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Building partnerships for development
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<u>Introduction</u>

South Lebanon has suffered massively from occupation and conflict. The wounds and visible symptoms from this experience will not be quick or easy to heal. The challenge facing all those in positions of responsibility, both locally and internationally, is therefore one of initiating a process of recovery which rebuilds local confidence, capability and community. Conflict systematically destroys these qualities. Efforts in reconstruction therefore need to begin by restoring them before any real progress in terms of social and economic development can be achieved.

Clearly, even the most far-sighted policies cannot achieve their wider objectives unless developed as part of a multi-sectoral strategy to increase access to health and education facilities and enable all social groups to express and meet their needs. Ensuring a system of good governance is a pre-condition for success. Collaboration between and within government agencies at central and local levels, together with the active participation of the private sector and civil society, are important ingredients even under more routine conditions, but are vital in rebuilding areas recovering from trauma such as that experienced in South Lebanon.

It is possible that the international community will recognise the legitimate needs of the people in the region for external support in rebuilding their lives. However, the government and people involved would be wise to recognise that such external support often falls short of what is needed or declines when another international crisis dominates the news agendas. Whatever external support is forthcoming, ultimately local development can only be achieved and sustained when local people have control over local resources and the freedom to choose the options suitable for their needs. Development is something that people achieve for themselves, not something that can be done *for* them.

How can housing and urban development policies and programmes contribute to this challenge? What role can central government and other key stakeholders best fulfil in this situation? Clearly, this is a matter for local decisions. However, some examples from international experience, some of it in the region, may provide some clues and it is in this regard that this paper is presented at this conference.

<u>**What role for government in housing and urban development?**</u>

Globalisation has dramatically affected the ability of governments in all countries to control patterns of investment and the allocation of resources in all sectors. Nowhere is this more visible than in the housing and urban development sectors. In most countries, tax revenues have declined in relation to needs and the supply of land, housing, credit and even services are increasingly determined by the collective actions by individuals or communities, as well as the private sector. To some, this is seen as a retreat by the State from its responsibilities. However, this need not be the case if State action concentrates on creating diverse and dynamic markets in which a wide range of suppliers compete on equal terms to meet effective demand. By creating pluralistic land and housing markets within which local communities and the private sector can address divers and changing needs, the State can actually increase its influence and housing can fulfil its potential of contributing to both individual and national development.

Such an enabling approach is, of course, central to the Habitat Agenda agreed by all nations at the City Summit conference in Istanbul in 1996, progress in the implementation of which will be reviewed at the Istanbul+5 conference in New York later this year. To achieve this objective, governments need to establish an appropriate legal and institutional framework of planning and building standards,

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regulations and administrative procedures, which can ensure that all sections of society have access in practice (not just theory) to legal and secure shelter, together with basic services and livelihood opportunities. At the same time, communities and individuals need to accept responsibility for local development and the private sector should be willing to enter into partnerships with local authorities for projects benefiting lower income groups.

The challenge facing South Lebanon may be serious, but it is not unique. Other examples in which governments, communities and developers have collectively addressed the need for housing to contribute to social and economic development may therefore be of interest in considering the way ahead. The following examples are offered in the hope that they may offer some guidance.

The Ismailia Demonstration Projects, Egypt

During the Arab-Israeli wars of 1967 and 1973, the populations of the three Suez Canal towns of Port Said, Ismailia and Suez, were all evacuated. In 1974, agreement was reached between Egypt and Israel under which Israel withdrew from Sinai and the three towns were reoccupied. Although damage in Ismailia was relatively limited, the years of neglect had taken their toll and many buildings needed major repairs and others had to be replaced. The increasing population also needed additional housing, services and communal facilities. However, the closure of the Suez Canal had denied Egypt valuable sources of revenue and central government funds for the reconstruction were not readily available. International assistance was sporadic and not always well targeted. To base proposals on the availability of external funding was therefore inadvisable.

When the British government offered to provide technical assistance to the Egyptian government in 1974, three consultancy practices were commissioned to work with local professionals and master plans for the redevelopment of each town. The plans were competent, but hardly revolutionary in their scope or nature. However, it was then agreed to fund the preparation of projects to demonstrate how the master plans could be implemented and these were prepared between 1977-78. A major priority of the projects in Ismailia was that they should be relevant to the needs of low-income groups, which formed the majority of the population, and should be capable of implementation with minimal subsidies. They also sought to build on the existing planning and building practices which local people had developed over many years to express their social and economic priorities.

These local practices revealed that the informal housing supply system had evolved a number of options to meet the needs of different social groups. First, new migrants into the city were able to rent a modest room at low cost. This provided shelter while they found a job and also enabled them to send money home, or save towards their own house when they found a suitable site. Such basic rental units also increased the incomes of households supplying the rooms, enabling them to increase supply, or improve the quality of their existing houses. Once tenants had found an available area of empty desert land they could then take physical possession and protect it with a low wall, while waiting for their claim for the plot to be registered. Once this was completed, they could build a basic mud brick house and move out of rental accommodation to reach the second rung of the housing ladder. Once settled, they could themselves build additional rooms for renting to newcomers and then save for expansion and improvement. After about twenty years, such houses had invariably been transformed into substantial multi-storey buildings (*aimaras*), with commercial activities on the ground floor and good quality apartments for the original settlers and other households above. This process of incremental development minimised entry costs to the housing market and enabled all sections of the population to use housing as a means of economic advancement. Even for households who were unable or unwilling to invest, the value of their properties increased as a result of investment by their neighbours and the gradual installation of public service networks.

In preparing proposals, the consultants sought to reinforce this local practice and maintain the range of options to ensure that the self-regulating nature of the system could continue. To reduce costs, areas of added value, in the form of high-income housing and commercial areas, were incorporated and the income generated used to finance Phase One of the infrastructure. This was also planned on the basis that higher income households met the costs of primary networks, so that lower income households only had to pay the costs of extensions later when they could afford them.

The Ismailia projects did not involve a direct partnership with the local residents or the private sector. However, they did seek to base proposals on the observed practices which people themselves had evolved and reinforced their positive, self regulatory characteristics.

Upgrading projects in Amman, Jordan

As part of its second urban project in Jordan in the 1980s, the World Bank included several projects to upgrade existing Palestinian refugee settlements in Amman. One of these was East Wehdat, an area bounded by existing established urban developments, but occupying a steeply sloping site with a watercourse running through it. The land-owner had permitted the refugees to occupy it on the condition that they did not construct permanent houses. Since the settlers wished to return to their original homes, this was not an initial concern, though as time wore on, living conditions became increasingly difficult. The Bank project provided for the purchase of the site by the municipality and the provision of leases to the residents with permission to upgrade their houses and the area.

With the issue of their right to develop resolved, residents were keen to see results. However, a plan for services provision had to be designed in ways which served all house plots and could be implemented before households redeveloped their plots, in case by doing so they made access for services difficult or expensive. To achieve this, it was essential to involve the local residents from the outset. The most practical way of undertaking this was found to be to prepare the proposals within the settlement and a resident who had a smooth concrete floor offered to allow the team to use her floor as a design studio. However, most local people were not able to read a plan of the settlement or even identify their house, so to overcome this, small pieces of polystyrene, and even match boxes, were used to identify each house in the settlement. The plan immediately became a model, albeit a crude one and all residents were quickly able to locate their house and discuss routes which access paths needed to follow in order to reach their front doors. Despite a complex layout and topography, a working plan was prepared within one week of participatory planning and then finalised back in the office.

The next problem was to make sure that residents did not proceed to rebuild their houses until the upgrading proposals could be implemented. This could have made the installation of access roads and particularly service networks both expensive and socially disruptive. Efforts were therefore made to reduce the time between plan preparation, approval, tendering and implementation. Illustrated guides were also prepared showing how households could gradually replace their existing shack with a permanent, modern structure.

The outcome of the project was that the provision of tenure security and a network of access roads and services based on the existing pathways provoked a comprehensive wave of local investment in home and environmental improvements. By working with, rather than for, the local residents, their concerns were easier to identify and incorporate, enabling local ownership of the proposals to be achieved.

Ad hoc planning in Ankara, Turkey

Although not arising from a situation of conflict, a third example of a partnership between local communities and local authorities can be cited in the case of urban development in Ankara. High rates of rural-urban migration by predominantly low-income groups since the 1950s led to a demand for housing, services and community facilities which the local municipalities were unable to meet through conventional methods, since they were also short of resources.

Settlers responded to this situation by adapting traditional self-help practices evolved during the Ottoman Empire. In under-populated Anatolia, households were able to occupy unused land providing they occupied and developed it. To provide an isolated village with a water supply, access road, school, or other communal facilities, residents paid a modest tax and men were expected to contribute their labour - or pay somebody else to work on their behalf.

Such processes served the new urban residents well when they sought the same benefits in the city. Naturally, new settlements in the urban periphery tended to need access roads and a water supply, and the local *muhtar*, or headman made a request to the municipality for help. A surveyor and engineer would then be sent to survey the area and demarcate the route that a new road should

follow. Where possible, this would minimise the demolition of existing buildings, though invariably, some houses were in the way and would need to be relocated.

Inevitably, the most vocal objections to such proposals came from the residents whose homes were to be demolished. However, the proposed route was not considered by the council itself, but sent to the muhtar in question for consideration by the local community. The community then had three options: to reject the plan outright, in which case the municipality passed on to the needs of another community; second, to make minor adjustments to meet local preferences; or three, to accept the plan as it stood. Since everybody wanted the new road, local residents would be prevailed upon to adjust the boundaries of their plots to accommodate affected households and find new plots for them nearby. In many cases, neighbours even helped with the relocation and reconstruction of such dwellings, so that the plan could be accepted and put on the municipalities schedule for implementation.

Given the shortage of resources, however, it was common for communities to be told that they would have to wait several years before the funds would be available. It was at this point that the traditional rural practices of self-reliance came into play. To maintain their social status (and increase their prospects of re-election!), muhtars wanted results sooner rather than later, so communities would be encouraged to contribute labour in order to prepare the ground for the road and dig trenches for the drainage channels and water supply pipes.

The result of these efforts was that despite resource constraints, the vast majority of Ankara's new residents were able to obtain land, services and adequate shelter within a reasonably short period. This form of 'ad hoc' planning represented a form of participatory development that gradually faded away once land became commercialised and the sense of community had weakened. However, it stood the city well at a critical period of its development and constitutes an effective form of partnership between public sector agencies and local communities in showing that people will make a considerable effort towards developments that reflect their needs.

Public-private partnerships for development

Increasing emphasis upon the role of the private sector to meet economic policy objectives under globalisation pressures has recently generated considerable interest in various forms of public-private partnerships[2]. This partly reflects an increasing awareness that neither the State, nor unrestrained market forces, are able to meet the basic needs of the majority of people.

Public-private partnerships (PPPs) are seen by many as a way out of this impasse and of constituting a political 'Third way' in which the relative strengths of both sectors complement each other. Among the examples of urban development and housing which embody a partnership approach, land readjustment and land pooling, guided land development, participatory development projects and Requests for Proposals (RFPs), have been most widely adopted. For countries recovering from years of conflict, as in South Lebanon, the latter two deserve particular mention.

Guided land development has been applied particularly widely in Nepal and Pakistan. It consists of planning a development in collaboration with private developers, and allowing the residents to design and manage the construction of their own dwellings. In this way, the land available is put to the most efficient use, the residents have control of the design and cost of their dwellings, and the State's objective of developing sustainable and affordable urban development for all income groups can be met. The 'Khudi ki Basti' project in Hyderabad, Pakistan is a good example of this approach[3] and has subsequently been adopted in other parts of Pakistan with funding by the World Bank. In Nepal, the authorities even employed informal land developers in the guided land development scheme because of their considerable experience in knowing and meeting the needs of lower income groups.

RFPs also have much to commend to commend them, especially in situations where local authorities are less aware of the potential costs and benefits of a particular development, or what options might be most appropriate for a particular site. They have been widely adopted in the transition countries of East Europe, such as Russia and Bulgaria. Under this approach, a local authority identifies a site

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[2] See, for example, Payne, G (editor) 'Making Common Ground: Public-private partnerships in land for housing' Intermediate Technology Publications, London 2000
[3] Ahmed, N 'Public-private partnerships in Pakistan: Some examples' in Payne, G (ibid)

suitable for development and prepares a brief that stipulates the mandatory components a developer will need to fulfil, plus a series of additional optional features that are considered to be desirable. Having prepared a brief, the development agency then invites proposals from the private sector, NGOs, land-owners or any combination of actors and the one which meets all the mandatory elements and the greatest number of additional features, wins the contract to develop the site.

The main advantage of the approach for developers is that they know at the outset what conditions are required in order to obtain planning permission and can then decide how many additional features they are able to provide whilst still making a reasonable profit. It also reduces uncertainty and costs, since once the proposal is submitted, proposals are compared and the successful bid can start immediately. For development agencies, sites can be developed in conformity with social, economic and environmental policy objectives without the need to acquire land or commit scarce public resources, whilst for households, it provides a responsive form of development, because developers cannot sell units which cost more than people are able and willing to pay for.

To make RFPs work, development agencies must develop the capacity to assess the degree of leverage that they can exert over the potential developers. By being too demanding, they will discourage potential developers from bidding; by not being demanding enough, they will lose the potential public benefits that could have been extracted. Given that every site offers unique opportunities and constraints, getting the balance right requires experience that can only be gained from practice, though advice can help in the early stages. RFPs have proved highly effective in stimulating the development of a local private sector where none existed before.

The literature on partnership approaches, together with the examples reviewed above, suggests that the approach should include a wider range of stakeholders than just public and private sectors. When local landowners, community groups and NGOs are included, it is easier to identify and meet the priority needs of each group. For this reason, it may be best to advocate Multi-Stakeholder Partnerships (MSPs) rather than PPPs.

Getting the regulatory framework right

A major consideration in the application of any partnership approach will be the relevance of the regulatory framework of planning and building regulations, standards and administrative procedures required by the public sector in approving a development. In this respect, a key consideration will be the minimum requirements to which developments by or for poor households needs to conform. Where requirements cannot be met, either because of costs or bureaucratic delays, households will be forced into various unauthorised types of housing. Establishing the terms and conditions which determine access to the bottom rung of the legal housing ladder is therefore a critical role for government action. For example, it is not much help requiring that roofs be designed for snow loads in countries where it never snows, or requiring roads to be designed for heavy vehicular traffic in residential areas where car ownership is virtually unknown. Yet many countries still retain regulations, standards and procedures which have been inherited or imported from the West and do not reflect the current conditions with which they seek to deal. By imposing such inappropriate frameworks, governments force households unable to conform into various unauthorised solutions that could have been prevented by the existence of a more appropriate regime. For example, by restricting the incremental development approach adopted throughout urban Egypt and imposing immediate conformity with official building regulations, the Ismailia Demonstration Projects were unable to serve the needs of low income households as effectively as intended.

Ongoing research on regulatory frameworks[4] is currently being conducted in a number of countries to assess the ways in they can be made more responsive to local realities. The research involves carrying out regulatory audits to assess which elements represent the greatest constraint to affordable legal shelter. By relaxing or removing these on a trial basis, it is hoped that empirical evidence can be obtained on the consequences of such change, before deciding whether or not to adopt them at the wider scale.

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[4] 'Regulatory guidelines for affordable shelter' - a research project funded by the United Kingdom Department for International Development (DFID) being undertaken by Geoffrey Payne and Associates and teams in India, Lesotho, South Africa, Tanzania and Turkey.

Conclusions

As South Lebanon recovers from a painful past, a partnership approach which involves all stakeholders - central and local government, land-owners, community groups and private developers, is likely to represent the most effective way of building not just houses, but a vibrant economy and society. Undertaking regulatory audits can help ensure that such participatory approaches stand a good chance of meeting needs in a way that is sustainable.