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*Reshaping Economic Geography*



BACKGROUND NOTE

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**EXPANDING THE SUPPLY AND REDUCING  
THE COST OF LAND FOR HOUSING IN  
URBAN AREAS IN LOW- AND MIDDLE-  
INCOME NATIONS**

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## **Expanding the supply and reducing the cost of land for housing in urban areas in low- and middle-income nations**

David Satterthwaite

At the core of the very rapid growth in the number of urban dwellers living in illegal settlements is the gap between the cost or availability of legal land sites on which housing can be built and what most individuals or households can afford to pay for accommodation. This underpins both the households who occupy and build illegally and those who rent rooms in illegal settlements – and it is common for between a fifth and a third of entire city’s population to be accommodated in these ways. In many cities, the proportion exceeds half.

For most cities, the problems are further exacerbated by the high spatial concentration of economic activities (and thus employment opportunities). This means strong competition by households and businesses for good locations in relation to these spatially concentrated employment opportunities and a limited area of land that is ‘within reach’ of these opportunities – in terms of time and transport costs.

Many aspects of poverty reduction in urban areas are achieved by increasing the supply and reducing the cost of ‘legal’ land and infrastructure for housing. In most cities, this also removes many impediments to better infrastructure and service provision (many urban governments, utilities and service providers will not work in or are not allowed to work in illegal settlements) and removing the insecurity that is inherent to any illegal settlement (that discourages household and community investment).

Perhaps too little attention has been given to the many ways in which governments can increase the supply and lower the cost of land for housing. These include:

### **Directly reducing the costs**

– through reducing official standards (for instance allowing smaller minimum-lot sizes and cheaper forms of infrastructure – see its effectiveness described in Malawi and Namibia) or reducing the time and monetary costs of getting legal land sites. Many nations have official standards that are unnecessarily costly and out of date. In most urban centres in low- and middle-income nations, the minimum standards demanded are unrealistic – for instance, minimum lot sizes of 350-1000 square metres. Many in sub-Saharan Africa and Asia are still based on regulations created under colonial rule and originally instituted for use only within areas of the colonial city that were inhabited by ‘non-natives’, and these never seen as measures to be implemented for entire city populations. Reducing the time and cost of meeting official regulations may also increase the supply of legal housing. Being tolerant of ‘illegal’ housing (see below) is at base an acceptance that within particular settlements, no official standards are required. Ironically, poverty may be lower in cities where regulations are not enforced than where inappropriate regulations are enforced. For any growing city, what is worse than expanding ‘squatter settlements’ is government authorities preventing squatter settlements and ‘sub-standard’ housing – which will mean poor families doubling and tripling up within the existing housing stock.

### **Increasing the supply**

*Improving public transport*; although this is not usually considered as related to land for housing, improving public transport should act to increase the area of land that is within reach of (say) the central business district or a concentration of industries (eg increasing the area of land that is within, say, 20 minutes of centres of employment at a daily cost below 0.xx cents). Of course, this also depends on other factors – for instance for land sites within this increased area of accessibility being available for housing. (A search for literature on this found no recent examples, although there is considerable documentation on how historically much improved public transport systems in cities in Europe were key to increasing land for housing supplies).

*Allocating public land to housing schemes that low-income groups can afford* in locations that serve their needs (as discussed in the case studies below, this may or may not operate with a subsidy and this usually involves only land and services with the housing built incrementally)

*Allowing or supporting those living in illegal settlements to get tenure and/or alternative land sites* – which has happened on a very large scale in some nations, perhaps especially in some Latin American nations – including Brazil, Mexico and Peru.

*Allowing illegal land occupation and/or illegal subdivisions.* This might not be considered a measure to lower the cost of land for housing – but city governments that have permitted illegal land developments in effect had a policy that cheapened the cost of land for housing. And if government is seen to be tolerant of this, obviously it encourages more illegal land developments which in turn increases supply of land for housing. Of course, no government allows all forms of illegal land development, especially if this is on land owned by powerful individuals or groups. Those who occupy land illegally generally chose locations that gave them more chance of not being evicted (for instance not choosing sites that are too valuable or visible). Of course, governments that have permitted or ignored illegal land developments are often selective as to which kind of illegal land developments are permitted – for instance allowing illegal subdivisions (where the land is purchased from the owner so there is no conflict with the landowner) but not squatter occupations.

*Large scale ‘slum’ and squatter upgrading;* This does not so much increase the supply of land for housing as increase the supply of ‘legal’ housing with infrastructure and services. However, it may act to increase the supply of housing as providing legal tenure and improving infrastructure and services encourage and support house construction and expansion in what were previously illegal settlements - which then increases rooms available for rent or accommodates more than one household within each land site (parents building additional rooms/floors for their children as they form their own families) or encourages the construction of apartment blocks (known to be very important in specific cities in, for instance, Morocco and Turkey; perhaps with importance in many other places).

*Boosting land supplies for ‘non-poor’ households.* This might not be considered as a mechanism for supporting land for the urban poor but this may be important for increasing land for housing supplies and reducing the competition from non-poor groups for land or existing housing (as the case study from Tunisia shows).

Urban planning and the regulatory framework it provides (or should provide) on land use, land development, housing and building standards and infrastructure standards should be key tools in poverty reduction. The core purpose of such a regulatory framework is to ensure health and safety standards are met in whatever is built – usually by specifying minimum standards. Land-use regulations should prevent buildings on unsuitable sites (for instance flood plains or potentially unstable slopes) and ensure land is available for infrastructure and services and open/public space. But planning and regulation enforcement will only serve the self-interest of those with power, unless there are effective mechanisms to prevent this.

One key issue within this is what land use planning and regulations do in any city to the supply of land for housing in and around it. These can act to greatly reduce or greatly increase the price and availability of housing because of its influence on the price and availability of land for housing with infrastructure and services. Thus, how these are designed and implemented has very large implications for the possibilities of low- and middle-income households to buy, build or rent good quality, legal accommodation with infrastructure.

Where governments have the competence and capacity to support locally appropriate land-for-housing development and subdivision regulations, this improves housing conditions and greatly widens housing possibilities for low-income households. Government measures to increase the supply and reduce the cost of land for housing will also act as a large boost to private sector investment in housing and land development.

## EXAMPLES GIVEN IN THIS PAPER

1: The support for community-driven upgrading and for solving problems of illegal land occupation supported by the Community Organizations Development Institute in urban centres throughout Thailand (showing the diverse ways through which urban poor groups got land for housing); very unusual in its scale (being implemented in over 200 urban centres) and the ways in which an official national

government agency provides the financial framework (mostly through loans) for community-driven processes.

2: The support for partnerships between local governments and low-income communities in upgrading in various urban centres in Nicaragua through PRODEL (unusual for its scale, its support for municipal and for household contributions and its focus on cities other than the capital city)

3: The ways in which city and national governments in Tunisia shifted from 'slum' clearance to 'slum' upgrading (which received significant and consistent support from 1978 to the present) and implemented measures to greatly increase the supply of land for housing (unusual for its scale and consistency over a thirty year period; also for its boosting of land for housing for non-poor groups which acted to increase overall supplies and reduce costs).

4: The changes in official minimum plot sizes and infrastructure standards in Namibia which lowered the cost of legal land for housing and considerably increased the proportion of low-income households able to afford an unsubsidized legal house plot with services (with government getting full cost recovery for the land development and infrastructure). .

5: The partnership developed between the Malawi government and the Malawi Homeless People's Federation in house construction – underpinned by the government allocating land to this federation, after the federation demonstrated their capacity to build good quality, low-cost housing (unusual for its scale too).

6: The way that a local grassroots organization in Goiania (Brazil) supported some 200,000 of its members acquire land for housing (a complex story but around well-organized tenant groups identifying public land that was not being used, occupying this and building houses and using legislation that granted them 'user-rights' if the public land was not being used)

7: The way in which the municipal government in Ilo (Peru), a small but rapidly growing city, acquired a substantial land site and provided it with a basic layout – allowing low-income households to get access to land for housing at costs they could afford.

8: The way in which squatter settlements in San Fernando (Buenos Aires) negotiated for a large land plot, adjacent to their settlement – which made possible an upgrading programme as those who were displaced by new access roads and those who had to move from that part of the site at high risk of flooding got serviced plots next door on which they received support for house construction. The new land site also allowed new households to get their own home (rather than doubling up with their parents).

9: The sanitation programme of the Orangi Pilot Project-Research and Training Institute – interesting for demonstrating how much 'upgrading' to high standards is possible in informal settlements through combining community-scale initiatives organized and funded by the residents (what is termed locally their internal work) with government agencies providing the 'externals' – for instance the water mains from which community-supplies draw and the trunk sewers and drains into which community drains feed).

10: The initiative in Huruma (Nairobi), an informal settlement, which got agreement among all the landlords and tenants on this site to a reblocking of the site in which all the inhabitants got tenure and allowed upgrading (to date, almost all 'slum' upgrading in Nairobi has been blocked by opposition from the absentee landlords and 'structure owners' because of their fear that this would dispossess them of their very lucrative rents).

11: The growing role of federations formed by slum/shack/homeless households in 15 nations and the larger movement of which they are part; up to 2005, around 150,000 households from these federations had secured long-term tenure (either through legalizing land they already occupied or through acquiring land-for housing on which they built).

12: The way that an international fund supported these savings groups from these federations to get land for housing – which the federations used to demonstrate to their local governments their capacity to build cheap, good quality housing – which then led to partnerships between these grassroots organizations and local governments for house construction or improvement on a much larger scale.

## 1: The Community Organizations Development Institute (CODI) in Thailand

The Thai government is implementing one of the most ambitious upgrading initiatives currently underway.<sup>1</sup> Managed by the Thai Government's Community Organizations Development Institute (CODI), this channels government funds in the form of infrastructure subsidies and housing loans direct to community organizations formed by low-income inhabitants in informal settlements.

Each community organization develops the solution that works best for them in regard to land. Within this national programme, there are a variety of means by which those in illegal settlements can get legal land tenure – for instance by the inhabitants purchasing the land from the landowner (supported by a government loan), negotiating a community lease, agreeing to move to another location provided by the government agency on whose land they are squatting, or agreeing with the landowner to move to part of the site they are occupying in return for tenure of that site (land sharing). The CODI also provides loans to community organizations to on-lend to their members to help build or improve their homes. It also supports city governments in taking the initiative in collaboration with urban poor organizations – for instance providing a site on which those living in various 'mini' squatter settlements in their jurisdiction could relocate, with the land provided on a 30 year lease. These are the kinds of solutions that can develop when there is a city-wide process in which urban poor communities are involved.

From 2003 to September 2007, within the *Baan Mankong* (secure housing) programme, CODI approved 495 projects in 957 communities in over 200 urban centres covering 52,776 households and it plans a considerable expansion in the programme within the next few years. Overall, CODI (and the organization out of which it developed, the Urban Community Development Office) has provided loans and grants to community organizations that reached 2.4 million households between 1992 and 2007.

The *Baan Mankong* initiative has particular significance in three aspects: the scale; the extent of community-involvement; and the extent to which it seeks to institutionalize community-driven solutions within local governments so this addresses needs in all informal settlements in each urban centre in which it is implemented. It is also significant in that it draws almost entirely from domestic resources – a combination of national government, local government and community contributions.

Low-income communities living in informal settlements know that CODI has resources they can draw on – so they can plan for what they need, look at the different possibilities, organize and develop their own savings groups. If they cannot negotiate tenure for the land they currently occupy, they can search for land, start land negotiations and draw in people from other urban poor communities to help them plan and develop solutions. They can also visit other places where community-driven development has worked well.

Support is provided not only to community organizations formed by the urban poor for projects but also to their networks, to allow them to work with municipal authorities and other local actors and with national agencies on city-wide upgrading programmes. Its strategy for 'going to scale' is to provide the support for hundreds of community-driven initiatives within programmes designed and managed by urban poor networks working in partnership with local governments and other local actors.

## 2. The Local Development Programme (PRODEL) in Nicaragua

The Local Development Programme (PRODEL) in Nicaragua provides funds for co-financing small infrastructure and community projects in many urban centres (including improved provision for water, sanitation and drainage) and loans and technical assistance for households for housing improvement and micro enterprises. PRODEL was set up with support from the Swedish International Development Cooperation Agency (Sida). This is not an implementing agency but an agency that provides funds to

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<sup>1</sup> Boonyabancha, Somsook (2005), "Baan Mankong: going to scale with 'slum' and squatter upgrading in Thailand", *Environment and Urbanization*, Vol.17, No.1, pp. 21–46; *Codi News*, November 2007.

local governments, NGOs, community organizations and households. Over a ten year period, 484 projects were implemented that benefited some 60,000 households. Just over half the funding was provided by Sida with the rest mobilized locally, by households and the municipal authorities. In the same period, loans supported 12,500 low-income families to enlarge and improve their homes, along with more than 20,000 micro-enterprise loans. Cost recovery and low default rates have been sustained over time despite the persistent economic difficulties faced by the country.<sup>2</sup> Similar kinds of funding organizations supporting community-based and local government-based improvements have been set up in other Central American nations, with support from Sida.<sup>3</sup> Perhaps their greatest significance is their demonstration that it is possible for official donor agencies to reach agreements with national governments about setting up donor-funded organizations within the recipient nation that can support a multiplicity and diversity of local initiatives through local organizations and local processes with community participation.

In the end, upgrading projects and programmes have great importance for addressing some aspects of deprivation faced by large sections of the low-income population in most urban centres. But it is when they become an integral part of local government's on-going investment and management programme, with strong partnerships with the inhabitants of the settlements being or to be upgraded, that they become effective and large-scale.

### **3: Tunisia and slum prevention**

'Slum' prevention can be construed in many ways. Large scale bulldozing of 'slums' and controls which prevent new informal settlements forming might be seen as 'prevention' in that it reduces the number of 'slum' housing – but it does not reduce the number of households living in 'slums' as those who are displaced by this bulldozing generally double up with other low-income households or create new 'slums' as a result. Very few cities have managed to 'prevent' slums – although some have managed to greatly reduce the proportion of people living in them.

Singapore is often quoted as an example of success in preventing slums through its very large public housing programme (in relation to its total population) – and then innovations in encouraging owner-occupation in such housing. This transformed housing conditions in this city-state that in the 1960s had had large sections of its population living in 'slums'. But this example has little relevance for other nations. Singapore sustained one of the most rapid economic growth rates of any nation in the world over a long period – which also meant resources for the government and much increased capacity to pay for housing among large sections of its population. In addition, it had very little rural population so this great economic success did not mean very large numbers of migrants attracted to the city. If Singapore City had been located within any nation with a large rural population, its public housing programme would have been swamped. Finally, the government already owned much of the land it was to need for the new housing – which removed one of the key constraints facing other governments. The 'Singapore' solution is still seen as attractive for other governments but this forgets the factors that made it possible.

Tunisia has managed to greatly reduce the proportion of its urban population living in poor quality housing in illegal or informal settlements. In part, this is because of a large-scale and consistent policy of 'slum'/squatter upgrading that has been implemented since 1978.<sup>4</sup> This ended the previous policy of slum/squatter demolition and with the creation of the Urban Rehabilitation and Renewal Agency (Agence de Rehabilitation et de Renovation Urbaine ARRUE) upgrading came within the policy mainstream and resulted in regularization of tenure status in districts selected for rehabilitation. From

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<sup>2</sup> Stein, Alfredo (2001), "Participation and sustainability in social projects: the experience of the Local Development Programme (PRODEL) in Nicaragua", *Environment and Urbanization*, Vol 13 No 1, pages 11-35.

<sup>3</sup> Stein, Alfredo with Luis Castillo (2005), "Innovative financing for low-income housing improvement: lessons from programmes in Central America", *Environment and Urbanization*, Vol. 17, No. 1, pages 47-66.

<sup>4</sup> This draws from a detailed case study in French by Morched Chabbi on access to urban land for low-income groups.

1978 to 1992, the key features were tenure regularization, provision of infrastructure and public amenities and support for housing improvement. Plots were also provided to households whose homes were demolished to make way for infrastructure and plots sold to households to reduce densities. New owners could get credit. Tenure regularization triggered a dynamic process of housing improvement in the rehabilitated settlements and an evaluation concluded that the rehabilitation projects undertaken between 1978 and 1984 represented a turning point in access to urban land by low-income groups. Since then, the commitment to providing or improving infrastructure and public amenities has remained (and implemented on a very large scale) but without the support for tenure regularization and less support for housing improvements. In part, tenure regularization became less pressing with the growing role of clandestine land-developers that offered cheap lots of unserviced land, often on the agricultural outskirts of urban areas and these enabled households with modest income levels to get land for housing. These land developments have regular lay-outs and generally with housing built on them using permanent materials.

The government of Tunisia also has a long-term policy of supporting the development of land for housing but serving middle and upper income groups. From the early 1970s to the mid 1980s, the Agence Fonciere d'Habitation (AFH) developed land sites for housing, installed infrastructure and services and sold them – on a considerable scale. For instance, in the Fourth Urban Project, 20 estates with 8,500 plots were to be developed. From the mid 1980s, AFH serviced large plots that were sold to public and private developers to build social housing – and 10,200 100 square metre plots were sold by AFH. These plots could be afforded by households with modest means but were still too expensive for low-income groups. The same is true for the social housing units marketed by private developers, building housing on land developed by AFH – as this reached the lower-end of middle-income groups. From 1978 to 1990, there had been urban land components for the urban poor in the upgrading programmes but not a systematic policy – and in the (large scale) national slum rehabilitation programmes during the 1990s and after, the focus was infrastructure and public amenities and not on tenure or on land-for-housing for low-income groups.

However, increasing numbers of municipalities have increased their role in producing serviced land plots for housing. A pilot project in Sousse in the mid 1990s in which the municipal government took the lead role (with support from ARRUE) included rehabilitation of spontaneous settlements and the production of serviced plots for housing. The serviced plots were too expensive for low-income groups. Between 1994 and 1998, 53 municipalities in 16 governorates undertook the servicing of land – making lots available to 3682 households. But again, these primarily benefited middle-income group.

This combination of a large, long-term commitment by the government to upgrading combined with a large, long term programme to acquire land in and around urban centres, install infrastructure and sell it (always seeking full cost-recovery) helps explain the low proportion of Tunisia's urban population living in 'slums'. This land acquisition and development programme did not provide housing sites for low-income groups but it did greatly increase the supply and reduce the cost of legal land-for-housing plots for lower-middle and middle-income groups. So these groups were no longer competing with poorer groups for rental accommodation and for land in informal settlements.

#### **4. Changing standards for land-for-housing in Namibia**

The example from Namibia is interesting in that it shows how a change in approach by the city government greatly increased the possibilities for low-income households to be able to get their own housing. The city authorities in Windhoek recognized that to reach low-income households, they had to cut unit costs in their government-funded serviced-site programme, because they had to recover costs from the land they developed for housing.<sup>5</sup> A new government policy, developed with the Shack Dwellers Federation of Namibia (a federation of savings groups formed mostly by low-income women) shows a willingness to overturn conventional approaches to standards and regulations, for instance in

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<sup>5</sup> Mitlin, Diana and Anna Muller (2004), "Windhoek, Namibia: towards progressive urban land policies in Southern Africa", *International Development Planning Review*, Vol. 26, No. 2, pages 167-186.

plot sizes and in infrastructure standards, to make their serviced sites more affordable to low-income households. Two new options were developed: a plot of 180 square metres serviced with communal water points and gravel roads which could be rented with the rental charge covering the financing costs for the land investment, water services and refuse collection; and group purchase or lease of land with communal services and with minimum plot sizes allowed below the official national minimum plot standard of 300 square metres. Families living in areas with communal services have to establish their own neighbourhood committee to manage their toilet block. As significantly, families are allowed to upgrade services as they can afford to make the investments, extending sewerage and water lines from mains provision into their homes. Groups that belong to the Shack Dwellers Federation have access to their own loan fund from which they can borrow for such service improvements and around 1,000 have taken such loans at an average household cost of US \$150. However, this underestimates the number of improvements because once households have a system they can respond to, many can afford to make the improvements using their own resources without a need to use loan finance.

(THERE ARE VARIOUS PARTICULAR CASE STUDIES OF PARTICULAR SETTLEMENTS THAT COULD BE ADDED HERE)

### **5: Land and housing development by the Malawi Homeless People's Federation<sup>6</sup>**

A partnership has developed in Malawi between the Homeless People's Federation and government agencies to access land for housing and build good quality housing units. The Federation is formed by savings groups; most savers are women who currently rent accommodation in existing slums. There are more than 100 savings groups with a member of more than 30,000. The Federation manages savings and credit schemes for income generation, bereavement, sanitation and housing. The housing fund (Mchenga) provides loans to savings groups to finance house construction.

The Federation and its small support NGO CCODE lobbied the government for land and when it demonstrated to government the capacity of its members to build good quality housing at low unit costs, government support in the form of land increased considerably. There has long been a government policy of developing serviced sites but it was rare for low-income groups to get such sites.

Since 2003, around 760 plots have been provided by national government and city authorities and houses built (222 in Lilongwe, 465 in Blantyre, 83 in Mzuzu); more land has been earmarked in Lilongwe and other urban centres and the target is to provide 3,600-10,000 more plots.

Changing official standards was an important part of keeping down costs and making better use of land. The Federation's negotiation with the Department of Physical Planning in Lilongwe allowed agreement on plots of 150 to 200 square metres (well below the official standard) and this meant that land originally allocated to 95 plots could produce 222 plots. This was also helped by reducing road size from the standard 12 metres to 9 metres. The Federation has also established a new lime company with a local company to keep down building costs.

Various new schemes are under discussion, including a partnership with the Ministry of Lands for housing development for lower ranked civil servants such as drivers and messengers who cannot access government home ownership schemes.

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<sup>6</sup> Drawn from Manda, Mtafu A Zeleza (2007), "Mchenga - urban poor housing fund in Malawi", *Environment and Urbanization*, Vol. 19, No. 2, pages 337-359.



## 6: From tenants to posseiro in Goiania, Brazil<sup>7</sup>

A grassroots organization in the city of Goiania in Brazil helped some 100,000 of its members to obtain land for housing, after assisting them to invade public land and secure tenure (having previously been tenants) and the example it set encouraged another 100,000 to also do this. This negotiation for tenure centres on the long-established right of citizens to occupy land that is not titled and not being used; *posseiro* is the name given to those claiming a right of use on such land. The negotiation for land titles was also accompanied by lobbying for infrastructure improvements and public facilities and these have proved successful for many settlements.

Goiania is a city with over one million inhabitants that grew rapidly over the last sixty years; it had just 40,000 inhabitants in 1950. Much of the increase in population was accommodated in illegal settlements – although a large part of the low-income population were tenants. FEGIP (the Goiania Federation for Tenants and Posseiros) has supported local illegal land occupations and successfully supported many posseiros to get tenure and their settlements to get infrastructure and services.

## 7: Municipal support for upgrading and land-for-housing in Ilo, Peru<sup>8</sup>

Ilo is a port city in Southern Peru with around 70,000 inhabitants. Over the last 25 years, housing and living conditions have been much improved, despite being an industrial town with rapid population growth and very little external support. Provision for water, sanitation and solid waste collection have improved greatly (most of the population now have home connections for drinking water and regular solid waste collection), over 5,000 houses have been improved and there has been a large expansion in public space (from 2 to 30 hectares between 1981 and 1998 including the reclamation of beaches and the seafront for public use). Most of this has been financed and implemented through partnerships between the municipal government and community-level management committees. One of the most unusual aspects of this was a municipal programme that ensured that land was available for low-income households on which they could organize and manage the construction of their homes.

Despite the fact that the city's population increased fivefold between 1960 and 2000, there have been no land invasions. A municipal government programme of providing land for housing has avoided this. All new settlements have been developed within municipal and housing association programmes in which housing plots are provided with infrastructure and services. The municipality acquired land in an area known as *Pampa Inalambrica* and subdivided it into lots; by 2005, 6,000 lots had been serviced for housing here. Three different groups supported the construction of housing on these lots: private housing associations, national government housing programmes and municipal housing programmes. This allowed a range of lots to be developed for different income groups

The lowest income households acquired lots within the Municipal Housing Programme. The household applies for a lot and if the application is accepted (for instance after checking that they do not already own a house or plot), a land plot is provided. The households that have been allocated plots then work together to help clear the site with streets and plots laid out and public water taps and septic tanks constructed with the support of the municipal water and sanitation company. Plans are then developed with the residents for provision for electricity, roads and provision for sanitation. As the plots are developed, households receive title to the land. All the work is jointly managed and funded – with support also provided for self-help housing construction. The households who receive the plots contribute to these costs but costs are kept down and their contributions do not exceed the equivalent of US\$60.

<sup>7</sup> Barbosa, Ronnie, Yves Cabannes and Lucia Moraes (1997), "Tenant today, posseiro tomorrow", *Environment and Urbanization*, Vol.9, No.2, October, pages 17-41.

<sup>8</sup> Díaz Palacios, Julio and Liliana Miranda (2005), "Concertación (reaching agreement) and planning for sustainable development in Ilo, Peru", in Steve Bass, Hannah Reid, David Satterthwaite and Paul Steele (editors), *Reducing Poverty and Sustaining the Environment*, Earthscan Publications, London, pages 254-278.

## 8: Accessing land to support squatter upgrading in San Fernando, Buenos Aires<sup>9</sup>

An upgrading programme initially for one informal settlement (San Jorge) and later for another close by (barrio La Paz) benefited greatly from being able to negotiate the right to use a seven hectare site just next to these settlements. This allowed sites for new housing to be allocated to those households that were displaced by the upgrading - for instance as roads and paths were built within the settlements and to resettle households who were on sites at high risk of flooding. It also allowed for some of the growth in the number of households

The upgrading programme is not a project but the result of a series of actions and initiatives over the last 20 years, supported by an Argentine NGO, IIED-America Latina. It began in 1987 with the design and construction of a mother and baby centre in Barrio San Jorge (in collaboration with Caritas). In 1990, after intense lobbying, the Department of Urban Planning and Housing of the provincial government of Buenos Aires agreed to land tenure legalization and the creation of the Integrated Neighbourhood Improvement Programme to be implemented jointly by the province of Buenos Aires, the municipality of San Fernando, Barrio San Jorge and IIED-AL. During 1990, an elected community organization was formed and this took on many of the key tasks for the upgrading.

In 1992, the municipality of San Fernando donated seven hectares of land adjacent to Barrio San Jorge and agreed to provide it with infrastructure, for the resettlement of families from Barrio San Jorge (to allow densities to be reduced), thereby creating a new Barrio Hardoy. During 1993–1994, a water supply and sewerage network was installed in Barrio San Jorge and between 1993 and 1998, housing conditions were improved with support from a local Housing Materials Bank that provided building materials more cheaply and provide credit. During 1997, a water supply and sewerage system was installed in the new 7 hectare site and a community-managed lottery was held to allocate plots among those who applied for them.

During 1997, an upgrading project for Barrio La Paz was also developed which by 2000 had negotiated an agreement with the municipality for land tenure legalization. Since 2000, the three neighbourhoods – Barrio San Jorge, Barrio La Paz and the new settlement (Barrio Hardoy) have all been represented on the local consultation group, alongside the municipality of San Fernando and IIED-AL, within the framework of the National Neighbourhood Upgrading Programme (Programa Nacional de Mejoramiento de Barrios – PROMEBA) for this area.

It needed local organizations to be vigilant to ensure that the 7 hectares was kept for local inhabitants. On several occasions, there were government initiatives that sought to allocate land there to other groups.

## 9: Orangi Pilot Project: Research and Training Institute (OPP-RTI)<sup>10</sup>

Pakistan requires 350,000 new housing units per year for its urban areas. The formal sector is able to supply only 120,000 housing units per year. This gap is accommodated in *katchi abadis* (squatter settlements on government land) or through the informal subdivision of agricultural land on the periphery of cities and towns. It is estimated that nine million people live in *katchi abadis* in the urban areas of Pakistan and another 15 million in informal subdivisions. Both types of settlements are unserviced to begin with but over a 15 to 20 year period, residents manage to acquire water, electricity, gas and some sort of social infrastructure. However, sewage invariably flows into cesspools or into the

<sup>9</sup> Schusterman, Ricardo and Ana Hardoy (1997), "Reconstructing social capital in a poor urban settlement: the Integrated Improvement Programme, Barrio San Jorge", *Environment and Urbanization*, Vol.9, No.1, pp. 91-119; Almansi, Florencia and Andrea Tammarazio (2008), "Mobilizing projects in community organizations with a long-term perspective: neighbourhood credit funds in Buenos Aires, Argentina", *Environment and Urbanization*, Vol. 20, No. 1.

<sup>10</sup> Hasan, Arif (2006), "Orangi Pilot Project; the expansion of work beyond Orangi and the mapping of informal settlements and infrastructure", *Environment and Urbanization*, Vol. 18, No. 2, pages 451-480.

natural drainage system. Since 1973, the government has been operating a *Katchi Abadi* Improvement and Regularisation Programme but this reaches only a small proportion of those living in these settlements. There is no programme for the improvement on informal subdivisions, although their conditions (except for security of tenure) are no different from that of the *katchi abadis*.

A local NGO the Orangi Pilot Project (OPP) was established in 1980 with the purpose of overcoming the constraints faced by the government in regularising and improving *katchi abadis*. The objective of the new organization was to: i) understand the problems of Orangi (a large informal settlement which now has over a million inhabitants) and their causes; ii) through action research develop solutions that the inhabitants of informal settlements can manage, finance and build; iii) provide the inhabitants with technical guidance and managerial support to implement the solutions; iv) in the process overcome constraints that governments face upgrading *katchi abadis*. Participatory research identified four major problems: sanitation, unemployment, health and education. Sanitation was considered the most important.

The OPP-RTI was very clear from the very beginning that the answer lay in local resources and local expertise – with resources drawn both from the low-income communities and from local government. OPP-RTI supports the inhabitants of a lane to plan, implement and finance the ‘internal components’ - sanitary latrines in the houses, underground sewers in the lanes and neighbourhood collector sewers. All these costs can be covered by the inhabitants if the cost of improvement or constructing the infrastructure is kept down – by eliminating contractors and modifying engineering standards. OPP-RTI then supports local government to plan and finance the larger ‘external’ trunk sewers into which the neighbourhood sewers feed and treatment plans. Again, there is a strong focus on keeping down unit costs – and building on existing systems (for instance mostly ‘boxing’ existing natural drains).

In around 300 locations in Pakistan, communities have financed, managed and built their own internal sanitation systems. Local governments can also afford to install the external systems as they no longer have to fund the internal components and as OPP-RTI has helped them develop much lower-cost methods for planning and building trunk sewers. In Orangi, 96,994 houses have built their neighbourhood sanitation systems by investing Rs 94.29 million (US\$ 1.57 million).

In effect, what this small local NGO has done is to demonstrate the major improvements that are possible within informal settlements by careful use of household’s resources addressing community-level problems supported by well-designed local government investment in the larger systems into which community-level improvements link.

## **10. Huruma in Nairobi**

Details to come

## **11: Shack Dwellers International and support for land**

In 15 countries, national federations formed by ‘slum’/shack dwellers/homeless people are actively engaged in their own initiatives to build or improve their homes and basic services and in using these initiatives as the basis for negotiating partnerships with governments to increase the scale and scope of what is achievable. Some federations work at a very considerable scale – with tens of thousands of member households getting or building new, secure, legal housing or tenure of housing they already occupy. All fifteen federations have learnt from each other and support each other – and in 1996, they set up their own small umbrella organization, Slum/Shack Dwellers International (SDI) to support this inter-change between them and to support the emergence of comparable federations in other nations.

Despite the large differences in local and national contexts, these federations share some basic characteristics. All are based on community-managed savings groups, with the larger federations having hundreds and thousands of such groups. The savings groups bring people (mainly women) together to form active, creative local organisations. The savings groups manage savings and credit efficiently; as importantly, the collective management of money and the trust it builds within each group allows them to

plan together to address their needs and increases their capacity to work together on land acquisition, housing, and other initiatives. Each federation encourages its savings groups to take initiatives – for instance to negotiate for a land site and to build houses on it – and all the other savings groups learn from this. When one savings group’s initiative works well, it becomes much visited by other savings groups who are then encouraged to try out an initiative themselves.

Each federation also provides all its member savings groups with a collective capacity to negotiate with the institutions whose support they need, perhaps especially local governments but also national governments and international agencies. In some nations, the federations have developed strong, effective partnerships with city governments for large-scale and on-going programmes; in some nations, the federations have changed national policies and their housing and basic service programmes enjoy national government support – for instance in Thailand, India, South Africa and Cambodia. Table 1 gives details of the different federations. As a result of this work, long-term tenure has been secured for about 150,000 families over the last fifteen years and housing improvements have taken place for at least half these families.<sup>11</sup>

**Table 1: Details of the federations, their support NGOs and their funds**

<b>Federation</b>	<b>Year founded</b>	<b>Number of members</b>	<b>Support NGO/ federation-managed funds</b>
INDIA: National Slum Dwellers Federation and <i>Mahila Milan</i>	1974 and 1986	2 million plus	SPARC (1984) Community-Led Infrastructure Finance Facility (CLIFF)
SOUTH AFRICA: South African Federation of the Urban Poor	1991	c. 100,000	Community Organization Resource Centre. The <i>uTshani</i> Fund (for housing), <i>Inqolobane</i> (The Granary) funds for employment/micro enterprise
ZIMBABWE: The Zimbabwe Homeless People’s Federation	1993	c. 45,000*	Dialogue on Shelter <i>Gungano</i> Fund
NAMIBIA: Shack Dwellers Federation of Namibia	1992	13,000	Namibian Housing Action Group (1997) Twahangana Fund (for land, services and income generation) with state funds for housing (Build Together Programme)
KENYA: <i>Muungano wa Wanvijiji</i>	2000	c. 25,000	Pamoja Trust (2000) <i>Akiba Mashinani</i> Trust
MALAWI: Malawi Homeless People’s Federation	2003	20,000	CCODE – Centre for Community Organization and Development Mchenga Urban Poor Fund
SWAZILAND	2001		Peoples Dialogue, Swaziland
THAILAND: Many regional and city-based federations	1990	Thousands of savings groups	CODI – fund set up by the government of Thailand to support the savings groups and their networks
PHILIPPINES: Philippines Homeless People’s Federation	2003	50,000	Vincentian Missionaries Social Development Foundation Inc (VMSDFI) Urban Poor Development Fund
SRI LANKA: Women’s Development Bank	1998	31,000	JANARULAKA Women’s Development Bank Federation
CAMBODIA: Squatter and Urban Poor Federation	1994	Active in 200 slums	Asian Coalition for Housing Rights Urban Poor Development Fund
NEPAL: Nepal Mahila Ekta Samaj and Nepal Mahila Ekata Samaj (women’s federation of savings	1998		LUMANTI Nepal Urban Poor Fund

<sup>11</sup> D’Cruz, Celine and David Satterthwaite (2005), *Building Homes, changing official approaches: The work of Urban Poor Federations and their contributions to meeting the Millennium Development Goals in urban areas*, Poverty Reduction in Urban Areas Series, Working Paper 16, IIED, London, 80 pages updated with figures from [www.sdinet.org](http://www.sdinet.org)

groups)			
BRAZIL: A federation developing, based on six cities	2004	11,000	<i>Interaçao</i>

\* Not surprisingly, activities in Zimbabwe have slowed considerably in the present climate of hostility to the urban poor from national government, although the Federation still has partnerships with some local governments.

## 12: The International Urban Poor Fund's support for land-for-housing<sup>12</sup>

An international fund was set up in 2001 to provide support direct to the federations described above to secure land for housing, either through obtaining tenure of land they already occupy or on alternative sites, and assists them to build or improve their homes and access basic services. Since this Fund was initiated with the support of the Sigrid Rausing Trust, it has channelled around US\$ 4.6 million (£2.6 million) to over 40 grassroots initiatives and activities in 17 nations. An estimated 17,000 men and women and 12,000 children have directly benefited from this work through securing tenure and/or access to essential basic services. The scale of this Fund's work is now increasing, after the Bill and Melinda Gates Foundation contributed US\$10 million to it.

Three important characteristics of the Fund:

- 1. Funding goes direct to grassroots organizations that are** formed around savings groups that also manage loans to their members. This means that local communities have a central role in project development and management. The processes associated with spending these monies help build the capacities of the grassroots groups involved, in addition to the direct benefits provided by the Fund. This helps to ensure that improvements are maintained. These grassroots groups also manage the local political process, persuading local politicians to have an interest in this work but preventing them from controlling activities.
- 2. The Fund is very flexible** in what it supports and responds to opportunities and priorities identified by local groups. For instance, in some locations, land audits have been undertaken by the federations to identify land that can be developed for their housing programmes; thus, when discussing projects with governments, they already have a detailed knowledge of possible land sites. In other locations, detailed community-managed "slum"/shack surveys and maps provide the information needed for upgrading and land tenure programmes.
- 3. SDI itself decides how to allocate the Fund** (and all the federations are represented in this process), so all the federations support the local activities that are funded because they set the priorities. Success has helped federations to believe in themselves and to own the development process.

*Types of project:* Compared to most development assistance, the size of funding allocations does not appear large – most initiatives receive between US\$ 10,000–50,000. These relatively small contributions have proved to be very effective. As community members allocate the funds to initiatives that are local priorities, they also contribute their own monies and labour. Often, the savings groups implementing the initiative will use the external funding provided by this Fund to leverage other resources from other international development assistance agencies. Wherever possible, government funds are also sought to support the initiatives – this has been achieved by federations in India, the Philippines, Sri Lanka, Nepal, Thailand, Namibia and South Africa. The grassroots organizations also make funding go much further than most professionally managed development projects; new housing units or upgrading may cost as little as one-seventh of the unit cost of professionally designed improvements. Often these funds are given to community groups as loans for specific project investments, with repayments contributing to their own city or nationally based urban poor funds, which then finance further projects by other savings schemes.

Supported activities to date include:

<sup>12</sup> Mitlin, Diana and David Satterthwaite (2007), "Strategies for grassroots control of international aid", *Environment and Urbanization*, Vol. 19, No. 2, pages 483-500.

- Tenure security (through land purchase and negotiation) in Cambodia, Colombia, India, Kenya, Malawi, Nepal, Philippines, South Africa and Zimbabwe.
- “Slum”/squatter upgrading with tenure security in Cambodia, India and Brazil.
- Bridge financing for shelter initiatives in India, Philippines and South Africa (where government support is promised but slow to be made available).
- Improved provision for water and sanitation in Cambodia, Sri Lanka, Uganda and Zimbabwe.
- Settlement maps and surveys in Brazil, Ghana, Namibia, Sri Lanka, South Africa and Zambia.
- Exchange visits by established federations to urban poor groups in Angola, East Timor, Mongolia, Tanzania and Zambia.
- Community-managed shelter reconstruction after the tsunami in India and Sri Lanka.
- Federation partnerships with local governments in shelter initiatives in India, Malawi, South Africa and Zimbabwe.