REGULATORY GUIDELINES FOR URBAN UPGRADING: TOWARDS EFFECTING PRO-POOR CHANGE

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**PRACTICAL ANSWERS
TO POVERTY**

> *The poor of cities are not just passive objects. Most often they are solving their own problems. These people are taking care of themselves….putting up their own [informal] settlements, taking care of their living environment. So if you listen…..the people themselves would solve most of their problems."*
>
> Anna Tibaijuka – Executive Director, UN-Habitat

INTRODUCTION

The new millennium is set to witness increased urbanization of poverty. If current trends continue nearly one billion urban dwellers in the cities and towns of the South are likely to be poor. The overwhelming majority of these poor urbanites will live and work in informal settlements — the most conspicuous manifestation of urban poverty today. The challenge therefore is to improve governance, productivity, efficiency and equity in order to provide safe and secure living environments, sustainable livelihoods, and a better quality of urban life for people living in poverty.

INFORMAL SETTLEMENTS

Informal settlements have become a consistent feature of the urban landscape in much of the South. Informal settlements continue to exist and expand because of the inadequate provision of land, speculative investments patterns, a tendency towards over-regulation, and a regulatory framework of standards, regulations and administrative procedures that is at best indifferent and more often hostile to the needs of the urban poor (ECOSOC, 2001). Indeed, there is a general consensus amongst those studying the urbanization process and economic situation in the South that informal settlements will continue to develop, and are not only inevitable, but also realistic in the circumstances.
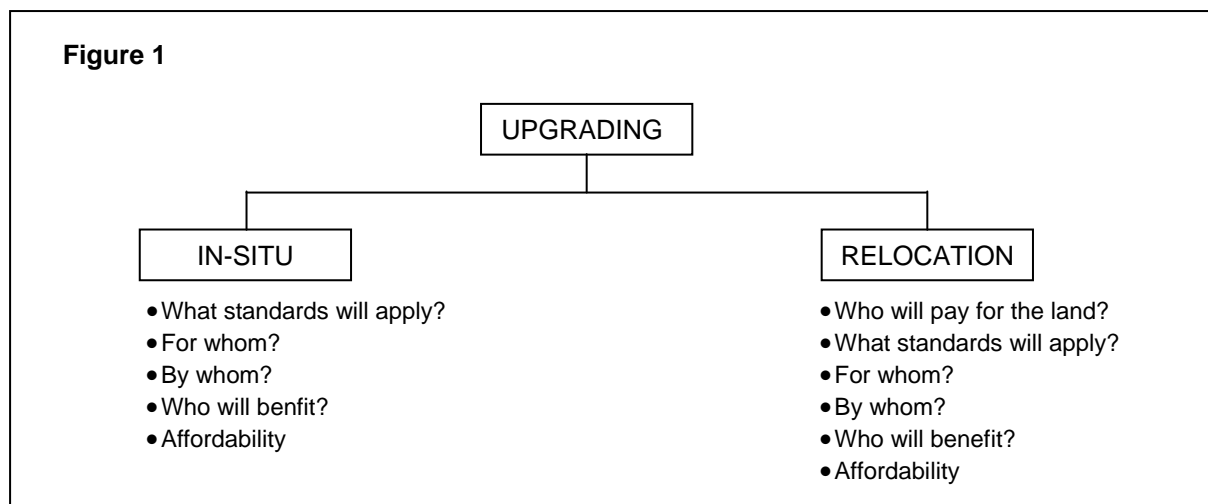
Despite the often illegal encroachment on land, hazardous location, deficient infrastructure, poor quality of dwellings and insalubrious environment, informal settlements afford a practicable response to resolving essential shelter needs — they are able to match the needs, priorities and ability-to-pay of the urban poor. They also afford urban poor women and men the opportunity to access assets and resources that would otherwise be beyond them, such as land, housing and, to a lesser extent, infrastructure; social networks; informal savings and credit systems; and income earning opportunities. Thus, the various problems they create for urban authorities notwithstanding, informal settlements are generally beneficial to the maintenance and reproduction of economic and social order.

URBAN UPGRADING

Urban upgrading, at its most basic level, involves *improving the physical environment of informal settlements*. This, according to the World Bank, includes improving and/or installing basic urban infrastructure such as water, sanitation, waste collection, storm drainage, access roads and footpaths, and street lighting. But upgrading also involves regularizing security of land tenure and housing improvements, as well as improving access to municipal services and amenities and social support programmes (e.g. health, education).[1]

The emphasis in upgrading initiatives has generally been on infrastructural and physical improvements, and to a lesser extent economic development. Considerably less attention has been paid to community development and social upgrading, even though these are equally important (Majale, 1998). But, as an Expert Group Meeting (UNCHS, 1977) underlined, informal settlements are composed of people, not just housing. Hence, physical upgrading of the environment, without enhancing the self-respect of the inhabitants and helping them achieve sustainable livelihoods will not produce lasting improvements.

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[1] http://wbln0018.worldbank.org/External/Urban/UrbanDev.nsf/Urban+Slums+&+Upgrading/E721470A9E68FBAF8525688E005 63914?OpenDocumument. See also Sohail *et al.* (2001) for some of the main features of upgrading projects implemented in Sri Lanka and Pakistan, and Tayler and Cotton (1993).

Figure 1

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                    UPGRADING
           ┌────────────┴────────────┐
       IN-SITU                    RELOCATION
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IN-SITU
- What standards will apply?
- For whom?
- By whom?
- Who will benfit?
- Affordability

RELOCATION
- Who will pay for the land?
- What standards will apply?
- For whom?
- By whom?
- Who will benefit?
- Affordability

A key question that arises with regard to upgrading is whether a distinction should be drawn between *in situ upgrading* and *relocation*, in which a number of related issues need to be addressed:

- Different communities will make distinct choices given similar circumstances
- The need for honest brokers in these processes
- Participation of the community in the steps involved in situ upgrading and / or relocation
- How the physical planning requirements of those that remain and are not relocated will be addressed, taking into account the social and economic dysfunction that is certain to result. Hence the issue of ownership and question of "*upgrading for whom?*" must be fully addressed.

The RGUU project international research team agreed to consider both *in situ upgrading* and *relocation* (see Figure 1). The team also identified a number of contextual issues relating to upgrading that were classified into four levels: Global, national, city and settlement.

Global Level Issues

- Land as a basic right
- Rapid and continuing urbanisation through rural-urban migration and natural population growth leading to an escalation of urban poverty and informal settlements
- Big informal industries
- Violence
- Distrust of state security systems by the poor and setting up of parallel security systems
- Global campaigns and programmes and how these are interpreted and operationalized:
  - Global Campaign for Secure Tenure
  - Global Campaign for Urban Governance
  - Cities without Slums

National Level Issues

- Land policies that incorporate informal settlement chapters in development plans
- Clarifying the enabling role of the State
- Politics
- Integration of planning systems
- Rapid and continuing population growth

City Level Issues

- Demographic realities e.g. age, gender etc.
- Clear city goals for pro-poor development complete with progress indicators
- Integration of planning systems (land, infrastructure, employment, etc.) – i.e., city-wide development strategies

- Including and combining in-situ upgrading with relocation options
- Politics

Settlement Level Issues

- Insulation of the urban poor from critical forces that mitigate their efforts to improve livelihoods
- Including and combining in-situ upgrading with resettlement options
- Taking account of both owners and tenants
- Acceptability of technologies, e.g., sanitation technologies *vis a vis* cultural norms and values
- Violence/security
- Politics

SUSTAINABLE LIVELIHOODS

Sustainable livelihoods are derived from people's capacity to make a living and overcome shocks and stress without jeopardising the livelihood options of others, either now or in the future. This requires reliance on both capabilities and assets for a means of living. As Hoon *et al.* (1997) put it, a livelihood is sustainable "if it can cope with, recover from and adapt to stresses and shocks, maintain and enhance its capabilities and assets, and enhance opportunities for the next generation."

The sustainable livelihoods approach (SLA) is a systematic and adaptive approach that links issues of poverty reduction, sustainability and empowerment processes (e.g., participation, gender equity, and good governance[2]). The value of the SLA lies in its applicability to different contexts, situations of ambiguity, and in its efficacy as a consultative and participatory process for the cross-fertilisation of ideas and strategies between various stakeholders (Hoon *et al.*, 1997).

Based on experimentation and lessons from the field, the SLA has been operationlized in five interactive steps (Hoon, *et al.*, 1997):

- Identification of the risks, assets, entitlements, livelihood activities, and knowledge bases of communities and individuals through the use of participatory methodologies.
- Analysis of macro, meso, micro and sectoral policies which impinge on peoples livelihoods.
- Assessment and determination of key technological contributions to sustainable livelihoods.
- Identification of existing investment (e.g., microfinance) opportunities.
- Making sure that the first four steps are integrative and interactive in real time.

The SLA can thus assist the formulation of appropriate policy and regulatory frameworks that recognize both the opportunities for individuals and communities as well as the risks; help them harness their coping and adaptive strategies; strengthen the learning of local and national networks and institutions; and encourage sustainable use of natural resources so as to create an enabling environment for sustainable livelihood patterns (Hoon, *et al.*, 1997).

Central to the SLA is the sustainable livelihoods framework (SLF) which, in its simplest form, views people as operating in a context of vulnerability.[3] Within this context, they have access to various assets or poverty reducing factors. These gain their meaning and value through the prevailing policies, institutions and processes (PIPs), which include standards and regulations. The regulatory environment thus influences the livelihood strategies – ways of combining and using assets – that are open to people in pursuit of beneficial livelihood outcomes that meet their own livelihood objectives. The adoption of the SLF for the Regulatory Guidelines for Urban Upgrading (RGUU) project was made explicit in the project proposal and at the subsequent project planning workshop.[4]

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[2] "Governance" is not synonymous with "government". "Government means the formal institutions of government and state control, while "governance" extends beyond these, referring to relations between the state and other institutions, including civil society and the private sector (both formal and informal) (Panos, 2000).
[3] See the Department for International Development (DFID) *Sustainable Livelihoods Guidance Sheets* http://www.livelihoods.org/info/info_guidancesheets. html#6
[4] See Minutes of the Joint Preparatory Workshop for the GPA and ITDG Research Projects on Regulatory Guidelines for Affordable Shelter and for Urban Upgrading, London, September 12-15, 2000.

The assets that are generally recognised within sustainable livelihoods theory are:[5]

  ➢ **Natural (Environmental) Capital**: Natural resources (land, water, wildlife, biodiversity, environmental resources).
  ➢ **Physical Capital**: Basic infrastructure (water, sanitation, energy, transport, communications), housing and the means and equipment of production.
  ➢ **Human Capital**: Health, knowledge, skills, information, ability to labour.
  ➢ **Social Capital**: Social resources (relationships of trust, membership of groups, networks, access to wider institutions).
  ➢ **Financial Capital**: financial resources available (regular remittances or pensions, savings, supplies of credit).

But the RGUU project international research team agreed on a modification of the SLF that includes the addition of two additional asset categories: **Institutional (Political) Capital** and **Knowledge and Information**.[6]

REGULATIONS IMPACTING ON THE LIVELIHOODS OF THE URBAN POOR NEEDING TO BE CHANGED

Regulatory frameworks that shape the lives of the poor are established by both central and local governments and are designed to apply nationally and locally. Regulatory frameworks essentially set the parameters for development in general, but more specifically for the municipal environment. Regulatory frameworks comprise a wide range of laws, including local government laws, ordinances, legislation and regulations related to town planning, public health, land development and building. The urban poor are unable to achieve sustainable livelihoods largely because of policy and regulatory frameworks that not only constrain their access to essential assets and opportunities but also prevent them from engaging in activities required for a means of living. Protracted and costly procedures are commonly a further impediment, as are the interpretation and application of regulations by the parties concerned.

Land

Many cities are finding that access to land is the greatest single impediment to the improvement of urban living conditions (Payne, 1999). Indeed, land is a critical element in the livelihoods systems of the urban poor in the South. Access to land provides a basis for not only agricultural production, but also for housing and related infrastructure. People can access and hold land in a variety of ways, but *secure access to land* — at least for housing — is very often a fundamental requisite to establish a sustainable livelihood. The policies, institutions and processes, including laws and regulations, which govern people's access to land thus have a significant impact on the livelihood options of the urban poor, and are critical to their efforts to develop and achieve sustainable livelihoods.

Poor people's rights to land represent key household and community assets that may provide the ability to meet essential household subsistence needs, income generating opportunities, and/or a means of insurance against livelihood risk. Poorer people tend to rely more heavily on customary or informal rights that are not adhered to or recognized by outside user groups. Moreover, marginal groups, such as poor women, frequently lose out as a result of policies and processes which privatise and reduce complex bundles of rights into a single unitary right (Panos, 2000).

There are three distinct schools of thought with regard to the question of positive causality between titling, security of tenure and investment in housing. The first holds that security in informal settlements depends less on legal status and more on the occupants perceptions of the probability of eviction, the availability of services and the passage of time. The second contends that tenure in itself is not sufficient to lead to higher investment in housing if housing finance is not available. The third

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[5] See Majale (2002).
[6] See Regulatory Guidelines for Urban Upgrading: Minutes of an International Team Meeting, 15 – 16th January 2002, Fairview Hotal, Nairobi, Kenya. For definitions of Institutional (Political) Capital and Knowledge Capital see McLeod (2001a). The case for inclusion of these two asset categories is supported by the asset mapping process which helped Homeless International articulate how the formation and development of institutional capital within informal settlements provides a strategic basis for negotiated partnerships between organizations of the urban poor, and both the state and formal financial institutions, Lowe and Schilderman (2001) and Schilderman (n.d.) ikewise argue that information, knowledge and skills in the human asset base do not receive the prominence they warrant

argues that tenure legalization, by raising the value of the property and its rents, can hurt the most vulnerable, namely the poor and the tenants and adversely impact women (Fernandes, 1999).

Many have suggested that the focus should not be on tenure legalization but rather on other non-legal strategies. They recommend the regularization of informal settlements based on increasing the perception of security of residents; provision of infrastructure that adds to the sense of security and also makes upgrading feasible; similarly the provision of other services and amenities; and the availability of finance for housing improvement using non-property collateral. Another expected advantage of this approach is that it circumvents legal complications involved in tenure legalization[7], and minimizes transaction costs involved in acquiring title to land. However, the matter of who should own land in informal settlements will have to be looked into.

It has also been argued that the focus should be on ways in which security and effectiveness of property rights can be enhanced under prevailing arrangements rather than posing an unrealistic and often artificial dichotomy between private and communal title. And alternative land management and ownership models have also been proposed. The "Community Land Trust" model, for example, aims to make land tenure for the targeted urban poor community sustainable and minimize negative effects of the land market on poor residents. But the literature indicates that communal tenure systems can break down, with adverse consequences for vulnerable households and that the threat of arbitrary redistribution may eliminate investment incentives, with significant impacts on productivity under high population density. In many such situations individual titling is, however, not a realistic alternative (Deininger. and Binswanger, 1998). The challenge is to find ways to increase tenure security and protect individuals against unpredictability and arbitrariness, as well as market forces, in a way that facilitates gradual evolution of the system in a cost-effective manner.

Additional questions that need to be addressed include the level to which information on public land should be accessible; how much land an individual can own on one extreme and what the minimum allowable plot size should be on the other; and how long land can be held for speculative purposes. And in informal settlements in which renter households constitute the majority, the conflicting interests of landlords and tenants will have to be resolved.

Access to and control over land and housing are determinative of women's overall living conditions and their achievement of sustainable livelihoods. These entitlements are essential for women's physical and economic security, and for equality in gender relations (Kothari, 2001). Gender discriminative policies, legislation and regulations thus need to be reviewed.

Infrastructure

Physical capital, as defined in the Department for International Development (DFID) Sustainable Livelihoods Framework (SLF), comprises the basic infrastructure and producer goods needed to support livelihoods. Producer goods comprise tools and equipment that people use to function more productively, while infrastructure consists of changes to the physical environment that help people to meet their basic needs and to be more productive. The following components of infrastructure are usually essential for sustainable livelihoods: adequate water supply and sanitation; clean, affordable energy; reasonably priced transport and mobility; and access to information (communications) (George, n.d.). But investments in infrastructure are wholly inadeqaute in much of the urban South and it is poor households in informal settlements who bear the brunt of the consequences in terms of unfit living conditions, ill-health and lost opportunities (Salifu and Doyen, 2001). And in many countries, the overall regulatory system governing the infrastructure sector further constrains access by the urban poor.

Modern regulatory systems typically comprise three distinct but closely related elements (Smith, 2000; Brook and Smith, 2001):

- A set of *regulatory rules* embodied in laws, licences, contracts or similar instruments that define acceptable conduct;
- One or more *regulatory bodies* responsible for administering and enforcing those rules; and
- A set of *regulatory processes* undertaken or managed by regulatory bodies to discharge their responsibilities.

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[7]http://web.mit.edu/urbanupgrading/upgrading/resources/bibliography/Upgrade-strategies.html#Anchor-Tenure-54000

The vast majority of urban poor people living and working in informal settlements are forced to rely on small-scale private-sector and community-based service providers (water vendors, telecommunications, informal transport, etc.) for basic urban services. But infrastructure standards and regulations typically exclude small community-based entrepreneurs who lack the capital or technology required. Yet it is precisely these enterprises that are likely to offer lower cost services affordable by urban poor women and men.

Pro-poor regulatory systems should enable poor households in informal settlements to gain sustained access to safe drinking water and sanitation. They should take into consideration the range of technology options with particular attention to low-cost options, maintenance and management implications. Regulatory barriers to entry by alternative infrastructure providers should also be removed to enable them to respond to the needs of unserved urban poor households. This could mean relaxing regulatory rules that control market entry and formally recognizing informal providers, such as water vendors, which will facilitate scrutiny against other regulatory objectives, such as basic environmental health and safety concerns. A division of regulatory responsibilities may likewise be required, with a central regulatory body responsible for overseeing the market as a whole and more decentralized actors — such as local authorities and NGOs — responsible for monitoring the performance of alternative service providers. Regulatory processes should engage all stakeholders, including the urban poor, as this will ensure that decisions are well-informed and underpin the legitimacy of the regulatory system (Smith, 2000; Brook and Smith, 2001)

Many countries recognize that improvement of infrastructure in informal settlements is a key element in the fight against urban poverty. Moreover, the usufructory rights accorded through acquiring infrastructure services strengthen informal settlement residents' ultimate claim to tenure.[8] But infrastructure improvements need to be incremental and respect the needs, priorities, preferences as well as the affordability of households that live in informal settlements. This may require changes in both the financing of infrastructure services, through innovative approaches such as the "Estate Development Fund", and in infrastructure pricing methodologies.

Existing procedures, rules and forms of contract governing infrastructure procurement restrict the widespread involvement of poor communities in the implementation and management of their local infrastructure, and further mitigate against community participation and management in local environmental improvement. But there are many examples of successful community partnered procurement (Sohail *et al.*, 2001) and contracts for labour-intensive construction and maintenance works being awarded to community based organizations (CBOs). Regulations governing infrastructure procurement should therefore enable their involvement and institutional structures should likewise support their engagement.

Shelter

The overwhelming majority of poor households in the urban South are unable to access "adequate shelter", which *The Habitat Agenda* (UNCHS, 1997:35)*,* defines as more than simply "a roof over one's head"—it also means:

> adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; and adequate and accessible location with regard to work and basic facilities: all of which should be available at an affordable cost.

Regulatory barriers to affordable housing compel urban poor households to live in informal settlements characterized by deficient infrastructure, poor quality housing, overcrowding and insalubrious living environments. A "regulatory barrier" may be

> ….either deliberate or de facto action that prohibits or discourages the construction of affordable housing *without sound reasons directly related to public health and safety;* a….state, or local, statute, policy, custom, practice or procedure that excessively increases the cost of new or rehabilitated housing, either by improperly restricting the location of housing or imposing unjustifiable restrictions on housing development *with little or no demonstrated compensating public benefit.*[9]

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[8]http://web.mit.edu/urbanupgrading/upgrading/issues-tools/issues/security-of-tenure.htm
[9] http://www.asu.edu/caed/proceedings99/CLARION/LARION.HTM

Regulatory barriers to adequate and affordable housing must therefore be priority targets for reform if urban poor households are to access one of the key assets needed for the achievement of sustainable livelihoods.

Legislation and regulations in force in the South created during colonial times are infamous for obdurate insistence on industrialized materials and design and construction practices (Yahya *et al.*, 2001). Reducing the cost of building materials by allowing the use of readily available local alternatives, which decreases both the need for foreign exchange and the high transport outlay, is an important way of increasing accessibility to housing and thereby improving livelihoods, as is the promotion of appropriate construction technologies. Prevailing systems for enforcing building regulations and approving new housing construction that are too complex, frequently result in lengthy delays and add unnecessary costs to construction also need to reviewed.

Home-based enterprises (HBEs)

In many countries in the South, informal settlements, in which the majority of urban poor households live and work, generate enormous revenue through informal activities, waste recycling, micro- and small-enterprises (MSEs) and home-based enterprises (HBEs). But this contribution is rarely acknowledged in the formal economy, and frequently not acknowledged by politicians (Panos, 2000). HBEs, in particular, greatly increase the livelihood opportunities for the urban poor, especially women. Indeed, women's income generation activities in informal settlements are typically carried out in or near the home, yet restrictive zoning regulations continue to make such activities illegal. The changing role of women in society and the economy is central to the changing scope for HBEs (Strassmann, 2000).

HBEs are however sometimes incompatible with established norms for the built environment, as the users transform the buildings to suit their production needs (IFUP, 2000). While HBEs do pose environmental threats (Hardoy, *et al.*, 1992), these are not as serious as drafters of regulations may believe (Napier *et al,* 2000*;* Tipple, 2000).

As HBEs create income-earning opportunities and access to goods and services within informal settlements, Tipple (n.d.) argues that their establishment can be regarded as upgrading. Upgrading policies should thus consider all informal settlements as potential locations for multiform commercial, retail and light industrial uses, including HBEs, and plan service levels accordingly. And regulatory frameworks should similarly facilitate the operation of HBEs. Enabling zoning regulations for urban upgrading could include *mixed use zoning*, a technique for incorporating integrated project components within a coherent plan that stipulates the type and scale of uses, permitted densities and related items (UNCHS, 1996). As considerable numbers of informal settlement residents derive their livelihoods from self-employment in HBEs, regulations should protect and promote their work and income security and increase their productivity. HBEs should be protected, not necessarily through home ownership, but through the guarantee of non-eviction. Indeed, as far as investment in HBEs is concerned, the feeling of security of tenure is more important than the actual ownership of property (IFUP, 2000).

Access to credit

Lack of access to credit increases the vulnerability of the urban poor and limits their capacity to achieve sustainable livelihoods by constraining their ability to improve their homes, their work, and to start new MSEs and HBEs. Credit underwriting is a major problem since the poor do not have property to use as collateral and often lack regular incomes. And the protracted bureaucratic procedures of most finance institutions often present insuperable obstacles.[10] Although governments and finance institutions have long recognized the importance of credit in development, they have shown little imagination in finding ways to deliver it. This is however changing.

The neediest among the urban poor, with no jobs, no security and no collateral, are organising ways of providing themselves with credit. They are taking responsibility for making all loans and settling all repayment and interest rates themselves.[11] Informal credit sources such as family members, rotating credit societies and savings clubs are meeting with significant success largely because they are

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[10] Fewer than 2 per cent of poor people have access to financial services (credit or savings) from sources other than money lenders. (Panos, 1997)

[11] http://www.panos.org.uk/books/books.htm

based on social ties, i.e., social capital. They require little or no paperwork or collateral, are not regulated by the government and use peer pressure to prevent default. Rotating credit societies are key players in informal housing, and they can become important instruments in poverty reduction (Nordberg, 2000). It is now also generally accepted that populations traditionally excluded from the formal financial sector can, in fact, be a profitable market niche for innovative banking services, and that microfinance can be very important in reducing poverty.

Regulatory reform should thus support the development of sustainable alternative financing systems that can provide quality services to urban poor women and men and their MSEs. A pro-poor regulatory environment for microfinance institutions (MFIs), that enables them to operate relatively freely without unnecessary restrictions, is also important if the microfinance sector is to achieve significant outreach on a sustainable basis. But it is appropriate to have some kind of framework to encourage MFIs to meet certain minimum performance and reporting standards and improve over time.

NON-NEGOTIABLE PRINCIPLES UNDERPINNING PRO-POOR REGULATORY REFORM FOR URBAN UPGRADING:

Pro-poor regulatory reform for urban upgrading must be underpinned by a number of non-negotiable principles if it is to be effective.

Recognition and acceptance of realities on the ground

Have cognizance of and appreciate realities on the ground and the contribution of households living in poverty to the urban economy – The answers of development agencies have, for the greater part, failed to understand the realities faced by the urban poor and the potential for change. By drawing on the resources (social, intellectual and financial) of the poor themselves, new strategies and approaches have been identified (Mitlin, 2000). Regulatory guidelines for urban upgrading should address the diversity in local realities and livelihood needs (Lowe and Schilderman, 2001).

Equity driven processes

Promote equity of access to assets and decision-making processes – Sharing of power leads to equity in access to and use of resources. Women and men must be equally represented, their needs and priorities equally addressed, in all urban decision-making and resource allocation processes. Urban poor households should have equal access to basic appropriate standards of safe drinking water, sanitation and other basic services, shelter, nutrition, education, healthcare and livelihood opportunities. This access should be measured through gender disaggregated data in the context of regularization and upgrading of informal settlements

Access to information

Enable the urban poor to readily access information– Information is critical for development and this is certainly valid for the urban poor. It is also a crucial ingredient for the empowerment of vulnerable groups. Information should be seen as a tool to reduce uncertainty and vulnerability, and can enable the poor to take initiative in times of crisis, but information related to urban issues is not sufficiently finding its way to the urban poor (IFUP, 2000). It should therefore be made readily accessible by urban poor communities in a format that they can understand, which is not the case with most regulatory texts such as planning, building, environmental, fiscal, work, health and safety regulations. Indeed, as Klein, (1996) affirms, the key to effective regulation is to generate information that enables the regulator to make good rules and allows interest groups to monitor regulatory activity. Public education should be an important item of a new regulatory agenda — developing information strategies aimed at educating citizen about the regulatory system.

Legitimization of the knowledge creation process of the urban poor

Understand and acknowledge the knowledge and information systems of people living in poverty – A systematized capturing and sharing of knowledge and information should be established and promoted, in particular grass-roots mechanisms to allow for the sharing of knowledge, information and experience between urban poor communities. Urban poor people's organizations are an important source of innovation and action at the local level and have a strong interest and proven ability to promote sustainable livelihoods. Indeed, urban poor communities have used knowledge and

information that they themselves have generated to challenge the inadequate and inaccurate information that the state uses for reallocating resources for the poor in cities (Patel, n.d.), and have thus been able to use knowledge as an asset for negotiation.

Integrated planning and development strategies

Institute an integrated, interdisciplinary approach with the involvement of actors in different levels of government, NGOs and local communities – A coherent framework that sustains the complimentary and contradiction between upgrading and poverty is essential. Upgrading interventions focused on urban poverty reduction must be developed in the context and processes of formulating local integrated development plans. This should include an agreed strategic framework for upgrading and identified action areas with assigned roles for each stakeholder group. Planning and implementation processes should be streamlined to improve decision-making, internal functioning and community participation.

Incorporation of "anticipatory" planning

Reform planning practice within local authorities, so that planning and development control are integrated and the prevailing reactive development control culture of planners is discontinued – Cities that plan their moves over decades can expect to waste fewer resources on "catching up" with rapid growth and poorly-sited services and facilities. Many cities have demonstrated that well-managed growth can extend services to urban poor populations in a way which allows upgrading to higher standards of service in accordance with public and private capacity to pay (Cities Alliance, 2000).

Government's role as enabler

Pursue government's role as enabler and develop its capacity to perform that role — Governments should fulfil a pro-poor enabling role and guarantee human rights. They should support the removal of regulatory impediments and the streamlining of the regulatory framework to contribute to an enabling environment for urban upgrading. In situations where the necessary supportive policies, institutions and processes have not been effected, governments must at least indicate that they are supportive of urban upgrading.

Partnerships between key stakeholders in the planning/development process

Promote partnerships between key stakeholders that ensure inclusiveness – Co-ordination of all key stakeholders, through active and effective partnerships at all, is a prerequisite for the success of urban upgrading. Appropriate frameworks and institutional support that facilitate participation and partnership arrangements at all levels should be established and adopted. Multilateral and bilateral agencies and thousands of NGOs and community groups have gained considerable experience in implementing upgrading projects worldwide. A large number of these projects have successfully demonstrated that informal settlements and the livelihoods of their residents can be improved. One of the key lessons learned is that upgrading is most effective when led by the municipal authority and implemented at the community level through a broad set of intermediaries including CBOs, NGOs, and UN agencies such as UN- Habitat and UNICEF.[12]

Inclusiveness

Introduce an enabling and inclusive regulatory environment for systematic and sustainable urban upgrading – "Inclusiveness", in the Global Campaign for Good Urban Governance of UN-Habitat, is translated into the objectives of poverty eradication through improved urban governance, capacity-enhancement of local actors and stakeholders, and advocacy for good urban governance. Good urban governance implies that city governments respond to and are accountable to all urban residents, including those living in poverty. If the livelihoods of urban poor households living in informal settlements are to be improved, and they to be integrated physically and social integration into their urban surroundings, it is imperative that discriminatory and exclusionary regulations are eliminated.

Ownership of situation / processes

Empower urban poor communities to own situation / processes – Urban poor communities need to feel that they are in control of the situation and take ownership of processes and interventions that will

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[12] http://web.mit.edu/urbanupgrading/upgrading/whatis/history.html#Anchor-Why-1659

impact on their livelihoods. If managed effectively, participation can enhance community ownership of processes and facilities and contribute to the sustainability of upgrading and the benefits experienced by poor communities.

Regulation as a process rather than a product

Change from traditional regulatory paradigms by framing regulation as a process — `Regulation' can be seen in a number of ways. It can be conceived of as a rule or order of conduct prescribed by an authority, either requiring or prohibiting certain behaviour, for various purposes, e.g., health, safety or environmental objectives. Or it can be looked upon as a process or activity in which an authority requires or proscribes certain activities or behaviour on the part of individuals, communities, organizations or institutions, and does so through a continuing administrative process, generally involving specially designated regulatory agencies.[13] Ongoing and constant regulation should expand and increase value-added in livelihood activities engaged in by urban poor people. And a continuous revision process should create and maintain an enabling regulatory framework

Boundaries between internal/external regulation

Distinguish between aspects of urban upgrading that can be internally regulated, i.e., self-regulated and externally regulated – Regulations should be simple, easily accessible and understood by all stakeholders. Transparency is a key facet of regulation and stakeholders should have access to information and a voice in decisions concerning them. To avoid excessive regulation, realistic targets should be set and mechanisms put in place that rely as much as possible on self regulation. The differentiation between self-regulation and external regulation, with closer inspection of the nuances of the regulatory framework, should be given more importance

HOW TO EFFECT CHANGE

To effect change in regulatory frameworks for urban upgrading as a result of the guidelines generated by the project a number of measures will have to be taken.

Affordable regulation

Regulations have led to chronic problems of unaffordability on the part of the urban poor. Regulatory guidelines for urban upgrading need to reflect poor households' affordability. In operational terms affordability means that the costs of land, infrastructure and housing should be reduced until they are within the reach of urban poor communities. Inferentially, regulations and standards governing land, infrastructure and housing development should be set within the affordability limits of poor households in informal settlements

Invest in precedents

Effecting change in regulations will require considerable investment in terms of time and in the form of precedent setting and "pilot" projects to convince the authorities and other stakeholders of the import of proposed changes (McLeod, 2001).

Extrapolate from "pilot" projects

If upgrading interventions, including regulatory reform, are to have any significant impact on the livelihoods of the urban poor majority in the South up-scaling is essential. The lessons of pilot initiatives can be mainstreamed into macro-policy and programmes by building alliances and partnerships amongst key stakeholders and various interest groups.

Establish dialogue / partnership with bureaucracy

Regular dialogue and gender-sensitive participation of the various stakeholders involved in urban upgrading at all levels and stages of decision-making should be facilitated. This includes establishing and encouraging dialogue between local communities and officialdom to develop an expanded concept of upgrading, which recognizes that the physical, environmental, social, civic and economic consequences for directly and indirectly affected parties, including future generations, should be taken into account in decision-making.

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[13]http://ism2000.cba.hawaii.edu/BLAM-ISM.htm

Expand dialogue

Expanding dialogue by including local languages in the dialogical process is a most effective way of creating an enabling environment and conditions that will encourage poor people, social activists and grassroots political entrepreneurs to invest in pro-poor mobilisation. Poor people will be better able to discourse with the authorities as a major bureaucratic impediment, official language, will be removed.

Engage key stakeholders (leaders, professionals, ALGAK, etc.)

All key stakeholders in urban upgrading must be engaged to effect changes in regulations. The value of engaging local authorities, leaders, professionals and poor communities in an integrated approach to addressing the shelter deficit in a rapidly growing municipality has been demonstrated in the *Integrating Urban Housing Development in Kenya and India* project being implemented by ITDG in informal and peri-urban settlements in Nakuru. And ALGAK (Association of Local Government Authorities in Kenya) is an active partner in the RGUU project in Kenya.

Create a "critical mass" for engagement purposes

Regulatory reform will only be achieved if a "critical mass" in urban poor communities that can effectively engage in the change process is created and sustained. Community leaders will require appropriate tools to mobilize poor communities, to form that critical mass which is fundamental to effecting real change. These kinds of tools are emerging gradually, from research and practical application — many are already being actively used. And there now exists a set of precedents — a protocol.[14]

Identify community decision making processes

The decisions that local communities must take to enable them to operate collectively in developmental activities and negotiate with the state need to be identified. Understanding the role knowledge and information plays in poor people's decision-making over access to livelihood assets is crucial to understand their wider decision-making.

Build institutional capacity

The envisaged participatory regulatory reform process will place great demands on institutions. Capacity-building and institutional development strategies will thus need to form an integral part of the change process at all levels. To facilitate capacity-building and institutional development for urban upgrading, governments at the appropriate levels, including local authorities and their associations (e.g., ALGAK), will have to develop information systems for networking, for accessing resources, and for the exchange, transfer and sharing of experience, expertise, know-how and technology in urban upgrading. They should also establish and adopt a regulatory framework, and provide institutional support for facilitating participation and partnership arrangements (UNCHS, 1997).

Make the research process accountable to the poor

The research process can be made more accountable to the urban poor by involving them in the entire process, including the research design and execution and dissemination of the findings. This can be achieved through participatory approaches and methodologies. Community members themselves can propose and conduct consequential research that community networks can help support in many ways. Besides having a stake in the results of the research, they can offer critical and invaluable insight not available elsewhere. There is further added value in locating the research design and execution within urban poor communities assisted by development agencies instead of engaging a consultant or outsider. Doing the research builds a knowledge base within the communities and develops skills, which can then be built upon, upgraded and used more (Patel, n.d.).

Link research to activism

Research involving urban poor communities will be of little purpose if it does not improve the *status quo*. Participatory Action Research (PAR) is one approach to scientific inquiry in which the scientific method is employed to conduct research while bringing about desired social change, thus linking research and activism concurrently (White, 1991)

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[14] http://www.achr.net/ffpt3.htm

Eliminate information brokers

Knowledge and information generated by development agencies and through research and intended for urban poor communities often ends up in the hands of brokers or infomediaries, many of whom are not well connected to the target communities or share it selectively. Indeed, this is one of the main reasons why knowledge resulting from research and development programmes has less impact than expected at the grassroots level. Infomediaries that do not operate optimally should be eliminated. But those that do serve their purpose well should be helped to produce appropriate information resources in formats that are easily accessible and understood by the urban poor (Schilderman, 2002).

Participation

If pro-poor change is to be effective, there is need to transform the relationship between the authorities and local communities and thereby recast development priorities and processes. This means enabling the urban poor to actively participate in discussions and debates on development initiatives that will impact, either directly or indirectly, on their livelihoods. However, participation of urban poor and marginalized groups may not be in the political interests of other stakeholders. Moreover, class, gender and ethnic differences can be expected to produce conflicts in the matter of regulatory reform. Participation is thus, above all else, "a political process" (Leal, 1999). But participatory processes have frequently been reduced to technocratic machinations, designed mostly to improve the effectiveness and efficiency of the 'delivery' of development packages, rather than transform power structures that perpetuate people's marginalization and powerlessness. Participation's emancipatory meaning has been lost with the technification of political problems and the concomitant emphasis on methods of participation (PRA, PLA, RRA, stakeholder analysis, etc.). The urban poor consequently 'participate' in interventions that impact on their livelihoods without being able to decide on critical issues related to those interventions. Community participation should not be solely a means of cost-sharing and efficiency but an end for beneficiary capacity building and empowerment. In the context of urban upgrading, this will require political will.

Political will

The most important element for the promotion of large-scale urban upgrading with effective community participation is, without doubt, political will. Lack of will to support upgrading initiatives not only means a lack of interest and funding on the side of governments, but makes efforts to improve informal settlements virtually impossible. If political will is lacking, the requisite enabling policy and regulatory environment cannot be created. Political commitment at the highest level is also crucial for the effectual involvement of poor people and marginalized groups in regulatory reform. And political will at every level, from national to local level, is also essential for successful partnerships. It is also fundamental for scaling-up of upgrading interventions.

CONCLUSIONS

Reforming regulatory frameworks for land, infrastructure, housing and HBEs should remove constraints and disincentives to access for the poor. Pro-poor regulatory frameworks will eliminate inappropriate standards of provision that raise costs, encourage entry of alternative technologies and small-scale and other competing suppliers, establish more equitable tariff and cost recovery systems, and facilitate active partnerships between local governments, the private sector, NGOs and local communities to create practical solutions responsive to the needs of the urban poor.

The challenge is to facilitate the achievement of sustainable livelihoods by impoverished households in informal settlements through urban upgrading. Regulatory guidelines for urban upgrading must be more closely associated with poverty reduction strategies and real, not rhetorical, enhancement of livelihood outcomes in ultimately sustainable ways. Formulation of regulations must be participatory, designed in the context of, and tailored to the needs and strengths of local poor communities, and must direct address the livelihoods of the largest numbers possible of those living in poverty in informal settlements.

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