

PLANNING AND INFORMALITY

The aim of this chapter is to identify trends and patterns of informal development in urban areas, discuss their implications for urban planning and review recent urban planning responses to informality. The prospect for addressing the challenges posed by informal urban development more effectively through new and more responsive planning approaches is also assessed.

CHARACTERISTICS OF URBAN INFORMALITY

The 'formal'/'informal' continuum is central to contemporary analyses of urban development, especially the built environment, the urban economy and the provision of services. Generally, urban development that comes within the purview of a state land administration system and complies with its legal and regulatory requirements is labelled 'formal' and all development that does not comply with one or another requirement is considered 'informal'.

Informal land and property development commonly occurs in areas that are undeveloped because they are zoned for future development, beyond the current built up area or unsuitable for development. Thus informal settlements, especially those formed and occupied by the poor, are often on sites that are reserved for environmental conservation purposes or vulnerable to floods, landslips or other hazards.

In many cities, there is also much informality in the development of middle and upper income residential neighbourhoods. Landowners often manage to obtain detailed layout and building permission for developments in areas not

zoned for immediate development. Alternatively, development may occur in designated areas, but at a higher density or lower building standard than specified.

An additional aspect of informality in urban areas relates to economic activities. Urban enterprises that do not comply with registration, licensing or employment regulations are considered to be informal. Informal service provision can refer either to services provided by organizations that are not registered, regulated or sub-contracted by the relevant authorities, or to the illegal use of official services.

There have been extensive debates on why informal urban development occurs. Generally, informal land subdivision and property development is a response to ineffective planning, inappropriate standards, unenforceable regulations and arduous registration procedures. Employment in the informal sector is also generally considered as a survival strategy when there is insufficient formal employment for all and no social safety net. The motivations for informal development thus vary, from a desperate need to find an affordable place to live and work, to a desire to maximize profit.

GLOBAL TRENDS IN URBAN INFORMALITY AND EXPANSION

In this section, trends of informal urban development in different parts of the world are reviewed and the factors that shape informality identified.



Millions of urban residents in developing countries depend on street vending for their livelihoods

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Developing countries

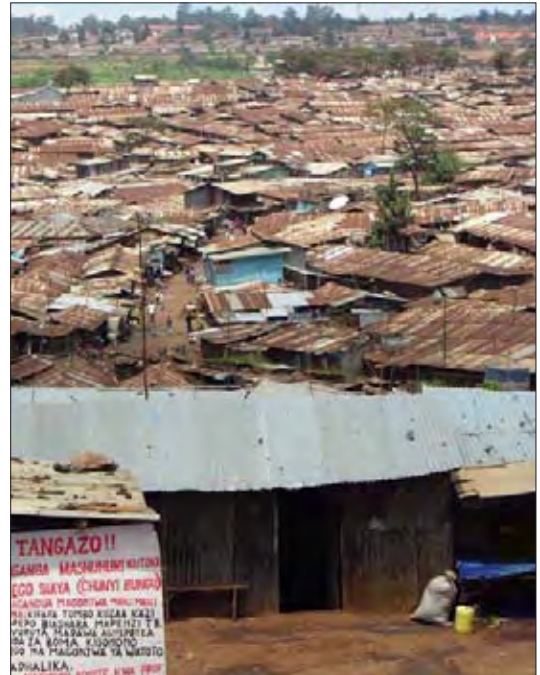
Significant numbers of urban dwellers in developing countries are employed in the informal sector. In Latin America and the Caribbean, for example, about 60 per cent of all those employed work in the informal sector and it is estimated that four out of every five new jobs are in the informal sector. In Africa, the informal economy labour force accounts for around 60 per cent of urban jobs, and an even larger proportion of women's economic activities. Existing studies further indicate that informal employment as a proportion of total urban employment has increased over time in developing countries.

Informality in cities of developing countries is also widely manifested in terms of housing. Unable to access affordable serviced land and formal housing, low and even middle income groups have had to seek building plots or houses in informal settlements. Even where considerable public investment in planned settlements occurs, there is frequently a mismatch between what is built and what people need and want. Thus, 62.2 per cent, 42.9 per cent, 36.5 per cent and 27 per cent of the urban population of Sub-Saharan Africa, Southern Asia, Eastern Asia and Latin America and the Caribbean, respectively, live in slums.

Informality is also a prominent feature in peri-urban areas of Asia, Africa and Latin America and much of the future urban growth is expected to take place in such areas. The sprawling peri-urban areas of developing countries are characterized by inadequate infrastructure, lack of safety and security and wide disparities in wealth. Limited governance capacity for planning and development regulation leads to the proliferation of informality in peri-urban areas.

In many cities of developing countries, much of the service delivery depends on small-scale private-sector and informal operators, who replace or supplement formal water and sanitation, waste management and energy supply systems. Informal transportation is also widespread in developing countries and closely associated with both residence in informal settlements and engagement in informal economic activities.

The ability of planning systems in developing countries to prevent or deal with widespread informal economic activity, land subdivision, housing construction and service delivery remains extremely limited. This can be attributed to the dominance of technocratic planning approaches, financial and human resource limitations, especially at local government level; limited political and public understanding and support of urban planning; administrative fragmentation, especially in peri-urban areas; and the perceived incompatibility of informal employment and settlement with political and bureaucratic visions of the modern city. The ways in which plan proposals deal with informal development processes are inconsistent and ambivalent, with the result that many activities and settlements are not integrated into regular planning processes and governance institutions.



Significant numbers of urban residents in developing countries live in slums

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Box 7 Informal employment, Romania

In spite of continuous economic growth in recent years, informal employment is a key feature of the Romanian labour market, accounting for between 20 and 50 per cent of total employment, depending on the definition used. Two main groups can be identified among those in informal employment: those who work informally because they have no real alternative and for whom informal employment constitutes a survival strategy, and those who deliberately evade taxes and social security contributions.

Some improvements have been made in recent years, especially with the reform of the tax and benefit system and the introduction of the new pension plan. However, until recently, most efforts focused on punishment rather than on prevention of informality and policies to help the most vulnerable groups and offer them the necessary skills and assets to participate in formal work are uncommon.

Source: Parlevliet and Xenogiani, 2008

Developed and transitional countries

There is little informal settlement in contemporary European and North American cities, with the exception of travellers' settlements and some small-scale squatting, generally in disused buildings. Some informal occupation and modification of formal buildings occurs in inner city areas, especially by slum landlords and poor urban residents, including recent migrants.

Typically, employment in developed countries is in formal enterprises and compliance with labour and development regulations is widespread and enforcement effective. However, economic liberalization since the 1980s has been associated with the growth of economic informality, including unregulated wage employment and self-employment that evades the tax system. It is estimated that in the highly developed OECD countries, the informal economy accounts for about 16 per cent of value added.

In the transitional economies of Europe and the former USSR, the transition from centrally-planned to market-based economies was associated with dramatic increases in poverty, inequality and unemployment, forcing many people formerly employed by state enterprises into informal sector employment. Lower income households have been restricted to privatized deteriorating housing estates, or to low cost housing in peripheral villages and informal settlements.

The inherited planning systems in transitional countries had difficulty adapting to market-based urban development in the 1990s. Obsolete master plans, lack of municipal expertise and resources, and bureaucratic obstacles to obtaining development permission led to widespread illegal development.

In the last ten years, however, governments in many countries in the region have re-asserted control over their shadow economies and recognized the need for effective planning (see Box 7 on Romania's experience). A new generation of planning legislation has been introduced, reforms have revitalized planning systems and urban development plans have been updated. Nevertheless, progress is hindered by a number of factors, including the lack of a strong legal basis for development regulation and coherent national urban development policies.

FACTORS AFFECTING INFORMALITY

It is apparent from the above review of urban informality trends in various regions of the world that a number of key factors give rise to informal economic activity, land and property development and service delivery, some of which are highlighted below.

- Informality in developed and many transitional countries has been associated with competitive pressures arising from economic crisis, privatization, economic liberalization and global competition.
- In developing countries, the expansion of the urban labour force more rapidly than formal wage employment, the lack of state-provided social safety nets and the limited growth of formal enterprises lead urban men and women to seek wage employment in informal enterprises.
- Governments are often unable to enforce laws and regulations governing enterprise, land and housing development. Plan proposals are therefore over-ridden sometimes from ignorance, but more often because of a desperate need for housing and income.
- Procedures for registration and obtaining approval are often time-consuming and costly which increases housing costs and prices by limiting supply, fuelling a vicious circle of informality.
- Public sector agencies are often inefficient and ineffective providers of utilities and services. Thus, much service delivery depends on small-scale private sector and informal operators.

INNOVATIVE PLANNING RESPONSES TO INFORMALITY

The feasibility and desirability of responding to the challenge of informality by extending conventional approaches to land administration, planning and regulation is uncertain in many countries. More appropriate ways forward in these circumstances can be identified by reviewing innovative approaches and assessing their transferability.

Alternatives to eviction

One of the most feasible and appropriate action open to governments is to stop the most harmful ways in which they intervene, such as forced evictions. Often, public agencies' preference is to halt and remove informal developments and economic activities that do not comply with plans, policies and regulations, as well as seeking to evict occupants of land required for public purposes. Evictions also occur through market forces when the demand for well-located land increases and it becomes increasingly difficult for residents to resist pressure to sell, sometimes at below market prices.

International law now regards forced eviction as a human rights violation and urges governments first to consider all feasible alternatives and, second, to adhere to good practice guidelines if eviction is necessary. It essentially recognizes people's rights to decent work and security of tenure, including the right to housing, privacy and the peaceful enjoyment of their possessions. Increasingly, international law is being incorporated into domestic law, protecting people against forced eviction and providing them with various rights if they are evicted.

Regularization and upgrading of informally developed areas

Regularization and upgrading of informally developed areas is preferable to neglect or demolition. Regularization implies recognition and provision of secure tenure, while upgrading generally focuses on the provision or improvement of basic services, although it may also involve re-planning and redevelopment to ensure compliance with planning and building regulations. Formalization of tenure is generally taken to involve the provision of title to individual plots – the strongest legal form tenure rights can take.



Forced demolition of slums is widespread in many countries

However, the merits of titling have been widely contested and it is also the most complex and costly form of tenure to institute. For instance, titling can lead to overt conflict over overlapping forms of rights and the dispossession of the less influential, including tenants, new occupiers and women. Some of the supposed benefits of titling are also not necessarily relevant to low income households, who seldom wish to mortgage their sole asset and to whom financial institutions are reluctant to lend in any case. As a result, remarkably little progress has been made globally with large scale titling.

A flexible approach to planning for regularization and upgrading is thus an essential tool for improving the liveability of informal settlements. Experience has demonstrated that modest and incremental approaches developed in conjunction with residents, local decision makers and land market actors can be implemented at scale and need not result in gentrification. A twin track approach is needed, in which regularization is accompanied by a programme of land development at a sufficient scale to ensure affordability and inhibit new illegal settlement.

Strategic use of planning tools

Earlier attempts to ensure that all urban development occurred in accordance with a master plan have often failed. Today promising approaches, as outlined below, concentrate on using public planning and financial resources strategically to guide development.

■ Construction of trunk infrastructure

Infrastructure planning and investments should form key components of land use planning and zoning so as to guide urban growth away from informal developments. Infrastructure provision can be used to attract investment to preferred locations, for example increasing the attraction of secondary centres within extended metropolitan regions in order to reduce congestion in the core city, by improving links between them. Such investment can be used to encourage development in planned directions and to generate revenue for public investment. However, without proper planning of new development and complementary policies, the outcomes may primarily benefit large-scale investors and developers and high income households.

■ Guided land development

Planning in advance for development is preferable and more efficient than regularization. Where planning capacity and

resources are limited, attempts have been made to ensure an adequate supply of land for expansion by guided land development. This requires an outline strategic plan that identifies the main areas for phased urban expansion; protects the areas of greatest environmental significance; and is linked to a programme of major infrastructure investment, especially main roads, drainage and water supply. For example, it has been suggested that expansion areas sufficient for 20–30 years ahead should be identified and defined by a grid of secondary roads 1 km apart, or within 10 minutes walk of every location. Adaptations to the grid can be used to accommodate topography and steer development away from unsuitable areas. Phased construction of roads and water supply will, it is further proposed, guide developers to appropriate grid superblocks, within which detailed planning regulation may not be necessary.

■ Land readjustment

A key challenge for public authorities is to assemble the land and finance for infrastructure investment and acquisition of sites for major public facilities. In many cities, there are no longer extensive areas in public ownership and public agencies must work with private or customary owners and private developers, both formal and informal, to ensure that phased development occurs. In this case, land readjustment whereby city authorities consolidate parcels of land for service provision and subdivision through mutually beneficial agreements with landowners becomes essential.

However, land readjustment is a market-led approach that rarely provides low income housing. Partnerships with informal or low income landowners or groups are unlikely to work if unrealistic standards and cumbersome procedures are imposed. Flexible attitudes to standards and participatory approaches to decision making by planners and other professionals are therefore essential. Emphasis should be on 'working with' those who provide large volumes of affordable land and housing, through advice and advocacy rather than heavy-handed regulation.

■ Gradually extending effective planning in defined areas

In low income and many middle income countries, limited governance capacity and lack of support for planning and regulation limit what conventional planning and development regulation can achieve. Before detailed planning and development control can be successfully applied to all development, there is a need to demonstrate that the benefits outweigh the costs to landowners and developers. It can be argued that limited planning and financial resources are best

used by concentrating efforts on the public realm and areas where development has major environmental and safety implications, while limiting intervention, especially detailed development regulation, in other areas, particularly middle and low density residential areas. For such selective planning to succeed and comply with overall planning objectives, it needs to fit within a strategic framework.

Working with informal economic actors to manage public space and provide services

Informal economic actors include those engaged in retail trade and related services, manufacturing and repair services, as well as providers of transport, water and other services. A variety of ways in which public sector agencies are working, and can work, with these actors to improve the management of public space and the provision of services can be identified. Innovative approaches are based on an acknowledgement of first, the important contribution informal activities make to the urban economy and their vital role in household livelihoods, and second, the right of informal entrepreneurs to operate in the city.

■ Recognition of informal entrepreneurs' property rights

As with informal land and housing development, public agencies all too often harass and evict enterprises to restore physical order, enforce health and safety regulations or serve the interests of formal entrepreneurs who regard informal operators as competitors. As noted above, harassment and forced eviction should be avoided wherever possible. The right of entrepreneurs to operate in the city should be recognized, the property rights they already have respected, and improved property rights negotiated. This may be done through managing the use of urban space and an appropriate regulatory system.

■ Allocation of special purpose areas

City authorities often attempt to remove informal operators from areas zoned for other uses, land unsuitable for development or public spaces to sites designated for markets or industrial estates. Often relocation to planned areas is associated with enforced compliance, licensing and other regulatory requirements. This rarely works well. Planned markets are often less well located and are unpopular with both vendors and customers, relocation disrupts established economic networks, and the increased costs associated with relocation to planned markets, licensing and regulation may threaten the viability of informal businesses.

Box 8 Warwick Junction, Durban, South Africa

Warwick Junction is the main public transport interchange in the city of Durban, with as many as 460,000 commuters passing through daily and 8,000 street traders. In the late 1980s, previous prohibitions were lifted to enable traders to operate legally. However, by the mid-1990s, their number had grown to nearly 4,000 and the area had become known as a 'crime and grime hotspot'. In 1997, the municipality set out to examine safety, cleanliness, trading, employment opportunities and the efficiency of the public transport interchange.

Today it accommodates nearly 1,000 traders, supporting 14,000 other businesses. More hygienic facilities have also been provided for street food processors and sellers. For relatively modest investment, significant improvements in organization and management of the area have been achieved and the value of an area-based management team that can coordinate municipal departments and work with traders' organizations demonstrated.

Sources: Skinner, 2008; Skinner and Dobson, 2007

Often historic market sites or markets developed informally on undeveloped land are the most economically viable and successful. Regularization and upgrading are the most appropriate approaches in these situations. However, when a site is needed for other uses or becomes too congested, relocation may be unavoidable. In this case, the location of markets, the facilities provided and the management arrangements need to be agreed by trader organizations and the public authorities for successful relocation.

■ Managing shared public spaces

Informal operators, especially vendors, commonly share public space with other users, especially vehicles, cyclists and pedestrians. Often innovative solutions can be devised to ensure access to civic spaces by both traders and other social groups. The aim should be to clarify the rights of public space users so as to give vendors more security of operation, while safeguarding health and safety. Arrangements for sharing trading locations can include space and time zoning, including demarcation and provision of dedicated trading spaces in pedestrian areas and temporary closure of streets for markets.

■ Provision of basic services and support

Informal operators are both users and providers of basic services. Whether located in designated areas or shared

public space, the provision of services to informal operators can support their operations, increase the likelihood of compliance with official hygiene standards, and improve the working environment for the operators themselves, as shown in Box 8.

As providers, informal operators complement large scale public or private agencies, especially in meeting the needs of households and businesses that cannot access formal services because of their absence, inadequacy or cost. Their contribution must be recognized while the weaknesses of the services they provide are addressed. Planners need to take the needs of informal service providers into account in land use planning and development regulation, and to work with other agencies to address the constraints on their operations.

■ Mixed use zoning

Many informal economic activities, especially those of women, occur within residential areas and buildings. Often, conventional plans are based on single use zoning, while mixed uses, including home-based enterprises, are forbidden. In many countries with effective planning systems, the limitations of single use zoning have long been realized, and more emphasis is now placed on mixed uses to produce vibrant and convenient living environments. Planning legislation in many poorer countries has not caught up, despite the popularity of mixed uses, especially home-based enterprises, evident in most cities where enforcement of single use zoning is weak. However, planners are increasingly recognizing reality and incorporating mixed uses into plan provisions.

■ Organization of informal operators

Effective organization enables informal operators to interact effectively with public agencies and strengthens their own ability to solve problems. It provides a channel through which their needs and priorities can be identified and presented to public authorities and appropriate approaches negotiated. The effective organization and increasing professionalism of informal trader organizations has been illustrated in many cities worldwide, for example amongst informal transport operators in Dakar, Senegal.



Public agencies' preference is to discourage informal economic activities

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RESPONDING TO INFORMALITY THROUGH PLANNING AND GOVERNANCE

On the basis of the debates and trends reviewed above, a process through which urban planning and governance can gradually increase the effectiveness of its responses to informality can be identified. This involves three basic steps.

Step 1: Recognize the positive role played by informal land and property development and economic activities and halt official actions that hinder their operations. Common responses to informality, such as harassment and eviction, adversely affect livelihoods, cause inconvenience to suppliers and customers, and hinder the ability of entrepreneurs and service providers to meet the needs of urban residents and businesses.

Step 2: Change policies, laws and regulations. Consider the need and potential for formalization and regularization of economic activities, land supply and housing development, while being aware of the possible disadvantages of doing this,

especially for the poor and marginalized social groups, including women.

Step 3: Strengthen the reach and legitimacy of the planning system to reduce the extent of informality. For planning and regulation to be effective, it must gain widespread support from informal actors, politicians, residents and businesspeople. For such support to increase, each stakeholder must perceive the benefits of planning and regulation to outweigh the costs.

CONCLUDING REMARKS

On a global scale, there are many countries in which informality is extensive and growing and much fewer countries where informality is either limited or becoming less prevalent. The extent of informality in urban areas is strongly linked to the effectiveness of development regulations, public

support for planning and regulation and the availability of resources.

There is no single planning model for responding effectively to the challenges arising from urban informality. In many developing countries, technocratic, blueprint approaches and strict regulatory requirements persist, despite their obvious ineffectiveness in the face of widespread informality and limited governance capacity. The challenge is to devise an approach to planning that is capable of tackling the undesirable outcomes of informality while recognizing the contribution of informal developers, entrepreneurs and service providers to the urban development process. Once internationally recognized rights to decent work and housing and protection from harassment and eviction are realized, changes to policy, laws and practices to permit regularization and other innovative approaches to informality can be feasible.