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Slum upgrading, involuntary resettlement, land and housing

Lessons learned from the experience in Lagos and other
mega-cities

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Abbreviations and Acronyms

ANAT	ANAT
BDs	Bidding Documents
BERs	Bid Evaluation Reports
C & V	Crime and Violence
C of O	Certificate of Occupancy
CEPAC	Certificates of Additional Construction Potential
CGC	Community Grievance Committee
CIS	inter-Ministerial Committee
CIUP	Community Infrastructure Upgrading Program
CMC	Citizens Mediation Centre
CUPs	Community Upgrading Plans
DCD	Development Control Department
DLAs	Dar es Salaam Local Authorities
DPD	Development Partnership Department
DPOs	Development Policy Operations
DPs	Displaced Persons
E & S	environmental and social
EMP	Environmental Management Plan
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plans
FCDA	Federal Capital Development Authority
FMLHUD	Federal Ministry of Lands, Housing and Urban Development
FNHIS	National Housing Fund
FSI	Floor Space Index
GDP	Gross Domestic Product
GHS	Generalized Household Survey
GNP	Gross National Product
GRM	Grievance Redress Mechanism
HABISP	Sistema de Informações para Habitação Social na Cidade de São Paulo, Information System for Social Housing in the City of São Paulo
ICR	Implementation Completion and Results Report
IEG	Independent Evaluation Group
Lagos HOMS	Lagos State Home Ownership Mortgage Scheme
LAMATA	Lagos Metropolitan Area Transport Authority
LASEPA	Lagos State Environmental Protection Agency
LASPARK	Lagos State Parks and Gardens Agency
LASURA	Lagos State Urban Renewal Authority
LAWMA	Lagos Waste Management Authority
LCDA	Local Council Development Area
LGAs	Local Government Areas

LGSP	Local Government Support Programme
LMDGP	Lagos Metropolitan Development and Governance Project
LUA	Land Use Act
LUAC	Land Use and Allocation Committee
LUC	Land Use Charge
LUTP	Lagos Urban Transport Project
MDAs	Ministries, Departments and Agencies
MISN	Macro-proyectos de Interés Social Nacional, National Macro-Projects of Social Interest Program
MMRDA	Mumbai Metropolitan Region Development Authority
MOE	Ministry of Environment
MU	Moderately Unsatisfactory
MUTP	Mumbai Urban Transport Project
MVCT	Ministry of Housing, Cities and Territory
OP	Operational Policy
PAC	Programa de Aceleração do Crescimento, Growth Acceleration Program
PAPs	Project Affected Persons
PCR	Property Code Rate
PCU	Project Coordinating Unit
PFMU	Project Financial Management Unit
PLANHAB	National Housing Plan
PMIB	Programa de Mejoramiento Integral de Barrios, Integral Neighborhood Upgrading Program
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government
PPP	Public-Private Partnership
PSC	Project Steering Committee
PSIA	Poverty and Social Impact Analysis
PSU	Project Support Unit
PUI	Integrated Urban Project
RAP	Resettlement Action Plan
ROW	Right of Way
RPF	Resettlement Policy Framework
SERAC	Social and Economic Rights Action Center
SMP	Social Management Plan
SNHIS	National Housing System
TA	Technical Assistance
TC	Technical Committee
TDR	Transfer of Development Rights
UDP	Urban Development Project
VUUP	Vietnam Urban Upgrading Project

Executive Summary

As the largest country in Sub Saharan Africa with a projected population of 183.5 million in 2015, Nigeria is urbanizing at an average annual growth rate of 3.75 percent since 2010. If this trend continues, the share of Nigerians living in urban areas is expected to rise to 55 percent of the total population by 2020. While cities can play a key role in promoting inclusive growth by facilitating productivity as well as efficient service delivery for all citizens, the reality is that Nigerian cities are hindered by, and paying a high cost of, poorly managed urban agglomerations, with distorted land and housing markets contributing significantly to such negative outcomes. Critical shortfalls in the Land Use Act of 1978 – the main regulatory framework governing land tenure issues – include notably the limited recognition given to informal and squatter settlements. In addition, the vesting of approving authority over land matters in the hands of Governors creates bottlenecks in processing a large volume of land-related transactions. These issues, which are further compounded by outdated land information systems, inefficient titling and high transaction costs, have all contributed to exacerbating the distortions affecting urban land markets. All these factors have created uncertainties in urban land markets and consequently have unnecessarily raised the costs of formal development and compounded the housing deficit situation in the process.

The result of dysfunctional urban land markets is that tens of millions of Nigerian urban residents are excluded from access to formal affordable housing and have as a result no other option but living in slums and squatter/informal settlements. In fact, formal housing supply (about 100,000 units per year) falls far short of demand (nearly one million units per year) in Nigeria with the deficit estimated to range between 20 million and 30 million in 2014. Affordability has been an issue as the formal housing market does not serve low-income households and public housing projects over the last 30 years –averaging 1,000 units per year - have barely made a dent. Not surprisingly, some 60-80 percent of urban Nigerians are estimated to live in slums and informal/squatter settlements where they suffer from limited access to services, unhealthy living environments and exclusion from economic opportunities that urban areas offer.

Within this context, the Bank-financed Lagos Metropolitan Development and Governance Project (LMDGP) was an attempt to improve living conditions for slum dwellers in Lagos by enhancing their access to infrastructure and services. The project was implemented by Lagos State Government in the period between February 2007 and September 2013 and had a number of infrastructure sub-projects geared towards achieving this objective. The project triggered the Bank's safeguards policies, including the Bank's Operational Policy, OP 4.12 on Involuntary Resettlement, which provides for compensation for lost assets and restoration of incomes and living standards for people who have no recognizable legal right or claim to the land they occupy. Social safeguards compliance became a major challenge, especially in the Badia area of Lagos, which underwent two cases of land clearance and involuntary resettlement in 2012 and 2013 respectively. Although the latter, referred to as the Badia East case, was not part of the Bank-financed project nor was it implemented by the project entity (even if community development activities financed by the project benefited the Badia East community), a broad provision in the LMDGP financing agreement, which extended the application of the project's resettlement instrument (prepared in accordance with the Bank's Operational Policy on Involuntary Resettlement) to all city-wide upgrading activities regardless of their financing source, meant that the Badia East case was considered to fall under the remit of the project's financing agreement and therefore needed to apply Bank safeguards policies. This led to the submission of a request for inspection by affected communities to the Inspection Panel.

This report aims to extract lessons on slum upgrading and involuntary resettlement policies and practices learned from the process of addressing the Badia East case, which involved complex interactions between affected people, NGOs, the Bank and Lagos State Government. In doing so, this report will discuss the LMDGP as a complex and rich case study from which to extract lessons on involuntary resettlement, land, housing and slum upgrading, as well as overall urban development issues, although it is by no means meant to be an evaluation of the LMDGP project itself nor of process that followed the submission of a request for inspection to the Inspection Panel. Rather, it intends to provide an in-depth analysis of, and make recommendations on urban land and housing issues and the modalities of urban sector engagement in mega-cities like Lagos with

inefficient land markets. The report was based on an extensive desk-review of relevant documents on urban issues in Nigeria and Lagos and on the LMDGP; interviews conducted in Lagos and Abuja during the period of January 18-31, 2015 with a range of stakeholders; and a series of case-studies on relevant international experiences in the areas of slum upgrading, involuntary resettlement, land and housing.

The report examined the challenges associated with implementing retrospectively a resettlement action plan (RAP), which eventually compensated 2,296 displaced households in Badia East. This generated invaluable insights into the complex ways in which four key interlinked factors influence the process and outcomes of a project involving a potential/actual case of involuntary resettlement: (i) the policy and legal framework governing compulsory land acquisition and involuntary resettlement, (ii) political economy considerations, (iii) existing institutional arrangements, and (iv) implementation capacity. The relevant legal and policy framework in Nigeria, notably the Land Use Act of 1978, diverges from the Bank's social safeguards policy in that it does not recognize squatters and informal settlers' tenure, which means that they would not be entitled to compensation or assistance in the case of involuntary resettlement. There also proved to be little uniformity across agencies in Lagos State Government as far as involuntary resettlement practices are concerned.

Given this, the full extent of the risks associated with involuntary resettlement as a result of the LMDGP's slum upgrading and other activities may not have been fully apparent at the beginning of the project, particularly in view of the complex political economic dynamics. On the Borrower side, political changes, although unforeseen, led to the weakening of the position of the State agency mandated to carry out slum upgrading and urban renewal, which affected the ability of the Government to carry out involuntary resettlement in a more inclusive way. On the Bank side, internal processes and procedures could have been strengthened in this particular case, which may have contributed to addressing issues such as the ex-ante preparation of the RAPs and the use of remedies to deal with the first Badia demolition as specified in the financing agreement. In addition, it is unclear whether the provisions of the Resettlement Policy Framework (RPF) and the implications entailed in the financing agreement regarding the application of the RPF on city-wide slum upgrading interventions were sufficiently explained to and/or well understood by the Borrower.

The resettlement experience of the LMDGP points to three key lessons regarding the need for:

- (i) An integrated approach to slum upgrading and involuntary resettlement (especially avoiding that involuntary resettlement becomes an afterthought or an add on to the project);
- (ii) Better understanding of the complexity between the legal/policy framework, the institutional arrangement, the political economy and implementation capacity; and
- (iii) To the extent feasible, an upfront dialogue and treatment of involuntary resettlement issues, including negotiations about its avoidance, eligibility and compensation of project affected persons, resettlement and livelihoods restoration options, etc. The sooner such cases are addressed, even if at a modest scale, the earlier issues related to the legal and institutional framework, the political economy and/or implementation capacity will emerge, and thus can be addressed effectively.

It is clear that, through the LMDGP, the Lagos State Government is committed to improve living conditions for slum dwellers but such improvement programs are focused on services and infrastructure improvements and do not necessarily translate into secure land and property rights due to slum dwellers' 'illegal' tenure status. The different views that emerged on the entitlements of slum dwellers between the Government and the Bank's positions arguably calls for an upfront dialogue on involuntary resettlement in the context of project implementation and more importantly for a more integrated approach encompassing a proactive land and housing policy that can address the root causes of slum formation. Within an inadequate and inefficient regulatory and institutional environment, which requires a long-term engagement for improvement, the importance of identifying political as well as operational champions is critical for yielding tangible results that can trigger a positive cycle of strengthening institutions and enhancing capacities.

Building on these lessons, the report recommends three main areas for improvement and potential urban sector engagement in Nigeria, which are supported and illustrated by relevant international experiences.

- (i) Reforming land regulations and administration/management systems and procedures, based on coherent policies;
- (ii) Packaging involuntary resettlement as an integral part of slum upgrading, housing and land issues, and broader urban sector engagement; and
- (iii) Promoting comprehensive and integrated urban planning approaches.

Diverse international experience underlines the importance of strengthening the regulatory framework for integrated urban development encompassing land management, housing provision and service delivery, as well as land tenure regularization for squatters/informal settlers, which further contributes to address the challenges faced by slums including involuntary resettlement more fundamentally. In this regard, reforming key legislations such as the Land Use Act as well as modernizing land administration systems with effective information management and incentives to register land and property and maintain the records up-to-date are priorities for enhancing the efficiency of land institutions in Nigeria. In particular, reviewing the way land tenure is addressed in innovative approaches to tenure regularization (as illustrated by many successful cases) is essential for realizing the true value of unregistered land, promoting formal development and increasing sense of security as well as investment in properties. While tenure regularization can strengthen the existing slum upgrading initiatives, a more inclusive approach is needed to protect slum dwellers in case of involuntary resettlement. The LMDGP experience provided a rich learning experience, which can translate into systematic institutional capacity building. A strategic plan for regional and territorial development, coupled with a comprehensive and integrated master plan for urban areas, will jointly create the necessary enabling environment for urban sector engagement. A building block for these is consolidation of regional and city-wide databases, followed by better coordination between local, state and federal governments across jurisdictions, as well as within-city cross-sector collaboration. While such cross-sector, cross-jurisdiction collaboration for urban planning and implementation is not obvious, the rewards from such an integrated and coherent planning process are undoubtedly worth the effort.

Part I. Overview

1. Objective of the study

This study aims to extract lessons learned from the Lagos Metropolitan Development and Governance Project (LMDGP) in a systematic manner with a focus on slum upgrading and involuntary resettlement policies and practices, provide in-depth analysis of the modalities of urban housing and land sector engagements in a mega-city like Lagos with inefficient land markets, and make recommendations towards the structure and manner of engagement in such settings.

1.1 Background: LMDGP and its involuntary resettlement experiences

The Bank provided financial and technical assistance to the Lagos State Government for implementing the LMDGP. The objective of the project was to increase sustainable access to basic urban services through investments in critical infrastructure.¹ The project became effective in February 2007 with the total amount of US\$ 200 million signed for IDA financing (which became US\$ 213.19 by the exchange rate as of March 27, 2014). The actual disbursement at project closing was US\$ 139.12 million, with US\$ 43 million cancelled as per the Government request and US\$ 31.07 million undisbursed (World Bank, 2014a: 7).

Originally, the LMDGP consisted of three components: (i) Infrastructure; (ii) Public Governance and Capacity Building; and (iii) Urban Policy and Project Coordination (see Annex I for further details). The project was restructured in July 2011 to revise the scope of activities under project components. Notably, the Drainage sub-component was downscaled and the Waste Management sub-component was dropped as related activities were taken up by the Lagos State Government with its own financing. Consequently, the Upgrading sub-component became the main focus of the LMDGP, with an increase of credit from US\$ 40.2 to US\$ 138.43 through the reallocation of funds. The project closed on September 30, 2013 as scheduled.

The LMDGP encountered a number of challenges related to social safeguards compliance. In particular, the Badia area of Lagos became a focal point of concern as it underwent two cases of demolition of houses and involuntary resettlement, one in 2012 and the other in 2013, although the latter demolition was neither on the project site nor by the project entity. The process following the demolition in 2013 involved complex interactions between affected people and community representatives, NGOs, the Bank (task team and management) and the Lagos State Government. The Inspection Panel, which applied a Pilot Approach to Support Early Solutions for Request for Inspection (or the Pilot) after receiving a Request for Inspection from affected people in the Badia East community, reiterated the recommendation in the Implementation Completion and Results Report (ICR) that “a stand-alone study should be conducted, primarily to inform and contribute to improving the Bank’s operation in complex urban environments and engagement with sensitive issues such as involuntary resettlement” (Inspection Panel, 2014: 11).

1.2 Scope and outline of the study

Scope. Against this backdrop, the main purpose of the study is to extract lessons learned from the LMDGP with a particular focus on its slum upgrading and involuntary resettlement experiences. The project as a whole was already evaluated through the ICR and the Independent Evaluation Group (IEG) review. Therefore, while this study will discuss the LMDGP as a complex and rich urban development case study, it is not an evaluation of the project itself. It rather intends to draw concrete lessons from the project as a basis to provide solid recommendations for future engagement in mega cities like Lagos over issues such as slum upgrading, involuntary resettlement, land and housing.

Outline. In achieving this objective, involuntary resettlement is at the core of the analysis and is approached from a broader perspective taking into account of its relation to slum upgrading (a potential source of involuntary resettlement itself in the process of implementing infrastructure improvements and public

¹ Financing Agreement (Lagos Metropolitan Development and Governance Project) between Federal Republic of Nigeria and International Development Association, Dated July 31, 2006, page 5.

works), and land and housing issues (dysfunctional land and housing markets are key contributors to slum formation). First, the report outlines the Nigerian urban context by summarizing urbanization trends and persisting challenges in the areas of land management and housing supply, which have led to informal land and housing development practices (Section 2). In Part II, an in-depth analysis is provided for the LMDGP's involuntary resettlement experience, by examining the processes and outcomes (Section 3) and drawing lessons within the broader project context (Section 4). The report concludes in Part III, by making recommendations supported by relevant international case-studies.

Methodology. The study was based on (i) an extensive desk-review of relevant documents (legislation, policy documents, reports, academic papers, administrative records, etc.) on Nigeria and Lagos urban issues in general and the LMDGP in particular. (ii) Fieldwork was also conducted in Lagos and Abuja during the period of January 18-31, 2015, where stakeholders (key policy makers, project staff within the Government and the Bank, academics, actors from the private sector, civil society members and slum dwellers) were interviewed individually or through focus group discussions.

Key audience. The study is intended to enable a process of institutional learning within the Bank on slum upgrading and involuntary resettlement in relation to broader urban land and housing issues. The study will also be used as inputs to create a platform for engagement with the newly elected Government in Lagos on urban land and housing issues as well as slum upgrading. Lagos as the primate city stands out in the Nigerian urban landscape and thus some of the findings/discussions may be specific to Lagos; but the study will bring out messages that can be applicable to Nigeria as a whole.

2. Nigerian context of slums and involuntary resettlement

Nigeria is the largest country in Sub Saharan Africa with a projected population of 183.5 million in 2015 and a population growth rate of 2.8 percent between 2010 and 2015.² Its economy is also the largest in Africa and the 26th largest in the world, as confirmed by the recent revision in Nigeria's gross domestic product (GDP), with which the annual output stands at US\$509 billion in 2013 (World Bank, Forthcoming (b)). However, a decade of rapid expansion with an average growth rate of 6-7 percent or more³ has not always been accompanied by significant improvements in living standards. Data from the 2009/2010 Harmonized Nigeria Living Standard Survey suggested that poverty had not changed much in recent years, remaining at over 46 percent in 2010 compared to 48 percent in 2002/2003, with both numbers estimated using the adult equivalent approach (ibid). In fact, longstanding divides in access to basic services and opportunities have deepened across and within regions.

The Nigeria Urbanization Review, under preparation by the World Bank, notes that Nigeria's dynamism propelled by economic growth is at a critical juncture where assertive policy reform and actions are required to consolidate past gains and build toward a stable future. Among the opportunities noted in the Urbanization Review, cities⁴ hold the key to future inclusive growth, since if well managed, they can be a source of economic growth and also a powerful tool for reducing poverty and inequality. However, there are multiple challenges preventing Nigerian cities from realizing their potential and it is some of these challenges that this section highlights, in particular, the proliferation of slums as a result of dysfunctions in land management and the housing market.

² United Nations Department of Economic and Social Affairs, World Population Prospects: The 2012 Revision (<http://esa.un.org/wpp/>)

³ The World Bank, World DataBank, World development Indicators. <http://databank.worldbank.org/data/views/variableSelection/selectvariables.aspx?source=world-development-indicators>

⁴ Following the Nigeria Urbanization Review (Forthcoming (b)), this report uses the term 'city' and 'urban area' interchangeably "to describe an urbanized spatial area around a population cluster. They do not represent any political jurisdiction, as governance of urban areas is divided in Nigeria between local government areas (LGAs), which are almost always smaller than urbanized areas and have authority over rural land use, and states, which are spatially larger than cities, and have legal authority over urban land, zoning, governance, and many services."

2.1 Urbanization trends⁵ and urban challenges

The share of Nigeria's population living in urban areas is estimated to be 49.6 percent in 2014. Nigeria's urban population has been growing very rapidly in recent years, with an annual urban population growth rate of 3.75 percent between 2010 and 2015.⁶ In fact, in the 20 years between 1990 and 2010, Nigeria's cities absorbed an additional 43 million people and if the trend continues, the urban population is expected to rise to 55 percent of the total population by 2020 and to 71 percent of the total population by 2050, reaching 278 million.⁷ Urban population increase has traditionally been propelled by rural to urban migration but in recent years is increasingly explained by the natural population growth in urban areas. In the period between 2005 and 2010, about 40 percent of the urban population increase in Nigeria is attributed to rural-urban migration (Mutter et al., 2014). The impact of rural-urban migration is amplified by the higher fertility rate of rural families (6.2 children per woman) compared to urban families (4.7 children per woman). First generation in-migrants tend to reproduce large families but subsequent generations quickly reduce the fertility rate to urban levels. In addition to population growth, Nigeria is also densely populated comparatively in the region as well as globally; and likewise, cities such as Lagos, Kano and Port Harcourt are considerably denser than other urban areas of similar population size such as London, Nairobi and Dar es Salaam (World Bank, Forthcoming (b)).

With the concentration of people and resources, urban areas are natural hubs of economic density, which can facilitate the productivity and competitiveness of firms through the exchange of knowledge and ideas, while a compact spatial distribution of people can lead to efficiencies in public services delivery (ibid). However, Nigerian cities are not transforming population growth into value-added economic activities, in part because they are paying the cost of poorly planned urban agglomerations with distorted land and housing markets, rather than reaping potential economic gains. Without effectively managing the negative externalities of agglomerations arising from rapid population growth through proactive land use planning and investments in city infrastructure and services, Nigeria is urbanizing in the way that **gaps within cities are growing deeper and informality is on the rise** (ibid). According to estimates from the Generalized Household Survey (GHS), inequality measured by the Gini coefficient has increased from 0.33 to 0.34 between 2010 and 2012, with urban inequality only slightly lower than the national average at 0.32.⁸ Such inequality is most visually striking in large cities such as Lagos, one of the three megacities in Africa together with Cairo and Kinshasa.⁹

"[In] Lagos, [...] gaps in living conditions between informal settlements and formal developments are stark—perhaps at its most extreme between Makoko and Eko Atlantic. The former is a floating slum that houses more than 250,000 people with no access to basic services; the latter is a planned real estate development for the same number of people carved out of the Atlantic Ocean, designed with independent power, sewage, and solid waste management, as well as helipads and yacht docks. Prime units there are expected to be sold at US\$ \$2,500 per square meter in 2015 (Bloomberg, 2013)." (World Bank, Forthcoming (b))

⁵ It is important to note that urban-rural definitions in Nigeria have not been updated since 1991 (World Bank, 2014). Therefore, any estimates of urbanization such as the growth of urban areas and urban poverty rates are likely to be a lower bound of the trends in Nigeria.

⁶ UN Department of Economic and Social Affairs, World Urbanization Prospects: The 2014 Revision [highlights] <http://esa.un.org/unpd/wup/Highlights/WUP2014-Highlights.pdf>

⁷ UN Department of Economic and Social Affairs, World Urbanization Prospects, the 2011 Revision, online database. http://esa.un.org/unup/Maps/maps_urban_2025.htm

⁸ World Bank. 2014. "Nigeria Economic Report. Nigeria Economic Report; no. 2." Washington, DC: World Bank Group. <http://documents.worldbank.org/curated/en/2014/07/19883231/nigeria-economic-report-no-2>

⁹ Megacities are defined by UN-HABITAT as high-density metropolises of more than 10 million inhabitants. Although the estimated number of population in Lagos for 2015 varies greatly from 13.1 million by the World Urbanization Prospects (the 2011 Revision) of UN Department of Economic and Social Affairs (http://esa.un.org/unup/Maps/maps_urban_2025.htm), to 12.4 million by Nigeria 2006 Census, and to 23.1 million by Lagos State 2006 Census, Lagos certainly qualifies to be a megacity.

Being home to over 50 million people in poverty,¹⁰ Nigerian cities are faced with a dire need to connect the urban poor, whose informal living and working environments have excluded them from sharing prosperity, with the broader urban economy. This requires understanding and addressing dynamics of informality – where it arises from and how pervasive it is – as well as the challenges associated with it in order to enable managing urbanization in a more inclusive manner. This report focuses on the distortions and deficiencies in the formal land and housing markets and its consequences in terms of the deficit of access to land and adequate affordable housing, which in turn is the immediate cause for the proliferation of slums. Such failures have resulted from three deep-rooted constraints that prevent the formation of efficient and inclusive markets for affordable and serviced land and housing, as identified in the Nigeria Urbanization Review: (i) tenure insecurity; (ii) inefficient land management; and (iii) fragmented metropolitan planning.

2.2 Housing deficit

Housing supply falls far short of housing demand in Nigeria, with the result that the housing deficit in 2012 was estimated at around 17 million units and was anticipated to increase to around 20 million by 2014 in light of the annual population growth rate of 2.5 percent.¹¹ These figures are likely to have been underestimated, as they were calculated based on the occupancy rate of 6 persons per unit, which is well above the average household size for the country as a whole (4.6 persons per household) and specifically for urban areas (4.2 persons per household). Using the actual average occupancy rate extrapolated from the average household size, the deficit could be as high as 30 million housing units.

The supply of housing has been and still is largely insufficient to address the huge housing deficit. Although the Minister of Finance assesses the current formal housing production capacity in Nigeria at around 100,000 units per year, this falls far short of the housing needs of the one million new households estimated to be formed every year (Mutter et al., 2014).¹² Public housing provision has had little impact with low implementation rates. For instance, the Federal Housing Authority (established in 1973) delivered merely 41,000 housing units over its 41-year history, barely 0.1 percent of housing needs (ibid). As Table 1 shows, federal housing programs were riddled with a low completion rate against ambitious targets, partly due to weak coordination with states (World Bank, Forthcoming (b)). The lack of reliable data is a substantial challenge in itself for understanding the magnitude of housing issues and planning accordingly.

Table 1 Federal Government's planned and produced housing units 1975-2013

Period	Intended number of housing units	Number of units produced	Percentage completed
1975 - 1980	60,000 (or 200,000)*	28,500	47.5 (14.2)
1981 - 1985	200,000	47,234	23.6
1986 - 1993	N/A	N/A	N/A
1994 - 1995	121,000	1,136	0.9
1996 - 2009	N/A	N/A	N/A
2010 - 2013	N/A	18,908 ¹³	N/A

Sources: Nigeria Urbanization Review (Forthcoming (b)); and Agbola (2015)

**Target revised from 60,000 units to 200,000 units in 1976*

Clearly, housing provision by the public sector cannot be expected to address the country's housing needs. What is needed is for the Government to adopt an enabler role and develop incentives for the private sector housing development. Private sector participation through public-private partnerships (PPPs) can be a more effective way, although sometimes with mixed records. Agreements between States and private housing

¹⁰ World Bank. 2014. "Nigeria Economic Report. Nigeria Economic Report; no. 2." Washington, DC: World Bank Group. <http://documents.worldbank.org/curated/en/2014/07/19883231/nigeria-economic-report-no-2>.

¹¹ Federal Republic of Nigeria. National Housing Policy, 2012

¹² This is based on the UN-projected population growth of 4.5 million during 2010-2015 and the assumption that the average household size of 4.6 persons would be maintained over the period.

¹³ Housing supply during this period include the units produced by the Ministry of Lands, Housing and Urban Development, Federal Housing Authority, Federal Mortgage Bank of Nigeria, and Public-Private Partnership (PPP).

developers have led to provision of affordable housing at varying scales, ranging from a 45-unit program in Oyo State to a 5,000-unit program in Kogi State (World Bank, Forthcoming (b)). Federal policy is promoting developer-financed projects and out of the total 18,908 homes completed with federal subsidy during 2010-2013 (Table 1), 3,284 units (17.4%) were indeed financed by developers.¹⁴ Furthermore, the Federal Ministry of Lands, Housing and Development estimates the capacity for developer-financed homes through the same PPP program to be 17,939 units in 2013 (ibid). However, this should be put in the larger context of the estimated 17 million (or more)-unit housing deficit, which essentially requires actions to tackle some of the fundamental bottlenecks that prevent a functioning market.

While data on housing supply targeted at different income groups is insufficient in general, the table below summarizes the number of housing units under construction by Lagos State Government by housing type. An Economic Unit is for households with daily per capita consumption level under US\$2 but often above the poverty line. A Medium Unit is for households with daily per capita consumption level between US\$2 and US\$20, while an Upper/High Income Unit is for those whose daily per capita consumption level is beyond US\$20.

Table 2 Type and number of housing units under construction by the Lagos State Government by income groups 2008-2011

Housing types	2008	2009	2010	2011	Total
Economic Unit	2,770	256	938	170	4,134
Medium Unit	582	376	120	88	1,166
Upper/High Income	202	164	170	170	706
Total	3,554	796	1,228	428	6,006

Source: Agbola B. (2015)

The table shows that housing supply by Lagos State Government has been primarily targeted at the low-income population as the volume of Economic Units comprises almost 69 percent of the total housing units delivered or under construction. However, a production of a little over 4,000 economic housing units over a four-year period (an average production rate at par with the Federal Housing Authority) is clearly irrelevant in terms of addressing housing demand and needs. Moreover, even with low-income housing schemes, affordability is still an issue for the majority of the urban poor. More recently, densification of residential developments has gained popularity with Lagos State Government, and has been used as a tool for urban regeneration. Generally, these projects take the form of *urban infill* whereby unused and/or underutilized land within the city are redeveloped by the government in partnership with the owner(s) as well as in collaboration with the private sector to regenerate the urban fabric and optimize the value of these properties. Two distinct variants of this approach are discernible around the city of Lagos.

The first approach is a direct urban redevelopment strategy fashioned after São Paulo, Brazil and other Latin America cities' experience. Lagos State Urban Renewal Authority (LASURA) – the State Government agency responsible for reducing and preventing slums through the implementation of urban renewal policies and programs - has been piloting projects aimed at densification of residential developments in recent years (see box below). While showcasing the potential of alternative land use, these redevelopment schemes are not explicitly targeted by income group, although some of the current beneficiaries are low-income families. In addition, slum dwellers are typically excluded from these projects, since legal proof of land ownership/tenure by means of a Certificate of Occupancy is needed for redevelopment to take place through a partnership between the Government and landowners.

Isale Gangan Redevelopment Project

The Isale Gangan Redevelopment Project is LASURA's pilot urban regeneration project located in the city center. 13 families came to seek LASURA's assistance in redeveloping their area, which required them to agree on the redevelopment and combine their land and property interests into a common pool. This led to

¹⁴ The rest was financed by the Federal Ministry of Lands, Housing and Development, the Federal Housing Authority and the Federal Mortgage Bank of Nigeria.

some degree of complex engagements through a Memorandum of Understanding (MOU) at two levels – that is, between the government and the landowners as well as among the individuals and/or families who had to be resettled by redevelopment. A review of the resettlement plan showed that four families were temporarily relocated to a government estate within the city while waiting to receive their flats, whereas the remaining nine families opted out of the offer of relocation (mainly due to their large family size) and received rent in lieu, covering the project period of two years. In addition, each of the affected families were also paid relocation allowance, while 90 tenants, residing in the previous buildings, were provided with a year's rent at the prevailing market rate in 2010. It is important to stress that the project has now reached an advanced stage of completion with little or no conflicts largely thanks to the depth of engagement and trust built amongst all interested parties in the processes leading to and in the project implementation. On the consolidated land parcel (2,500 square meters), which is an assembly of hitherto contiguous but separate plots), LASURA built two blocks of 11-storey building with parking and facilities. With the success of this project, other families approached the LASURA, which is now going ahead with the second phase with 14-floor buildings.

The second approach is also based on the *urban infill* concept but the development is mainly led by the State Government and the financing is made available through the State's mortgage finance institution. These projects provide housing for first time home owners who are residents in the State. Under the Lagos State Home Ownership Mortgage Scheme (Lagos HOMS)¹⁵, applicants selected through a public draw are offered a mortgage loan at an interest rate of 9.5 percent that is far below the market rate of 15 to 25 percent. Most of the completed Lagos HOMS units are located either on old government estates requiring redevelopment or on unused or underutilized State land, 30 percent of which are in the suburb, averaging 50km away from the Lagos city center, while the remaining 70 percent are located within metropolitan Lagos, averaging 23.5km away from the Lagos city center (Agbola, 2015).

Table 3 Summary Analysis of Lagos Home Ownership Mortgage Scheme (Lagos HOMS)

HOUSING TYPE	LOCATION	AVERAGE PRICE	AVERAGE DISTANCE TO LAGOS CBD
1 BEDROOM APARTMENT	Metropolis	N8.315 million	22.5km
2 BEDROOM APARTMENT	Suburban/Rural	N5.762 million	58.6km
3 BEDROOM APARTMENT	Metropolis	N10.91 million	22.8km
	Suburban/Rural	N8.108 million	50.1km
	Metropolis	N16.04 million	25.1km
	Suburban/Rural	N11.12 million	46.24km

Source: Adapted from <http://www.lagoshoms.gov.ng/estimates-of-average-distances-from> <https://www.google.com.ng/map>

The minimum cost of a two-bedroom apartment under Lagos HOMS (which would be adequate for the average size of urban Nigerian families) is 6.22 million Naira or approximately US\$ 33,000, with a 30 percent down payment and the annual interest rate of 9.5 percent. While the housing units range from 1-bedroom to 3-bedroom apartments, prices seem to be much more sensitive to land values in the project locations than to housing unit size or type. For instance, some 1-bedroom apartments in the metropolitan area cost more than larger size housing types in the suburb. Regardless of these, the price range is definitely out of the reach of the urban poor, those living on less than US\$2 per day per capita. The program also requires applicants to provide income and employment status, which makes it difficult for informal workers to qualify.

Distortions on the demand side is created by the underdeveloped housing finance market in Nigeria. The mortgage market in Nigeria grew from US\$342 million in 2006 to US\$1.42 billion in 2011 but still accounts for only 0.5 percent of its GDP, as compared to 2 percent in Ghana and 31 percent in South Africa.¹⁶ In the US and the UK, the ratio of mortgage financing to GDP is nearly 80 percent. Nigeria's housing sector itself

¹⁵ <http://www.lagoshoms.gov.ng>

¹⁶ Keynote address of Nigeria's Minister of Finance, Dr Ngozi Okonjo-Iweala, to the 6th Global Housing Finance Conference at the World Bank, May 2014. <http://urban-africa-china.angonet.org/content/unleashing-housing-sector-nigeria-and-africa-keynote-speech-6th-global-housing-finance>

represents just 3.1 percent of GDP, as compared to the United States where the housing sector including housing services represents around 18 percent of the economy.¹⁷ Mortgage loans accounted for less than 1 percent of the total assets of commercial banks and only 5 percent of the 13.7 million housing units in Nigeria are currently financed with a mortgage loan. Mortgages availability in Nigeria further suffers from high interest rates ranging from 15 to 25 percent per annum excluding fees and other charges. For instance, both First Bank and Standard Chartered Bank were offering, in 2014, mortgage loans at 20 percent interest rates for up to 20 years amortization, and with an equity contribution of 20-30 percent (Mutter et al., 2014). Government-supported housing finance is also underperforming. For instance, the Federal Mortgage Bank manages a National Housing Fund with contributions from public sector workers, a total of 3.8 million eligible contributors, but for more than 30 years, only about 12,000 mortgages had been provided (ibid).

In summary, a large housing deficit, sustained and exacerbated by a major supply shortfall, particularly for affordable housing, has been a significant challenge in urban areas and will become more so with the increasing urbanization. While insufficient housing supply leads many Nigerians to find an alternative in informal settlements where living conditions are poor and residents are further disadvantaged from accessing opportunities that cities offer, its root causes are dysfunctions in the land and housing market, characterized by uncertainties arising from tenure insecurity and fragmented institutions, and associated high transaction costs.

2.3 Dysfunctions in land management

“Cities are built on land, and land and planning policies are some of the strongest tools to reach the full potential of urban growth.” (World Bank, Forthcoming (b)) On the flipside, a weak regulatory and institutional framework can strain all areas of urban development. In Nigeria, the Land Use Act (LUA) promulgated by the Federal Government in 1978 has been the most influential legal framework governing the management and planning of urban and rural lands. Major shortfalls in the LUA, compounded by institutional inefficiency and fragmentation, create dysfunctions in land management and prevent dynamic land markets.

Tenure insecurity

Central to land use and housing production is the system of land tenure, that is, the terms and conditions of which land is held, used and transacted (Adams, Sibanda and Turner, 1999). Land tenure is unclear and ill-protected by the legal system in Nigeria, creating a multitude of uncertainty (and thus additional costs) in transaction and lack of transparency in planning. Under the LUA, power over management of land is vested in the Governor of a state. Two formal, documented tenure types are envisaged under the LUA. The Governor may grant a “statutory right of occupancy” to any person. The local government is empowered to grant a “customary right of occupancy” to non-urban land. Both such grants are evidenced by a Certificate of Occupancy, and are for a term of years specified in the Certificate (often 99 years for statutory rights of occupancy and 50 years for customary rights of occupancy). In addition, the LUA provides for recognition of “deemed rights of occupancy,” which aims to preserve existing rights over improved land that were in existence at the time of the passage of the LUA in 1978. Deemed rights of occupancy can be converted into statutory rights by issuance of a certificate by the Governor or local government, but in practice, very few such formal conversions have taken place and only a very small percentage of landholdings in Nigeria are formally documented in the manner envisaged by the LUA. In rural areas, and even some urban and peri-urban areas, considerable confusion persists as to the legal status of particular land, and the pre-LUA land management rules of particular communities remain strong in practice.

A disconnect exists between social recognition and legal status of land ownership, especially for customary right of occupancy, the majority of which lacks Certificate of Occupancy. Prior to the colonial periods, land tenure in Africa including Nigeria, were guided by traditional systems, which varied amongst groups, and so were the prevailing land tenure arrangements and their implications (Agbola, 2015). The commodification of land took place only in the early to mid-1900s. This period witnessed the amalgam of customary practices and the imposed legal registration of land (Agunbiade, 2012), leading to the modern legal system of land administration which operates alongside elements of historical customary practices. The promulgation of the

¹⁷ ibid.

LUA in 1978 sought to harmonize land tenure system under a uniform rules set across the country. However, a mixture of overlapping land laws has continued as land allocation and management rules derived from the LUA have coexisted, with the customary land laws, creating confusion in the resolution of conflicting claims to land. Consequently, despite the decades of reforms to standardize property, most existing forms of land tenure are not yet recognized by the modern laws in Nigeria, suffering from tenure insecurity and displacement risks.

Tenure insecurity also stems from institutional uncertainty arising from the overriding authority of State governments in land allocations, transactions and takings. The LUA states that in each Nigerian State, the *land is vested in the Governor and held in trust to be managed/administered for the benefit of the public*, except for Federal land that is for Federal Government use.¹⁸ This creates even more ambiguity in an environment when most holdings cannot be registered in their current—often complex and multilayered or customary—tenure status (World Bank, Forthcoming (b)). The LUA outlines the responsibilities of state and local governments, whereby the Governor in each State controls and manages land in the urban areas and non-urban lands are to be managed by the Local Government Areas (LGAs). In practice, however, the statutory right can only be granted by State Governors and, in nearly all cases, overrules all other claims, including those formalized by local or national authorities (ibid).¹⁹

Inefficient land management – High costs of formalization or formal development²⁰

The high barriers and costs to register land through a Certificate of Occupancy (C of O), the only document formally proving land tenure, exacerbates the widespread insecurity of land tenure. The concentration of approving authority in the hands of the State Governor²¹ generates huge bottlenecks for each transaction. As an illustration of administrative inefficiency, between 2000 and 2011, out of 34,800 applications for the C of O on Lagos State land, only 4,435 (12.7%) were approved (Agbola, 2015).²² However, gradual improvements are made in select states. In Lagos, in the context of two Bank-financed Development Policy Operations (DPOs), the State Government introduced a series of reforms including (i) simplification of procedures for assignment and mortgage transactions; (ii) regularization of lands without formal titles, which applies to properties that comply with the existing schemes/layout plans for some of the regularization areas; and (ii) introduction of electronic Certificates of Occupancy. These reforms were aimed at facilitation of land registration to increase investment attractiveness of Lagos to promote sustainable economic growth. According to the recently conducted Poverty and Social Impact Analysis (PSIA) for these DPOs, the Lagos State Government adopted policy measures to streamline approval of land-related transactions including the delegation of the Governor's prerogative to grant consent to 4 commissioners (expanded to 7 commissioners by now) within a 48-hour timeframe, along with other streamlined administrative procedures. An electronic C of O system was formally launched in February 2014, but is yet to be fully operational.²³

Notwithstanding gradual improvements in some states, overall bottlenecks in the regulatory regime for tenure regularization in Nigeria, both in terms of time and money, are yet widespread and function as disincentives to formalization. The cost of regularization is estimated at 27 percent of the property's value, and delays of six months or more are common, driving up the costs further; while considerable expertise is needed to navigate the multiple regulations and institutions that govern the process (World Bank,

¹⁸ "Subject to the provisions of this Act, *all land comprised in the territory of each State in the Federation is hereby vested in the Governor of that State* and such land shall be held in trust and administered for the use and common benefit of all Nigerians in accordance with the provisions of this Act" (LUA Part I, Article 1; emphasis added)

¹⁹ In general, the division of responsibilities across LGAs, States and the Federal Government are unclear, hindering service delivery and service network expansion.

²⁰ It is important to note that while fixing the problems associated with the transaction costs and administrative procedures can contribute to important improvements in the land market, these reforms will not solve the problems associated with tenure security of squatters and informal settlers who lack the legal rights to the land.

²¹ S.21 of the LUA requires that the state government (essentially the Governor) approve all land transactions in the state.

²² By contrast, in the same period, for unclear reasons, the rate of approval for C of O on private land was 96 percent (14,931 approvals out of 15,594 applications).

²³ PSIA notes that the impacts of these reforms can be limiting partly because these reform measures are not widely known to Lagosians and thus underused.

Forthcoming (b)). The process also provides ample opportunities for rent seeking. In 2009 one-third of Nigerians reportedly paid a bribe to acquire land rights, according to the Global Corruption Barometer (ibid).

Friction in the systems managing land information, titling, and transactions prevents the development of the healthy property market. Building blocks of land markets, such as cadasters, land registries, and valuation systems are managed by the states, yet their information is almost always out of date (ibid). With only 3 percent of properties across the country estimated to be formally registered, a dearth of information on land values, ownership and use exists and even when properties are formally registered, information is often lacking, including information sufficient for assigning a standardized value to it (ibid). In Lagos, the property tax, or Land Use Charge (LUC) is calculated annually according to an annual rate charged as a percentage of the value of the property, which is then multiplied by the Property Code Rate (PCR) that estimates how much the specific building is above or below the neighborhood average. Olawande and Ayodele (2011) found that the PCR is determined entirely at the discretion of local officials. The lack of predictability and consistency in property valuation and taxation creates uncertainty in the market, unreliable information for planners and irregular sources of local revenues (World Bank, Forthcoming (b)).

Transaction costs of switching owners, users, and land use are also high, undermining land market fluidity and formal development. Formal fees alone are 12–36 percent of the property's value. Fees typically include registration and stamp duties, each coming to 2–3 percent of the asset's value; capital gains of 2–3 percent of the net land sale proceeds; and a transfer fee often in the range of 8–30 percent of the property's value, depending on the state (World Bank, Forthcoming (b)). Through the aforementioned land administration reforms land reform, Lagos State Government reduced the cost of land transactions from 13 percent to 3 percent to encourage people to formalize land transactions. There are still informal costs associated with insecurity of land tenure, which reduces property values and household assets. Similarly, cases of expropriation of land for economic development projects (beyond the narrow interpretation of “the public purpose” such as for the provision of infrastructure and public amenities) also can have an impact on the functioning of urban land markets.²⁴

Fragmented metropolitan planning

Metropolitan plans can provide a framework for service provision coordinated with land development and housing, including the actual urban footprint as well as areas where cities are likely to grow into. Planning at the metropolitan or urban level is regulated by the 1946 Town and Country Planning Ordinance along with the Urban and Regional Planning Decree No. 88 of 1992.²⁵ The Decree No. 88 of 1992 was designed to reinvigorate Nigeria's rigid planning system perpetuated since the LUA of 1978. However, all land related issues in the Decree refer to the LUA and its provisions. For instance, granting of a development permit by a Development Control Department (DCD) must conform to the issue of Certificate of Occupancy. The Decree essentially does not help to ease planning concerns related to land allocation, transfer, and development.²⁶

Physical city planning is also in legal and administrative flux. The Decree No. 88 of 1992 gave power to states to legislate, but after the Supreme Court ruled in 2004 that the Decree should no longer be implemented as national legislation, there have been no clarifying planning laws, creating a legal vacuum for land use planning and development control at the State and LGA levels. Clouding matters further, state authorities

²⁴ Some countries are discouraging/imposing increasing restrictions on the use of expropriation powers for land acquisition by the government. Instead, they favor voluntary purchase of land needed for infrastructure and public works, as well as economic development projects. In some cases, public land assembly including through land readjustment benefits from a regulatory framework authorizing expropriation of hold-out properties once a certain threshold of property owners in the areas to be assembled (e.g. 75%) have agreed to voluntarily sell their properties. In these cases, which are often overseen by the courts, compensation occurs at market values through independent appraisal.

²⁵ Abuja Development Control Manual. Abuja: Development Control Department, FCT, Abuja. Otubu, Tunde (2009). Land Use Zoning in a Changing Urban Environment. Public lecture in commemoration of the 70th Birthday celebration of Tpl. Remi Makinde, held at the multipurpose hall, Eko FM, Ikeja, Lagos, Thursday July 23.

²⁶ ibid.

often hand control over planning matters to various state ministries, and occasionally delegate to temporary metropolitan boards.²⁷ In many states, the extent of enforcement depends on the nature and content of the laws and regulations, public understanding and perception of the laws, qualifications, training and competence of the enforcement officers and availability of manpower to ensure that any form of development as defined conforms to the approved guidelines.²⁸

Furthermore, only a few cities have active metropolitan-scale plans for land and service network development, and where the plans do exist they are neither implemented nor coordinated with service provision. Physical plans established for some cities in the decades after the Town and Country Planning Ordinance were infrequently followed and had few regulatory instruments to enforce compliance; in a 2000 study of Ibadan, 83 percent of homes were non-compliant with city zoning regulations (Arimah and Adeagbo, 2000). On the other hand, where planning regulations are enforced, an overly rigid application can discourage the private sector to participate. For instance, acquiring a building permit in Jos took an average of 36 days and a further 48 days to install services and pass inspections, and this is assuming a complete file and no delays (World Bank, Forthcoming (b)). Furthermore, the fragmentation of land and services responsibilities makes formal developments rare and expensive. Public resources and planning have been concentrated in just a handful of new high-end “new cities” without envisaging affordable housing (ibid). Consequently, the majority of Nigerian cities has therefore emerged in a largely unplanned and unregulated manner.

2.4 Informality

High costs and uncertainties create significant distortions in the land and housing markets and result in widespread informality. The formal housing market does not serve low-income families, and public housing projects over the last 30 years have been unable to provide affordable units to low-income people (Nwaka 2005; Olokesusi, 2011). As a result, most Nigerians have no other option but to settle in informal settlements or slums, a logical response to prohibitively expensive land and formal housing development, exacerbated by weak institutions and a fragmented approach to planning (World Bank, Forthcoming (b)).

Although there are considerable data challenges to accurately estimate the slum population in Nigeria, some 60–80 percent of urban Nigerians live in slums²⁹ (ibid). Among Sub-Saharan African countries, Nigeria has the largest urban slum population in terms of size and percentage of the total population (see Figure 1). According to the UN estimate, in 2007, 64.2 percent of urban Nigerians or 45.3 million people lived in slums (the figure was 77.3% in 1990).³⁰ The magnitude of inadequately serviced housing is illustrated by various indicators of housing quality. Only 15 percent of dwelling units have flush toilets and about half of them use pit latrines nationwide.³¹ Almost one third of Nigerian households live in dwelling units with water sources that are still associated with relatively high incidence of waterborne diseases, such as tube wells or boreholes, protected dug wells and springs, as well as rainwater collection (ibid).

Although slums can be dynamic spaces of innovation, without access to services and formality, they often become areas where poverty, poor services, few opportunities and high insecurities collide (ibid). Slums are not only off the service grid but often carry high risks of exposure to disease (arising from the lack of environmental sanitation), violence, and insecurity. Living in slums is also associated with lower educational outcomes and life opportunities, as illustrated by the fact that in Nigeria, children living in slums are 35 percent less likely to attend school. The school drop-out rate for women living in slums is also considerably higher than non-slum dwellers, with 27 percent leaving school early as a result of pregnancy/early marriage (ages 15-24) compared to 16 percent for non-slum dwellers (UN-Habitat, 2010). Transport costs and congestion affects the poor to disproportionately as they spend over half their income on transport (World Bank, Forthcoming (b)). Slums also become poverty traps rather than being temporary living quarters for

²⁷ Wapwera, S.D. and Egbu, C.O. "Planning Authorities: A Review of Roles, Functions and Responsibilities in Jos Metropolis, Nigeria." *The Built & Human Environment Review* 6 (2013).

²⁸ ibid

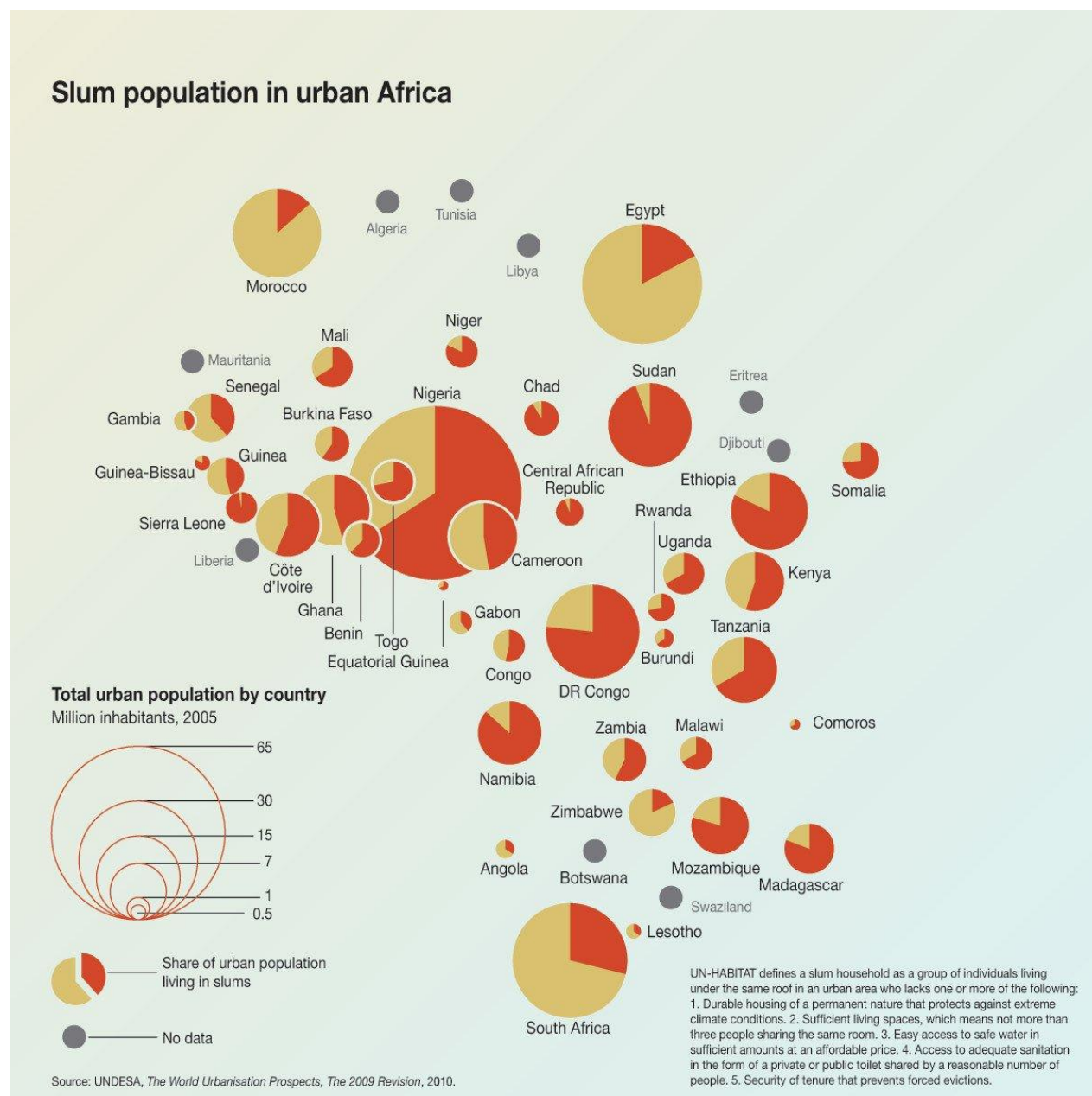
²⁹ Slums are areas “with one or more of the following conditions: inadequate drinking water; inadequate sanitation; poor structural quality/durability of housing; overcrowding; and insecurity of tenure” (UN-Habitat, 2007: 334).

³⁰ Mutter et.al., op.cit.

³¹ Data from the 2006 Housing and Population Census: www.nigerianstat.gov.ng/pages/download

migrant. A cross-sectional survey conducted between June 2010 and October 2012 in the slums of Ajegunle, Ijora Oloye, and Makoko demonstrates that over half of all respondents in Ijora Oloye were born in the slum, and nearly as many in Makoko and Ajegunle have lived there for more than 15 years (Akinwale, et al., 2013).

Figure 1 Slum population in urban Africa (2009)



Notwithstanding their pervasive and persistent presence, slums are vulnerable to constant risks of clearance, in which case concrete measures of protection are largely absent for slum dwellers in Nigeria. At the national level, two federal agencies bear the responsibility of matters related to involuntary resettlement taking place over the Federal Government land. The Federal Ministry of Lands, Housing and Urban Development (FMLHUD) overlooks the overall urban development issues including slum upgrading and involuntary resettlement on the Federal land located across different States. In the Federal Capital Territory, involuntary resettlement falls within the responsibility of the Federal Capital Development Authority (FCDA), which has carried out in involuntary resettlement projects in Abuja such as the Pegi, Kuchiko, Gidan Mangoro, and

Yangoji relocation sites as well as on-going resettlement projects at Apo, Galuwui/Shere and Wasa (Federal Capital Development Authority, 2015; Jibril, 2006). On the other hand, an overview of forced eviction cases in Lagos and elsewhere in Nigeria for the period between 1973 and 2013 (see the full list in Annex II) implies that forced eviction may not always be accompanied by compensation and other resettlement assistance. Out of the 48 cases of forced eviction highlighted, affected people in only 4 cases were either relocated to alternative sites, while in another 3 cases, responsible agencies claimed that compensation was paid. In the remaining 41 cases (85.4% of the total), neither resettlement nor compensation was offered to evictees.³²

As for land use and housing arrangement, informality becomes a surviving strategy for producing and trading a variety of goods and services, where the formal economy is falling short of offering economic opportunities. Nigeria has the largest informal sector in Africa, the size of which was estimated to be 57.9 percent of its gross national product (GNP) or an equivalent of US\$212.6 billion in 2000.³³ Despite urbanization, which can increase opportunities, the share of formal wage jobs continues to decline, falling nearly 23 percent between 1999 and 2006.³⁴ According to National Bureau of Statistics, there are 48.5 million Nigerians engaged in formal employment and 54 million people in the informal sector (World Bank, Forthcoming (b)). The informal economy often overlaps with informal settlements as residential houses are most common sites for informal economic activities, home to 34 percent of informal enterprises.³⁵ A comprehensive review of the studies on the informal economy in Nigeria recognizes that informal enterprises have in fact been major determinants of urban land use dynamics while a house in Nigeria has multiple functions despite how housing policy and program promotes it as a singularly residential in its functionality.³⁶ Such overlap places both informal housing and economic activities at risk in case of land clearance and forced eviction.

Part II. Lessons Learned from the Involuntary Resettlement Experience

Within this context, the LMDGP was an attempt to address severe constraints facing slum dwellers in Lagos by enhancing their access to infrastructure and services. The LMDGP with infrastructure being its main component (in terms of allocated funding) triggered the Bank's environmental and social safeguards policies with several of its sub-projects subject to the involuntary resettlement policy (OP 4.12). The focus of the current study is on the Badia area that underwent two involuntary resettlement cases, one in 2012 and the other in 2013, and the latter case came under particular scrutiny (referred to as the Badia East case to differentiate it from the case in 2012).

3. Involuntary resettlement processes and outcomes

This section reviews safeguards issues in the LMDGP across the project cycle and analyzes the involuntary resettlement experience of the Badia East case including the process and outcomes.

3.1 Processes

Involuntary resettlement issues in the LMDGP are discussed in four phases of the project cycle, starting from the project identification and preparation stage and tracing to the phase after the project closing.

³² In addition to the fact that the sample was qualitatively compiled, no particular pattern was observed across time and in terms of the geographical spread. For instance, four relocation cases happened in 1973, 1976, 1985 and 1993; and three compensation cases (which do not include the current Badia East case) were in 1990, 2009 and 2012.

³³ Victor Onyebueke & Manie Geyer, "The informal sector in urban Nigeria: Reflections from almost four decades of research", SSB/TRP/MDM 2011 (59) pp.65-76: 66

³⁴ Golub, 2014. Golub, Stephen, and Faraz Hayat. *Employment, unemployment, and Underemployment in Africa*. No. 2014/014. WIDER Working Paper, 2014. using data from Kingdon et al. (2006); Haywood and Teal (2009)

³⁵ Abumere, S.I., Arimah B.C. & Jerome, T.A, "The informal sector in Nigeria's development process", Development Policy Centre (DPC), Research Report no. 1. Ibadan, Nigeria: DPC, 1998.

³⁶ Victor Onyebueke & Manie Geyer, "The informal sector in urban Nigeria: Reflections from almost four decades of research", SSB/TRP/MDM 2011 (59) pp.65-76. <http://www.ajol.info/index.php/trp/article/download/77222/67671>

Identification/ Preparation till Negotiation/Approval (2002-2007)

The Concept Review was conducted on August 28, 2002 but the project only became effective on February 16, 2007. At the Identification/Concept stage, the project triggered Operational Policy (OP) for Environmental Assessment (OP 4.01) and Involuntary Resettlement (OP 4.12) as small scale resettlement was expected under the drainage sub-component, and medium to large scale resettlement under the waste sub-component. Accordingly, an Environmental and Social Impact Assessment (ESIA) and a Resettlement Policy Framework (RPF) were prepared and disclosed in June 2005 before Project Appraisal (on January 23, 2006). At Negotiations, the Lagos State Government confirmed its commitment to safeguards issues, through a clause in the Financial Agreement that “the Recipient shall cause the Project Implementing Entity to carry out city wide upgrading programs in accordance with acceptable principles including those of the Resettlement Action Plan (RAP)”.³⁷ It has to be noted that such a provision, which provided a strong impetus for the involvement of the Bank in the East Badia case, is unusual as it extended the application of the LMDGP resettlement instruments to slum upgrading activities that are unrelated to Bank financing. The categories of Eligible Expenditures in the Financial Agreement also include a category for “Resettlement Payments” with an allocation of 2,770,000 SDR.

Implementation until restructuring (2007-2011)

Nonetheless, social safeguards compliance turned problematic during implementation (World Bank, 2014a: 11). The initial bidding documents (BDs) and bid evaluation reports (BERs) under the drainage sub-component were submitted to the Bank without RAPs, which were required to be prepared under the agreed Resettlement Policy Framework (RPF). RAPs were eventually prepared for drainage works (drainage system 2 and 5) as well as for the waste component, but they were not implemented in the end as both sub-components were dropped from the project after its restructuring on July 5, 2011. In this process, “material differences about the principles of the RPF” emerged between the State Government and the Bank particularly around “the notion of informality among poor and low-income squatters” for the discussion of entitlement (ibid). The State Government requested the restructuring of the project whereby most of the Drainage sub-component and the Solid Waste Management sub-component were scaled down to already implemented activities, with the rest to be carried out by the Government itself. The decision was a function of the increase in own resources of the State Government to make substantial investments and difficulties arising from different understandings of OP 4.12 in a slum setting (World Bank, 2014a: 10).

Implementation after restructuring (2011-2013)

Following restructuring, only the slum-upgrading sub-component of the Infrastructure Component was left and the Bank TTL in the last phase (as well as the last Project Director according to information received while undertaking fieldwork) focused on completing the ongoing infrastructure works, which could show tangible results and where the largest disbursement was expected. At the same time, efforts were made to implement a multitude of corrective measures and enhance the implementation support. A social safeguards audit was initiated by the Bank and found a number of problems (World Bank, 2014a: 12). Due to the lack of compliance, in June 2012, the Bank suspended all activities related to new sub-projects until an action plan to redress the situation was put in place (ibid). This eventually led to corrective measures including five retroactive RAPs, one of which was for the Badia area regarding the demolition in 2012, and six retroactive Environmental and Social Management Plans (ESMP). The ICR notes that by the end of the LMDGP, all retroactive RAPs were implemented successfully. One year after restructuring, with procurement issues resolved, the pace of implementation was picked up and disbursement started improving. In order to complete the remaining sub-projects, both the State Government and the Bank team requested an extension of 12 months, which was not granted on the grounds that the project was then rated Moderately Unsatisfactory (mainly due to still low disbursement). The project closed as scheduled on September 30, 2013.

³⁷ Financing Agreement, dated July 31, 2006, Section V, page 11. It is further stated that: “such principles shall include the following: (i) involuntary resettlement should be avoided where feasible; (ii) where it is not feasible to avoid involuntary resettlement, displaced persons shall be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs; and (iii) displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels.” (ibid)

After project closing (2013-2014)

Demolitions in the Badia area. Two major demolitions took place in the Badia area of Lagos during the life span of the project, which led to a process that went beyond the project closing date. The first one occurred on March 6, 2012, whereby over 100 structures were demolished to secure the Right of Way (ROW) for a canal and a road sub-projects (Inspection Panel, 2014). A retroactive RAP was prepared (one of the 5 RAPs previously mentioned) and was completed in December 2012. The second demolition occurred on February 23, 2013, in the area of Badia East, immediately adjoining the abovementioned canal (ibid). The demolition of hundreds of structures (evicting nearly 9,000 inhabitants or around 2,000 households) was related to a Lagos Ministry of Housing residential project, which is not a LMDGP-financed activity, though the project was providing some benefits to the Badia East community. In accordance with the provision in the Financial Agreement, extending the application of the principles set forth in the project resettlement instruments to city-wide upgrading, as well as with the pressure from the community mobilized under the guidance of the Social and Economic Rights Action Center (SERAC), a local NGO, the Bank engaged with a dialogue with the State Government requesting that the RPF be applied in the case of Badia East.³⁸

The State Government responded by setting up an inter-ministerial committee at the Lagos State Executive Council chaired by the Attorney General to address the Badia East case, which consisted of four Commissioners from the Ministry of Physical Planning and Urban Development, the Ministry of Economic Planning and Budget, the Ministry of Housing and the Ministry of Works and Infrastructure, as well as the Permanent Secretary of the Lands Bureau. The inter-ministerial committee further established a Technical Committee (TC) on June 20, 2013, to prepare and implement a RAP. The TC was led by the Director of the Development Partnership Department (DPD) and included eight civil servants seconded from various Ministries, Departments and Agencies (MDAs). On July 4, 2013, the TC held a stakeholders' meeting at the National Arts Theatre in Iganmu near Badia, to sensitize displaced people about the census and verification exercise (Lagos State Government, 2015: 3). Affected people in the two communities of Badia East (Ajeromi and Oke Ilu-Eri) were also asked by the TC to select four representatives each. The eight community representatives then submitted lists of affected people to the TC, which became the baseline data for the RAP (Inspection Panel, 2014: 5).

Processes after project closing. On the project closing date (September 30, 2013), SERAC on behalf of "individuals, families and groups living in the Badia area of Lagos State" submitted a request for inspection to the Inspection Panel, alleging that the project has caused the "impoverishment and insecurity" of Badia residents, a vulnerable slum community in Lagos, as a result of evictions that have occurred under the Project "without prior consultation, notice, compensation or resettlement", referring to both the demolitions in 2012 and 2013 (ibid: 1). Their main concern was to ensure that a retroactive RAP relating to the 2013 evictions would be finalized, funded and properly implemented (ibid: 3). The Inspection Panel recommended the Pilot approach in the interest of the dire need to accelerate the compensation process for affected people and that the Pilot would facilitate the engagement between the Requester (affected people, community representatives and SERAC) and Bank management as well as with the State Government.

The community representatives and the TC interacted on the compensation amounts since September 2013, and after some negotiations with the Bank and the State Government, the Reviewed Resettlement Action Plan (RRAP) was approved by the Executive Council (Lagos State Government, 2015: 4). It was shared with the community representatives on November 20, 2013, and their acceptance as well as no objection from SERAC

³⁸ The area of concern has a complex history of overlapping land claims. The final RAP summarizes the situation as: "There have been two major acquisitions affecting this area, the first by the then British Colonial Government in 1929 and by the Western Nigeria Regional Government in 1958 under the 5,000 acres acquisition. However, the Ojora Family ultimately won a protracted Court case that lasted for over three decades against the Federal Government of Nigeria over the Ownership of the land, although before the conclusion of the case, the Federal Government had utilized most of the Badia East Land for the construction of a railway line and railway staff quarters. Squatters had moved into the un-utilized portion of the land and have occupied it for several decades. Most of the Project Affected Persons (PAPs) /Displaced Persons (DPs) under this Reviewed Resettlement Action Plan (RAP) came on the land through these processes." (Lagos State Government, 2013: 23)

was secured. While the process of compensation payment was underway, the Inspection Panel received a communication from SERAC on June 8, 2014, conveying the Badia community's expression of satisfaction with the RAP thus far, as well as a communication from the Bank management on July 14, 2014, with a commitment of actions to complete the outstanding issues. With this, the Inspection Panel informed the Board of Executive Directors on July 16, 2014, that it would not register the case.

Updated status of the RAP implementation for the Badia East case. The implementation of the RAP came to a close on September 30, 2014, with disbursement of compensation to the last batch of cleared beneficiaries (Lagos State Government, 2015: 16). For compensating the displaced people, US\$ 3 million was allocated from the undisbursed LMDGP budget (of US\$ 31.07 million) as per the request by the Lagos State Commissioner for Finance in a letter dated September 27, 2013 (Lagos State Government, 2015: 6). To provide sufficient time to settle compensation payments, the Bank extended the end date of the grace period for disbursement from January 31, 2014 to March 31, 2014, and further to September 30, 2014 through a second extension.³⁹ The TC worked by this timeline, using part of the allocated funds to pay compensation to 2,296 households (US\$ 1.75 million), with the rest of the allocation (US\$ 1.25 million) being refunded to the World Bank.⁴⁰ All payments of compensation were made except five cases where bank transfer failed due to wrong bank account numbers; on May 4, 2015, as recommended by the Bank, the Project Financial Management Unit (PFMU) issued checks in the name of these five beneficiaries and handed them over to the TC to conclude the process. The TC prepared and submitted a completion report to the Governor and the Executive Council for his approval, which was shared with the Bank in April 2015.

3.2 Evaluation of the involuntary resettlement outcomes

In this section, both the processes and outcomes of the involuntary resettlement in Badia East are analyzed against the provisions of OP 4.12 and the guidelines of the Involuntary Resettlement Source Book (2004), which presents resettlement good practices. It should be noted that the RAP referenced OP 4.12 heavily, with some adjustments in consideration of the local context. However, its retroactive preparation and implementation after demolition makes its assessment relative to the above mentioned guidelines difficult since they are built on a strong recommendation of early identification and a proactive approach. The retroactive application of the RAP also explains some of the inherent shortfalls in the process and the outcome. Given that the timing of the RAP was post-project closing, the evaluation of the RAP focuses on selected policy/technical aspects of involuntary resettlement, rather than following the suggested flow of resettlement planning, implementation and monitoring, which is intertwined with the project cycle/stage.

Table 4 Evaluation of the RAP against the selected key aspects of OP 4.12

Key aspects	Sub-items	RAP
Resettlement Planning	Census of potentially displaced persons (DPs) and inventory of assets	0
	Socio economic analysis for resettlement preparation	0
Eligibility criteria	Land tenure and severity of impact	0
	Common property and other business	Δ
Compensation and income restoration	Replacement cost for houses and other structures	Δ
	Income restoration/improvement strategies	Δ
	Other resettlement assistance	Δ
Consultation and participation	Inform potentially displaced persons at an early stage	Δ
	Make the resettlement plan accessible to affected people	0
	Structured and regular consultation	0
Organizational and budget arrangement	Establish an institution/agency for involuntary resettlement with adequate mandate as well as a coordinating committee(s) including NGOs and project affected persons (PAPs)	Δ
	Assure adequate staff is approved and budgeted	Δ

³⁹ Letters from the Country Director for Nigeria to the Coordinating Minister for Economy and Minister of Finance at the Federal Ministry of Finance, dated on December 19, 2013 and on April 1, 2014.

⁴⁰ US\$ 1,755,734.27 was used and US\$ 1,244,291.73 was refunded (Lagos State Government, 2015:11).

Monitoring and follow-up	Grievance redress	O
	Undertake an assessment and propose follow up measures if needed	Δ

O: Achieved (albeit retrospectively); Δ: Partially considered and/or achieved

Resettlement planning

Resettlement planning for Baida East began after land clearance, which was outside the LMDGP activities, and this inherently limited the project's ability to offer affected people the full extent of resettlement good practices. Notably, the retrospective preparation of the RAP encountered challenges associated with the *absence of baseline information* about affected residents and demolished structures, which contributed to a lengthy process of verification and compensation. Albeit belatedly, measures were taken to prepare resettlement planning. Notably, the TC was established following the mandate given to the inter-ministerial committee at the Lagos State Government Executive Council, to resolve the Badia East case. NGOs or project affected persons (PAPs) were not included as members of these committees per se but the TC coordinated closely with the Badia East community representatives who were appointed by displaced people as well as NGOs like SERAC. The TC consisting of nine civil servants including the chair had the budget earmarked from the LMDGP for the compensation of affected people (discussions on TC as an institution for involuntary resettlement will follow in a later section). The TC conducted a census and socio-economic assessment for three days (July 15-17, 2013) in order to identify the displaced persons and inventory of assets and structures affected by the site clearing exercise.⁴¹

Eligibility criteria

The Badia East RAP considered three types of losses for compensation, namely, loss of structure, loss of assets and loss of businesses. The loss of land was excluded since the ownership of land by affected people could not be lawfully proved. The RAP spells out the resettlement entitlements for displaced persons (DPs) in Badia as follows: (i) Compensation for Owners of Structure⁴² - Valuation for Structure and Valuation for Household Assets; (ii) Compensation for Tenants - Valuation for Household Assets, Rent for months prior to the implementation of the RAP, a Year Rent plus Agreement and Agency Fee. Those who had a business in the demolished structures were counted as tenants: "As the enumeration of DPs took place after the clearance, it was not possible to ascertain the actual number of business tenants. To this end, they were categorized as tenants for the purpose of resettlement" (Lagos State Government, 2013: 4). Following these criteria, beneficiaries were classified as tenants and owners of a structure with the latter further divided by the size of their structure (large, medium and small structures).

The retroactive data collection complicated the ability to effectively identify and verify the beneficiaries – whether a claim was genuine and how big the demolished structure was. The number of beneficiaries as approved by the RAP (2,393 households) was updated through the beneficiary verification exercise in February and March 2014 (Lagos State Government, 2015: 6-8).⁴³ This was followed by another round of complaints resolution exercise on June 10, 2014, when the grievance redress mechanism (GRM) forms were either newly issued or previous cases were resolved. The RAP already included 141 cases to be determined through GRM (marked as 'Category C') and new possible beneficiaries appeared gradually, claiming that they had been affected. These cases went through further analysis at the local Citizens Mediation Centre (CMC) of

⁴¹ Lagos State Government Technical Committee on Badia East, Reviewed Resettlement Action Plan for Displaced People in Badia East Presented to the World Bank, Abuja, November 2013, mimeo. The Bank contracted two independent estate surveyors to assist the estimation of the value of lost assets.

⁴² The issue of absent landlords who have built structures to rent out for income generation purposes without living in the slum themselves was discussed in the process of preparing the RAP. Eventually, they were included in the RAP as there were only a handful of cases and the State Government was determined to resolve the Badia East case without further disputes that might potentially arise from their exclusion.

⁴³ The verification exercise was originally planned for five days (February 24-28, 2014) and subsequently extended by four more days (March 11-14, 2014) due to a huge backlog. Several methods were put in place to verify the legitimacy of eligibility, some as a response to fraudulent claims. For instance, a cross-check was made between structure owners and tenants as some owners over-reported the number of tenants in their structure. Even when the structure owner was verified as eligible for compensation, tenants had to come forward to claim their share of compensation, to preempt the case of false reporting.

the Lagos State Ministry of Justice, which was used as a GRM for the Badia East case to verify whether they were legitimate beneficiaries. Cases proven beyond reasonable doubt were sent to the TC to update the list of beneficiaries. In the end, the final number of beneficiaries was 2,296 households as of September 30, 2014, nearly 96 percent of those captured in the RAP.

Table 5 Number of cleared beneficiaries (as of September 30, 2014)

Category	Number in RAP	Initially verified	Recognized under GRM*	Total	Percentage of RAP
Tenants	1933	1810	-	1810	93.6%
Tenants (Category C)	141	-	120	120	85.1%
Tenants (Category D)	-	-	43	43	-
Structure Owner (Small)	22	23	1	24	109.0%
Structure Owner (Medium)	189	184	2	186	98.4%
Structure Owner (Large)	108	109	4	113	104.6%
Total	2393	2126	170	2296	95.9%

Source: TC Final Report, page 10

**Structure owners verified under GRM are also classified as Category D*

At the end, Lagos State Government relaxed the criteria for eligibility to compensate as many people as possible, by shifting the cut-off date for eligibility three times, even at the cost of including those who were not necessarily genuinely affected. Considering that most affected people did not have any form of formally issued identification, Lagos State Government also facilitated the beneficiary verification process by requesting the Lagos State Residents Registration Agency to give priority to registering the affected people and issuing an identification card. Notwithstanding the multi-layered verification measures, the possibility of errors of inclusion was unavoidable especially when the baseline data was lacking (Lagos State Government, 2015: 12). While noting it as one of the main challenges, the TC deemed it a worthwhile endeavor to compensate those originally missed by the initial RAP, since the error of excluding genuinely affected people was considered to be worse than including non-eligible beneficiaries.

Compensation

Cash compensation was the chosen mode of compensation for the Badia East community. After examining various options for compensation or financial assistance, the final RAP states that the State Government “eventually opted for monetary compensation after due consultations with representatives of the affected Communities, in view of the number of affected persons as provision of physical resettlement does not appear feasible. Furthermore, majority of the Affected Persons in this exercise belong to category of persons whose title to the land could not be ascertained” (Lagos State Government, 2013: 25). However, considering that OP 4.12 (paragraph 12) indicates that cash compensation may be appropriate when “active markets for land, housing and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing”, it is unclear if cash compensation was sufficient to offer the community alternative and affordable accommodation in a city like Lagos where such active markets are hardly accessible by poor residents living in slums.

The **value of the compensation** was a point of contestation. The State submitted the RAP for Bank review and approval on August 30, 2013, who advised the State to consult widely with the displaced persons and resubmit the RAP accordingly (Lagos State Government, 2015: 4). Subsequently, the revised RAP was presented to the State Executive Council for an approval. The financial package, which the TC together with a Project Financial Management Unit (PFMU) accountant discussed and agreed in community meetings, was initially rejected by the Executive Council on two fronts: “The first is the fact that affected structure owners had no land title or building plan approval and should therefore not be entitled to any compensation for loss of rent or loss of profit. As a second factor [the Executive Council] took into consideration the level of compensation ordinarily payable to genuine property owners in cases of land acquisition for government projects” (ibid). After three presentations to the Executive Council in total, the revised financial package was finally approved as below (per households, HH):

- Tenants: N90,400/HH
- Small structure owner: N 171,720/HH
- Medium structure owner: N248,740/HH
- Large structure owner: N309,780/HH⁴⁴

On November 24, 2013, Lagos State Government submitted to the Bank such revised compensation package, which was scaled down from the original proposal by 28 percent. The Bank then hired two local consultants to conduct an independent assessment.⁴⁵ It was concluded that while the offer for tenants is reasonable, the structure owners were offered about one third less than what would be fair market rates.⁴⁶ This information was shared with the community and the Government, who were subsequently encouraged by the Bank to discuss and settle on a mutually agreeable outcome based on the recommendations of the experts. On December 30, 2013, the Lagos Government informed the Bank that the representatives of the affected people had agreed to the Government's proposed compensation payments. SERAC considered it too low and encouraged the community to negotiate further but gave its no objection to the proposal in the end. The room for negotiation might have narrowed down for the community who had been displaced for nearly one year by that time, with some people reportedly having stayed homeless. After consultations with, and receipt of the community's no objection, the Bank approved the disbursement of the compensation payments. While the Bank authorized any needed adjustment of payments to the homeowners to reflect market values as assessed by the two valuation experts, the Government was mindful of setting a precedent whereby occupiers of land without legal title are "compensated" in full, which may then encourage the proliferation of illegal occupation.⁴⁷ Such concern by national and/or local government of not setting a precedent that could be interpreted as a blanket invitation to squatters to invade public land and receive compensation is not uncommon in many developing countries. It is also a common feature of discussions between borrowers and the Bank when it comes to the application of the Bank resettlement policy, because OP 4.12 includes requirements for compensation to informal occupants that may not be present or very frequently exceed what is provided in national law.

Process of payment. Payments were made by the PFMU through a bank transfer, which was deemed easier to process and trace for auditing purposes than handing out a check (which was the case for previous RAPs), especially given the number of people involved. Beneficiaries had to open a bank account in order to receive compensation, which was also encouraged by the Lagos State Government as part of its attempt to promote financial inclusion. According to the PFMU, there were few barriers in opening a bank account even for poor slum dwellers and informal workers. Around 95-99 percent of the community in East Badia used only two banks, which came to the community to facilitate opening accounts. The issuance of an identification card as part of the beneficiary verification proved to be helpful when they had to open a bank account. No new claims were received by the PFMU from the TC after September 30, 2014. As discussed above, five cases of failed bank transfers were noted by the PFMU and were resolved through issuance of checks in the name of the beneficiaries.

Livelihood restoration was considered but was not effectively addressed. The State Government had run vocational training courses in various localities on computer, electronics, adult literacy, beads making, kitchen and hotel management, tailoring and the like. Beneficiaries were introduced to these training courses by the TC, but several prospective candidates did not meet the entry qualification requirements for attending these courses (e.g. junior secondary school), whilst other candidates lost interest perhaps when they realized

⁴⁴ Respectively USD 551, USD 1047, USD 1517, USD 1889 (exchange rate at September 30, 2014).

⁴⁵ The revised RAP was sent to the Bank earlier on September 30, 2013, but was found to be inadequate in terms of setting out the methodology for compensation.

⁴⁶ The valuation of lost structure followed the cost approach that takes into account the cost of housing materials with depreciation. Evaluators also made references to the prices of comparable structures. No consideration was given to the value of land as affected people were deemed to have no legal right to land.

⁴⁷ Not only the amount but also the concept of compensation was an issue that the Government was cautious about. Accordingly, as articulated by the Chair of the TC during the fieldwork, the Government finds the use of 'resettlement assistance' more appropriate than 'compensation'.

that no direct monetary benefit was attached to training, including subsequent job placement (Lagos State Government, 2015:15). The loss of profit for home-based businesses were considered by the original RAP but was not included in the revised RAP as per the instruction of the Executive Council.

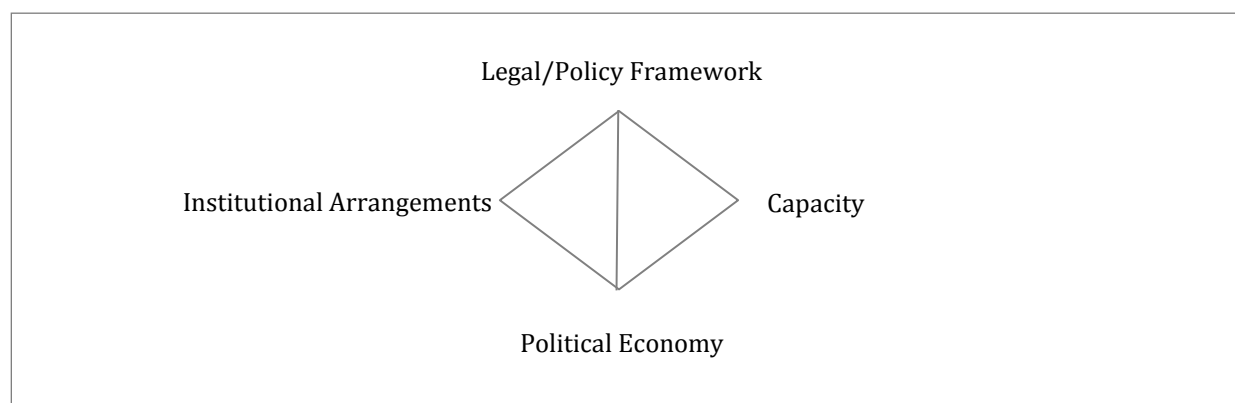
Consultation and participation

Although the essence of consultation and participation was inevitably undermined by the retroactive nature of engagement, which started from the demolition with only a 24-hour notice (without written notification), extensive consultation was conducted throughout the preparation and implementation of the RAP, including at least nine consultative meetings held between June and September 2013 with the community, traditional leaders and SERAC. On February 6, 2014, the RAP was uploaded on the website of the Lagos State Government, as well as being advertised through three national newspapers, and four hard copies were made available for 21 days in the Apapa-Iganmu Local Council Development Area (LCDA). The RAP elaborated the steps for addressing grievances, which essentially came down to the issues of “those who might have been omitted from the Displaced Persons List as an appeal channel” (Lagos State Government, 2015:5). Claims were first reviewed by the Community Grievance Committee (CGC) consisting of community representatives, and further corroborated by the Chairman of the Apapa-Iganmu LCDA. The Citizens Mediation Center (CMC) – which was originally set up to provide free mediation services to of Lagos State - served as the main GRM to look into the concerns of affected people and do further analysis, before handing in the list of affected persons to be considered to the TC.

In summary, the overall outcome of the RAP was that affected people were provided with compensation, despite the Government’s original position on informal settlers and despite the challenges and limitations associated with retroactive implementation. The level of compensation for structure owners was initially subject to some contestation by SERAC, although it was later accepted by the community and local NGOs/CBOs, while the question of compensation for economic activities carried out within the demolished structures could not be addressed in full due to the difficulty of reconstituting the baseline.

4. Analysis of involuntary resettlement challenges in LMDGP

Understanding how resettlement challenges arose in LMDGP in general, and in the Badia East case specifically, and why they were not addressed effectively, requires an analysis of the LMDGP as a whole. From the meetings with diverse stakeholders during the fieldwork, four factors are identified as playing a critical, interactive role in influencing the process and the outcome of a project involving a potential/actual case of involuntary resettlement: (i) policy and legal framework governing land acquisition and involuntary resettlement, (ii) political economy considerations, (iii) institutional arrangements, and (iv) implementation capacity. This study proposes a simple analytical framework reflecting these four factors as shown below, with the relationships between them to be defined through the specific case of Badia East.



First, the study applies the framework to better understanding the general dynamics between the four factors within the Lagos State Government, *without* taking into consideration of the Bank project, in consideration of

certain dimensions of the broader context of Nigeria and Lagos. It then examines the LMDGP case to discern implications of the Bank engagement.

4.1 Analysis (1): Existing conditions (without the Bank involvement)

This section examines the issues of slum upgrading and involuntary resettlement within Lagos State Government by focusing on the existing policies, institutions and their capacities to implement such policies, and the prevailing political economy conditions at the State Government as well as at the national level as may be feasible. The way in which the political economy plays out in this environment will be analyzed in the next section using the LMDGP case.

Legal/Policy framework for involuntary resettlement in Nigeria and Lagos

As discussed in Section 2, control over State lands and all related decision-making powers are vested in the hands of the State Governor as per the provisions of the Land Use Act (LUA) of 1978. With regards to involuntary resettlement issues, Part V of the LUA is directly relevant as it governs the practice of eminent domain within States. It allows the Government to carry out a compulsory acquisition of privately-owned, including the assets thereon, in specific instances where an overriding public interest exists, and against which the Government provides compensation. Sections 28 and 29 of the LUA state that compensation is provided to holders of statutory occupancy “for the value at the date of revocation of their un-exhausted improvements” on the land.

When compared to the Bank’s OP 4.12, some important differences are noted. First, entitlement to compensation is linked to *the legal status of land occupancy* of affected people, which implies that affected persons in informal and squatter occupancy are not entitled to compensation. Second, the methodology for valuation of the improvements (buildings and etc.) for the purposes of compensation, according to Nuhu and Aliyu (2009), uses the cost approach, which in this case only considers the current costs of construction and factors in depreciation (as opposed to the replacement cost approach, which allows to acquire in today’s market conditions a structure of conditions equivalent to that being expropriated). Nuhu and Aliyu (2009) note that within the cost approach, the LUA attaches no value to land and thus land value is not factored in the computation of compensation for the real property under compulsory acquisition.⁴⁸

State Governments are empowered by the LUA to create agencies such as the Land Use Allocation Committee for the effective administration of land in the State. Decree 88 of 1992 also permits localized policies and agencies for managing urban planning and related physical development matters. Consequently, in Lagos the Lagos State Urban and Regional Planning and Development Law of 2010 was promulgated with clear provisions regarding the matter of upgrading, acquisition of land and compensation. However, the most contentious issue of compensation still defers to LUA.⁴⁹ The limited consideration in the LUA of those without legal tenure status is further compounded by the position of the Lagos State Government that the *Government is not responsible for illegal developments without land title or out of compliance with building acts*.⁵⁰ As was for the Badia East case, the concern is that establishing precedents of compensating squatters and illegal land occupants may create a perverse incentive for people to deliberately plan and build informally and hence, lead to the proliferation of slums. While such concern is commonly shared by many governments, this has significant implications for addressing issues of slum upgrading and involuntary resettlement in a city-state like Lagos where informal settlements are prevailing if not increasing and more widely in Nigeria where the

⁴⁸ In practice, however, land is valued in one way or another for instances of compensation. The LUA is known to have a number of contradictions in itself (see Annex II for further details). For example, Nuhu and Aliyu (2009) mention that economic trees or crops are not counted for compensation but the FCDA resettlement projects have considered them in their compensation package. Such confusion and gap within and between policy and practice calls for a review of the LUA and overall regulatory framework governing land matters in Nigeria, as will be suggested in Part III of this report.

⁴⁹ The Section 58(2) of the law of 2010 states that “compensation shall be payable to the owners or developers as provided for under the Land Use Act.”

⁵⁰ During the meeting at the Attorney General’s office, it was articulated that slum dwellers are mostly “migrants” and “non-Lagosians” who are illegal occupants without land and property rights. That is, their tenure status disqualifies them from claiming any rights to the city including a place of living. The State Government was of the view that tackling this issue requires them to regulate and manage state land more tightly to avoid illegal occupation.

predominant legal and regulatory framework does not protect those without legal tenure, irrespective of the length of their tenure⁵¹.

At the State level, slum upgrading policy stands in a rather ambiguous space where the Government demonstrates on various occasions that it is willing to improve access to infrastructure and services in slums (thus recognizing the need to improve living conditions for slum dwellers) but such improvement programs do not necessarily translate into secure land and property rights, due to their 'illegal' tenure status. As seen in the projects of LASURA, slum upgrading does not always include land and property tenure regularization, while regeneration or redevelopment is essentially confined to those who may be low-income households but are still formal land owners (and their tenants). In this context, the legal and notional absence of social safeguards that apply to informal and illegal settlers leave them with little protection in case of land acquisition and forced displacement.

Institutional arrangement and capacity among key policy makers for involuntary resettlement

Notwithstanding such overarching position within Lagos State Government, different perspectives on slum dwellers are found within Government agencies, as well as varying mandates and capacities to allow for innovative practices. The mandate for slum upgrading and urban regeneration in Lagos rests with the Lagos State Urban Renewal Authority (LASURA). In meeting during the fieldwork, LASURA presented a more favorable view towards slum dwellers whom they do *not* see as squatters. For resettlement, while their overarching priority is to minimize it, LASURA recently initiated a program of densification, whereby small plots are assembled into larger plots to allow for the construction of vertical buildings and the existing landholders are compensated either in cash or through residential units in the buildings of an equivalent share (see Section 2.2 above). Besides LASURA, other agencies such as the Lagos Waste Management Authority (LAWMA) and the Lagos Metropolitan Area Transport Authority (LAMATA) have had practical experiences in implementing resettlement. LAMATA has its own Resettlement Policy Framework (RPF),⁵² which was developed under the Bank-financed Lagos Urban Transport Project (LUTP) and benchmarked against OP 4.12. The document states that the RPF will apply to future interventions (although without specifying whether these are only those Bank-financed) and that all affected people regardless of their property rights are entitled to compensation (although excluding informal vendors).

In summary, there *does not seem to be uniformity in Lagos as far as involuntary resettlement practices are concerned* – some agencies adhere to international standards, as much as possible, while others follow national provisions instead.⁵³ The table below examines the capacity of LASURA, LAWMA and LAMATA across key aspects of involuntary resettlement planning, implementation and monitoring. LAWMA and LAMATA show an advanced understanding of environmental and social risk management and good knowledge of international best practices in resettlement. LASURA is also well aware of international compensation principles, requirements for livelihood restoration and the need for special assistance to vulnerable groups and also has the capacity to engage with the community as demonstrated in the LMDGP. However, unlike LAWMA and LAMATA, LASURA lacks its own resettlement guidelines as well as experiences of involuntary resettlement, which reduces its capacity to translate such awareness into tangible outcomes. In comparison, LAMATA is almost at the other end of the spectrum where the agency strives to minimize or avoid resettlement and if resettlement is needed, provides assistance such as housing and measures to improve livelihoods (e.g. markets with toilet and car parking facilities).

Table 6 Comparison of institutional capacity for involuntary resettlement among agencies in the Lagos State Government

⁵¹ In several countries, the legal framework (e.g. the 1988 constitution and the city statute in Brazil and the civil code in Egypt) allows for a process of "adverse possession" by informal or illegal land occupants if their occupancy has exceeded a minimum duration – often 10 or 15 years – and such occupancy has been visible and uncontested

⁵² Source : <http://www.lamata-ng.com/docs/LAMATA%20RESETTLEMENT%20POLICY%20FRAMEWORK.pdf>

⁵³ Artelia Eau & Environment 2014, op.cit.

	LASURA	LAWMA	LAMATA
Awareness	High	High	High
Policy	Lack of systematized resettlement guidelines, potentially affecting their capacity to prepare, implement and monitor a RAP	Formal environmental and social (E&S) risk management procedures including early consultation, minimization of negative impacts, and participation of affected people	Own resettlement policy and procedural manuals on social and environmental assessment; a social/ environmental management guide to raise awareness among civil work contractors
Organizational arrangement	No specific, in-house dedicated team or unit	An in house team working on social issues with a E&S risk management system although practice is challenged by the lack of human resources among other factors	An environmental and social safeguards unit with qualified staff
Consultation and Participation	Community development officers who demonstrated the capacity to build trust with communities (e.g. LMDGP)	A strongly inclusive approach that considers all tiers of society in service provision	Affected people are informed and engaged, often separately, to identify stakeholders with different interests
Grievance redress	Absent	An accessible and transparent system to manage complaints and a comprehensive customer service for affected people	Own grievance redress mechanism prepared and implemented in practice

Sources: *Artelia Eau & Environment (2014)*, interview with LAMATA CEO and review of documents.

In practice, all these institutions dealing with physical and economic displacement often have to struggle in order to defend an approach based on international standards for compensation, as State compensation rates tend to be lower than the recommended, by using the cost approach (that does not factor in land and especially when the ability to acquire a replacement structure in a dysfunctional land and housing market such as Lagos' is not evident). In addition, an approval for RAPs needs to be obtained from the Lagos State Governor (at least in theory),⁵⁴ as most of land related matters would be, in accordance with the LUA. It is then often the political economy of the Lagos Government that ends up shaping the final outcomes of resettlement practices, as will be seen in the case of the LMDGP.

4.2 Analysis (2): Conditions related to the Bank involvement

The LMDGP adds to the above analysis complex political economy dynamics around the project design and institutional arrangement. While the inadequate legal and policy framework for involuntary resettlement is taken as a starting point, the political economy of the LMDGP had implications for institutions of involuntary resettlement and their capacity building opportunities. Adding the Bank's involvement through the LMDGP also generates additional lessons about its own project management.

Legal/policy framework

Given that the legal and policy framework is not readily compatible with the Bank social safeguards policy, involuntary resettlement risks of the LMDGP may have possibly been underestimated at the beginning, though the RPF did address the Bank's requirements for resettlement. Notwithstanding the initial political commitment of the government, different views on informal settlers between Lagos State Government and the Bank became obvious later in the implementation (and this could well be linked to the very long time elapsed between the initial project concept to effectiveness, over four years). The "material differences" around informality as noted in the ICR many times were not discussed in the project documents such as PAD. More broadly, a thorough analysis of the legal/policy framework regarding land tenure issues including

⁵⁴ In reality, the Governor cannot examine all the details of every proposal by numerous MDAs. LAMATA demonstrates political means by presenting resettlement plans in the way that highlight expected results and benefits ("success nuggets") rather than detailed procedures. Meanwhile, they experiment with innovative measures to improve the resettlement outcomes.

informal use of land and their implications for slum upgrading and safeguards seems to have been missing. It is also unclear whether and to what extent the feasibility of translating the RPF into actions was examined.

Institutional arrangement with the political economy

The institutional arrangement of the LMDGP was originally designed to isolate project management from political interferences and protect it from public sector inefficiencies. In addition, considering the multi-sectoral nature of the project, it was decided not to locate it in any single government agency. Consequently, a Project Coordinating Unit (PCU) was set as an independent body under the supervision of a Project Steering Committee (PSC) that reported directly to the Governor. Such a design benefited heavily from the Governor's commitment at project negotiation, as well as from the strong relationships that the project TTL had built with the Governor at the time. PSC members were High Commissioners from the State Ministries as well as private sector and civil society representatives, whereas the PCU was made up of civil servants seconded from the Component Executing Agencies and professionals from the private sector (including the Project Director).

At the project preparation stage, there was one single Ministry to deal with all components of the LMDGP, the Ministry of Physical Planning and Environment. Later on, it was split into two: the Ministry of Physical Planning and Urban Development and the Ministry of Environment. The Slum Upgrading sub-component was to be implemented by LASURA under the Ministry of Physical Planning and Urban Development and both the Drainage sub-component and the Solid Waste Management sub-component were to be implemented by LAWMA under the Ministry of Environment. Given the total credit amount of the two components under its management (US\$ 125.2 million combined at appraisal), as compared to the Slum Upgrading component (US\$ 40.1 million), the Commissioner of the Ministry of Environment reportedly operated as if the whole project belonged to his Ministry. Cooperation between the two Ministries was sub-optimal, with the result that LASURA became gradually side-lined from the LMDGP (notably, the General Manager of LASURA had to leave and LASURA eventually lost its place in the project).

With the change of Governor in 2007 (cf. the Bank team also changed in 2009), the priorities of the State Government with regards to the LMDGP changed, especially when significant investments in waste collection and drainage programs could then be financed by the Government's own resources. The PSC's high level policymakers gradually lost their political interest in the project, and lower-level officials with less decision-making power started to attend the meeting instead of Commissioners. As a consequence, the PCU was left without high-level guidance and the political clout needed to ensure effective coordination among State agencies. Not unlike other places where project implementation was entrusted to PCUs staffed from outside of the civil service and remunerated on a higher pay scale, tensions existed between PCU staff and seconded civil servants. A high turnover of staff also undermined the internal continuity of the PCU (including six Project Directors heading the PCU during the project lifespan of seven years, while the Bank also had four different TTLs). All these factors combined meant that the project started to lose its central role within the broader context and its policy and institutional underpinning was therefore not equipped to cope with a case like the demolition in Badia East.

There seemed to be a good understanding of the political economy during project preparation (as demonstrated by the particular way in which the institutional arrangement was set up and also by the fact that the TTL had a close working relationship with the Governor). A change in the political scene (with election and other events) was also anticipated and rated as a substantial risk in the PAD. However, the full implications of such changes on project implementation were underexplored as the mitigation measure only included a participatory approach and effective communication with stakeholders. Looking retrospectively, the LMDGP institutional arrangement combined with the political economy turned out to generate quite the opposite effect to that was expected: (i) distancing the project from the routine functioning of the existing institutional system of the State Government, thereby isolating it, (ii) exposing it to political influences, and (iii) creating tensions among the staff in the PCU.

For involuntary resettlement, this meant that the inadequacies already existing in the legal/policy framework for involuntary resettlement were exacerbated. In particular, the weakened position of LASURA in the LMDGP

turned out to be a missed opportunity for the Government to carry out involuntary resettlement in a more proactive and appropriate way. LASURA's sympathetic view of informal settlers and fundamentally community-driven approach might have counterbalanced the mainstream view on informality in land/housing, potentially leading to different outcomes in a similar way that LAMATA has identified innovative approaches in a given political economy and legal/policy framework. The synergy and mutual trust that LASURA had built with communities, including those in the Badia area, at the beginning of the project, were also eroded with its side-lining by the time of implementation.

Capacity for involuntary resettlement and capacity building

In a de facto absence of an agency fully mandated to address resettlement issues towards the end of the project when the Badia East case arose, a new entity, namely the TC, had to be set up *ad hoc* to prepare and implement the RAP. TC was made up of seconded civil servants who were working part-time on the RAP in addition to their full-time jobs at their respective Ministries. TC members had no prior experience in resettlement and the capacity to deal with resettlement issues had to be gradually built in-house. With no external consultants involved, the TC accomplished this challenging task by teaching themselves with materials available online as well as with support from the Bank's Abuja office. In light of such circumstances, the Chair of the TC highlighted the level of commitment among TC members to complete the task successfully and the amount of hard work put into. Yet, despite the achievement, the process was inevitably unsystematic and at times lacking in terms of efficiency and resources. Moreover, the sustainability of the overall process is at question, as the TC was a temporary body and thus, there is little guarantee that this experience would lead to an institutional learning within the State Government and further institution building as a result, beyond the mere process of individual capacity building of TC members.

Furthermore, capacity-building could have been used as an entry point into the political economy at project restructuring. The *political dimension of capacity-building* was as important as the technical one. Reactivating capacity-building activities⁵⁵ might have empowered LASURA and realigned it in the LMDGP institutional arrangement, especially within a more favorable context where slum upgrading became the biggest component. Attempts at capacity-building of LASURA were made after restructuring but did not materialize substantially. In general, restructuring was not used as an opportunity to actively address the issues related to implementation arrangements and to recalibrate the political capital commitment underlying the project (World Bank, 2014a: 10). With this and the short time left until the project closing date, which was not extended despite the request, the possibility of strengthening LASURA and putting it back as a relevant project stakeholder was also lost.⁵⁶

In short, the analysis of the relationships between the four factors governing slum upgrading and involuntary resettlement in the case of the LMDGP was as follows: (i) in the context of inadequate legal/policy (either unfavorable or non-comprehensive), and (ii) where the institutional arrangements for addressing those issues are fragmented with no clear assignment of roles and responsibilities, and (iii) in a setting where capacity is overall limited, (iv) the engagement in these areas of slum upgrading and involuntary resettlement inevitably becomes subject to political economy considerations that witness various stakeholders' competing interests at play, often in a competitive and less constructive manner.

4.3 Lessons learned

Key lessons that are suggested by the resettlement case in LMDGP point to (i) the need for an integrated approach to slums and involuntary resettlement; (ii) the importance of better understanding the complexity between the legal/policy framework, the institutional arrangement, the political economy and the

⁵⁵ Training (US\$ 0.2 million) was originally part of the slum upgrading component but was not delivered at scale, apart from a few related to the Bank-financed project management (e.g. Client Connection and Procurement) to the General Manager of LASURA.

⁵⁶ Regarding LASURA's capacity, varying views were identified during the fieldwork from a self-assessment of the General Manager himself that the agency would benefit from on-the-job capacity building to an opinion of the private sector that LASURA lacks actual project management experiences.

technical/political dimensions of capacity-building; and (iii) the need to have an upfront dialogue and negotiation on involuntary resettlement.

Integrated approach to slums and involuntary resettlement

The LMDGP started as a carefully designed slum upgrading project with a clear vision of enhancing access of slum dwellers to infrastructure and services. Despite its many tangible outcomes (the evaluation of which are outside the scope of the current study), however, the project was challenged by the experiences of involuntary resettlement. This would not have been the case had involuntary resettlement issues been central to a slum upgrading project. In the LMDGP, slum upgrading was packaged as part of the Governor's poverty reduction agenda, which was then geared towards show-casing visible changes in poor slums. . This commitment to slum upgrading did not, however, translate into a systematic Government willingness to assist and compensate slum dwellers lacking legal rights to the land in the case of eviction.

On the Bank side, social safeguards (resettlement and compensation of PAPs) considerations were not necessarily treated as an integral part of the project design as there was rather limited discussion on the issue of informality at the earlier stage of the project. In the LMDGP, slow implementation, which affected the disbursement rate,⁵⁷ and in turn contributed to a Moderately Unsatisfactory (MU) rating, partly revolved around safeguards issues. In the LMDGP, concerns raised by a Bank social development specialist regarding safeguards compliance issues led to the stoppage of project activities until a safeguards review was conducted. In hindsight, proactive consideration of involuntary resettlement issues would have arguably helped to strike a better balance from the onset and as a result, could have avoided some of the challenges facing project implementation.

Given the Government's de facto view on informality (despite variation within Government as previously discussed), it is questionable whether slum upgrading per se would have been sufficient to address broader issues of urbanization and informal development in Lagos, in the absence of proactive land and housing policies. Considering the inadequate legal, policy and institutional environment to support such measures as involuntary resettlement within the context of slum upgrading, such *curative* measures may be inherently limited to address the root causes of dysfunctional land and housing markets, without being coupled with a *preventive* approach that aims to enable poor households to have better access to affordable land and housing. The LMDGP indeed noted in its PAD that slums resulted from unaffordable housing prices, which in turn are a product of distortions in the land and housing markets, as well as inefficient government administration.⁵⁸ It also recognized the need to facilitate a long-term policy and institutional change with a programmatic approach. However, this vision was not made operational in its own design or by follow-on projects and at the same time capacity-building and institutional strengthening in slum upgrading (as well as involuntary resettlement) remained weak.

In this regard, alternative ways need to be explored by the Bank to engage with *slum upgrading and involuntary resettlement issues by repackaging them as part of an integrated urban agenda and reinforcing their links to such critical dimensions of urban development as land and housing development so they can better address the root causes of slum formation.*

Identification of political and technical champions and an appropriate institutional support

From the experience of the LMDGP, it can be concluded that in the context of the inefficient institutional arrangements for land management, political economy considerations shaped by key political figures such as the Governor, heads of MDAs and project directors may acquire more importance in determining the fate of a project including issues related to involuntary resettlement. In Lagos, for any project, strategic commitment needs to come from the highest government level – the Governor. However, the LMDGP experience shows that this might not be sufficient: a champion also needs to be identified at the operational level. The first

⁵⁷ Restructuring which took over 18 months also delayed the implementation significantly and during the field work a few government officers argued that when project restructuring takes a long time the project should be extended automatically to accommodate the lost time.

⁵⁸ World Bank, LMDGP Project Appraisal Document, Washington DC, 2016, p.16

issue, then, is to differentiate between the political/strategic level and the technical/operational level and to ensure sufficient buy in at both levels.

The target at the political/strategic level is usually powerful figures such as governors and mayors, although politics can be more complex in situations where the real power is somehow diffused as in coalition governments, for instance, or delegated in reality. Better understanding of local politics is critical for the Bank to more securely build its assistance upon the existing political capital. For the identification of the technical/operational champion, key figures should be mapped and assessed with regards to (i) their stake and interest, (ii) implementing authority, and (iii) institutional, financial and technical capacity. Potential problems for the project's success must be clearly discussed upfront and be technically prepared.

An institutional benchmark: LAMATA

LAMATA is a good benchmark against which the institutional arrangement of the LMDGP can be compared. Like LMDGP, it also started in 2003 as a Project Steering Committee (PSC) to manage the Bank-financed Lagos Urban Transport Project (LUTP). It bore a broader aim of integrating the responsibilities for transport under a single agency, which were at the time scattered across a multitude of Federal and State agencies in Lagos. It was certainly challenging to create an agency taking authority over from other agencies. The appointed CEO (who came from the private sector and is still in place for almost 13 years after the inception of the agency) identified the Governor as a political champion, while also focusing on finding technical champions who could deliver quick wins that would sustain such political support. Its good performance over time reinforced its legitimacy within the rest of the Government, which then allowed for productive collaboration with other state agencies.

The following factors contributed to the success of LAMATA: (i) formally defined role and clear vision as an institution established by the law that was approved in the State Assembly, which removed overlaps with other agencies; (ii) appropriate organizational arrangements with a governing board directly under the Governor, which streamlined the decision-making process and prevented bureaucratic bottlenecks; (iii) a purpose-driven and performance-based operation with a long-term Transport Master plan (20-year horizon), key performance indicators and timeline to measure delivery; (iv) the ability to identify and employ competent people to carry out the work through a mix of competitive recruiting process from the private sector and handpicking of competent personnel from Ministries to be seconded to the agency, in part through a market-competitive salary structure; ; (v) stability in leadership.

LAMATA's success, which depends largely on a human factor, seems to be relevant in view of the political economy in the Lagos State Government. It also is attributable to certain decisions facilitating a virtuous circle, starting from the initial political support (that the LMDGP also enjoyed), which was successively sustained by an appropriate design (legal mandate, management, staffing, planning, etc.) that yielded quick and visible results. The original political support was also maintained through constant lobbying and negotiations. In comparison, the LMDGP did not capitalize on its initial political capital, as a combination of a complex design across multiple sectors (unlike LAMATA focusing on one sector) and a subsequently complex institutional arrangement made it hard to adapt to changing circumstances. However, the replicability of LAMATA should be reviewed with caveats for it being a semi-autonomous agency outside the State Government, while its overall performance as an agency also continues to be subject to scrutiny.

Upfront dialogue and negotiation on involuntary resettlement

The views on the entitlement of slum dwellers differed significantly between the Government and the Bank and it is unclear whether the provisions of the RPF and the implications entailed in the financing agreement regarding the application of the RPF to city-wide slum upgrading interventions have been sufficiently explained to and/or well understood by the Government. Such differences and the terms and conditions of Bank financing should be explicitly addressed early on during project preparation and negotiations, to avoid

implementation delays and the late blow-up of problems.⁵⁹ This is all the more so important in this case with the provision requiring application of the principles of the project resettlement framework to citywide upgrading beyond the project scope (as stated in the Financial Agreement for the LMDGP). The LMDGP shows with the benefit of hindsight that the acceptance of Bank safeguards at project preparation might be merely discursive (or at least with its scope and implications not fully understood), something which might not have been apparent under the seemingly supportive political economy at that time. Looking at the inadequate local legal/policy framework and institutional arrangement retrospectively, there was little guarantee that the initial political commitment would have been followed by action later on when conditions on the ground changed.⁶⁰ These issues, together with the lack of ex-ante preparation of the RAPs and the non-use of Bank remedies to address the first Badia demolition as specified in the financing agreement, all suggest that the Bank's internal processes and procedures could have been strengthened in this particular case.

As a result, negotiation had to be made in the end to clarify and narrow different positions between the Government and the Bank. Compromises were struck in order to reach an agreement on the Badia East case, while key non-negotiable principles were maintained. On the Bank side the principle that affected people are entitled to compensation even if they have no formal land tenure was clearly non-negotiable. On the Government side, the main non-negotiable aspect was the value of compensation, which could not exceed the amount that is usually paid to formal landholders who are being expropriated.

"We [Lagos State Government] almost fell out at the Bank's insistence on the [financial] agreement and compliance. The World Bank resettlement policy, if insisted/followed fully, will put us in many problems. The Executive Council refused the original amount [for compensation] but progress was made when all parties adjusted. There are complaints that the World Bank compromised (its standards) – but the reality is that without such compromise, we won't be here where we're now. There would have been no payment. The Government also decided to overlook a lot of fraudulent claims. We adjusted to each other and in the end we achieved something. Such collaboration was fruitful". (An interview with the Attorney General)

Notwithstanding important learning, such negotiation took place only towards the end of the project and lasted well after project closing at a time when the affected households continued to endure hardship while negotiations were underway. *If negotiations and compromise is unavoidable, then it would be better if it were to occur upfront rather than later on.* Late negotiations that are made under pressure are more likely to stress the relationships between the Bank and the client as was originally the case for the LMDGP. In addition, possibly, if negotiation had taken place earlier in project, other aspects of involuntary resettlement might have been negotiated, reducing the shortfalls of the Badia East RAP that were discussed in Section 3.2.

The lesson learnt from the LMDGP of initiating and concluding safeguards-related negotiations as early as possible is particularly relevant, especially in the context of pressures to accelerate project preparation by adopting a framework-type approach where such negotiations are carried out during the course of implementation. It will be critical to back this with long-term engagements with the clients to ensure capacity building and awareness-raising on safeguards issues, that could enable a transformation on client policies, regulations and procedures (Brazil here is a case in point where a decade of engagement on housing and slum upgrading issues created the foundations for the adoption of a regulatory framework governing involuntary resettlement – this will be detailed later on). Finally, such proactive engagement is critical especially in challenging settings for upholding Bank safeguards. For instance, the State Government pulled out of the Solid Waste Management sub-component in the LMDGP when they could mobilize their own resources, a decision that is arguably linked to what is perceived as complex Bank requirements for procurement and safeguards. As such, it is critical to package involuntary resettlement not as safeguards and an add-on to the project, but instead as part of an integrated approach to slum upgrading, land and housing. This will be discussed further in the next section.

⁵⁹ World Bank, 2014a and an interview with LAMATA CEO.

⁶⁰ The de facto influence of the Financial Agreement, which had a very ambitious statement on the application of project safeguard instruments to city-wide upgrading, over various MDAs within the State Government was deemed minimal. The Ministry of Housing that carried out the demolition of Badia East was not part of the PSC of the LMDGP but it is unclear whether even participating Ministries were clearly aware of its implication.

Part III. Policy and Operational Recommendations

The lessons learned from the LMDGP reveal that slum upgrading and involuntary resettlement do not always make it to the government's priority agenda. To engage the government in these areas, therefore, it is important for the Bank to consider a range of innovative options to repackage them as part of broader policy issues of land and housing. Increasing the availability of affordable land and housing is the primary condition for *preventing* slums by opening up possibilities of policies such as social housing, rental housing, and sites-and-services for incremental construction. It is also relevant for the *curative* side by allowing resettlement to take place in-situ or in nearby locations, which is critical for the sustainability of livelihoods and the maintenance of social networks. Viewing all these issues including land, housing, services, low income settlements, in an integrated manner is the key to make an engagement effective and eventually sustainable.

5. Urban sector engagement on slums

In reference to the contextual overview of urban land and housing situations in Lagos and in Nigeria (Section 2), three main areas for improvement and potential engagement are suggested as below: (i) reforming land regulations and administration and management systems and procedures, based on coherent land policies; (ii) repackaging involuntary resettlement as an integrated part of slum upgrading and the broader urban agenda; and, (iii) promoting comprehensive and integrated urban planning approaches. These key areas of engagement are elucidated further in relation to specific initiatives that are already underway and are complemented by illuminating international experiences in relevant areas. The selected case-studies provide relevant references to the discussions on: (i) legal rights of informal settlers and land tenure regularization, (ii) land management and affordable land and housing, (iii) a participatory approach to urban upgrading, (iv) upscaling from the project to the policy levels, often with an institution-strengthening and capacity-building programmatic approach, (v) integrated (preventive and curative) urban interventions, and (vi) some successful outcomes and innovations that can be good fit for the Nigerian context.

5.1 Reforming land regulations, administration and management

Land regulations (Land Use Act, Building Controls and other regulations)

The centralization of approving authority and overall land administration under the State Governor accounts for a myriad of problems across all land-related matters. The urgent need to revise the Land Use Act is increasingly recognized, but the prospect of a constitutional change is not anticipated any time soon. There is an important role for development institutions and academia to play in producing the evidence on land and housing market distortions and the negative impacts on productivity and agglomeration economies, which would inform policymakers about the need to reform LUA. The Nigeria Urbanization Review, under preparation by the Bank, is expected to provide an overarching platform on which to facilitate a strategic dialogue on urban issues, including urban land and housing.

On the government side, practices of land management have shown some evidence of improvements such as more emphasis put on stricter land controls. For instance, the Land Bureau in Lagos is trying to improve its land monitoring capacity while the Lagos State Parks and Gardens Agency (LASPARK) utilizes a beautification and landscaping policy to avoid undue occupation of public land and open spaces. Town planning agencies are strengthening their capacity for building control, both at approval stage and development and occupancy monitoring. According to the General Attorney at the Lagos State Government, imposing stronger regulations will facilitate proper, orderly development with basic facilities in place, thereby preventing the development of slums that are characterized by the lack of such facilities. Lessons learnt from international experience, however, suggest that enforcement alone is not likely to ensure the desired outcomes of preventing informality and slum formation if the underlying development standards are too high and disconnected from the realities of the local context.

Land information management for evidence based decision making

In Lagos (and in Nigeria as a whole), information on land use and the capacity to manage land are deficient. For instance, available figures on slums in Lagos are largely outdated. In 1981, UNDP identified 42 "blighted areas" in the city and subsequently, in 1995, a survey by SNC-Lavalin profiled and ranked all these 42 areas

(in which Badia ranked as the most blighted area of Lagos) and the nine slum areas selected for the LMDGP were among the first ten on the weighted ranking in the study. Over 30 years after the initial slum identification, it has been suggested that the number of slum settlements in the city has grown to over 100 by January 2010 (Agbola, 2015). Better information and subsequently increased transparency will facilitate the reduction in land transaction costs and administrative delays. More generally, a metropolitan development roadmap backed up with data and projection is crucial. As part of the effort at the Lagos Ministry of Physical Planning and Urban Development to improve data management, all city plans have been updated, which involved intense study to understand what is already in place and what is developing. Thus far, however, the direction of future development – a potential roadmap – apparently is not yet approved by the Lagos Executive Council.

In this regard, Sao Paulo Municipality's HABISP (Sistema de Informações para Habitação Social na Cidade de São Paulo, Information System for Social Housing in the City of São Paulo) in Brazil is a case in a point demonstrating how a GIS-based information system can promote evidence-based targeting and systematic planning. The HABISP system includes a delimitation of all slums and informal settlements in the city and a cataloguing of all available information drawing on the census data, household budget surveys, access to services and human development indicators and spatial information such as occupancy of areas at risk of flooding or landslides. The local government created a rank-weighted index based on indicators of population size, level of access to services, vulnerability/risk and human development indicators to prioritize the slums that are in most need of public intervention based on levels of deprivation. Such systematic, evidence-based approach to selecting priority settlements that will benefit from municipal funding for slum upgrading has significantly reduced political interventions and pressures in favor of a transparent system. A similar approach, if applied to Nigerian cities, especially those with large informal settlements like Lagos, can allow the city governments to plan in a gradual manner through systematic targeting, while tailoring intervention strategies to target areas based on integrated information.

Land tenure regularization

Reducing the cost and simplifying the procedures for registering a property is the first step to facilitate the formalization of land and property titling. It will not only facilitate access to land for investments but will also improve security of tenure, especially for low-income households through the provision of formal titling. Improving land tenure regularization for low-income households living in their settlements for extended period of time typically triggers important improvements in housing conditions as a result of improved land tenure security as well as of increased access to and use of services. This is also evident from international case studies.

Although the land reforms undertaken by the Lagos State Government under the two DPOs include tenure regularization of land without titles, its scope is yet very limited as it is initially applied to properties that comply with the existing schemes/layout plans for some of the regularization areas (World Bank, Forthcoming (c)). The process was also hindered by lack of equipment, satellite imageries, development maps and plans for the areas, certainly supporting the need to strengthen land information systems. A more focused approach is also required for land tenure regularization of low income population. International experience suggests that addressing land regularization issues as part of slum upgrading schemes and housing policies has produced effective results in terms of improved shelter, livelihoods, productivity, as well as health, education and labor market outcomes (see box below).

Box: Land tenure regularization as part of slum upgrading and/or housing agenda

The cases of Mauritania, Vietnam and Tanzania share common key factors for success, namely (i) *integrated approach*: land titling regularization is not an isolated activity but rather part of packages that combine, slum upgrading, housing and resettlement, thereby promoting synergies among these components; (ii) *participation*: these packages are designed with a participatory/community-driven approach that fosters mutual trust between beneficiaries and government agencies, which enhances sensitivity required in land titling regularization and provides a sense of security that incentivizes slums residents to invest in their dwellings improvement; and (iii) *local government leadership*: land management and specifically land certificates issuance seem to be better performed at a government level that is closer

to the local reality of slums – hence, support to decentralization processes that are already in place, leading to institution-strengthening at the local level, is crucial.

Until the early 2000s, **Mauritania** suffered from an inefficient land management system, leading to slow regularization of land property rights. The **Urban Development Project** (2002-2012) focused on improving living conditions in slums and on strengthening the institutional framework and capacity for urban and land management. In the slum upgrading and resettlement experience of El Mina neighborhood, efforts were made to stabilize and support resettled people in their new settlement and foster investments by beneficiaries in housing through a subsidized housing microcredit scheme. Such strategy relied also on an overall participatory approach which promoted mutual trust between the government and the beneficiaries. Within its component aimed at strengthening the decentralization process in Mauritania, the Urban Development Project financed investments in operational land management and information system as well as staff training in land management and registration, leading to simplified and accelerated procedures for tenure regularization, the creation of ANAT (National Agency for Land Development – later absorbed into another government company in charge of land development, housing and real estate management) and of a Ministry of Housing, Urban Affairs, and Land Management. The Government has also put in place an observatory for the city of Nouakchott to follow the city's evolution and update information on the land occupation and planning. Based on the project success, the Government has revised the land management legal framework to facilitate access to land property rights, particularly for vulnerable and poor populations, allowing more than 480,000 slum dwellers to have access to land property rights and to improved basic infrastructure and thus demonstrating that with the right policy and enabling framework and political commitment slum upgrading and land tenure regularization can actually be done effectively and at scale (Urban Development Project ICR 2013).

The **Vietnam Urban Upgrading Project** (2004-2014) designed packages integrating upgrading, resettlement and housing (through both direct housing provision and housing micro-credit), with a CDD approach. At the same time, the project invested in technical assistance for institutional strengthening and capacity-building in land and housing management and specifically in land certificates issuance in view of the ongoing process of administrative decentralization, as land titling for the poor was extremely slow in case of Vietnam because of the weak capacity at the local administrative level.

Likewise, **Tanzania** has a legal and policy context that is not hostile to informal settlers as they enjoy a sense of (de facto rather than de jure) tenure security somewhat higher than elsewhere in Africa, due to the Government's general preference for upgrading to eviction and also because upgrading schemes often include land regularization. Consequently, unplanned settlements in Dar es Salaam are characterized by durable dwelling constructions through a continuous process of upgrading by residents. The National Land Policy of 1995 and the Land Act of 1999 state, among other things, that (i) the law shall recognize existing rights to land and longstanding occupation or use of land, (ii) land legislation shall facilitate an equitable distribution of access to land by all citizens, and (iii) citizens shall participate in decision-making on matters connected with their occupation or use of land. Building upon such a favorable legal and policy framework, the **Community Infrastructure Upgrading Program** (2004-2011) provided technically simple and flexible upgrading interventions within an overall participatory approach that minimized the need for resettlement and at the same time invested in initiatives to strengthen Local Government Authorities (LGAs) within a fiscal decentralization strategy.

Sources: World Bank Implementation Completion and Results (ICR) reports.

Land as a resource for urban development

The high price and rapid appreciation of urban land in mega cities like Lagos have led to the spatial exclusion of urban poor. Due to the lack of affordable land, the urban poor resort to settling in marginal locations including at risk areas and seek housing in informal and squatter settlements and slums. On the other hand, the possibilities created by the rapid appreciation of urban land allow for more innovative approaches. Some of the tested approaches rely on financing methods based on land value capture and cross-subsidization to open up the development potential of well-located sites and allocate the proceeds of charges paid by

developers to improve the living environment of lower income communities elsewhere in the city in terms of infrastructure and housing. For example, the Mumbai Urban Transport Project (MUTP) provided the option for landowners to access transfer of development rights (TDR) or adjustments to the allowable floor space index (FSI)⁶¹ to be used elsewhere in the local market (Annex IV). Sao Paulo's CEPACs (certificates of additional construction potential, which enable developers to redevelop land parcels through densification and/or land use conversion) are auctioned out and the city uses the proceeds to finance infrastructure improvements in the area in question. New York City's incentive zoning scheme compensated developers for privately-financed infrastructure and public service improvements with a formula-based granting of additional buildable area. Land sharing, land re-adjustment and densification can enable both in situ upgrading of informal settlements while availing land for urban redevelopment. Redevelopment schemes of LASURA, if expanded to include informal settlements and scaled up in a similar manner, can also facilitate the availability of affordable land and housing to the poor with security of tenure and thereby improved access to housing and services.

5.2 Involuntary resettlement as an integrated part of slum upgrading and broader urban agenda:

National policies on resettlement

The issue of involuntary resettlement, as seen in the case of Lagos, is often dealt with on a project by project basis in the absence of coherent policy framework. In fact, very few countries have well-crafted national policies on involuntary resettlements. One of these exceptions is Brazil (see box below). Brazil's involuntary resettlement policy (Ordinance 317/2013) was the result of (i) a high level of political commitment across multiple levels of Government, (ii) a tradition of dialogue between government and social movements, to which were added important popular pressures arising from displacements due to large infrastructure investments in the context of the global sport events taking place in Brazil (World Cup 2014 and Olympics 2016); and (iii) technical and institutional competencies of the Ministry of Cities and major municipalities in Brazil, resulting from the accumulated experience in managing urban renewal programs financed by the World Bank, IADB as well as the slum upgrading component of PAC (*Programa de Aceleração do Crescimento*, Growth Acceleration Program). While the issuance of the new ordinance came about as a combination of context, inter-institutional cooperation and political moment and will (Roquet et al., 2015:7), the Bank may consider playing a similar role in facilitating a policy approach to involuntary resettlement in Nigeria beyond project-based engagement.

Box: Key Features of Brazil's Involuntary Resettlement Policy

The involuntary resettlement policy in Brazil - known as Ordinance 317 - was issued in 2013 and governs all interventions financed by the Ministry of Cities, a federal government agency in charge of policy and technical guidance as well as funding allocation for urban interventions in the areas of sanitation, urban transportation, housing and slum upgrading. Ordinance 317/2013 "... makes explicit reference to and recognizes rights that go beyond replacement of lost assets ...[and] affirms that the right to housing, beyond mere physical dwelling, requires measures to restore the social and livelihood conditions of affected families and individuals" (Roquet et al., 2015: 8). In addition, eligibility to compensation is fully recognized for informal settlers with no legal property rights, including tenants; overall, the ordinance proposes a participatory approach; and indicates that the cost of resettlement is to be included in the total cost of the intervention.

The policy is conceived as an integral part of other urban policies, namely (i) social work

61 "Under the TDR policy, landowners receive compensation in the form of a Development Right Certificate (detached development rights equal to the development potential of a land plot) for surrendering land to the government for purposes such as widening a road, creating a park, or rehabilitating slum dwellers. TDR allows the government to avoid cumbersome procedures to acquire land at heavy compensation, and to compensate the landowner with a TDR certificate under which the development potential of the land is detached from the land taken/reserved. The land owner is compensated by additional FSI which can be used on some other land over and above the normal FSI permitted in relation to that piece of land. TDR is a negotiable instrument which can be bought and sold, or used by the landowner for development of another land plot to the north of the surrendered plot with additional FSI" (Roquet et al., 2015:19).

(compulsory in all federal government-financed slum upgrading and social housing projects), which is critical for the restoration of livelihoods and social ties in case of resettlement, and (ii) social housing, mainly under the large My House My Life program (*Minha Casa Minha Vida*) which produced almost 3 million housing units either completed or under construction up to 2013, as a preferred option for relocation, and whose target is 6 million units by 2015.

Local innovative interventions

Translating an involuntary resettlement policy or a framework into implementation requires a multitude of adaptation, fine-tuning and problem-solving, for which examples of innovative interventions can be useful benchmarks. The Mumbai Urban Transport Project showcases innovative solutions of involuntary resettlement in response to extensive displacement involved (17,000 households corresponding to 100,000 people, 1,800 commercial establishments, and about 100 religious or community properties). In MUDP, a flexible approach was adopted by all the parties involved (the World Bank, Government, NGOs and affected people), searching for solutions that went beyond the mere compliance to the policy framework. Among such solutions, several activities were delegated by the Mumbai Metropolitan Region Development Authority (MMRDA), the agency in charge of both project coordination and resettlement, to local NGOs that had a long-standing presence in the communities, specifically, the identification of eligible households and the allocation of housing units in the resettlement area. Innovative instruments for affordable housing provision were also designed and implemented together with the private sector and NGOs: (i) options of transfer of development rights and adjustments to the allowable floor space index to private developers who were interested in financing the resettlement of slum dwellers, to be used elsewhere in the local market; and (ii) support to community/NGO-run housing societies for managing buildings in resettlement townships in central Mumbai.

Institutionalizing involuntary resettlement knowledge and experience

For involuntary resettlement, the LMDGP, despite being a highly challenging experience for all parties involved, left a mark and initiated some seeds of change within the Lagos State Government. According to the Attorney General, the Badia East case helped the Government to put the problem of slums in a (slightly) different perspective, namely (i) the urgency for better management and supervision of State land in order to prevent slums, and (ii) an increased awareness that evictions should be avoided (“in theory, the Government can evict [slum dwellers] but in practice we are dealing with human beings”).⁶² A window is opening for the Government to see that not having any policy for informal settlers at all does not necessarily lead to ideal outcomes.⁶³

Besides that, the Government recognizes that, until the Badia East case, there were no real interface or formal relationship between the Government and the evicted communities. In Badia, the TC interacted closely with community members and the Governor visited the community with the Executive Council members. These interfaces led to important lessons regarding demolition and eventually compensation procedures. In future cases, according to the Attorney General, the Ministry of Justice will issue a notification to settle the issue of legitimacy, and there will be a prior discussion about demolition. Also, enumeration before demolition is understood to be a necessary step, regardless of whether or not it leads to payment. If the Government is liable to pay, provisions of compensation will be made and with the baseline data, the process of verification will be transparent and the resettlement plan better structured. This recognition can be elevated to support the abovementioned agenda of strengthening the overall database for land management and urban planning, with a particular focus on mapping and socioeconomic survey of informal settlements.

These lessons need to be more systematically captured and channeled to institutional capacity building. An initial step is to generate substantial knowledge from the set of relevant documents produced by the

⁶² Statement by the Attorney General

⁶³ As previously mentioned, the Government had to accommodate informal settlers and accept possible errors of inclusion (i.e. compensating ineligible beneficiaries) in the Badia East case as the only way to remedy the original mistake of forced eviction. In this case, the lack of safeguards ended up generating the sort of moral hazard that the Government spuriously argues would be an incentive to the spread of slums.

Technical Committee and to support the diffusion of such knowledge in the agencies participating in the TC. This should be accompanied by a concerted effort to build relevant institutions. An explicit demand for institutional development and capacity-building was made by LASURA during the fieldwork, on (i) social and environmental safeguards and related information management systems, and (ii) technical aspects of slums upgrading (e.g. urban planning, architecture and engineering). This should come in the form of an on-the-job training through direct involvement in slums upgrading projects. Capacity-building can also be considered to align knowledge and practice of resettlement within the Lagos State MDAs, reducing the capacity gap across them while taking advantage of the existing best practices from within such as LAMATA.

5.3 Comprehensive and integrated urban planning

Access to affordable housing

As pointed out in Section 2, housing programs in Lagos such as Lagos HOMS as well as in-situ regeneration and verticalization programs by LASURA, can hardly accommodate either the low-income segment or informal settlers or both in reality. Well targeted non-distortionary government subsidies are critical to enable access to affordable housing, but the Government estimates that every year, no more than 2,000 units can be provided with direct subsidies. In Lagos HOMS, despite economies of scale, subsidized interest rates, and the waiving of additional transaction costs, low-income earners still cannot afford the 30 percent down payment nor the monthly mortgage payment, and informal workers are not practically eligible for the program given the requirement of proof of (formal) employment.

In case of in-situ verticalization programs (such as LASURA Isale Gangan redevelopment project), the low-income barrier can be overcome as landholders, even if poor, are eligible for receiving a (cross-subsidized) housing unit from the project or some compensation. However, this cannot be the case for slums dwellers, as they are not considered as legal landholders and therefore cannot formally leverage their land in partnership with the Government for redevelopment. That is, LASURA's regeneration scheme is not available for informal land users. Studies should be promoted to assess the financial viability of upscaling cross-subsidy schemes in order to accommodate the housing needs of a larger number of low-income formal landholders and to include the costs of land regularization for informal settlers under the subsidies. In this regard, the Land Sharing schemes that Thailand's National Housing Authority brokered whereby squatters were resettled on part of the land they occupied at higher density to free up part of the land for commercial and market rate housing redevelopment to the benefit of the original landowners is a case in point of enabling the restructuring of locked and distorted urban land markets.

In addition, complementary ways should be searched for expanding the provision of low-income housing. One is to strengthen the participation of the private sector. The main bottleneck for private sector participation is high transaction costs and especially the difficulty of accessing land. The private sector advocates strongly for reducing approval and development fees in order to focus on the low-income market. The abovementioned land reforms under two DPOs of the Bank to enhance the efficiency of land administration in Lagos have led to some tangible outcomes of reducing processing fees and fastening the approval process. The Bank may consider introducing actionable agendas as part of its financial and technical assistance. Other suggestions include promoting technical innovations, such as setting standards for optimizing the use of available space, design improvements, adoption of new technologies (not always accessible in Nigeria), and a wider adoption by architects of pre-feasibility/location studies (although skills are lacking for that) in order to identify where, in Lagos, multi-story buildings are possible, to be associated to a relaxation of Government building codes that restrict the possibility of high-rise verticalization.

Integrated approach to urban development

The provision of housing and services to low income population has been particularly difficult in mega cities like Lagos that are characterized by dysfunctional land and housing markets. As discussed earlier, single sector solutions are not sufficient to address the complex issues of informality, while a single project may become too complicated if it is to become multi-sectoral. An alternative way is to view the issue of slums and affordable housing (i) in an integrated manner by linking them with broader urban development issues including infrastructure, basic services, land and housing and (ii) design it in a programmatic manner by

which different sectoral projects can be simultaneously ongoing with close coordination or piloting of innovative solutions can be gradually scaled-up over time. This said, integrated approaches are not necessarily easy to implement. Indeed, such approaches require coordination from multiple agencies at the same time, including many such as departments of health, education, social protection, public security, etc, that do not necessarily coordinate effectively with public works agencies. Similarly, integrated approaches require a larger outlay in non-bricks and mortar activities (often 5-20 percent of the overall investment amount), which means less funds going to infrastructure – something that not all policymakers will readily approve. Similarly, several components are often fraught with challenges including land tenure regularization which faces political economy challenges and economic development activities which are often designed with a one-size-fits-all approach and without attention to the needs of entrepreneurs and home-based enterprises and job placement support programs among other things.

In case of Brazil (Annex IV), housing and slum upgrading policies are integrated into comprehensive urban interventions that encompass a social work component, land tenure regularization, involuntary resettlement, environmental management and provision of health and education services. This has helped generating positive synergies in slum upgrading and social housing programs. For instance, social housing is being extensively used for resettlement including for slum upgrading infrastructure interventions. The social work component is crucial for promoting the sustainability and restoration of livelihoods of the displaced families in their new settlements, e.g. by strengthening community organization and condominium management (when this modality is adopted in social housing), fostering job creation and income-generation, the introduction of social tariffs to govern the new expenses from the legalization of water, sanitation and electricity connections, from condominium management and/or from the payment of property taxes, adapting the behavior of beneficiaries (usually coming from informal settlements) to the new environments where they coexist in vertical buildings, and addressing demands for social services referring families to health, education and social assistance facilities.

A programmatic coordination across diverse initiatives of different sectors is complex but a pilot testing of cross-sector/agency collaboration is worth considering in the manner to create synergies and strengthen the capacity of participating parties.

Proactive Urban Planning (preventive vs. curative approaches)

It is equally important to plan for future growth, rather than responding to the situation later. Promoting a more decentralized model of economic and urban growth in Lagos in the way that opens up possibilities for development in peri-urban areas where land is cheaper could be one of the ways to accommodate future growth (although it should be assessed if the higher costs of more extended trunk infrastructure do not outweigh the lower cost of land). The possibility of opening up new spatial vectors of development in Lagos can be significantly enhanced by the ongoing construction of new metro and railways lines of transport under the coordination of LAMATA, connecting remote and peri-urban parts of the city.

The PMIB (Programa de Mejoramiento Integral de Barrios, Integral Neighborhood Upgrading Program) of Colombia (Annex IV) is an illuminating example of proactive planning. PMIB expanded infrastructure with roads, rainwater traps, and sanitary networks and added communal facilities. Delivering access to services allowed formalization of the settlements and thus prevented growth of slums. PMIB differs from its predecessor, the Integrated Urban Project (PUI) of Medellin (2004-2011) as the former is focused on localized micro-interventions whilst the latter promoted upgrading as part of a city-wide urban plan. In Bogota, PMIB went beyond in situ upgrading by first guaranteeing land tenure regularization and then connecting informal settlements to the city through investments in trunk infrastructure.

The Bank can promote a proactive planning and management of urban expansion in Lagos and other growing cities in Nigeria by providing technical options combining infrastructure and housing development in peri-urban areas in the way that they can be well-connected to the sites of economic activities while being affordable home to many urban residents.

Role of Federal, State and local government in urban planning

The lessons learned from LMDGP reiterate the importance of involving all levels of government in urban development and improving the coordination across levels. Although the local governments have the authority and devolved powers, they often lack the capacity or political will to tackle the issue of slums and coordination across the Federal, State and local (municipal) governments has been a challenge whereby State governments often have de facto controls over land and planning matters.

The case of Colombia (Annex IV) highlights the importance of inter-governmental cooperation between the central government and local administrations. Since 1998, Colombia has experienced administrative and political decentralization to local administrations, which are endowed with fiscal, planning and administrative autonomy. Nevertheless, besides Bogotá and Medellín, only a few cities demonstrated to have the capacity for large-scale housing and upgrading programs. Colombia is implementing a preventive and curative national strategy that aims to address land, housing (with an important role of PPPs) and slum upgrading issues. This strategy involves coordination between different levels of government and the abovementioned PMIB (Integral Neighborhood Upgrading Program) was focused on capacity-building of local administrations on slums upgrading through six pilot projects. Implementation is the responsibility of local administrations but overall management/oversight of the program implementation across localities together with capacity-building is under a single national Ministry, the Ministry of Housing, Cities and Territory (MVCT). A National Coordination Technical Unit in the MVCT supported planning, execution and capacity-building of local technical units in selected cities. The centralization of project management in a single unit in the MVCT streamlined implementation and promoted knowledge sharing among the six pilots.

Brazil also showcases a robust legal and policy framework (see the box below) that calls for action from all tiers of government. Respecting the federal architecture of Brazil, a regulatory framework has been established for financial transfers between the federal level and the state and municipal levels, together with rules and conditionality for the latter accessing funds and executing projects. One of the exemplary steps taken by the Brazilian government was the establishment of Ministry of Cities in 2003. This federal agency is responsible for formulating national policy and developing programs in cities in the areas of sanitation, urban transportation, housing and urban development. The establishment of the Ministry of Cities has helped set the stage for urban development at the national level through the right kind of policies as well as provided support to the local governments to translate these policies into local implementation. With this, preventive (housing) and curative (slums upgrading) large-scale national policies have been institutionalized under a single agency (the Ministry of Cities) at the federal level. The case of Brazil, being a federal state, can provides some insights to Nigeria in exploring ways to improve as well as navigate through the existing federal system for more effective urban planning and development.

Box: Brazil's legal, institutional and policy framework for urban planning and development

Legal framework

Brazilian cities gained significantly autonomy after the **1988 Constitution**, which identifies housing as a basic social right together with education, health, work, social protection and safety, and indicates the municipal governments as responsible for land and urban issues. The inclusion of an urban chapter in the Constitution is the result of a major mobilization in the country led by social movements campaigning for an “urban reform”. The same mobilization led also to approval of the **City Statute** (Law 10.257/2001), which represents the main legal groundwork of the urban strategy of Brazil. The City Statute is meant to promote socio-economic inclusion by maximizing the “social function” of urban property and an equal distribution of the benefits and burden from urbanization.

A second, crucial piece of legislation is the Law 11.124/2005 establishing the **National Housing System (SNHIS) and the National Housing Fund (FNHIS)**. The law unifies in a single system several budgetary and non-budgetary funding sources (such as the FGTS1), foreseeing the flow of funds from the federal level to the state and municipal level through specific housing funds, in order to separate and earmark in the federal budget resources for housing, following priorities and targets set up by national and local housing plans, and policy guidelines from national and local housing policy boards/councils. Such system and the associated legal obligations boosted the strengthening of housing management and policy bodies

in Brazilian cities and states, the main mechanism being the conditionality of structuring local planning, council and fund facilities for social housing, established by the SNHIS law for states and municipalities.

Institutional and policy framework

The **Ministry of Cities** was created in 2003, concentrating in a single agency at the federal level responsibilities for policy in the areas of sanitation, urban transportation, housing and urban development. Although the latter is constitutionally under the responsibility of municipalities, the federal level's role has been conceived as a provider of support to cities in implementing participatory and inclusive planning process, with the introduction of the City Statute's instruments, providing incentives and assistance to cities in land management issues, overcoming land conflicts and disaster and risk vulnerabilities. Within a broader participatory approach, the Ministry of Cities stimulated, through municipal conferences (taking place in 3,457 out of Brazil's 5,561 municipalities) and a National Conference of Cities, the creation of an elected **Council of Cities**, with members from both the civil society and the three levels of government (federal, state and municipal levels), as a forum to discussing and proposing urban policy guidelines. In 2004 the Ministry of Cities prepared, and the Council of Cities discussed and approved, a document on a **National Housing Policy**. Overall, the National Housing Policy has established a federal funds transfer scheme to states and municipalities, whereby the latter add their own investments as counterpart for slums upgrading and housing provision.

A **National Housing Plan (PLANHAB)** was prepared also in 2010 with the support of a World Bank DPL focused on (i) housing policy and government institutional framework strengthening, (ii) housing finance/subsidies, and (iii) land and urban development. The Plan includes an estimate of future (2007-2023) housing demand, accumulating to 54 million units over the period. However, the distribution of such demand among income brackets was estimated to change over time, following the rise of a new middle class: whereas in 2007 most of the housing demand was concentrated in the lowest income bracket, which had no access to market credit and consequently depended almost fully on subsidy, considering the whole period 2007-2023 the housing demand would gradually shift to the low middle-class, requiring partial subsidy only. The targets set in the plan included (i) upgrading *all* informal settlements in the country, attending 3.2 million households, and (ii) building housing units to attend the current housing deficit (7.9 million in 2007) as well as 50% of the projected deficit over the period, corresponding to 27 million units, considering different possible options (construction of new units, sites and service, provision of material for house improvements etc.)

Diverse international experience underlines the importance of strengthening the regulatory framework for integrated urban development encompassing land management, housing provision and service delivery, as well as land tenure regularization for squatters/informal settlers, which further contributes to address the challenges faced by slums including involuntary resettlement more fundamentally. In this regard, reforming key legislations such as the Land Use Act as well as modernizing land administration systems with effective information management and incentives to register land and property and maintain the records up-to-date are priorities for enhancing the efficiency of land institutions in Nigeria. In particular, reviewing the way land tenure is addressed in innovative approaches to tenure regularization (as illustrated by many successful cases) is essential for realizing the true value of unregistered land, promoting formal development and increasing sense of security as well as investment in properties. While tenure regularization can strengthen the existing slum upgrading initiatives, a more inclusive approach is needed to protect slum dwellers in case of involuntary resettlement. The LMDGP experience provided a rich learning experience, which can translate into systematic institutional capacity building. A strategic plan for regional and territorial development, coupled with a comprehensive and integrated master plan for urban areas, will jointly create the necessary enabling environment for urban sector engagement, but these in turn requires consolidation of regional and city-wide databases and coordination between local, state and federal governments across jurisdictions, as well as within-city cross-sector collaboration. While such cross-sector, cross-jurisdiction collaboration for urban planning and implementation is not obvious, the rewards from such an integrated and coherent planning process are undoubtedly worth the effort.

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Annexes

Annex I. Overview of the LMDGP

Components

Under the Infrastructure Component, the Upgrading sub-component was to build the capacity of the Lagos State Urban Renewal Authority (LASURA) to assess, develop, plan, and coordinate the execution of a city-wide upgrading program through the execution of the subprojects in nine of the largest slums, covering 760 hectares and housing over 1.1 million people. The Drainage sub-component was to develop a long-term technical solution to flooding. The Solid Waste Management sub-component was to finance several activities such as construction of transfer stations, upgrading of landfill sites, communal depots, as well as Technical Assistance (TA) for the Lagos State Waste Management Authority (LAWMA) and TA for the Lagos State Environmental Protection Agency (LASEPA) and Ministry of Environment (MOE).

Under the Public Governance and Capacity Building component, the project was to support Public Finance Management Reforms, Economic Intelligence and Service Delivery, and Leadership Enhancement Program.

Under the Urban Policy and Project Coordination component, Project was to finance: (i) knowledge management to strengthen metropolitan policy dialogue, including consultations around specific infrastructure, growth, and metropolitan development issues facing Lagos; (ii) communications to inform and educate all stakeholders about the potential benefits of LMDGP; (iii) conflict resolution; (iv) strengthening of the capacity of Citizens' Mediation Centers (CMC) and the Office of the Public Defender (OPD); (v) systematic monitoring of processes and intermediate results of LMDGP; and (vi) operating costs of the Project Coordination Unit (PCU).

Project financing (as of March 27, 2014) (in million USD)

Component/Sub-component	Cost at PAD	Cost at Restructuring	Cost at Closure
A. Infrastructure	165.35	182.57	
A.1 Upgrading	40.15	138.42	
A.2 Drainage	61.38	32.55	
A.3 Solid Waste Management	63.81	11.60	
B. Public Governance and Capacity Building	5.97	14.30	
B.1 Public Finance Management Reforms	3.97		
B.2 Economic Intelligence and Service Delivery	1.70		
B.3 Leadership Enhancement Program	0.30		
C. Urban Policy and Project Coordination	12.13	16.42	
Repayment of the project preparation advance	1.04	1.04	
Contingency	15.50	5.25	---
Disbursed			139.12
Cancelled			43.00
Undisbursed			31.07
Earmarked for Badia East compensation			3
Cancelled (among the undisbursed)			28.07
TOTAL	200	219.6	213,19

Source: World Bank (2014)

Annex II. Comments on the Land Use Act

In Nigeria, the issue of Land is regulated by the Land Use Act (LUA) which aims to harmonize the variety of traditional land tenure arrangements that survived the colonial period. According to the LUA, landholding regime in Nigeria consists of 3 categories: (i) land holders (not land owners) with the right of occupancy certification (land lease) – the Certificate of Occupancy is the sole legal proof of occupancy; (ii) customary land owners from time immemorial; and (iii) those who bought land from those in the first category.

(sources: Agbola B., *background paper for the present study*, Ibadan, 2015, mimeo; World Bank, *Nigeria Urbanization Review – Chapter 3*, Draft, 2015)

“The LUA was passed in 1978, under the urging of Nigeria’s military government, after a series of reports and government papers pointed to a need for the government to have access to land in order to implement the National Development Plans. A blunt land administration instrument entirely unsuitable for urban markets or expanding peri-urban areas, it confers all powers of ownership of lands on the state governors and their Land Use and Allocation Committee (LUAC). The LUA in essence reduces all claims on land to leasehold status and vests all ownership (freehold) in the hands of the government. Additionally, the LUA does not recognize the inherent value of land and only allows for compensation based on above-ground improvements, economic trees, and agricultural produce. While it is cumbersome to require the Governor to sign-off all land transactions, it is the non-recognition of the market-value of (particularly) urban land, which makes it an unattractive platform for a land and housing market. Land-holders (since there are no land owners, except the government) are incentivized to by-pass the formal land market and transact directly out of sight of the government. Ironically, the LUA, which was promulgated to control and streamline land transactions has had the opposite effect, by driving buyers and sellers in to an informal ‘black-market’ for land on the urban periphery”.

(source: Mutter M., Lloyd-Jones T., Gusah S., *Stocktaking of the Housing Sector in Sub-Saharan Africa – Part 4: Nigeria*, Affordable Housing Institute, Boston MA, 2014:7)

“The Land Use Act is arguably the fulcrum of the land and property market and the processes of land administration in Nigeria. Its retention in the constitution was earnestly debated at the recently concluded National Conference in Abuja. The Land Use Act of 1978 is incorporated into the 1999 Constitution, making it difficult to revise or replace.

The Land Use Act had a number of well-meaning intentions, which it has for the most part failed to achieve. These intentions include;

- (i) ‘One-man-one-plot’: The LUA had a noble intention of providing land to every adult Nigeria, not via a market mechanism, but through a system of land allocations by the Governor.
- (ii) Land for nation-building: The LUA sought to vest powers of eminent domain in the hands of the state Governors, in order to streamline disparate forms of tenure and land ownership that were operating across the country, including customary or native title.
- (iii) Defining the urban sphere: The LUA gave the state Governors the powers to declare an area urban in order to promote urban development, regulate the transfer of land and sole right to issue Certificates of Occupancy (C of O).
- (iv) Land Use and Allocation Committee (LUAC): The LUA also made provision for the creation of LUACs through which the state Governors are empowered to oversee land use (urban planning) and allocation (not sale, as the law only acknowledges the state as a land owner, relegating every other user to leasehold status).

The LUA (1978), which remains the cornerstone of land management up to date, fundamentally does not recognise a land market as such. It acknowledges above ground improvements and constructions, but maintains that land is a public good to be allocated free of charge by the Governor. Within a strict interpretation of the LUA it is therefore possible to speak of a housing market in Nigeria, but not a land market, as land can only be obtained on lease from the government.

Nigeria's institutional housing framework is built on the LUA, which by its very definition does not cater for an effective land and housing market. This is further complicated by the fact that the LUA is enshrined in the Constitution and therefore any attempt to amend the LUA requires constitutional amendment through the 36 states and the National Assembly. In the recently concluded National Conference the LUA was debated and attempts were made to suggest a reform process for the law.

The LUA was originally promulgated by the military government at the time in order to give the government the power to acquire land for nation-building projects under the 3rd National Development Plan (1975 to 1980)⁶⁸. Its intention was to consolidate the various forms of tenure and ownership across the country under the custody of the State (Military) Governor and their appointed Land Use and Allocation Committee (LUAC). The law granted the Governor powers of eminent domain, which are intended to be used in the interests of the common good as well as an aspirations for a 'one person, one plot' idealism, which never found purchase across the country.

The good intentions of the LUA have never been fully realised due to a lack of full implementation (LUACs have not been generally implemented and even in States where this has happened they have rarely been more than instruments of convenience for the allocation of land to a favoured few). It has been argued that whereas the 'land allocation' aspects of the law have been applied, the 'land use' (or urban planning) component less so. This has manifested in the form of the unplanned, informal, expansion of urban areas to accommodate the growing urban population across the country.

An unintended consequence of the LUA and its provisions to limit compensation for compulsorily acquired land to improvements and economic trees and crops only (rather than a negotiated or agreed market valuation) is that it has stimulated the informal land market. Land holding communities on the peri-urban fringes of growing urban areas are not waiting for the government to create layouts, pay compensation and allocate plots, but are selling land (in contravention to the provisions of the LUA) directly to mostly lower to middle-income builders and developers. The government allocation system tends to favor the more established formal developers, who have the means and connections to benefit from the formal land allocation process. However, for those at the lower end of the income scale there is more certainty and control by negotiating directly with land-holding communities, despite the inherent risks of working outside the letter of the law.

In many cases across the country the LUA is not being implemented in letter, and what has emerged are variations of informal but generally accepted practices, which differ in interpretation and application in the various land use jurisdictions (the State governments and their Governors). In Kano, for instance, the *Dilalai* (local land agents) have been engaged by the State Government's Ministry of Lands and Physical Planning and even provided office space, in an attempt to provide a bridge between government land policy and local communities land market practices. In Enugu, the indigenous Nike community's rights are respected, as original inhabitants, which is similar to the Gbagyi and other indigenous communities of the Abuja FCT. There are regularization (or formalization) provisions in State government land statutes, which provide a path for informal settlements to achieve formal status and secure title. Thus there are any number of 'work-arounds', which have evolved across the country to circumvent the LUA and its implementation (or lack of). Yet despite general agreement on the imperfectness of the LUA, there is no consensus on how it should be reformed, as the debate at the recent National Conference demonstrated, where the final recommendation was to retain it within the Constitution with minor amendments only".

(source: Mutter M., Lloyd-Jones T., Gusah S., *Stocktaking of the Housing Sector in Sub-Saharan Africa – Part 4: Nigeria*, Affordable Housing Institute, Boston MA, 2014: 37-38).

Annex III. List of forced eviction cases in Lagos and elsewhere in Nigeria (1973-2013)

No	Location	Date	No. of Persons Evicted	Motive given for eviction	Eviction agent for evictees	Compensation or offer of an alternative site
1	Oluwole/Anjola village, Iganmu	1973	N/A	National Theatre Site	Federal Government of Nigeria	Unsecure 'Relocation' to IjoraBadia
2	Idiolo, Agege Motor Road	Aug-73	500	Road construction	Federal Government of Nigeria	N/A
3	Metropolitan kano	May-79	N/A	Urban development	State Government	N/A
4	Laramo village	Dec-79	N/A	Road construction	Federal Government of Nigeria	No Compensation
5	Adeniji Adele Street, Lagos	Oct-75	5,000	Urban renovation	State Government	No Compensation
6	Iponri Lagos	Dec-76	5,000	Urban development	LSDPC, Lagos State Government	No alternative site
7	Oba Akran, Ikeja, Lagos	Apr-76	N/A	Road construction; illegal occupation	State Government	No Compensation
8	Calabar	1976	500	Urban renovation	State Government	N/A
9	Elekuro, Ibadan	Aug-76	10,000	Encroachment on school land	State Government	No resettlement
10	Central Lagos	Sep-76	10,000	Urban renovation	Federal Government of Nigeria	Resettled
11	Ketu, Lagos	1976	10,000	City clean up	State Government	Not resettled
12	Apogbon, Lagos	Nov-76	N/A	Road construction	State Government	Not resettled
13	Alaba Market, Lagos	Aug-77	20,000	Illegal Occupation	State Government	No Compensation
14	IsialaNgwa LGA, Imo	Nov-78	7,000	Illegal Occupation	State Government	N/A
15	Aba road, Port Harcourt	Nov-78	60,000	Road construction	State Government	N/A
16	Shasha village, Lagos	Jun-79	5,000	Illegal Occupation	N/A	N/A
17	Onilekere, Lagos	Jun-79	N/A	Land dispute	Owner/Authorities	No resettlement
18	Port Harcourt	Aug-79	N/A	Illegal Occupation	State Government	No Compensation
19	Oworonshoki, Lagos	Apr-80	10,000	Urban development	State Government	N/A
20	Shomolu/Bariga	Jan-81	N/A	Channelization programme	State Government	N/A
21	Maroko, Lagos	1982	N/A	Road construction	State Government	N/A
22	Suleja, Niger State	Aug-82	5,000	N/A	Local Government Council	N/A
23	Maroko, Lagos	Oct-83	60,000	Setback for Lagoon	State Government	No Compensation
24	Agboju/AmuwoOdofoin, Lagos	Dec-84	N/A	Illegal Occupation	State Government	N/A
25	Ebute Meta/Lagos Island, Lagos	Jul-85	10,000	Illegal Occupation	State Government	No Compensation
26	Along Badagry Express, Lagos	Aug-85	N/A	Illegal Occupation; structures under high tension cables	State Government	No resettlement
27	Iponri Lagos	Sep-85	5,000	Urban Renewal	State Government	Only 1,000 resettled
28	Shomolu, Lagos	Mar-86	10,000	Urban beautification	State Government	N/A
29	Igbo Erin, Lagos	Aug-86	N/A	Illegal Occupation	State Government	N/A
30	Oworonshoki, Lagos	Feb-88	3,000	Bridge construction	Federal Government of Nigeria	No alternative site
31	Maroko, Lagos	Jul-90	300,000	Illegal Occupation	Lagos State/Federal Government of Nigeria	No Compensation
32	Maitama village, FCT	Aug-90	3,000	FCT Development	FCDA	Resettled; 1,000 Naira compensation
33	Central Lagos	Nov-90	N/A	Urban sanitation	State Government	No Compensation
34	Mushin, Lagos	Mar-91	N/A	Illegal Occupation	State Government	No Compensation
35	Lugbe (Garki), Abuja	May-93	30,000	FCT Development	FCDA	Resettled
36	Aboru village, Lagos	May-94	N/A	N/A	Federal Government of Nigeria	N/A
37	Bamisoro Island, Lagos	Feb-95	N/A	Illegal Occupation	State Government	No Compensation
38	Badia and IjoraOloye	1997	2,000	Urban Renewal	Lagos State Government	N/A
39	Oke Ilu Eri, Lagos	Jul-03	3,000	N/A	Lagos State Government	No Compensation/ Resettlement

40	Oke Ilu Eri, Lagos	Oct-03	N/A	N/A	Lagos State Government	No Compensation/ Resettlement
41	Makoko, Lagos	Apr-05	3,000	N/A	Lagos State Government	No Compensation/ Resettlement
42	Njemanze, Port Harcourt	Aug-09	45,000	Urban Renewal	Rivers State Government	Government Official Claim Compensation was paid
43	Makoko, Lagos	Apr-10	1,000	N/A	Lagos State Government	No Compensation
44	Makoko, Lagos	Dec-10	N/A	N/A	Lagos State Government	No Compensation
45	Badia East	Mar-12	300-Structures	Drainage Construction	Lagos State Government	124- affected persons compensated under the LMDGP
46	Makoko/Iwaya, Lagos	Jul-12	770- Households	Urban Regeneration	Lagos State Government	No Compensation/ Resettlement
47	Badia East	Feb-13	9,000	Urban Regeneration	Lagos State Government	N/A
48	Odo-Iragunshi, Epe	Mar-13	182 Houses	N/A	Lagos State Government	No Compensation

Sources: adapted from Agbola and Jinadu (1997) and updated with extracts from Amnesty International and SERAC (2013) and Ohaeri and Ukozor (2009).

Annex IV: Lessons Learned from International Case Studies

With an aim to learn from international practices on slum upgrading and involuntary resettlement, various case studies were closely examined. These international case studies include:

- Tanzania: Community Infrastructure Upgrading Program (CIUP)
- Mauritania: Urban Development Project (UDP)
- Colombia: MISN (Macro-proyectos de Interés Social Nacional - National Macro-Projects of Social Interest Program) and PMIB (Programa de Mejoramiento Integral de Barrios - Integral Neighborhood Upgrading Program)
- Vietnam: Vietnam Urban Upgrading Project (VUUP)
- India: Mumbai Urban Transport Project (MUTP)
- Brazil: Slum Upgrading, Housing and other policy changes

The annex provides description of each of the six case studies. It elaborates on what worked, what did not and why in each case. The summary table below provides an overview of these case studies, linking them with the four factors (please see analytical framework in Section 4) that are identified as playing a critical, interactive role in influencing the process and the outcomes of urban interventions involving slum upgrading and involuntary resettlement. These factors are: (i) Legal/Policy Framework; (ii) Institutional Arrangement; (iii) Capacity/Institution Building; and (iv) Political Economy. The summary table also focuses specifically on policies and practices of involuntary resettlement in each case.

SUMMARY TABLE

Country case	Legal/Policy framework	Institutional arrangements	Capacity-building (including institution-building)	Political economy	Involuntary resettlement
Tanzania (CIUP)	The legal and policy context in Tanzania is not hostile to informal settlements. Legal rights to land can be recognised to informal settlers and forced evictions are usually avoided as in situ upgrading (including land tenure regularization) tends to be the preferred option. Nevertheless, the land market is constrained by excessive government control	Coherently with a fiscal decentralisation strategy strengthening local governments coupled to CDD approach, project management was located in the Prime Minister's office responsible for local governments. Cash or in-kind contribution to works by beneficiaries reinforced ownership. The CDD approach contributed to technically appropriate solutions	Capacity-building (extensive standardised training) for local governments, within a gradual approach, whereby the initial pilots would be upscaled successively, with an increasing technical complexity of interventions, building upon the strengthened local institutional capacity: a long-term programmatic approach in parallel to quick, concrete results		A low-risk approach in the design of physical interventions minimised the need for resettlement and was adequate to local capacity. RPF of CIUP in line with all Bank safeguards. Evaluations show that landowners had to relocate further away because of land costs but enjoyed better livelihood opportunities from larger plots of land. Tenants were able to continue living in the same area
Mauritania (UDP)	At project design, very weak legal framework for the urban sector and inefficient land tenure and management system, slow regularisation of land property rights and widespread informal land market, proliferating slums. The project's results fostered legal and policy improvements in land	Participatory approach coupled to a decentralisation strategy. Complex implementation arrangement: an Urban Development Agency under the supervision of the Prime Minister (and later by his Adviser in charge of Decentralisation and Urban Planning) who headed an inter-ministerial committee (CIS)	A long-term (10 years) programmatic approach to capacity-building and institution-strengthening leading to institution-building at (i) the central level (a national agency was created for land development, housing and real estate management, as well as a Ministry		Relocation of 2,300 families to a serviced area nearby. All PAPs (informal settlers with no land titles) received a 125m ² plot, compensation for the loss of structures, transport costs and transition costs for loss of profit, financial support for in-house sanitation, access to third-party GRM, access to vocational training and to a collective, state-subsidised, on-site housing

Country case	Legal/Policy framework	Institutional arrangements	Capacity-building (including institution-building)	Political economy	Involuntary resettlement
	tenure regularisation and property ownership.	supported by a technical committee; the PCU was reporting to CIS and the Ministry of Economic Affairs and Development.	of Housing, Urban Affairs, and Land Management) and (ii) at the local level through successful decentralization.		improvement credit scheme. Specific assistance was provided to vulnerable groups. Key factors include: trustful state-community collaboration based on a stable and effective institutional framework, transparent resettlement documentation and security of land tenure and property rights, as well as maintenance of neighbours relationships.
Colombia (MISN/PMIB)	<p>Since the 2000s a “holistic” approach is led by the national government, encompassing curative and preventive solutions through a diversified menu of affordable land/housing schemes (MISN) and slum upgrading (PMIB). MISN program created a new regulatory framework and a public-private intervention model to improve land access for affordable housing.</p> <p>PMIB program drew on six pilot projects to strengthen the capacity of local administrations to implement and manage slum-upgrading interventions, emphasizing upgrading as part of a city-wide urban plan including tenure regularization, and relating upgrading to improvements in transportation and public space use.</p>	<p>MISN: the Ministry of Housing, Cities and Territory (MVCT) manages the program and selects among the proposals presented by the developers (private sector or local administrations) on the basis of its projected impact to reduce the housing deficit. Successful proposals have to allocate part of the land to be developed – usually 50% – for social housing, half of which is subsidized by supply-side grants by the MVCT. Low-income purchasers of social housing units have also access to subsidized credit.</p> <p>PMIB’s implementation was coordinated by the MVCT through a National Coordination Technical Unit supporting planning, execution and capacity-building of local technical units in the selected cities. Centralization of project management in a single unit in the MVCT streamlined project implementation and promoted knowledge sharing among the local projects.</p>	<p>Since 1998 Colombia has experienced administrative and political decentralization to local administrations, who are endowed with fiscal, planning and administrative autonomy. Nevertheless, besides Bogotá and Medellín, just a few cities demonstrated to have the capacity for large-scale housing and upgrading programs. Consequently, they keep depending on the support from the national level for their sustainability. With regard to PMIB, however, it is not clear to what extent capacity-building and the demonstration effect from the six pilots will lead to future upscaling as well as facilitating the integration of upgrading into other urban interventions.</p>	<p>Land management mechanisms exist to provide affordable land for low-income housing, but they are jeopardized by the lobby of developers and landowners.</p>	<p>An articulated legal framework for resettlement at the national and in some cases at the municipal level, that include full compensation together with a wide range of assistance activities to affected people, including residents without legal titling and livelihood restoration.</p> <p>In MISN the responsibility for drafting each project’s Environmental Management Plan (EMP) and Social Management Plan (SMP) is under the MVCT, whilst developers are in charge of resettlement implementation under MVCT’s supervision.</p>
Vietnam (VUUP)	In the past, the focus of urban upgrading projects had been on resettlement in far-away areas, with disruptive effects on local	The project adopted a CDD approach in the identification, implementation and monitoring of upgrading options, integrated to	The project provided technical assistance in institutional strengthening and capacity-building at different levels: (i) at the		Emphasis on in-situ upgrading over resettlement. When resettlement was unavoidable, relocation to new housing units was the preferred option, considering

Country case	Legal/Policy framework	Institutional arrangements	Capacity-building (including institution-building)	Political economy	Involuntary resettlement
	social capital. The poor were also affected by slow land titling issuing (due to weak capacity at the decentralised administrative level) and lack of credit for housing construction or improvement.	urban planning at the city/district/ward level. A package integrating upgrading, resettlement and housing (through both direct housing provision and housing micro-credit) was provided. Microcredit schemes were adjusted to the specific needs of the poor, and were implemented by different types of organisations (a mass organisation from the civil society, a commercial bank and a microfinance institution)	city/district/ward administrative levels and at the community level, in participatory planning, design and implementation, and also in O&M and sanitary education; (ii) in land and housing management and specifically in land certificates issuance within a process of administrative decentralisation; and (iii) to microfinance organisations.		the lack of affordability of other options for the poor. The lack of legalised rights on land of informal settlers was not considered as an impediment to fully safeguarded resettlement of the latter. The Resettlement Policy Framework and Resettlement Action Plans complied with Bank OP4.12
India (MUTP)	Under India's federal structure, land-related issues are mostly under the responsibility of the States although the federal Parliament can also legislate concurrently. The National Resettlement and Rehabilitation Policy (2007) aims, among other things, to minimise involuntary resettlement, promote verticalisation, look beyond mere compensation to total rehabilitation, provide home to the homeless, and resettle PAPs preserving pre-existing social tiers. Even so, the Supreme Court judged against irregular squatters in 2008. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill of 2013 emphasizes resettlement and rehabilitation as integral parts of land acquisition together with livelihood restoration.	Project coordination as well as responsibility for resettlement were set under a single agency – the overall regional planning authority for the Metropolitan Region of Mumbai (Mumbai Metropolitan Region Development Authority - MMRDA). Project implementation was under several sectoral agencies, whereby interagency coordination problems emerged at times and caused delays in project implementation. MMRDA delegated to NGOs the identification of eligible households and the allocation of housing units in the resettlement area	Before the MUTP, the Government of Maharashtra did not have a resettlement policy in place, and there was limited capacity to carry out large-scale resettlement. There was continuous capacity-building of the agency in charge of resettlement (MMRDA), as well as of the involved NGOs, over the whole project life-span.	Larger and older slums have greater political power to influence positively resettlement outputs than smaller and more recent slums	Slum enumeration, resettlement planning and resettlement implementation were based on a participatory approach with a central role of local NGOs that had a long-standing presence in the communities. A resettlement policy was in line with the Bank safeguards and included innovative features such as (i) options of transfer of development rights to landowners and to private developers, and (ii) support to community/NGO-run housing societies for managing buildings in resettlement townships in central Mumbai. Gender-inclusion activities were included. Periodic socioeconomic M&E were implemented to follow up the performance and effects of resettlement and to provide feedback for corrective actions. The resettlement experience was systematically documented in a high-quality guidebook and was diffused to other Indian cities. However, relocation of affected owners of commercial establishments was problematic and it is unclear if negotiated resettlement options have ensured livelihood restoration. Also relocation to far-away, poor quality vertical buildings was problematic.

Country case	Legal/Policy framework	Institutional arrangements	Capacity-building (including institution-building)	Political economy	Involuntary resettlement
Brazil	<p>(i) According to the 1988 Constitution, housing is a basic social right, and urban planning and management are the responsibility of municipalities. (ii) The City Statute of 2001 is meant to promote socio-economic inclusion by maximizing the “social function” of urban property and the universal right to the city, by means of a set of fiscal, legal and policy tools for municipalities. (iii) The law of 2005 established the National Housing System (SNHIS) and the National Housing Fund (FNHI), unifying several budgetary and non-budgetary funding sources in a single system, and foreseeing the flow of funds from the federal to state and municipal levels through specific housing funds earmarked in the federal budget for housing. (iv) In 2007 the Federal Government launched PAC. One of PAC components is slums upgrading, which integrates different dimensions such as infrastructure provision, housing, land titling regularization, environmental education and a social work component. (v) In 2009 the federal government started the MCMV housing subsidies program. Under MCMV, the housing supply and the associated subsidies are segmented according to different income brackets and the Ministry of Cities allocates subsidies according to the geographic distribution of the housing deficit</p>	<p>The Ministry of Cities was created in 2003, concentrating in a single agency at the federal level responsibilities for policy in the areas of sanitation, urban transportation and housing, and for financing and supporting municipalities in urban development. In 2004 a National Housing Policy was drafted which established a federal funds transfer scheme to states and municipalities, whereby the latter add their own investments as counterpart for slums upgrading and housing provision. A National Housing Plan (PLANHAB) was prepared in 2010, estimating the housing demand for 2007-2023, and setting targets, which included (i) upgrading <i>all</i> informal settlements in the country, attending 3.2 million households, and (ii) building housing units to attend the current housing deficit (7.9 million in 2007) as well as 50% of the projected deficit over the period, corresponding to 27 million units.</p>	<p>Institutional and technical capacity in urban development issues (including slums upgrading, social housing, social work and resettlement) is strong at the federal government level as well as in some states and large municipalities. However, the majority of the over 5,000 municipalities in Brazil show significant capacity gaps. Consequently, several awareness-raising and capacity-building initiatives have been designed and implemented by the Ministry for states, municipalities, as well as consultants from the private sector and NGOs to whom the latter often outsource specific tasks. Considering the extension of the country, distance learning has been chosen frequently as the main training format. Distance learning courses have been provided for thousands of local technical staff on subjects such as land regularization, slum upgrading, local housing plans and social work. Several manuals and methodological kits are being produced also.</p>	<p>Important role of social movements in pushing for reforms in the urban agenda.</p>	<p>In 2013 an ordinance has been issued regulating involuntary resettlement under all interventions financed by the Ministry of Cities. Within an overall participatory approach, the ordinance recognizes full right to compensation to informal settlers and emphasizes livelihood restoration. Resettlement is conceived as integrated to other urban policies, namely (i) social work, especially for livelihood and social tiers restoration, and (ii) social housing/MCMV as the preferred option for relocation.</p>

International Case Study #1: TANZANIA-Community Infrastructure Upgrading Programme (CIUP)

The Community Infrastructure Upgrading Programme (CIUP – 2004/2011) was one of the components of the Local Government Support Programme (LGSP) financed by the World Bank. LGSP is aimed at supporting fiscal decentralisation and addressing key urbanisation challenges (upgrading informal settlements and enhancing local revenues for sustainable O&M) in Dar es Salaam.

Key aspects:

- CIUP adopted a low-risk approach in the design of physical interventions (*in situ* upgrading using flexible design standards and simplified technical solutions), which was **appropriate to local capacity and minimised the need for resettlement**.
- Such an approach was coupled with initiatives to strengthen Local Government Authorities (LGAs) within a fiscal decentralisation strategy, and emphasised community participation in physical interventions planning and implementation – **institution-strengthening and capacity-building were coherent** and aimed at **approximating need expression and decision making at the local level**. In addition, the **risks associated to such a participatory strategy were made clear and discussed at the outset**.
- LGSP/CIUP's **institutional arrangements were coherent with such an approach**. Project management was located initially in the Prime Minister's Office – Regional Administration and Local Government (PMO-RALG), successively mainstreamed within PMO-RALG under the Assistant Director for Local Government, in line with the objective of permanently strengthening decentralisation.
- A community-driven approach was **favoured by a legal and policy context that in Tanzania is not hostile to informal settlements**. Legal rights to land can be recognised to informal settlers and forced evictions are usually avoided.
- CIUP was designed within an **overall gradual approach**, whereby the initial pilots would be upscaled successively, with an increasing technical complexity of interventions, building upon the strengthened local institutional capacity. **A long-term programmatic approach was parallel to concrete and quick improvements in the access to urban infrastructure**.

Urbanisation and urban challenges

The urbanisation rate of Tanzania increased from 6 to 24 percent between 1967 and 2005. Dar es Salaam is one of the world's fastest urbanising cities, with the average annual rate of population increase of 5.6% during 2002-2012. The number of informal settlements in the city increased from 40 in 1985 to over 150 in 2003, with 70% of the city population living in informal settlements. In 2004, there were 500,000 housing units in the property tax records database of Dar es Salaam, of which only 150,000 were in planned areas (Magigi 2013).

Relevant legal and policy aspects

Informal settlers in Tanzania enjoy a sense of (*de facto* rather than *de jure*) tenure security somewhat higher than elsewhere in Africa, due to the Government's general preference for upgrading to eviction and also because upgrading schemes often include land regularisation. Consequently, unplanned settlements in Dar es Salaam are characterized by durable dwelling constructions through a continual process of private upgrading. The National Land Policy of 1995 and the Land Act of 1999 state, among other things, that (i) the law shall recognize existing rights to land and longstanding occupation or use of land, (ii) land legislation shall facilitate an equitable distribution of access to land by all citizens, and (iii) citizens shall participate in decision-making on matters connected with their occupation or use of land. Even so, the land market is constrained by many layers of government control.

Decentralisation

In the mid 1990's the GoT initiated a process of decentralisation aiming to (i) improve intergovernmental fiscal transfers, (ii) strengthen revenue generation for LGAs, and (iii) make service delivery more efficient and equitable at the same time that LGAs' responsibility for health, education, agriculture and infrastructure increased, including the governance of urban settlements. This process was supported by a basket of donor funds, including the LGSP financed by the World Bank.

Bank engagement and project design/management

At design, decentralisation, urban management and slum upgrading components were grounded on solid analytic works. Among the lessons from the Bank's experience that contributed to LGSP /CIUP design, it is worth mentioning here (i) a long-term approach to local governments institutional development, (ii) concentrating the responsibility for local implementation in LGAs, (iii) an overall community-driven approach to local investments, and (iv) flexible standards in physical interventions' design to minimise involuntary resettlement.

CIUP built upon previous successful experiences of CDD upgrading (Hanna Nassif project) and aimed at improving the lives of slum dwellers in Dar es Salaam through targeted investments in community infrastructure to be chosen by the communities from a menu of options.

The success of CIUP also originates from proper capacity assessment at project design, resulting in a lower-risk upgrading approach that avoided trunk infrastructure interventions and the associated need for resettlement. The choice of starting with low-risk interventions in three pilots (although large ones) proved to be appropriate provided that this was the first upgrading project in Dar es Salaam and considering the low initial capacity of the client. More broadly, a people-oriented approach focusing on human development to be achieved through participative, small-scale interventions instead of large infrastructure investments, were also appropriate to the context.

In addition, the risks of a participatory, LGA-based and community-based approach for implementation were transparently noted at the outset and openly discussed together with mitigation measures and resulting overall benefits. The Bank supervision of the subsequent operational challenges was also proactive and adequate.

Institutional arrangements and capacity-building

LGSP was managed by a Project Support Unit (PSU) located within the Prime Minister's Office – Regional Administration and Local Government, successively mainstreamed within PMO-RALG under the Assistant Director for Local Government; the PSU was supported by a Steering Committee and a Technical Committee. CIUP was implemented by LGAs and Dar es Salaam Local Authorities (DLAs) supported by consultants.

LGAs received extensive training under the LGSP Capacity Building Grant sub-component through a standardised ten-modules course.

Project implementation and main results

CIUP provided 31 communities (with more than 300,000 inhabitants) with (i) paved trunk roads, (ii) footpaths; (iii) public toilets; (iv) drainage systems; (v) streetlights; (vi) pedestrian crossings; (vii) upgraded water kiosks and (viii) solid waste containers. Among the main results of LGSP, we can highlight (i) an improved fiscal flow mechanism, based on a performance-based grant system, to financing investments in both infrastructure and capacity-building at the LGA level, together with (ii) accountability and participatory planning at the local level and (iii) increased funding for priority interventions in informal settlements, notwithstanding some problems in community contracting, counterpart funding and O&M. Financial contributions from the local people, originating from the strong involvement of the community, were relatively small in relative terms, but seem to have reinforced the sense of 'ownership' of the improvements.

Upscaling

The fiscal model supported by LGSP was scaled up nationally and to different sectors (agriculture, water, health and urban). The CIUP established a successful pilot for three municipalities of Dar es Salaam (representing 20% of the city informal settlements), leading to the request for scaling up through a successive Bank project. Building upon the improved capacity, successive Bank initiatives are being designed with a higher level of technical complexity (improving coverage and connectivity to trunk infrastructure).

Safeguards and IR

A Resettlement Policy Framework and Resettlement Action Plan were prepared. In the RPF, in order to minimise the need for IR, flexible planning standards were followed and appropriate technical solutions were selected and discussed previously to the works in the targeted communities, who provided indications for further reducing the number of affected households. As a result, out of 320 impacted properties, just 22 were identified in the RPA as requiring resettlement. The principles on which the RPA was prepared emphasise community participation, respect for customary land rights, and transparency in information and communication. Different options were to be offered to PAPs including market value replacement costs for land, structures and other items (e.g. vegetation) plus livelihood restoration for affected businesses and allowances for disturbance, transport and loss of profit. Additional assistance was included for vulnerable groups. Moving assistance was included for tenants too (18 households among the 22 identified for resettlement).

Grievance redress mechanisms were designed to settle disputes mainly at the local level and taking of for the fact that most PAPs are illiterate and poor.

A qualitative case-study of resettlement in CIUP indicate different effects respectively for resettled home owners and resettled tenants. The former had to relocate outside their original community as the compensation value was not sufficient to purchase a new plot inside of it, but enjoyed new livelihood opportunities from the larger purchased plots (e.g. farming, renting part of the house, petty trading). The latter, instead, remained in their original areas but increased expenditures because of higher rents.

International Case Study #2: Nouakchott, MAURITANIA-Urban Development Project (UDP)

The UDP - Urban Development Project (2002-2012) was aimed at supporting Mauritania's central and local governments in (i) improving living conditions and employment opportunities in cities, focusing on slums, and (ii) strengthening the institutional framework and capacity for urban and land management.

Key aspects:

- The project adopted an **integrated urban planning** approach, whereby **resettlement intertwined with upgrading interventions** in the same informal settlement.
- The project was based upon a **participatory approach**, which was crucial in supporting (i) a culturally-adapted and community-based public information programme; (ii) decentralisation as a way to selecting local priorities and promoting sustainability, ownership and local capacity-building; and (iii) the successful adoption of a collective, state-subsidised, on-site housing credit scheme.
- A **successful strategy for land tenure regularisation and property ownership** was also adopted, securing stability of resettled people in the new habitat and fostering positive synergies with investments in housing through the subsidised credit scheme.
- A **simple design** was introduced, considering both the low institutional capacity at the local level and the weak community-level associative capacity. On the Bank side, "an APL with two-year phases was preferred to a Sector Investment Loan, as slum upgrading is a ten-year program, and **capacity building and decentralization strengthening require a longer period**" (World Bank 2013:7).
- The **project institutional arrangement evolved** according to the advance of the decentralisation process and related capacity-building and institutional strengthening.
- The UDP contributed to changing the government's perception of urban issues – previously urbanisation left to be seen as a negative trend but after the UDP, **urban upgrading was no longer considered as an undue incentive to rural-urban migration**. Robust and visible results by the project leveraged institutional and policy innovations.

Urbanisation and urban challenges

Mauritania experienced a rapid and uncontrolled process of urbanisation, moving from an urbanisation rate of less than 4% in 1962 to more than 61% in 2000, with 67% of the urban population concentrated in Nouakchott (over 700,000 inhabitants), which grew five-fold over the last 30-40 years. As a result, peri-urban informal settlements are rapidly growing (the estimate is that more than 50% of urban population live in slums) and access to the already underserved urban infrastructure is declining (only 1% of urban residents have access to sanitation). Urban unemployment was estimated at 35% at the time of project preparation.

Relevant policy and institutional aspects at project design

At project design, Mauritania was characterised by a weak to non-existent legal and regulatory framework for the urban sector and by an inefficient land tenure and management system, which slowed regularisation of land property rights and hence led to a widespread informal land market and the proliferation of slums. Decentralisation reforms had been in place since 1986 but had not been implemented, leaving the financing problems of municipalities unsolved.

Project design and implementation

El Mina is the largest slum in Nouakchott (40,000 inhabitants) and was selected as a pilot area for upgrading and resettlement under the UDP. The project consisted of improving the urban environment by rationalising the plot patterns (so that, for instance, no plot would be located more than 150 metres from a paved road and more than 125 meters from a water tap), regularising land tenure and providing improved streets, water supply, lighting, and social infrastructure such as schools and health centres.

Involuntary Resettlement

Upgrading in El Mina was implemented by the UDA and involved the relocation of 2,300 households to a serviced area less than one kilometer away. The area was provided with latrines, drainage and cisterns before relocation. Streets, public lightning, water and electricity supply were provided deliberately after relocation in order to minimise the risk of gentrification.

Resettled households (all informal settlers with no land titles) received a 125-square meter plot, compensation for the loss of their housing structures, transport costs to the new area and transition costs (loss of profit), financial support for in-house sanitation, access to third-party grievance redress mechanisms, and access to vocational training. Specific assistance was provided to vulnerable groups.

In addition, an on-site, collective, state-subsidised credit scheme was made available to resettled families, subsidising 70% of the cost to construct a small concrete housing unit, which was often complemented by shack structures made of reused material from their original structures. Approximately 60-65% of resettled households accessed the subsidised housing credit scheme and built permanent new housing structures (the repayment rate after 36 months being almost 100%), but even those who were too poor to access the credit scheme settled in the area and rebuilt their houses using reused material only. Eight schools, two markets and a health centre were delivered as scheduled. Ex-post surveys indicate that upgrading brought about relative improvement in living conditions and social cohesiveness of beneficiaries, together with an increased school attendance for girls.

Key factors for success in Involuntary Resettlement

The following factors were critical for the successful resettlement in El Mina: (i) an effective, community-based public information program; (ii) state-community collaboration and support from the state at the highest level to create a stable and effective institutional framework and promote capacity-building for resettlement; (iii) proper resettlement documentation minimising the opportunities for fraud and contributing to a mutually trustful environment; (iv) security of land tenure and property rights, as well as maintenance of neighbours relationships, based on a census of people to be resettled and on the allocation of people in plots following the spatial sequence of the census; (v) 25 people were identified as vulnerable and received special moving assistance as well as exemption from formalities; and (vi) effective M&E through ex-ante, ex-post and later follow-up extensive surveys focused on the impact of resettlement and livelihood restoration.

Institutional arrangements

The project was implemented by the Urban Development Agency (UDA) with full support of central and local authorities, NGOs and community representatives. The Association of Mayors was one of the champions who guaranteed political and technical support to the project at the local level.

The project was under the supervision of the Prime Minister, who headed an Inter-Ministerial Committee (CIS) in charge of the urban development program, which was supported by a Technical Committee that included representatives from the Government, civil society and the private sector. As the project proceeded, the responsibility for chairing the CIS was shifted to the Prime Minister's Adviser in charge of Decentralisation and Urban Planning. A PCU, reporting to the Ministry of Economic Affairs and Development and CIS, was in charge of project coordination, monitoring, reporting, auditing and capacity-building. Notwithstanding its complexity, the institutional arrangement's performance was evaluated positively in the ICR.

Project institutional arrangement evolved learning from lessons of the pilot of El Mina. Institution-building was fostered, as a national agency was created for land development, housing and real estate management, as well as a Ministry of Housing, Urban Affairs, and Land Management.

Overall results

The experience of El Mina was systematised in a sourcebook produced for the UDP task team [for?] and upscaled nation-wide, resulting in the implementation of 95 urban, social and economic micro-projects; the construction of 5,900 housing modules in Nouakchott and Nouadhibou; the provision of 65,000 micro-credit loans for income-generation and housing; and vocational training of 1,200 people.

The institutional capacity of municipalities was strengthened and the flow of resources to local governments was increased, creating the conditions for locally sustainable development.

Based on project success, the land management legal framework was revised by the Government to ease the access to land property rights, mainly for the poor.

International Case Study #3: COLOMBIA-MISN (Macro-proyectos de Interés Social Nacional - National Macro-Projects of Social Interest Program) and PMIB (Programa de Mejoramiento Integral de Barrios - Integral Neighborhood Upgrading Program)

Key aspects:

- Colombia is implementing a preventive and curative national strategy that aims to address land, housing (with an important role of PPPs) and slum upgrading issues.
- This strategy involves coordination between different levels of government. Implementation is the responsibility of local administrations but overall management/oversight of the program implementation across localities is under a single national Ministry, the Ministry of Housing, Cities and Territory (MVCT).
- Low capacity can be a bottleneck at the local level outside larger cities, and technical support has to be provided in these cases by the national agency (MVCT).
- The slums upgrading program is designed to scale up initial pilots in order to build upon improved capacity, lessons from experience and a demonstration effect.
- A trade-off emerges in the pilot upgrading experiences between quality and scale of the interventions. Successful cases show that this trade-off can be mitigated through an incremental integration of upgrading to other interventions (e.g. transportation, public space uses), within a broader urban planning framework. In addition, by focusing on connecting informal settlements to the city, localized upgrading micro-interventions can contribute to reinforcing a city-wide approach.
- Reducing the cost of land is critical for increasing the supply of affordable housing. Although legal and urban mechanisms for reducing the cost of land are in place, they can be made ineffective because of low capacity and political economy issues (landowners and developers lobbies) at the local level.
- Colombia has an articulated legal framework for resettlement at the national and in some cases at the municipal level, that include full compensation together with a wide range of assistance activities to affected people, including residents without legal titling and livelihood restoration.

Urbanization and urban challenges

The rate of urbanisation in Colombia moved from 39% in 1950 to 75.6% in 2012 (the growth rate stabilized at 1.4% since 2010), with the percentage of urban residents living in informal settlements and under the poverty line being 15% (2005) and 33% (2013) respectively. According to 2010 data, the housing sector is characterized by large quantitative (12.6%) and qualitative (14.4%) deficit with a still limited capacity to accommodate residual and new demands for housing. Access to land for affordable housing is hindered by complex land use and construction regulations.

Relevant policies

The two initial phases in housing policy in Colombia were characterized respectively by (i) public provision of housing for the formally employed working class (1950s-1980s), and (ii) decentralization to local governments of housing responsibility with a mixed method of integrated upgrading, housing subsidies and private sector-led provision of housing (late 1980s-1990s). During the third phase since the 2000s, the central government resumed leadership in urban and housing policy due to the apparent problems in subsidies associated with the inability of market-driven housing schemes to accommodate the poorest/informal workers and also due to the low fiscal, land planning and institutional capacity of most municipalities besides the major cities. The approach that was adopted since the 2000s can be defined as a “holistic” one, aiming to encompass curative and preventive solutions by means of a diversified menu of affordable land/housing schemes and a nationally-led program of slum upgrading, based on successful experiences of integrated neighborhood improvement in Medellín, Bogotá and other major cities.

Within this new approach two major programs stand out: (a) MISN – National Macro-Projects of Social Interest Program, aimed at improving the regulatory framework for urban development at the local level, within a public-private intervention model to improve access to land for affordable housing; and (b) PMIB – Integral Neighborhood Upgrading Program, focused on capacity-building of local governments on slums upgrading through pilot projects.

MISN: in order to overcome the cumbersome land regulations and low capacity at the local administrations' level, the Ministry of Housing, Cities and Territory (MVCT) is allowed by the new regulatory framework to intervene in municipalities to (i) expropriate and subdivide land that would be useful for affordable housing, as well as bypassing municipalities in designating land for social housing and applying national building codes (with variable participation of local governments in the process); and (ii) calling for either PPP or public (municipal) housing proposals. By involving the private sector in cost-sharing of infrastructure, the Macro-projects Program reduces the fiscal burden on the public sector. On the other hand (the same as in similar projects in Chile and Brazil), the program indirectly incentivizes development in poorly served urban

peripheries (where land is cheaper and less scarce) hindering full social inclusion, aggravated by the lack of participatory planning on the side of beneficiaries.

The overall target of the Macro-projects Program is to deliver 350,000 units of housing by 2013, half of them for social housing, representing a significant contribution to the mitigation of the housing deficit in Colombia.

PMIB: the Integral Neighborhood Upgrading Program is the first attempt to incorporate previously dispersed upgrading initiatives under a national strategy (the Livable Cities Strategy). The PMIB aims at reinforcing the capacity of local administrations to plan, coordinate, manage and implement integrated settlement upgrading interventions. It has been supported by the IADB and has been executed as a pilot in six settlements in intermediate cities where capacity is lower. Beneficiaries are estimated to be 1,900 families (7,600 people). Its design is controversial as it concentrates resources in few and small localities in order to generate “nodes of excellence” in exchange for the necessary reduction in its coverage.

PMIB differs from its predecessor, the Integrated Urban Project (PUI) of Medellín (2004-2011) as the former is focused on localized micro-interventions whilst the latter emphasized upgrading as part of a city-wide urban plan including [tenure] regularization, and relates upgrading to improvements in transportation and public space use. In Bogotá, PMIB went beyond in situ upgrading by first guaranteeing land tenure regularization and connecting informal settlements to the city through investments in infrastructure. Once the land tenure was regularized and trunk infrastructure was put in place to connect informal settlements, in-situ upgrading and other slum improvement was taken up.

Institutional and Financial Arrangements

Under MISN, the MVCT contracts a Real Estate Structuring Agent and a Fiduciary Agent to deal respectively with the financial and legal aspects of each housing project. MVCT manages the program and selects among the proposals presented by the developers (private sector or local administrations) on the basis of its projected impact to reduce the housing deficit. Successful proposals have to allocate part of the land to be developed – usually 50% – for social housing, half of which is subsidized by supply-side grants by the MVCT. Additionally, low-income purchasers of social housing units have access to subsidized credit.

PIMB was financed 80% by an IADB loan and 20% by municipal contributions in kind and cash. Its implementation was coordinated by the MVCT through a National Coordination Technical Unit supporting planning, execution and capacity-building of local technical units in the selected cities. Centralization of project management in a single unit in the MVCT streamlined project implementation and promoted knowledge sharing among the six projects.

PIMB benefitted about 10,000 people between 2008 and 2012. Nevertheless, the level of investment was still insufficient as compared to the scale of informal settlements in Colombia, and it is not clear to what extent capacity-building and the demonstration effect from the pilots will lead to future upscaling as well as facilitating the integration of upgrading into other urban interventions. The node-of-excellence model raises questions about the trade-off of “quality vs scale”. To some extent this is a false dilemma, as the most successful experiences in PIMB are those where targeted upgrading is incrementally linked to other urban interventions such as transportation, public space use, infrastructure, housing and regularization, without necessarily lowering the upgrading standards in order to increase coverage.

Capacity

Since 1998 Colombia has experienced administrative and political decentralization to local governments, who are endowed with fiscal, planning and administrative autonomy. Nevertheless, besides Bogotá and Medellín, just a few cities demonstrated to have the capacity for large-scale housing and upgrading programs. Consequently, they keep depending on the support from the national level for their sustainability.

Political Economy

The accessibility to affordable housing by the poor under MISN is limited by the cost of land and the associated limited capacity of local governments to implement value capture instruments to recover part of the land private profits resulting from public investments, because of strong landowners/developers lobbies who jeopardize such instruments.

Involuntary Resettlement (IR)

In MISN, the MVCT is responsible for drafting each project’s Environmental Management Plan (EMP) and Social Management Plan (SMP) that are to be implemented by the developer under the Ministry’s supervision.

In 1998, a law articulating the 10-year Land Use Plan in Bogota (Bogota Land Use Plan 2004-2014) identified interventions that could include IR (e.g. sanitation, transportation, disaster prevention, urban renewal, etc.) Altogether, according to the Bogota Land Use Plan 2004-2014, 41,600 families and businesses were to be resettled under these interventions in Bogota.

Resettlement Policy in Bogota is regulated by Decrees 619 of 2000 and 469 of 2003 enacting the Land Use Plan and requires to conduct socioeconomic studies of the PAP and identify the impact caused by interventions on different groups; to prepare resettlement plans; to provide decent housing and promote the inclusion of resettled people into the social and economic context of the new place; to recover areas at risk; and to include the cost of resettlement in the total costs of the interventions. Decrees 296 of 2003 and 329 of 2006 developed [for?] the Land Use Plan and require additionally: compensation for economic losses related to IR that the national law does not recognize (e.g. titling, taxes, moving, loss of income during three months); housing subsidies for people without legal titles; assistance on accessing the real estate market; technical analysis of the replacement house; legal assistance to sell the affected property to the agency responsible for the intervention and to buy a new property; social assistance to restore access to education, health services and social networks; training and support for income restoration. The agencies responsible for projects involving IR have interdisciplinary Social Management Units together with Land Acquisition Units.

International Case Study #4: VIETNAM-Vietnam Urban Upgrading Project (VUUP)

The Vietnam Urban Upgrading Project (2004-2014) was aimed at alleviating urban poverty through improvements in living and environmental conditions in four large cities of Vietnam (Hai Phong, Nam Dinh, Ho Chi Minh City and Can Tho).

Key aspects

- A participatory approach in the identification, implementation and monitoring of upgrading options, integrated to urban planning at the city/district/ward level.
- Emphasis on in-situ upgrading over resettlement.
- When resettlement was unavoidable, relocation to new housing units was the preferred option, considering the lack of affordability of other options for the poor.
- The lack of legalised rights on land of informal settlers was not considered as an impediment to fully safeguarded resettlement of the latter.
- Then, a package integrating upgrading, resettlement and housing (through both direct housing provision and housing micro-credit) was provided by the project. Micro-credit schemes were designed taking account of the specific needs of the poor.
- At the same time, the project invested in institutional strengthening and capacity-building in land and housing management and specifically in land certificates issuance.

Urbanisation and urban challenges

Vietnam is rapidly urbanizing, with an estimated one million new urban residents added each year. By 2020, 40 percent of Vietnam's population of 100 million will live in urban areas/cities. Urban poverty in Vietnam started rising in the early 2000s, especially among unregistered migrants who are often among the poorest in cities. Low-income areas are faced with frequent flooding and suffering from poor sanitation.

Policy and institutional framework at design

Traditionally, urban upgrading projects in Vietnam had been focused on resettlement in far-away areas, with disruptive effects on local social capital and entrepreneurial opportunities. In addition, land titling for the poor was extremely slow because of the weak capacity at the decentralised administrative level, and credit for housing construction or improvement for the poor was almost absent.

Project design and implementation

Under the Vietnam Urban Upgrading Project each city benefited from:

- (i) Investment in tertiary infrastructure and service improvement: the most vulnerable areas were targeted by means of poverty mapping and Community Upgrading Plans (CUPs) were prepared jointly by community committees, design consultants and utility companies. The plans included a menu of upgrading options to choose from according to the priorities expressed by the community, including water supply, drainage, paved access, electricity, sanitation and solid waste management, plus rehabilitation of markets, public toilets, health or education facilities. CUPs included arrangements for O&M and were integrated to district/ward and city plans.
- (ii) Complementary primary and secondary infrastructure: under this component, investments were provided in infrastructure complementing or connecting the tertiary works set under CUPs.
- (iii) Resettlement housing: approximately 3,000 households were relocated under the project, one of the options provided being resettlement housing in mixed low-income and high-income new housing units to be constructed in selected serviced sites. Previous studies indicated that resettlement housing was the best option for the poor to be relocated, as they would not afford to build a new house on serviced plots. The Bank financed the part of site development related to the resettlement housing. The Resettlement Policy Framework and Resettlement Action Plans complied with Bank OP4.12, explicitly applying the principle that "project affected people are supported sufficiently to have better living standards, incomes and productivity or at least equivalent ones in comparison with prior to project implementation" and that "lack of legal basis on land owning (sic) will not interfere the affected households accessing the compensation and/or support of economic recovery" (Nam Dinh 2008:1). Compensation was established at replacement costs. RAPs were prepared based on extensive consultation and participation of community representatives and affected people. Mechanisms for grievance resolution were set. Both internally and externally contracted M&E of RPA implementation were included (ibid.)
- (iv) Land and housing management: technical assistance was provided to strengthen land and housing management and the issuance of land use certificates within a process of administrative decentralisation.

(v) Housing improvement loan program: under this component the housing microfinance system was strengthened and eligibility criteria as well as loan terms were designed so to ensure access to the scheme by the poor. The microfinance scheme was implemented by different types of organisations (a mass organisation from the civil society, a commercial bank and a microfinance institution) that received technical assistance.

(vi) Capacity building: technical assistance was provided both at the city/district/ward administrative levels and at the community level mainly in participatory planning, design and implementation, and also in O&M and sanitary education.

Project results

Under the project, more than 200 low-income areas have been upgraded, directly benefiting 2.5 million urban poor, with water supply, drainage, electricity, and sanitation services as well as with the integration of these areas to the city fabric. Improvements in roads, canals, lakes, sewer and bridges, would benefit an additional 3.5 million urban residents. The project also upgraded kindergartens, schools, health clinics and community centers in low-income neighborhoods.

Over 50,000 micro-loans were provided for housing improvement and 45,000 micro-loans for income generation. These loans were targeted at the poorest 40% of urban dwellers. So far, the repayment rate is almost 100%.

Communities actively participated in project design and implementation. They attended numerous meetings and supervised the infrastructure upgrading work in their neighborhoods. They also contributed their time, efforts and even donated land to improve access in the upgraded areas. Total contribution in land and cash from the communities reached US\$ 30 million.

In 2009, the Government upscaled the project to a National Urban Upgrading Programme, which is currently being supported by two new Bank-financed projects.

International Case Study #5: INDIA-Mumbai Urban Transport Project (MUTP)

Due to the large number of people living in densely populated slums, issues of land acquisition and resettlement are dominant when investments in infrastructure in India are to be addressed. The Mumbai Urban Transport Project (MUTP, 2002-2011) represented a landmark as it was the first Bank project involving extensive displacement (17,000 households corresponding to 100,000 people, 1,800 commercial establishments, and about 100 religious or community properties) to which innovative solutions were provided.

Key aspects

- Slum enumeration, resettlement planning and resettlement implementation based on a participatory approach with a central role of local NGOs that had a long-standing presence in the communities.
- Extensive consultations with PAPs to negotiate resettlement options that would provide livelihood restoration (although such goal was not universally attained for all PAPs).
- A flexible approach of all the parties involved (including the Government) searching for solutions that go beyond the mere compliance to the policy framework.
- Project coordination as well as responsibility for resettlement under a single agency – the overall regional planning authority for the Metropolitan Region of Mumbai (Mumbai Metropolitan Region Development Authority - MMRDA).
- Continuous capacity-building of the agency in charge of resettlement (MMRDA), as well as of the involved NGOs, over the whole project life-span.
- A resettlement policy that was in line with the Bank safeguards and included innovative features such as (i) options of transfer of development rights and adjustments to the allowable floor space index to landowners and to private developers, and (ii) support to community/NGO-run housing societies for managing buildings in resettlement townships in central Mumbai.
- Gender inclusion, based on gender-disaggregated data in enumeration and the provision of facilities and schemes to support women (women's and children's centres; women's savings groups, cooperatives, microcredit for women, reserved membership for women in housing cooperatives).
- Grievance redress mechanisms which included a two-step process (field and senior/appeals grievance level) for individual grievances, and a further, independent monitoring panel for collective complaints and policy-related issues.
- Transparency initiatives, consisting of disclosure of the RAP, summaries of resettlement implementation plans for specific subprojects, lists of eligible PAPs and other documents made available on the MMRDA website.
- Periodic socioeconomic M&E to follow up the performance and effects of resettlement and to providing feedback for the necessary corrections.
- Systematisation of the resettlement experience in a high-quality guidebook and its diffusion in other Indian Cities

Urbanisation and urban challenges

Mumbai was home to 18.4 million people in 2011, almost 50% of whom live in just 6% of Greater Mumbai area across over 2,500 slums, some of which occupy land that would be vital for much needed infrastructure. Transportation is one key infrastructure for the development of Mumbai, with more than 10 million people to carry each day, facing severe congestion and pollution problems among others. Housing supply is insufficient and unaffordable, and surplus land is scarce even for infrastructure development. Because of high-density in slums, any relocation, even if from a small area, is likely to displace large numbers.

Project design and implementation

The MUTP is aimed at facilitating urban economic growth and improving quality of life in Mumbai by promoting the development of an efficient and sustainable urban transport system. MUTP embraced the following components: (i) improvement in rail transport, (ii) improvement in road-based transport, and (iii) resettlement and rehabilitation (provision of alternative housing and services to PAPs by the Mumbai Metropolitan Region Development Authority – MMRDA).

Institutional arrangements

MUTP coordination was set under the MMRDA, whilst several agencies were in charge of its implementation, namely the Mumbai Rail Vikas Corporation, the Municipal Corporation of Greater Mumbai, the Bombay Electricity and Suburban Transport Corporation, the Maharashtra State Roads Development Corporation, and the Traffic Police of Mumbai. Interagency coordination problems emerged at times and caused delays in project implementation.

An important feature of the institutional arrangement was the willingness of MMRDA to cede to community organisations the responsibility for two issues that are often controversial and conflictive in resettlement – the

identification of eligible households and the allocation of housing units in the resettlement area. Equally crucial was the fact that these NGOs had been present in affected areas doing enumeration well before MUTP, which contributed to both generating mutual trust and promoting community mobilisation. Evaluations of MUTP resettlement by the same NGOs (Patel et al. 2002) are positive.

Legal and policy framework on land tenure and involuntary resettlement

India has a federal structure and land-related issues are mostly under the responsibility of the States although the federal Parliament can also legislate concurrently (but with no power to impose those legislations on the States) on land acquisition and registration of transfer of property as well as on rehabilitation and resettlement. The National Resettlement and Rehabilitation Policy (2007) aims, among other things, to minimise involuntary resettlement, promote verticalisation, look beyond mere compensation to total rehabilitation, provide home to the homeless, and resettle PAPs in homogeneous groups so as to keep the original social tiers. However, in 2008 a Supreme Court judgement ruled against unregularized, unrecognized slums settlers in private land, prescribing that the land had to be returned to the original owner. A new law was passed in 2013 (the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill), whereby resettlement and rehabilitation are included as integral parts of land acquisition, and attention is paid to livelihood restoration.

Involuntary resettlement in MUTP

Before the MUTP, the Government of Maharashtra did not have a resettlement policy in place, and there was limited capacity to carry out large-scale resettlement. An R&R policy was prepared in 2000 at project preparation, in line with the Bank safeguards policy, including (i) full compensation for loss of land and structures, (ii) free replacement housing or provision of commercial premises to all affected people, including tenants and squatters (some with no formal ownership, others with a semi-legal status as lease-holders, and others as “notified” slum dwellers if registered in the electoral roll), or alternatively (iii) the option for landowners to access transfer of development rights (TDR) or adjustments to the allowable floor space index (FSI) to be used elsewhere in the local market; in addition, (iv) relocation and postresettlement assistance was to be provided, which included training and one-time financial support to housing societies for managing buildings in resettlement townships in central Mumbai; as well as (v) environmental management, (vi) facilities for women and children, (vii) upgrading in schools, transportation, water, roads, public lightning, and (viii) income restoration activities especially for youth and women.

Considering the financial burden for providing free housing to 100,000 people, the participation of the private sector was stimulated by the State Government by offering additional development rights or FSI to private developers who were interested in financing the resettlement of slum dwellers.

Two major resettlement options were provided: (i) the “Township/Sites and Services” option whereby greenfield public land was partly divided in serviced 25 m² plots and partly allowed for higher-income development – PAPs were relocated to the serviced plots and compensated for their loss so to be able to construct new structures, and the rest of the land was sold to developers at market price in order to recover part of the costs of resettlement; and (ii) the more common “Resettlement Colony” option of multistorey buildings where slum dwellers were relocated in 20.8 m² apartments. The adaptation of slum dwellers from horizontal settlements to vertical buildings, including the (new) responsibility for managing them, was not easy, but long-standing community organisation promoted by local NGOs (especially households’ grouping based on enumeration and replicated in the buildings) helped reducing the stress. NGOs managed the implementation of the resettlement process, by involving the community in designing the accommodation into which they moved and managing the relocation process, including the allocation of units. In addition, several PAPs were relocated to areas far away from their original place of residence, or to environmentally hazardous sites. The quality of the new buildings is also related to be poor. Overall, however, housing replacement and the associated infrastructure provision are evaluated as relatively successful (Koenig 2014:139).

The resettlement of displaced people from areas nearby the roads was also problematic, especially shopkeepers whose specific needs had not been properly identified at preparation, and who requested an investigation to the Inspection Panel. This led to a readjustment of resettlement procedures, focused on negotiations with shopkeepers in order to ensure post-resettlement sustainability, improvements in basic services, more in-depth consultations, strengthening of capacity-building, of grievance redress mechanisms and of resettlement data management, disclosure, reporting and implementation. Consultations with PAPs and a flexible approach by the MMDRA contributed to restoring trust among the parties and learning from errors to improve resettlement procedures. Even so, evaluations (Koenig 2014:139) indicate that livelihood restoration was provided effectively just to a small part of PAPs, whereas many faced increased costs for the new housing.

Upscaling

Building upon the success of MUTP, the responsibility for all successive resettlement operations were concentrated in MMRDA, which resettled 200,000 people and provided 68,000 tenements in 600 buildings in resettlement townships at 38 different locations in Greater Mumbai so far. However, according to Koenig (2014), the shift from the Maharashtra Government to the private sector as the major partner in slum upgrading made safeguards compliance being less stringent as resettlement falls under local laws [which are weaker than state laws?]. International safeguards standards tend to be followed in large-scale resettlement from older (and politically more powerful) slums such as Dharavi only. Additionally, whilst housing and neighbourhood infrastructure restoration can be considered as successful in these resettlement schemes, livelihood restoration has not been addressed sufficiently overall.

International Case Study #6: Brazil

Over the last 15 years Brazil has been building an articulated urban strategy from both a policy-making and institution-building perspective.

Key aspects:

- **Preventive (housing) and curative (slums upgrading) large-scale national policies** have been institutionalised under a **single agency** (the Ministry of Cities) at the federal level
- These have been based on a **solid legal framework and participatory, inter-governmental institution-building**
- Respecting the federal architecture of Brazil, a **regulatory framework** has been established for **financing flows between the federal level and the state and municipal levels**, together with **rules and conditionalities** for the latter accessing funds and executing projects
- **Housing and slums upgrading policies are integrated**, as urban interventions comprehend or are combined to a social work component, land tenure regularisation, involuntary resettlement, environmental management, provision of social (health, education etc.) facilities and so on.
- Several **capacity-building initiatives** have been promoted by the federal government for states and municipalities. Nevertheless, **bottlenecks** still exist in terms of urban planning and management capacity as well as availability of technical staff **in most municipalities**
- An **involuntary resettlement policy** was issued in 2013 for all interventions financed by the Ministry of Cities and implemented at the state or municipal level.

Urbanisation and urban challenges

Brazil is among the most urbanized countries in the world. The urbanization rate moved from 31,2% in 1940 to 84.4% in 2010 – the threshold of 51% of population becoming urban was reached in the mid-1960s.

Approximately 40% of Brazil population live in cities of more than one million people. The annual rate of change of the urban population was 3.6% in 1950, peaked at 5.22% in 1970, and stabilized at 1.17% in the period 2010-2015. In the last years, the major urban growth left to be concentrated in large cities and moved to middle-size ones. Approximately 79% of the urban population have access to improved sanitation, and almost 100% to improved water source.

Poverty decreased dramatically in Brazil in the last years – the poverty headcount ratio at US\$2 a day moved from more than 15% in 2005 to approximately 5% in 2012. Inequality was reduced too but is still high: the Gini index of household income was 0,57 in 1995 with little changes in the following decade (0,53 in 2005), but improved significantly in the last decade (0,495 in 2013).

According to the Ministry of Cities, the urban housing deficit⁶⁴ was of almost 5.8 million houses in 2012, corresponding to 9.1% of the existing dwellings. Approximately 1.5 million new houses are estimated to be required annually for the period 2013-2023, implying a necessary investment of about R\$ 218 billion/year (approximately US\$ 111 billion at 2012 average exchange rate), equivalent to 4.8% of the Brazilian GDP in 2012.

Legal framework

Brazilian cities gained significantly autonomy after the **1988 Constitution**, which identifies housing as a basic social right together with education, health, work, social protection and safety, and indicates the municipal governments as responsible for land and urban issues. The inclusion of an urban chapter in the Constitution is the result of a major mobilization in the country led by social movements campaigning for an “urban reform”.

The same mobilization led also to approval of the **City Statute** (Law 10.257/2001), which represents the main legal groundwork of the urban strategy of Brazil. The City Statute is meant to promote socio-economic inclusion by maximizing the “social function” of urban property and an equal distribution of the benefits and burden from urbanization.

At a more general level, the City Statute: (i) enumerates several rights (to urban land, housing, sanitation, infrastructure, public services, employment and leisure); (ii) indicates the guidelines for guaranteeing them (e.g. through democratic administration and participation in councils consultations, conferences and popular initiatives; cooperation between governments, the private sector and other segments of society; etc.); (iii) defines the attributions of the federal government level (producing general legal frameworks, as urban policy is

⁶⁴ The housing deficit in Brazil is classified as (i) quantitative deficit: need for new houses to be added to the existing stock to attend the flow of housing demand, and (ii) qualitative deficit or housing inadequacy: poor quality shelters, excessive density of dwellings, cohabitation of different families in the same house, excessive burden of rent (30% or more of family income spent for renting a house).

the responsibility of municipalities); (iv) defines planning tools and procedures (e.g. master plans – regulating also their application – environmental zoning, parceling land use and occupation, budgeting, sectoral plans etc.).

At a more specific level, the City Statute regulates the fiscal, legal and policy tools aiming at guaranteeing the social function of urban property and the universal right to the city (e.g. for the use of sub-utilized private land for public purposes, changes in the basic floor area coefficient against a counterpart, constituted urban operations among public and private stakeholders, transfer of the right to build etc.).

Although almost 90% of municipalities that are obliged by the City Statute to elaborate a Master Plan actually had it ready in 2009, with most of the City Statute's instruments included in these Plans (e.g. zoning, zones of special social interest etc.), in many cases the inclusion of instruments from the City Statute is only formal, lacking practical regulation, anchorage to territorial specificities, and, in the end, conditions for effectiveness. The main reason for that is supposed to be the low institutional capacity of municipalities.

A second, crucial piece of legislation is the Law 11.124/2005 establishing the **National Housing System – SNHIS and the National Housing Fund – FNHIS**. The law unifies in a single system several already available budgetary and non-budgetary funding sources (such as the FGTS⁶⁵), foreseeing the flow of funds from the federal level to the state and municipal level through specific housing funds, in order to separate and earmark in the federal budget resources for housing, following priorities and targets set up by national and local housing plans, and policy guidelines from national and local housing policy boards/councils. Such system and the associated legal obligations boosted the strengthening of housing management and policy bodies in Brazilian cities and states as well, the main mechanism being the conditionality of structuring local planning, council and fund facilities for social housing, established by the SNHIS law for states and municipalities.

Institutional and policy framework

The **Ministry of Cities** was created in 2003, concentrating in a single agency at the federal level responsibilities for policy in the areas of sanitation, urban transportation, housing and urban development. Although the latter is constitutionally under the responsibility of municipalities, the federal level's role has been conceived as a provider of support to cities in implementing participatory and inclusive planning process, with the introduction of the City Statute's instruments, providing incentives and assistance to cities in land management issues, overcoming land conflicts and disaster and risk vulnerabilities. Within a broader participatory approach, the Ministry of Cities stimulated, through municipal conferences (taking place in 3.457 out of Brazil's 5.561 municipalities) and a National Conference of Cities, the creation of an elected **Council of Cities**, with members from both the civil society and the three levels of government (federal, state and municipal levels), as a forum to discussing and proposing urban policy guidelines.

In 2004 the Ministry of Cities prepared, and the Council of Cities discussed and approved, a document on a **National Housing Policy**. Overall, the National Housing Policy has established a federal funds transfer scheme to states and municipalities, whereby the latter add their own investments as counterpart for slums upgrading and housing provision.

A **National Housing Plan (PLANHAB)** was prepared also in 2010 with the support of a World Bank DPL focused on (i) housing policy and government institutional framework strengthening, (ii) housing finance/subsidies, and (iii) land and urban development. The Plan includes an estimate of future (2007-2023) housing demand, accumulating to 54 million units over the period. However, the distribution of such demand among income brackets was estimated to change over time, following the rise of a new middle class: whereas in 2007 most of the housing demand was concentrated in the lowest income bracket, which had no access to market credit and consequently depended almost fully on subsidy, considering the whole period 2007-2023 the housing demand would gradually shift to the low middle-class, requiring partial subsidy only.

The targets set in the plan included (i) upgrading *all* informal settlements in the country, attending 3.2 million households, and (ii) building housing units to attend the current housing deficit (7.9 million in 2007) as well as 50% of the projected deficit over the period, corresponding to 27 million units, considering different possible options (construction of new units, sites and service, provision of material for house improvements etc.) - as described in the following sections.

Slum Upgrading

It was basically in the 1980s, under the re-democratization of the country, that some municipal public policies started emerging for slums improvement, focusing on infrastructure investments and aiming at integrating the

65 FGTS, the *Fundo de Garantia do Tempo de Serviço* is a social security fund created in the 1960's to both (i) provide protection in unemployment situations, and (ii) as a source of long term funding for housing and sanitation.

informal settlements to the city. In the 1990s, the accumulation of experiences grew still on a municipal basis, but moving towards a more integrated approach. Some international programs have been landmarks in this respect, like the IADB-financed *Habitar Brasil*, and the World Bank-financed *Favela-Bairro* (Rio de Janeiro) and *Guarapiranga* (São Paulo) projects, which represented the first models for a new generation of programs with multiple goals, aiming at integrating physical, social, and institutional development components.

In 2007 the Federal Government launched **PAC** – *Programa de Aceleração do Crescimento* (Growth Accelerating Program). As one of the components of PAC, slum upgrading was significantly up scaled as well as institutionalized as a nation-wide policy, as part of an economic growth package that included several investments for strengthening the overall infrastructure of the country.

PAC aims at integrating different dimensions that are relevant for slums upgrading, namely (i) basic infrastructure (W&S, drainage, solid waste management, roads, public transportation etc.); (ii) “decent” housing through house improvements or resettlement/purchase of houses; (iii) land titling regularization; (iv) environmental awareness raising through environmental education and recovery when necessary; and (v) social inclusion to be supported by a social work component included in the slums upgrading package.

Two phases of PAC have been implemented for the period 2007-2014, allocating overall US\$ 19 billion⁶⁶, and benefitting more than 3,600 settlements and 1.8 million households in all of 26 Brazilian states.

Social Housing

As part of phase II of PAC, in 2009 the federal government started a housing subsidies program called **My House My Life** (*Minha Casa, Minha Vida* – MCMV), aiming at both (i) reducing the housing deficit as indicated in PLANHAB, and (ii) acting as a counter-cyclical measure against the negative effects of the 2008 financial crisis. Following the indications of PLANHAB, the program segmented housing supply and the associated subsidy level according to different income brackets and the accessibility of the clientele to long term funding. For the lowest income bracket (up to US\$ 788 monthly family income at present exchange rate), the public subsidy is higher than 90% of the cost of the house.

In MCMV, it is mainly the private sector (as well as social organizations under a specific MCMV modality) who prepare development proposals to be approved by CAIXA or Banco do Brasil (a public banking institute, with the former traditionally associated to housing finance) and the Ministry of Cities, responding to bids issued periodically by the Ministry. National funds are previously allocated according to the housing deficit geographic distribution. In the lowest income-bracket segment, eligible beneficiaries register in a demand cadaster managed by municipalities and are selected according to vulnerability score criteria – including relocation from areas at risk or areas affected by infrastructure investments, which makes relocation of displaced people to MCMV developments a widespread strategy for resettlement. Besides managing the demand, it is also the attribution of municipalities to (i) identify the land for the development, (ii) provide social work, and (iii) promote proper urban integration to the city and enable the adequate supply of public services (health, education, transport, cultural, leisure, social equipment's, etc). In this way, the development proposals that are prepared by the private sector (or social organizations) are meant to be framed into the urban and social planning mechanisms under the responsibility of municipalities.

As for the period 2009 to June 2013, disbursement under MCMV counted for approximately US\$ 49 billion, generating an outcome of 2.8 million housing units contracted, together with 921,000 direct and indirect jobs generated annually in the period.

Synthesis of different stakeholders' role in federal slums upgrading and social housing programs in Brazil

i) NATIONAL GOVERNMENT – Ministry of Cities:

- Transfer of funds (grants) to local governments (states and municipalities) for slum upgrading – infrastructure.
- Provision of subsidies for new housing, via banks (currently only public banks are operating housing subsidies, although regulations enable private banks too).
- Policy guidelines, geographic allocation of funds according to the housing deficit, definition of criteria for the selection of beneficiaries.
- Capacity building and dissemination.

ii) STATES AND MUNICIPALITIES – local governments:

- 6 Projects and public works for slum upgrading. Projects and plans must be designed in agreement with the community.

⁶⁶ Exchange rate 1 US\$ = R\$ 2,00.

- 7 Social work and territorial integration of social and economic inclusion programs.
- 8 Management of the housing demand register and selection of beneficiaries.
- 9 Identification of sites and fast track for licensing low income housing.
- 10 Municipalities: city master planning, including of Social Interest Zoning schemes for preventing gentrification of upgraded slums and enabling availability of new land for low income housing developments in the city.
- iii) PRIVATE SECTOR:
 - 11 Participation in public biddings for slum upgrading and infrastructure (local governments).
 - 12 MOU's with local governments for low income housing developments (up to US\$ 788/family income).
 - 13 Market housing partially subsidized for families earning more than US\$ 788/month.
- iv) BANKS:
 - 14 Intermediating housing subsidies linked to credit.
- v) SOCIAL MOVEMENTS:
 - 15 Receiving grants from the National Treasury /M.Cities for new low income housing developments.

Social work component

In both PAC/slums upgrading and MCMV a social work component is included. In 2014 a new operational manual on social work has been prepared for both programs with the support of the Cities Alliance and the World Bank. The social work component is financed as part of the slums upgrading or social housing intervention (the amount ranging between 1.5% and 2.5% of the total cost of the intervention), and is focused on activities such as quantitative and qualitative/participatory diagnostics, social mobilization, strengthening of local associations and CBOs, socio-economic inclusion, intersectoral integration with other social sectors (health, education, social assistance etc.), environmental and patrimonial education, and support to condominium management when a MCMV development is structured as a condominium. Emphasis is given to post-occupation and to promoting the sustainability and adaptation of beneficiaries to coexistence under the formal rules of a condominium (and of vertical buildings when this is the case). Finally, investments of the social work component can benefit not only the specific area of intervention (the slum that is upgraded or the housing development) but also its surrounding area, in order to promote the integration of the target area to the city fabric.

Involuntary resettlement

In 2013 an ordinance has been issued regulating involuntary resettlement under all interventions financed by the Ministry of Cities. This was the result of (i) inter-ministerial cooperation, (ii) popular pressure leading to a dialogue between government and social movements, including on displacements related to large infrastructure investments associated to global sport events taking place in Brazil (football World Cup 2014 and Olympics 2016); and (iii) technical and institutional capacity in the Ministry of Cities and major municipalities in Brazil, resulting from the accumulated experience in managing urban renewal programs from both World Bank and IADB financed projects and PAC interventions. Although support was provided by the World Bank and the Cities Alliance, it is important stressing that this was a genuine initiative of the Brazilian Government.

Ordinance 317/2013 "... makes explicit reference to and recognizes rights that go beyond replacement of lost assets ... affirms that the right to housing, beyond mere physical dwelling, requires measures to restore the social and livelihood conditions of affected families and individuals" (Roquet et al., 2015:8). In addition, eligibility to compensation is fully recognized to informal settlers with no legalized property rights, including tenants; overall, the ordinance proposes a participatory approach; and indicates that the cost of resettlement is to be included in the total intervention's cost.

Resettlement is conceived also as integrated to other urban policies that have been mentioned previously, namely (i) social work, especially for livelihood and social tiers restoration, and (ii) social housing/MCMV as the preferred option for relocation.

Capacity-building

Institutional and technical capacity in urban development issues (including slums upgrading, social housing, social work and resettlement) is strong at the federal government level as well as in some states and large municipalities. However, the majority of the over 5,000 municipalities in Brazil show significant capacity gaps.

The Ministry of Cities is aware of these gaps and the need to fill them in for states and municipalities to attend the established conditionalities to access federal project funding. Consequently, several awareness-raising and capacity-building initiatives have been designed and implemented by the Ministry for states, municipalities, as well as consultants from the private sector and NGOs to whom the latter often outsource specific tasks.

In order to strengthen the application of the City Statute, the Ministry of Cities implemented campaigns for: (i) reviewing municipal master plans; (ii) expansion of land regularization programs; (iv) establishment of local councils and housing funds; (v) design of local housing plans; (vi) improvement of social work.

Considering the extension of the country, distance learning has been chosen frequently as the main training format. Distance learning courses have been provided for thousands of local technical staff on subjects such as land regularization, slum upgrading, local housing plans and social work. Several manuals and methodological kits are being produced also.

Main challenges

The main challenges that urban renewal policy still faces in Brazil can be summarized as follows. The high cost of land and booming real estate market in major cities⁶⁷ are obstacles to the provision of social housing in centrally located and/or well served areas. This, coupled to the private sector preference for large MCMV projects because of the economies of scale (and higher profit) they imply, threatens the sustainability of social housing developments.

The housing agenda is reaching a limit in itself and requires both (i) more aggressive urban planning strategies to enable low income developments in central urban areas (e.g. wider and deeper implementation of special social interest zoning); and (ii) more comprehensive metropolitan planning with integration of sectorial policies. Subsidies alone seem to be insufficient to induce the private sector to investing in central city areas for social housing. Advantage should take fully of other instruments from the City Statute (besides zoning), such as PPPs – as it is the case in São Paulo for two central under-utilized areas (city Downtown and Tietê) with potential for 90,000 mixed income housing units together. In Rio de Janeiro, an assessment of the World Bank in 2011 reveals that possibly the main bottleneck to the expansion of low income housing developments in the metropolitan area is the lack of adequate provision of infrastructure, such as integrated transport systems, water and sanitation, which would be better addressed through the implementation of a solid metropolitan management structure (World Bank, 2011: 46).

MCMV developments experience high incidence of crime and violence (C&V) too. Whereas C&V have characterized slums for a long time – and cases of successful policies to prevent them are multiplying – recently they spread to social housing developments too. The Ministry of Cities, with the support of the World Bank, the Cities Alliance and other Brazilian institutions, is working on possible strategies for the prevention of C&V in social housing developments.

The cases of São Paulo and Rio de Janeiro

São Paulo (11.9 million inhabitants) and Rio de Janeiro (6.3 million inhabitants) are the largest and economically most influent cities in Brazil.

Through technical cooperation with the Cities Alliance, the municipality of **São Paulo** has developed HABISP, a geo-referenced information system where all informal settlements in the city are mapped and their urban, demographic, socio-economic and service provision data are periodically updated. Through an embedded ranking mechanism, HABISP provides inputs for prioritizing slums upgrading and urban renewal interventions in São Paulo. Following the guidelines of the Municipal Housing Plan of São Paulo 2009-2024, a city-wide and integrated approach in São Paulo is supported also by a planning system which uses hydrographic sub-basins as planning units (so that housing and sanitation interventions can be integrated), and within each sub-basin “Perimeters for Integrated Action” are identified, for which all relevant urban features are considered together with the presence of other relevant policies from the three levels of government. The Municipal Housing Plan 2009-2024 is structured according to the following items and actions.

HOUSING NEEDS		PROGRAMS
Housing inadequacy	Infrastructure is lacking or is inadequate	- Urbanisation and Regularisation of Settlements
	Irregular land titling	

⁶⁷ This is partially counter-balanced by the fact that population growth and therefore housing demand grow faster in middle-size cities than in large ones – although the latter are those where the highest stock of housing deficit is still concentrated.

	Inadequate dwellings	- Water Sources Program ⁶⁸ . - Dwelling Requalification.
Housing deficit	Undesired family cohabitation	- New Housing Units Provision - Purchase of Housing Units
	Population growth	
Support to families	Homeless	- Social Partnerships - Subsidies to Social Rent
	Families whose income is impaired by excessive rent fees	

Because of the shortage and cost of land, verticalisation and densification are the preferred options for housing provision (and associated resettlement) in São Paulo. PPPs are also promoted whereby (i) the municipality provides land and subsidy, (ii) the private sector is in charge of development and building of mixed-income housing schemes, so that (iii) part of the resulting housing units are sold on the market and part provided to low-income clientele with subsidy.

In **Rio de Janeiro**, urban policy is organized along two axes too, slums upgrading (*Morar Carioca* program, 256,000 dwellings to be benefitted until 2020) and social housing (MCMV no Rio, 33,000 housing units contracted so far by the municipality). These actions are meant to be integrated to other systemic interventions such as the Integrated Transportation Plan. With regard to involuntary resettlement, well before the Ministry of Cities' ordinance of 2013, since 2008 a decree was issued unifying the criteria for resettlement to be applied by the State and the Municipal Government, whereby residents of informal settlements (i) have access to usucaption schemes with compensation paid by the municipality to landowners, followed by (ii) temporary social rent, and finally (iii) three different options are provided for resettlement, namely monetary compensation, provision of new housing unit, and assisted purchase of an existing housing unit in the market. Under phase 1 of PAC, slums upgrading interventions by the State Government of Rio de Janeiro in the city of Rio de Janeiro focused on three large slums (more than 200,000 people altogether, investment over US\$ 1.6 billion at 2007 exchange rate) and implemented an integrated approach including: census households and businesses participatory surveys, investments in infrastructure, land tenure regularization, construction of new housing units, resettlement according to the procedures listed above, implementation of education, health, sport, leisure, culture, income-generation, legal support facilities as well as public libraries and facilities for women support.

68 Large informal settlements spread over environmentally protected areas of São Paulo water sources.