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The Contribution of Partnerships to Urban Development and Housing¹

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Background and context

Globalisation is changing the options open to governments of all countries to regulate economic activity and protect the poor and other vulnerable groups from the rigours of the market. The problem is particularly acute in developing countries and affects all key sectors, though none more than urban land and housing markets.

A key issue is the demand for land in urban areas. Many metropolitan centres (Beijing, Mumbai, Cairo, Jakarta, Mexico City, Sao Paulo and Shanghai) have large populations and are increasing by up to 1,000 people a day, while many smaller cities are doubling in population every decade or less. It has been estimated that in India alone, approximately 600,000 hectares, or enough to accommodate twenty more cities the size of Bombay (now Mumbai), will be needed within the next twenty years to accommodate this increase (von Einsiedel:1995). It is also projected that the global number of people living in urban areas by the year 2025 will be more than double the present total (United Nations 1996:447). Most of this growth will be in developing countries of the South.

The reason for such growth is that cities are the driving force behind economic development and the vehicles through which international and domestic investment is channelled for manufacturing, services and commerce. With rural areas commonly suffering from excess labour and relatively low productivity and income levels, cities are increasingly perceived as the place of the future for increasing millions of people.

It is hardly surprising that this level of demand has placed conventional methods of supply under intense pressure. Public sector land acquisition, land nationalisation and development controls have all been tried in order to stimulate the supply of land for approved uses, yet hardly any city can claim to have met demand on a sustainable basis. Policies, strategies and techniques evolved in western countries during the nineteenth century have proved ineffective and even counter-productive. The ever increasing attraction of land as a source of secure and profitable investment has intensified a commercial market system to the point where urban land in some cities is well beyond the affordability of even middle income households. Many cities are now finding that access to land is the greatest single obstacle to the improvement of urban living conditions (UN 1993:61).

As land has become increasingly commercialised, even areas which were previously considered marginal (along railway lines or drains, on the side of steep hills, or even sidewalks, etc), have acquired a market value, reducing future options for low income access and putting a high value on public land-holdings. This high opportunity cost makes their allocation for low-income groups difficult to sustain when the need to raise revenues and put land to productive use is almost irresistible. Such pressures have led to several instances of displacement and eviction in recent years. There are a number of cases in Mexico City, Manila, Rio de Janeiro and Santiago, where the government has evicted well established communities on the grounds that the land can be put to better use, such as conference centres and highways.

¹ This paper is based on research on public-private partnerships in land for housing funded by the UK Department for International Development. The research was conducted between 1995-98 in Egypt, India, Pakistan and South Africa and papers were prepared on examples in Bulgaria, francophone Africa, Mexico, Russia, Thailand and the United Kingdom. Key findings and conclusions have been published in Payne, G (editor) 'Making Common Ground: Public-private partnerships in land for housing' Intermediate Technology Publications, London 1999.

Estimates of the proportion of people excluded from formal land and housing markets varies widely, but averages over 40 percent internationally and between 15-70 percent of the urban population in developing countries (Durand-Lasserve 1996:ix). Improving access to land markets is therefore a prerequisite for improving the housing situation and economic prospects for low-income populations.

The ethos of public sector agencies is often based partly on the assumption that they should compensate for the failure of private housing markets by providing directly for those in need. Whilst this is well intentioned, it fails to take into account the numbers of those in need and the low level of their incomes, thereby putting public supply systems under intolerable pressure. By acting as developers, government agencies have invariably failed to meet their goals of providing land or housing for more than a token proportion of those in need. In some countries (especially in sub-Saharan Africa) land nationalisation was adopted to control land markets, whilst in others, such as India, Sri Lanka, Egypt, Mexico and Tunisia, (Durand-Lasserve 1996:51) attempts were made to regulate them more tightly. Both approaches have failed because of a lack of support from key urban actors and because the state lacked the necessary human and financial resources. Despite this, many senior public officials regard private developers as furthering their own interests at the expense of the wider community.

Certainly, many urban land and housing markets are dominated by a small number of rich and powerful individuals or groups who manipulate prices and restrict access to affordable land for the majority. The private sector has also been generally unable or unwilling to meet the needs of the lower income groups and those which have tried, find that regulatory frameworks make this difficult to achieve on a financially viable basis.

However, out of this apparent impasse has come a range of innovative approaches which suggest the basis for a way forward. These involve a range of public-private partnerships which seek to combine and build on the perceived strengths of each. This paper reviews recent experience of such approaches and identifies some lessons for future policy and practice.

The recognition that neither public nor private sectors on their own are able to address, let alone resolve, the problems of housing increasing urban populations is the first step in paving the way for change. As dogma gives way to an increasing interest in any ideas, strategies and policies which work on the ground, so new opportunities arise for achieving economic, social and environmental policy objectives.

Types of partnership

There are currently a wide range of partnership arrangements in the fields of finance and credit (eg Lloren 1991, Mitlin 1993:148-154, Munjee 1992, UNCHS 1978 and 1993:61-71) and infrastructure provision (eg Gidman et al 1995, Batley 1996). Surprisingly, less attention has been paid to initiatives in the field of land development (UNCHS 1993:60), even though land is a pre-condition for any housing development.

One of the earliest studies concerned a range of public-private partnerships for housing in India by PADCO. This defined partnerships as “programs and/or projects in which both public and private sector entities have financial commitments and exposure to risk” (PADCO 1991:3). The report reviewed seven examples involving different approaches. In one, known as the Township Scheme, licenses were given to developers on condition that they contributed towards off-site infrastructure costs or reserved a proportion of the developed land for lower-income plots to develop land by the development authority. In another, the Guided Urban Development model, a joint venture was established between the development authority and private developers to stimulate the supply of affordable land for low-income households. The other examples consisted of land readjustment projects and developments by co-operatives and NGOs.

The most comprehensive review was by the United Nations, which stated that partnerships can be taken “to mean more than a simple link or interaction between two or more actors in the shelter process. Partnership implies:

- An active and deliberate process, even if the partners are active in not doing something (such as imposing controls on land or rents).

- A process of working together in a mutually-interdependent fashion, often with shared responsibilities... The most successful partnerships are those in which each partner derives something beneficial, and gains access to something that it does not have from the other partner or partners in the relationship.
- A common agenda and goal, even if the interests, benefits and powers of the partners differ.
- A relationship in which accountability and transparency are crucial". (UNCHS 1993:9-10).

The report goes on to say that responsibilities may vary and there is certainly no need for successful partnerships to be "equal" in terms of investment or effort, though they do imply a deliberate goal on the part of the actors involved to contribute something distinctive towards a common goal - adequate shelter for all. The examples reviewed included land sharing, land-pooling and readjustment, the allocation of public lands for development by third sector groups, development corporations made up of public and private sector interests and concessions to planning regulations to attract private investment.

The benefits of a partnership approach were also reflected at the Delhi conference on Security of Tenure, held in January 1996. This organised a working group on formal private sector participation, including public-private partnerships, which produced a set of guiding principles including:

- Partnerships based on principles of equity, economy, efficiency, flexibility and participation can lead to better land management and greater access to land and security of tenure.
- Effective partnerships between government and private business and land-owning sectors need to be fostered through facilitating access to land and land development opportunities to these sectors.
- In current forms of such partnerships, redistribution of value added benefits is inequitable and to the advantage of speculators/brokers
- The role of governments should be to inspire, enable and facilitate formal private sector initiative through an appropriate policy framework, rather than to involve themselves in project implementation.
- NGOs are well placed to mediate between communities, governments and private sector actors.
- Capacity building for communities, local governments and CBOs is needed to ensure their effectiveness in land management.
- Mechanisms for formal private sector participation should be designed to ensure that it includes access to land for the urban poor and other disadvantaged sections and partnerships should take cognisance of any impediments affecting women or particular groups.

A later study by Jeneleniewski (1997) defined the characteristics of public-private partnerships as:

- Involving one or more public authorities and one or more private partners
- working together to fulfil a mutually agreed objective
- in a specific organisational framework set up by the parties involved
- in which each party retains its own identity
- there is an input of resources by the parties concerned and
- parties bear the risks of the project together and share profits, according to their possibilities.

In this context, 'public authorities' include government bodies at central and local levels, sub-municipal bodies and parastatal agencies (quangos). 'Private partners' include commercial developers, private land-owners and informal actors, whose rights may not be officially recognised in conventional urban development, such as customary land-owners, informal/unauthorised developers and community based organisations, and NGOs operating at local or national levels.

Each of these reviews provides a good working basis for further analysis, especially in their emphasis upon relationships rather than formal contracts. Nonetheless, the examples cited are relatively formal, public and, possibly, contractual relationships between the partners. In this sense they are analogous to a marriage (albeit possibly a marriage of convenience). However, there are many other forms of relationship in human affairs, many of them extremely stable and beneficial to both (if not all) parties concerned. It is thus relevant to ask why institutional relationships should be any different.

The evidence suggests that formal partnerships to date have been limited in scale and have had only a modest impact on low-income access to land (Edwards 1995; PADCO 1991:32; UNCHS 1993:60-61). However, this may well be because the definitions used have excluded other, less formal, associations, arrangements, partnerships or relationships between public and private sectors. In recent research, it has become clear that there are a number of ways in which informal relationships or arrangements have evolved between the public and private sectors, as well as other stakeholders, in which both sides are fully aware of the impact of their actions and act for a perceived mutual benefit. For example, officials in local government

may find it easier (and more profitable), to relax regulations and official standards than to change them, so that private developers can develop land at standards which people can afford. In other cases, public agencies may turn a blind eye to the unauthorised subdivision and development of land, and eventually provide such settlements with services, knowing that such action is more effective in helping low-income groups than direct state provision.

Such tacit arrangements maintain the fiction of official norms, whilst permitting more realistic responses and, if maintained on a long term basis, could be said to evolve into a form of de-facto partnership. In practice, many of such actions by the public sector are within the spirit of the Habitat Agenda in that they involve more inclusive, participatory forms of development and management of land to the benefit of all sections of society, but particularly the poor. Whilst these may be stretching the concept of partnership to its limits, it remains true that the traditional and conventional relationship between the public and private sectors has been eroded by recent developments which make it difficult to know where to draw the line. This paper has therefore adopted an inclusive approach and includes examples which would not be accepted within a conventional definition.

Case studies

The examples presented in this paper are drawn from research conducted between 1995-98 in Egypt, India, Pakistan, South Africa, together with papers prepared of examples in Bulgaria, Mexico, Russia, Thailand, francophone Africa and the United Kingdom. This identified a wide range of approaches which have been developed and applied in widely different contexts. Not all have been an unqualified success, though each offers valuable lessons for the design of future proposals. What is beyond doubt is that partnerships offer an innovative and established way of putting the Habitat Agenda into practice.

In India, several types of partnership exist. These include

- Participatory Development Schemes (PDS). These have been implemented in several Indian cities and permit the private sector to undertake large scale land developments in return for the provision of a social housing component. In most cases, the initiative came from the public sector, which provided a legal base, a conducive policy environment, development guidelines and infrastructure, whilst land was assembled by public or private sectors according to local conditions. In Navi Mumbai, large parcels were offered to developers with design briefs which included a social housing component to be built and returned to the authorities at an agreed price for allocation to those in need. Agencies experienced in the approach have even offered consultancy services to other state authorities, as in the case of CIDCO advising the Kerala state government how to stimulate private developers to finance and construct bridges linking some islands to the mainland in return for agreed areas of reclaimed land.
- Land compensation schemes to benefit Project Affected Persons (PAPs) in Navi Mumbai (New Bombay). When the new city was being developed, farmers were understandably reluctant to accept the compensation offered within official norms. To address their complaints, villagers were offered developed parcels of land within the new city, in addition to financial compensation. The number and size of plots allocated was 12.5% of the of the land acquired. After allocating other areas for roads and community activities, about 75% of the total area remained for sale to cover development costs.
- Transferable Development Rights. This enabled private land-owners in areas of Greater Mumbai where development is restricted, to receive compensation by dis-associating the development rights from their existing plots and awarding transferable development right certificates for use in other approved areas. Under conventional procedures, landowners whose lands were required for roads or other relatively low value uses, would receive meagre compensation and therefore contested the acquisition of their lands. To overcome these objections, the authorities granted TDR certificates so that landowners could use or sell the certificates for application in other areas of the city where development was being encouraged.
- The Slum Redevelopment Scheme (SRD). This is being implemented in Mumbai, whereby the commercial private sector and slum co-operatives and NGOs are offered land-based incentives to upgrade existing slums. In a typical case, restrictions on floor area ratios may be relaxed, so that the landowner is able to generate greater profits from commercial development of part of a site in return for using the enhanced profits to finance and construct social housing on site for the existing low-income residents.

In Pakistan, the first formal public-private partnership scheme was the Islamabad New City project, which envisaged the creation of over 19,000 residential plots and associated facilities. A joint venture agreement was signed in 1995 between the National Housing Authority and private developers to develop 1000 hectares of land on the outskirts of the capital for which compensation was based on existing (agricultural) use values. In the event, a combination of technical, financial and political considerations led to the suspension of the project. Political interests superseded planning considerations, fiscal liabilities and even legal limitations in determining land supply. Landowners whose lands were acquired early realised that they had lost heavily when the selling price of plots was announced and others withheld their lands or speculated themselves; accusations were made that the scheme was a scam orchestrated by the husband of the then Prime Minister and the project team was not designed in a way which provided full details to potential resident.

In Cape Town, South Africa, another form of partnership was initiated in 1989. The Delft project was implemented between 1989-92 some kilometres from the city on the Cape Flats to provide 12,600 serviced plots on which developers constructed a range of house types for allocation to low income families. Eligible households received subsidies in the form of cheap land and a some of money which was paid to the developers building the houses. In this way, public sector resources were used to stimulate private sector participation in low income housing supply and increasing the choice of residents over the design of their houses. The project team acted as the agents for participating households and approved building plans. The approach was conceived primarily as a solution to housing needs and projects consist of large, low density housing estates, lacking opportunities for commercial activity or social life. The long journeys to the city centre soak up additional public transport subsidies and competition between private taxi companies has erupted in violence on many occasions. The approach depends upon the availability of cheap land and government subsidies for its continuation.

One of the earliest and most well known partnership approaches is that of land pooling and land readjustment (LP/R). These have been adopted in various Asian countries, including Japan, South Korea, Taiwan, Nepal, Thailand and Malaysia. They are a technique for managing and financing the subdivision of selected urban fringe areas for their urban development and consolidate separate land parcels for their unified design, servicing and subdivision into urban layouts of roads, utility service lines, open spaces and building plots, with the sale of some plots for cost recovery and the distribution of other plots back to the landowners in exchange for their rural land. In land pooling, the land is legally consolidated by the transfer of the ownership of the separate land parcels to the LP agency with the later transfer of ownership of the new building plots back to the landowners. In land readjustment, the land parcels are consolidated notionally with the agency having the right to design, service and subdivide them on a unified basis, after which the landowners exchange their land title documents for those of their new building plots. LP/LR projects require a central government policy and arrangements, plus regulations to enforce them. The approach is particularly appropriate in areas where there are a large number of small land holdings in peri-urban areas under pressure of urban development. A major benefit is that it facilitates the conversion of rural land into urban building land at no charge to government.

Turning to Latin America, evidence exists of partnerships between the public sector and the ejido communities of Mexico, which account for over half of the country's land area. The urbanisation of ejido land has become a major political and environmental issue with the expansion of urban areas, such as Mexico City. Since 1991, the concept of partnerships has become formalised in the shape of joint ventures involving an ejido community and a private developer with an arrangement that is regulated and monitored by the government. This reveals a catalogue of problems with the current performance of joint ventures, including contradictions in the intentions and operation of agrarian law, limits to the economic viability of projects for ejidos, even when compared to the ambiguous merits of illegal urbanisation, cultural barriers towards partnership arrangements and a lack of government supervision. Despite these limitations, it appears that there are signs that the lessons of past experience are being learned.

The rapid collapse of communism and the adoption of market based economic policies in Central and Eastern Europe have opened the door to new forms of market sensitive partnerships. The most significant of these is the Requests for Proposals (RFPs) approach being implemented in two Bulgarian cities and Ekaterinburg in Russia. These examples are being undertaken with technical assistance provided by USAID, based on a concept paper prepared by PADCO in Washington. Although public-private partnerships had not previously been applied in Bulgaria, the RFP approach was viewed with interest and enthusiasm by both municipal officials and private developers. Bulgarian municipalities carry a large liability in the form of

housing units to compensate households whose property was expropriated during the 1980s for public purposes. The prospect of receiving between 20-30 percent of the proposed number of housing units in exchange for granting development rights on municipally owned sites to private developers, enabled the authorities to meet the needs of the dispossessed households at no direct cost. From the developers' perspective, the RFP approach increases access to highly desirable sites for development and offers an attractive alternative to the often complex and lengthy negotiations with private land owners.

The Russian example concerns a land market which had been established by 1993 following legislation approving the private ownership of land after years of state control. The approach sought to capitalise on the value of land as a source of public revenues after years during which it contributed virtually nothing to the city budget. Although it is early days, the approach has been adopted enthusiastically and is rapidly transforming options for efficient and affordable land development in both countries.

Finally, public-private sector partnerships within the United Kingdom have been introduced in response to a projected need for an additional 3.8 million homes in England by the year 2016. Although the role of both public and private sectors in the development of land and housing have undergone radical changes during the last two decades, the basis for a City Partnership Programme was formed in 1978 with the intention of encouraging central government, local government and local communities to collaborate in revitalising the declining inner cities. Subsequently a range of initiatives have emerged, including 'companies limited by guarantee' at one end of the spectrum to loose unincorporated associations at the other. One example is the Birmingham Heartlands Development Corporation, which was a partnership established by the City Council in 1987, with five major private construction companies which contributed land and finance to redevelop 1000 hectares of derelict inner city land for mixed uses, but mostly housing for low-income families. A major feature of the approach has been the ethos of 'City first, politics second' as a result of which politicians from all major parties have been actively involved in senior positions on the management board.

Among examples of informal partnerships, one of the best known is the guided squatting approach, or incremental development concept, which has been adopted in Hyderabad, Pakistan and Conakry, Guinea (Durand-Lasserve 1996:63). Guided land development has been particularly effective in sub-Saharan Africa, (eg Guinea, Cameroon and Rwanda before 1994), where it has helped overcome the obstacle of developing customary lands. This was achieved by associating customary owners with all phases of the operation, from the choice of site to the development and sale of plots (ibid:65). The approach has also been applied in Lima, Peru.

In Egypt, a range of informal and semi-formal arrangements have been implemented which have proved more effective than formal partnerships in meeting the scale of demand for urban land and the needs of low-income households than the formal partnerships. Urban expansion into agricultural areas in the Nile delta is officially prohibited as the land is extremely fertile and productive. However, as urban populations increased, pressure on such peri-urban areas became intense. Land-owners in such areas found a way around the problem by constructing mosques near main roads and giving them to the government. Political pressure from Islamic groups ensured that such 'gifts' were accepted, after which it became necessary to provide a water supply for ablutions, electricity and a house for the mulla. Within a short time, he had a congregation of people living on houses developed around the new mosques! Such an arrangement has been in place for so long that it can only be carried out with official connivance, suggesting that it also can be considered a form of partnership which reconciles conflicting needs without changing official policies.

All this is not to imply that informal partnerships are preferable to formal, transparent ones. The informal sector provides as many examples of exploitation, manipulation and inefficiency as other forms of development. However, it exists largely because the regulatory framework which determines official standards, regulations and administrative procedures are all too often inappropriate to the social, cultural, economic and environmental realities which apply in developing countries. Under such conditions, the inability or refusal to reform such standards, regulations and procedures forces lower income households into the informal sector and leaves a range of informal arrangements or partnerships as the only viable means of assisting them.

Assessing the case studies

By what criteria should partnerships be assessed? Four basic criteria are proposed which involve assessing the extent to which each example:

- Increases the supply of urban land for housing
- Improves the efficiency of urban land markets
- Improves access to land for low-income groups, and
- Provides a more productive relationship between public, private and third sectors.

In meeting these criteria, successful partnerships are likely to embody the following:

- An efficient way of identifying different and changing needs
- Adequate trust between the partners
- Clarity concerning the purpose of the partnership and individual roles within it
- Adequate leadership
- The ability of each partner to fulfil their role
- Adequate access by all partners to essential information
- The availability of necessary financial and other resources
- Compatibility within the prevailing political and legal climate
- The potential for wider application.

Inevitably, any partnership development will achieve success in meeting some objectives more than others. For example, some partnerships have succeeded in improving land market efficiency, but have resulted in increasing land costs, which in turn reduced low-income access to land (Durand-Lasserve 1996:57). The list above should therefore be regarded as a framework for formulating, implementing and evaluating partnerships.

This suggests that the issue of whether any sectoral activity is best undertaken by the public, private, or community sector, or some partnership between them, should be determined not on the basis of political dogma, but on the nature of the activity concerned and the local considerations which apply at the time (Batley 1996). This, in turn, suggests that regular reviews should be undertaken by all agencies in the field of urban development to stimulate a wide range of supply options and assess the costs and benefits of each. The first question that needs to be continually asked is: What is best value? The second question should be: How do we define 'best value'? Each stake-holder will probably have a different definition of what constitutes good value and it is difficult to identify a single set of parameters by which performance, and therefore success or failure, can be measured. Any assessment should therefore attempt to include political, social, cultural and environmental factors as well as financial and economic ones.

The roles of central, regional and local government will need to be identified within this framework, together with other stake-holders, from developers, land-owners, NGOs, CBOs and local residents, and the organisational structure through which the partnership is to operate at each relevant stage.

The extent to which the case studies have increased the supply of urban land

Of all the examples presented in this paper, the land pooling/readjustment approach has been the most widely adopted. It has made major contributions to increasing the supply of urban land in many Asian countries where land ownership patterns make conventional development by the public sector impractical. However, the approach is most suitable in areas where land is held in a large number of small private holdings. It also requires strong and effective local government and professional capability within a legal framework which accords relative autonomy to the project development agencies. These conditions do not exist in every country.

The PAP projects in India have substantially increased land for housing. Although the TDR and SRD concepts in do not directly increase the land supply, they have succeeded in increasing housing supply and bringing it to the point where demand exists. Some of the models might work in combination, like the case of SRD permitting TDR and Participatory Development Schemes. In this respect, the approaches covered not only achieve their own individual objectives, but also contribute to the efficiency of others. This use of complementary approaches may offer significant benefits in other countries.

The Delft project in South Africa has also made a significant impact on total land supply in Cape Town, especially in the early stages of its development. It resulted, before the moratorium, in the provision of some 6,800 units of varying sizes and degrees of finish at very low prices if not cost, given the high levels of subsidy. It has also provided some choice in terms of housing types, with over 200 house types being offered.

However, the land was poorly located and poorly integrated into the larger urban structure. This has resulted in high levels of inconvenience and dissatisfaction. This suggests that it is not just the amount of land partnership projects provide which is important; it is equally important that such developments are in locations which provide easy access to services, employment and social facilities.

In Pakistan, the increase in land supply could have been greatly stimulated had the INC project become a success. In the event, it was discredited and suspended even before implementation began. This has probably set back the prospects for future public-private partnerships in Pakistan by a decade and serves to demonstrate the importance of achieving a successful outcome, no matter how small, with initial examples.

Most other formal partnerships have made only modest contributions to increasing the land available for development. To some extent this can be explained by the fact that the partnerships have only been implemented recently and were intended as pilot or demonstration projects. Even if successful, it can therefore be expected that it will take time for them to be adopted at a larger scale, or used as the basis for changes in policy or urban management practices. Nonetheless, the results to date leave considerable scope for progress.

To some extent, this is because partnerships have been undertaken on a site specific basis, rather than used to redefine the role of the public sector within land markets and supply systems. This follows a similar path to the ways in which sites and services were introduced in the 1970s in the hope that projects would be replicated at a larger scale. However, as various observers noted in the 1980s, this approach failed to address the relationships between key stakeholders, or the way land and housing markets operated. The result was that few examples ever reached the scale anticipated by their advocates.

The picture changes significantly, however, when informal partnerships are included. The examples in Egypt and Pakistan, together with the 'guided land development' in Cameroon, Guinea and Rwanda, (until the violence of the mid-1990's), show that various informal arrangements have made substantial and sustained contributions to land supply in a wide range of cities. In this sense, the public sector has itself adopted informal methods of operation which maintain the fiction of official standards, regulations and procedures, yet involve actions based on existing realities. Where the regulatory framework is inappropriate to local conditions, needs and resources, such informal partnerships are likely to remain the main option for increasing the supply of land on a long term basis.

The extent to which partnerships have improved the efficiency of urban land markets

Probably the most successful partnership approach in terms of increasing the efficiency of urban land markets is that of land pooling/readjustment. In countries where land is held in a large number of small private holdings, conventional compulsory purchase places too heavy a financial and administrative burden on public authorities. At the same time, allowing individual owners to sub-divide and develop individual parcels makes it impossible to achieve well co-ordinated development. They are an intervention that is accepted and supported by the majority of landowners in each project area (and is often requested by them). This voluntary participation by the majority of landowners generates the political will to enforce the legal authority for the compulsory participation of the minority of protesting landowners, in order to achieve the consolidation of all land parcels in the project area. However, as mentioned above, the conditions essential for their success do not exist in every country.

Ultimately, the efficiency of urban land and housing markets depends upon establishing and maintaining a balance between a wide range of needs and resources, with an equally wide range of supply options. The most effective way of achieving this is by creating pluralistic supply systems within which new options can emerge in response to changing needs². By increasing the range of options, partnerships contribute to improved market efficiency. However, the choices have to be meaningful. The Delft project in South Africa cannot be judged successful on this score in that the location and price were pre-determined and the only choice offered was in house designs. Furthermore, the scale of the project was so large that it absorbed a disproportionate amount of public resources and effectively became the only show in town. Another limitation of the Delft development and many others is that they are conceived almost exclusively as housing

² See, for example, Turner, J F C Turner (1990) 'Barriers, channels and community control' in Cadman, D and Payne, G (eds) The Living City: Towards a sustainable future Routledge, London

projects. It is estimated³ that transport subsidies cost the South African government about US\$300 million a year. This figure will continue to rise until new developments are planned as mixed use urban areas, rather than just large housing estates.

The British examples also made a contribution to land market efficiency by reviving derelict inner city land and making it available for a mixed use development which provided both employment opportunities, housing and places for social activity. Partnerships appear therefore, to offer considerable potential in reviving derelict inner city land, since such sites often provide potentially good locations with equally high prospects for increasing, and therefore harnessing, increased land and property values. Decisions by local authorities in granting or withholding planning permission for such sites significantly affect land values in these areas and can increase leverage over private sector developers without requiring the use of scarce public resources.

The examples have demonstrated that many initiatives have been frustrated by inappropriate regulatory frameworks. Private developers are naturally reluctant to accept rigid regulations and cumbersome bureaucratic procedures. High standards and long delays increase costs and risks which reduce their ability to respond to changes in patterns of demand. A related constraint is the frequent failure to incorporate policy changes into the administrative instruments regulating urban project implementation. In Pakistan, bureaucrats do too well out of the existing informal arrangements to want to change the regulatory framework.

The extent to which partnerships have improved access to land for low-income groups

Some of the examples reviewed have made a significant contribution to improving low-income access to land. The Delft project was successful in that a large number of plots were allocated to low-income households. However, this was largely because the land was cheap and households received subsidies which make the project unsustainable. The Gharao incremental development project was similarly targeted at the poor, and is presently being expanded in Sindh, but is too far away from the nearest city to be self-sufficient. Both projects were also designed exclusively for low-income groups, resulting in economic, social and spatial isolation which will make it difficult for them to develop as thriving, attractive places. This suggests that a range of land uses and social groups should be catered for in each new development, even if the extent varies from one case to another.

The Indian case studies have also increased low-income access to land, though some of the approaches such as the Slum Redevelopment Scheme (SRD), depended for their success on a buoyant land market to attract private investment. When this collapsed in 1996, the approach lost momentum.

It is not the specific intention of the Requests for Proposals (RFP) demonstration projects in Bulgaria or the LP/R developments throughout Asia, to improve access to land for low-income groups. However, low-income housing have been provided as a by-product and the tendered bidding process can be used by a city to select developers for low-income and other public housing projects. These projects were small, so the extent of low-income benefits was marginal. However, given their success, the approaches may offer considerable potential in a wide range of countries, providing officials have the ability to understand how land markets operate and the authority to negotiate the best deal for the community from individually unique developments. Considerable progress has been made in this direction in both Bulgaria and Russia. The British partnerships have also benefited large numbers of low and middle-income households, so that mixed communities can develop.

Practical considerations frequently dictate that many of the other case studies are located on the urban periphery. This is partly because this is where land is most easily available for new development, but also because it is usually much cheaper than in existing urban areas. Whilst some partnerships can therefore claim to have improved access to land for low-income groups, it is not always in areas which enable them to gain easy access to services, employment or social facilities.

Other formal partnerships have only made modest contributions to improving low-income access to land. However, the informal partnerships in Egypt, Pakistan and other countries can demonstrate greater success in making substantial improvements for low-income groups. The three main actors have all benefited; the

³ Statement made in discussions at the international conference "South to South: urban environmental policies and politics in Brazil and South Africa" Institute of Commonwealth Studies, London 25-26 March, 1999

State increasing housing supply and collected revenues from the settlers without taking any direct action or allocating any resources; the settlers obtained capital form selling part of their land; and private developers gained a good return for their investment. The mechanism has also increased land supply for the newcomers at prices lower than those of the official market, largely by ignoring official standards, regulations and administrative procedures.

The extent to which partnerships provide a more productive relationship between public and private sectors
Partnerships rarely succeed without an acceptance by all parties of the needs of other stakeholders. British approaches have benefited from several years of different types of joint venture and the easy movement for project planners between employment in either public or private sectors. This enables them to develop skills in assessing land and housing markets and designing projects which meet the needs of different stakeholders. In many other countries, students enter either the public or private sectors when they qualify and tend to remain in their adopted role throughout their careers. This makes it difficult for them to understand the legitimate needs and interests of those in the other sector. Planners within the public sector have the further disadvantage in that the ethos of public service is in almost direct opposition to market based systems. They therefore lack both the conceptual understanding and cultural attitudes necessary to negotiate effectively with private developers, land-owners or professionals operating in the private sector.

The examples cited in the paper demonstrate that the gap is large and that progress in bridging it has been mixed. On the credit side, the process of selling sites in the Bulgarian RFP projects substantially increased the understanding of city officials of what is required to attract the interest of private developers. In Russia, staff gained unprecedented insight into the operation of the land market, and both sides learned useful techniques for setting land prices. The success of the 1993 sale demonstrated the commitment of the city to support emerging private developers, just as the solid performance of the winning bidder in making payments and developing housing gave the city confidence that the private sector can be a useful and productive partner.

The evidence elsewhere is less encouraging. The concept and application of the Incremental Housing Scheme in Pakistan was thoroughly evaluated by the government, donor agencies and independent experts. On their recommendations, it was included in the working mechanism of urban development authorities and was proposed in the National Housing Policy of 1994. However, the scheme has not yet been replicated by the government and its application in Sindh was at the initiative of an NGO, and even this is only as another pilot project.

The other examples in Pakistan and other countries show little evidence that formal partnerships have created a more productive relationship between the key actors. Since few have been replicated beyond the pilot stage, they cannot be said to have influenced the urban development system or land and housing markets. This is largely because land is such a powerful financial resource and cultural symbol that it has attracted powerful interest groups which have developed entrenched positions. Political interests therefore frequently over-ride stated policies, as well as social, technical, and even economic considerations in many cases and makes movement towards more pragmatic, issue based approaches uncertain and therefore risky. This partly explains why it is often easier to undertake informal partnerships rather than formal joint ventures.

Problems can even occur when pilot projects are successfully implemented. In the Delft project, the partnership between the public agency and private sector developers was cordial and productive in the initial stages. Later, however, severe problems emerged amongst and between partners. The project team was in crisis and could not cope with the scale of work. Administrative breakdowns were common and, particularly importantly, sales were not being registered with the Deeds Office on time, a factor which contributed significantly to increasing financial confusion. By the time of the moratorium, all but one of the original eighteen participants had gone bankrupt, partly because project margins were so low they could not withstand fluctuations, such as rapidly increasing interest rates, in the volatile economic climate of the time. There was also a strongly held perception that the project team did not try sufficiently to understand the problems developers were facing.

No amount of contractual agreement can ensure that partnerships will overcome existing differences between key stakeholder groups. Without an adequate level of trust and common agreement on objectives, partnerships can provide yet another platform for conflict between interest groups. Building such trust will therefore form a key element in initial partnerships and joint ventures. The need for transparency and a

clear role for public sector agencies will be critical in this respect, since there is a potential conflict of interest in the State acting as both a player and the referee.

One of the keys to develop this trust between the partners in Bulgaria was to demystify as much as possible the bidding and evaluation process and the methods of estimating land value. Great care was taken to clarify the city's objectives, procedures, and criteria through the bidders' conference and the bid opening and in the preparation of the tender documents. The training course offered jointly to builders and developers and to city officials served to bring all participants to a common level of understanding of land value principles. Thus, the demonstration project established a more sympathetic environment for future partnerships.

The majority of sites for new urban development inevitably exist on the periphery of existing built-up areas. To make these areas socially attractive and economically viable, it is essential that developments encourage compact settlements with efficient layouts, mixed land uses and incremental development and that approvals are granted without undue delay. Regulatory frameworks in many countries make it difficult, or even impossible, for formal partnerships to embody these characteristics and increase dependency on a range of informal partnerships. Such arrangements can be expected to continue until regulatory frameworks are brought into line with local realities.

Comparing approaches

No example has fully satisfied each criterion and this is not in itself surprising. The Land Pooling and Readjustment approaches have been possibly the most widely adopted and effective in terms of meeting several criteria, though they do not particularly increase access to land for the poor. The Indian and British examples possibly represent the most successful approaches to date. They have met each criterion reasonably well, though none have yet been implemented at a scale appropriate to total needs. The Indian examples are being implemented in combination, which has significantly increased their impact and effectiveness and represents an approach with potential for wider application.

The concept of Requests for Proposals contains possibly the greatest potential for expansion and diversification. Whilst existing examples have many similarities with land pooling and readjustment projects, they do not require the same legal framework and can encourage participation from a wider range of stakeholders, including land-owners, developers, communities and NGOs, or combinations of these. This extends the range of possible solutions without increasing delays or development costs and offers total transparency in decision making. The main requirement is that they depend upon the ability of public sector planners to prepare briefs which correctly assess the social, economic and environmental potentials of each site and the added value which can be extracted for public benefit from potential developers.

The guided squatting approach also has much to commend it. Whilst the Pakistan projects have not been widely adopted, they incorporated many of the principles used by informal developers and actually employed some of them to demonstrate how to meet the needs for modest, incremental development needed by the poor. A real test for future public-private partnerships will be the extent to which they have benefited low-income households.

The various informal partnerships cited have perhaps satisfied three of the four criteria most successfully. They have substantially increased the supply of land in urban areas and in some cities represent the only effective means of keeping pace with increasing needs. They have often been a major means of access to land for low-income groups unable to afford land and housing in the formal sector and they have created room for manoeuvre between the key stakeholders through the simple expedient of bypassing official requirements and directly engaging with the majority of predominantly poor households. Where they have signally failed is in improving the efficiency of urban land and housing markets. It remains to be seen whether governments will be willing to undertake the necessary legal, technical, institutional and procedural reforms to increase options for formal public-private partnerships which make informal arrangements unnecessary.

The examples presented above suggest that partnerships can be an essential tool in improving the operation of urban land markets because they help maintain a balance between different (and often conflicting) interests. If left solely to the commercial private sector, land is likely to be held for speculative purposes, or turned over to more profitable uses such as commercial or high-income residential purposes. If left solely to the public sector, land management may be no more efficient, probably slower and more bureaucratic, and

equally open to corruption and politicisation. The role of the third sector in land development is crucial, but acting alone and in isolation, people and their organisations cannot ensure that land and infrastructure across the city as a whole is developed in the most rational way.

It is difficult to draw universally valid lessons on the extent that partnership approaches have met the expectations placed on them. Opportunities for the introduction or expansion of partnerships will inevitably be influenced by power relations at any given time and place. Given the need for changes in attitudes as well as roles, it is likely that the greatest opportunities for their application will therefore occur under conditions when expectations and roles are open to change. It remains to be seen whether locally generated partnerships can stimulate such structural changes, though even small successes can serve to build confidence and competence in more inclusive ways of managing cities and land markets.

Some of the examples cited are so small in scale as to be almost insignificant and many have failed to meet the needs of low-income groups. Whilst formal partnerships may offer considerable potential, it is clear that much work needs to be done to move from projects into programmes and address the structural constraints inhibiting their wider application.

The overall regulatory framework that controls land supply and development is a major constraint to any form of urban land development and, therefore, to the growth of partnership approaches. Routine procedures, such as the approval of subdivision plans, on-site plot demarcation, approval of services plans, etc. take an excessively long time in many countries and repels interested developers. If land supply mechanisms are to meet prevailing needs, regulatory frameworks need to be simplified and made more appropriate to local realities.

The disappointing performance of formal partnerships between public and private sectors in land delivery so far might be attributed to a wide variety of circumstances. A major constraint is likely to be the lower profit levels and higher risks associated with developments for low income groups. Ironically, partnerships are more likely to succeed in areas where profits are easier and risks lower, but under these conditions, other approaches may be equally successful. They appear to be more problematic in areas of lower profits and higher risks, yet these are the circumstances when they are most needed. Even where private developers could operate, they might fail to do so efficiently, or at all, if consumers or operators have too little knowledge to make informed choices. This sort of situation might arise in the case of special arrangements on land where clients might not be able to reasonably assess the value of options. However, there are examples where these issues have been addressed, as in the case of Malaysia, where regulations require that a proportion of plots must be designed and priced to meet the needs of low and middle income groups and developers adjust by taking this into account in all developments.

Another constraint is the inappropriate nature of the regulatory framework of planning standards, regulations and administrative procedures which apply in many rapidly expanding, and predominantly low-income, cities. Under conditions where it is impossible for developers to conform to official requirements and still make a reasonable profit, a primary option open to public agencies will be to relax or ignore such regulations, standards or procedures as an incentive to stimulating private investment. However, this only serves to undermine respect for official requirements and laws in general and sets a poor precedent for progress. A more positive approach would therefore be to reassess and, where appropriate, reform the regulatory framework so that it reflected current realities in terms of needs and resources, whilst facilitating quick and transparent processing of development proposals. Unfortunately, experience suggests that such reforms can be slow, painful and incomplete and it would therefore be unrealistic to wait until major reforms were introduced before initiating innovative approaches. Under these conditions, individual projects can serve to test changes to the regulatory framework and provide feedback on outcomes which can then be incorporated at a wider scale.

Partnerships between the public sectors and communities appear to have achieved a mixed level of success. In India, the PAP approach has been of considerable benefit to numerous villagers who owned land in areas well located for the development of Navi Mumbai. In Mexico, however, the supposed advantages of partnership as a means of delivering ejido land for urban use were limited and only applied to eight of the 1,122 ejidos surrounding Mexico's largest cities by early 1998. These represented less than five percent of the projected formal supply of ejido land to the year 2000 and suggest that ejido-private partnerships have not increased the supply of land for housing, much less for low-income households.

Partnerships exist within a continuum of relationships from contractually defined joint ventures to a tacit acceptance of mutual interests, collusion and informal arrangements over time, in order to reconcile needs and resources within political and institutional constraints. These informal partnerships have made a far greater impact on urban land development than formal partnerships and have broadly been of far greater benefit to lower income groups. It would therefore be wrong to exclude such arrangements from any review simply from considerations of conceptual or linguistic purity.

Making common ground

It would clearly be naïve to assume that partnership approaches can solve all urban land and housing problems. However, once the principle is established that no single group has a monopoly of knowledge or resources to regulate land and housing markets, or meet the ever increasing need for affordable and appropriate shelter, the scope for innovation and co-operation needs to be recognised and harnessed. What, then, are the factors which public/partnerships need in order to succeed?

Without doubt, one precondition is political support sufficient to open a genuine dialogue between key stakeholder groups. Whilst legislation has been instrumental in stimulating some approaches, such as land pooling/readjustment, many other partnerships have flourished through the introduction of projects designed and implemented within existing legal systems. The important element is to create room for manoeuvre and reassure civil servants that a more pro-active, market sensitive way of working will be permitted and even encouraged.

A stable and transparent institutional framework supporting partnerships will be necessary to give all partners confidence and encourage good governance. This will require considerable leadership, though development assistance and capacity building programmes, particularly at local government level, can enhance organisational capacity and links between the parties involved.

The need to make planning and land management more responsive to market pressures is a pre-requisite to the formulation and implementation of a partnership approach. However, partnerships should not be seen merely as a means of extending market forces, but rather a means of reaping social and environmental benefits from them.

Initially, public sector employees may consider initiatives designed to increase the role of private developers over land development as a threat to their own authority or personal interests (Gore 1991). In some countries, notably Britain during the 1980s, the State used partnerships and privatisation as a means of reducing the strength of public sector unions and the high levels of over-manning which they were seen as protecting. It would require a strong dose of altruism for unions and employees not to fear that partnerships were the thin edge of the wedge in imposing reforms on the public sector, in order to improve efficiency. However, the corollary is that a partnership approach does not involve a withdrawal of the state from its responsibilities, but a means of maintaining and even increasing them. As Durand-Lasserre (1996:52) notes, this requires a better knowledge of how land markets operate. Partnerships therefore represent an opportunity at least as much as a threat.

The introduction of partnerships will nonetheless require a major transformation of cultural attitudes and working practices within public sector agencies with potential consequences for other sectors of public administration. In countries where civil servants control the allocation of land, services, credit, licences and other resources, such change will inevitably be regarded by many as a threat to their authority and privilege. Low salaries and a culture which penalises risk taking is not conducive to innovation, efficiency or transparency. One solution to this is to create parastatals such as CIDCO in India, which can retain the principal ethos of public service interests, but respond to the needs of other stakeholders for market based approaches. CIDCOs success in applying partnership approaches to developing a new city has generated internal expertise which is now being sought by state governments in other parts of the country.

The mechanisms essential for making such adjustments may not yet exist in some countries (Asobur, Fonvi and Proa 1991:318). As Batley (1996:749) has noted, the introduction of market mechanisms may also bring transaction costs in the control and co-ordinating roles which government has to assume and a full assessment of privatisation should take into account the cost to government of undertaking these new roles and its capacity to do so. The point applies equally to partnerships as to privatisation.

If partnerships are to succeed, they will have to generate land value increases sufficient to cover the project costs and leave the landowners, investors and developers with a reasonable benefit on their investment and risk. This will be difficult to implement in areas where the returns are limited, such as locations needed by low-income groups. Yet this is precisely where partnerships are most needed and may be the reason why public sector agencies introduce them in the first place.

New roles will also require new rules. These will vary from one level of government to another, with central government creating the policy, legal and administrative framework within which local authorities can create a range of partnerships to suit local conditions. Striking the right balance, and adapting it to changes in market conditions, will not be easy. Failure to adapt the administrative system would render partnerships more of a public relations exercise than a transformation of government roles in land development. Action at both levels will therefore be vital if experience of the sites and services approach, is to be avoided. Instead of signalling a greater role for developers and residents in housing provision, these remained as a series of discrete projects, often undertaken by staff engaged in a separate unit of land development agencies and with minimal impact upon the sectoral operations of urban development authorities. According to Gore (1991:209), the site specific nature of early partnership projects in Britain limited the contribution they were able to make to the overall regeneration of an area. For partnerships to escape this cul-de-sac and permeate institutional corridors will require a greater effort of will at both national and local levels.

Responsible officials and the wider public interest will also need to be reassured that procedures are formulated to ensure a modicum of transparency and accountability. This is difficult enough for elements such as infrastructure provision, where variations in unit costs are relatively small within a given city. However, land is unique in that the value, or market price, varies dramatically from one parcel to another, depending upon location, tenure status and site conditions. The propensity of land to attract substantial investment from the informal economy also provides ample scope for abuse. The task of formulating administrative procedures which are able to provide both consistency and flexibility will therefore challenge the most capable administrators.

Another issue concerns the tendency for local authorities to offer relaxations to official regulations or standards as a contribution in kind towards a partnership approach. This has the attraction of being a cost free means of attracting private investment and increasing public sector leverage over developers. However, the scope for such relaxations is proportional to the extent to which such standards and regulations impose requirements (and costs) which conflict with market trends. In this sense, the more unrealistic, complex and expensive the regulatory framework is, the greater the scope for selective relaxations. Under these conditions, relaxations may increase leverage and enable authorities to maintain the fiction of official regulations, though they virtually remove incentives to reform inappropriate regulatory frameworks. Any system which depends upon the perpetuation of outmoded and unrealistic regulations as the basis for a series of deals with private sector interests, runs the risk of institutionalising inefficiency and corruption.

In partnerships between the public and formal private sectors, some form of contract will generally be required in order to clarify the roles of each partner and the distribution of investment, risk and benefit. This presents several issues. First, how can contracts follow an administratively manageable form and yet still allow for the uniqueness of different sites and partnership arrangements? Secondly, how can the opposing needs of transparency and commercial confidentiality be met? Thirdly, how can contracts be enforced, when the state itself is one of the interested parties? Of course, contracts may not be feasible when the partnership is between public agencies and informal sector developers, which are the largest single channel for urban land development in many countries. Since most of these will be operating outside the officially sanctioned norms, it is understandably difficult for agencies to support what are seen as illegal activities or groups. This makes the issues of transparency and accountability even more difficult to resolve, though it need not prevent benefits accruing to all parties, including those in need of housing.

Partnerships may not need to operate at all stages of the land development process, from site selection, planning, development, marketing, allocation and house construction. However, establishing mechanisms which can incorporate user groups, NGOs and CBOs at the appropriate stages, will be an integral part of the changing mind-set required by all concerned and provides new opportunities for civic leadership. Although partnerships have been established practice in Britain for some years, Gore (1991:215) has expressed disappointment at the lack of a role for local residents and community organisations. The problem is probably not unique to Britain.

Pilot projects offer a valuable means of capacity building for new approaches. They can help test alternative planning standards and administrative procedures which can then be incorporated into official requirements at national or local scale. Such projects should be large enough to result in sustainable, mixed-use urban areas and not just provide large housing estates. For this reason, projects should be planned, implemented and evaluated by a multi-disciplinary teams operating under the principle of self-financing development. Options for designing such projects are described in Davidson and Payne (2000).

Partnerships offer the possibility of creating win-win solutions in which the legitimate interests of different actors can be satisfied. However, bringing together stakeholders which have been in conflict for decades will be no easy task. To build trust, it will be necessary for all actors to be clear what risks and benefits are involved. It is not essential that partnerships be among equals, or that they last for throughout the planning and development process; in fact such arrangements are unlikely. However, it is vital that both risks and benefits are proportional and seen to be so by all parties.

Finally, partnerships will only flourish if they can demonstrate an ability to satisfy the primary needs and interests of *all* key stakeholder groups, especially the potential beneficiaries. Procedures will therefore need to be developed to identify and address these and formulate criteria which can be used in assessing the costs and benefits of each development. This is not a process which should be restricted to either local authorities or private developers, but would need to include representatives of NGOs and community groups. On this basis, perhaps we should be proposing Multi-Stakeholder Partnerships (MSPs) rather than Public-Private Partnerships (PPPs).

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