PREFEITURA DA CIDADE DE
SÃO PAULO

Slum Upgrading Up Close
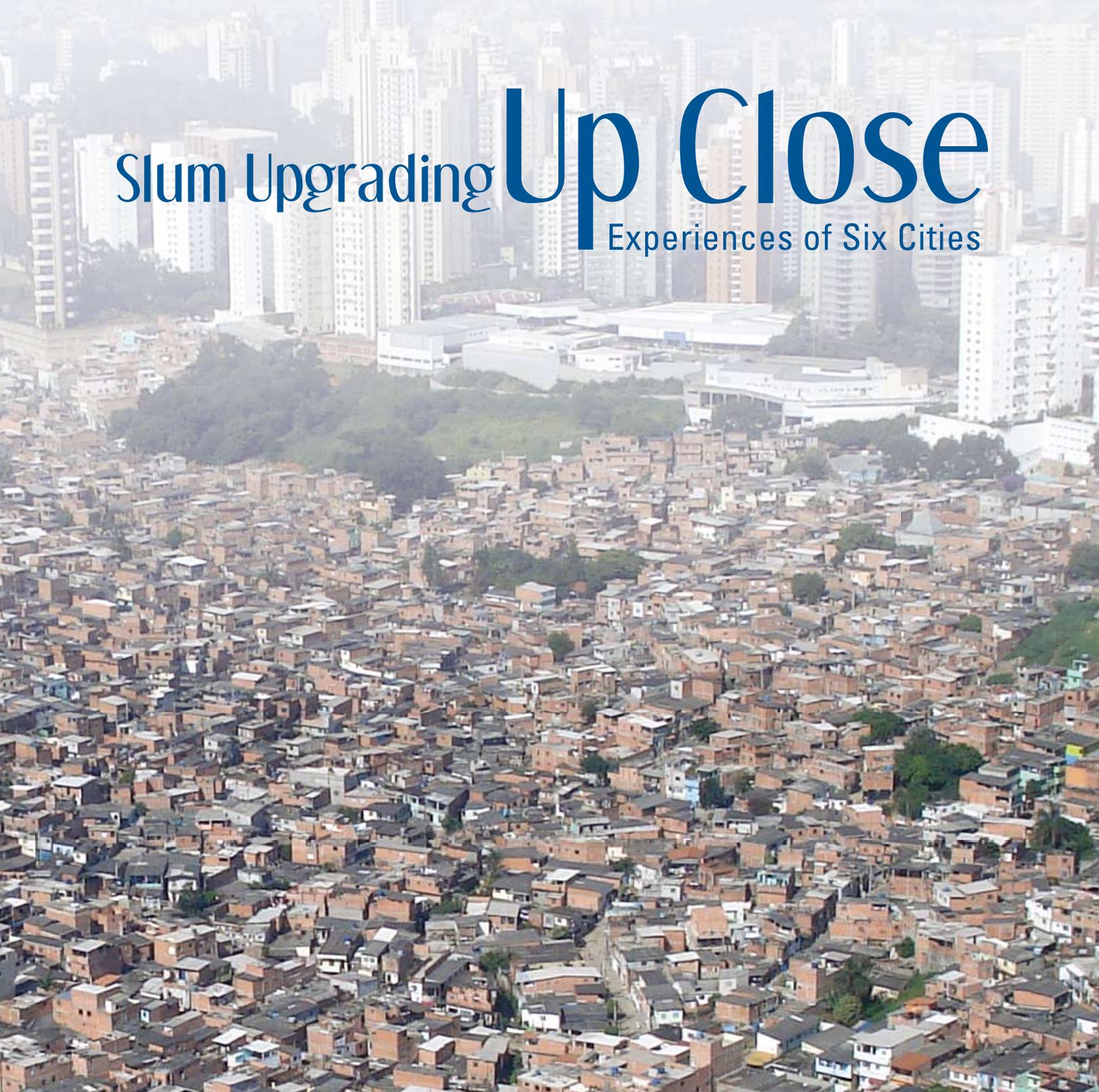
Experiences of Six Cities

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Slum Upgrading Up Close

Experiences of Six Cities

Learning with São Paulo

On behalf of the Cities Alliance and city of São Paulo, we are pleased to present *Slum Upgrading Up Close: Experiences of Six Cities*. The publication captures some of the key knowledge and shared learning from an international policy dialogue on the "Challenges of Slum Upgrading: Sharing São Paulo's Experience" held in São Paulo from March 10 to 14, 2008. Co-sponsored by the Cities Alliance and the city of São Paulo, the five-day event facilitated a rich exchange of ideas among high-ranking city officials from six major cities of the south—Cairo, Ekurhuleni, Lagos, Manila, Mumbai, and São Paulo—on the issues and challenges of slum upgrading in their respective cities.

Slum Upgrading Up Close: Experiences of Six Cities builds upon this dialogue to showcase the different experiences of these cities, including providing detailed city profiles, housing and land policies, overall slum upgrading efforts, methodologies, initial results, and innovations. Possibly the most consistent messages emanating from the event are the indispensability of local leadership, a shared vision, clear political leadership, flexible policy making, commitment over time, and the meaningful involvement of the affected communities.

With the world's urban areas set to grow by an estimated 1.8 billion people in the next 25 years—almost exclusively in the developing world—the Cities Alliance believes that city and national governments need policies and strategies to capture the positive impacts of urbanisation.

The experience of São Paulo shows the benefits of progressively incorporating slums and slum dwellers into the city itself.

William Cobbett

Manager, Cities Alliance

Elisabete França

Superintendent of Social
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Acknowledgements

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International Policy Dialogue on Slum Upgrading

Introduction—In 1999, the United Nations Human Settlements Programme (UN-HABITAT) and the World Bank jointly launched the Cities Alliance in Berlin. They established the Cities Alliance to help developing countries grapple with two increasingly significant challenges—the growth of slums, and the long-term health of their large and small cities.

The first act of the Cities Alliance was to prepare the *Cities without Slums* action plan. Greatly enhanced by the patronage of South African President Nelson Mandela, the plan was subsequently incorporated as Target 11 within the Millennium Development Goals, the first time that the challenge of slums had been recognised as an international development priority.

Working through its members, now 26 in total, the Cities Alliance has provided support to hundreds of cities all over the world. As the organisation developed, it has obtained an increasingly clear view of what constitutes the most effective strategies to address the challenge of slums.

The term "Cities without Slums," inspirational to many, criticised and sometimes wilfully misunderstood by others, is now substantially associated with the Cities Alliance and its members. Slowly but surely, city and national governments are moving away from the language of slum eradication, or displacing the problem through forced evictions, and realising that citywide slum upgrading is an essential part of building a city for all.

With successful slum upgrading, three processes occur simultaneously over time:

- the slum dweller becomes the citizen,
- the shack becomes the house, and
- the slum becomes the suburb.

Successful slum upgrading, on a citywide and sustainable basis, has many requirements, but these do not involve magic. Too often, the search for a rapid, one-size-fits-all solution obscures the practical and pragmatic decisions that need to be taken—making land available, ensuring the provision of services, facilitating necessary support mechanisms, refocusing the priorities of the public administration, and making yearly provisions in the budget.

With its population of over 10 million, the city of São Paulo, Brazil, faces many challenges. It is a deeply unequal and divided city, the result of decades of social exclusion, neglect, flawed governance, as well as the economic inequity for which Brazil became infamous. These divisions are most dramatically evident in the sprawling slums that surround the city, threatening its stability and its water sources alike.

Photo: São Paulo

However, in a little over the past decade, the city of São Paulo has become one of the leading proponents of sustained citywide slum upgrading, anywhere in the world. A vision, clear political leadership, flexible policy making, significant investments, a commitment over time, and the meaningful involvement of the affected communities have combined to produce real results.

The Cities Alliance has learned some of its most profound lessons through working with the *Prefeitura da Cidade de São Paulo* for some seven years. Building upon the lessons of the very successful Guarapiranga project, undertaken in partnership with the World Bank, the city of São Paulo approached the Cities Alliance for support in September 2001. In the proposal, the city signalled its intention to consolidate what it had learned, and continue to move beyond piecemeal approaches to upgrading its slums:

> "The real challenge is to deal with the precarious land and housing tenure situation of those who are physically and socially excluded. To face up to this challenge, a shift in paradigms is required. A project-based approach grounded on the production of new housing and the extension of urban infrastructure networks, conceptualized and implemented separately by the different sectors of the municipal administration, must be replaced by a programmatic and integrated approach."

This, the Barrio Legal Programme, was an essential part of a concerted attempt by the São Paulo city government to come to grips with the true nature of the whole city, and the needs of all of its citizens.

For its role in the Barrio Legal Programme, São Paulo Municipal Housing and Urban Development Department (SEHAB) was awarded the 2004 Housing Rights by the Centre for Housing Rights Award

Opening ceremony of São Paulo international policy dialogue.

Billy Cobbett, Manager of the Cities Alliance, and Mayor Gilberto Kassab of São Paulo.

against Evictions (COHRE) because the Barrio Legal Programme "avoided 24,000 families being evicted." Also recognized was the city's role in mediating land conflicts, as well as regularising subdivisions and slums, benefiting over 400,000 people.

Subsequently, the Cities Alliance extended further support to the city of São Paulo to expand and consolidate the housing policy, especially in relation to its application in slum areas and informal subdivisions, through strategies of sustainable financing and strengthening of SEHAB's management capacity. In addition, the city has developed a sophisticated housing planning system and database (www.habisp.inf.br), which

allows the city to ensure that its interventions are prioritised in a rational and objective manner.

The Cities Alliance—São Paulo partnership has been expertly task managed by the World Bank, and has survived local and national elections, changes in government, and new mayors. Notwithstanding the support provided by the Cities Alliance and the World Bank, the bulk of the energy and innovation comes from the officials and residents of São Paulo.

It was this experience that the Cities Alliance wanted to share with other major cities, and which gave rise to the idea of an international policy dialogue on citywide slum upgrading. Co-organised by the municipality of São Paulo and the Cities Alliance secretariat, the event provided an excellent opportunity for other cities to learn from São Paulo, and for the residents of São Paulo to better understand just how much progress they have already made.

"Challenges of Slum Upgrading" Event

Held from March 10 to 14, 2008, the international policy dialogue on the "Challenges of Slum Upgrading: Sharing São Paulo's Experience" combined exchanges of high-level municipal officials from around the globe with site visits. Overall, the five-day conference brought together representatives of the megacities Cairo, Ekurhuleni, Lagos, Manila, Mumbai, and São Paulo. Collectively, these cities are home to over 70 million people, are all faced with major challenges of slum upgrading, and have introduced innovative, systemic responses to these challenges.

At the conference, a group of participants designated "observers"—namely, La Paz, Bolivia, Santiago, Chile, and Sekondi-Takoradi, Ghana, shared their experiences on the challenges of slum upgrading. They were joined by representatives of development

organisations, such as the World Bank, the Asian Development Bank, United Cities and Local Governments (UCLG), Metropolis, and UN-HABITAT. Representatives from the Brazilian municipalities of Belo Horizonte (Minas Gerais), Recife (Pernambuco), Rio de Janeiro (Rio de Janeiro), and Salvador (Bahia) also attended this conference.

To study the issues up close, conference participants visited slum upgrading projects in the São Francisco, Manacias Iporanga, Vila Nilo, Paraisopolis, and Heliopolis areas of São Paulo. They spent the whole day touring the areas, attending workshops with local municipality staff and clients, and engaging with community residents, who shared how the upgrading activities have impacted their lives.

Welcoming city delegations and other stakeholders to the event, Mayor Gilberto Kassab of São Paulo described the meeting as an "important opportunity for exchange of ideas on the problems they encounter on a regular basis." Alain Lesaux of Metropolis, representing the president of the organisation, agreed with the mayor. He elaborated on the Bank of Cities initiative by Metropolis and UCLG, and specially thanked Elisabête França, superintendent of São Paulo municipality.

Guang Zhe Chen, World Bank Sector Manager for Urban, Water, and Disaster Risk Management, described the Bank's extensive engagement in the urban sector in Brazil and in the city of São Paulo in particular. He spoke of the need for cities to provide affordable and reliable basic services for their citizens.

Billy Cobbett, Manager of the Cities Alliance, put the whole event into perspective, highlighting how important it was for cities to be able to directly share and compare similar experiences. He said this was the first time Cities Alliance had organised such an event where the main resource is a city.

Informal and Squatter Settlements in Greater Cairo: Challenges and Policy Response

The Greater Cairo Metropolitan Area (GCMA) is a vibrant megalopolis with an estimated 17 million inhabitants, making it the seventh-largest metropolitan area in the world, and one of the most densely populated (40,000 inhabitants per square kilometre). It comprises Cairo Governorate, the urban areas of Giza and Qalyobiya Governorates, and the newly established Helwan and 6th of October Governorates, with their five new towns. Over the past four decades, GCMA has experienced rapid urban growth, during which population more than tripled, at an average annual growth rate of over 2.5 percent. Now the population is growing only slightly faster that that of the nation (2.1 percent versus 2.03 percent per year). The massive rural to urban migration peaked in the 1970s and is now a minor occurrence. Greater Cairo is four times larger than Alexandria, the second-largest Egyptian city, and completely dwarfs all other major cities in the Arabic Republic of Egypt.

Figure 1. Rapid Urban Growth in GCMA
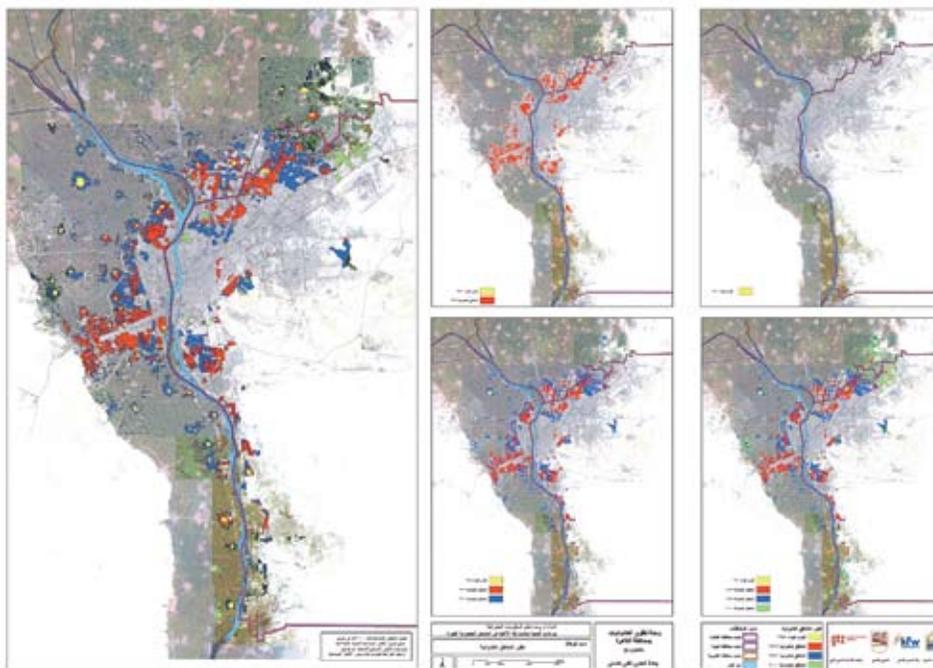
The map shows historical growth of the informal areas in Greater Cairo Region… with color for each ten years of growth: 1970 (yellow); 1980 (red); 1990 (blue); and 2000 (green).

Photo: Cairo

Economy

Since its establishment more than 1,000 years ago, Cairo has continued to represent the main historic, economic, and urban hub of Egypt. Being the seat of government, the concentration of main services and facilities has contributed to the excessive growth of the region. Today, the GCMA is the prime engine of economic growth in Egypt, dominating the economy even though it contains only about 24 percent of the nation's population. The GCMA houses 55 percent of Egypt's universities, 46 percent of its hospital beds, 40 percent of its pharmacies, 40 percent of private sector employment, 60 percent of cars, 50 percent of buses, and 33 percent of trucks. It is a place of unique political and cultural significance in the Arab world.

Governance and Urban Management Structures

The GCMA is not yet a legal entity. It is a contiguous metropolitan area that is administratively under the jurisdiction of five governorates (Cairo, Giza, Qalyobiya, Helwan, and 6th of October), in addition to a number of sectoral central government authorities.

Figure 2: Greater Cairo Metropolitan Area
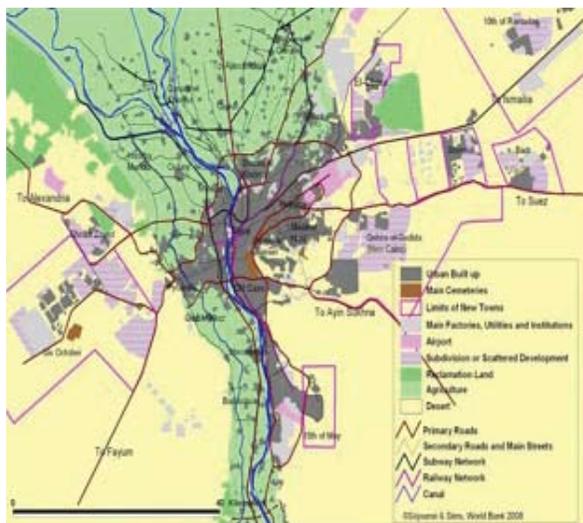
Since Cairo is the seat of national government, many other central government ministries and authorities have a direct role or indirect influence on urban management issues. As a result, development and public investment decisions affecting the GCMA are typically taken at both the central and local government levels. The GCMA is also a composite entity of several layers of local administration that varies by place. On the one hand, Giza and Qalyobiya follow a five-tier local administration system (governorate, district/*Markaz*, city, village and quarter/*Hayy*) on account of having a mix of urban and rural areas, whereas Cairo—a special case of an urban-only governorate—follows a two-tier system (governorate and quarter/*Hayy*). The Cairo Governorate is divided into three zones: east, west, and north. The East Zone has eight quarters with a vice governor in charge, the West Zone has 10 quarters with a vice governor in charge, and the North Zone has nine quarters with a vice governor in charge. This comprises 27 quarters of the Cairo Governorate.

The challenge is to coordinate among these entities. The overlapping jurisdiction between central and local government complicates local management and service delivery. The situation is further exacerbated by the entities in charge of land-use planning and service delivery, which use different boundaries.

Main Challenges

The main challenges facing the GCMA are the following:

- the inefficiency of its systems, especially infrastructure, public services, and transport
- severe traffic congestion
- air and noise pollution

■ a complex set of institutional arrangements that fragment responsibilities and constrain an efficient service delivery mechanism

Because of the mismatch between housing supply and demand, informal settlements are currently one of the defining characteristics of the urban landscape. They house the large majority of lower-income families and provide the main option for new housing.

Informal Housing/Slums

Egypt's informal settlements (called *ashwaia't* or "random" zones in Arabic) are ubiquitous in both urban and rural areas. They are illegal, or extra-legal, in that they breach one or more laws regulating planning, subdivision, construction, registration of property, or preservation of agriculture lands. According to the Ministry of Local Development (2001), as many as 1,105 squatter and informal settlements existed in Egypt, housing a total of 15.7 million inhabitants (23 percent of Egypt's population). Almost 30 percent of such areas and population live in Greater Cairo, at a density exceeding 2,000 persons per hectare. By some accounts, 70 percent to 80 percent of all new housing stock produced in the GCMA (without considering new towns) in the past three to four decades can be classified as informal.

The origin and characteristics of urban informality can be best understood by its history. The formal housing sectors (both public and private) have been unable to provide affordable housing solutions to the majority of urban dwellers in the locations they desire. In addition, 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 are well located within the urban space, with good access to city centres, and thus generate a whole range of vibrant enterprise and employment opportunities.

There are two main types of informal and squatter settlements in Greater Cairo, as shown in the photos below.

Giza—Informal settlements on subdivided former agricultural land where the builder has purchased land informally from other owners. This mechanism was accelerated as the pressure of urbanisation increased and land value rose.

Manshiet Nasser—Informal squatter settlements on state-owned (desert) land, where the builder has only a "hand claim" (wadaa' yed) or a leasehold (kehr).

Figure 3: Type and Location of Squatter and Informal Settlements in Greater Cairo
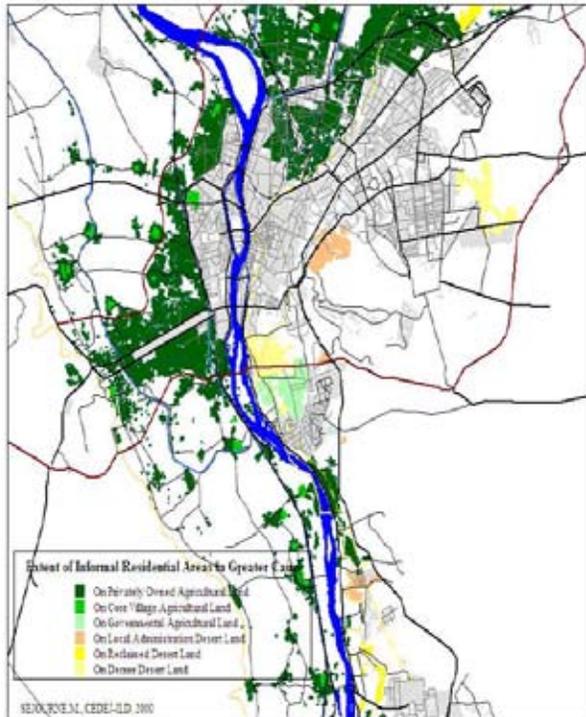
The vast majority (81 percent) of informal settlements in Greater Cairo are on privately owned agricultural land, with informal development on desert (state) lands limited to about 10 percent. The remainder are on agricultural land nominally controlled by the state (figure 3).

City's Vision

The previous master plan's approach adopted by the government to deconcentrate urban growth in Cairo has led to further spatial expansion of the region. Currently, eight new towns and satellites surround Cairo city. In 2006, Cairo began departing from this planning practice with technical and financial support from the Cities

Alliance and several other donors (World Bank, UN-HABITAT, German Agency for Technical Cooperation or GTZ, and Japan International Cooperation Agency or JICA).

The GCMA is currently preparing a long-term strategic development plan (SDP) based on a shared vision among stakeholders. The SDP seeks to define the metropolis's future role, development priorities, and a strategy for increasing its competitiveness and the volume of investment, especially by the private sector, to implement the vision and emerging capital investment plan. The SDP will also set the foundation for a commonly agreed and coherent institutional and financial framework for management and delivery of services. With its size, endowments, and comparative advantages, the GCMA has the ability to transform many of its challenges into opportunities. The emerging vision so far indicates the need of the GCMA to reposition itself regionally and globally to attract investments into high value-added sectors, such as information and communication technology, biomedical and pharmaceuticals, special light manufacturing niches, and services, especially tourism, business, education, finance, and logistics.

Housing and Slum Policies

Affordable Housing Policy and Programme
The GCMA's housing policies cannot be viewed as being in a vacuum from the National Housing Program (NHP). Over the past 25 years, the public sector built 36 percent (1.26 million units) of all formal housing units supplied in urban areas. This came at a significant fiscal cost of LE 26.4 billion ($4.9 billion), not including additional off-budget subsidies related to the cost of land and off-site

infrastructure. Moreover, while the Ministry of Finance has allocated over LE 1 billion ($180 million) per year towards the NHP, the true off- and on-budget NHP subsidies will reach about LE 4.4 billion per year, or around 0.7 percent of GDP for this programme alone. Such housing subsidies reflect the government's strong commitment to providing affordable housing, but also represent a sizeable fiscal burden for the government.

The urban housing stock's annual growth rate between 1986 and 1996 far exceeded that of the urban population in the same period. Table 1 shows the housing units built in the period 1986–96. The Cairo Governorate alone accounted in 1996 for over one-quarter (2.29 million units) of Egypt's total urban housing stock (8.15 million units), although its share of the total urban housing stock dropped from 29.5 percent in 1986 to 28 percent in 1996. The GCMA accounted for 44.2 percent of the total urban housing stock in 1996, having grown at 3.4 percent per annum during the 1986–96 period. The housing stock's average growth rate per annum was less than the national average for the same period (3.6 percent). This was mainly due to slower than average growth in Cairo where the housing stock grew by 3.1 percent per annum. By contrast, the urban housing stock in the Qalyubia and Giza Governorates grew by 3.9 percent and 3.8 percent, respectively.

Table 1: Total Housing Units in Urban and Rural Areas in the GCMA: 1986 and 1996

Country	Total Housing Units, 1986				Total Housing Units, 1996				Percent annual growth of urban stock
	Urban stock	Percent of urban total	Rural stock	Total stock	Urban stock	Percent of urban total	Rural stock	Total stock	
Cairo	1,692,962	29.5%	0	1,692,962	2,287,615	28.0%	0	2,287,615	3.1%
Qalyubia	262,642	4.6%	510,464	773,106	386,308	4.7%	762,276	1,148,584	3.9%
Giza	639,056	11.1%	326,946	966,002	927,899	11.4%	559,692	1,487,591	3.8%
Egypt	5,737,967	100.0%	5,425,994	11,163,961	8,157,135	100.0%	7,550,531	15,707,666	3.6%

The majority of Egypt's housing stock is constrained by high vacancy rates, rent control, and informality, as follows.

Almost 4.58 million urban housing units are unused—either vacant or closed. According to the 2006 census, the total number of unused units in urban areas in Egypt reached 4.58 million units, of which 1.18 million were closed and 3.40 million were vacant. Units are traditionally acquired and kept vacant for offspring. This can happen years, or even decades, in advance of their need. Another explanation is that the sustained rapid appreciation in value over the past 25 years or so, and the lack of alternative investment mechanisms until quite recently, meant that housing and real estate have consistently served as an inflation-proof savings and investment mechanism, without need of the rental yield. The idea of renting was even less attractive because of the imposition of rent control until 1996. Even now, the continued perception of uncertainty about the enforceability of the new rental law makes many owners hesitant to let their unoccupied units.

Poor targeting of government subsidised units, as well as the mostly unattractive locations in new towns, have also further exacerbated the problem.

An estimated 42 percent of the housing stock in Greater Cairo is frozen under rent control. Since the passage of Law No. 4 of 1996 that freed the rental market for newly built and the then-vacant units, the rental market is showing signs of dynamism. A Housing Demand Survey in Cairo found that 81 percent of all the new units accessed in the 2001–06 period were through rental contracts signed under the new law (only 19 percent were for ownership). Yet the survey also indicates that 42 percent of the total urban housing units in Greater Cairo are still locked under the old rent control

regime, and this is not necessarily benefiting the poor. This greatly constrains residential mobility, locks a large proportion of units out of the market, causes lack of stock maintenance, and distorts the overall housing market.

The informal sector produced about 45 percent of new urban housing. During the inter-census period (1996–2006), the urban housing stock is conservatively thought to have grown by an annual average of 2.8 percent or 263,838 units (9 percent higher than the annual average for the previous inter-census period 1986–96 where the average was 241,916 units). Of these, 55.6 percent were formal and 45.4 percent informal. Constrained by high building and zoning standards, as well as a bureaucratic and costly permitting process, many families and small developers operate within the informal sector to meet the growing needs of lower-income households.

Much housing is poorly located, especially for moderate- and low-income families. Government low-cost housing programmes are situated in the distant new towns or in remote desert areas, making the livelihood struggle for inhabitants much more difficult, if not impossible. The formal private sector, aiming mostly at the upper-income, car-owning market, also tends to prefer desert locations. Thus, housing in informal areas, which are located within or on the immediate fringes of existing cities, is in high demand.

According to conservative estimates, 50 percent to 75 percent of the urban housing stock in Egypt suffers from such market constraints. These combined market weaknesses directly affect the affordability of housing, the success of the newly initiated mortgage system, the mobility of labour (economic growth), and the government's ability to address the shelter needs of poor households.

Redevelopment area with view of mosque of Muhammad Ali.

Meeting Housing Demand and City Targets

The annual housing need of limited-income groups in urban areas is conservatively estimated between 165,000 and 197,000 units. The National Housing Program (NHP), with its pledge of 85,000 units per year, would thus cover almost 50 percent of the estimated need. Short of the informal sector catering to the remaining 50 percent, this means that policy reforms need to be put in place to remove the distortions in the housing market that have kept a large number of units vacant and have stifled investment in the rental sector.

Since the inception of the NHP in 2005, the government has introduced numerous improvements and continues to seek innovations to help meet demand. The government has recently made significant progress in launching a housing finance system, reforming the land and property registration system, formulating an improved property tax law and a unified building code, implementing a new rental law, and expanding the variety of affordable housing typologies offered

under social housing programmes. The most evident sign of the government's commitment to improving housing conditions in the country was the launch of the NHP in 2005, with the goal of providing 500,000 housing units by 2011, and with improved mechanisms of targeting, subsidy, and delivery.

In 2007, the government, with support from the World Bank and USAID, began leveraging the NHP and the political momentum it created to initiate the reforms needed to build a well-functioning affordable housing system, consisting of the five action channels listed below. The policy reform framework aims to address the existing distortions to the current stock of housing (vacant and rent-controlled units), improve the flow or production of housing (decreasing the cost of housing supply), enable better household access to housing (improving affordability and targeting), and reform government's role. More detail on the five channels follows.

Vacant units. This aims to unlock the stock of vacant housing by promoting tax reforms and innovative subsidy instruments that provide incentives to owners of vacant units to release them to the market, and by developing a liquid rental market.

Rental market. This intends to create a fluid rental market by strengthening rental market regulations and streamlining tenant eviction procedures, and by accelerating rent decontrol.

Affordability. This is designed to enhance affordability of new housing options by increasing access to housing finance through incentives for lenders to further expand down-market, and decreasing the supply cost of housing and transaction costs of accessing it. This dual approach to improving affordability will minimize the size of public subsidies needed.

Targeting. This aims to improve the targeting of public subsidies to ensure that they are provided to the lowest-income households, which require them to obtain adequate shelter, and to specific market segments to assist in clearing well-defined market blockages. Successful targeting along those lines will significantly reduce the need for future subsidies.

Government. This is designed to transform the government into an enabler of the housing market that can better understand housing markets and react to changes, engage the private sector in the delivery of housing, provide an effective regulatory framework, formulate policies for a well-functioning housing market, and assist low-income households to afford housing solutions.

Previous Slum Upgrading Policies and Lessons Learned

Urban policies until the 1990s mainly treated informal and squatter areas as specialised phenomena, either focusing on particular pockets that exhibit slum characteristics, or in simply redressing the shortfall in urban services in larger informal agglomerations. Donor-supported upgrading projects in Helwan, Ismaila, and Nasriya remained isolated pilots and "islands of excellence."

The government initiated a National Program of Urban Upgrading in 1992, which started to operate in phases to provide basic infrastructure and municipal services in almost all squatter and informal settlements in the GCMA. Although the programme did not consider at its early stage many of the lessons

Table 2: Framework for Identifying Priorities

learned under donor-supported projects (i.e., the importance of community participation and integrated community-physical development), it provided for the first time *de facto* tenure security to all residents and recognition of informal settlements.

Current Upgrading Policy Direction

Urban upgrading is currently a high priority on the policy agenda. A citywide upgrading programme is under way, and better tools are being developed for participatory upgrading under the GTZ Participatory Development Programme. The upgrading policy aims at improving urban poverty and livelihoods, generating local economic growth, and preventing the growth of new squatter settlements by guiding development and growth. The GTZ supported an Urban Upgrading Unit in each governorate with the following objectives:

- defining the framework for improving living conditions in informal settlements;
- preparing a participatory strategic plan for each area and setting priority interventions in coordination with other agencies;
- providing a mechanism for managing and monitoring the upgrading activities in each area, taking into consideration community participation, local contributions, and roles;
- disseminating participatory development mechanisms for identifying problems, priorities, and upgrading interventions by local stakeholders (government, NGOs, and private sectors);
- coordinating the capacity development of local administration staff working in the governorate and districts on applying participatory development tools in dealing with informal areas;
- facilitating trust-building activities between local administrations and residents of informal areas, enhancing their affiliation and sense of ownership of development as key partners;

- coordinating the strategy and efforts of upgrading informal areas with other development issues (e.g., large-scale infrastructure);
- coordinating the replication of best practices of dealing with informal areas throughout the governorate;
- consolidating and restructuring databases of informal areas in the governorate.

Methodology of Dealing with Informal Areas in Greater Cairo

Specific criteria have been adopted for selecting the appropriate Strategy of Intervention according to type of the informal area:

- urban criteria (size, history, location, urban type, building density, uses, potential for horizontal extension, type of structures, condition of structures, connection with regional roads, accessibility to utilities);
- population criteria (population density, population ratio of increase);
- social criteria (ratio of crime, civil society institutions);
- economic criteria (economic value, ownership);
- environmental criteria (environmental hazards and pollution);
- political criteria (political support);
- financial criteria (foreign cooperation, foreign corporations, private sector, NGOs).

Methodology of Action

In-situ upgrading. This covers areas not located in precarious environmental conditions. Their morphology structure allows the provision of basic infrastructure and services. Such areas are included in the National Program of Urban Upgrading or any of the above-mentioned financing programmes. The methodology to deal with such areas is as follows:

- establish a stakeholder council for each area representing all parties concerned. The council's task is to participate in the design of the upgrading scheme and follow up on the implementation.
- finalize urban plans and determine the required services;
- define in the layout a minimum number of access roads and determine the required services;
- set the construction terms and criteria, and obtain elected councils' approvals;
- implementation and monitoring.

Resettlement. Egypt has established regulations governing resettlement, including valuation of properties, compensation, grievance, and redress mechanisms.

Method 1—Urban renewal and resettlement: Complete urban renewal of a few slum areas, relocating residents to other urban areas, reuse of lands for other public purposes (schools, youth clubs, parks, and so on) with fair compensation in the form of a housing unit or cash, according to the market price for owners of lands, estates, and shops.

Table 3: Examples of Ongoing Upgrading Projects in Greater Cairo

Area	District	Government partners	Start date	End date
Arab and Ezbet Al Walda: Participatory urban upgrading	Helwan	NGO: Integrated Care Society (ICS) and several ministries	2004	Ongoing
Al Ma'sara: Participatory urban upgrading	Helwan	NGO: ICS	2005	Ongoing
Al Salam and Al Nahda: Upgrading 100 schools	Al Salam	NGO: Heliopolis Association for Services	2005	Ongoing
▪ Manshiet Nasser: Al Duwaiqa Project	Manshiet Nasser	Abu Dhabi Fund, Ministry of Housing	1998	Ongoing
▪ Manshiet Nasser: Participatory urban upgrading	Manshiet Nasser	German Cooperation (GTZ/ KfW)	2001	Ongoing
Zenhom: In-situ relocation	Sayyeda Zeinab	Red Crescent Society, business community	1990	Ongoing
▪ Rehabilitation of the Fustat Area: Resettlement	Old Cairo	Cairo Governorate with Ministries of Culture and Environment	2006	Under planning
▪ Environmental project in Ezbet Khair Allah	Old Cairo		2008	Ongoing
El-Marg: Participatory urban upgrading	El Marg	Several ministries	2004	Ongoing
Ezzbet Hareedy: Participatory urban upgrading	El Waily	NGO: Future Foundation	2008	Ongoing

Method 2—In-situ relocation: Accommodate residents in temporary houses, replan and reconstruct the site, then relocate the same residents back to new apartments. This method has been implemented in the Zenhom and Duwaiqa areas. Housing units were given for free, with the private sector covering the cost as a donation.

Land and Spatial Development Policy

The GCMA was to become an agglomeration with satellite towns. To that end, a major road construction programme was prepared, including most notably the ring road, and significant investments were made in infrastructure, services and large public housing provision in the new towns. The takeoff of the first wave of new towns was primarily because Cairo was closed to large industry in 1983, but new towns struggled to attract residents. Only the second wave of satellite towns started attracting residents, after several fragmented settlements intended for low-income groups were consolidated, replanned into higher-end suburban settlements with better services and land parcels for private sector development, especially in New Cairo, the Sheikh Zaid area, and parts of 6th of October. The planning approach has somewhat succeeded in reducing the arable land converted into urban uses from 600 to 200 to 300 hectares per year, but the new towns are still behind their population targets, while the density of informal settlements is not showing any sign of reduction.

One of the critiques of former master plans for the GCMA was their top-down formulation, with little local stakeholder participation at the governorate level. Planners' focus on new and satellite town development reduced investments that would have otherwise gone to the existing urbanised areas. Governorates are also limited in their control over public land within their jurisdiction to only those public lands that are within the *zimam* and two kilometres outside of it. As a result, they do not have the authority to decide how public land in their urban expansion areas should be optimally used, and are unable to generate local revenues from the public land sale/lease proceeds to finance service delivery.

In response, the Cairo and Giza Governorates have in the past capitalised on a loophole in the local administration and urban planning laws, which has enabled them to prepare their own detailed plans in contradiction to the master plan, and use these to dispose of public land and retain the proceeds to finance local service delivery. Through such an approach, the two governorates have released over the past decade some 300 square kilometres of public land in the GCMA urban expansion areas. In parallel, New Urban Communities Authority (NUCA) released about 1,000 square kilometres of public land in the eight new urban communities over the past 25 years. Combined, this newly available public land stock represents approximately twice as much as the contiguous urbanised and built-up area of the three governorates (estimated at 600–700 square kilometres in 2000), which houses about 13 million inhabitants.

Access to Credit for the Poor

A large gap still exists between incomes of the poor and the NHP housing supply costs. The expansion of affordable housing options requires a two-pronged approach of removing regulatory impediments that increase the cost of housing supply; and expanding access to housing finance, with a focus on mortgage finance for middle-income households and microfinance and other innovative approaches to address the needs of the poorest.

Past housing assistance programs in Egypt focused on delivering a few housing products of relatively high standard in remote locations, requiring high subsidies, and offering little choice or adaptability of products to beneficiaries' needs. Instead, the government's new policy is to identify multiple income segments, and target subsidy programmes and regulatory reforms. Strengthening the mortgage market should address the needs of households with high incomes. Providing incentives for mortgage lenders to expand lending down-market would address the needs of middle-income households. Implementing regulatory reforms (i.e., adapted planning, land-use, and building standards) to allow lower-cost housing alternatives to be produced would benefit lower-middle-income families. Finally, the government could reserve subsidy resources for the lowest-income families, which would not be able to obtain housing without such assistance.

Looking Forward

Biggest Challenges

Looking forward, the largest challenges, which are also the key principles of the GCMA's sustainable urban upgrading policy, are the following.

Changing perceptions. The current misunderstandings about informal and squatter areas and the widely held negative perceptions are being tackled through general media and information campaigns, and also by targeting decision makers and professionals.

Politically and fiscally empowering local authorities and building technical capacity. Many land management and planning standard responsibilities are being transferred to municipalities and districts in which there are informal or squatter settlements. The next steps are to enable governorates and municipalities to apply sustainable financing mechanisms, such as the reuse of land sale revenues for upgrading purposes. Another step is to increase technical capacity within local authorities to prepare remodeling plans for informal settlements and facilitate the processes of land regularisation, housing improvements, and reconstruction permits.

Combining infrastructure upgrading in fringe informal areas with servicing adjacent new guided development (*tahzim*[1]) areas. The GCMA is currently moving towards creating *tahzim* areas, neighbouring fringe informal areas need to be included in infrastructure system design and implementation. This makes economic sense, and it is usually the case that newer, fringe informal areas are the worst off in terms of levels of infrastructure services, especially wastewater and roads.

Improving public transport and traffic in informal areas. Accessibility and traffic into and within informal areas is frequently deplorable. Main arteries are being organised to maximise the efficiency of limited space and to make the private minibus system less chaotic.

Improving affordable housing markets in informal areas and making the housing rental system more transparent and efficient. This is part of the ongoing national affordable housing reform programme.

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1. *Tahzim* is defined as "guiding expansion of the informal areas." It calls for layouts which allow planned, orderly urbanisation of vacant lands surrounding existing informal, *aashwaia't*, areas.

Developing human resources in informal areas and supporting small and microenterprise development. Great opportunities exist to target informal urban areas with programmes that raise the skills and job marketability of youth, and that extend business support credit to existing and newly forming small and microenterprises. These programmes already exist. They would be more cost-effective if they were concentrated in the large, densely settled informal areas of cities.

Main Obstacles

One of the main obstacles to addressing the entire informal phenomenon in the GCMA is the fast growth of periurban areas around the urban agglomeration of the GCMA. The 2008 population of the nine periurban areas in Greater Cairo is estimated at 4.21 million inhabitants, representing 24.7 percent of Greater Cairo's 17 million inhabitants. The population of these areas has been growing rapidly in an informal pattern over agricultural lands, averaging 3.27 percent per

annum over the 1996–2006 period. Although officially the peri-urban areas of Greater Cairo are classified as rural, over the last few decades the role of agriculture has diminished significantly. By 1996, agriculture only accounted for 21 percent of the employment of the active population in Greater Cairo (compared to 47 percent for rural Egypt), and the largest single sector was manufacturing, with 22 percent of employment (higher even than the national urban average).

Greatest Innovations

One of the greatest innovations is the way that officials are currently addressing the challenge of urbanisation and informal growth in the GCMA in an integrated manner. Ongoing upgrading schemes address existing challenges, while the affordable housing programme, the implementation of guided urban development around squatter settlements, and the changing the legislative framework for urban development in Egypt all aim to address the challenge in a sustainable manner in the long term.

Aerial view of informal settlement in Cairo.

Ekurhuleni in Context

Established in 2000, the Metropolitan Municipality of Ekurhuleni covers a vast area from Germiston in the west to Springs and Nigel in the east. Ekurhuleni is one of six metropolitan municipalities resulting from the restructuring of local government. The former local administrations of nine towns in the East Rand area of South Africa—Alberton, Benoni, Boksburg, Brakpan, Edenvale/Lethabong, Germiston, Kempton Park/Tembisa, Nigel, and Springs—were amalgamated into the new metropolitan municipality.

Ekurhuleni has a total land area of about 2,000 square kilometres, which accommodates a total population of about 2.5 million (census, 2002). This constitutes 5.6 percent of the national population and makes up 28 percent of Gauteng Province. The population density is approximately 1,250 people per square kilometre, making Ekurhuleni one of the most densely populated areas in the province and country. By comparison, population density in Gauteng is 513 people per square kilometre, and is 38 people per square kilometre in the country. The Ekurhuleni economy is larger and more diverse than that of many of the smaller countries in Africa, including all the countries in southern Africa. It accounts for nearly a quarter of the Gauteng economy, which in turn contributes over a third of the national GDP. Ekurhuleni contributes about 7 percent to the country's spending power and about 7.4 percent to the nation's production.

Photo: Ekurhuleni

Manufacturing in Ekurhuleni accounts for about 20 percent of the GDP of Gauteng. In Ekurhuleni itself, manufacturing accounts for some 28 percent of total production. Because it has the largest concentration of industry in the whole of South Africa (and in Africa), Ekurhuleni is often referred to as "Africa's Workshop." Production of structural steel and fabricated metal products serve as inputs into other areas' economies. Annual economic growth in Ekurhuleni increased from 1998 to 2003, and has been almost double the rate of the national manufacturing growth rate. Around 52 percent of population is economically active, compared to 38 percent nationally. Household income and per-capita income exceed the national average by 10 percent and 33 percent, respectively. Nationally, the percentage of people living in poverty is 49 percent, compared to 29 percent in Ekurhuleni.

Informal area in Ekurhuleni.

Ekurhuleni has a network of roads, airports, rail lines, telephones, and telecommunications that rivals that of Europe and America—a first-rate infrastructure supporting a well-established industrial and commercial complex. Many regard Ekurhuleni as the transportation hub of the country. The municipality is home to the OR Tambo International Airport (ORTIA), the busiest airport in Africa—serving the entire continent and linking to major cities throughout the world.

South Africa's largest railway hub is in Ekurhuleni (Germiston), connecting the city to all the major population centres and ports in the Southern African region. A number of South Africa's modern freeways and expressways link Ekurhuleni to other cities and provinces. The Maputo corridor development, South Africa's most advanced spatial development initiative, connects Ekurhuleni with Mozambique's capital. Direct rail, road, and air networks link Ekurhuleni to Durban, South Africa's largest and busiest port. During the period 1995 to 2005, the Gauteng government made strategic investments in upgrading some of the ageing road networks tied to the industrial hub to promote the movement of goods and services.

The Growth and Development Strategy 2025 (GDS 2025)

This strategy follows a landscape approach, describing three broad development landscapes:

■ physical development, which encompasses such aspects as the current settlement patterns and land uses, transportation links, and infrastructural services, as well as the physical environment;
■ economic development, which encompasses economically productive activity and aspects related to the sustainable development of the area; and

- social development, which encompasses the human element, including the socioeconomic profile of the area and the provision of housing, basic infrastructure, and other community services.

Settlement Pattern and Land Use

In terms of land use, Ekurhuleni comprises three main components:

- a central, east-west orientated mining and industrial activity belt which served as the core around which the nine towns were established;
- residential developments surrounding the above-mentioned activity belt; and
- rural and agricultural areas to the northeast and, in the central portion, to the south of the Metro.

Four major concentrations of historically disadvantaged communities exist in the area. All of these communities are situated on the outskirts of the main urban area and are in the areas furthest removed from where the bulk of job opportunities are situated. Together they accommodate approximately 65 percent of the total population of the metropolitan area.

The existing settlement pattern represents the typical apartheid planning structure, where the residential areas are situated on the periphery of the urban area, followed by a vacant buffer area, followed by industrial development that was intended to provide job opportunities, and which is then linked to the main economy via the rail and road networks. The mining belt was historically the core around which the various towns and settlements were established. The metro area has an evenly distributed, multinodal structure with no single, dominant node of activity. Because of past mining activities, large parts of the mining belt are vacant. Numerous mining-related

development constraints exist within this area, such as slimes dams and mine dumps, shallow undermining, dolomite, radon emissions, and so on.

During the last decade, a number of large informal settlements have also developed in the mining belt, in proximity to the central business districts and older industrial areas. Many of these settlements do not have even rudimentary services, and large parts of them are situated on land that is unsuitable for housing because of mining-related development constraints. The development standards in the previously disadvantaged township areas on the urban periphery differ considerably from the previously white areas closer to the urban core.

Ekurhuleni is unique in that it lacks a clear identity and primary core area. All the other metropolitan areas in South Africa developed around a primary core area or central business districts. Currently, Ekurhuleni has a multimodal structure, composed of the nine central business districts of the formal local authorities, as well as other decentralised nodes. With the establishment of the Ekurhuleni Metropolitan Municipality, it is now necessary to create a distinctive identity for the metropolitan area.

Informal settlement in Ekurhuleni.

Major Environmental Constraints

The following major environmental constraints occur within Ekurhuleni.

The Dolomite Areas

Dolomitic conditions occur in the southern parts of the metropolitan area, in and around Katorus, as well as in the northern parts around the R21 freeway and eastwards of it. Apart from the doline and sinkhole formation risks that occur in bad dolomitic zones, the groundwater pollution potential in dolomitic areas is also high.

Mining-related Environmental Problems

Mining activities in the East Rand created a host of environmental problems and constraints within Ekurhuleni, including shallow undermined land subject to possible subsidence, numerous mine dumps and slimes dams causing visual and air pollution, radon emissions, unrehabilitated mining land and shaft areas, and other concerns.

Informal Settlements

Many informal settlements were established in Ekurhuleni during the last decade. These settlements are subject to a range of environmental problems associated with a lack of basic services, such as unhygienic conditions, fire risks, smoke pollution, and health problems.

Conflict between Economic Development and Environmentally Sensitive Areas

Some areas face strongly competing land-use demands because of their location on major arterial routes, which is ideal for corridor development. Yet they also have high potential for agriculture, or are environmentally sensitive, despite the negative impacts created by the urbanised surroundings. Inconsistent mandates at different spheres of government exacerbate these conflicts.

Economic Development

Economic output in Ekurhuleni in 2002 amounted to about R44.5 billion, contributing about 7.4 percent of total production and about 6.9 percent to national employment in South Africa. The metropolitan area's gross value-added per-capita output was R17,783, which exceeds the national average of R13,140. The biggest contributor to the local economy is the manufacturing sector (contributing 27.5 percent of gross value-added output). Industry in Ekurhuleni is concentrated in the metals, chemicals, machinery and equipment, and plastic products subsectors, reflecting its origins in the East Rand as a support base for the local mining operations. Other important sectors in the Ekurhuleni economy are finance, commercial services, trade, and transport.

Gold mining is a major industry in Ekurhuleni.

Informal housing solutions.

House built with government subsidy.

Over the period 1998 to 2003, Ekurhuleni's formal economy grew by an estimated average of 3 percent per annum. This is in line with the national average, and has consequences for the prosperity of the area, pointing to a possible increase in poverty and unemployment since population growth is higher than economic growth. Ekurhuleni increased its exports from 24 percent of gross value-added output in 1996 to 27 percent in 2002.

Socioeconomic Profile

Nearly a third of the approximately 2.5 million people living in Ekurhuleni live in poverty. Currently, unemployment is estimated at 40 percent, which is unacceptably high. Many people are forced to resort to desperate measures to merely survive. The majority of the people below the poverty line live on the urban periphery, far from mainstream job opportunities and urban amenities, and in informal settlements without basic services. In total, approximately 98 percent of all the people in Ekurhuleni who live below the poverty line are Africans.

Although the Ekurhuleni community has a fairly high literacy rate (84 percent), technical skills levels are low and not a good fit for the skills demands of the local economy. The prevalent lack of skills and the low local economic growth rate has entrenched the cycle of poverty, deprivation, and violence. Malnutrition, especially amongst children, remains a severe challenge, while a high rate of HIV/AIDS as well as poverty-related diseases, such as tuberculosis, is experienced, especially in the peripheral townships and informal settlements.

Provision of Housing and Basic Services

Approximately 112 informal settlements in Ekurhuleni exist, comprising approximately 135,000 informal units (shacks) in total. The current backlog (units without access to the four basic services) in the metro area is estimated at 170,000. These numbers do not take into account the growth in demand over the next 20 years. Influx into the urban areas will continue into the future. Although all the informal settlements are provided with emergency water and are in the process of having

sanitation facilities installed, they do not have permanent and adequate access to the four basic services: water, sanitation, electricity, and social services. Most of these settlements are also situated on land not suitable for housing purposes and may even be dangerous, such as low-lying areas within the floodlines of rivers, land underlain by high-risk dolomitic formations, electricity and pipeline rights-of-way, and land undermined at shallow depths.

The availability of suitable land for housing close to the urban core areas is a problem and will necessitate rethinking housing typologies and densities. Although a large number of subsidy-linked serviced stands (about 100,000) and houses (about 85,000) have been provided in Ekurhuleni during the last decade, the rate of housing delivery falls far short of the demand. The challenge is not only the number of houses to be provided, but equally the creation of sustainable human settlements and communities. Housing should, therefore, be provided in the right locations, provide more choices in terms of typologies and tenure, give access to economic opportunities, furnish the necessary social amenities, and ultimately lead to improved quality of life.

From Housing Units to Sustainable Settlements

Although the municipality has an enviable record in delivering housing for the poor, past programmes have been driven by the need to build houses at scale, resulting in many monofunctional, nonsustainable neighbourhoods.

Hostel complex.

Upgrading for Growth

Ekurhuleni has worked in partnership with the Cities Alliance over 18 months in 2007–08 to develop a new programme, 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 approach is more than a "bolt-on" to the municipal housing department's usual project plans based on land, infrastructure, and shelter. It places community needs for shelter, work opportunities, and a strong social fabric as three equal components of creating sustainable human settlements. The word "equal" is significant—all three aspects are interrelated, and will require equal effort by Ekurhuleni and its development partners.

U4G incorporates a sustainable livelihoods approach, with main elements including:

■ commitment to in-situ development as a first priority;
■ in-depth community surveys as the source of in-depth information on community circumstances, and subsequent tailoring of development interventions;

- close consultation with households, and extension of choice over house types and levels of services to ensure affordability;
- strengthening social capital by the promotion of clubs and societies, such as youth and women's groups, or social and recreational groups;
- access to programmes on basic education, skills training, employment strategies, and how to access resources for learning;
- use of sustainable urban design—maximising use of layout and topography and orientation of properties, unit mix, size, and distribution;
- passive thermal design of individual units, as well as insulation and ceiling installation;
- encouraging businesses in and around residential areas;
- facilitating the provision of financial and technical services to businesses at their various stages of development;
- supporting public works programmes and the use of local labour;
- the use of community development workers to motivate and organise community development initiatives and information gathering.

U4G, a structured programme, has the overall target of incrementally upgrading all informal settlements in the municipality by 2014. Three pilot projects have already been identified as its inception phase.

Coordination and Partnership

Ekurhuleni will implement U4G by ensuring much closer interdepartmental and intergovernmental coordination, and facilitating increased cooperation between the municipality, organised civil society, community-based organisations, the private sector, and NGOs.

This is a real challenge for the municipality—it has to overcome institutionalised departmentalism to secure the concerted effort that is required to initiate and sustain the new development process. U4G proposes a multidepartmental steering group, accountable to the municipality's political executive committee. Not only will the group direct the programme, but also formalise departmental commitment and finance to ensure its effective implementation.

U4G's future success will depend on:

- continued political will and championship;
- continued financial support and budget predictability;
- valid partnerships and alliances with key stakeholders, including multidepartmental cooperation;
- sufficient capacity within the municipality and local service providers to conduct the specialised tasks of the programme;
- robust but flexible institutional arrangements to manage a wide range of projects.

Ekurhuleni already has taken the first step to success in commissioning the U4G, and challenging fixed sectoral and departmental attitudes to integrated housing programmes.

Local economic development activity.

Challenge of Managing a Megacity and Policy Response: The Lagos Experience

The Lagos megacity covers an area of 3,577 square kilometres, representing 0.4 percent of Nigeria's geographic space. Total population is currently estimated at 16.86 million people. It is projected to reach 24.5 million by 2015, thereby making it the third-largest city on earth. Population density is high, averaging 4,713 people per square kilometre, but reaching 12,000 people per square kilometre in that part of the city referred to as the metropolitan area. The megacity consists of 2,600 communities distributed in 20 local government areas and 37 local government development areas.

The population growth rate is between 6 percent and 8 percent, compared to Jakarta's 3.1 percent, Tokyo's 0.3 percent, and Shanghai's 0.1 percent. The annual increase in population of 600,000—which is mainly from in-migration rather than from natural increase—is 10 times that of New York City and Los Angeles. Lagos's population is larger than that of 37 individual African countries put together.

All Nigeria's ethnic nationalities and peoples of the Economic Community of West African States (ECOWAS), flock to Lagos because of the opportunities it offers. Lagos is also one of the seven cities in the New Partnership for Africa's Development (NEPAD).

MAP OF NIGERIA SHOWING LAGOS STATE

GIS UNIT LASURA UNIT

Photo: Lagos

Economy

Lagos is the economic and social nerve centre of Nigeria and the West African subregion, as indicated by the following. Lagos:

- is the headquarters of transnational corporations and national conglomerates;
- has the largest stock exchange in West Africa, with over 200 financial institutions;
- has 22 industrial estates (composed of 2,000 industries, or 65 percent of the country's total), and 60 percent of the nation's value-added manufacturing;
- accounts for 32 percent of national GDP (2004) and 65 percent of Nigeria's value-added tax;
- employs 65 percent of the working population in the informal sector;
- is the hub of national aviation activities, with 83 percent of international and 47 percent of domestic flights;
- has three lighter terminals and three of Nigeria's eight major seaports (generating 50 percent of the nation's ports revenue);
- is the telecommunication and media hub of Nigeria;
- provides 75,000 low-capacity buses;
- has a vehicular density of 224 vehicles per kilometre, compared to the country average of 15 vehicles per kilometre;
- generates about 10,000 metric tonnes of waste a day.

City Governance

The megacity is governed on two levels: the state government and local government councils (LGCs). The state government has three arms, made up of the executive, legislative, and judiciary. The executive arm consists of a democratically elected governor (and deputy governor), and appointed

Socialising in Lagos.

commissioners with ministerial portfolios. The legislature is composed of 40 democratically elected members representing the constituencies in the state. The judiciary consists of appointed judges and other judicial and quasi judicial officers under the high courts of the state.

The state is divided into development areas. Each LGC has a democratically elected chairman and a number of councillors representing the political or electoral wards in the respective LGCs. The LGC development areas have appointed executive secretaries and supervisory councillors.

An important governance feature of Lagos is that it is a quasi city-state because of its limited land area and urbanisation characteristics. Unlike most large metropolitan cities of the world, Lagos does not benefit from a municipal administration entirely devoted to responding to the needs of the city. As a consequence, policy and institutional reforms necessary to improve the economic infrastructure and social services are implemented at the state government level, with little participation by the respective LGCs.

Main Challenges

The main challenges confronting Lagos include the following:

- uncontrolled urban sprawl arising out of inadequate urban planning and resulting in uneconomic and incompatible land uses, and encroachment into marginal lands and sensitive aquatic environments;
- inadequate and overburdened infrastructure arising from uncontrolled urban sprawl and poor maintenance, resulting in traffic jams, inadequate waste management, inefficient transportation, regular power outages, congestion, pollution, and economic dislocations;
- inadequate housing arising from the wide gap between demand and supply, resulting in denied access to housing and rapid growth of slums;
- social and economic exclusions arising from not engaging a broad spectrum of people in the decision-making process, as well as many people lacking access to finance;
- a large informal sector arising from in-migration of unskilled and semi-literate young persons, resulting in pervasive street trading and roadside occupations such as artisans;
- high unemployment among young people, arising from not engaging those who are employable and skilled, as well as unskilled or semiskilled, resulting in poverty, frustration, aggression, criminal tendencies, and urban violence;
- inadequate funding to finance urban development and management projects arising from the poor revenue base and resulting in inadequate infrastructure, facilities, and services.

Informal Housing

Lagos' informal housing tends to occupy marginal lands (such as floodable areas or old waste dumps); be along railway tracks; lacks infrastructure and facilities; has makeshift, substandard structures; be overcrowded; has inadequate potable water; lacks proper sanitary facilities; and has an absence of title and insecurity of tenure.

The City's Vision

Lagos seeks to be an organised, liveable, business- and tourism-friendly, and sustainable city. This involves the following:

- preparation of physical development plans at the neighbourhood scale to promote orderly development;
- environmental improvements;
- strengthened implementation and enforcement;
- restructuring of legal and institutional frameworks for city management, including
    - inclusive governance,
    - empowerment of the youth through skills acquisition,
    - Lagos State Economic Empowerment and Development Strategy (LASEEDS),
    - land tenure and land ownership reforms

Housing and Slum Policies

Affordable Housing Policy

The recent introduction of housing mortgage financing is still in its infancy, but the government is determined to vigorously pursue it in order to make it accessible to members of the public. The initial beneficiaries are the civil servants who are already captured on the database, which makes

administration easier. The government negotiated with a consortium of banks to provide mortgages at a 10 percent interest rate.

Laundry day in an informal settlement in Lagos.

Previous Slum Upgrading Policies

In the past, Lagos pursued these actions towards slum upgrading.

- The government took inventory and characterised slums. The first was carried out in 1983, when 42 blighted areas covering 1,622 hectares were identified.
- An agency named the Lagos State Urban Renewal Board, later Authority, was specifically created to deal with the issue of slum upgrades.
- The agency embarked on the preparation of renewal schemes without adequate community input—Olaleye-Iponri Urban Renewal Project (collaboration with UN-HABITAT; Badia-Olojowon Pilot Project.
- The government, supported by international donor agencies, provided funding.
- The results were limited implementation, success, and sustainability ratings.

Lessons learned—government officials should not assume knowledge of a community's needs, and consultations with the community at every level of the improvement project are essential.

Current Upgrading Policy Direction

The new policy direction adopts a citywide approach. The first is the $200 million credit International Development Association (IDA) assisted intervention. This seven-year upgrading project commenced in October 2006, and ends in March 2013, involving nine top of the list (out of 42) slum communities identified in 1983. It covers 750 hectares of largely swampy terrain, 1.1 million inhabitants, and about 158,000 households, with an average monthly household income of $170. These efforts are gradually being replicated in the other slum communities. As much as possible, the approach is not to displace people. The intervention involves upgrading existing dilapidated roads or footpaths, providing public toilets or bathrooms, sinking boreholes to provide water, building new schools and upgrading existing ones, building health facilities, empowering youth through skill acquisition, and building capacity. For example, in the Oluwole Central Business District, 39 displaced families were provided better alternative accommodation and also received financial assistance to move. They are also equity holders in the redevelopment of their former abodes.

Land Policy

The new land policy is directed towards improving institutional efficacy in land documentation and creating an up-to-date registry of lands in Lagos. The essential elements are as follows:

- land tenure and ownership reforms;
- 30-day consent period (down from 365 days;
- electronic land registry with Internet access;
- regularization of illegal occupation of government land;
- grant of certificate of occupancy in 90 days (down from 365 days);
- preparation of Action Area Plans;

- creation of model cities as a strategy for city upgrading;
- creation of regional development agencies;
- development of reclaimed land—progressive redevelopment.

Looking Forward

Biggest Challenges

The biggest challenges Lagos faces in term of dealing with the informal sector include the following:

- upgrading the existing infrastructure, expanding into unserved areas, and maintaining it over the long haul;
- ensuring uninterrupted power supply by overhauling the generation, transmission, and distribution system;
- improving the environment and sanitation;
- providing affordable housing through mass delivery of housing units, especially for the people at the lower rungs of the income ladder. Affordability is a key factor. Most of the people engaged in informal sector activities cannot afford to own their own homes. They are largely renters.
- improving safety and security.

Main Obstacles

The main obstacles to the above challenges are the following:

- reversing negative behavioural patterns, of people, such as disinterestedness in the sustenance of the city;

- finding the funds to finance improvements and management of the city in all its ramifications;
- convincing financial institutions to provide mortgage financing at single-digit interest rates.

Greatest Innovations

Lagos's greatest innovations include the following:

- introduction of the bus rapid transit system;
- enhancement of internally generated revenue;
- public-private sector partnership for urban infrastructure and facilities development.
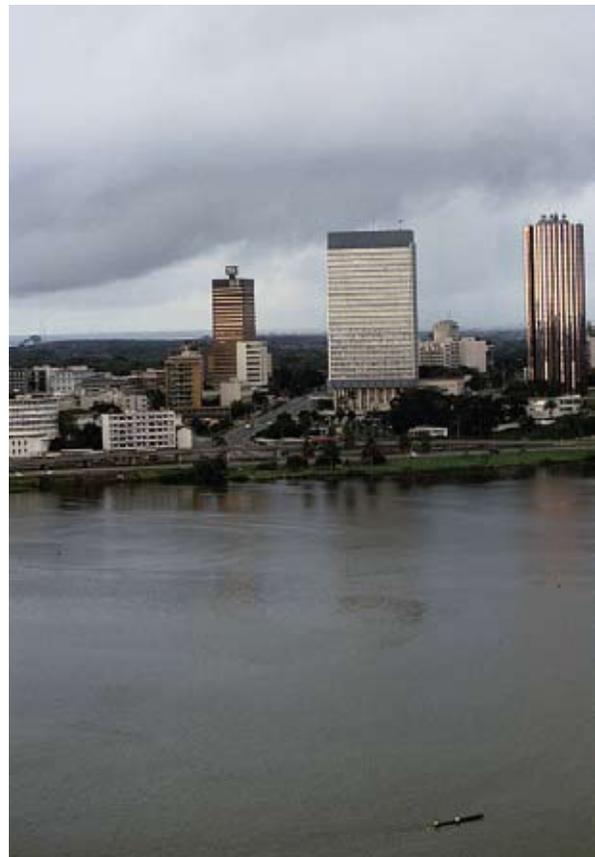
View of Lagos marina.

Metro Manila

Metro Manila, or the National Capital Region (NCR), has recently become a megacity, composed of 17 local government units (LGUs) consisting of 16 cities and one municipality. In 2007, its total population was 11.5 million, with an average household size of 4.62 persons. With a land area of only 619.5 square kilometres, the NCR has a population density of 18,650 people per square kilometre.

About 90 percent of the country's private business, cultural, educational, and medical establishments are located in the greater Manila area. In 2006, the metro area accounted for a 32.5 percent share of the country's total gross domestic product, registering P2,244,705.[1] The NCR also had the highest gross regional domestic product per capita in 2006, at P35,742, or almost double the amount of the second-highest region.

Despite this, Manila exhibited the highest poverty threshold in 2000, 2003, and 2006, with an annual per-capita poverty threshold of P15,722, P16,737, and P20,566, respectively. The number of urban poor families in Manila in 2003 and 2006 was placed at 110,864 and 167,316, respectively. As of April 2008, the metropolitan area had a high unemployment rate, reaching 13.8 percent.

Governance

The Metropolitan Manila Development Authority (MMDA), a government agency under the direct supervision of the president of the Philippines, administers affairs in metropolitan Manila. It performs planning, monitoring, and coordinating functions, and exercises regulatory and supervisory authority over the delivery of metrowide services, such as transport and traffic management, solid waste disposal and management, flood control, and sewerage system management.

The Metro Manila Council serves as the governing board, and is composed of the mayors of the 17 cities and municipalities, and some national government agencies, including the Housing and Urban Development Coordinating Council.

Main Challenges

Manila faces the following challenges.

Rapid population increase. The annual population growth rate is estimated at 2.36 percent, while the urbanisation rate (i.e., the proportion of urban areas to total land area) is 52 percent. Manila grew by 1.62 million people in seven years, or an average annual population growth rate of 2.11 percent because of new births as well as urban migration.

1. Exchange rate: 1 US dollar = 47.7 Philippines pesos.

Photo: Manila

Congestion and proliferation of informal settler colonies. In 2006, the estimated housing backlog in Metro Manila was 824,724 units, of which around 36 percent, or 300,000 households, require relocation because they are occupying dangerous areas or areas earmarked for government infrastructure projects. The total housing need to eradicate slums in Metro Manila by 2021 is about 1 million dwelling units, with a projected 15-year investment requirement of P454,786 billion.

Lack of access to basic services. Aside from housing, the families who live in informal settlements are confronted daily with the other dimensions of urban poverty, such as a lack of access to basic services (electricity, potable water, sewerage/septic tank), exposing them to disease, crime, and natural disasters.

Others. Other challenges being faced by Metro Manila are inadequate garbage collection and management, heavy traffic, and flooding from clogged rivers, creeks, and canals caused by about 17,000 families of informal settlers whose shanties are built on waterways.

Aerial view of Manila.

Informal Housing/Slums

Metro Manila has pockets of informal settlements where dwellings are often constructed of inferior materials, and access to fire and emergency rescue services is poor. In general, these areas are environmentally poor.

As of September 2007, there were about 545,000 families of informal settler all over Manila, with 40 percent (about 219,000 families) occupying privately owned properties, and 20 percent (almost 108,000 families) residing in dangerous areas. The sprawl of informal settlements comes from the migration of people from rural areas, the lack of affordable housing, and the spiralling cost of land.

Manila's Vision

Metropolitan Manila seeks to become a humane, world-class metropolis, renowned for its liveability, economic vitality, and socio-cultural exuberance. It aims to offer a liveable and workable physical environment for all. In terms of business, Manila is striving to evolve into a major business and transaction hub for the Asia-Pacific region. The vision is for Manila to influence socioeconomic opportunities in areas beyond its political and administrative boundaries.

Housing and Slum Policies

Affordable Housing Policy and Programmes

The Philippine government supports the Millennium Development Goal target to significantly improve the lives of at least 100 million slum dwellers by 2020. The Housing and Urban Development Coordinating Council, (HUDCC) a government

agency, is addressing the housing problem through the following policies and programs.

The **asset reform program** seeks to redistribute resource endowments by awarding a tenurial instrument to target beneficiaries that provides them ownership or security of tenure. This programme is being implemented through the following:

■ The Resettlement Program. To ensure that informal settlers are relocated in a just and humane manner and that those who are relocated are given the type of assistance they need, a beneficiary-led approach was adopted. This includes implementing in-city/in-town relocation to minimize dislocation; providing basic services, such as schools, potable water, and electricity, as well as livelihood opportunities for resettled families; and institutionalising Local Inter-Agency Committees (LIACs), composed of the concerned local chief executives, NGOs, people's organisations, and community associations, to formulate the implementing rules and regulations (IRR) that will govern the relocation activities.
The programme is a multistakeholder partnership among the national government, the sending and receiving local governments, NGOs, such as Gawad Kalinga and UN-HABITAT, and people's organizations.
■ Regularisation of tenure through issuance of presidential proclamations. These declare idle government lands occupied by informal settlers as socialised housing sites for disposition to qualified beneficiaries.
■ Provision of secure tenure through the Community Mortgage Program. This programme gives community associations in informal settlements access to financing to acquire the private land they occupy, develop

the site, and construct or improve housing units. The loans are payable within 30 years, with a 6 percent interest rate.

Increasing socialised housing stock through the Urban Development and Housing Act (Republic Act 7279), which requires developers of subdivisions to set aside 20 percent of the area, or the cost, for socialised housing. Compliance to this housing requirement may be in the form of construction of socialised housing units, joint ventures with the local government or housing agencies or development of resettlement sites, or upgrading or improving housing units within the sites.

Reduction of interest rates for socialised and low-cost housing and extension of the repayment period to make housing more affordable to the low-income workers who belong to the formal sector but are not served by the banking institutions. The interest rates of loans of the Home Development Mutual Fund were lowered from 9 percent to 6 percent for the socialised housing package, and from 10 percent to 7 percent for low-cost housing, while the repayment period was extended to 30 years. Contribution rates have also been reduced. The loan-to-collateral ratio was likewise adjusted, allowing members to borrow from the fund with zero to minimal equity infusion.

Foreign-assisted projects aimed at providing secure tenure and building capacities of stakeholders were implemented, such as the ADB-funded Development of Poor Urban Communities Sector Project, and the Cities Alliance grant for IMPACT. While these projects are not focused on solving the housing problems in Metro Manila, they have led to adopting the following policies or programmes, which are scalable and can later become applicable in Metro Manila.

■ Approval of a housing microfinance product manual allowing the use of rights-based instruments for obtaining loans. The manual also allows the use of rights-based instruments, such as interim land titles, as collateral in banking loan transactions.

■ Paved the way for the banking institution to open up housing finance directly to the homeowners associations.

Innovative tenure arrangements were adopted and developed: public rental, lease/purchase and shared ownership, rent-to-own, usufruct, and long-term lease.

Streamlining processes in securing necessary permits, licences, certifications, and clearances for residential and subdivision development by creating a one-stop shop processing centre and imposing deadlines on concerned government agencies for processing of applications.

Meeting Housing Demand

Demand for housing continues to grow as the Philippine population increases rapidly, at an annual rate of 2.36 percent. For the period 2005 to 2010, the projected housing demand for the entire country is 3.75 million units, of which about 30 percent, or 1.1 million units, belong to the poor sector and are targeted to be directly served by the government. For Metro Manila, the demand for housing is projected to be 1.07 million units from 2006–21.

From 2005 to 2007, the government provided shelter and secure tenure for about 368,000 families belonging to the lowest income levels (poorest of the poor), as well as low-income workers. For 2008–10, the government's target is to provide shelter security units to 265,207 households. Based on this, the government needs to expand

programmes for poor people and those belonging to the formal sector who have low incomes to address the housing gap. However, existing government resources are inadequate to deal with this need. Because of this situation, the government is exploring financing facilities from external sources that could be used for housing.

To serve the beneficiaries, the government needs to ensure that affordable interest rates are maintained.

Pasig River.

Lessons Learned from Previous Slum Upgrading Policies

Among the key lessons learned in the implementation of housing programmes for the poor are the following:

■ Achieving secure tenure through freehold imposes high transaction costs on the urban poor.

■ Housing microfinance offers the possibility of sustainable, unleveraged finance for the poor.

■ For resettlement programmes to be effective, a multistakeholder approach is necessary and should not be supply driven. The national government alone will not be able to solve the socialised housing issue.

■ Despite the promise of land proclamations and the abundance of public land for socialised housing, many have limited financial, technical, and managerial resources to develop and manage sustainable housing projects for the poor. Likewise, most local government units are averse to borrowing for socialised housing and to using their internal revenue allotment (IRA) as collateral for development.

■ Capacity building is generally needed for all stakeholders, including national government agencies, local governments, and community associations to ensure continuity and replication of viable housing projects.

■ Traditional lending methodologies and policies will have to give way to more innovative and flexible practices, including those that use rights-based instruments and suitable microfinance programmes.

■ Few microfinance institutions are formally engaged in housing microfinance and will not engage in on-lending for home improvements and housing loans in large scale unless they are given incentives to build their capacity and develop and manage these financial products.

Informal and formal housing in Manila.

Access to Credit for the Poor

The Philippine government is aiming to provide housing services to the bottom 30 percent of the population. Various programmes catering directly to the informal settlers are being undertaken, such as the Community Mortgage Program and the Resettlement Program. For areas outside of Metro Manila, the Development of Poor Urban Communities Sector Project provides a facility to local governments and community associations for site development, housing construction or improvement, and even livelihood.

For Metro Manila, the government is now in the process of working out another facility with the Asian Development Bank called the Metro Manila Urban Services for the Poor Investment Project. The project seeks to improve the quality of life of the urban poor residents in Metro Manila by providing financial assistance to the informal settler families for site development, housing development and home improvement, microenterprise development, and capacity building.

Aerial view of Manila.

Looking Forward

Biggest Challenges

Over the years, Manila has been unable to cope with its rapid population growth, making it one of the most densely populated megacities in the world. Because of its rapid and uncontrolled urbanisation, the informal settlements/slums have proliferated. These situations, coupled with insufficient resources, contribute to the deterioration of the environment and the other problems related to urbanisation, such as garbage management, crime, traffic, and poor health.

Main Obstacles

Certain constraints impede efforts to address the growing housing and urban development problem in the Philippines, particularly Metro Manila:

- difficulties in accessing land to upgrade slums and for urban renewal;
- complex and inefficient land delivery mechanisms;
- reliance on subsidies and ineffective cost recovery;
- weak capacity of sector institutions;
- inadequate participation by the private sector; and
- lack of clear policies and guidelines for controlling the growth of slums.

Greatest Innovations

The following are some of Manila's greatest innovations in dealing with housing issues:

- adoption of beneficiary-led resettlement programmes;
- multisectoral partnership in the delivery of housing services;
- localization of the Community Mortgage Program;
- development of alternative modalities through partnerships with NGOs, homeowners associations, and private developers;
- encouraging the widespread application of tried and tested microfinance principles in housing the poor;
- enabling the use of rights-based instruments for distributing security of tenure and facilitating access to affordable and sustainable housing finance;
- strengthening the capacity of shelter agencies to support the scaling-up of sustainable pro-poor housing and urban redevelopment programmes in Metro Manila;
- accelerating the proclamation of land for socialised housing and the conveyance of nationally owned public land to Manila's local government units committed to housing the poor and informal settlers;
- strengthening the Manila local government units' capacity to develop and implement viable urban upgrading and renewal programmes, providing access to affordable development funds, and encouraging private sector participation.

Mumbai: A City in Transformation

According to the 2001 census, the population of the city of Greater Mumbai was 11.91 million, spread over 437 square kilometres. The population of the city of Mumbai has increased from 0.92 million in 1901 to 3.32 million in 2001, while the population of the suburban district has reached 8.59 million, starting from almost nothing a century before (see table 1). The population density is as high as 48,215 people per square kilometre in Mumbai, and 16,082 per square kilometre in suburban Mumbai (census 2001) with an average city density of 27,348 people per square kilometre. Peak density in certain areas, such as the Dharavi slums, reaches over a million people per square kilometre.

The population of Mumbai is marked by its social heterogeneity, cutting across racial, religious, regional, and linguistic lines. Nearly 50 percent of households have Marathi as their mother tongue, followed by Gujrati (15 percent), Hindi (9 percent), and Urdu (6 percent). The average number of earners per household was 1.7. Mumbai has a literacy rate of 87.1 percent.

**Table 1: Population Growth in Mumbai Metropolitan Region**
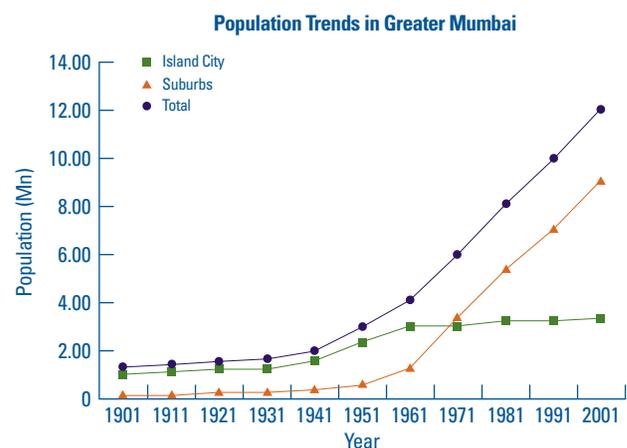
Source: Mumbai Metropolitan Region Development Authority, 1994, and Census of India, 2001

Photo: Mumbai

Economy

Greater Mumbai's per capita gross domestic product (GDP) has been Rs[i] 46,010 ($1,150), which is significantly higher than that of Maharashtra or India. Growth of GDP of Mumbai, Maharashtra, and India since 1993 is presented in table 2.

Table 2: Per Capita GDP of Greater Mumbai, Maharashtra, and India
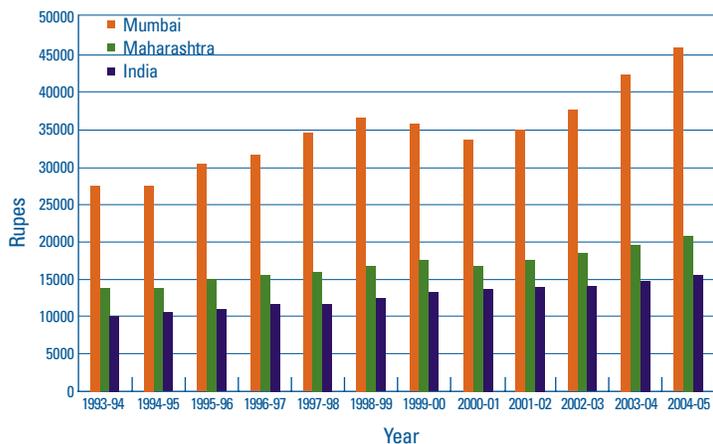
Note: At 1993-94 constant prices

Greater Mumbai's growth rate has been more volatile compared to the Indian growth rate, i.e., it was 5 percent in 2001 and climbed to 13 percent in 2004. Given that Mumbai's GDP is 27 percent of Maharashtra's, volatility of Mumbai's growth greatly affects Maharashtra.

Mumbai experienced substantial structural changes in its economy since 1991, with manufacturing declining and services increasing.

The main economic drivers of Mumbai's economy are now:

- financial services, banking, and insurance;
- information technology and information technology enabled services;
- communications;
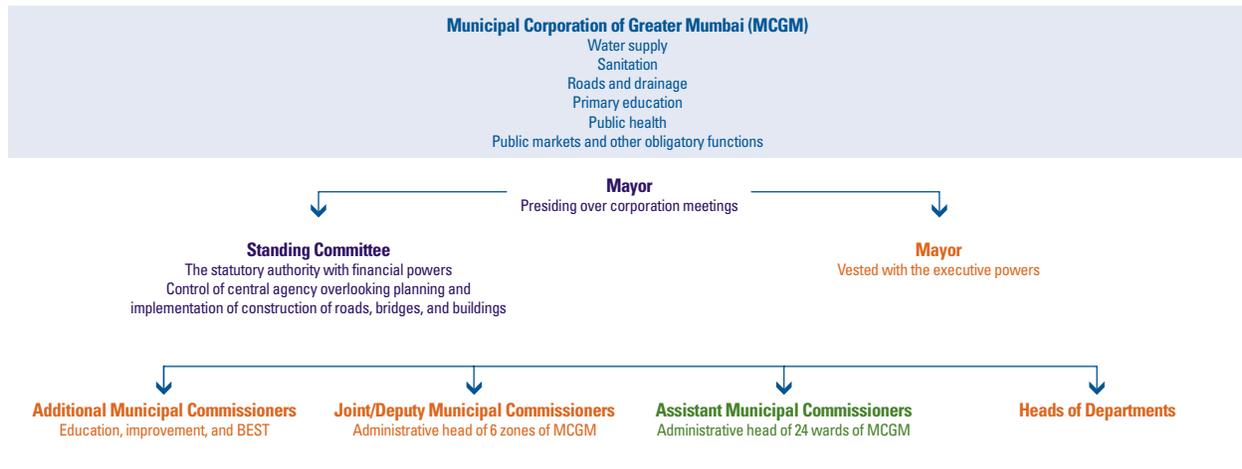- media and entertainment; and
- retail.

Governance and Urban Management

The Municipal Corporation of Greater Mumbai (MCGM), which enjoys significant autonomy, is the most affluent and relatively most efficient local body in the country. Its services range from running public transport to providing electricity.

MCGM is responsible for the city's master plan, and for enforcing development control regulations. It is not directly involved in public housing or slum improvement. However, in a significant move towards decentralisation, the 74th Amendment to adopt the constitution of India, carried out in 1992, has empowered local self-governments to undertake such functions as urban planning, slum improvement, and poverty alleviation, along with other responsibilities.

The Mumbai Metropolitan Region Development Authority (MMRDA) is responsible for regional planning and co-coordinating and supervising development efforts in the Mumbai Metropolitan Region, of which Mumbai is the most significant part.

The Maharashtra Housing and Area Development Authority (MHADA) is the main agency supplying public housing, particularly for the lower-income and middle-income groups.

Municipal Corporation of Greater Mumbai (MCGM)
Water supply
Sanitation
Roads and drainage
Primary education
Public health
Public markets and other obligatory functions

Mayor
Presiding over corporation meetings

Standing Committee
The statutory authority with financial powers
Control of central agency overlooking planning and
implementation of construction of roads, bridges, and buildings

Mayor
Vested with the executive powers

Additional Municipal Commissioners
Education, improvement, and BEST

Joint/Deputy Municipal Commissioners
Administrative head of 6 zones of MCGM

Assistant Municipal Commissioners
Administrative head of 24 wards of MCGM

Heads of Departments

The Collector of Mumbai is a revenue executive responsible for land management aspects related to titles and deeds of ownership of land. The Office of the Collector is responsible for issuing identity cards to slum dwellers, collecting from them, and granting entitlements to government lands and removal of unauthorised structures from public land.

The governance structure of Municipal Corporation of Greater Mumbai is indicated in the following diagram.

Main Challenges

Urban transport. The transportation system in Mumbai faces many challenges. A major problem is lack of sufficient capacity of transportation infrastructure, such as roads and railways. During peak hours, the suburban railway system carries three times the capacity for which it was designed. The growing number of private vehicles adds to the traffic congestion on the already-strained arterial roads. A major hurdle in improving transportation is the lack of resources and co-ordination among various authorities.

Housing. The growing population poses an immense housing challenge for Mumbai. Out of 2.51 million households, 1.33 million (53 percent) live in slums. Approximately 0.4 million people live in old buildings in urgent need of repair or reconstruction.

The main hurdles in housing are the lack of affordable housing, insufficient land for housing development, outdated land policies, and inefficient and restrictive building regulations. An uniformly low floor space index of 1.33 in the city, and restrictions under the Coastal Regulation Zone Rules have limited the supply of buildable area, which has lead to high real estate prices. The recent repeal of the Urban Land Ceiling Act has helped in releasing some lands for housing. Similarly, reforms in the Rent Control Act, along with property tax reforms, are expected in near future.

Environment. Mumbai is located in an ecologically sensitive coastal zone that contains wetlands, forests, and wildlife sanctuaries. The area experiences a high level of air pollution from petrochemical and other

industries, and from the growing number of automobiles. The high level of noise pollution from traffic and human activities is a challenge. Mumbai also suffers from pollution of rivers and coastal waters, unsatisfactory refuse collection and disposal, and unauthorised occupation of wetlands by slums. In addition, Mumbai has to address issues arising out of global climate change and associated calamities, such as heavy rains and floods.

Informal Housing/ Slums

Because of the huge gap in the housing supply for the poor, slums have cropped up all over the city. In total, 1,959 slum settlements house around 6.5 million people.

Characteristics of slums. Slums have proliferated in Greater Mumbai for the last four to five decades. This has resulted mainly from the large number of job opportunities offered in the city in the informal sectors. Slums have sprung up on any available space—along railway lines, near water bodies, wetlands, hills, forest land, and pavements. These odd locations make it difficult to provide basic urban services, giving rise to extremely unhygienic conditions. Because most of the slum dwellers earn their living from informal economic activities, they have no access to finance and the formal housing market, despite their contribution to the city's economy as industrial workers, construction labourers, domestic servants, rag pickers, taxi and auto rickshaw drivers, and vegetable vendors.

Growth rate of slums. The percentage of the slum-dwelling population in the total population has increased from 39 percent to 48 percent from 1976 to 2001. By one estimate, all the slums together occupy an area of around 35 square kilometres, which is only 8 percent of the area of the city.

Urban services. The following is an overview of basic urban services.

■ Water supply. Water supply coverage to the slums is through 0.16 million metered stand post connections covering the entire slum areas.
■ Sewerage: About 73 percent of slum dwellers depend on community toilets, while the remaining 27 percent have no toilet facilities. Nearly 0.7 percent use pay toilets.
■ Solid waste management. Under the prevalent solid waste management system, refuse bins are placed in or near the slums, which are accessible to municipal vehicles for collection. Only 36 percent of slums have organised systems of garbage collection.
■ Primary and secondary education. Municipal schools provide education in various local and regional languages. Primary and secondary education is provided free of cost to children living in slums. In addition, they also receive education from private institutions supported with grants from the government.
■ Health. The MCGM runs primary health centres in different wards, and also provides medical and hospital services to slum dwellers for a small fee through municipal hospitals. Special maternity hospitals are also set up by the MCGM for the benefit of women who live in slums.

Informal settlement in Mumbai.

City's Vision

In 2006, the state government declared its goals in the document *Vision Mumbai*, which has the following objectives:

- boosting economic growth to 8 percent to 10 percent per annum;
- improving and expanding mass and private transport infrastructure;
- dramatically increasing housing availability and affordability;
- upgrading other infrastructure;
- raising adequate financing;
- making governance more effective, efficient, and responsive;
- generating momentum through quick wins;
- enabling implementation through committed public-private resources.

Moreover, the MCGM has prepared its own Comprehensive Development Plan (CDP), which is basically in line with *Vision Mumbai*.

Housing and Slum Policies

Housing Policy

The state government for the first time declared a formal housing policy in 2007. The main objectives of the housing policy are the following:

- to facilitate sustainable and affordable housing in urban and rural areas, and create surplus housing stock for lower-income groups and shelters on a ownership or rental basis;
- to pursue the target of upgrading slums through an equitable slum redevelopment strategy;
- to deregulate the housing sector and encourage competition and public-private partnerships in construction of houses for the poor;

to promote rental housing through legislative amendments and incentives to different rental housing options.

The government is yet to devise an action plan to implement the policy. Under the policy provisions, the government is responsible for providing affordable houses to the urban poor through MHADA. Private developers are given Floor Space Index (FSI) or Transferable Development Right (TDR) to enable them to provide free houses to the government. Thus far, no specific budgets have been provided for the programme.

Meeting Housing Demands

The housing policy has relaxed controls over the housing market and is allowing private operators to construct housing for the various sectors of society. The changes should increase the supply of houses in the market and reduce the gap between demand and supply. To guarantee the quality of the housing construction, a regulatory authority is proposed to oversee the housing market and the activities of the builders and promoters.

Land availability is expected to be increased through various schemes, such as cluster housing. A tax on unused vacant land is also under consideration.

Previous Slum Policies

The following policies were carried out as efforts towards upgrading of slums.

Prior to 1970s, slum demolition. Slums were demolished by treating them as locations for illegal squatters or encroachment. This proved unsuccessful as the squatters simply moved on within the city to another place nearby, or in the most cases rebuilt the hutments in the same places. This policy is also politically impractical.

1970s, slum improvement works. The Maharashtra Slum Area (Improvement, Clearance, & Redevelopment) Act passed in 1971. Then in 1976, the First Census of Hutments was carried out, and identity cards were issued to families living in slums. This approach helped the matter only marginally.

1980s, slum upgrading. Implemented with World Bank assistance in the mid-1980s, the programme provided slum land under a 30-year lease to the co-operative societies of slum dwellers at a nominal rent. The programme had limited success because of such constraints as the high density of settlements and reservation of land for playgrounds, schools, hospitals, and other uses. It worked better in areas where the lands were developable for housing and the slum dwellers had the support and guidance of NGOs working with them.

Current Slum Rehabilitation Policy

The slum rehabilitation policy initiated in 1995–96, has the following features:

- Every slum structure existing as of January 1, 1995, is eligible for rehabilitation.
- Slum dwellers get a self-contained, 225-square-foot carpeted tenement free of cost.
- Underlying land is the resource for the scheme.
- The consent of 70 percent of the eligible slum dwellers is required for implementing the slum rehabilitation scheme.
- The cost of constructing the rehab tenements is cross-subsidized from the sale of free-sale tenements in the open market.
- The government is not financially involved.

Under the current policy, around 100,000 houses have been constructed so far, and an equal number is under construction. But providing free houses and the dependency on the real estate rates are big constraints. The policy has proved useful in cases where rehabilitation was necessitated by implementation of vital infrastructure projects.

Land Policy

With land being the scarcest resource in the city, the government is extremely strict in allocating land to needy residents. Allocation of land for residents is possible only through the Slum Rehabilitation Scheme, in which the land is transferred to a society of the residents, instead of to individual persons. So while the individuals become owners of the flats, the land underneath remains in the name of society.

City Targets

The city seeks to be slum free, but with the current magnitude of the problem and the lack of options, it seems to be a distant dream. The state has announced the construction of around 100,000 affordable houses in the next two- to three-year period. A special slum rehabilitation project, called the Dharavi Redevelopment Project, has been initiated by the government with a public-private partnership approach to rehabilitate housing for over 50,000 slum-dwelling families. Special steps are being taken to promote rental housing so that the poor can find some shelter on a temporary basis without resorting to encroachments on public lands. The government has passed an act to control further proliferation of slums, which puts criminal responsibility on the civil staff and the police force to ensure that new slums do not arise.

Access to Credit for the Poor

Access to credit for the poor is under consideration for the affordable housing policy. Currently, private financial institutions do not provide loans to those who do not have a formal source of income.

Looking Forward

Biggest Challenges

The biggest challenges facing Mumbai in terms of the housing situation are improving the following:

- land supply through legislation, governance, and financial management;
- information systems about housing, data proposals, and construction;
- infrastructure to serve housing, such as schools, hospitals, and water supply;
- management and repair of the existing housing stock;
- public awareness and civil participation in governance regarding housing issues.

Main Obstacles

The main obstacles for Mumbai are the following:

- insufficient supply of land;
- insufficient data about land and tenure;
- outdated and rigid planning norms;
- lack of political accountability;
- lack of co-ordination among various governmental and semigovernmental agencies;
- lack of resources and trained manpower necessary for urban planning.

Innovations

The current slum redevelopment policy is an inventive way of providing a housing supply for the poor at no direct cost to the state, and at present it is Mumbai's greatest innovation regarding housing.


Commercial activities in informal sector.

The Host: São Paulo

Municipality Profile—the state of São Paulo and the seat of the São Paulo Metropolitan Region, which consists of 39 separate municipalities. The state capital has a population of almost 10.9 million, amounting to 6 percent of Brazil's total population of about 187 million. Together with the inhabitants of the other 38 municipalities forming the São Paulo Metropolitan Region, the total population amounts to 19.8 million and one of the world's largest conurbations.

Housing in São Paulo

Informal Housing
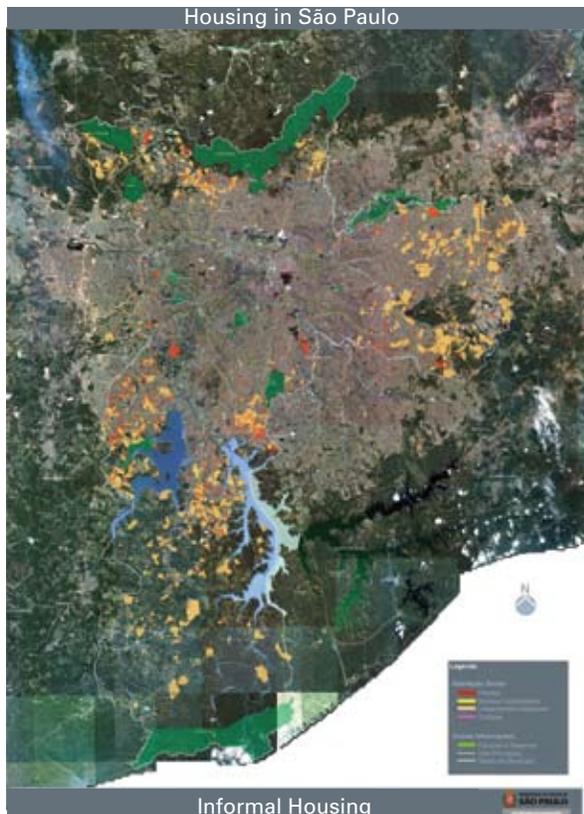
Apart from being Brazil's most densely populated city, São Paulo is the country's foremost wealth-producing city, responsible in economic terms for around 9 percent of national GDP. As the leading industrial producer of consumer durable goods, the São Paulo Metropolitan Region was responsible for Brazil's industrialisation boom, which lasted from the 1950s to the 1980s. São Paulo served as a magnet for immigrants from other parts of the country, mainly from the northeast. The population of the municipality of São Paulo mushroomed from about 2 million inhabitants in 1952 to about 8.4 million in 1980. Subsequently, from the 1990s onwards, industrial production tended to flow increasingly towards the other municipal areas in the interior of the state, as well as to other regions of Brazil. This partly explains the abrupt reduction in the rate of population growth, which now stands at around 1 percent a year, as demonstrated by the graph below.

Photo: Nova Jaguaré, São Paulo

From the 1990s onwards, the socioeconomic profile of the São Paulo municipality became focused predominantly on services, especially those linked to knowledge production and information provision. Despite the emergence of new businesses devoted to these activities, São Paulo still retains the headquarters of many large industrial concerns. Changes in the economic profile of the city have not negatively affected São Paulo's position as a major producer of wealth.

In 2004, São Paulo´s GDP reached $55 billion (per capita GDP totalling $5,000), with production leaning towards the services sector.

Changes in the economic profile of the municipality were not, however, accompanied by the necessary professional training of the economically active population. Unemployment, currently running at around 30 percent (although gradually declining) tends to be more prevalent among the poorer sectors of the São Paulo population, which comprise around 40 percent of the total population of the municipality. It is precisely this population that is unable to meet the demand for qualified, specialist labour.

The difficulties encountered by poorer workers to secure jobs in the formal labour market, together with their low and unstable incomes, effectively limit their families´ access to the housing finance available in the private market. Such people are generally unable to obtain assistance from the majority of public sector housing finance providers. With no indebtedness capacity and ineligible for conventional housing credit, these families have no other alternative but to occupy informal, precarious settlements in *favelas* (slums), irregular land subdivisions, and tenements. The *favelas* and irregular subdivisions are predominantly located in the peripheral areas

around the city, which currently house about 30 percent of the municipality's population.

During the years of high demographic growth (1950–80), these settlements occupied empty areas of land on the fringes of the city, encroaching upon environmental protection areas in the north and south.
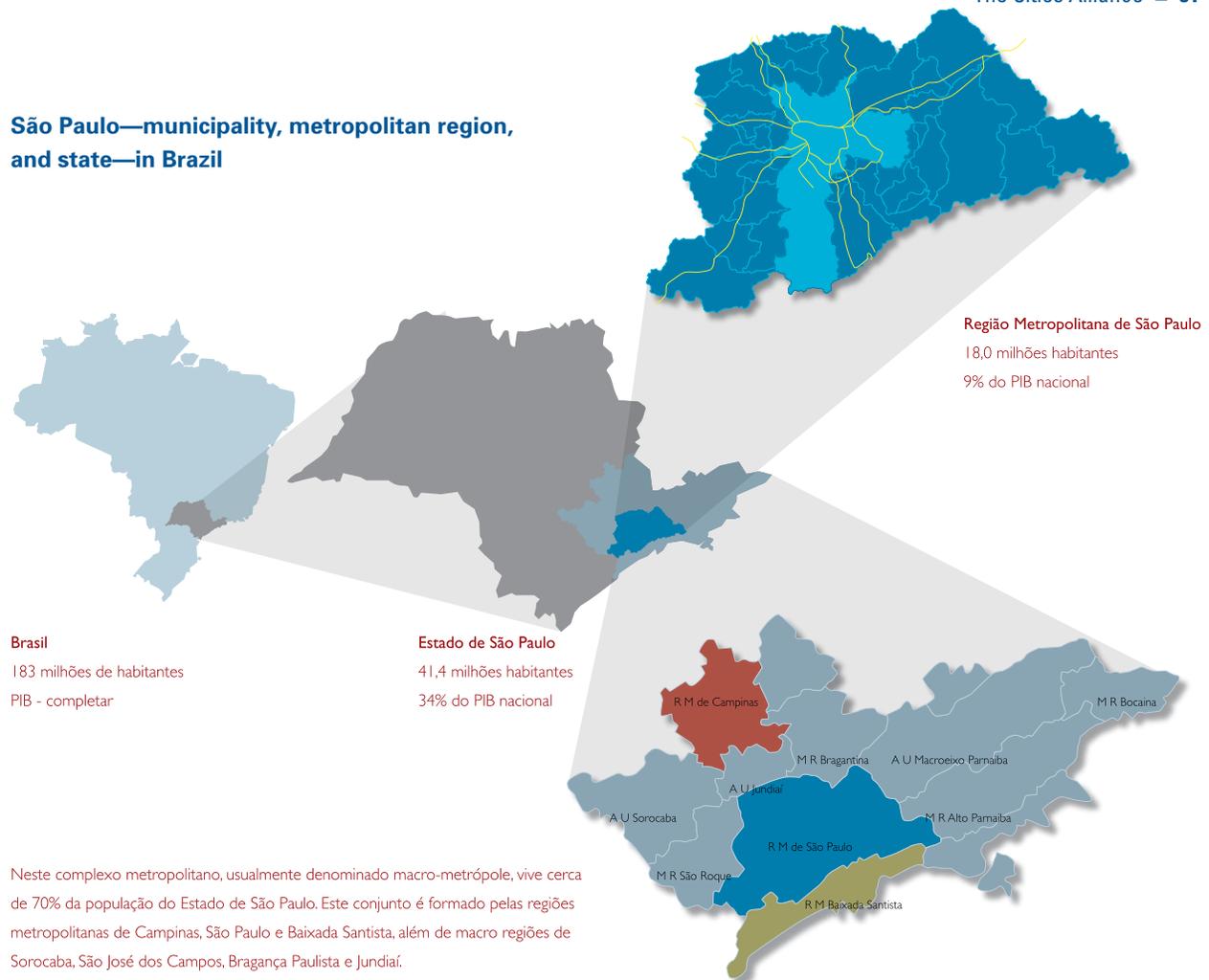
Favelas and irregular subdivisions have tended to be established with no regard for proper infrastructure—in some cases occupying fragile land subject to erosion—and, equally seriously, land that is neither officially registered for human occupation nor within the purview of planning legislation. These settlements have produced flooding, erosion, silting up of water courses, and negative environmental effects on drinking water production.

All in all, the need to provide decent housing for this population segment is a basic constitutional principle and is regarded as the main challenge of the municipality's housing policy. It is essential to link housing provision with policies that are targeted at work training, employment and income generation, and are associated with environmental sanitation.

Housing and Slum Upgrading Policy

The housing policy of the São Paulo municipality has given priority to the upgrading and titling (tenure) regularisation of slums. The Cities Alliance technical cooperation project with the Municipal Housing Secretariat seeks to design an information system to track the various settlements *(favelas, irregular subdivisions, and tenements)* in order to provide a more up-to-date and broader view of the overall housing situation, as well as of the main housing provision targets that form part of the strategic housing plan.

São Paulo—municipality, metropolitan region, and state—in Brazil

Região Metropolitana de São Paulo
18,0 milhões habitantes
9% do PIB nacional

Brasil
183 milhões de habitantes
PIB - completar

Estado de São Paulo
41,4 milhões habitantes
34% do PIB nacional

Neste complexo metropolitano, usualmente denominado macro-metrópole, vive cerca de 70% da população do Estado de São Paulo. Este conjunto é formado pelas regiões metropolitanas de Campinas, São Paulo e Baixada Santista, além de macro regiões de Sorocaba, São José dos Campos, Bragança Paulista e Jundiaí.

R M de Campinas

M R Bocaina

M R Bragantina   A U Macroeixo Parnaiba

A U Jundiaí

A U Sorocaba   M R Alto Parnaiba

R M de São Paulo

M R São Roque

R M Baixada Santista

Brazil, 183 million inhabitants   State of São Paulo, 41, 4 million inhabitants   34% of Brazil GDP

This macro-metropolitan complex concentrates around 70% of the State of São Paulo population. This area includes the metropolitan regions of Campinas, São Paulo and Baixada Santista, in addition to the macro regions of Sorocaba, São José dos Campos, Bragança Paulista, and Jundiaí.

The maps were designed from IBGE and EMPLASA maps.

On the basis of the updated version of the georeferenced cadastral data on these settlements and of the field sampling survey, the following information was obtained about the number of households and inhabitants living in *favelas* and irregular settlements in December 2007.

The settlements were classified in terms of existing housing programmes: slum upgrading programmes, tenure regularisation of public areas, sanitation improvement initiatives in the headwaters protection areas, and subdivision regularisation, among others. For each of these

programmes, clear technical criteria were established to help prioritise the interventions and to determine where financial resources should be directed. To ensure that priority actions were undertaken to benefit the most vulnerable sectors of the population, criteria were employed based on a variety of indicators: infrastructure availability, health, social vulnerability, and the presence (or not) of geotechnical risk areas.

Defining priority intervention areas allows funds to be applied in a rational and flexible manner. Given the size of the housing problem in São Paulo, the slum upgrading programme has access to around R$820 million[1] earmarked by the federal government, and R$400 million provided by the São Paulo state government, in addition to resources totalling around R$620 million made available by the municipality itself. Projected

Table 1: São Paulo's Informal Settlements/Slums

Type	Situation	Settlements	Dwellings	Inhabitants	% Total Population
favelas	in headwaters protection area	247	56,176	228,159	
	out of headwaters protection area	1,326	321,060	1,311,112	
	total	1,573	377,236	1,539,271	14.21%
urbanized settlements	in headwaters protection area	78	14,143	57,579	
	out of headwaters protection area	144	16,659	67,822	
	total	222	30,802	125,401	1.16%
irregular settlements	in headwaters protection area	325	26,216	104,151	
	out of headwaters protection area	910	458,023	1,679,411	
	total	1,235	484,239	1,783,562	16.46%
overall—slums		3,030	892,277	3,448,234	31.83%
overall—slums in headwaters protection area		650	96,535	389,889	3.60%
overall—inhabitants in São Paulo				10,834,244	

1. Exchange rate: 1 US dollar = 2.29 Brazil Reais

municipal funds for the Headwaters Programme are about R$640 million, plus R$190 million to be provided by the federal government, and R$250 million by the state government. R$100 million has been set aside for the tenure regularisation programme for municipal public areas.

The slum upgrading programme benefits 130,000 families (one-third of the total number of families living in slums), who will be awarded deeds to formally mark the "special use concession for housing purposes" on completion of the upgrading work. The public infrastructure works will be undertaken in order to ensure the improvement of the sanitary conditions of the areas concerned. In addition, 10,000 housing units are being constructed to replace the present insalubrious dwellings or those located in high-risk areas.

In the headwaters protection area, works are commencing on the second phase of the Guarapiranga Programme, which has now been expanded to include the Billings Dam protection area and is now known as the Headwaters Programme. The Guarapiranga Programme is, from a housing policy standpoint, a broad-based environmental sanitation programme that incorporates slum upgrading. This programme can be considered to be the first large-scale slum upgrading programme in São Paulo. Given that around 100 slums have already been upgraded, the Guarapiranga Programme provided an implicit model of slum upgrading.

The results obtained with the first slum upgrading efforts provided a new benchmark for further interventions of this kind. The various interventions demonstrated the importance of providing public spaces to integrate the various neighbourhoods with their immediately surrounding areas. Indeed, the various slum interventions made it possible to reapportion the physical space occupied by the slums in a sustainable and environmentally

Slum upgrading in São Paulo.

balanced way, which led to their becoming integrated into the city proper, while at the same time protecting the occupants' investments in constructing their own homes. Based on this experience, slum upgrading began to be viewed as a major component of municipal housing policy, as well as one of the key public policy approaches for alleviating poverty.

In addition to providing solutions to problems of sanitation, drainage, accessibility, and risk elimination, the slum upgrading projects address the challenge of providing public spaces and amenities for social meeting and interaction places. These intervention proposals resulted from a survey of the inhabitants' characteristics, needs, and expectations, and from extensive social follow-up work undertaken with the relevant communities.

The projects basically take into account topographical conditions, existing urban and architectural morphology, and available areas of land. They aim to create an environment where each occupant can enjoy access to basic infrastructure services and new public amenities, as well as to communal spaces designed to help people socialise and build a sense of citizenship.

Slum upgrading and the integration of the slums into the city proper (benefiting from the goods, amenities and services common to modern urban life) basically mean that slum dwellers have greatly expanded their opportunities for access to employment, study, health care, and other services. It also means that slum occupants are able to focus on improving their homes whilst learning to acquire rights as genuine citizens.

Challenges and Expectations

The current challenges for housing policy are the following:

■ to bring together the various interventions in the designated areas, with the river basin serving both as a management and project unit, to ensure that integrated actions are undertaken to benefit environmental sanitation. All of these can positively affect the future of the entire Alto Tietê Basin.

■ to increasingly integrate education and training of the workforce, employment, and income generation, and other social well-being actions with the slum upgrading and tenure regularisation projects;

■ to maintain and enhance the management information system that has already been established, with a view to integrating it with other databanks run by municipal, state, and federal government bodies;

■ to ensure popular participation at every stage of housing production and delivery—from the definition of priorities and targets, through to budget execution follow-up, and the execution of the public works planned under the municipal housing plan.

The main obstacles are the following:

■ the high cost of land for building new housing units, given the scarcity of land in the formal real estate market;

■ the low indebtedness capacity and the parallel difficulties encountered by low-income families (earning below three minimum salaries) to secure access to housing finance;

■ urban crime caused by the presence of organised criminal gangs. This can make it difficult to undertake slum upgrading.

View of Paraisopolis.

Slum upgrading in São Francisco.

The following are the key achievements and innovations:

■ The main achievement arising from the process was the participation by Municipal Secretariat of Housing and Urban Development (SEHAB) managers during the entire strategic planning preparation process. Updating the cadastral data has been conducted systematically by all the officials, using the HABISP (www.habisp.inf.br) information system (a user-friendly tool that enables systematic updating of information by officials, thereby guaranteeing their involvement in housing-related strategic planning).

■ The successful use of the HABISP information system. In addition, this system has proven to be a highly useful public policy management instrument for the population in general, given that it can be readily accessed on the Internet.

Child in São Francisco, São Paulo.

Jardim Olinda.

Conclusion

Lessons Learned from São Paulo—At the close of the dialogue on the "Challenges of Slum Upgrading: Sharing São Paulo's Experience of São Paulo," participating cities presented their reflections on the event and the lessons learned. They compared their experiences in slum upgrading with São Paulo's.

Godfrey Hiliza, Manager of Policy and Operational Support for Ekurhuleni Metropolitan Municipality, observed that the São Paulo experience is unique because of the close engagement between the municipal staff and their constituents.

"The passion of the technical staff in the slum upgrading process is clear for all to see. We perceive some challenges similar to those faced by Ekurhuleni, like limited capacity and unemployment in the deprived communities. But without doubt, São Paulo is already more advanced than Ekurhuleni in the slum upgrading process."

Urvinder Madan, Project Manager for the Mumbai Transformation Support Unit, pointed to spatial differences between the slums in Mumbai and São Paulo. "In Mumbai, the informal settlements are spread all over the city; here in São Paulo they are concentrated in seemingly predetermined localities," said Madan. The quality of housing in the slums is also superior to what one finds in Mumbai. "What really impressed me about São Paulo is the level of planning, the technical expertise of the SEHAB team, and the quality of the

housing, open spaces, and access to basic infrastructure in the slum areas. I am going back to India with very positive lessons from São Paulo," Madan concluded.

For Abosede Francisco Bolaji, Lagos State Commissioner for Physical Planning and Urban Development, one significant lesson from São Paulo is that "upgrading of slums is not limited to housing construction or upgrading of existing buildings. The social component of the entire process is key, with the ultimate objective being the guarantee of access to life skills and to better living conditions."

Visit during international policy dialogue to slum upgrading site.

Photo: Vila Nilo, São Paulo

He also pointed out the quality and dedication of the municipal staff. He said it was hard to believe that these were civil servants, given their passion for and commitment to their work.

For Khalil Sha'at, Adviser to the Governorate of Cairo on Informal Areas, key impressions from the Sao Paulo dialogue included the following: "The dedication of the teams involved in the slum upgrading process; data availability and use of data as a planning tool; public-private sector partnerships; slicing the issue—too many slums but serious upgrading under way; social work integral to the process; continuous public dialogue on slums and the slum upgrading process; and finally, the fact that the process is part of a defined national policy on slums, with both political and financial commitment by the government."

Representing the Manila delegation, the Mayor of Taguig, Sigfrido R. Tinga, also noted the passion of the public servants in São Paulo. Other major impressions were the "housing solutions, data capture, and management systems, reinforcing the old management concept 'what you cannot measure you cannot manage,' and economic development."

In summarising, he said cities needed a bigger forum and a louder voice to bring their issues to the fore of public life, for example, a dedicated cable channel to promote key messages and good news about such cities as São Paulo. Mayor Tinga also broached the all-important question of follow up on the dialogue, so that the materials and lessons are not lost in the maelstrom of daily activities. "We need to more broadly capture and disseminate the lessons of cities through mass media channels, to create the opportunity to turn night into day," he said.

Looking Forward

For the Cities Alliance, the international policy dialogue held in São Paulo was a first attempt to work with a significant partner city to share tangible lessons with similar cities elsewhere in the world. Notwithstanding the specific Brazilian policy, legal, and financial frameworks, the essential challenges are largely the same—considerable social and infrastructural backlogs created through decades of social exclusion.

The real significance of the Brazilian lessons is that African and Asian cities still have to experience the sustained urbanisation patterns evident in Brazil, and therefore have the opportunity to learn from Latin American successes and failures alike. The citywide upgrading programme in São Paulo is, indeed, truly impressive and has few peers. At the same time, the current administration is having to make good the failures of previous regimes, for whom the urban poor were seen as problems rather than citizens. Avoiding the same costly mistakes will require leadership and decisive action in Africa and Asia.

Photo: São Paulo

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