

INFORMAL SETTLEMENTS AND THEIR UPGRADING: BUILDING ON THE LESSONS OF THREE DECADES OF EXPERIENCE

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Summary

The growth of informal settlements in cities forms a major portion of urban growth in developing countries. Strategies to cope with this through new housing have not worked, because they are inappropriate for various reasons and because of financial and human resource constraints.

The major lessons of experience suggest that upgrading slum/squatter areas is a highly politicised activity and requires a sustained level of political commitment, active mobilisation of communities and sensitisation regarding the long term sustainability issues involved. Upgrading of slum areas by and large still tends to concentrate on physical upgrading and often insufficiently addresses social and economic issues. However, where programmes have included explicit measures to legalise land tenure, the complexity of managing this alongside services and infrastructure tend to multiply. Yet, neglecting such measures has severely impaired the informal settlements upgrading approach in situations of high commercial pressure, as it has exposed the upgraded communities to eviction and demolition.

The positive environmental impact of isolated neighbourhood upgrading alone has been shown to be limited in the absence of an effective hook-up to city-wide infrastructure/services systems. Inadequate service interrelationships, both at neighbourhood and city level, i.e. parallel sectoral planning and programming for infrastructure, has often led to mismatches between supply and demand. Direct full cost-recovery of public investment in informal settlements upgrading programmes has been problematic, considering the need to keep solutions affordable for the urban poor, but also from a conceptual point of view and an operational perspective. In many countries,

municipalities have become the lead agencies in implementing informal settlements upgrading schemes, rather than specialized housing or urban development institutions. Upgrading programmes that work with community groups (and provide for participatory decision-making processes on investment priorities) have generally worked better than programmes that have been technocratically defined. As a starting point for identifying the way forward, based on three decades of experience with informal settlements upgrading, it must be recognised that slums are a result of market and public policy failure for a significant segment of urban society. This is undesirable, inefficient and dangerous for the city as a whole. The objective of public policy must therefore be to integrate informal settlements into the broader city economy in the interests of all.

1. Introduction

The growth of informal settlements comprised a major portion of urban development in the cities of most developing countries in the twentieth century. Estimates variously place the proportion of the urban population of developing countries living in informal settlements at 30-50%. Informal settlements are usually associated with poorly served slums with inadequate infrastructure, with urban poverty and social segregation, and with urban environmental degradation. However, informal settlements are also neighbourhoods of growth and development. They not only make up places of residence for a large part of the urban population, but are also places where many earn their living. It should, therefore, come as no surprise that, almost irrespective of policies towards informal settlements, such neighbourhoods consolidate to a lesser or greater degree over time in virtually all cities in developing countries. The backbone of such consolidation is formed by incremental capital investments by households living and working in these areas themselves.

A recognition of the value of such capital formation, combined with the growing awareness of the severe operational constraints on the policy option of government-driven urban planning and housing development (as occurred for instance in post-war Europe) in developing countries, led some 35-40 years ago to the idea of upgrading as an alternative housing policy approach. The emerging notion was that the state should move out of its role as a housing provider and become an “enabler” in support of private household and community action: the creative energies and investments of residents should be supported by “enabling” actions on the part of the government in providing access to infrastructure, land and housing finance. Early references to this notion are found in the classic *Man's struggle for shelter in an urbanising world* by Charles Abrams (1964); it became mainstreamed in the 1970s by the World Bank in its 1975 housing policy paper, based on the pioneering work done in the 1960s by John F. C. Turner and associates in the slums of Lima, Peru.

When the author first started working on Third World housing issues in the early 1970s, informal settlements upgrading as opposed to relocating and re-housing slum dwellers thus was a relatively novel concept, which met with much resistance from housing policy makers, as it was perceived to be an untidy approach as compared to neat public housing solutions. With respect to the situation at that time in Malaysia, the country in which the author conducted his first serious research on housing, he had to conclude

that the informal settlements upgrading approach had not been tried on any substantial scale in urban areas in Peninsular Malaysia. In spite of that, much upgrading took place at that time in some other countries in the region, as the “tidier” solutions of rehousing in public housing and/or site-and-services schemes were in any event not affordable on a large scale in most countries, even where they were not deemed inappropriate for other reasons. Kampung Upgrading (KIP) in Indonesia and Bustees Improvement in India and Pakistan are examples. Some of these programmes have a significant historical origin: it appears, for instance, that the origin of KIP goes back to pre-independence village upliftment schemes run by the Dutch East India colonial administration.

Yet, in terms of a mainstream housing policy approach, informal settlements upgrading was a new concept. Most people involved at that time will remember how hard it was to convince policy-makers of the viability of the approach. This difficulty prompted the author, together with two colleagues in the mid-1980s, to bring together a number of evaluative case studies of informal settlements upgrading practice from all over the world with the objective of deriving some common strands from this initial experience (exchanges of cases of good practice, as it would now be called). The key conclusion from this report was that the upgrading of infrastructure in slums generally induces substantial improvements in the quality and quantity of housing and has led to increased property values, while gentrification appears to be the exception, rather than the rule. Evidence on several other issues was less conclusive, most importantly perhaps on what would be appropriate public interventions (appropriate in the sense of cost effective and yet in keeping with local practice) related to land tenure and the situation of house and room renters. These issues clearly form important areas for evaluative research and for modifications in programme designs.

This mid-1980s evaluation of slum-upgrading programmes and projects in 11 cities in Africa, Asia and Latin America thus suggested that a major positive impact of such programmes is the significant investments in home upgrading by households themselves, triggered by (generally public) programme investments in neighbourhood infrastructure; this appeared to work, primarily because these infrastructure investments were perceived to bring about higher de-facto land tenure security levels. This also tended to lead to significant increases in land values. The impact on renters appeared diverse, with upgrading in one case leading to increased supply of rental accommodation (Madras), in several cases to increases in the proportion of owner-occupiers (Karachi, Jakarta, Kingston, La Paz); however, this did not generally trigger a gentrification process or exclusion of the poor. Clearly several case-studies found it difficult to isolate project and programme impacts from general trends in the low-income shelter and land markets. Skinner et al. (1987) found that another general conclusion was that the simplest projects and programmes worked best: complex designs, whether in land tenure regularisation, income enhancing schemes, community participation or cost recovery generally failed, primarily because such designs were insufficiently grounded in the local policy environment. How much progress has been made up to the present? This is what the author intends to address in the paper, dwelling on the evolution of the upgrading concept, the lessons of experience with upgrading projects and programmes and ending with some suggestions on how to move forward.

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Biographical Sketch

Emiel Wegelin is an international urban economist with a wide variety of more than 30 years of experience in a range of advisory and capacity-building assignments across the world. He is currently the director of UrbAct—International Advisory Services for Urban Action, Rotterdam, Netherlands. Prior to that he was director of the Institute for Housing and Urban Development Studies (IHS), Co-ordinator of the UNCHS/UNDP/World Bank Urban Management Programme, and Head of the Department of Human Settlements Economics at the Netherlands Economic institute (NEI). He lived and worked on long-term assignments abroad for 17 years, mainly in Asia, including a staff assignment as Project Economist in the Social Infrastructure Division in the Asian Development Bank. His assignments comprised work on housing policy and programme development, on urban development and management, on housing finance, on decentralisation, on institutional assessments and strengthening, on project and programme evaluation and formulation. He has worked for a range of international clients, including IADB, ADB,

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