FINAL REPORT

LITERATURE REVIEW:
MAIN POLICY AND PROGRAMMATIC APPROACHES FOR SLUM UPGRADING

As PRODUCT 1 of the Consultancy:
Desk Review of National Policy Reforms and Programatic Approaches to Slum Upgrading and Prevention and Case Study Template for In-country Work

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1. INTRODUCTION

This document has been prepared as the first part of the consultancy National Policy Reforms and Programmatic Approaches to Slum Upgrading and Prevention: Desk-Review Typology and Case-Study Template for the Joint Work Programme of the World Bank Group and Cities Alliance. The main objective of the assignment is to propose a system of rigorous and comparable data recollection in the field of slum upgrading programmes (SUP) and prevention policies at the national and sub-national levels, to be applied in fifteen selected countries across the world. The final aim is to fill a current critical knowledge gap, by analysing the existing rich experience and sharing the key lessons learned. Towards that end, the first step is the identification of main policy areas and programmatic approaches to slum upgrading and prevention.

The present document aims at summarizing the main issues raised in a broad search of literature on the subject, taking particular note of the five last years. The information gathered is presented in six chapters. Following this first introductory chapter, the second chapter presents a general framework on the subject, namely on the definition and formation of a slum. The third chapter summarizes the different approaches to the slum problem identifying four stages: the no approach, slum razing, sites and services and in situ upgrading. The fourth chapter presents six main policy areas on the subject: social housing, land policy, planning and regulation, information, governance and financing. The fifth chapter presents a summary of three basic characteristics on the Slum Upgrading Programmes (SUP): components, actors involved and scaling up.

2. FRAMEWORK

Before approaching the main policy areas for slum upgrading it is necessary to present the diversity of concepts found to define the slum phenomenon, as well as the main ways to explain its emergence. Both – the slum definition and the theories behind its formation – are relevant to understand the approaches developed to tackle the problem.

2.1. What is a Slum?

Although – or maybe, because – the slum phenomenon has grown in scale and has produced a variety of local or regional settlement types with specific local denominations, it is not easy to define what a slum is. There are many definitions and many ways of referring to it. For example, Bairoch (1991), cited in Abdenur (2009), selects the following terms:

"...in Latin America, azotea, barriada, barrio and barrio pirata, callampa, colonia proletaria, carralone, rancho, vacindare and villa de emergencia. In Iran: halabi abad (canned-foods
town), alatchir (peasant huts), and gode (hole, quarry). In Turkey: gecekoludar (erected in a single night). In Iraq: serfas (hut). In Indonesia: kampung (little village). In India: bustee (just a place to live). In countries in which the predominant language is English: squatter settlements, shantytown (from the French chantier for, and slum (...). In French-speaking countries, the term “bidonville” (bidon meaning a can or drum) is almost universal …"

Also museques in Angola, asentamientos irregulares, favelas and campamentos in Latin America. Most of the time these various terms are not interchangeable nor can they be simply translated, as they tend to refer to a specific form of informality, type of poverty or sometimes even to their origin. Furthermore, there is no consensus about its scale; for example while UN-Habitat (2003) defines slums at the level of households, in most literature they are considered as areas or neighbourhoods (see for example, Abdenur, 2009; Global Observatory, 2003; CEPAL-CELADE, 1998; DPU, 2003).

In Chile, when a quantification of this problem was intended at the national level, the definition of slum (‘asentamientos precarios’) considered three conditions: a certain size (at least 20 grouped and contiguous houses), lacking sanitary infrastructure (drinking water, drainage system or electricity) and irregular tenure (CEPAL-CELADE, 1998).

In an operative pragmatic definition, Abdenur (2009) identifies the slum as an area characterized by high-density population, where housing and living conditions are inadequate, and where most buildings emerged informally, unplanned, without legal ownership of the land. She then refers to some of the consequences of this process “rapid, unstructured, and unplanned expansion; low quality housing; conflicting land tenure and property rights; environmental degradation; health hazards; chronic social problems; and widespread poverty”.

Nevertheless, the most formal definition and characterisation is given by the Expert Group set out for the Millennium Goals (EGM), who refer to five types of conditions in defining a slum. According to these criteria a slum household is a group of individuals living under the same roof lacking one or more of the conditions below:

“Access to improved water: A household is considered to have access to improved drinking water if it has sufficient amount of it (20 litres/person/day) for family use, at an affordable price (less than 10% of the total household income), available to household members without being subject to extreme effort (less than one hour a day for the minimum sufficient quantity), especially to women and children.

“Access to improved sanitation: A household is considered to have access to improved sanitation, if an excreta disposal system, either in the form of a private toilet or a public toilet shared with a reasonable number of people, is available to household members.

“Sufficient-living area, not overcrowded: A dwelling unit is considered to provide a sufficient living area for the household members if there are fewer than three people per habitable room.

Structural quality/durability of dwellings: A house is considered as “durable” if it is built on a non-hazardous location and has a permanent structure adequate enough to protect its inhabitants from the extremes of climatic conditions such as rain, heat, cold, and humidity.
Security of tenure: Secure tenure is the right of all individuals and groups to effective protection by the State against arbitrary unlawful evictions” (Global Urban Observatory, 2003).

For the purpose of the exercise presented in this document the latter definition will be adopted plus the consideration of size, as proposed by the Chilean case. Therefore, the identification of a slum will consider any contiguous group of 20 or more houses that lack one or more of the five conditions – drinking water, improved sanitation, sufficient living space, structural quality and security of tenure – as defined above.

2.2. Slum Formation

In most literature on the subject, slums are seen as manifestations of urban poverty. Many times it involves rural immigrants coming to the city in search of better opportunities, in other cases it is people escaping from natural or man made disasters – from earthquakes and inundations to guerrilla warfare, civil war or drug lords – or sometimes it is simply the demographic growth of the urban poor who cannot find a proper dwelling. The basic sequence behind the formation of a slum is fairly simple and is shared by most. As Acioly (2009) puts it:

“... The formal land and housing delivery systems exclude large numbers of people; land and housing prices increase at breakneck pace; individuals trade land and property rights regardless of legal status as a way to gain access to a place to live and legitimize their right to the city; and informal settlements are plagued by overcrowding, inadequate sanitation, poor housing conditions and, in some cities, urban violence.”

The previous sequence understands, and to a certain extent justifies, informality as a survival strategy of the “poor of the poorest”.

On the other hand, some authors – even though recognizing that the informal settlement helps solving the individual family’s immediate problem – underline the costs that this approach carries at private and public levels. At a private level, they consider the inadequate sanitation and shelter conditions, the health hazards and physical and social insecurity that poor families have to undergo; and at the public level, the increased costs of building basic infrastructure in inhabited and many times geographically difficult land that governments have to assume (Ferguson and Navarrete, 2003).

The question remains why the formal market is not able to provide accessible and acceptable solutions for housing the new arrivals, or the new generations of urban poor. The literature varies in the accent and importance given to one or other causes.

Anna Tibaijuka, under-secretary-general and executive director of the Human Settlements Programme (UN-HABITAT) stated “Slums and urban poverty are not just a manifestation of population explosion and demographic change, or even of the vast impersonal forces of
Slums must be seen as a result of failed policies, bad governance, corruption, inappropriate regulation, dysfunctional land markets, unresponsive financial systems, and a fundamental lack of political will." (IRIN, 2009). With this statement she is pointing her finger at governance.

Some sceptics point out that in Africa, for example, large numbers of people profit from slums by renting out rooms, providing the services that the State does not provide, extracting bribes from slum dwellers, and staking claims to vacant land in suburban areas. At the same time, the slums provide cheap labour for the economies of major cities (The Economist, 2007).

Nevertheless, probably the most shared opinion understands slums as a market failure, where the informal market is delivering what the formal housing sector (both public and private) could not: affordable dwellings. Informal areas generate huge quantities of small apartments, which are either occupied by the owner-builder or are sold and rented through vibrant informal market mechanisms. These areas many times are well located within the urban space, with good access to the city (Cities Alliance, 2008a; Rojas, 2009).

3. APPROACHES TO THE SLUM PROBLEM

A brief recollection of the approaches applied and proposed for slum upgrading shows that, to a great extent, they coincide with a certain conceptualization of poverty and with specific approaches towards housing policy. The literature usually identifies three stages – which tend to follow the same trend throughout the three continents where the issue has greater magnitude: Latin America, Asia and Africa – which are related to three key types of slum programs (Pugh, 1997; Sietchiping, 2005). We have added to these an initial stage as discussed below.

3.1. No Approach

For a long time peripheral settlements were simply not acknowledged. Broadly speaking, in the 50s the authorities simply did not know, and in some cases did not wish to know, about the existence of these areas, that were starting to grow in empty plots that initially were rather central in the cities. There was a generalised opinion that slums and marginality were a transitory stage that would be overcome as cities modernized. This, together with an optimistic vision of the capacity to build houses for all, made governments choose to invest in the (public) building of finished houses (Farvacque and McAuslan, 1992; Rakodi, 2001; Brakarz et al., 2002). However, the housing production was less than expected, huge governmental bureaucracies were created, increasing the costs of the houses, and the process ended by not reaching the poorest groups but serving the middle income people (see for example, Golçalves, 1998, cited in Abdenur, 2009; Greene, 2010).
Occasionally, the informal settlements were repressed and evicted from the occupied land, but for the most part they were left to grow and to organise by themselves. At that time, their importance was completely underestimated; in fact, most of the mapping of cities did not even show them. Until today, in some cities the official maps do not register informal settlements, showing that this attitude is not completely forgotten (Brakarz et al., 2002).

3.2. Slum Razing

In the 50s and 60s cities collided with unplanned growth; the rural poor saw cities as opportunities, but found slums and official indifference when they moved from the countryside. Governments realised that the poor were holding valuable land, which could be used at a more profitable rate, and many undertook slum demolitions together with large-scale evictions (‘slum razing’, also referred to as ‘bulldozer strategy’). These aimed at clearing urban areas of slums, especially those close to city centres and middle and high-income areas. The evicted residents were often compensated with some new housing solution in a far away area, sometimes even in the rural areas where they were supposed to come from.

However, most of these slum-razing efforts proved futile in terms of controlling slum growth, since they failed to slow the flow of newcomers to the city or the formation and growth of slums. Moreover, in many places former residents, who had been evicted, simply re-settled in or near the original settlements (Burgos, 1999 cited in Abdenur, 2009; Cities Alliance, 2003). Although, slum razing is generally not considered an acceptable solution nowadays, it has not fully disappeared. In many places, governments relocate residents to outskirt areas where public housing projects, frequently in the form of high rises, are built.

3.3. Sites and Services

By the end of the 60s and into the 70s the impacts of slums were starting to be felt in the formal city. The failure of the optimistic belief that it was possible to provide housing for all, together with a newly found valuation of non-traditional approaches, triggered a shift in the housing policy from the production of finished houses to the provision of minimum solutions that could be improved by the people themselves. Sites and services were seen as an option for the poor (Brakarz et al., 2002). These schemes were undertaken as an alternative to the haphazard slum razing of previous decades, and frequently they were motivated, at least in part, by considerations of affordability (Van der Linden, 1986; Pugh, 2001 cited in Abdenur, 2009).

Many of these programs entailed the clearance of slums in central city locations and the relocation of residents to newly serviced plots, frequently in the city periphery. These schemes were widely criticized for relocating slum residents to distant places, especially due to the loss of the social
networks that had become an important part of their survival strategy in urban life. Also, the new locations were less favourable in terms of access to urban services and work opportunities (Brakarz et al., 2002).

Even considering many errors committed in their implementation, such as poor location, less than minimum basic infrastructure provided or lack of posterior technical support, many of the S&S provided during the 60s are today part of the urban fabric and can hardly be distinguished from traditional social housing programmes. The Chilean case is an example of this: the Operación Sitio was a S&S massive government programme that initially provided 9 x 18 metres plots, drinking water, drainage and electricity. Nevertheless as resources dwindled it reduced the services, and ended up by offering only a piece of land marked with chalk, sometimes not even with clear titles to the land. At this stage it was derogatorily known as “Operation Chalk” (Operación Tiza). Nevertheless through the self-construction of the inhabitants and with some posterior help of the government in the provision of infrastructure, these areas have been absorbed by the city and are today consolidated into the urban grid.

The S&S era left behind at least three important lessons: first, that the provision of minimum service plots is a viable, low-cost, and effective way to help the urban poor solving their shelter needs; second, that these programmes have to be followed up with technical, social and community support; and third, that land regularisation issues when not cleared up from the beginning are one of the most difficult and necessary issues to be resolved for urban consolidation.

3.4. In Situ Upgrading

The last period, starting roughly in the 1980s and going until today, is the in situ slum upgrading. There has been a consensus that the “radication” strategy is the socially and economically most desirable solution. Unlike the sites and services schemes of the previous decades, this new approach sought to maintain the cohesiveness of the community by keeping residents in the same location and improving their conditions in situ (Banes et al., 2000; Pugh, 2000, cited in Abdenur, 2009). This led to the implementation of a battery of programmes, starting from those that only deal with land tenure, to fully integrated ones in the more complete version, where the provision of infrastructure, urban services, housing improvement and other attributes are included (Brakarz et al., 2002). Regarding the land tenure issue, one of the traditional stumbling blocks, different ingenious ways of attaining tenure have been developed; for example Boonyabancha (2007) refers to at least four basic forms: in situ improvement, re-blocking, land-sharing and nearby relocation, which will be discussed further in this note.

Three important shortcomings of this approach are range, scale and coverage: range, referring to a limited focus in set areas, creating virtual islands of improved conditions in general poor and lacking
areas; scale, to its local conception limiting the objectives of the programme to the neighbourhood and not involving the city, where many times the problem originates; and coverage, as having not been able to effectively reduce slums (Rojas, 2009; Smolka, 2009).

A basic lesson learned from previous experience and applied to this new era, is that upgrading is a process: everything need not be done at once, but basic infrastructure, services and land security are fundamental blocks. Another lesson is the importance of decentralization and of working with the community (Cities Alliance, 2003).

Nevertheless, slums are growing faster than the response to the problem, particularly in Africa, and South and Southeast Asia. Urban poverty is increasing, while urban environmental degradation is creating severe public health hazards. Security and safety have emerged as high priorities for slum dwellers and cities, as crime and violence escalates. Political will for nationwide slum upgrading strategies is becoming a central development issue (Cities Alliance, 2003).

4. MAIN POLICY AREAS

The identification of main policy areas for slum upgrading is not easy, nor is there a single way of doing it, as many policies are interrelated. In this section six policy areas have been identified, – social housing, land policy, planning and regulation, information, governance and financing – all of which involve more than one specific feature to be considered. The order of these follows a causal order: slums are essentially a failure of housing policy and a failure of the land markets that can be addressed with land policy. Planning and regulation contribute to segregation and high land costs (but also prevent negative externalities). Information is essential for action, and the local governments empowered by a good decentralization process should take action. Finally financing requires the cooperation among levels of government, as local governments are not able to finance income-redistribution programmes (fully subsidized slum upgrading are a transfer of wealth from taxpayers to the poor).

4.1. Social housing

To make a meaningful contribution to Target 11 of the Millennium Development Goal, involves not only significantly improving the lives of 100 million slum dwellers, but also to provide housing alternatives to the urban poor. One of the most effective strategies for preventing slum formation is the provision of affordable housing, and as such it becomes an important policy issue regarding slums. Tackling the existing stock of slums and preventing the formation of new slums should constitute integral parts of a single policy. Two fundamental measures in this line are the provision of serviced land – and thus initiating an incremental building process – and providing diversified affordable housing opportunities for various social and economic groups (see for example, Acioly, 2009; Ferguson and Navarrete, 2003).
4.1.1. Incremental solutions

Government produced conventional housing does not always fit the needs of the poor, but is also often too expensive to produce in quantities that impact the housing need. Moreover, many times it fails in targeting the lowest income households and is often diverted to middle income.

From the 1960s onwards many authors proposed the incremental building based on their observations of what was actually happening in slum areas (Turner, 1976; Payne, 2002; Mac Donald, 1987; among others). The incremental programmes consider an initial solution that only includes what the inhabitants cannot attain by themselves – that is access to serviced land and a minimum core unit – and requires a building process from the inhabitants to achieve a minimum standard. This system which has the undoubtful advantage of requiring less initial resources from the government, as it leverages private and community resources, has been considered an efficient way to provide housing to the poorer sectors (Greene and Rojas, 2008).

Incremental construction has been considered the inverted process of the middle-income house acquisition. While the latter families save, get a mortgage and receive a house with all its attribute to enjoy; the poorer families save and build according to their resources whichever attribute is more needed: an extra room, a better roof, internal partitions. In both cases the house is paid in a long period, either through monthly mortgage payments or through the different stages of construction (Greene and Rojas, 2007). This incremental process has shown several benefits: adapting to the needs of the inhabitants, leveraging other resources. As Ferguson and Smets (2009) point out “incremental building fits the livelihood strategies and conditions of the poor. As families grow and as resources permit, low/moderate income households build their homes step-by-step.”

Because of their growing characteristic, most incremental solutions are houses – in one, two or maximum three floors – and therefore offer a rather low density. Thus, the main difficulty for implementing a massive incremental housing programme has been the availability of cheap land. In the Chilean case for example, where a massive Programa de Vivienda Progresiva was launched in the 90s, most of the projects were built in smaller cities because there was hardly any offerings in the bigger cities where land is scarcer.

Much of the difficulties for the incremental approach seem to be the follow up after the initial solution has been handed over to the beneficiary; and in many cases if no support is given, the solutions will not consolidate and will deteriorate into unhealthy and lacking neighbourhoods. One of the difficulties for these families is financing their construction process over long periods of time, when they will have other household needs competing for resources. Stein and Castillo (2005; p.47) call for creative measures and new ways of financing, while Ferguson and Smets (2009) offer ways in which appropriate finance can increase the speed and lower the cost of incremental housing. Llanto (2007) reports the Development of Poor Urban Communities Sector Project (DPUCSP), a
successful programme in Philippines, with a posterior upgrading support through a decentralized shelter finance strategy for the urban poor. In this case the Development Bank of the Philippines, DBP, acts as a wholesale loan institution for microfinance institutions, which in turn on-lend to targeted poor households at market-based interest rates.

4.1.2. Affordable houses

The current approach to social housing focuses on the generation of opportunities rather than the production of houses, meaning that the focus is on measures that enable individuals, households and different social groups to access different housing solutions, resulting in dwellings that suit their needs, demands and their ability to pay (Acioly, 2009 referring to the UN-Habitat approach). Through this perspective, the incremental house would be one type, appropriate maybe for low income, younger families, living in mid range or smaller cities.

The Chilean case has been emblematic in using precisely the strategy outlined above. On the one hand, it has implemented a Neighbourhood Upgrading Programme since the 80s at the national level, while at the same time the Ministry of Housing and Urbanism has offered a set of social housing programmes, with different levels of subsidy and different solutions according to the needs and capacities of the poor and middle-income population, many of them from a strict subsidy on demand model (Greene, 2010).

4.2. Land Policy

Land policy that can offer affordable, safe and secure land for the poor is a basic requisite for any slum-upgrading programme, and for many it is the major difficulty to overcome (Ferguson and Navarrete, 2003 among others). This section first discusses the role and importance that the provision of secure land can have on slum formation, its growth and its reduction; followed by a recollection of different forms of land tenure; and finishes with alternative financing schemes for the land.

4.2.1. Secure land tenure

Although land tenure is usually taken as synonymous to secure land, it is not the same. While secure land, is the ability to live in a place without fear of eviction; land tenure refers to a formal binding contract that gives rights to the land inhabitants and secures them from eviction. There are many land tenure options to gain secure land; and also, sometimes you do not only need to secure land but also to have it formally recognised as such.

For some authors, land title is the only clear legal situation that minimizes risks for the inhabitants of the informal areas that will give them security and the possibility of making serious plans for the future (Stryjak, 2009: p.45). Nevertheless, full land titling has proven in many cases to be expensive.
and difficult for government bureaucracies to manage, and secure land has been enough to provide the minimum necessary stability. In fact, the discussion between tenure and upgrading is a relation that has been much studied and theorised.

Secure land tenure has been considered to increase economic growth, address inequalities, and reduce poverty. The idea is that secure land is a precursor to housing investment: slum dwellers will invest in improving their housing, despite their apparent poverty, if they have some security of tenure (Castillo and Stein, 2005; De Soto, 2000; UN-Habitat, 2008). Also tenure is related to infrastructure access in that government agencies only lose their reluctance to invest in extending public services — water supply, electricity, drainage, sewerage — once the slum area obtains land tenure, since the dwellers loose their temporary or illegal condition (Gulyani and Talukdar, 2008). On the other hand, cases have been documented where the sequence was reversed: residents invested in making their homes more permanent as a strategy for securing their tenure the authors (Bassett (2007) and Razazz (1993) cited in Gulyani and Talukdar, 2008). The argument ends by stating that either strategies or views are valid: tenure and housing quality are related, and a change in either one can lead to a change in the other.

A second effect that has been argued between secure land and upgrading is that upgrading changes the status of land from being "dead capital to being alive as a real communal asset"; in this way, it can be used as collateral for housing or land loans for the members of the housing cooperatives (Boonyabancha, 2009: p.314). Nevertheless, according to Smolka (2009) this "mystery of capital" as predicted by De Soto (2000) is not revealed with secure tenure of the land. Smolka (2009) cites the Peruvian case, and an Argentinean case with similar results, where a million titles were given through a special programme and less than 3% of the people resorted to the banking system for a credit.

Lastly, security of tenure has been considered to affect more than just economic assets; it has been seen as also providing a source of identity, status and political power and serve as a basis for the pursuit and acquisition of other rights (Habitat for Humanity, 2008). In this same line, land security has been recognized as bringing poor people into a system of working together, and transforming relationships within slum communities; from being just a collection of many individual poor families to being a more collective mutual support development unit (Boonyabancha, 2009: p.314). In fact, the successful Baan Mankong Programme in Thailand, means precisely that: "secure housing", referring mainly to the security provided from the dreaded evictions (Booyabancha, 2007).

### 4.2.2. Forms of land tenure

In both, Thailand and India, the strategy of collective land tenure has been adopted to ensure that poor people keep the land, secure their housing and sustain themselves as a community. In the Baan Mankong Programme in Thailand, the tenure solutions that communities work out can take
many forms; for example, purchasing the land that they already occupy, buying other land nearby, negotiating to buy or lease a portion of the land they already occupy through a land-sharing agreement, or getting long-term leases to existing or nearby land from a variety of public landowning agencies. The tenure arrangements that these communities are able to negotiate might include joint land ownership under their community cooperatives, or cooperative lease contracts that can be long, medium or short term, i.e. from 30 to 3 years (Boonyabancha, 2009; p.311).

In Mumbai, the house is given in property, but the land in community. With land being the scarcest resource in the city, the government is extremely strict in allocating land to residents. In fact, allocation of land for residents is possible only through the Slum Rehabilitation Scheme, where land is transferred to a society of the residents, instead of to individual persons. So, while the individuals become owners of their flats, the land underneath remains in the name of the society (Cities Alliance, 2008a).

The Favela Barrio Programme, in Rio de Janeiro, Brazil, is noteworthy as an example of slum upgrading without full land tenure legalization and for its use of “state of exception” – the concession of right to use but not full ownership of land – to allow the program to take place. The programme has placed greater emphasis on infrastructural and living condition improvements rather than on legalization of land tenure; nevertheless, as a result, the implementation of the Favela Barrio Programme also has the effect of increasing the security of tenure of favela residents (Handzic, 2010).

Thus, the experience shows that although land titling can be the clearest and strongest instrument to provide security of tenure, it does not have to be individual property rights. In fact, in many cases communal land property can be an advantage. Also, although it is highly recommended to start a SUP with clear titling on the land, when this is not possible, other alternatives can be used, which will in the long run enhance secure land.

4.2.3. Land financing

The financing of the land which the slum is using or where it can re-locate is many times one of the most difficult barriers to overcome for a SUP, especially when it is privately owned. The land is expensive and the market prize of the land can exceed the slum dwellers economic capacities. Some interesting cases of negotiation or non-traditional methods have been devised to overcome this barrier.

One example of this was the “land sharing” schemes that the successful Baan Mankong Programme in Thailand used during the 80s. This system allowed the squatters to receive secure tenure and infrastructure if they agreed to return part of the land they were occupying and share it with the landowner (Boonyabancha, other 2007).
Another interesting case, applied in India on the island city of Mumbai, uses floor space index (FSI) and transferable development rights (TDR) to cross subsidise slum rehabilitation. The idea is to grant extra FSI to developers who will provide land to – for example, resettling pavement dwellers – which, if not entirely used can be transferred or sold as TDR on the open market. By cross-subsidizing slum rehabilitation with the profits generated from the sale of tenements at market prices and the incentives from TDR, the Slum Redevelopment Authority scheme seeks to make markets work for the poor (Burra, 2005: p.75).

Smolka (2009) celebrates the figure of the “social urbanizer” in Porto Alegre, Brazil, where the local authority recognizes and formalises the informal developers allowing them to operate in certain areas, and under set conditions. Instead of penalizing the illegal subdivision of the land, the local authorities set the conditions allowing for the production of partially serviced land and making it accessible to the poor urban dwellers.

Another unorthodox system cited by Smolka (2009) is that of the “mobilizing capital gain” contemplated in the Colombian legislation. As in the case of the social urbanizer, it offers the opportunity of generating urban land at low cost in urban expansion areas, where informal settlements are concentrated. In this case, the landowners are invited to participate in part of the capital gain – though not all. If the landowner does not accept the offer, the land is forcefully bought by the public sector.

4.3. Planning and Regulation

Another aspect that has been frequently related to slum formation and as a barrier to upgrading is planning and regulation. In fact traditional planning has been accused of becoming an obstacle by adopting a passive and restrictive attitude towards the growth and development of cities. Instead of promoting or proposing new forms of development it engages in controlling unwanted land uses and sub standard constructions. There is a general feeling that the city and the public authority need to become more of development agencies rather than regulatory bureaucrats (Cobbett, 2009).

The three important underlying planning and regulation policy aspects are urban planning, regulations and taxation.  

4.3.1. Urban planning

There are very few cities in the world where planning leads building. In fact, many times the term “informal”, describes the relationship to planning: it means that a building or a part of the city was built with no planning. According to Cobbett (2009), these planning frameworks that don’t recognize the informal, and don’t recognize the poor, effectively put the responsibility of city building onto the poor, because the public authority takes no responsibility.
Several authors point out the need of a long-term planning framework – that is 20 to 25 years – for the whole city from a comprehensive approach (Cobbett, 2009, Shehayeb 2009). Three lessons to be learned from informal settlements regarding urban planning are: (i) to recognize the poor population as a potential to invest, manage and maintain the built environment and services; (ii) the need for the government to adopt an enabling and supportive approach, and to regulate considering realistic and feasible standards; and (iii) the importance of appropriate neighbourhood planning, where street layout and distribution of commercial activities promote sustainability and where people are encouraged to invest in the shared amenities and maintenance of their neighbourhood (Shehayeb, 2009: p.43).

The contemporary approach to urban planning, sometimes referred to as ‘urban project’, considers strategic planning where public investment, and sometimes, emblematic buildings are built in order to change the image of a city or neighbourhood, and hopefully detonate an investment process by the private sector. The Favela Barrio in Brazil is a good example where neighbourhoods have been renovated and the community and public buildings have been used to give a new facade to the deteriorated areas. Contrary to traditional planning that tended to underestimate the value of physical and material aspects, there seems also to be a new valuation of design and architecture of quality, especially of public space and buildings, so as to act as a vehicle for both social and physical integration (Fiori et al., 2001).

4.3.2. Land and building regulation

Much of the traditional land regulation standards and procedures have proven ineffective in preventing unwanted land use, such as slums. Drawing out master plans with a set of land uses, designing complex and rigid regulations for the subdivision of land, or defining high standards of urbanization, have failed. In fact, in as much as there is poor land regulation – referring precisely to a rigid and ineffective system – and urbanization is increasing; many believe that the growth of slums will be inevitable (Global Urban Observatory, 2003, among others). Most developing countries adopt ideal standards that when applied uniformly across cities are unnecessarily costly (Gattoni, 2009). Building norms and standards for housing as well as for land sub-division and infrastructure should be adapted to realistic conditions. In fact, the definition of what constitutes an adequate house and neighbourhood should be adapted to the needs and resources available in each country (Stein and Castillo, 2005).

Also, the complex bureaucracy involved in the approval of land subdivision, building approval, or legalisation by the local authorities, carries out high costs and presents serious obstacles for the legalisation of property, especially in the case of low cost properties. The inadequate regulations and bureaucratic procedures contribute to housing informality, and many believe that reform or softening up would eliminate significant barriers to legalisation (Brakarz et al., 2002).
Ferguson and Navarrete (2003: p.206) mention the cases of Mexico and Indonesia, where due to specific historical or local complexities – in the case of Mexico the fact that a relevant part of the land consists of communal ‘ejidos’ and in Indonesia due to the complex mixture between the traditional Indonesian and a parallel Western system of property – it is practically impossible to assemble land on the urban fringe without government intervention.

On the other hand, the authors mention El Salvador as a case where minimized regulations make land acquisition affordable to low-income residents. In this case, private developers supply legal low cost sub-division, through progressive sub-divisions that start with the provision of demarcated lots of 100 m², with green spaces and planned roads, and without costly and time-consuming additional up-front infrastructure investments. This arrangement facilitates private sector financing and diminishes the need for land invasions. The authors also refer to the Colombian case, where a public action is used on the first term, but later land is transferred to the private sector that subdivides and distributes it (Ferguson and Navarrete, 2003).

Another interesting experience in this sense is the City Statutes legislation implemented in Brazil in 2001, which provides a framework for slum upgrading and incorporates a number of instruments, not only defining what to do, but also how to do it. These include: the definition of special areas (ZEIS) by the local authorities, allowing for lower standards; granting ownership to occupants after certain years of occupancy; regularisation by transferring land rights for a set number of years; and other softening of regulations (Cities Alliance, 2003).

4.3.3. Taxation

Dysfunctional land markets have been one of the pervasive arguments for explaining the lack of options for gaining access to land tenure for the poor, and thus, to slum formation. In many countries, significant obstacles endure, even in identifying the ownership of and rights to land. One of the ways to correct this has been through taxation, in orthodox or unorthodox ways (Cities Alliance 2003).

One traditional example of taxation has been the vacant land tax. Nevertheless in places where land price is escalating, the landowners prefer to pay the high vacant land rate rather than build or sell the price below the expected market price.

Property tax at local level has been considered an important source for financing urban services. According to Dillinger (1991), however, although virtually all market economy in developing countries assign a property tax to municipal government, it generates little revenue. According to the author, the main reason for this poor performance is lack of coverage, low rates due to devaluation and lack of indexing system, and inefficient systems of collection. Although these aspects can be improved, most social housing and informal settlements do not pay property tax;
thus in cities where the rich and the poor live in different municipalities – as in many Latin American cities – systems of transferring revenue from the richer local authorities to the poorer have become necessary. In Chile, this is done through a distributive Communal Fund where the rich Local Authorities contribute to subsidy the poorer.

Bird and Slack (2009) recall special taxes on land. Among these, the authors mention: “uneared increments” (*plusvalía* in Colombia), to recoup the costs of public investment expenditures (special assessments and betterment levies in various countries, e.g. *valorización* in Colombia), or to discourage the holding of “idle land” through “penalty rates” (as seen in Colombia as well). Unfortunately, even though such ideas are attractive and variants have been attempted around the world, in practice, positive effects have not been proven. According to the authors, the control of urban land speculation and reaping of land value increments for public use may be worthy objectives, yet attempting to achieve this indirectly through fiscal instruments has been counterproductive.

### 4.4. Information

Information is the basis for awareness and for the design of any intervention programme, and as such it is a vital policy issue. Citing the words of Anna Kajumulo Tibajjuka: “*Awareness of the magnitude of slums in the world is key. As awareness increases, openness to discuss this issue increases as well and new ideas will inevitably expand*” (Global Urban Observatory, 2003).

A continuous gathering of information regarding the growth of the city, and specially its poorer areas to be able to anticipate future tendencies, should be the basis of any SUP. Also important are the monitoring and evaluation of the effect that the SUPs are having on the territory.

#### 4.4.1. Urban context

There are several reports that underline the importance of having proper information on the existing informal settlements. It is impossible to design or provide appropriate infrastructure, and services if proper information is lacking. Having accurate data is a necessary prerequisite to formulating realistic, meaningful, and effective plans, budgets, and policies aimed at improving the lives of millions of residents in these areas. (Sabry, 2009; P.29). Not only is there a lack of interest in many cases of gathering this sort of information, but administrative complexities can also make this collection a difficult task.

The lack of proper and factual information of the city is an important barrier for serious planning. According to Cobbett (2009) “…*In many cities the public authority, represented by the mayor, is a stranger in large parts of the city. The public authority doesn’t know how many people live there, has no idea where they came from, has no knowledge of their needs*.”
This is more important if we consider that poverty is a complex and multifaceted phenomenon, lived differently by different people, and signifying much more than low income. As Fiori et al. (2001) point out “the poor” as a category should not be seen as homogeneous.

It is not enough to know that slum dwellers are many, or to say that the cases vary and thus require different solutions. It is of vital importance to know the needs, the capacities and the aspirations of the people involved. Several countries have taken the first step that is to do an inventory and characterization of slums. Lagos, in Nigeria, (Cities Alliance 2008a: p.30) is doing it, as it was done at national level in Chile at the beginning of the 90s (CEPAL-CELADE, 1998). The results show that while in some places, Nairobi for example, the main problem is tenure, in others such as many cities in Bolivia, it is infrastructure.

Gulyani and Talukdar (2008) point out that the ambiguity regarding scale, combined with the lack of systematic studies documenting conditions inside informal settlements, has meant that the understanding of the nature of slums and their dynamics is extremely limited. They go even further suggesting that this partial understanding may well have been a key reason for the limited success of previous programmes, and it is highly likely to confound the design, implementation, and success of the forthcoming generation of slum improvement efforts as well.

4.4.2. Monitoring and evaluation of SUP

Slum upgrading is multilayered, multisectorial and involves more than one scale. Precisely for these reasons, it is especially important to monitor the effect and impact of the SUPs and policy. It is essential to learn from the successes and failures, from one locality to another.

There is surprisingly little literature on monitoring and evaluation of SUPs at national or global levels. The evaluations of the Chilean case, the Neighbourhood Upgrading Programme that started in the 80s showed the effects that the programme had on health and demonstrated that many of the dwellings had consolidated in time, and twenty years later had been incorporated on the urban grid (Greene et al., 1992). Nevertheless, the valuation also showed the importance of following up on this sort of intervention, as some cases had not been able to consolidate and are today decaying and impoverished neighbourhoods.

4.5. Governance

Several authors have proposed that slum formation and growth is not an inevitable result of rapid urbanisation, but is due – to a large extent – to bad governance, incorrect policies, corruption and a fundamental lack of political will (Cities Alliance, 2003; IRIN, 2009). Although there is a fair consensus on this, there is less agreement on the emphasis that should be given, within recommended solutions, to the roles of professionals, national governments and international
agencies (Hasan et al., 2005; reporting on the Millennium Project Taskforce on Improving the Lives of Slum Dwellers). In this section we have selected two governance features that seem to be especially important for slum upgrading and prevention: a general need of government decentralization and capacity building at sub-national level.

4.5.1. Decentralization

Decentralization is usually seen as offering several advantages: it allows for a greater transparency to government, it is closer to the real needs of the people and the precise area where it is intervening, and it allows for decision making, budgeting and implementing according to actual local needs and capacities and thus is more likely to support successful and sustainable development. That said, there are many ways and levels of decentralization.

Khalid Amin of the USAID-funded Egyptian Decentralization Initiative (EDI), points out that decentralization is more than empowerment; it also involves the local management of resources (Howeidy, 2009); other authors consider the decentralization process as an aspect of a much needed broader state reform, that would include fiscal and legislative reforms (Fiori et al., 2001); while some others propose decentralization as a new form of urban management, where the responsibility of certain aspects of city management – such as the maintenance of public parks, markets and drainage canals, the operation of solid waste collection and recycling, and community welfare programmes – would be transferred to the community (Booyabancha, 2007).

In the case of Bangkok, Booyabancha (2007: p.31-33) identifies two steps to decentralization. The first is at city level, where each district (khets) is treated as a city, conducting its own survey, forming its own joint committee with key actors, and developing its own three-year district-wide upgrading programme. The second is the level of networks that group communities who work with NGOs, municipality and universities in up-grading projects at settlements level. These cases have been described as community led urban management.

The innovative City Statute promulgated in 2001 in Brazil confirmed and widened the fundamental role of the municipalities in the formulation of directives for urban planning, as well as in conducting the process of urban development and management (Fernandez, 2007). This has cooperated in establishing the framework for a mixture between upgrading programmes developed at the neighbourhood level and citywide, with the government providing a nationwide framework as part of its mission to combat poverty (Cities Alliance, 2003).

Cities Alliance (2003) points out that the success of Tunisia’s slum upgrading policy derives, in a large measure, to what has been called “sustainable institutional arrangements”, referring to the creation of a governmental organism dealing with slum upgrading (the Urban Upgrading and Renovation Agency, ARRU) that coordinated numerous institutions (mainly financing institutions
and local authorities) and was vested with overall responsibility for the task. The IDB (2000) underlines good intergovernmental relations, democratic governance, institutional capacity and sustainable financing as key conditions for good decentralization.

In summary, the literature seems to suggest that although decentralization can take many forms, the key to its success is the balance between capable governments at national and local level and an informed negotiation process in equal footing. The coordination and maybe prioritization of areas or regions approached at the national level, leaving the actual programming (including budgeting) to the local governments who have a clearer perspective of the needs of the people and the area, and transferring the administration and maintenance – when possible – to the organized community.

### 4.5.2. Corruption

Another aspect that needs to be mentioned is corruption, as it is seen as a major difficulty impeding the success of strategies to solve the slum problem. For example, in Habitat for Humanity (2008) it is mentioned that one of the five major impediments to tenure security for the poor is corruption, as it pervades and corrodes legal and regulatory systems in many developing countries; they add that corruption can turn the best-drafted laws and regulations useless for tenure security.

Corruption can pervade a whole system, and it tends to need even more complex control systems under decentralized governments. The problem is that several aspects collaborate to make the negotiation area a fertile environment for corruption – the scarcity of urbanised land, the increase in land value generated by building and land regulation, the possibility of speculating on land markets, the latent clientelism behind the preservation or destruction of slum areas – and, unfortunately, informality offers little support to keep the process incorrupt.

### 4.5.3. Capacity building

One of the effects of the decentralization process is the greater need for trained personnel at local municipal level to finance, implement and maintain the programmes and services provided (Cohen, 2001). According to experienced professionals in supporting decentralization processes there is a generalized lack of knowledgeable administrative staff, specifically referring to a gap between the higher levels of government and the residents in the informal areas. To connect these two levels, there seems to be a need of trained personnel to act as bridges, thus allowing for the resources to reach where they are most needed (Stryjak, 2009: p.45, citing Dr. Roland F. Steurer, Country Director of GTZ Egypt).

Capacity building follows as a much-needed resource that will allow for resources to reach the community and will assure a certain degree of continuity beyond the government cycles. In fact, the need for knowledgeable personnel to budget, program, negotiate, implement and maintain goes
beyond decentralization; as it is relevant when it comes to long-term perspectives, scaling-up and sustainability.

4.5.4. Continuity

In the same line, Castillo and Stein (2005: p.63) emphasize the importance of continuity. Low-income programmes must be based on long term commitments to be inherited by one government to another and be supported by funding agencies through long periods of time. “It takes time to build up systems and programmes and to achieve results,” they point out. It follows that strong-trained personnel would be a necessity and a support for the inevitable government changes through the span of any SUP.

4.6. Financing

The financing of the SUP programmes and projects as well as the incremental building and consolidation process that follows, is a policy issue of the greatest importance, and in many cases is considered the greatest barrier. In this section, we will refer to some innovative ways of funding projects and programmes that are been implemented nowadays grouped under the following issues: individual and collective savings, access to credit, and community financing.

Gulyani and Talukdar (2008) in a study in Nairobi challenge the idea that slums offer low-quality low-cost shelter to a population that cannot afford better standards; they postulate that the slums provide low quality but high-cost shelter. In fact, through their analysis they show that slum residents pay millions of dollars in rent annually, and that very little is being re-invested to upgrade quality. If this were the case, sustainable financing for a SUP would be a viable option.

4.6.1. Private and collective savings

The importance of savings is a reality in much of shelter investment. Mitlin (2007) in her editorial to a series of papers that offer alternatives to financing the poor, points out the significance of savings as a key source of shelter investment for low income housing. The author presents the cases of, Pakistan, where development of infrastructure has been financed by savings collected by the people through an NGO supported programme that also provided technical assistance; and of South Africa and Namibia, where some residents choose not to take up loans that they may be entitled to but, rather, prefer to finance improvements through savings. These alternatives involve a considerably lower risk for those with low and irregular incomes. In these cases, savings are more than simply a means of financing shelter improvements; they are the core organizing “glue” that holds together local organizations, enabling them to build the trust and confidence necessary to identify collective priorities and implement development projects.
Burra (2005: p.79) refers to community contributions through savings pointing out that when poor people approach authorities for assistance, they are not taken seriously unless they have some equity. Even more, the collateral that the poor can contribute gives them the opportunity to be free of a client–patron relationship. He also describes how low-income households’ savings for housing are built up over the years and kept intact for when they are needed. Nevertheless, he also points out that although the rigour and discipline of community-managed savings holds communities together, community contributions alone cannot finance redevelopment.

4.6.2. Access to credit

The low indebtedness capacity and the difficulties encountered by low-income families to access housing finance is an important challenge to the home improvement required in SUP. Most private financial institutions do not provide loans to those who do not have a formal source of income. The lower-income households, most of which work in the informal economy, have few options of accessing capital from formal private or public financial institutions. Nevertheless, they have consistently used informal sources – loans from friends and relatives, remittances from family members working abroad – to finance their home improvements and small businesses. In recent years, a number of non-traditional financial institutions, sometimes supported by international donor agencies, such as SIDA, are creating innovative schemes to serve this sector. These experiences are proving that the housing needs of the poor can be financed in a way that is economically viable and affordable (Stein and Castillo, 2005: p.49).

The model promoted by SIDA is relatively simple. Intermediary institutions provide long and short-term loans to low income families to improve, expand and/or to build new houses. The credits are sometimes combined with subsidies from government, and are complemented by the family’s own savings, self-help and labour efforts. In some of the programmes, lines of credit or matching funds are given to municipalities to provide basic services. The intermediary institutions also provide technical, social and legal assistance to help the participating families get secure land tenure, basic services and infrastructure, and appropriate designs to improve and expand their houses. All the programmes use an incremental and gradual housing process corresponding to the capacity of households to save, to repay loans and advances in-kind and to contribute money and labour (Stein and Castillo, 2005).

The programmes accept a wide variety of collateral and security from the households (especially mortgages, deposited objects and co-signer loans). The flexibility in the use of collateral has allowed the participation of low-income households in the programmes even if they have not fully resolved the legality of their land tenure. Once the credits are recovered, the resources are
reinvested into new loans to families of the same income strata. This has allowed the creation of various revolving and rotating funds. The basic principle that guides these funds is the maintenance of the value of the original seed capital so that it can be reinvested in the same target population over a relatively long period of time. Thus, the recovery of the funds and the maintenance of value become important tools for urban poverty alleviation (Stein and Castillo, 2005).

An alternative experience is that of shelter microfinance through programmes where agencies offer small loans for housing improvements. These programmes almost always offer finance to individual households with reasonably secure tenure, enabling investment in a dwelling, usually for a room, an improved roof and/or floor, toilets and/or bathrooms.

As Ferguson y Navarrete (2003) suggest housing microfinance (HMF) has the potential to fund in an affordable way the costs of building a home on a serviced lot that a low/moderate income family owns. The term “microfinance of housing” refers to small loans, typically for self-help home improvement and expansion, but also for new construction of basic core units. Best practice involves lending at unsubsidized interest rates and for short terms, relative to traditional mortgage finance. HMF can be joined with slum upgrading programmes (and sites and services projects). Essentially, the division of labour is that the SUP subsidizes basic infrastructure and land tenancy, while households must borrow if they want to improve their individual dwellings.

4.6.3. Financing communities

The Community-Led Infrastructure Finance Facility, known as CLIFF, is an innovative instrument set up to help and scale up community-driven SUP at the city level. This financing facility, which receives international funding, provides funding for projects developed locally on a larger scale than is usually available to NGOs and people’s organizations, and in a form that helps leverage funds from other groups. The four main areas that CLIFF seeks to support and finance are: the development of pilot and demonstration projects, initial scaling up, risk management and mitigation, and learning, knowledge creation and partnership capacity building. A large part of the funding for the projects that CLIFF supports comes from the resources and sweat equity contributed by low-income households and their community organizations. In fact, CLIFF relies heavily on the strength and capacity of the long-established federations and savings and loan schemes (Burra, 2005: p. 79-80).

Mitlin and Satterthwaite (2007) describe the International Urban Poor Fund (IUPF) to support grassroots initiatives, managed by a transnational network of slum, shack, homeless people’s federations and their support NGOs. This fund makes small grants available to savings groups that are members of these federations, supporting them in securing land for housing and receiving basic services. The fund includes external funding from governments and international agencies; in many
cases, it includes community savings. This allows all external support to be directed, used and managed by the federations.

The fund supports the work of local grassroots organizations in ways that the official development agencies find difficult or impossible; it enables urban poor families to secure legal tenure of land for housing and basic services and assists them to build or improve their homes and to access basic services. The fund is designed to strengthen the ability of the poor to engage with the state and secure additional resources (through redistribution) that they can control. It does this by sharing management responsibilities with an alliance of local organizations and providing opportunities for experiential learning about the allocation, spending and monitoring process.

Among shelter microfinance there is also the collective process of group lending, generally for more than just housing, and including investments in land and infrastructure. This model is exemplified in Namibia, Malawi and the Philippines. In Namibia, the Shack Dwellers Federation and its supporting NGO, the Namibia Housing Action Group, have developed a model that includes regulatory reform, land purchase from local authorities, the extension of infrastructure provision and dwelling construction.

5. SLUM UPGRADE PROGRAMMES

There is a varied typology of slum upgrading programmes. While the central objectives of the SUPs have varied through time, so have the components they incorporate, the actors they involve and the strategies for scaling up.

5.1. Components of a Slum Upgrading Programme

The decision on which components to include in a SUP has consequences at all levels, as it shapes the actions and improvements involved, the financing and, most probably, the effects on the area where the programme is applied.

While the most essential components are water, sanitation, drainage, roads and land regularization, a host of other interventions are possible (Ferguson and Navarrete, 2003). The Latin American Neighbourhood Upgrading Programmes (NUP) can be understood as an evolutionary process: it started by barely including basic infrastructure and land tenure (as in the first programmes financed in Chile in the 80s), but it has gradually moved to an integral improvement, providing complete urban services and lines of social support (Brakarz et al., 2002; Rojas, 2010). The most frequent add-ons to SUPs are community infrastructure, such as public squares, health clinics, day care, and some employment or income-related interventions, typically either training or microenterprise loans. There are, however, many other possibilities that get added on to what has become known as
integrated slum upgrading programmes.

According to Brakarz et al. (2002), the evolution of the programmes has brought them to include four issues: (i) integration of the informal with the formal city, providing equal services between the poorer and richer neighbourhoods; (ii) provision of social services oriented to the most vulnerable groups, with flexible combinations adjusted to the community needs; (iii) integral intervention, including the most urgent needs of the different segments of the benefited population; and (iv) community participation in all the project phases. Nevertheless, Brakarz (2009) also cautions against the risk of including too many components and activities in NUPs, as they tend to bring an exponential growth in the complexity of implementation and in investment costs.

In this section, a brief comment on five main components included in the slum upgrading is presented: basic infrastructure and urban services, social network, environmental aspects, participation, and income generation and security.

5.1.1. Basic Infrastructure and urban services

Next to providing secure land, the SUPs provide basic sanitation infrastructure. In the Chilean case for example, this becomes evident and explains why the programme, until today, is housed in the Ministry of the Interior, and not in the Ministry of Housing and Urbanism. The programme was triggered by health issues related to deficient sanitation conditions, and basically provided tenure and basic infrastructure (drainage, water, electricity and roads).

In addition, to providing solutions to problems of sanitation, drainage, accessibility (links to public transport), and risk elimination, the SUPs address the challenge of providing public spaces and amenities, or social meeting and interaction places. In the evolution of the Latin American NUPs, an important landmark has been the incorporation of social services, as is true for Brazil's programs. Their objectives include, improving the urban environment by increasing the supply of basic infrastructure and making social services available to the population living in informal settlements and irregular subdivisions. This approach aims to transform the urban landscape, alleviate the effects of poverty, democratize access to basic services, and reduce the problems of urban marginality. In the case of Sao Paulo, these intervention components resulted from a survey of the inhabitants’ characteristics, needs, and expectations, and from extensive social follow-up work undertaken with the relevant communities (Cities Alliance, 2008a: p.53).

5.1.2. Social network

There is extensive literature that points out to the importance of neighbourhood social networks, especially among the poor sectors; it has been described as a survival strategy or identified as ‘social capital’. As Boonyabancha (2009: p.314) points out, a community works like a vital protective layer and source of horizontal support for poor individual families who may have no strength on
their own. To tackle poverty in a more integrated way, it is necessary to bring the whole slum community into a development process together, as a group. Hasan et al. (2005) also underline the relevance of strengthening and supporting low-income groups and their organizations, as well as the capacity of local organizations to work and to be accountable to them.

A good example of this is Ekurhuleni, in South Africa, where a new SUP was developed, Upgrading for Growth (U4G), to uplift informal settlements seeking explicitly to incorporate the development of community socioeconomic capital as part of a housing plan. The U4G places community needs for shelter, work opportunities and a strong social fabric, as three equal components for creating sustainable human settlements (Cities Alliance, 2008a: p.24).

Also, Argentina's PROMEBA, uses the process of design, execution, and implementation of the physical works for improving the settlements as an opportunity to promote the organization of the community, its participation in collective efforts, and its integration into government social action.

5.1.3. Environmental aspects

Because of its nature, slums tend to be located in ecologically sensitive geographical locations; therefore the environmental component is of special relevance. The environmental aspect involves considering safety of the slum inhabitants from disasters (land slides, nearness to cliffs or geographical hazards), but also the ecological equilibrium of much greater areas than the own slum sector.

Examples of these are many, like the favelas in Brazil located in rugged hills, or the barriadas in Colombia located at water sources, or the slums in Mumbai located in ecologically sensitive coastal zones that contain wetlands, forests, and wildlife sanctuaries. These fragile conditions endanger and affect slum dwellers and many times urban sustainability for the whole city. This aspect has been reported by Cities Alliance (2008a) as a difficult challenge to meet.

5.1.4. Participation

The issues of participation and democratisation traditionally achieve a wide recognition as essential components of any poverty initiative, stressing the need to give the poor real decision making powers. As such participation is no longer just a means to ensure the smooth running of projects but a means to empower, and thus a means to drive forward the democratisation of (local) government to ensure lasting change (Fiori et al. 2001).

One method for participatory urban upgrading is the Participatory Needs Assessment (PNA). This method serves to identify the problems and needs of a community through the participation of that community, and to jointly prioritize its needs according to the perspective of the local stakeholders. Planning and implementing projects on the basis of a PNA (has a higher probability in ensuring or)
ensures that the allocated resources are used in an efficient way, since they target the most urgent needs of the majority in the community (Luffler, 2009:141).

Programmes such as Baan Mankong in Thailand, are described as community-driven programmes (Boonyabancha, 2007) where their participatory nature is credited for their success, as well as for the social strengthening they have managed to achieve.

An interesting point brought up by Pfiiero (2009) that needs to be kept in mind is that the political context in which participatory development programs operate is crucial, as it may become a way of legitimising and preserving the interests of the existing power structures. If the “answers to the requests of the population” are negotiated along the same traditional, pre-existing patron-client avenues, participation is domesticated and becomes quite a conservative device, non-threatening to the interests of the ruling elite (Taylor 2001, p. 137).

For achieving participation at different levels Acioly (2009) considers the UN-Habitat approach, which involves: planning and urban governance, capacity building, institutional development, and policy reforms. Brakarz et al. (2002) considers design, execution and maintenance of the services, as well as in the definition of the investment and improvement of the affected local urban. Halim (2009: p.125-126) describes participatory development tools on the local level as follows: knowing local community, support of local initiatives, information sharing, participatory planning and budgeting, and impact monitoring.

### 5.1.5. Income generation and safety

The latest add-on components to integrated SUPs are income generation and safety. Slum inhabitants are marginalised from the economic benefits that the city offers and are often victims of higher rates of violence in their neighbourhoods. Many reports signal the higher unemployment and violence rates in slums, in comparison with the rest of the city. Both phenomenons conspire against their integration in urban life and full citizenship. Nevertheless the solution to both problems transcends the action sphere of SUP and requires policy and programmes that involve the whole city, and sometimes the country (Rojas, 2009:p.35).

Gulyani and Talukdar (2008) in a study of Nairobi’s slums, underline the lack of safety from crime in their own neighbourhood (63% of households report that they feel unsafe in their slum and 27% that someone in their household actually experienced a criminal incident over the previous 12 months). Cities Alliance (2008a: p.30) pinpoints urban crime as a major difficulty for slum upgrading due to the presence of organised criminal gangs in the favelas, and as one of the main challenges of the NUP in Brazil.

The new integral approach towards safety that SUPs have tried to encourage incorporates all actors in the society, not only the government institutions in charge of applying the law (policy,
justice and penitentiary systems) but also the community, especially in prevention strategies. These strategies tend to emphasize participation and community solidarity and can include urban design recommendations to minimize crime opportunity (Alvarado and Abizanda, 2009) such as Crime Prevention Through Environmental Design (CPTED) recommendations.

On the other hand, the new generation of SUP is also facing the challenge of incorporating interventions that facilitate the integration of the beneficiaries in their urban economies. Some cases where this has been carried out are in Brazil (Brakarz et al., 2009), and some World Bank funded projects in Africa. The latter correspond to programmes carried out in Ghana (during the 80s) and in Zambia (in the 90s), both of which had been reported to have effective outcomes in generating employment and strengthening the small business in the area (Mussana et al., 1998 cited in Hershey, 2009:p.42).

5.2. Main actors

The design and implementation of public interest policies usually involves the participation of various actors that have to be considered, incentivised to participate and with whom it is necessary to negotiate towards a concerted agreement that responds to each other’s goals. This is certainly the case of slum upgrading programmes where the stakeholders range from community based organizations to international agencies, passing through the public and private sectors at the national level.

In this section, relevant aspects of the role of the national and local government, private sector, NGOs and CDAs, and international agencies are presented as discussed in relevant literature.

5.2.1. National government

The recognition of informality as a part of urban development, together with a neo liberal perspective that has dominated the international western scene in the last years, led many to believe that the poor themselves hold the answer on the best low-income housing strategies at an appropriate level. Rather than directly providing shelter, this approach believes that the government's role should be one of 'enabling'. This implies encouraging local community groups to become involved or take over the production or the rehabilitation of housing, while the government supplies easy credit, tenure of land, the essential infrastructure, technical assistance and the legal support (Coit, 2008: p. 274).

However, the experience has shown that governments have to fulfill an important role in supporting and complementing the system, as in many cases it does not reach all the levels or covers the whole demand. In the Chilean case, where the direct-demand housing subsidy program has worked well to incorporate moderate and middle-income households into formal systems, it has failed to stimulate formal-sector financial institutions and developers to serve low-income households.
Despite its neo-liberal economic agenda, the government continued the Chilean tradition of subsidising housing for the poor, and the Ministry through its executing arm, the SERVIU, had to build and finance directly the houses for the poor (MINVU, 2004).

An important aspect to underline is that the commitment of government officials towards the SUP programmes, as well as towards promoting policies to facilitate access to serviced land, needs to be assured. There is abundant literature that mentions this factor as a cause for successful results, many times describing it as a “passion for the programme”. Cities Alliance (2008a) mentions this in relation to Sao Paulo’s slum upgrading. The Baan Mankong Programme in Thailand, and the PROMEBA in Colombia, have also been highlighted in this respect.

5.2.2. Local government

The importance of local government cannot be underestimated, as it has proven to be the best link between national government and the community. In this case, where the task is to deal with the poorest of the poor, it is vital to have strong and committed local authorities that understand the real needs of the people, and with the ability to integrate those needs into their local policy making.

According to IDB (2000: p.4) “…responding to the increasing complexities of the development process in a global economy, sub national governments are being entrusted with new functions ranging from promoting new economic activities in their territories to the regulation of privatized utilities. The lack of an adequate institutional capacity at the sub national level is one of the most important obstacles to the realization of the benefits of government decentralization”.

Some issues related with the role of local government raised in the literature, have to do with the overlapping jurisdiction with the central government that frequently complicates local management and service delivery (Cities Alliance, 2008a), or limits municipal autonomy and adversely affects the local capacity response to tackle urbanisation challenges. Referring to the African context, Acioly (2009: p.7) stresses the scarcity of well-trained personnel, as well as specific urban management policies and instruments, to effectively deal with the problems.

According to Hasan et al. (2005: p.6), local governments are important either for their capacity to reduce poverty, to perpetuate or increase it. The authors give as an example the work done by Mumbai’s authorities that have carried out grand scale evictions and slum demolitions on the one hand, and on the other, are working on a range of participatory programmes to improve the housing conditions of the poorest households. Coit (2008) refers to the case of Ho-Chi-Minh City, where the expected results were not achieved mainly due to a poor selection of the local actors who inhibited the implementation of the programme. In this case the partner was chosen because of the insalubrity of the area and there was no real openness to participatory methods: people were called to be informed of what was happening and not to discuss the project, nor to screen the candidates
for loans. The programme has been criticized for lending to the not so poor, and there was no equal opportunity for women.

5.2.3. Private sector

The enabling approach implemented through local government and with the participation of local authorities, also wants to encourage the participation of the private sector. This has mainly been conceived as public-private partnerships (PPP), advocating the efficiency gains and cost benefits of involving private enterprises in planning, implementing, financing and maintaining infrastructure and services for the poor (Fiori et al., 2001).

In UN-Millenium-Project (2005) it is stated that any national strategy to achieve the Millennium Development Goals needs to include a clear framework for private sector growth. Just like the public investment is essential for an efficient and dynamic private sector; the private enterprises can contribute directly to the Goals through core pursuits such as increasing productivity and job creation or seeking opportunities for service delivery through public-private partnerships. In this document they give several successful examples of such associations. One of these is the rural electrification in Chile, a case of scaling up public services through the private sector (UN-Millenium-Project, 2005, p.140).

5.2.4. NGOs and CDAs

The role of NGOs and CDAs (Community Development Associations) in slum upgrading has been highlighted as vital. Particularly important has been their role in networking building at community level and in representing community groups in front of government agencies and the private sector. Many sector professionals are convinced that effective service delivery to poor neighbourhoods requires the skills of social intermediation professionals – such as those provided by NGOs – who can facilitate communication between households and service providers (Davis, 2004).

An example of this has been the alliance of the Indian NGO SPARC (Society for the Promotion of Area Resource Centres) and two people’s organizations, the NSDF (National Slum Dwellers Federation) and Mahila Milan. SPARC interacts with the State, local authorities, financial institutions and donors; it helps to raise funds, and it keeps the accounts and prepares documentation. It also opens doors to the bureaucracy and other formal institutions that the urban poor have to deal with. SPARC’s role has been vital in supporting dwellers to take a proactive role in developing solutions to poverty, in partnership with city authorities. The relationship between SPARC, the NSDF and Mahila Milan is based on the understanding that, as the urban poor themselves gain skills and confidence in dealing with public institutions, they will take over the work previously done by SPARC (Burra, 2005: p.74).
5.2.5. International agencies

The experiences with housing finance systems for the urban poor in Central America show the important role that an external funding agency can have, namely to offer technical and financial assistance, especially where there are clearly identified national organizations to execute the programmes, and when national policies in the sector are not already well defined and functioning (Stein and Castillo, 2007).

Cohen (2001) evaluating the World Bank’s action in ten years of urban assistance ? 1981 reports a “Learning by Doing” valuation, concluding that: (i) the mixed teams of officials from recipient countries, Bank staff and consultants had been able to develop low-cost, affordable solutions for the provision of housing and urban infrastructure, with enormous cost savings; (ii) the projects were still facing numerous time-consuming obstacles and institutional problems such as land acquisition, tendering and awarding of construction contracts, inadequate cost recovery and inadequate coordination among public sector agencies; (iii) although the first-generation projects were estimated to have helped a considerable number of urban poor this was vastly inadequate to the scale of the needs; and (iv) that to address the last two problems above, much more attention had to be devoted to the policy and institutional contexts of projects. Finally, Cohen (2001) concluded that the challenge for urban assistance is no longer simply to provide circumscribed packages of physical aid as might have been understood in the past but, rather, to ask how the capacity of local institutions can be strengthened in order to manage these increasingly complicated urban problems in environments of diversity and change.

5.3. Scaling Up

The term “scaling up” is used with a variety of meanings, there are at least four ways of understanding it: (i) scaling up horizontally, which mainly refers to dissemination or replication; (ii) scaling up vertically, refering to a change from local to national level; (iii) scaling up systemically, which refers to institutionalizing; and (iv) scaling up multisectorally, that considers integrating more relevant sectors and players. Finally, a less known but nonetheless relevant interpretation of scaling up considers multiplying the effects or detonating a process that will go on by itself: both synergy and location have been considered in this way.

5.3.1. Giving answers at a larger scale

The most common way of understanding scaling up is as simply expanding a given initiative to benefit a larger number of individuals. As such scaling up is understood as “giving answers at a larger scale”. Given that the main challenge of the SUPs nowadays is dealing with the sheer scale of the backlog and anticipated growth of slums facing developing countries. This is particularly the case in Africa and Asia, where many cities will double in size over the next 15 to 20 years.
Despite several decades of efforts, slum dwellers in developing countries are still increasing yearly (Rojas, 2009; Davis, 2004). The benefits generated by providing infrastructure, urban services and land tenure have only benefited a small segment of those in need. Indeed a principal mandate of the World Bank/UNCHS Cities Alliance (2001) is to “focus on scaling up successful approaches” (cited in Davis, 2004: p. 2).

Davis (2004) makes a thorough review of common bottlenecks that slow down the massification of initially good programmes, or that do not allow projects to turn into programmes. Among the elements detected are: discrepancy on how things should be done between officials and NGOs or community organizations; land tenure difficulties that prove to be more difficult than expected; pilot studies not being really representative of the target population; special planning norms that are overcome at start but re-appear at the start of massification (e.g. densities or minimum plot subdivision); and designing a programme that is not related to the specific needs of the target population. On the contrary, the Baan Makong case in Thailand is often cited as a good practice model to achieve large-scale impacts by supporting local community-driven processes (Boonyabancha, 2007).

5.3.2. From the local to the national level

According to Cities Alliance (2003), the important requirements for scaling up delivery are: the need of local government making slum upgrading core business, particularly through a budgetary commitment; the need to move away from single, nonreplicable projects to rethinking the fundamental workings of local government, implying systemic reforms at local and national levels; and the involvement and resources of slum dwellers and the private sector.

5.3.3. Institutionalizing

Cohen (2001) in his evaluation of the World Bank’s urban action, concluded that “… while positive in its modest results, had been unable to significantly address the scale of the needs accompanying urban growth”. This was consistent with the observations of other urban analysts. Rather than devoting detailed attention to urban projects at the neighbourhood level, it has become necessary to support processes, which generated the capacity to produce more houses and urban infrastructure. These include promoting the construction industry, reforming land acquisition and registry procedures, strengthening the capacity of local governments to plan, develop and operate urban service expansion, and identifying incentives to encourage the participation of the private sector.

Davies (2004: p.3) proposes that scaling up refers to a double condition: inclusion and institutionalization. Inclusion refers to the upgrading efforts for improved services reaching the vast
majority of the target population within a reasonable time frame; while institutionalization refers to the development of a system of actors and institutions that has the necessary capacity and resources to carry out upgrading indefinitely. This notion of scaling up is based on the idea that successful upgrading initiatives do exist and the current challenge is to understand why have they not been expanded and institutionalized. The author follows up identifying four general categories of explanations for the failure to scale up: resource constraints; lack of knowledge or shared understanding about programme elements; resistance among key stakeholders; and untested implementation conditions.

5.3.4. Multiscalar and multisectorial

An important type of scaling up has to do with the integrity of the approach, and specifically with going beyond the local approach, considering the multiplicity of the urban context where the affected area sits.

“Going to scale” has also been understood as the need to aim at the city-wide impact, because many of the problems in informal settlements originate out of their immediate area, and also because it is understood as a means to reduce inequalities and disparities between rich and poor neighbourhoods. A multiscalar and multisectorial approach at both project and policy levels turns to be essential if the multiple dimensions of poverty are to be addressed in a coordinated and efficient manner (Fiori et al., 2001). For Cohen (2001), for example, this meant that financing sites-and-services and slum upgrading was not sufficient. The range of components to be integrated into projects should include transport, education, health services, nutrition as well as employment generation.

Fiori et al. (2001) propose that “scaling up” is more than a function of the numerical multiplication of projects; but that it also comprises the spatial integration of the settlements with the city, as well as the articulation between the informal and the formal logics of city making. From this perspective they suggest that the lack of an urban and spatial perspective in the NUP has kept these settlements introverted in the city without succeeding to integrate them into the city fabric. They complain that even in the context of upgrading programmes of great ambition there has been little attention to the creation or enhancement of internal spatial qualities through design and, almost no consideration about questions of connectivity of the settlements to their immediate context as well as to the city as a whole.

5.3.5. Synergy and location

Several authors stress the importance of location, timing or synergy for achieving upgrading in a sustainable and larger scale. The idea is that certain locations and/or timing of the interventions can
detonate a virtuous circle of housing and community consolidation, when the effect of the programme can add to more than the sum of the individual contribution of each.

The location of an informal settlement, specifically its integration in the urban grid, has been reported to propitiate the development of commercial activities, attracting pedestrian movement and income from the neighbouring areas. This phenomenon brings on housing improvement, which in turn increases commercial activity, social encounter and can even generate better feelings of safety in urban space (Greene, 2003). The case of the upgrading of the hayy (district) al-Salaam settlement in Ismailia, reported as a success story with no replication also relates to proper location. According to Howedidy (2009) it has not been replicated precisely due to the lack of local authority land located near the city, adding that the new towns located far away have also failed because of their location.

On the other hand, Fiori et al. (2002) identify seven elements to be considered in slum upgrading, which to a great extent have been covered in the present document, underlining that these are “old novelties” expressing that none of them is really new, all have been considered previously. What is new, is the combination and the emphasis in the search of a virtuous circle of synergetic relations.

One example of how the opposite – separate, independent actions – can lead to failure is the argument put forward by Gulyani and Talukdar (2008) who refer to slums in Nairobi as “low-quality high-cost trap”. The authors argue that in situ upgrading of infrastructure will not work, if it is not done simultaneously with legalizing tenure, since it is likely to benefit owners rather than tenants. To break the trap and effectively help the poor inhabiting the slums, it is necessary to bring both owners and tenants to the table, and negotiate a deal.

REFERENCES


