



understanding formality and informality in land and housing exchanges in African cities

M Napier
IPaDS, DEIF
CoF workshop
15th February 2006

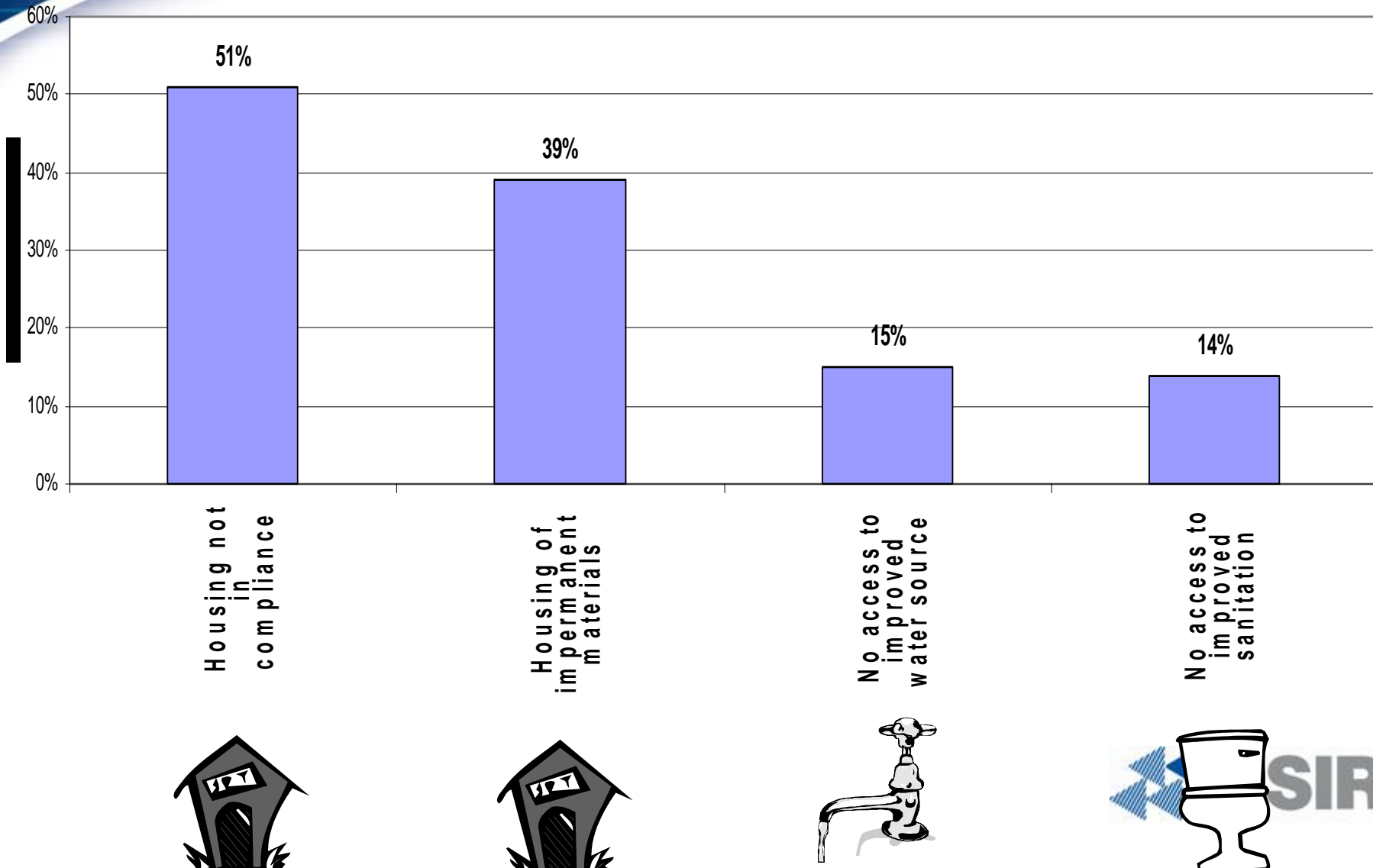


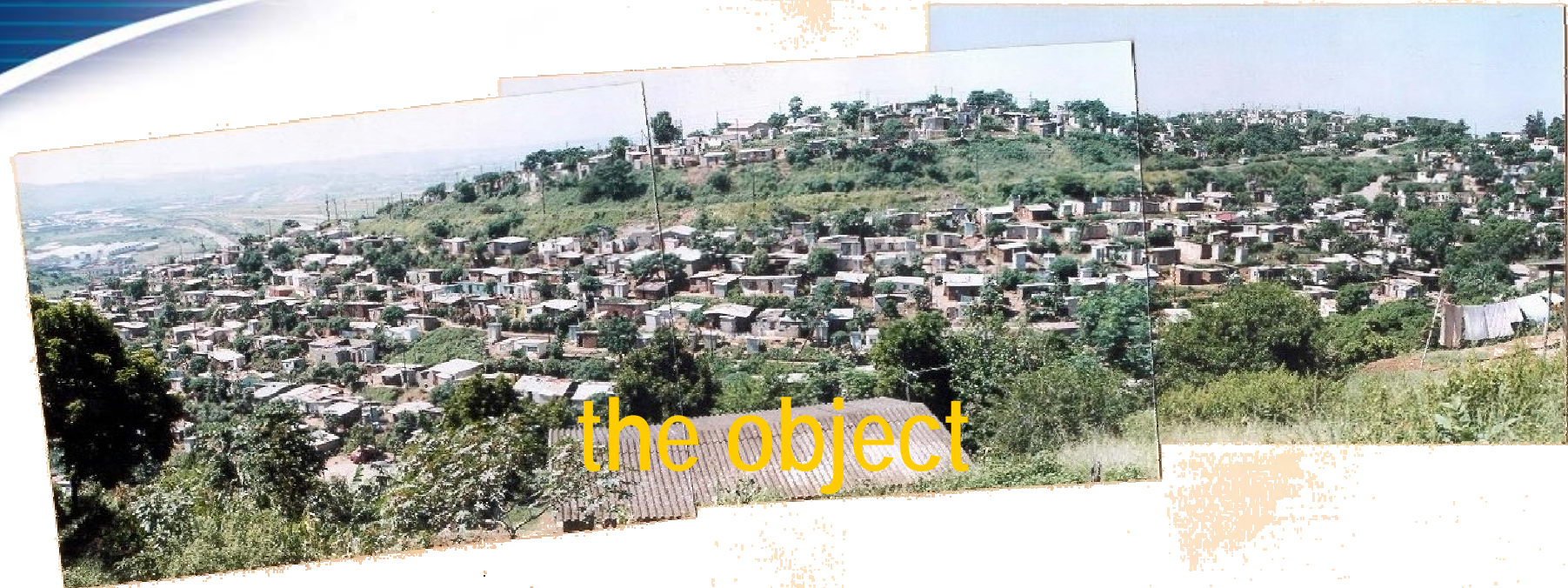
points of departure

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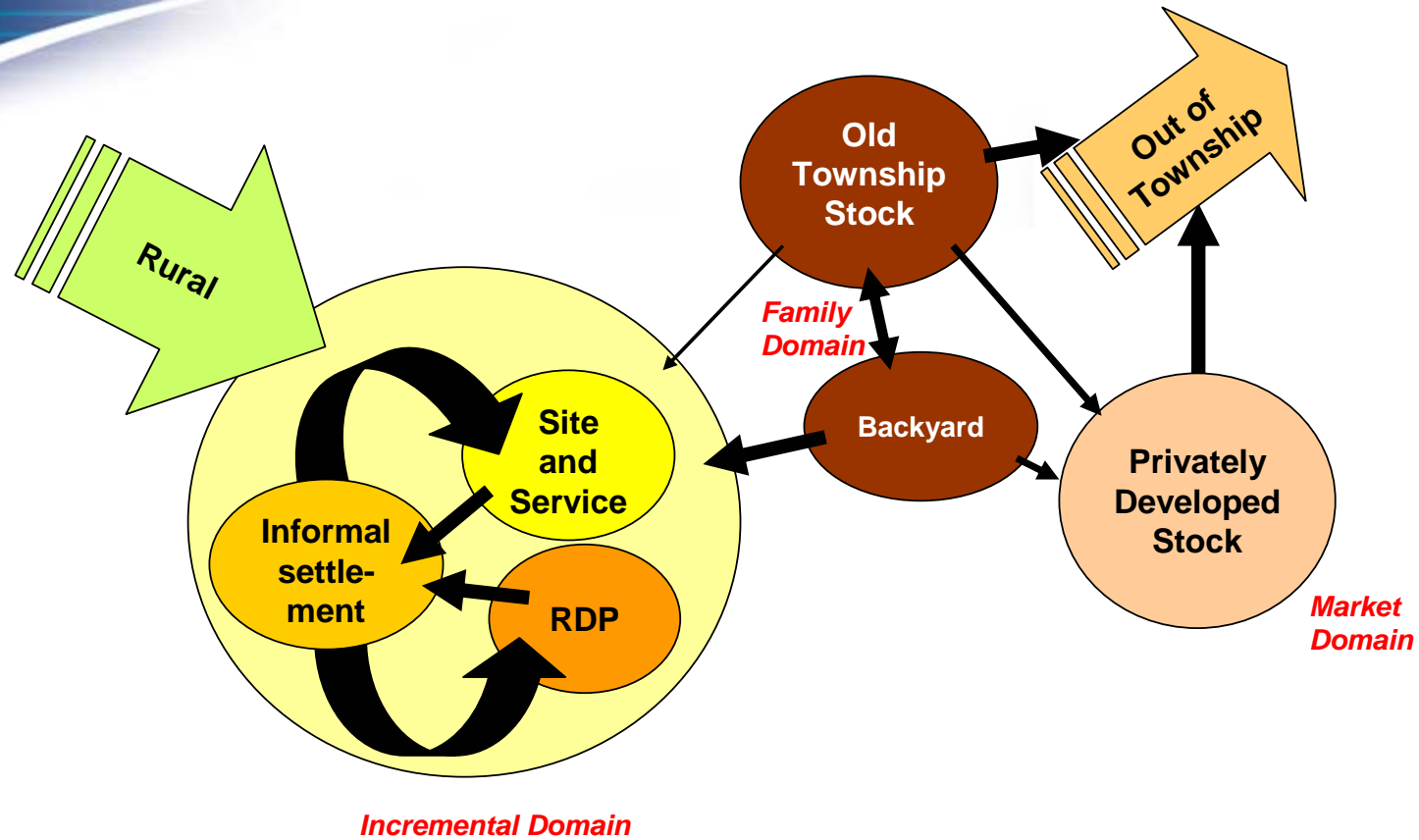
- more than 60% of Africa's urban population lives in slums (UN Habitat, Okpala & Augustinus)
- “most African countries' population subsist on under US\$2.0 per day, and the average probability at birth of not surviving to age 40 is about 38%” (Okpala)
- 25 – 30% of housing in SA cities is informal
- the majority of land and housing transactions are unrecorded
- a worldwide Millennium Development Goal is to significantly improve the lives of 100 million slum dwellers by 2020
- what does this mean for building empirically-based decision tools for African cities in support of the MDG and the rapid delivery of land, housing & services?

construction & services in Africa



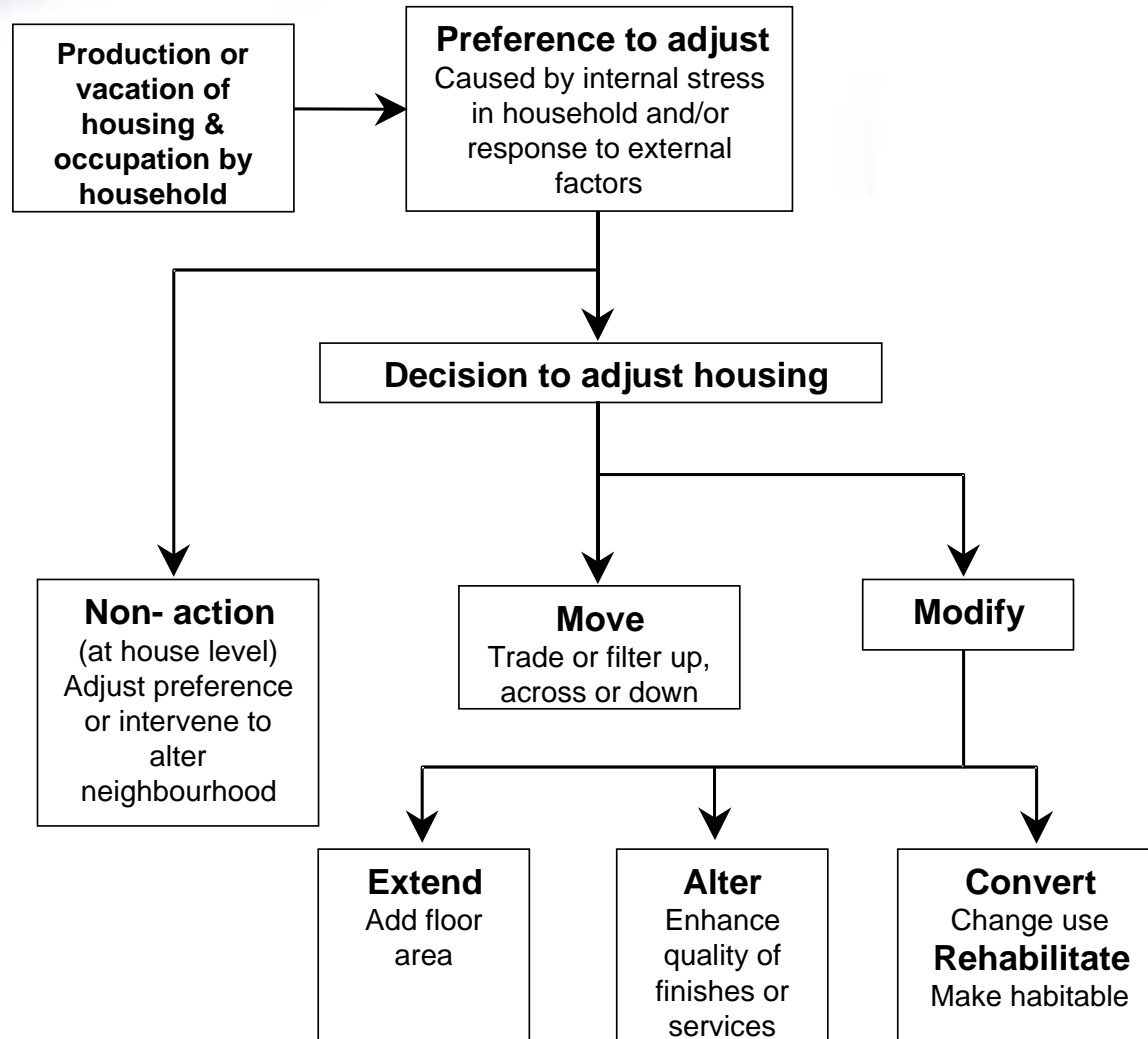


the object of investigation



Shisaka/ FinMark
TRPM 2003

the object of investigation





land and title

- “It is a distinguishing feature around the world of all colonies that land registration systems and the cadastre were used to take the land away from the indigenous population”
- skewed land distribution underpinned by foreign land titling systems
- overlaid by neo-traditional urban land tenure systems and patrons who control the land

Clarissa Augustinus, Chief, Land and Tenure Section, UN Habitat

the dilemma according to Hernando

- De Soto estimates that about 85% of urban land parcels in developing countries and between 40% and 53% of their rural land parcels are held in such a way that they cannot be used to create capital.
- He further estimates that the total latent value of the real estate held but not legally owned by the poor in the developing world and in transition countries is in the order of about US\$9.3 trillion.
- His argument is that if low-income people are given access to title deeds, they will be able to use them as collateral for obtaining formal credit from financial institutions;
- Possession of title creates an enabling environment for property transactions to occur

Title deeds not a magic wand

Mary R Tomlinson

Business Day posted 10th August 2005



- “Poor people save but they hold these resources in defective forms: houses built on land whose ownership rights are not adequately recorded and unincorporated businesses with undefined liability. As a result these assets are insecure, cannot be turned into capital, cannot be traded outside of narrow, local circles and cannot be used as collateral for a loan, or used as a share against an investment.” (de Soto, 2000:5)
- And from a Municipal perspective: “It is ... ironic that, municipal authorities, at least in theory, control changes in land use and determine or influence the siting of roads that can often increase land values by more than 100 fold or even 1000 fold, yet are unable to recapture this "unearned increment" for public purposes“ (Mitlin & Satterthwaite in Okpala)

solution proffered

- extend secure tenure
- formalise land markets
- extend bank and formal micro-finance (>indebtedness of the poor)
- high tech, resource hungry surveying, mapping, registration
- increased government to manage and privatisation of some functions
- modelling the city as if it were predictable
- complex, strategic decision making tools
- research based on formal information

alternative visions of the african city



Parnell's good city

- juxtaposed to the neo-liberal wisdom of the World Bank, UN Habitat and Cities Alliance
- reviews debates about the rollout of urban social safety net provision and the creation of the institutional conditions necessary to facilitate universal citizenship in cities of the South
- “urban justice and sustainability have yet to be grounded in the fluid institutional realities of the politics and administrative capacity of rapidly urbanising societies”
- Southern praxis has something to offer, especially to the urban poor of the North
- “natural resource constraints on urban consumption mean we simply cannot all consume water, energy, and land or produce waste at the levels currently associated with the urban rich”

Simone's African city

- the African city is a complex network of power relations, marginal livelihoods and unwritten codes
- in the absence of government capacity, people use the “symbolic, material and social resources” at their disposal to “make something happen”
- to build urban governance and the regulatory environment, it would be a mistake to “... de-link the religious from the political, the political from the entrepreneurial, the familial from the public etc.”
- “the question of where African cities are going could be addressed by assessing ... where African urban residents are going, within their different time frames and in terms of their respective objectives. ... There is something going on, efforts are being made to come up with new ways of earning a living, of helping others out, and of trying to create interesting cities”

Simone, A. (2001)
“Between Ghetto and Globe: remaking urban life in Africa” in Tostensden, A, Tvedten, I. and Vaa, M. (eds),
Associational Life in African Cities: popular responses to the urban crisis.
Stockholm: Nordiska Afrikainstitutet. Pages 46-61.

coming back to land markets



Royston's warning

- Can the informal and the formal be bridged?
- De Soto's version of this bridge building process
 - From the extra-legal with dead capital
 - To the legal with living capital
 - Much greater attention needed to describing extra-legal processes, in all their variety
- A legally integrated property system, entails fathoming a single system from separate, loose extra legal property arrangements, one all encompassing social contract
- The grass is not always greener on the other side
 - Credit
 - Maintaining formal property ownership
 - Improvements

Lauren Royston, July 2005
Barking Dogs and Building Bridges:
the applicability of Hernando de Soto's ideas
to formalisation in South Africa

Royston's conclusion

- Simple is seductive...
 - The poor are not homogenous
 - Their assets cannot uniformly be described as dead capital
 - Neither is there a shared set of interests in formal title
 - Neither is it technically feasible
 - Reality gets lost in a glamorous claim to make capitalism work for the poor
- Risk of forgetting the more humble notion of tenure security
- We cannot afford for the discourse on tenure and property to get lost somewhere between the 2 camps of making markets work for the poor AND sustainable livelihoods and rights based approaches

what does this mean for CoF?



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what does this mean for CoF?

- the science of modelling property transactions (e.g. residential mobility) is based on modelling tens of thousands of transactions
- what does this mean for us when we start to build platforms or the S&T base of the African city where the predominant form of trade is informal and unrecorded?

what does this mean for CoF?

- informality, for its sheer weight, cannot be ignored
- our science should be designed to “see” the traditionally-based, culturally-nuanced, unrecorded transactions which underpin African societies
- the ability to model and understand informality will lead to more meaningful science and technology grounded in local reality rather than simply confirming received wisdom
- don't use a bulldozer when you could have used a wheelbarrow



... you are a shiny city home for helpless
people you are Gold to those who can
work by selling what ever they can
sell from empty bottles to cardboardes
you make us proud by keeping us
alive and being next to our bread
Oh Lord see us through raining days
and keep our burning shacks safe



(Photo: Neil van Niekerk)

(Lillian Songwane, Marabastad, 1997)