

# BeGeo

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## Formalizing Informal Settlements to Empower Residents against COVID-19 and other Disasters

Prof Chryssy Potsiou, NTUA  
FIG Honorary President  
UNECE WPLA Vice Chair  
[chryssy.potsiou@gmail.com](mailto:chryssy.potsiou@gmail.com)

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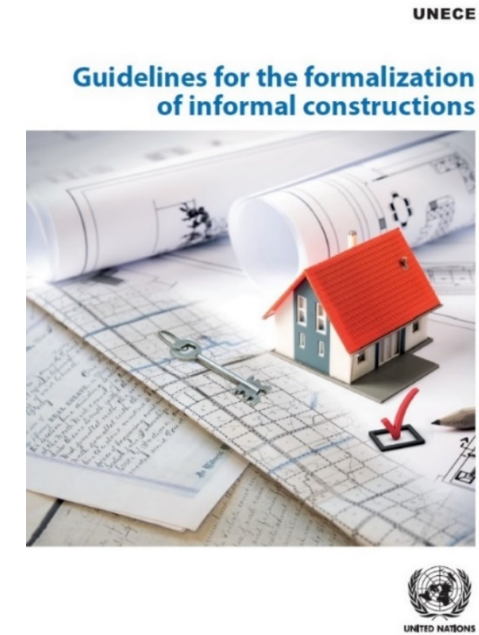
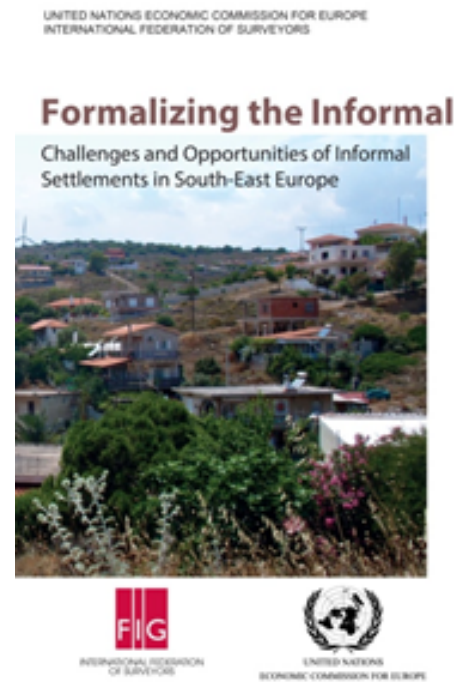
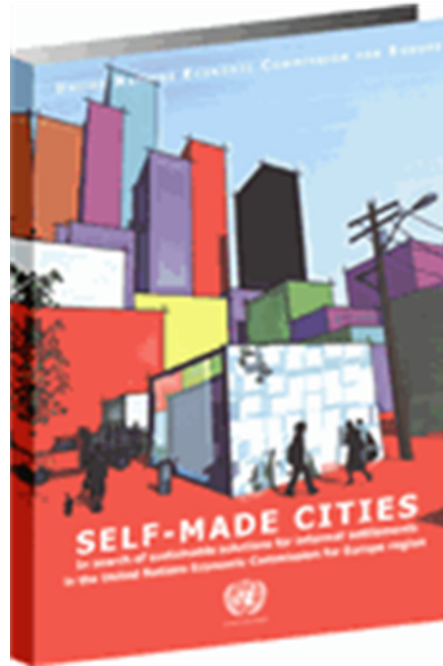
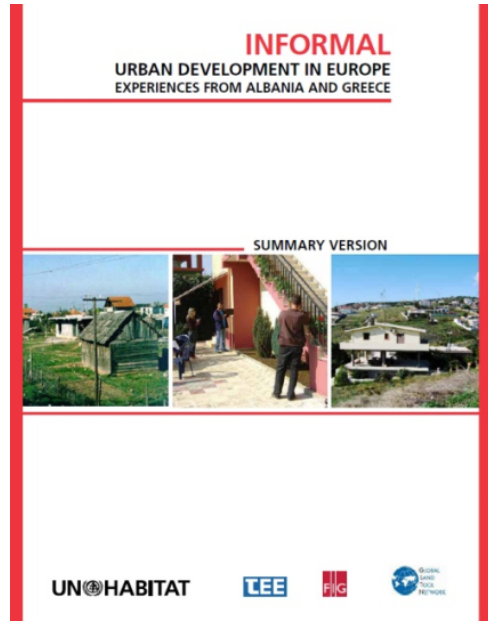
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# Formalization of Informal Development is a challenge

## FIG/UNECE research on recent projects initiated in 2006



In South Europe there is experience in formalization projects since the 80s

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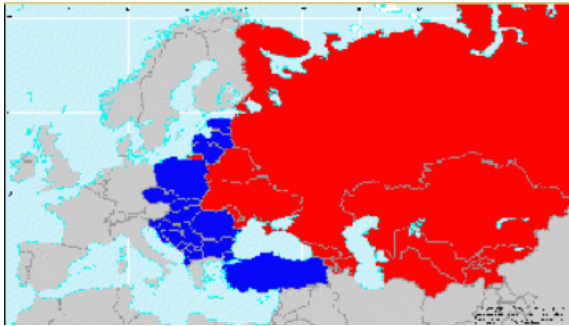


# Privatization: land, business, housing, enterprise

39 WB funded LAM projects in Europe and Central Asia:  
The largest program of land reform the world has ever seen!  
30 countries involved - US\$ 1.1 billion in loans and grants

Population: ~900M Land area: 27,381,300 km<sup>2</sup> Properties: ~300M

**More than 50M people live in informal real estate  
(2009)**



Everyone has a right to decent housing and better living conditions

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# Identified causes

- political change
- urbanization
- internal migration, conflicts, marginalization, disasters
- cumbersome authorization processes for home improvements and modernization
- corruption, lack of personnel in state agencies to deal with the increased demand
- absence of policies to adopt pro-growth planning as well as affordable housing
- weaknesses of the private sector
- lack of political will to recognize existing tenure, and
- reluctance of state agencies to support the economic reforms



# Examples

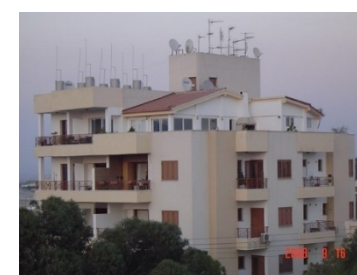
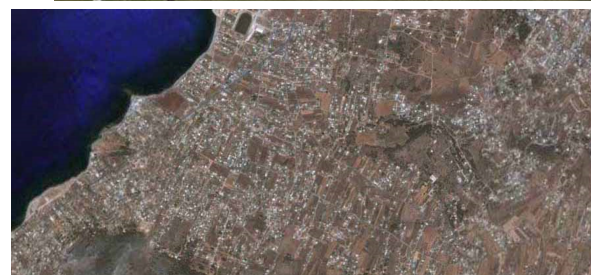


Type	Montenegro	Albania	FYROM	Greece	Cyprus
On state land	<i>Yes after the provision of a plan and case by case consideration and direct negotiations</i>	<i>Yes purchase or lease</i>	<i>Yes purchase or lease</i>	<i>No legally owned &amp; registered land which is claimed by the state</i>	-
On private land that belongs to another owner	<i>Yes After direct negotiations</i>	<i>Yes compensation provided</i>	<i>Yes long term lease agreement</i>	-	-
In violation of zoning	<i>Yes following a thorough revision</i>	<i>Yes</i>	<i>Yes</i>	<i>No</i>	<i>No</i>
Without building permit in the unplanned areas	<i>Yes following a thorough examination and detailed planning provision</i>	<i>Yes planning will follow legalization</i>	<i>Yes planning &amp; infrastructure will follow legalization</i>	<i>Yes for 30 years requiring planning to be provided until then ~1,000,000</i>	<i>No ~40% of the single-family houses</i>
In excess of the building permit	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes for 30 years ~1,500,000</i>	<i>Yes ~130,000 ~80% of condos</i>
Total Size	<i>130,000 objects</i>	<i>500,000 objects</i>	<i>350,000 objects</i>	<i>~2,500,000 objects</i>	<i>?</i>





Albania (top L), Montenegro (Middle), Greece (bottom L), Cyprus (bottom M) and FYROM (bottom R)



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Measures used to address informal settlements include:



## 1. Measures to **deal with the existing situation**

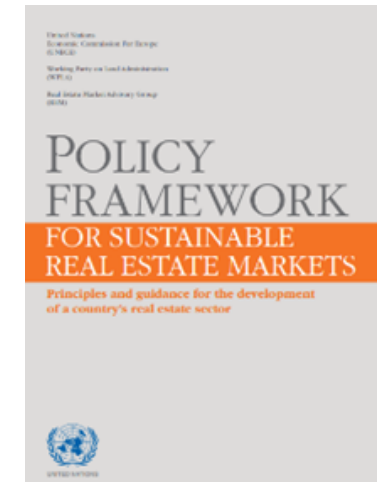
- ignorance
- demolition and resettlement
- formalization & improvement or improvement ; formalization  
options may have pros and cons according to local special challenges

**Urgent need to address all fronts simultaneously in a FFP manner**

*when **neither the state nor the private sector** provide legally the supply of appropriate real estate types and quantities to satisfy the current demand, people build informally.*

## 2. Proposed measures to **eliminate the phenomenon in future**

- build public trust, increase transparency
- monitoring of sensitive areas (automatic procedures)
- adoption of pro-growth planning, flexible, inclusive, affordable
- development of affordable housing policies

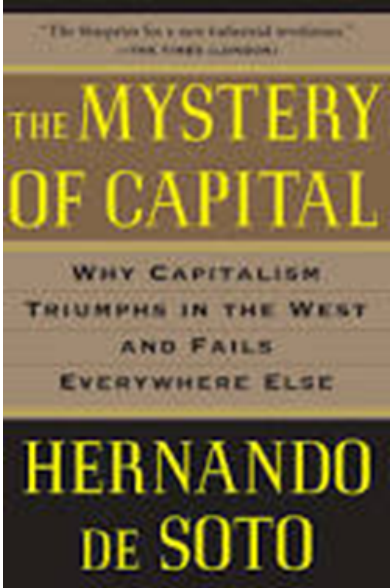




# Title registration is important

## Registration

- improves security of tenure
- establishes property rights over the investment
- minimizes lending risks, and
- provides easy access to credit and funding mechanisms; enables the poor to unlock the value of their land
- it also improves legal protection, as well as legal empowerment of occupants/owners



TIME 100/Scientists & Thinkers

## Hernando de Soto Unlocking the Riches of the Poor

Development schemes for Third World countries rarely benefit the poor, largely because aid is too often squandered by corrupt bureaucracies. That makes fresher, commonsense visions like those of Peruvian economist Hernando de Soto all the more welcome. De Soto has spent years looking deep inside the underground economies where poor people—who make up two-thirds of the world's population—eke out a living. He figures the value of their extralegal property, from cinder-block squatter homes to black-market street-vendor sales, at almost \$10 trillion. De Soto insists that bringing the poor and their assets into the formal economy, which is usually closed to them by oligarchies and epic red tape, would eclipse all previous development efforts.



Karl Marx saw private property as the source of wealth and called for its elimination to promote equality

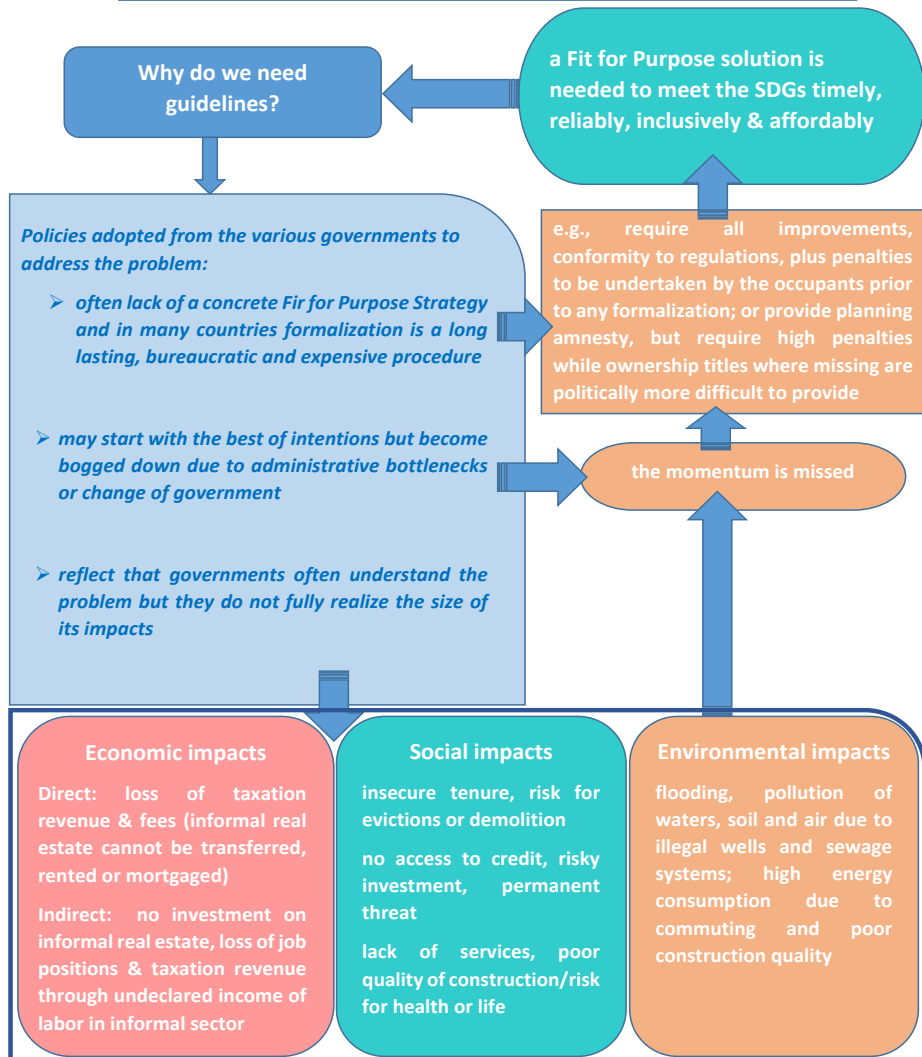
A century and a half later, we know that a country without a formal system for registering property rights limits its own economic development and prevents its citizens from realizing their full potential

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## Rationale for guidelines



# Why do we need a Guide for Formalization?

Should explain why a country would choose: **to go beyond the established scientific/engineering/planning practice**, in order to successfully deal with:

- Property Market Challenges,
- Funding Challenges,
- Structural Stability Challenges,
- Environmental Challenges and
- difficult Ethical Challenges
- Hostile reactions to a formalization project

# In line with SDGs, Urban Agenda, FAO VGGT,...



- **SDG1 No Poverty,**  
Target 1.4 *informal economy* includes self-made, usually *substandard houses* –  
along with the *informal labor* force and *illegal businesses*, *unregistered property rights*,  
lacking property titles and/or planning, construction and operational permits, have *no access to credit*
- **SDG 11, cities and human settlements** be *inclusive, safe, resilient*
- **SDG 3 good health and well-being;**  
*in particular on strengthening the capacity, in particular developing countries, for early warning, risk reduction*
- **SDG 5, gender equality,**  
Target 5.1 to *end all forms of discrimination*
- **SDG 6, clean water and sanitation,**  
Target 6.1 equitable *access to safe and affordable drinking water* for all ; 6.2 access to *adequate and equitable sanitation and hygiene* for all, paying special attention to the needs of women and girls and those in vulnerable situations; 6.B Support and strengthen the *participation of local communities in improving water and sanitation* management.



# In line with SDGs



- **SDG 7, Ensure access to affordable, reliable, sustainable and modern energy**  
*Targets: 7.1 **access to energy services**; 7.2 **increase substantially the share of renewable energy**; 7.3 **double the global rate of improvement in energy efficiency**.*
- **SDG 9, industry, innovation and infrastructure**  
*Target 9.1 develop **sustainable and resilient infrastructure** to support economic development and human well-being, with a focus on affordable and equitable access for all.*
- **SDG10, reduced inequalities**  
*Target 10.2 empower and promote the **social, economic and political inclusion of all**, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.*
- **SDG 13, climate action**  
*Target 13.1 Strengthen resilience and adaptive **capacity to climate-related hazards and natural disasters** in all countries*
- **SDG 16, peace, justice and strong institutions**  
*Target 16.6 Develop effective, accountable and transparent **institutions at all levels***

# UNECE publication 2019: Guidelines for the formalization of informal constructions



UNECE

## Scope of the Guide

- How to structure a FFP formalization program in an affordable, reliable, inclusive and timely manner to improve residents' **health, living and working conditions** (to meet the SDGs by 2030)
  - **formalization process**
    - preparatory work (problem magnitude, political acceptance)
    - post-formalization factors
- Economic, environmental and social benefits **for everyone**
- **Increased security of tenure, right to adequate housing & access to credit**

### Guidelines for the formalization of informal constructions



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# The overall concept



- Informal Construction (IC) could be a **commodity**
  - access to credit may **provide funds** for construction improvements & general improvements e.g., disaster recovery, education, health, and business.
- Titling & registration: **fast, independent, and low cost**
  - no-one should be **taking advantage** of formalization
- **Post-formalization** or **parallel** improvements & service-provision
  - **social and environmental reasons**, but also to make these properties more **economically viable** and become a part of the broader legal land market.
  - **It is hard to make money from a house that cannot be sold, or nobody is interested to buy.**
- There is **no “one size fits all”** general rule for improvement provision
  - improvements can be initiated / funded by inhabitants in partnership with national / local authorities, private sector
  - Tools may include consolidation of parcels and land readjustment (broad public awareness & acceptance, trust & willingness to act to secure ownership rights to their houses)





# Security of tenure rights alone cannot facilitate access to credit, while security of ownership rights can

Informal construction= **Risky investment.**

- **Security of tenure and housing** = social issue & human right,
- **Security of ownership rights and titles** =social issue / **fundamental to well-being.**
- .
- A country without an inclusive formal system for registering property rights limits its own economic development and **prevents its citizens from realizing their full potential.**



# Voluntary participation & inclusive registration



- **Voluntary participation**  
*based on trust & willingness*
- **Eliminating the phenomenon in future**

apart from **property registration**,  
comprehensive land policies and reforms must include: **pro-growth planning and permits for flexible development, property valuation, policies for creating job opportunities, fair taxation and affordable housing.**

Issues relevant to the establishment of sustainable real estate markets include: the existence of **funding mechanisms, professional education, professional ethics and an effective role for the private sector**

*(Real Estate Market Advisory Group: Policy Framework for Sustainable Real Estate Markets)*



## THE GLOBAL PROCESS FOR FORMALIZATION

Prepare the Strategy for Formalization

- Build political will
- Analyze informalities
- Carry out cost-benefit analysis study
- Agree on fit-for-purpose strategy
- Develop communication plan
- Draft a strategy report
- Get approval from government

Prepare the Framework for Formalization

- Define areas and categories of constructions
- Determine the legal and regulatory issues
- Define the appropriate actions for formalization
- Define the registration process
- Design the draft formalization process
- Determine levels of penalties and fees
- Determine the involved institutions
- Determine and implement the administrative system

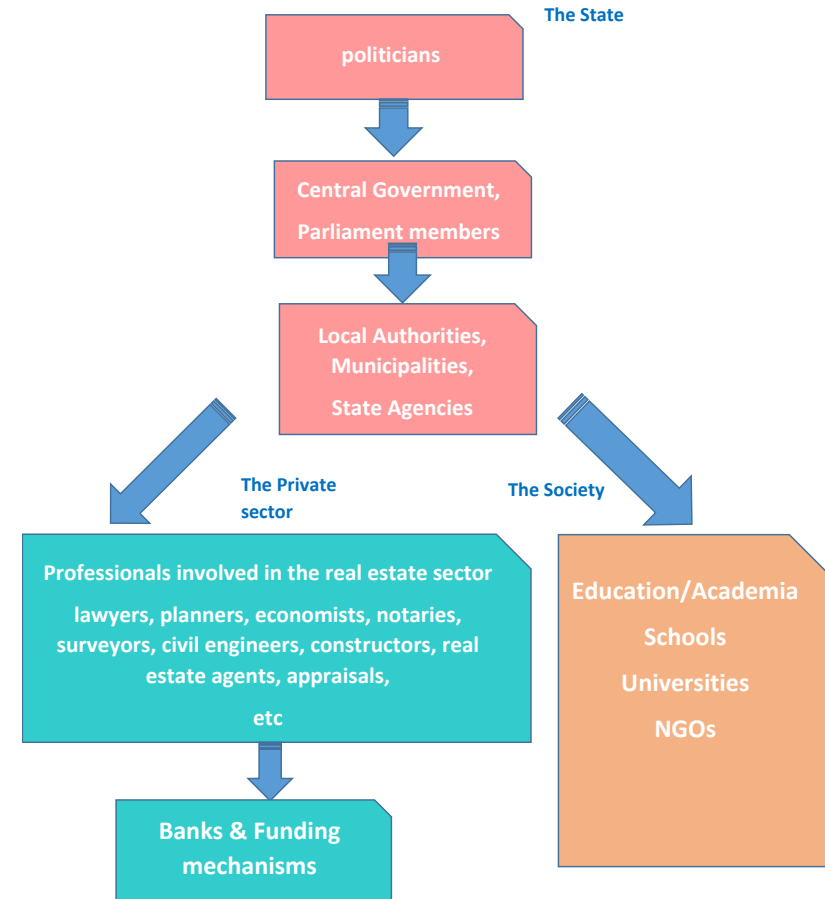
Formalization of Constructions

- Prepare inventory of informal properties
- Accept and process the submitted documents
- Register informal constructions
- Impose legal action as required
- Impose and collect penalties
- Monitor formalization

Actions parallel and following Formalization

- Improve the land and building registers
- Revise urban planning process
- Revise permitting of construction procedure
- Introduce a monitoring and inspection process
- Improve the land and building code
- Improve formalized housing
- Improve utilities and infrastructure
- Introduce property taxation
- Prevent new informality

Who to use the guidelines?



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# Flexibility matters

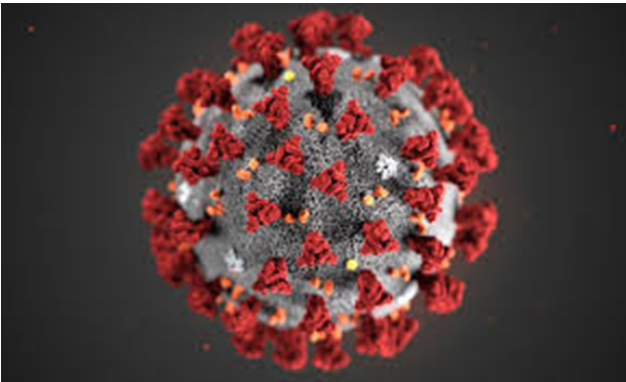


- ✓ Allow formalized constructions to be **modified, improved or changed** to become safe and productive additions to the formal real estate market
- ✓ Provide **incentives** for health & safety improvements following formalization



# Are we still on track to deliver the land targets?

- Few countries have reported significant progress within the 5 years of implementation of the SDGs
- Many projects already face significant additional delays due to the Covid-19 situation



**COVID-19  
RESPONSE**

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# WB:COVID-19 has plunged the global economy into its deepest recession since World War II

- 1.6 billion workers in the formal or informal economy are at risk of losing their livelihoods ; **the creation of “new poor”**, mainly those self-employed, many informally, which will soon join those most vulnerable
- impact may be far worse depending on the disease
- dense **urban centers but also rural settlements**, are in the center of the corona virus “storm”
- The situation becomes worse in **unplanned and/or dense informal settlements and slums** that often exist on the outskirts of many large urban areas, but which also provide unskilled service support to the nearby urban economies
- natural disasters are more or less “localized”, while **COVID-19 is or may exist “everywhere”...and this complicates recovery actions**
- **COVID-19 has a higher, “localized” concentration among informal settlement residents** where people are not prepared, basic infrastructures are poor, and where there is a significant lack of reliable geo-referenced data



# how can we, as experts, do more to empower residents of ISs within UNECE region?

- provide the **technically driven policy tools** to support governments to **identify and empower those most vulnerable** and those exposed most to the pandemic
- **measures** taken by governments to empower people against the pandemic **are also related to the good management of land** and therefore need to be more **"localized", evidence-based, and fit-for-purpose**
- **"Who"** and at the same time, more importantly **"where"** are the most vulnerable, those exposed most to the pandemic?

## BE HEALTHY, BE CLEAN



## CLEAN & DISINFECT



## SOCIAL DISTANCE



## PICK-UP & DELIVERY



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# The way countries prepare for a damaging event makes the difference

- **globalized economy** & a constant move to **urbanization**,  
a **global action plan on how to deal with deadly pandemics is still missing**; there is a dangerous lack of coordination among governments in terms of disaster-response measures
- **Coronavirus was a test and sadly even the world's supposedly most advanced nations have too visibly failed**
- availability of reliable and affordable **geospatial and demographic data** in a timely manner is crucial
- **low-cost but still reliable tools and methods** that may be used for acquiring the needed geo-referenced information including information derived from **social media and crowdsourcing** and several **applications for contact tracing** for applying more “**localized**” rather than “**general**” measures

# restoring global health remains the uppermost priority

## residents in informal settlements must not be left behind



- "stay at home", "work from home", "keep social distance", "follow basic hygienic measures" and "wash hands with soap and clean water frequently" are not applicable for residents in IS...
- strict measures cannot easily be enforced
- "social safety net programs" cannot easily be efficient-no data within ISs
- evictions and utilities shut-offs ???
- allowing substandard conditions in some areas is not only a threat to those residents, but to the general population

A large percentage of such informal labor force is occupied in transportation, construction, and agriculture/food production, in the supply chain.

The COVID-19 virus threatens to exacerbate a situation of social gender inequality

It is more important than ever for all actors to see what the "next normal" will look like and make the bold, strategic decisions to create a better future for all and prioritize formalization projects

# The way forward



The development of the Post COVID-19 Recovery Action Plan for Informal Settlements, supplementary to the Guide, including detailed recommendation, lectures, training for pilot cities on how to increase capacity in:

1. formalization of informal constructions & in inter-sectoral cooperation and innovative financing
2. how and what immediate measures are applicable & appropriate to deal with COVID19 within ISs
3. what med-term measures are applicable on how to proceed with fast construction and neighborhood improvements and service provision in ISs

