is convinced that promoting the right to adequate housing reinforces the right to the city for all.37

These three organizations and similar NGOs, advocating grassroots, local strategies, have been successful in empowering and mobilizing communities to improve their livelihoods and their living conditions. Some of these initiatives are replicable, but securing the financial and human resources needed to scale them up to the level of citywide programs faces several challenges.
Local governments are generally not inclined to become a partner in rights-based initiatives because they open up demands that go beyond a commitment to a specific project. Banks refuse to provide loans to lower-income inhabitants and CBOs, forcing NGOs to take out loans in their own names to implement the projects.

In the Middle East where local governments are wary of NGOs because of political considerations, larger cities have tried to build an internal capacity for social outreach within their organizational structure. Given the experience of informal settlers with municipal permitting and inspectional departments, their lack of trust of local authorities renders this approach difficult to successfully operationalize.

9.2. SEWA

It is precisely this point that drove the Ahmedabad Municipal Corporation in India to seek collaboration with the Self-Employed Women’s Association (SEWA) in implementing the Parivartan slum-upgrading program (see figure 9.1). SEWA and its Mahila Trust housing a microfinance arm are based in Ahmedabad and were already active in the slums where the poorest populations of the city lived, mostly employed in low-skilled, badly remunerated occupations. The Mahila Trust staff was the best positioned to organize the slum communities, create women-headed community associations, and guide the dialogue and negotiations with local authorities. Residents were given security of occupancy of the land for 10 years, which could be extended for additional periods. The municipality selected the slums to be upgraded, which did not include any of the slums fronting on the river. The city’s master plan designated the waterfront to be redeveloped for hotels and other high-end commercial uses.

SEWA offered residents microcredit to pay for their share of the infrastructure (the cost of household utility connections). Residents ended up paying directly for the infrastructure and drawing on the microcredit for tearing down shacks and rebuilding houses following the mandatory setbacks required to allow for the right of way of utility lines and paving of paths within the slums. Five years after the program’s initiation, SEWA carried out an evaluation of its impacts. Improved potable water supply and sewerage had an immediate effect on health and income. A marked decline in water-borne diseases resulted in longer working hours, more workdays, and an enhanced feeling of dignity, particularly for women. Improved school attendance carries the hope of a chance to access lower middle-class status among the younger generation (Serageldin 2001).

9.3. CODI, Thailand

Thailand’s Urban Community Development Office (UDCO) was a leader in working in partnership with communities and instituted community-led approaches to local development. It was established in 1992 as a...
Inclusive Cities and Access to Land, Housing, and Services in Developing Countries

Thailand’s City without Slums program. Cities prepare three-year action plans, and slum communities are at the core of every step of the process, including the selection of project components and standards and the prioritization of activities (see figure 9.2). 40

SEWA’s and CODI’s approach of bringing to the programs it implements its mode of operation, which focuses on fostering social inclusion processes driven by CBOs to enable the poor to participate in shaping the projects intended to support them, builds the communities’ strength as well as their relationship with local authorities. As long as CBOs are truly representative and inclusive to prevent their co-option by one group or partner, this approach remains one of the best models to deliver to the poor their rights to food, shelter, and the city.

Civil unrest in the Middle East is prompting governments to address demands for enhanced security, employment opportunities, higher minimum wages, reasonably priced basic staples, affordable housing, and better-quality services. Ability to respond to these demands varies, with larger cities and metropolitan areas getting the most attention. New governments in the region will make constitutional and legal changes. The degree to which they will promote decentralization is unclear, but civil unrest will not subside until they adopt measures to foster participation and inclusiveness.

Figure 9.2 CODI Projects, Thailand

Table 9.1 Selected Indicators for Parivartan, India, before and after Upgrading

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death rate</td>
<td>6.9 per 1000</td>
<td>3.7 per 1000</td>
</tr>
<tr>
<td>Illness</td>
<td>24.4% population suffering from illness incidence</td>
<td>16.5% population suffering from illness incidence</td>
</tr>
<tr>
<td>Males with occupation</td>
<td>71%</td>
<td>80%</td>
</tr>
<tr>
<td>Females with occupation</td>
<td>28.6%</td>
<td>36.1%</td>
</tr>
<tr>
<td>Productive hours</td>
<td>7 hours</td>
<td>8 hours</td>
</tr>
</tbody>
</table>

Paralleling the increasing disparities in income and wealth worldwide since the 1980s, cities in developing countries have witnessed the emergence of a growing divergence of lifestyles, particularly within the middle classes, reinforced by the widening gap between the quality of public and private educational and health care institutions, spatial segregation, gated communities, and exclusive semiprivate amenities. This erosion of social cohesion and citizenship in urban society has sharpened the growing perception and reality of exclusion. Rising levels of social consciousness and social expectations have led to growing activism among NGOs and civil society.

Demography has become a key factor shaping the perception of exclusion. Youthful populations, particularly in the Middle East and Africa, have ushered in an eagerness to abandon views shaped by cultural traditions in favor of newer distinctions shaped by the lifestyles that wealth and achievement afford and by technologically defined concepts of modernity. Migration enables the most desperate and the most entrepreneurial to accumulate savings to invest in achieving their improvement objectives. The associated remittance-driven real estate dynamics in sending countries has led to rapid increases in land values.

The availability of the internet in the primary and secondary cities of the Middle East and Latin America has helped the coalescence of groups who share similar attitudes toward exclusion. In some countries, differences in viewpoints among groups account for the difficulty of reaching a consensus on an urban agenda and on urban policies promoting inclusiveness. Brazil’s landmark Statute of the City stands out as a rights-based legal mandate adopted by parliament. The term “right to the city” has captured the imagination of planners, social activists, and NGOs worldwide, spearheaded by Latin American social movements and the Porto Alegre World Social Forum.

In contrast to food security for which social definitions can draw on the precision of medical research and documentation, definitions of social inclusion have been mired in attempts to capture its complexities and different manifestations. The desire to ensure comprehensiveness has blurred the focus needed to give a rights-based approach the legal strength it needs to withstand challenges where clarity and precision are of the essence. This weakness is exemplified by Brazil’s experience, where the courts have consistently sustained the primacy of city regulatory instruments over inclusion-based initiatives and demands and claims made under the Statute of the City, particularly in reference to the social function of land.

Municipalities, with a few noteworthy exceptions, have shown remarkably little inclination to focus on social inclusion despite increasingly visible disparities and civil unrest. Decentralization and varying degrees of fiscal autonomy have not significantly changed their outlook. Their major concerns remain economic competitiveness attracting private investment and promoting real estate development.
National laws mandating governments to assume responsibilities for their poorer residents in Brazil and Colombia have been met with mixed results. More generally, action is confined to the level needed to prevent social unrest and enhance electoral strategies. Overriding economic and political objectives trump social considerations.

All countries continue to fund social housing programs for political reasons even as they seek more functional alternatives to deliver affordable housing. The experience of Middle Eastern housing agencies in Egypt, Morocco, and Syria exemplify the problems that have plagued social housing programs since the late 1970s when the price of urban land started escalating rapidly in the Middle East and in the rapidly growing Sub-Saharan African cities where today land values are doubling every three to four years, such as Accra, Nairobi, Dar es Salaam, Dakar, and Arusha. Government approaches to affordability include cost containment through lower land prices, whether capped as in South Africa’s RDP housing program computed as a residual after infrastructure and construction, or necessary to secure large tracts. Low land values imply peripheral locations and spatial segregation leading to social homogenization and marginalization. Chile’s efforts to resolve the consequences of ill-conceived social housing programs are noteworthy.

The Chilean government has completely redirected programs to avoid marginalization. The new orientation is toward manageable scale, infill projects, and housing subsidies close to the city center. It is complemented by a major recovery program for the large outlying housing stock. Morocco, which is experiencing a scarcity of state-owned land in its cities, has expanded the scope and scale of its social housing program to include both lower- and middle-income groups and should carefully consider Chile’s experience.

For their part, serious private developers and senior officials have argued that the economic viability of affordable housing should rely on culturally adapted mixed-income and mixed-use projects with an appropriate density to cover the cost of infrastructure and public services, maintain affordability, and sustain a feasible cash flow. The structure of the ZEIS model in Recife, with approval of plans and regulations by CBOs, may be useful in marrying the interests of the private sector with the needs of civil society and a policy of inclusion.

Despite calls for increasing attention to rental accommodation as an option to reach poorer strata, the rental market in most countries has been too distorted by ill-advised government interventions to fulfill this demand. It is the informal settlements that provide a rental market accessible to the poor, but it is an unregulated market that is not devoid of selectivity, excessive charges, and harassment.

National statistics on access to infrastructure and services are misleading in that they cloud acute disparities in quality and distribution. Conversely, assessment of deficiencies should be linked to the dynamics of urbanization. Larger cities in labor-sending countries and provinces have experienced remittance-driven urbanization that has overwhelmed their ability to extend services at a commensurate rate. Devising ways of linking formal and informal providers of services enables improved servicing of areas not yet reached by the city’s systems. Cotonou’s water delivery and solid waste collection initiatives facilitated by the Municipal Partnership Program is a notable example.

The proliferation of informal settlements is characterized by a mix of middle- and lower-income residents and a built environment with an accumulation of code violations. In general, informality is far less exclusionary in the Middle East than it is in Latin America because informal settlers expect to be served and regularized and the municipalities do not deny them that right, relegating issues of regularizing tenure to the inhabitants.

Environmental differences between informal settlements, older slums, and opportunistically located bidonvilles within and on the periphery of the cities are reflected in the socioeconomic characteristics of settlers and the degree of exclusion felt by residents. Significant divergence is found between the appearance and reality of exclusion among areas lumped under the all-encompassing category of informal settlements. Egypt’s ISDF survey, mapping, and classification of the irregular settlements in the country have demonstrated the concentration of the problem in the larger cities and sharp differences in the quality of housing in accessible, easily serviceable areas compared
NGOs seek to function as key partners of local government in creating inclusive cities through their ability to support community-based service providers. In general, municipalities have welcomed this partnership only when it brings sources of funding capital investments in infrastructure and public facilities but have rarely enthusiastically embraced the “right to the city” concept that NGOs advocate. This divergence of interest affects dependence on intergovernmental transfers and politicization of decision making. It has hampered the establishment of partnerships and impeded their smooth functioning. SEWA’s ability to organize a representative CBO in the slums selected for upgrading empowers communities and strengthens their relationships with the local authorities. CODI’s achievements reflect its capacity to manage a national community-led development program bringing together CBOs and municipalities.

In Middle Eastern countries, the current political situation makes it difficult to enact new legislative regulations, leading national and local governments to continue to let the informal sector drive urbanization patterns. Security concerns, brought about by the turmoil, will hopefully be a temporary issue. In the meantime they have reinforced exclusion as people of all income levels and within every residential street seek to protect themselves from potential disorder and violence. Irrespective of its outcome in individual countries, the turmoil in the Middle East since 2011 has shaken the old orders throughout the region. It has opened up a window of opportunity for the implementation of badly needed reforms in governance that will reverberate throughout the operational sectors. This is already happening in countries that have experienced revolution. Demonstrations have grouped people from various social classes, mobilized by different grievances but united in their call for jobs, equitable wages, affordable housing, enhanced security, extirpation of corruption, accountability in governance, and meaningful participation in the political process. Even partial realization of this agenda would go a long way toward fostering inclusiveness in the cities.
References


Appendix 1: Indicators of Urban Exclusion and Inclusion in São Paulo, Brazil

**São Paulo Indicators**

*Indicators of self-sufficiency* (five indicators):
- Head of household below poverty line
- Unemployed head of household
- Head of household at poverty level
- Concentration of indigent adults
- Concentration of children at risk

*Indicators of quality of life* (14 indicators):
- Minimal water service
- Minimal sewerage
- Minimal garbage service
- Residential density
- Lavatories in the household
- Concentration of precarious dwellings: slums, tenements, makeshift structures
- Housing availability
- Vertical growth
- Duration of dislocation from original location
- Access to basic health care
- Access to public or private day care
- Access to private or public preschool
- Access to private or public early education

*Indicators of equality* (two indicators)
- Concentration of women heading households
- Concentration of illiterate women heads of households

*Indicators of human development* (15 indicators)
- Illiterate heads of households
- Near-literate heads of household
- Heads of household with 1-3 years of school
- Heads of household with 4-7 years of school
- Heads of household with 8-14 years of school
- Heads of household with more than 15 years of education
- Rate of early literacy (age 5 years)
- Rate of late literacy (age 10 to 14 years)
- Life expectancy
- Infant mortality
- Youth mortality
- Theft
- Robbery
- Vehicle theft
- Murder rate

**São Paulo: Indicators of Social Exclusion**

*Living in a situation of social limitation or abandonment* (four indicators):
- Lack of contact with families
- Lack of conditions for self-sufficiency
- Homelessness
- Abandoned children

*Living at the threshold of everyday survival* (seven indicators):
- Worst conditions of city’s infrastructure
- Earning less than a minimum wage
- Underemployment
- Concentration of low family income
- Lack of access to consumer markets
- Lack of basic services: garbage, sewage, water, electricity
- Extreme neighborhood pollution

*Absence of conditions for active civil society* (four indicators):
- No access to communications
- Vastly different communication styles
- Absence of unionization for workers
- Censored daily press

*Inability to represent needs, interests, and ideas*:
- Concentration of media access among private interests
- Absence of channels of communication for the interests and needs of impoverished communities
- Absence of public visibility of situations of exclusion
- Absence of political representation
- Use of force to block political action

**Lack of personal security:**
- No personal safety
- No public safety: gangs and crime
- Police brutality: torture, inhumane prisons, and arbitrary detentions

**Lack of legal security:**
- Lack of impartiality in courts, corruption in judicial system
- Selective application of laws

**Lack of cultural participation:**
- No access to leisure spaces: parks, sporting arenas, theaters
- No opportunities for creative education

**Widespread discrimination:**
- Excluded from many services and schools
- Disparity in treatment of men and women

**Lack of official support for special needs:**
- No programs to address the needs of the socially excluded
- No programs to assist migrants or homeless populations

Source: Spozati, Aldaiza. 1996. Polis Institute
Middle Eastern countries are among the most centralized fiscally and administratively in the world. Turkey stands out as the only country that has enacted some measures to start fiscal decentralization in an effort to bring its system of local governance closer to the EU charter of local self-administration. The law of municipalities (Law 5779/2004) increased the share of public revenue allocated to local governments, which draw on four sources of revenue: central transfers based on two weighted criteria, population (80 percent) and a development index (20 percent); state block grants and targeted transfers; own revenues, of which the property tax accounts for the bulk; and off-budget financing and borrowing, which depend on the credit worthiness of the municipality.

A major impediment in Egypt, Jordan and Turkey, among other countries, is the cumbersome bureaucratic regulations issued by Ministries of Finance to assess taxes by major categories of land use and levels of local governments. Such unwieldy procedures are inherently inefficient because of the inordinate amount of resources needed for their administration. Amman, Jordan, has introduced different rates according to neighborhood characteristics. The rent equitable value of vacant land is estimated at 2 percent of capital value and taxed at 2 percent of capital value, a rate often quoted as an indicator of adequate taxation while the effective rate is 0.04 percent. In such a rapidly growing city, it is not surprising then that the property transaction fees produce revenues five times larger than the property tax.

In Lebanon, the property tax is referred to as the rental value fee and is collected by municipalities. The rental income derived from leased premises is included in the income tax and is referred to as the property tax.

In Egypt, informal housing is taxed. In Lebanon and Morocco, unpermitted construction is not taxed. Despite Lebanon’s Court of Audit decision affirming the right to tax owners and occupants of illegally built structures, it is unclear whether it is being implemented.

In Turkey, individual assessments are based on weighted rates assigned to three variables: use, quality of structures, and type of construction. The combined index is then applied to a nationally computed average unit cost of construction and multiplied by the footprint of the building. At the city scale, the resultant category specific indices are applied to the areas of the various categories of buildings in the city. In Greater Istanbul, this process implies 800 possible permutations. In practice, the cities use an inflation-adjusted average unit price per street to update assessment. The tax rate is 0.1 percent for residential properties, 0.2 percent for nonresidential structures, and 0.3 percent for land.

To reflect the high value of land in the metropolitan municipalities, the tax is multiplied by 100. However, the contribution of 50 percent of the tax to the budget of these larger cities was so small that in 2005 the amount was left to the municipalities within the metropolitan jurisdiction.

Although tenure categories do not conflict with present-day urban development patterns and the workings of real estate markets, the registration procedures and the issuance of titles present major impediments to the management of urban growth and to social inclusion. Registration is a lengthy, cumbersome, and costly process that has resulted in the majority of the properties remaining unregistered and the cadastres mired in varying degrees of obsolescence. It should be noted that in countries where sharia jurisprudence has been integrated into modern law, women have the right to own land and to inherit, although their total share in the inheritance is half that of the! men’s.
In Egypt, land titling requires several years and the services of lawyers to complete the procedures. Despite the steep reduction in registration fees from a high 12 percent of the property value to a flat rate equivalent to about $300, only those that can afford the expense undertake the tedious task of registering their properties. The bulk of urban land is unregistered with rights held and transferred through transaction documents drawn between the parties. Successive transfers of unregistered deeds and inheritance laws mandating the subdivision of real estate among heirs have created unclear situations that cause conflicts among competing claimants and endless litigation, overloading the courts and complicating urban land management.

Furthermore, the national registry in Egypt uses a personal recording system that makes title searches difficult and is of little use in urban planning. Egypt has started on creating a geospatial cadastre—an undertaking requiring a long and difficult sequence of tasks. Work on some tasks has been disrupted by turmoil in the larger cities since 2011, and the situation in the periurban areas has changed as a new wave of informal urbanization has taken place.

Algeria, Morocco, and Tunisia were more affected by colonial land management systems than Mashreq countries with the possible exception of Jordan. The three countries have been promoting the adoption of the formal titling system but have not abolished the parallel traditional court registration process (adoul), which they anticipate will shrink over time.

Throughout the Middle East, religious endowments (waqf) managed by special ministries or departments typically have primary ownership rights in 20 to 40 percent of the properties in historic centers in whole or in part. They also own agricultural land, and this may become an issue in periurban areas as cities expand. Because they control an array of associated public facilities (schools, clinics, orphanages, and hospitals) alongside religious buildings, the waqf authorities and their Christian counterparts—the millet councils—play a role in promoting inclusiveness in the cities.
Appendix 3: Statistical Appendix

Figure A3.1 Population Pyramids 2010

Brazil

Egypt

**Table A3.1 Urban Population and Average Annual Rate of Change by City, Selected Countries, 2005–2020 (thousands)**

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Figure A3.2 Rates of Natural Increase, Selected MENA and Latin American Countries, 1995–2010 (per 1,000 population)


Figure A3.3 Access to Electricity, Selected Latin American Countries

Source: World Bank data.
Appendix 4: Resources

**General**


UN Habitat Best Practices Database


World Urban Awards Database

**Data**

**City Populations**


**Population Ages, Rates of Natural Increase**


**Inequality, Infrastructure Access**


**Argentina**


**Brazil**


Appendix 4: Resources


Recife, ZEIS

Chile


Colombia
Colombia Housing Policy

Colombia Social Inclusion


Egypt


ISDF

Interview with Dr. Ali El-Faramawy, former Director of Egypt’s Informal Settlement Development Facility. Unpublished.

Ecuador


India


Morocco

Al Omrane: http://www.alomrane.ma/.

South Africa


Thailand


“CODI: 10 Years Highlights.” http://www.codi.or.th/housing/TenYearsCODI.html.


Tunisia

ARRU: http://www.arru.nat.tn/.

Venezuela


1. The Center for Social-Territorial Inequalities Studies or CEDEST (Centro de Estudos das Desigualdades Socio Territoriais), supported by the State of São Paulo, is an interinstitutional initiative of the Pontifical Catholic University of São Paulo, the Polis Institute, and the National Institute for Spatial Research.


3. A young man who was born and grew up in one of these areas (Aubervilliers, France) expressed his frustrations with the evolution of the district into a migrant reception area in an interview: “All the improvements the city is making are a façade. They do not change the reality of the place. People think that only thieves and immigrants live here. Those who stay can never get decent employment—only temporary jobs that lead nowhere. To improve your family’s condition, you have to move out, go to other cities where housing is cheaper, schools are better, and you can get a good job because of your skills.”

4. World Bank Indicators.

5. World Bank Indicators.

6. *Kampung* is the Indonesian word for village. As defined by the World Bank in the context of KIP, *kampungs* are densely populated urban settlements lacking infrastructure services and occupied predominantly by low-income residents (Kessides 1997).

7. Metropolitan councils were included under the program for a few years but are now funded directly by the national treasury.


10. This section is based on interviews with brokers in Egypt, Morocco, Syria, and Tunisia between 2005 and 2010 and information from colleagues in Jordan and Lebanon, as well as discussions with residents in informal settlements visited.

11. As quoted in the *State of Arab Cities 2012 (UN-Habitat 2012a)*, “Jordan’s zoning regulations during the British Mandate set a minimum parcel size of 250m², which was too large to be affordable for most households. This resulted in development of 250m² parcels co-owned by several people (*musharak*)” (Ababsa 2010). In the World Bank–funded sites and services upgrading program (1976–82), a special variance was obtained to allow 150-square-meter building plots in the new sites.


14. Unpublished 2009 study presented by Dr. Faramawy to the Higher Council for Planning and Urban Development, which was approved by the council and the government.

15. Unpublished 2010 work plan for ISDF presented by Dr. Faramawy to the Higher Council for Planning and Urban Development, which was approved by the Council and the government.

16. Based on urban planning standards detailed in the national laws on subdivisions and the building code.

17. Review of compendiums of laws in urban development and housing in Arab countries.

18. Interviews with municipal officials in Istanbul conducted in April 2013 by Dr. Ceren Ozgen and documentation carried out by the Institute for International Urban Development.

19. Interviews with brokers and information from colleagues in Egypt and discussion with residents in informal settlements visited.
20 “This is a traditional form of tenure is called zina in Morocco. It is also common in informal settlements in Egypt, mostly among family members. See Serageldin (1990).


22 Based on interviews with brokers in Egypt, Morocco, Syria, and Tunisia between 2005 and 2010 and information from colleagues in Jordan and Lebanon, as well as discussions with residents in informal settlements visited.

23 Colombia’s Law 388 stipulated the levying of a plusvalias tax. It is a betterment tax levied on the increase in land value of properties whose value has risen due to public action (Article 73). The law also stipulated that local or district councils can receive 30 to 50 percent of the tax. For further discussion of this topic, see Smolka (2013).

24 Law 10.257.


34 Interview with Dr. Ali El-Faramawy.


41 In South Africa, the allowable value of raw land has increased over the years. The latest figures issued by South Africa’s Department of Human Settlements under the revised National Norms and Standards that took effect on April 1, 2014, give for the Individual Housing Subsidy Programme the following caps:

- House cost: R 110,947
- Services cost: R 43,626
- Raw land cost: R 6,000
- Total subsidy: R 160,573
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