Community-based approaches toward upgrading of informal settlements: Alternative strategies and recommendations for policymaking

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Introduction
Within the last 30 years, the relevance of participatory methodologies has continuously been increasing in the housing sector in transition and developing countries. Thanks to their positive impacts on the social, environmental, and financial sustainability of projects, participatory approaches have steadily been gaining support and recognition from mainstream or conventional development agencies. As Mitlin and Thompson (1995: 234–235) note:

“The activities of the institutions of civil society—NGOs, residents associations (including those formed by squatters and by tenants), self-help housing associations and cooperatives—have therefore attracted the interest of donors for their role as development organizations. Many have assumed a self-help and developmental role.”

As a result, decisionmaking processes are changing and opening doors for more empowerment of local groups as well as for greater transparency and accountability of decisionmakers. The recognition of the positive influence of the participation of local communities in development projects has paved the way for more progressive solutions to development challenges in which communities play a lead role in

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Project design and facilitation. This phenomenon has been defined by the World Bank as “community-driven development (CDD),” “an approach that gives control over planning decisions and investment resources to community groups and local governments. CDD programs operate on the principles of local empowerment, participatory governance, demand-responsiveness, administrative autonomy, greater downward accountability, and enhanced local capacity.” Nowadays, this kind of approach is not only considered as efficient and effective but also a means of democratization and a way to influence the relations between government and community groups (Guggenheim 2005).

This Policy Notes illustrates the state of development and implementation of community-based approaches in the Philippines toward the upgrading of informal settlements, describes the potential of these approaches, and provides some recommendations for policymaking. The recommendations are based on a research carried out in Metro Manila among the community leaders and nongovernment organization (NGO) representatives involved in the ACCA program and UP-ALL Coalition Philippines. The methodology involved the basic tools of participatory appraisal, namely, interviews with community leaders, transect walk in the settlements, participatory observation, and focus group discussions. These were supplemented by analysis of secondary data and interviews with government representatives involved in the major housing programs in Metro Manila.

Legislative background
The Philippines can be considered as one of the most progressive Asian countries in terms of decentralization of urban governance and participation of community organizations and civil society in urban development processes. With the passage of the 1987 Constitution, new progressive laws promoting inclusive urban development were introduced to overcome the failures of the centralized model of governance that previously existed in the Philippines.

The Local Government Code (1991) and the Urban Development and Housing Act (1992) provide a strong rationale for the development and institutionalization of community-based upgrading strategies for informal settlements. Both documents were oriented toward the shift from state-led development to participatory and market-oriented approaches. The Local Government Code (LGC) legitimized the participation of the local government units (LGUs) in the planning and implementation of urban development projects. The Urban Development and Housing Act (UDHA) established a legal framework for the development of informal settlements, providing a clear mandate for the government to engage with community-based organizations (CBOs) and other stakeholders in the planning and implementation of housing projects.
civil society, peoples’ organizations, and concerned barangays, in the formulation and implementation of local upgrading projects.

Meanwhile, the Urban Development and Housing Act (UDHA) defined the components of the National Shelter Program which is implemented by a number of governmental agencies (Housing and Urban Development Coordinating Council, National Housing Authority, Social Housing Finance Corporation, etc.). It was intended to increase the availability of socialized housing, which is designed to accommodate the poorest 30 percent of Filipinos, with the units valued at less than PHP 300,000 each (Ballesteros 2009). The most significant programs included in the National Shelter Program are the Community Mortgage Program (CMP), Presidential Land Proclamations, and Resettlement Program.

So far, the 20 years of decentralization efforts in the Philippines have brought some results, but it cannot be denied that the problems of homelessness and proliferation of informal settlements have not been resolved. One of the most visible results is the emergence of a large number of community organizations and NGOs involved in the development process. They have emerged both as a result of the national government’s decentralization focus (realized in programs like the CMP) and as a response to the deficiencies of government, as evidenced by the minimal financial resources devoted to housing programs (less than 0.1 percent of GDP on average, which is one of the lowest amount in Asia⁴) and the increasing homelessness in the Philippines.

**Community-led settlements upgrading**

The focus on decentralization, underscored in the UDHA and LGC, and the focus of government on “enabling” rather than “providing”, resulted in the creation of a variety of community organizations or NGOs. The latter became crucial in the whole process of settlement upgrading as they had the necessary skills to deal with complicated procedures and legal acts related to the upgrading process. Their help was, at many instances, essential for the success of the concerned communities in accessing secure land or transforming their settlements.

This situation has gradually changed while communities of urban poor have started to formulate alliances, which have taken the lead in upgrading activities. Even though these have also often been assisted by NGOs, the local communities involved in these networks have managed to exchange their experiences and improve their capacities. For that reason, communities nowadays have increasingly become independent to act for themselves.

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There are two major coalitions in the Philippines that can serve as an example of the abovementioned process: UP-ALL (Urban Poor Alliance) and the one linked with the Asian Coalition for Community Action (ACCA) program which operates in 15 countries in the Asian region and organized by the Asian Coalition for Housing Rights.

The UP-ALL coalition was formulated in 2005 out of four strong networks dealing with different aspects of pro-poor development. These were:
- The Homeless People’s Federation – dealing mostly with savings schemes,
- CMP Congress – dealing with issues related to CMP,
- TRICORE – a coalition of three NGOs leading with antidemolition and anti-eviction campaigns, and
- Urban Land Reform Movement – working on lobbying for legislative changes.

The network, firstly working on the national level, has managed to set up local bodies dealing with regional, city, and barangay issues. Due to the number of involved communities and the wide spectrum of activities (upgrading, advocacy, policy formulation), it has the potential to influence official policies and can be considered to have a large influence on voting participation during elections. This was seen in 2010, when then-presidential candidate Benigno S. Aquino, supported by UP-ALL coalition members, signed the 10-point Covenant with the Urban Poor (Nicolas 2011). Therefore, as a large network, it has capacity to advocate for addressing the upgrading needs of concerned communities.

The strength of community associations can be illustrated in an example of an UP-ALL member, the Homeless People’s Federation, which was formed in 1998. In June 2009, this federation alone consisted of an estimated number of 85,000 individual members from 200 community and homeowners associations from 14 different cities and 16 municipalities throughout the Philippines. The group initiated savings, networking, and capacity-building activities, which helped to strengthen community associations around the Philippines.

The next example and step for scaling-up of the community approach is through the participation of Philippine communities and federation of communities in the regional ACCA, originated by the Asian Coalition for Housing Rights (ACHR). This program, through the financial mechanism of loan (and sporadically grants), of USD 40,000–60,000 for big or USD 3000 for small projects, helps communities to accelerate the upgrading process in their settlements. More importantly, the program is designed to create a network of coalitions of poor people in Asian

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countries, which would be able to support the shift in upgrading policies in the region. The main purpose of the program is to support self-governed and self-managed upgrading through peoples’ empowerment and financial independence. In this case, it also aims to promote a mentality shift, to disengage from NGOs help, so that the communities would be able to manage the whole process by themselves and not only wait for help from external actors. The initial loan amount of USD 40,000 or USD 3,000 is intended to serve as a revolving fund. Borrowers are supposed to repay their loan with some interest. The collected amount would be used for succeeding projects. The level of interest rates, as well as the selection of upgrading projects, is decided by the networks of community organizations (or community federation) at the city level. In this way, the communities maintain power over the whole upgrading process and, as an independent actor, can scale up and cooperate with the government. However, recent information on the repayment rates in realized projects show that the fund has yet to generate money that could be reinvested in new projects. Since the repayment rates in the Philippines in different programs are also known to be problematic, there is a need to devise innovative solutions to enhance the efficiency of collection rates. The aforementioned fund is also supposed to help the communities increase their capacities to leverage funds from the government. It also provides an important social and networking mechanism that should gradually enhance the saving capacities in the communities.

One of the consequences of the ACCA program has also been the formulation of a manifesto of the Urban Poor Coalition Asia in March 2012 in Quezon City, Philippines. The manifesto is claiming the rights of policy formulation and the right to access land for the urban poor and to set up the foundation for further integration of the urban poor in the whole Asia.

**Indicators of community-based approaches**

Looking at the examples of projects led by communities in the region of Metro Manila, it is possible to distinguish the elements of upgrading process that occurs in most of the analyzed projects. These elements include:

*An incremental approach*

Both in the CMP and proclamations sites or the ones assisted with ACCA fund,

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3 In 2002, the local government unit (LGU) in Manila supported the inhabitants of BASECO with donation of materials worth PHP 15,000 per family. The area in which the incremental approach was promoted is now the most consolidated and “urban” out of the whole BASECO area.
communities develop their settlements incrementally. The accessibility of financial support, even small, helps them to start the process of upgrading and enforces the selection of investments that are most urgent. It also generates new economic activities in the settlements, which, in turn, support the local economies. This happens especially when the communities receive supply of building materials rather than accessing the money directly (this model of support has been promoted by the ACCA and occasionally is implemented by local government units in Metro Manila\(^1\)).

**Formulation of savings groups, independent from government programs**

A variety of communities in the Philippines, such as the Homeless People’s Federation, have organized their own savings groups. The communities use the funds to pay for the land (or to upgrade it according to BP 220) and for any urgent expenses.

**Development of the settlement plan through participatory planning processes**

The BASECO community, based in Manila, has created its own People’s Plan (with the help of TAO and UPA NGOs), which influenced the design prepared by the local government unit (LGU) for the “New Site” area. A similar practice is happening whenever communities have the ability to link with qualified technicians (typically through assisting NGOs).

**Negotiations for secure tenure engagement in government programs and negotiations between different government offices**

The communities being part of the GULOD Federation, based in Quezon City, have successfully managed to access secure land using different tools: direct purchase from government, direct purchase from private owners, or through the CMP. In each case, the process involved facilitation of the whole process and often required overcoming contradictory decisions of different government stakeholders involved in the process.

**Upgrading of settlements (road infrastructure, drainage)/co-production with government**

A bayanihan type of construction is at various stages, seen in practically all informal settlements which are being upgraded. Some barangays are unable to provide services (Layug et al. 2009) and, oftentimes, in these situations, people decide to do the work themselves. The barangay may support by providing food and drinks to workers or donating construction materials and tools.

**Research on the settlements**

The mapping of settlements done by the GULOD Federation has created a Post-disaster Community Profiling and Mapping\(^4\) in Barangay Gulod. The report was used to negotiate the possibility of allocating government funds for social housing in the construction of mid-rise buildings for families living in danger zones next to the river.

\(^1\) ACCA communities/FPUP (2010), Disaster Community Profiling and Mapping Final Report.
Negotiating with the private sector
A variety of organizations negotiate for water connections, electricity, and other services directly with private suppliers to obtain a subsidized price for these services.

Formulation of strong networks, enabling participation in governance, and influencing policy formulation
As mentioned earlier, UP-ALL signed with then-presidential candidate Benigno S. Aquino a 10-point Covenant with the Urban Poor.

Looking for financial resources, project proposal formulations, donors, loans
Many of the communities benefited from donor assistance with diverse funds for development of their settlements. An example is the Payatas Scavengers Homeowners Association, Inc. (PSHAI) in Rodriguez, Rizal. It is being developed as an eco-village with support from the United Nations Economic and Social Commission for Asia and the Pacific and benefited from ACCA loans for small projects.

Challenges of upgrading programs and recommendations drawn from community-based approaches and experiences
- Conflicts in the community are one of the reasons the process of upgrading takes long. People with larger lots may not agree on re-blocking activities as they will lose a larger amount of land. Therefore, owners of bigger lots may be tempted to maintain the status quo in the settlement. As qualified beneficiaries, they have the right to negotiate their status, and this can take years to arrive at a compromise.

Recommendation: The government can facilitate the process by reinforcing that the re-blocking task force cooperates with community organizations. This cell has facilitated the re-blocking process for instance in Commonwealth, Quezon City.

- The regularization processes in the land proclamation system usually take long due to arduous negotiation of prices and procedures governing regularization. After the mapping, census, and tagging activities in proclaimed sites, new structures are theoretically not allowed to be constructed in the settlement. This is unrealistic due to the long processes that have to follow the census and tagging, which leads to repetitions in census and surveying.

Recommendation: Introduce community-based mapping or verification procedures during changes in the settlement. In this way, the governmental/municipal technicians may receive up-to-date information regarding the new structures arising in the settlement without a necessity to repeat the
whole mapping and tagging procedures. However, this kind of procedure seems to be feasible only in the case of land proclamations sites with long-established communities, which may cooperate with government and report the activities of squatting syndicates.

- The off-city relocation model of resettlement does not support the social welfare of the beneficiaries. Because it primarily involves only the developers, it also limits community participation in the settlement development process.

**Recommendation:** It is necessary to shift from off-city resettlement to in-city resettlement and to promote incremental development of settlements (people receiving building materials and constructing houses by themselves which not only promotes economic activities but also discourages land speculations and selling of the allocated lots). Each LGU should include the land intended for socialized housing in their zoning regulations. LGUs should also fulfill their mandate of identifying areas for socialized housing programs for the homeless urban poor in order to facilitate potential in-city resettlement processes.

- The mandates of shelter agencies and the LGUs usually overlap (Teodoro and Co 2009). The communities have to deal with overlapping—and sometimes conflicting—directives from different agencies. Even if the policies are supported by high-level politicians, the status quo is maintained at the bureaucratic level.

**Recommendation:** A community monitoring system to increase accountability of the bureaucracy is recommended. Feedback from the communities involved in cooperating with government agencies/LGUs may provide useful information regarding the effectiveness and efficiency of specific administrative modalities.

- The official programs are generally not entirely successful in terms of site development. It has been reported that the CMP loan applications for the second and third stages have not reached the expected levels (Cacnio 2001). Based on most recent data of SHFC, the situation has not improved significantly. In many cases, resettlement project sites are not completed even after several years after relocation. These problems can be attributed to the inability of barangays to provide services and facilities (Layug et al. 2009) or to the insufficient financial resources of LGUs.

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**Recommendation:** The lack of financial resources may be addressed by supporting communities through the provision of building materials for site development and by promoting the bayanihan approach. Both strategies can stimulate an incremental approach, which benefits the local economy. This approach can diminish the cost of investment for the barangay or LGU. However, its success depends on the capacity of the community to construct the desired facilities and the degree of social cohesion within the concerned groups to work together toward a common objective.

- When linked with civil society and experts, community organizations are able to produce high-quality site development plans and have the capacity and motivation to execute them. For instance, as witnessed in the area of BASECO developed with the ACCA funds, they do not allow occupation of free land devoted for open spaces or public facilities. This is not possible if the community is not entirely involved in the process of settlement design.

**Recommendation:** The government may look for incentives (subsidies, etc.) for technicians from the private sector to participate in community assistance.

- Private developers are obliged to provide 20 percent of socialized housing for each unit delivered on the free market. Part of these allocations is delivered through off-city relocation or toward construction of new housing by a limited number of NGOs/charitable organizations.

**Recommendation:** The law should be reviewed so that it allows developers to comply with the requirement in a different way: for instance, through cash flow for on-site upgrading or subsidizing the purchase of land according to the preference of the communities (for example, in the vicinity of their previous site of residence).

- Government agencies have limited capacity to diagnose and map the informal settlements. In most cases, the actual number of people and the structure of those areas are unknown to them.

**Recommendation:** Increased government support or cooperating with communities for census and mapping of slum areas is recommended. This could also result in the creation of a database of slum/informal areas. The knowledge of communities in mapping their own settlements should be tapped. They have higher capacities in terms...
of access to the slums and are more responsive to the changes occurring in the slum areas but have lower capacities in terms of technical expertise and financial resources.

References


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