

**PARTICIPATION AS AN END VERSUS A MEANS**

*UNDERSTANDING A RECURRING DILEMMA IN URBAN UPGRADING*

By

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### **Abstract**

Since the 1920s, participatory approaches to urban upgrading in developing nations have demonstrated that involving the urban poor in the physical, social, and economic development of their settlements could improve their living conditions. These housing policies and projects have since been central to urban poverty reduction. Yet, while participatory upgrading is still used on a limited scale, it has failed to become a mainstream component of urban development.

This dissertation analyzes some reasons for that failure by investigating the trajectory of an urban poverty reduction program that had much potential for success in Cambodia, but whose results yet surprisingly fell short of expectations. It connects the results to a critical analysis of international experience with policies and programs for urban poverty reduction.

It explores the issue in two steps: First it analyzes the historical evolution of the policies and practices of urban poverty reduction in developing nations. This highlights the apparently weak link between lessons from experience, international policy recommendations, and the programs actually implemented by governments. Second, it presents a narrative analysis of how a participatory urban poverty reduction policy originated, was implemented, and evolved in Phnom Penh from 1996 to 2004. That story provides a micro-level understanding of the shape and constraints of the evolution of policies and practices, complementing the macro-historical analysis.

The findings illustrate that three main issues have prevented international and local agencies from promoting urban development assistance, using lessons learned from concrete experience over time, and thus kept them from adopting a more continuous use of proven practices. First, a conflict of frames between agencies over the meaning of development as human-centered versus growth-led, and of the meaning of participation as an end of development vs. a means to implement centrally-decided projects at a low-cost. Second, the lack of consideration for local institutions and politics in helping them understand why and how new approaches could be absorbed, or instead resisted. And third, an apparently lack of consistency in policy directions over time, with the abandonment of proven participatory practices, and the adoption of single-sided market-based approaches to development, when history had shown that both were needed together.

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## Abbreviations and acronyms

ACHR	Asian Coalition for Housing Rights
ADB	Asian Development Bank
BUA	Bureau of Urban Affairs
CAP	Community-Action Plan
CARERE	Cambodia Area Rehabilitation and Regeneration Project
CBO	Community-Based Organization
CDMC	Community Development Management Committee
CDS	City Development Strategy
CGDK	Coalition Government of Democratic Kampuchea
CPK	Communist Party of Kampuchea
CPP	Cambodian People's Party
CRS	Community Relation Service
CSO	Civil Society Organization
CTA	Chief Technical Adviser
CVCD	Cambodian Volunteers for Community Development
DFID	United Kingdom Department for International Development
DK	Democratic Kampuchea
FUNCINPEC	Front Uni National pour un Cambodge Indépendant, Neutre, Pacifique, et Coopératif. (National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia)
GNP	Gross National Product
HDI	Human Development Index
HHFA	United States Housing Home Finance Agency
HIPC	Highly Indebted Poor Country
HPI	Human Poverty Index
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDP	Internally Displaced Person
IDT	International Development Target
IFI	International Financial Institution
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MLMUPC	Ministry of Land Management, Urban Planning and Construction
MPP	Municipality of Phnom Penh
NEX	National Execution



NGO	Non-Government Organization
NHA	National Housing Authority
ODA	Overseas Development Administration
PIU	Project Implementation Unit
PME	Participatory Monitoring and Evaluation
PPUPRP	Phnom Penh Urban Poverty Reduction Project
PRK	People's Republic of Kampuchea
PRSP	Poverty Reduction Strategy Paper
SAP	Structural Adjustment Program
SOC	State of Cambodia
STA	Senior Technical Adviser
SUPF	Squatter and Urban Poor Federation / Solidarity for the Urban Poor Federation
UMP	Urban Management Program
UN	United Nations
UN EcoSoc	United Nations Economic and Social Council
UNCHS	United Nations Centre for Human Settlements (UN-Habitat) until 2001
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNHSP	United Nations Human Settlements Programme (UN-Habitat) since 2001
UNICEF	United Nations Children's Emergency Fund
UNTAC	United Nations Transitional Authority in Cambodia
UNV	United Nations Volunteer
UPDF	Urban Poor Development Fund
UPRS	Urban Poverty Reduction Strategy
UPRU	Urban Poverty Reduction Unit
URC	Urban Resource Centre
USAID	United States Agency for International Development
USG	Urban Sector Group
WVI	World Vision International

The Cambodian currency is the Khmer Riel (KHR). Its value to the US dollar has been around KHR4000 = USD1 since the late 1990s.

The dollar symbol we use in the text refers to United States Dollar.



## Chapter 1 - Introduction: Beneficiary participation in urban upgrading

### 1.1 Prologue: Evolution of a research idea

I started my doctoral studies after returning from two years of work with *Non-Government Organizations* (NGOs) in the slums of Phnom Penh, the capital of Cambodia. There, I learned in practice how living conditions in informal settlements could be improved through incremental physical upgrading, the development of small-scale enterprises, and the organization of people in local associations, which gave them the means to jointly implement projects and to be heard by their government and aid agencies. I had been thrilled to see how poor urban dwellers could improve their living conditions largely on their own when there was only limited external support.

At the same time, I had been puzzled by the apparent lack of collaboration between the agencies I worked with, all of whom claimed to help the urban poor. *Civil Society Organizations* (CSOs) competed over their turfs, the Municipality's police evicted communities that its poverty reduction unit was attending to, and *United Nations* (UN) agencies wasted much time on internal disputes. I often felt that when poor families improved their living conditions, they were much more deserving of credit than us, and that many facilitating agencies could learn how to develop synergies if they were to better serve their objectives. I therefore came to MIT to find ways to coordinate the actions of such agencies, and I studied innovative arrangements where public, private, and voluntary agents of urban development could work with a common aim of public service.

As I started these studies, UN-Habitat—the UN agency in charge of urban development issues—was setting up a strategy for participatory poverty reduction in Phnom Penh to enable innovative partnerships. The strategy was to learn from a pilot phase of upgrading activities which the UN had supported from 1996 to 2000, and to scale-up its outreach. It would have two components. One, the *Municipality of Phnom Penh* (MPP) would design policies to best employ the capacities of the urban poor to improve their settlements and economies in collaboration with local authorities and private investors. Two, poor communities would organize for collective action, would prepare proposals for small projects to upgrade roads, drainage systems, schools, or health posts, and would carry out the activities. UN-Habitat would support the MPP, the communities, and the facilitating NGOs by providing financial and technical support, and by helping set up mechanisms for sustained collaboration between all of them.

As part of this work, I was hired to measure the impacts of the approach on improving urban living conditions and reducing poverty. The results would inform its actors during the implementation of the strategy so they could adapt their policies and practices in a timely manner. This perfectly suited my interests, and from 2000 to 2003, it was with the hope of witnessing an innovative partnership for poverty reduction that I documented the unfolding of the poverty reduction strategy, and monitored the evolution of living conditions in Phnom Penh's poor settlements.

As we shall see, the results of the strategy were however much less positive than all its actors had initially hoped, both in terms of poverty reduction and of good-will collaboration. There would hence be little to learn in terms of innovative partnerships.

Analyzing the policy process may yet be illuminating. It will help understand the complexity of a mechanism of participatory local planning that appeared simple in its initial design. This in turn will help interpret some of the recurring difficulties faced by participatory approaches to urban poverty reduction internationally. These difficulties are rarely acknowledged in policy making, which limits the ability to scale-up the participatory upgrading programs successfully.

## 1.2 Urban poverty reduction: Concepts and actors

There is no single understanding of what poverty is and how it should be tackled. There are instead complementary views of the elements of ill-being that compose poverty, and of ways to improve people's capacities to live better lives. This section introduces the main concepts and actors in the debate on poverty and on its urban facets, discussed in this dissertation.

### 1.2.1 Defining urban poverty

#### a. *Two contending views of poverty*

Two main approaches have long competed to define poverty and to propose solutions to it. Each is promoted by one of the two most influential agencies supporting international development. The World Bank sees poverty in large part as a deficiency in terms of people's economic capacities to produce or consume—an "Economic Growth" view. In contrast, the *United Nations Development Programme* (UNDP) uses an approach centered on qualitative indicators of people's ability to lead long, healthy, and creative lives—a view it refers to as "Human Development".

**The Economic Growth approach:** Until the early 1990s, macro-economists mainly associated the level of a country's development with measures of its economic growth. Economies with high growth rates were considered on the road to poverty reduction. That vision emphasized the acquisition of wealth and technology as a path to development and assumed that improved lives for all would result. It gave little regard to the social redistribution of its benefits, or to the side effects of growth onto the quality of human and natural resources (Rapley, 2002).

Following that line, economists at the World Bank consider poverty in terms of the level of economic resources or abilities people have to meet their material needs. They measure poverty through income levels, purchasing power, or levels of economic output (Ravallion, 1996). This approach focuses mainly on the monetary dimension of well-being, comparing an individual's income or consumption level with a defined threshold, or *poverty line*, below which that individual is counted as poor. That poverty line can be *relative*—e.g., 50 percent of the country's mean income or consumption—or *absolute*, e.g., the cost of a basic needs basket for a typical family.<sup>1</sup>

**The Human Development approach,** supported by UNDP, contends that poverty is not simply the lack of access to material wealth, but also the deprivation of access to higher-levels of well-being that cannot be measured in monetary terms alone, nor through aggregate indicators of consumption or production. It considers low levels of income or expense only as elements of a broader set of social deprivations including low education, poor health, and the lack of political recognition. It views poverty as a situation of exclusion from access to basic survival needs (e.g., safe shelter, clean water, health services) and to the means of improving economic productivity (e.g., education, skills, productive capital) and of fulfilling higher social needs (e.g., recognition as a rightful citizen). This results in a limitation of opportunities for people to improve their

---

<sup>1</sup> From these statistical indicators, they can derive the *incidence of poverty* (or headcount index)—i.e., the share of the population whose income or consumption is below a given poverty line, the *depth of poverty* (or poverty gap), which measures how far off households are from the poverty line, or the *poverty severity* (or squared poverty gap), that highlights inequalities among the poor. They can further compute inequality in the distribution of income or consumption across the population to measure the relative position of an individual or household in society. If data exist that can be linked to the poverty indicators, poverty analyses can then compare characteristics of different groups—e.g., poor vs. non-poor—in terms of employment, access to government services, and living standards among others. With longitudinal data, such comparisons can as well be conducted over time (Klugman, 2002a).

long-term prospects for well-being. Reducing poverty is in turn to enable *Human Development—“a process of enlarging people's choices to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living”* (United Nations Development Programme, 1990). That approach aims to give people the means to develop opportunities to improve their lives, and to sustain achievements by recognizing their rights as citizens.<sup>2</sup>

I shall not compare the approaches at length, but merely note that the two main development aid agencies central to our policy story use different lenses to understand the concepts of poverty, and to find solutions to it.<sup>3</sup> One sees increased income and consumption as the point of development and hence focuses on enabling economic growth to achieve that end. The other is centered on strengthening the capacities of individuals to not only improve their income and consumption potentials, but to live fulfilling lives in which they are economically, socially, and politically included in the larger society they live in. These two views lead to different styles of planning that constantly compete in the development-aid debate and in the assistance provided to poor nations.

In my work in informal urban settlements, summarizing the multidimensional aspects of poverty by a single indicator of income or productivity has limited use, as it neither fully depicts the situations people face, nor suggests ways to improve them. Besides, when they exist, these indicators are often unreliable to describe very poor and often illegal urban populations who—by their very informal nature—are excluded from society and are rarely included in the formal surveys used to produce quantitative poverty measures. In the case study, I thus opt for a qualitative, multi-faceted approach to understand the economic, political, and social issues faced by people living in poor urban settlements. I later describe at length the indicators of poverty used in Phnom Penh and the method employed to measure its evolution.

#### *b. Characteristics of urban poverty*

In urban areas, the low-income settlements we are interested in are generically referred to as *slums, spontaneous, irregular, informal, illegal, or squatter* settlements. Recent global studies on slums have shown that no matter which of the labels is used, their inhabitants face roughly similar living conditions and relations with the rest of the urban communities in which they live in. Low-income settlements are often built on insalubrious land that offers little attraction to private real-estate developers, e.g., alongside public roads or waterways, on slopes, floodable lands, or in other areas out of the reach of urban infrastructure and services (roads, water, sanitation, and power networks). Typically, people live there without ownership titles, a situation which provides them only limited security of tenure and leaves them vulnerable to eviction. Their shelters

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<sup>2</sup> The base indicator in this people-centered view of poverty is the *Human Development Index* (HDI), which measures the level of attainment of human development through a composite of longevity, knowledge, and standard of living, and thus gives an appreciation both of people's choices in life and of the level of their well-being. Its baseline is the highest standard that can be reached on a national average. The *Human Poverty Index* (HPI) builds on the HDI to indicate levels of basic deprivations which poverty-reduction programs should aim at removing. It measures deprivation by chances of survival—through the percentage of a population expected to die before 40, level of exclusion from the reach of knowledge—through the percentage of adult illiteracy, and decency of living standard—through a composite of the percentages of people with access to health service and safe water, and of malnourished children under five (United Nations Development Programme, 1998).

<sup>3</sup> Two good reviews of the economist's assessment of poverty are a World Bank extensive manual on poverty measurement and policy tools (Klugman, 2002a, 2002b) and a summary of the uses and misunderstandings of quantitative measures of poverty by Ravallion (2003). The merits of measuring “human” poverty over “income” poverty are treated at length in Haq (1995) and McGee & Brock (2001).

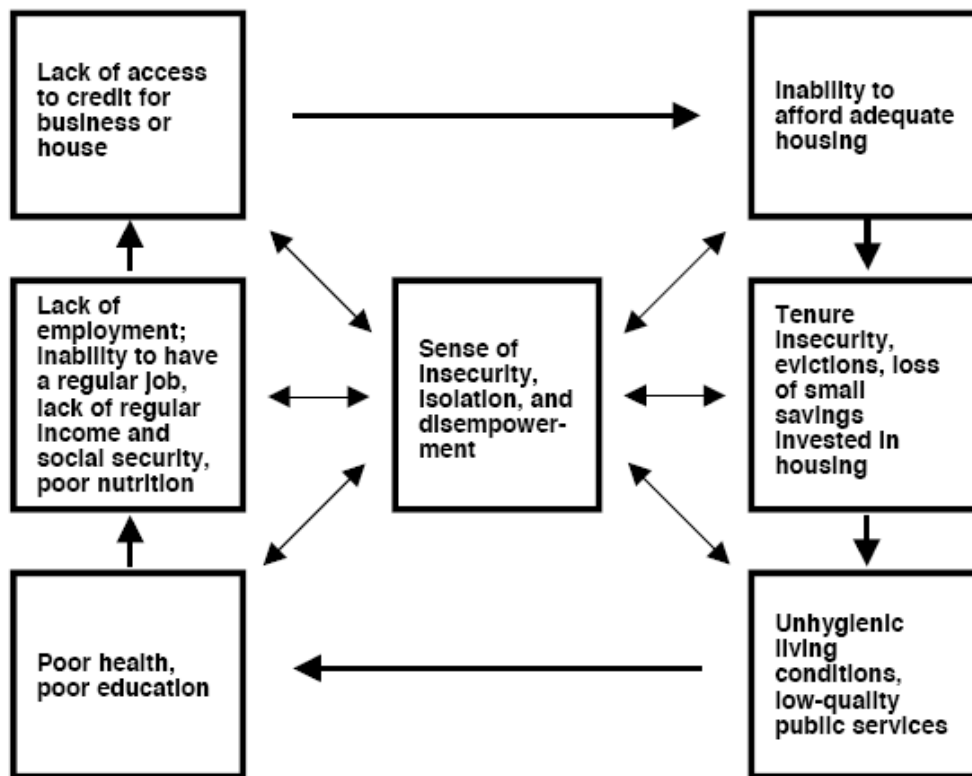
are made of low-cost materials, including plastic, leaves, zinc, or mud. The settlements are overcrowded, and living conditions are unsanitary and unsafe due to difficult physical access; the lack of adequate water, toilet facilities, and public lighting; and criminality (United Nations Human Settlements Programme, 2003a).

People’s livelihoods depend in large part on the informal economy. They are self-employed in petty trading, building, or repair activities; are daily laborers on construction sites, markets, or loading docks; taxi drivers; factory workers; or low-level civil servants. Few of their occupations allow a single person to feed an entire family, and often even children must work at least part-time to make ends meet. With low and unpredictable incomes, and usually little cultivable space to produce their own food, poor urban families are vulnerable to shocks—from sickness, the loss of work, natural disaster, or the death of a family member—which can precipitate destitution. Further, without formal land titles or registered businesses, these people have difficulties accessing loans to invest in productive capital. They are also subjected to abuse from public authorities, who charge them all sorts of unofficial fees to let them live and work in informality.

Politically, slum dwellers are further excluded from their larger urban communities and are often not recognized the same rights as formal inhabitants. They may not have access to public utilities, to health and education services, or even to voting rights. They are often even stigmatized as being the causes of insecurity, environmental degradation, and crime (Satterthwaite, 2001).

Figure 1-1 shows how the different characteristics of urban poverty reinforce each other and how, with inadequate access to health, education, or credit, and with no security over tenure, the urban poor are given little chance to improve their prospects for a brighter future.

**Figure 1-1: Cumulative impacts of urban poverty**



### 1.2.2 Reducing urban poverty

#### a. *The role of housing*

A country's industrialization process typically attracts migrants to urban areas where they expect to find work. The growth in urban population then often outpaces the ability of governments and housing markets to provide affordable shelter, infrastructure, and basic services to the workers who form informal settlements in the outskirts of cities where poverty spreads. For governments and aid agencies, improving the living conditions of growing masses of urban poor hence starts with housing. Along with shelter comes the need to build infrastructure such as roads, water and sanitation networks, to ensure that low-income families have access to health and education services, and to recognize their equality of rights with other citizens (Gilbert & Gugler, 1992).

Taken in that large sense, urban housing policies in developing nations have been a core of urban poverty reduction policies starting in the early 1950s (see Kelly, 1955; United Nations, 1959a). This view has been reinforced in all major UN strategies for urban development ever since, with the UN *Development Decades* for the 1960s and 1970s (United Nations, 1962b; United Nations Secretary-General & Ward, 1970), the *Habitat Declaration* and *Habitat Agenda* (United Nations, 1977, 1996), the *Millennium Declaration* (United Nations, 2000), and UN-Habitat's *Strategic Vision for the New Millennium* (United Nations Human Settlements Programme, 2003c).<sup>4</sup>

In 1976, the *Habitat Declaration* summarized the shared international view on what improving the well-being of the urban poor meant as:

*PRINCIPLES: (1.) The improvement of the quality of life of human beings is the first and most important objective of every human settlement policy. These policies must facilitate the rapid and continuous improvement in the quality of life of all people, beginning with the satisfaction of the basic needs of food, shelter, clean water, employment, health, education, training, social security without any discrimination [... ] in a frame of freedom, dignity and social justice. (13.) All persons have the right and the duty to participate, individually and collectively in the elaboration and implementation of policies and programs of their human settlements.*

*GUIDELINES FOR ACTION: (8.) Adequate shelter and services are a basic human right which places an obligation on Governments to ensure their attainment by all people, beginning with direct assistance to the least advantaged through guided programs of self-help and community action. (11.) [... ] recourse must therefore be made at all times to technical arrangements permitting the use of all human resources, both skilled and unskilled. The equal participation of women must be guaranteed.* Excerpts, from the *Habitat Declaration* (United Nations, 1976, 1977).

#### b. *The role of self-help and mutual-help*

Despite generic agreements over the issues of urban poverty and of what improving urban living conditions means, there is no single approach on how to transform policy views into activities, nor on who should take the lead in dealing with urban housing and poverty reduction.

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<sup>4</sup> The World Bank has also emphasized housing issues in poverty reduction since its early urban strategy of 1972 (in Churchill, Lycette et al., 1980; Cohen, 1991; Mayo & Angel, 1993; Mayo, Malpezzi et al., 1986; World Bank, 1972, 1974, 1975a). Improving the efficiency of housing markets—along with land and labor markets—remains the core of its urban strategy in the 2000s (see Baharoglu and Kessides 2002; Kessides 2000).

Instead, three main directions have competed for over fifty years. One—of *centralized planning*—considers that reducing poverty is the role of the state, which should lead policies and projects to produce low-cost public housing and provide services and targeted subsidies to the poor. A second—of *participatory, bottom-up, or mutual-help planning*—banks on the potentials of poor urban dwellers to manage their own development using their local resources, complemented by external technical and financial support. A third approach—promoting *free-markets*—sees poverty reduction as trickling down from an efficient economy in which land, labor, and capital markets can provide housing and economic opportunities to all (Blore, 1999).

In reality, in most of the developing world, housing construction and the improvement of living conditions in urban poor settlements are *de facto* based on participatory processes. People do not sit waiting for external support to produce the shelters they live in; they build them using the materials and resources locally available. They do so either alone, through a process of *self-help*, or with support of neighbors and family members, through *mutual-help*. In addition to building their own houses, they devise ways to cope with difficult living conditions, and at times to improve their environment, access to services, and local economies. They support each other to build common infrastructure, to run community schools or health programs, and to set up saving groups and cooperatives. Although one could refute that this community-led approach is a housing “policy” per se, as it is not planned by any public agency, since it is how most urban shelters are produced, it qualifies as an important element of public action (Gilbert, 1992; Harris, 1999).

For public agencies with scarce resources, learning how to best use the existing practices and capacities of the urban poor to improve their own housing and living conditions can be an important element of low-cost policies for poverty reduction that are easily acceptable to beneficiaries (see Kelly, 1955). This is indeed how some governments have successfully responded to urban housing and poverty crises in both rich and poor nations since the end of World War I to rebuild war damage, to improve housing conditions in colonies, and to accommodate the growing number of migrants attracted by the industrialization of urban areas (see Harris, 1997, 1999).

That type of support has generically been labeled *aided-self-help or aided-mutual-help*.<sup>5</sup> A key component of such programs is to complement the local human, financial, and technical resources, and to enable people to incrementally rehabilitate the settlements they live in. Projects usually start by strengthening existing *Community-Based Organizations* (CBOs) for mutual support or by creating new ones. They then link them to more resources—such as technical training, funding, or new ideas—to expand their capacity to plan on behalf of their members.

Concrete activities involve upgrading individual houses and common infrastructure (e.g., lanes, water, sanitation, and drainage networks), improving access to social services (e.g., health, education, or social protection for the poorest), and creating cooperative business ventures. The CBOs manage the processes of housing construction, infrastructure improvement, and service provision, or the creation of income generating activities. Local governments typically participate by relaxing their codes to allow dwellers to build or improve their homes with low-cost materials that may not meet formal standards, or to incrementally develop business that may not initially have to register and pay taxes. External supporting agencies provide beneficiaries with grants or subsidized loans in cash, or in kind. Most programs combine the *in situ* improvement of

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<sup>5</sup> What motivates a family to build and maintain their own house (through *self-help*) is often different from what motivates them to build and maintain communal infrastructure (through *mutual-help*). We are yet not looking at the differences between self- and mutual-help and will use the terms interchangeably, as is often done in the literature.



existing houses and infrastructure, with the resettlement of some dwellers to more habitable sites, on plots equipped with basic infrastructure for transportation, water access, and sanitation (Davidson et al., 1981; Laquian, 1983a; Special Interest Group in Urban Settlements, 1999).

The implementation of building activities then develops the local economies, and the experience that community members gain through collective action further allows them to strengthen their capacities to interact with government officials, and to become recognized as rightful citizens.

When upgrading evolves from building houses to providing more comprehensive responses to poverty, the role of beneficiaries usually shifts from providing free labor on construction projects to becoming *participants in local planning processes*. Therefore, while self-help can be seen as a means to build houses, participation is in itself an end of development. It is the political empowerment of people formerly excluded from their larger urban communities (Arnstein, 1969; Choguill, 1996). In line with that view of participation—detailed in section 1.3.1—I label the set of approaches we are studying participatory urban upgrading rather than merely *aided-self help* or *aided-mutual-help*, with participation being an important element of poverty reduction.

### 1.2.3 The actors of poverty reduction

#### *a. Who makes poverty reduction policies?*

The process of public policy making can be understood along a continuum ranging from a view by which elected politicians alone decide on issues of public interest, devise responses to tackle these issues, and pass guidelines that will be implemented by public agencies, to one where policies and their implementation are based in large part on the results of power struggles between competing lobbies (Lindblom & Woodhouse, 1993). In the latter view, governments and politicians are not alone responsible for deciding and implementing public policies. Other key agents are the private sector—i.e., investors that run a large part of a country’s economy—and voluntary agencies that represent the interests of specific citizen groups (Hajer & Wagenaar, 2003).

In nations dependent on foreign assistance for public investments, international development agencies are another type of actor that has a major influence on public policies. They can be multilateral agencies representing groups of countries—such as the United Nations, the World Bank, or the European Union—or bilateral agencies representing a single government—such as the United States Agency for International Development (see Reinicke, 1998).

Our study of public policy mechanisms for poverty reduction is concerned with the interactions between governmental, for-profit, and voluntary agencies, both domestic and international. The main international and local development actors in these interactions are presented hereafter.

#### *b. Global actors of urban development aid*

Four main international development agencies—which I also refer to as “aid agencies”—have shaped the evolution of support to urban poverty reduction in developing countries.

**The British Government** was the earliest, and is still the longest-standing supporter of urban development aid. It started promoting the improvement of urban housing conditions in the 1930s through its *Colonial Office*. From 1970 to 1997, it acted through the *Overseas Development Administration* (ODA), which then became the United Kingdom *Department for International Development* (DFID) in 1997. At the country level, DFID supports governments to reduce poverty

in partnership with the World Bank, UN agencies, the European Union, and NGOs (Department for International Development, 2003; Harris & Giles, 2003; Mutter, 2001).

**The US Government** started its aid to urban development at the beginning of the Cold War to prevent Latin American countries from falling under communist control. Along with the Colonial Office, it largely shaped international approaches to urban development support until the 1960s. It mainly acted through the *US Housing Home Finance Agency* (HHFA), and then the *US Agency for International Development*, USAID (Crane & Foster, 1955; Harris, 1997, 1998).

**The United Nations** first supported urban issues through studies conducted for its *Economic and Social Council* (EcoSoc) on the problems of urbanization and on local solutions in the 1950s (see United Nations, 1959a, 1959b, 1959c; United Nations Mission on Tropical Housing, 1952). EcoSoc's *Housing Committee* then collaborated closely with the UK and US development aid until the 1960s, when it became the main leader of international housing development efforts. By the late 1960s, the UN realized that it had little power to enforce its recommendations, and it left most concrete activities to the World Bank, starting in the 1970s (see United Nations, 1972). Following the 1976 UN conference on Human Settlements, it created *UN-Habitat*, an agency dedicated to improving life in cities. In 2001, UN-Habitat transformed from a technical agency to a “programme” of the UN, and officially gained autonomy in providing to governments policy directions for urban poverty reduction (United Nations Human Settlements Programme, 2003c).

**International Financial Institutions** (IFIs), mainly the *Inter-American Development Bank* (IADB) and the World Bank, have been the main financiers of urban development aid. The IADB funded urban projects in the late 1950s and 1960s, then the World Bank became the main urban funding agency starting in 1972. Along with loans, they provide support for the design of projects. They have promoted an economic view of cities as made of infrastructure, and of markets for land, labor, and capital, in which economic forces rather than people's aspirations shape the wealth of cities and their people (Jones & Ward, 1995; Zanetta, 2001).

### c. *Local actors of policy making*

In the countries receiving aid from these agencies, four types of actors influence the policies we shall discuss: aid beneficiaries, intermediaries, aid agencies, and the private sector.

**The beneficiaries** of projects and policies are the governments and people receiving assistance. We focus on the *central governments* responsible for the design and implementation of national poverty reduction strategies, and the *municipal authorities* in charge of planning and managing urban centers. We refer to end-beneficiaries as *low-income urban dwellers*, or *urban poor*. They are represented by *Community-Based Organizations*, which are usually informal associations of community volunteers acting as intermediaries between authorities, agencies supporting the communities, and the people.

**The intermediaries** between aid providers and aid recipients are typically NGOs working on behalf of the people, and *Project Implementation Units* (PIUs), usually semi-governmental agencies set up by aid providers to support governments in managing specific projects or programs.

**Aid agencies** are the providers of technical and financial support for governments to design and implement their national and local development policies. They extend support through grants—usually for pilot projects or activities with no financial return—or through low-cost loans.

**The private sector**—i.e., the businesses that run the urban economy—is often not explicitly part of the official policymaking processes. Yet, it has an important impact on urban life as it can decide in practice of labor standards, including wages or working conditions, and it influences the physical, social, and economic development of urban areas when it opens or closes factories or when it appropriates the land on which informal communities are settled.

### 1.3 Current debate on participation in poverty reduction

#### 1.3.1 Models of participation in urban upgrading

Although “participation” is widely recognized as a key element of successful urban poverty reduction programs (as detailed in Chapter Two), in practice each policy actor tends to understand it differently. This section presents a model that defines the term along a continuum ranging from one where the participation of beneficiaries is seen as a *means* to implement projects decided by outside aid providers (governments or development agencies), to one where participating in local decision processes is actually an *end* of development that allows people to take active part in public policy making. This simple model will be useful later to decipher the diverging understanding and attitudes of communities, government officials, and development agencies toward what they all refer to as “participation,” while having very different concepts in mind.

In the late 1960s, defining participation in (US) community planning as “*the redistribution of power that enables the have-not citizens excluded from the political and economic processes to be deliberately included in the future*” (p.216), Arnstein devised a *ladder of citizen participation* in local planning that represented possible degrees of citizen involvement as eight rungs (Arnstein, 1969). The strength of linkage between public officials and citizens ranged from *non-participation*—a top-down approach by which officials merely informed people of development plans centrally decided, to *tokenism*—in which consultations were undertaken but did not influence decisions still made by officials, to a state of *citizen power*—in which groups of citizens shared with public authorities the responsibility of taking and implementing public decisions.

In low-income urban settlements of developing nations, the issues are relatively similar. Though participation starts on pragmatic grounds of physical, economic, and social reconstruction, it has an important political component of enabling disenfranchised communities to lead their own development processes.

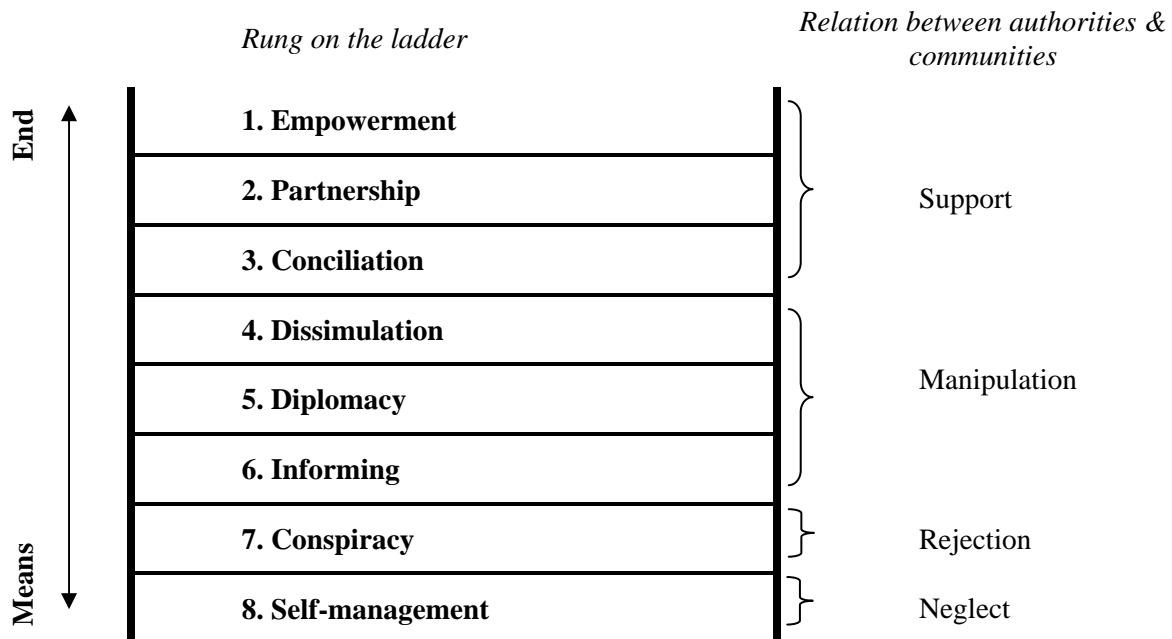
In urban upgrading, community participation thus has two main objectives. First, to improve the living conditions of poor communities through upgrading housing and infrastructure and developing the local economy and social support mechanisms on a self- and mutual-help basis. Second, for the poor to influence decisions taken on their behalf—especially in improving their communities—and to obtain access to the same services and rights as other urban dwellers.

Reaching these objectives, however, requires that local governments accept low-income dwellers as actors of their own planning process by recognizing their rights to tenure; by providing them technical, financial, and legal support to improve their settlements; and by involving them in the local planning processes that affect their lives (United Nations, 1976, 1977).

Recognizing this, Choguill (1996) adapted Arnstein’s ladder to make sense of the forms that community participation can take for urban upgrading in poor nations. Based on the analysis of nearly seven hundred sources, ranging from case studies of community upgrading projects to theoretical propositions on the role of participation, she developed the model presented in Figure

1-2. The top rung corresponds to the highest degree of willingness from Government to support communities in designing and carrying out participatory improvement activities on their own.

**Figure 1-2: Ladder of community participation in urban upgrading**



Adapted from Choguill (1996)

1. On the highest rung, *empowerment* reflects a situation in which local authorities formally delegate to communities the “*power to initiate and control their own improvement, possibly with the assistance of outside help*” (p.435).
2. The second rung is that of *partnership*, in which government, community members, outside agencies, and possibly representatives of the private sector jointly manage policy boards, planning committees, and mechanisms to resolve problems and conflicts.
3. *Conciliation* occurs when “*government devises solutions that are eventually ratified by the people,*” i.e., when community representatives must accept decisions made by the elites.
4. *Dissimulation* is a level of participation in which community representatives may be invited to attend project-related meetings, but are not given power to intervene or change existing plans. They are manipulated by authorities who can claim to have received their agreement.
5. *Diplomacy* is when officials show no interest in supporting communities, at best letting them conduct small projects on their own, possibly with external assistance.
6. A sixth level is one of *informing*, where municipalities let communities know of projects to be implemented on their behalf, with no space for feedback or negotiations.
7. *Conspiracy* is where there is no community participation in the programs that will affect them, and where this lack of participation is disguised by authorities. This is the case of the

clearance of slums for emergencies such as floods, fires, or threats to public health that “legitimize” the forced removal of squatter settlements.

8. In *self-management*, government resigns from its role of provider and leaves communities to plan and conduct their development projects on their own. Communities may, or may not, improve their conditions, but they remain excluded from the larger urban community.

We should note the apparent similitude of the two end rungs of the ladder: in both, communities manage their own development processes. One, empowerment, with government support and political recognition, the other, self-management, despite government opposition. Although eventually self-management can be transformed in empowerment, the process happens in a context of disinterest, or opposition from the government to people’s demands. That is, a project may improve the well-being of community members, but since they are not recognized any new rights, beneficiaries have no insurance that improvements will become long-term endowments.

### 1.3.2 Puzzle in urban poverty reduction

A main element that we will analyze in the evolution of policies and practices will be different understandings of “participation” in urban upgrading. A second important one will be the forces that shape the creation, adoption, or oblivion of specific policy recommendations. In that regard, our main puzzle relates to the counterintuitive evolution of housing policies over time.

#### *a. The apparent trajectory of participatory upgrading policies*

According to a widely quoted literature on housing in developing nations, it is in the early 1970s that the World Bank sparked a wide interest in participatory approaches to urban poverty reduction, through *slum upgrading* and *sites and services* projects (see Churchill et al., 1980; Mayo & Angel, 1993; Pugh, 1997; D. G. Williams, 1984; World Bank, 1972, 1974, 1975a).

These projects used a method of *aided-self-help* borrowed from rural development programs of the 1960s and from the arguments of a few academics (e.g., Turner, 1969; Turner & Fichter, 1972) who had allegedly convinced the Bank that it made sense to use the capacities of poor people (understood as their labor, savings, and local knowledge) to gradually improve slums through community-led rehabilitation projects for housing and infrastructure that would in turn develop the local economies. In the 1970s and 1980s, these participatory methods of urban upgrading were then tried worldwide and became the core of policies and projects for urban poverty reduction, as acknowledged by the 1976 *Habitat Declaration* (in United Nations, 1977).

Despite the recognition of their achievements and potentials (e.g., in Buckley & Mayo, 1988; Cohen, 1983; Keare & Parris, 1982; Laquian, 1983b; Payne, 1984; Yap, 1984), these approaches were largely discarded by the mid 1980s after a new development ideology replaced *project-based* with *policy-based* lending in development aid (see Gruder, 1979; Williamson, 1994; Wright, 1980). The World Bank then decided that developing urban markets for land, labor, and capital would be more efficient to lift large populations out of poverty than supporting myriads of projects. It drastically reduced its investments in participatory urban upgrading projects (see Cohen, 1991; Mayo & Angel, 1993; Mayo et al., 1986) and, given the prominence of the Bank in the development discourse, few agencies challenged that decision in practice.

A central reason given to move away from participatory upgrading was that the approach could not be scaled up to reach a large number of poor families. The Bank had found upgrading and

sites-and-services technically appropriate, but institutionally it could not find how to recover costs and to get local governments to implement the approach by themselves on a larger scale.

*b. The forgotten experience*

In that mainstream literature though, one issue was puzzling: Given the low-cost and technical simplicity of participatory upgrading approaches, why had these not been tried before the 1970s?

If they had, there should have been lessons to learn from by the early 1970s, so the Bank could concentrate on figuring out how the approach could be scaled up and accepted as a regular practice by governments, rather than on testing technicalities of project design and cost-recovery.

The existence of prior lessons would have shifted the issue of finding ways to reduce urban poverty from a *technical* one of how to develop new types of projects to an *institutional* one of how technically recognized practices could become part of accepted policy processes.

That puzzle matured as I worked in Zambia from 2003 to 2005 where, in 1974, the Bank had started the *Lusaka Squatter Upgrading and Site and Services Project*. The Bank presented it as a new approach and the Lusaka project became a flagship of its urban operations, from which extensive lessons were drawn in the 1970s and 1980s. Conducting research on urban living conditions in Zambia, I learned that the acceptance of aided-self-help was in large part due to the fact that it had long been used there. Projects to upgrade informal settlements and to create new serviced sites had been tried from the 1920s in the Copperbelt and in the 1950s in Lusaka, and it was because Zambia's 1972 *National Development Plan* included the aim of building on its experience with participatory upgrading that the Bank supported the 1974 project. The Bank did not import the concept. Rather, it worked relatively well because techniques had been extensively tried in the country, and a local political will to support the approach had been built over the years (see Government of the Republic of Zambia, 1972; Jere, 1984; 2004; Tipple, 1981).

Realizing this discrepancy developed my interest in delving into the history of participation in urban housing (detailed in Chapter Two), and my findings highlighted two issues that reinforce the puzzle and will give depth to findings of the later Cambodian case study:

The first issue is that participatory approaches to urban upgrading actually have a much longer history to learn from than is usually acknowledged. They were first documented in the 1920s as government policies for the post-war reconstruction of Europe, where they were then extensively used until the 1950s. From the 1930s, similar approaches of aided-self-help were used for development assistance in British colonies and in some US territories. From the late 1940s, building upon the early lessons, the US and UK governments then applied the methods systematically as central elements of their growing efforts to support international development (Crane et al., 1944; Harris, 1997, 1998, 1999; Kelly, 1955; Tipple, 1979). The UN later adopted them as global policies in its 1960s' *First Development Decade* (United Nations, 1959a, 1960, 1962b). In the early 1970s, there were therefore many lessons to learn from on participatory upgrading (e.g., in United States Housing and Home Finance Agency, 1951, 1952, 1964).

The second issue is that international development agencies seemed to each draw different lessons from the experience of participatory upgrading. What some considered successes, others saw as failures. They were perceived as positive in terms of community empowerment and the potential for autonomous replication (e.g., in Abrams, 1966a; Burchard, 1955; Isham et al., 1994; Keare & Parris, 1982; Laquian, 1983b; Payne, 1984; Swan et al., 1983; Yap, 1984), and as negative in terms of targeting and cost recovery when they were standardized and applied

as part of large, centrally controlled projects (in Churchill et al., 1980; Mayo & Gross, 1985; Sanyal, 1981; Turok & Sanyal, 1980). Meanwhile, these aid agencies spent only a little effort to understand how and why the governments of poor nations did—or did not—adopt the participatory upgrading policies as regular features of their response to urban poverty (see Giles, 2003).

### 1.3.3 Relevance of the puzzle in current development discourse

The divergent perceptions of participation and the ignorance of past lessons remain timely issues to understand current international support to urban poverty reduction. They are also more generally relevant to interpret discrepancies between the discourse and practice of international aid agencies on the values and role of participation in development.

#### *a. Participation in urban upgrading: gap between knowledge, policies, and practice*

The population of slums, estimated at 924 million in 2003, is likely to reach two billions by 2030. There is, however, a wide gap between the calls for urgent action to improve urban living conditions (United Nations Human Settlements Programme, 2003a, 2003b, 2003c), the recognized need for local participation if results are to reach a large scale and be sustainable (Baharoglu & Kessides, 2002; Mutter, 2001; Rakodi & Lloyd-Jones, 2002), and the as yet still limited international support to participatory urban upgrading.

In fact, the approach to reduce urban poverty through community-led participatory upgrading activities has been largely discontinued since the mid-1980s and has not been replaced with a clear alternative. The development paradigm that displaced it as part of *Structural Adjustment Programs* turned to a macro policy support aimed at enabling more efficient economies and governments to reduce poverty, but it did not build upon previous lessons on participation. In practice, urban programs involving beneficiaries in improving their living conditions drastically decreased in the investment of aid agencies. While participatory upgrading projects represented 68% of the World Bank's urban support from 1972 to 1986, they dropped to 20.3% from 1987 to 2003 (see Figure 2-4 p. 46). The Bank's strategic directions for poverty reduction in the 2000s now focus almost exclusively on macro and rural issues (see Kanbur & Lustig, 2000), as do the *Poverty Reduction Strategy Papers* (PRSPs) that direct international assistance to the poorest countries. In urban areas, aid programs are mostly based on infrastructure development and training on "good governance," with little space to enable the participation of the urban poor in activities with a direct goal of poverty reduction (see Amis, 2001).

#### *b. Participation in development: ambiguity of the concepts*

Outside the urban realm, there are also debates about the apparent discrepancy between the discourse of international aid agencies, promoting the use of participation, and the activities they support in practice, which either distort the initial concepts, or include little participation at all.

Theoretically, the reflections on human development of the 1990s highlighted how a key goal of poverty reduction was to enable people to take a central role in their development process (e.g., in Haq, 1995; Sen, 1999; United Nations Development Programme, 1990). This was even taken on by the World Bank in its 1999 *World Development Report*, that stressed the importance of people's participation and political empowerment in reducing poverty (see Yusuf & World Bank, 1999). In the 2000 *UN Millennium Declaration*, 189 countries then further agreed on shared goals of development, in which expanding people's participation in their own development was central to ensure that interventions could be sustained in the long term (United Nations, 2000). At the community level, increased participation was to give the poor a role in local planning and a voice in demanding results from their governments. At the national level, it implied that national governments be the ones deciding local goals and mechanisms for poverty reduction. In that view, aid agencies were to support the development of local capacities technically, financially, and institutionally. Not to substitute for them (Boulton et al., 2001; Moore, 2001).



Yet today, these agencies seem at a loss about how to promote participation in practice. Research on how decisions are taken in formulating the frameworks for national poverty reduction in developing country tend to demonstrate that a handful of development agencies (mainly the World Bank and the *International Monetary Fund*—IMF) still take most decisions, rather than recipient governments. The PRSPs that are to direct the development of the poorest countries are therefore criticized as being mainly driven by the views and interests of IFIs (Brock et al., 2001; Cornwall, 2002).<sup>6</sup> In turn, if there is little participation from local governments in crafting their own poverty reduction frameworks, it seems quite awkward to expect “participation” to trickle down to the community-level of development projects.

Aside from deploring weak links between creeds and their implementation, other critiques warn of the “quality” of participation promoted in some development practices (see Cooke & Kothari, 2001). In analyzing the sometime superficial use of “participation” in development, the critiques show how its meaning is filtered by the institutions using it. They call for the consideration of three important criteria in assessing the quality of participation, which we shall see apply both at the scale of local planning, and at that of the international discourse of development policies. First is the extent to which the “participatory” modes of decision making actually pay attention to local knowledge or merely impose outside models (Mosse, 2001). Second is the extent to which they are adapted to local social structures and can therefore be locally appropriated in the long-term (Clever, 2001). Third is whether they consider the relations of power between participants in the decision-making processes, and do not merely provide opportunities to the more powerful (Hildyard et al., 2001). What these warning boil down to is that some development organizations may integrate “participation” in their operations without fully reflecting on what it means and what they want to achieve with it. They use sets of tools and techniques more as procedures to follow than as ways to give participants an active voice over their planning processes. Without prior reflection on what they want to achieve, it is unlikely that such participatory processes can be adopted in the long-term as local practices.

We are indeed interested in an approach of participation that enables people to lead their own development process. In that sense, we rejoin the definition of “deep” participation described by Fung, Sabel, and Wright, in their search for institutional arrangements at the local level by which laypersons find ways to work together with public authorities to improve their living conditions and provide public services (see Fung & Wright, 2003).

Consistent with that approach, we use a generic understanding of governance, as “*the direction and management of public affairs as shared by both public, private and voluntary actors*” (see Commission on Global Governance, 1995, 2000), and not just as regulated by governments. Similarly, we will analyze policy making, i.e. the transformation of ideas into public decisions, as an incremental and dialectic process in which all stages of formulation, implementation, and analysis depend on both rationality and power struggles, following the views of Lindblom (1959; 1980). Hence our use of a narrative analysis rather than a mainly legalistic or a quantitative analysis, following the approaches of Kaplan (1985), Friedmann (1987), or Roe (1994).

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<sup>6</sup> Numerous critiques have analyzed the limitations of PRSPs. Craig (2003) demonstrated how PRSPs merely replicated one another, “*favoring the technical and juridical over the political economic, and a disciplinary framework over a practical contest.*” Others remarked on the lack of genuine local participation in the design of these papers (Whaites, 2002), the superficial treatment of civil society—and of empowerment—whose role was seen merely as implementing policies decided by international development agencies (Moore, 2001), and the lack of treatment of two major issues that are HIV/AIDS (Barnett & Whiteside, 2001) and urban poverty (Amis, 2001).

## 1.4 Research issue and expected contribution

### 1.4.1 Research interest

In reference to this puzzle, my interest is to understand the evolution of policies to reduce urban poverty in developing nations, and the apparent difficulty of translating internationally agreed principles of beneficiary participation into practice. I am further interested in how participatory policies, formulated in large part by aid providers, are absorbed by recipient governments and contribute—or fail to contribute—to long term changes in local policymaking approaches.

### 1.4.2 Knowledge gap

The World Bank and the UN have produced large bodies of literature on participatory urban development, providing directions to public policy-makers. A rich practitioner literature hence exists on assistance to urban poverty reduction in developing countries (see Table 2-2, p. 55). As Chapter Two shows, it yet lacks of depth in analyzing the processes of public policy (including policy making, policy analysis, and the evolution of public institutions) and the role of participation in them. In that regard, it remains particularly short of associating three important concerns:

First, it tends to forget history. While aided-self-help has been used in urban development programs since the 1920s, a large part of the literature portrays it as only starting in the 1970s. Not linking new policies to earlier lessons yet defeats the aim of piloting. Findings on the technique of community participation hence seem to be constantly re-invented, while important issues of how to successfully scale up small upgrading programs remain under-researched.

Second, the relation between multiple facets of poverty is often underplayed by individual disciplines, which compete for mutually exclusive answers to poverty, rather than recognize the synergies of their approaches to solving complex problems. While sociologists and planners had a voice in early debates on urban poverty up to the 1970s, economists now monopolize the literature that influences development agencies. This has obfuscated some of the simple lessons from experience which their disciplines cannot easily represent, such as the value of mutual-help.

Third, the role of local contexts and institutions is by and large dismissed, especially in the poorest countries. In a quest for large-scale standardized answers to poverty, aid agencies ignore the political situations in which their recommendations are to be applied, and thus do not fully consider how policies and projects can become part of locally accepted practices.

In academia, a large body of writing explains how public policies are made, how they evolve, and how agencies designing and implementing them tend to learn, or fail to learn, from implementation (e.g., in Hajer & Wagenaar, 2003; Lindblom & Woodhouse, 1993; Pressman & Wildavsky, 1984; Roe, 1991; Stokey & Zeckhauser, 1978). We use their lessons when analyzing our policy process, but they often study developed democracies in which public decisions are taken with minimum interference from foreign decision-makers. This is not the case in many developing nations, which must accommodate advice from a range of aid agencies, each bringing a whole set of policy conditions to their support and often with short-term horizons that may not contribute to rendering the local policy process more predictable, or based on local participation.

Studies related to our international interest looked at how policies in development agencies and in aid-recipient governments evolve. Collier (1976) studied the adoption of self-help housing in Peru, and explained how their acceptance was due, in large part, to the complex political and economic situation of the time in which the approach fit particularly well, and not mainly to the

intrinsic value of the self-help policies. Tandler's study (1975) of the organizational rules and mechanisms that shape the behavior of aid agencies provided a strong basis to understand how policies are filtered during their implementation by motivations independent from their contents. Later, Grindle explained some of the processes of policy reform in developing nations and showed the role of politics in the implementation of policies (see Grindle, 1980:3-39; Grindle & Thomas, 1991). In the urban sector, Rakodi has raised the issues of participation and political changes in urban projects (Rakodi, 1985, 1988, 1991; Rakodi & Lloyd-Jones, 2002), but overall, little has been written on what may promote the lasting adoption of reforms, especially for urban poverty policies (with the notable exception of Schlyter, 1998). We hope that by borrowing what these studies pointed to analyze our cases, and by adding a historical perspective, our work can contribute to this body of academic knowledge in the specific settings of Cambodia, and provide some directions for reflection to practitioners

#### 1.4.3 Approach and objectives

Our study does not intend to assess whether participatory programs are more appropriate than other approaches for urban poverty reduction. This has been done quite extensively, and has shown that participation is one element—but not the only one—of successful urban upgrading programs (see Chapter Two). Instead, we aim to systematically analyze how and why “participatory” urban poverty reduction policies are formulated, implemented, and adopted, or not.

We do so through studying the evolution of urban poverty reduction approaches on two levels. The first, macro level, is the historical understanding of how and why international policies for urban poverty reduction have evolved, both in terms of concepts and of practice. It will help understand the evolution of international policy advice. The second, micro level, is a case study of the piloting, institutionalizing and implementation of a strategy for participatory urban poverty reduction in Phnom Penh, Cambodia. It will help explain the complexity of implementing a participatory upgrading program in a political context that does not initially promote participation.

To explore that main research issue, this study sets out to answer three questions. First, how has knowledge on international assistance to urban poverty reduction evolved over time and why? Second, how has the urban poverty reduction strategy in Phnom Penh unfolded, and what factors were most influential in shaping its implementation and adoption? Third, using findings from the macro and micro-policy stories, how can we refine our understanding of what promotes and what hinders the adoption of participatory approaches to urban poverty reduction?

#### 1.4.4 Relevance of the Phnom Penh case

The case study takes place in Phnom Penh, one of the poorest capitals of Southeast Asia, in a country where the government largely resigned from its role during a protracted civil war, and where it shares the management of public affairs with foreign aid agencies and private interests.

An allegedly participatory poverty reduction strategy unfolded there from 1996 to 2004, first along a pilot phase of small upgrading projects, and then through a phase of institutionalization to scale-up the approach. In that context, we aim to explain the trajectory of the policymaking process and the factors that helped or hindered participatory upgrading in achieving its goals.

That case study will also reflect larger dilemmas of democratization in a country in transition from central-planning. This includes the opposition between a view of poverty reduction in terms of physical and economic improvement and one in terms of the political empowerment of disenfranchised people, as well as the conflicts between foreign and local influence in policy-making.

The results of this study will be an enriched understanding of policy processes in aid programs that seek to promote lasting improvement for the urban poor through their participation in urban upgrading. The findings will also provide substantial new knowledge on Phnom Penh, where no systematic analysis of the urban poverty reduction efforts has been conducted to date.

## **1.5 Research methodology**

### **1.5.1 Guiding principles of the narrative analyses**

Given the dynamic nature of public decision-making, we consider public policies not just as the *guidelines* that initially direct interventions, but in large part as the *processes* by which decisions are taken in practice, and actions unfold. That is, we take official policy directions as only elements of the actual policy process, which we try to follow along through its life cycle. To capture the complexity and dynamics of policy processes that can be understood from multiple angles and that evolve over time, we use a narrative analysis based on four components:

First, we explain the processes of urban poverty reduction strategies as they unfold, rather than as they can be analyzed ex-ante—through their design, or ex-post—through their result. This recognizes the influence of implementation on the making of policies, following arguments by Lindblom & Woodhouse (1993: 57-72), Lipsky (1980), and Presman & Wildavsky (1984) on how bureaucrats, or front-line service providers, actually “make” a large part of policies through their interpretation of how rules should be applied in response to real-life constraints.

Second, we use participant observations collected during several years working with NGOs, the UN, World Bank, and municipal agencies involved in the processes. Recognizing the particular outlook—or frame—that each policy player has on a matter often shows that there are several ways to define a policy issue. Schön & Rein (1994) and Hajer & Wagenaar (2003) hence suggest that it is through action, rather than ideas, that collaboration might be achieved between policy agents with diverging frames. In our case, it is by observing action that we try to understand the collaboration—or lack thereof—between actors with different views. This helps make explicit the frames that each actor uses to interpret reality, to propose, and to implement solutions, and helps understand—from inside—the evolution of learning and the institutional change.

Third, the analysis highlights the importance of the contexts—e.g., the political, social, and economic situations; unfolding events; and competing projects—that influence the implementation and absorption of recommendations, and which are often beyond the control of specific policies. Following the views of Kaplan (1985) and Roe (1994), we thus use a narrative analysis to understand the dynamics of a governance system that is not dominated by predictable rules of decision-making, but that results from the interplay of multiple actors from the public, private, and voluntary sectors—local and foreign—each with specific frames to perceive the issues, abilities to contribute to their resolution, and political leverage to enforce decisions.

Fourth, we use a historical analysis to understand the role of time in assessing the impact of ideas; how they percolate into existing beliefs and practices of aid providers and aid recipients; and how fluctuations in advice and support from aid agencies can affect the process of absorbing ideas and practices and transforming them into regular policies.

## 1.5.2 Sources of data and information

### *a. Historical analysis*

To research the evolution of policies and practices, I traced the roots of urban housing policies and found that a body of literature had been produced since the 1940s on participatory upgrading, but that it had been largely ignored when the approaches re-emerged in the 1970s. The analysis of the role of participation in urban upgrading over time is hence based on a critical review of practitioner and academic writings as well as on “buried” literature recently rediscovered by urban historians. That historical analysis covers major policy directions, projects and their evaluation, and key academic writings on urban poverty and development since the late 1940s with a focus on how relations of power between the proponents of different approaches shaped the policies adopted.

For lessons from the early part of the twentieth century, I used secondary data from historical research conducted in the archives of the main planners and heads of aid agencies of the time. As key sources of such information, I used Third World Planning Review 1997 (19)1; Planning History Studies 1997 (11)1; Habitat International 1998: (22)2 and 2003: (27)2; and Housing Studies 1999 14(3). From these documents, I further read the extensive literature on housing produced by the United Nations from the 1950s and the World Bank from the 1970s. I make no pretense that this is an exhaustive review, but I believe that it provides enough material new to the policy discourse to warrant interest in the discussion.

### *b. Participatory Action Research in Phnom Penh*

From 1999 to 2003, I worked as a planner and researcher on the design, implementation, and monitoring of a participatory urban poverty reduction strategy in Phnom Penh with local and international NGOs, UN-Habitat, and the Municipality of Phnom Penh. I use, for primary information about that period, the results of over thirty participatory studies I led on the evolution of urban living conditions and on the unfolding of poverty reduction activities in Phnom Penh, as well as my own observations as a participant in the policy process.

The first of these studies was a baseline participatory analysis of urban poverty in Phnom Penh in 1999 that produced twelve studies of living conditions in poor settlements and an analytical report for UN-Habitat (see Fallavier, 1999). The other studies were conducted from 2000 to 2003, as I worked with UN-Habitat and Cambodian CSOs to monitor and evaluate the activities of the urban poverty reduction strategy, and collected extensive primary data on the making and unfolding of the strategy and of the projects implemented. With a local team, I documented living conditions over time in fifteen communities and seven resettlement sites, followed half a dozen disasters that struck urban communities, and prepared reports ranging from case studies to policy analyses. I use data collected for these reports that informed the policy actors of the poverty reduction strategy, but that have not been formally published. These main reports are quoted as: (Fallavier, 2002; Fallavier, Sin et al., 2001a, 2001c, 2002a, 2002b, 2002c, 2002d, 2002e, 2002f, 2002g, 2002h, 2002i, 2002k, 2003; Fallavier, Urban Resource Centre Cambodia et al., 2002).

To gather data, I mainly used focus groups and semi-structured interviews, but I also conducted structured surveys on resettlement sites among up to 1,800 families at a time. Although the subject of each individual study dictated the exact methodology, I systematically collected qualitative and quantitative information on a core set of indicators of urban poverty and development, presented in Table 1-1. These indicators were consistent with these of the 1999 baseline study

and with UN guidelines for monitoring progress in implementing the *Habitat Agenda* (see United Nations Centre for Human Settlements, 1997, 1999; United Nations Centre for Human Settlements & World Bank, 2001). This approach allowed me to trace changes in living conditions as systematically as possible, and to measure the extent to which the process and results of the urban poverty reduction strategy followed their initial methods and objectives. Details on the methodology are presented in (Fallavier et al., 2001b), including the rationale for the selection of the indicators, a review of the participatory techniques used for data collection, household interview guidelines, and directions for the coding and analysis of the indicators collected.

During that period, I also collected secondary data through project-related reports on the activities of the 1996-1999 pilot phase that preceded the poverty reduction strategy, and interviewed its main actors while working alongside them. I complement this information with the limited literature available on urban Cambodia, and with interviews held in 2005, 2006, and 2007 in Cambodia, Vietnam, and Thailand with actors involved in the strategy that ended in 2004.

Finally, I updated my analysis of the process of policy making for poverty reduction in Phnom Penh during a mission I conducted there for UN-Habitat in early 2007, which led to preparation of a new strategy to secure the rights of low-income urban dwellers to access decent housing.

**Table 1-1: Qualitative indicators of urban poverty collected in Phnom Penh (1999 - 2003)**

<b>Category</b>	<b>Qualitative indicator of development collected in settlements</b>	
A. Background data	<b>A1.</b>	Administrative and demographic data
	<b>A2.</b>	Physical characteristics of settlement
	<b>A3.</b>	History of settlement's creation & development
B. Organization, participation and sense of community	<b>B1.</b>	Organization of people's participation
	<b>B2.</b>	Representation of minority groups
	<b>B3.</b>	Social cohesion
	<b>B4.</b>	Weight of corruption
C. Socioeconomic development	<b>C1.</b>	Employment patterns
	<b>C2.</b>	Income generation and expenses
	<b>C3.</b>	Access to financial services; indebtedness
	<b>C4.</b>	Health problems, access to care, cost, financing
	<b>C5.</b>	Education levels, cost, barriers
	<b>C6.</b>	Physical safety and criminality
D. Housing	<b>D1.</b>	Housing types, household equipment, cost, quality, financing
	<b>D2.</b>	Security of tenure, threat of eviction
	<b>D3.</b>	Housing for the poorest
E. Infrastructure	<b>E1.</b>	Water supply, access and affordability
	<b>E2.</b>	Electricity
	<b>E3.</b>	Drainage and sewerage
	<b>E4.</b>	Sanitation and health
F. Transportation	<b>F1.</b>	Transport availability
	<b>F2.</b>	Usage Pattern
	<b>F3.</b>	Road access
G. Environmental management	<b>G1.</b>	Air and water quality
	<b>G2.</b>	Solid waste management
	<b>G3.</b>	Disaster risk and management
	<b>G4.</b>	Green spaces

### 1.5.3 Structure of the argument

Following this introduction, the argument is organized in three stages:

The first stage (Chapter Two) lays the groundwork for the empirical case study. This historical analysis retraces the evolution of contending approaches of urban poverty reduction policies in international development, pointing to what influenced the evolution of international views over time. It traces the roots of a conflicting understanding of the role and value of participation in urban upgrading: as a low-cost means to implement projects decided from the top vs. as an end of development that gives autonomy to aid recipients. It then articulates specific questions unanswered by the literature that direct the second stage of research.

The second stage (Chapters Three and Four) is a narrative analysis of the process of poverty reduction work conducted in Phnom Penh from 1996 to 2004. That case study investigates how an allegedly participatory policy of urban poverty reduction—based in large part on aided-self-help—came about, was implemented, and evolved. It helps explain how implementation shapes policy-making especially in the presence of competing organizations, and what elements promote or prevent the genuine adoption of participatory practices by local development actors.

The third part of the argument (Chapter Five) extracts answers to the initial research issue from the macro and micro findings. It uses results from the Phnom Penh case and from international experience to explain the pattern of evolution in practices, and why it seems so difficult for participation to become a standard part of poverty reduction approaches. This helps understand what influences the adoption or rejection of participatory upgrading in urban poverty reduction.

The conclusion (Chapter Six) presents the limitations of the findings, and their possible implications for practice. It then opens the discussion to further research on the role of participation in urban development theories.

### 1.5.4 Scope and limitations of the approach

While writing this dissertation, I spent the last eighteen months conducting supplementary interviews in Cambodia and researching the historical evolution of approaches to urban poverty reduction. The process and findings underscored the need for modesty in presenting the following analysis. The richness of the literature and the diversity of disciplines on issues related to participatory upgrading are such that one cannot pretend to understand them all.

After months of finding counter-arguments to my own understanding of the role and value of participation, I came to realize that the conflicts between views of development and of the uses of participation were intrinsic to the diverse natures of the agents promoting poverty reduction. I therefore had to analyze the dilemmas that opposed them, rather than try to reconcile their views or to assess which one was “better.” The historical chapter itself, for instance, is not merely a chronological listing of a set of undisputed facts. It required the deconstruction of my own beliefs on urban history, and the balanced re-assembly of facts and ideas, which, viewed from the angle of different disciplines had at times opposing conclusions. As much as possible, I then tried to make the best sense of diverging views of reality by using an extensive triangulation of sources from different literatures, and by using works based on empirical findings from projects.

The literature I use is therefore much more practical than theoretical, as is this dissertation overall. I use the results of many projects, policy analyses, and works produced by international and local aid agencies to explain the evolution of their own thinking. These usually have little theo-

retical contents, and when they do, it is largely self-referencing. As will be shown in the analysis, this is indeed an important element explaining the (non)evolution of their views.

To the facts and literature collected and analyzed, I add my own perspective, elaborated while I worked with agencies involved in the processes, to explain some of the tacit ways by which knowledge, politics, and ingrained beliefs affect the evolution of their policies and actions. While all other sources can be duly traced, these views can be construed as more subjective. Still, I endeavored to describe and analyze facts from the best information available, and when necessary, from extrapolations based on experience and good faith. Any misinterpretation remains my own.

Regarding the relevance of the case, Cambodia is one of the poorest nations in the world and has experienced a decline in human development and in urban living conditions since the late 1960s. It is extremely dependent on foreign aid, intermediary agencies provide many services usually expected from government, and the urban poor there are viewed as second-rate citizens with little political voice. This makes it a concentrate of the main issues I am interested in, and hence particularly suitable for this analysis. I recognize though, that the lessons drawn may be applicable largely to countries with similarly dependent polities and weak democratic traditions.

In terms of validity, an important caveat regards the over-simplifying use of an organization's name to designate it as whole. The "World Bank," "Municipality of Phnom Penh," or "UN-Habitat" are not monolithic organizations where a single way of thinking prevails. I use their names to represent their institutions (i.e., values, beliefs, and rules of conduct) in broad terms, while recognizing that persons or units of a same organization may have different views.

Finally, the emphasis on participation is not to present it as a panacea to urban poverty *in lieu* of other approaches. The whole dissertation in fact acknowledges that participation is only one—though central—element of a larger set of measures to reduce poverty.



## Chapter 2 - Evolution of international approaches to urban upgrading

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## **2.0 Rationale and organization of the historical analysis**

### **2.0.1 Mainstream history of urban upgrading: influential but incomplete**

The literature produced by international aid agencies on the evolution of urban poverty reduction policies for developing nations typically presents a linear approach in which policies matured in three periods. First, governments provided low-cost public housing during the 1950s and 1960s. In a second period, from the early 1970s to the mid 1980s, aid agencies and governments turned towards supporting self- and mutual-help for slum-upgrading and sites-and-services projects. The third period, since the mid-1980s, marked the advent of a market-centered approach to develop efficient economies that would deliver housing, infrastructure, and public services to all. That “mainstream” literature tends to present the evolution of policies as sequential, and their approaches as mutually exclusive. It also considers that the participatory methods of self- and mutual-help were specifically created for developing countries (see Duncan & Rowe, 1993).

The key analytical work prepared by the World Bank to develop its support of urban poverty reduction since 1972 relies heavily on these premises (e.g., Mayo & Angel, 1993; Pugh, 1997; D. G. Williams, 1984; World Bank, 1972, 1974, 1975a), and given the Bank’s weight in shaping the international discourse on development aid, that literature has had a major influence on the understanding of urban poverty reduction by many current development actors (Zanetta, 2001).

Looking beyond that mainstream literature though, the history of policies for urban poverty reduction in developing nations goes back further in time and its evolution is more complex. It was in Europe, after the end of World War I that the use of policies encouraging urban self-help and mutual-help started, before it was adapted to developing nations from the 1930s. Then, progress in policy recommendations did not follow a linear approach incrementally building upon earlier lessons; it was instead marked by conflicts and shifts between modes of intervention. Lastly, aid-recipient governments often did not follow the policies promoted by development agencies.

### **2.0.2 Organization of the chapter**

This chapter reconstructs and analyzes the evolution of international approaches to urban poverty reduction policies in three sections. First, a historical review emphasizes the evolution of practices, presenting the different international approaches to urban housing and poverty reduction as they evolved since the early 1920s. A second section analyzes the premises of the policy recommendations and the lessons drawn from them, emphasizing the evolution of ideas. The third section then highlights gaps in knowledge regarding how recipient governments reacted to evolving policies, i.e., how many of the recommendations they adopted and why.

## 2.1 The evolution of practice

### 2.1.1 Early stage of aided-self-help policies (1920s-1960s)

#### a. *World War reconstruction in Europe*

As early as 1918, the governments of Austria and Sweden established *aided-self-help* programs to rebuild their countries' housing stock, destroyed during World War I. The two largest programs, in Vienna and Stockholm, provided grants, loans, and/or free plots equipped with basic infrastructure to families and specialized cooperatives so they could build or upgrade low-income housing. Supporting self-help was cheaper for governments than building public housing, as home-builders used low-cost materials and free labor. In turn, improving housing while employing the urban poor helped governments contain social unrest among popular classes during the rising communist disturbances that followed the 1917 Bolshevik revolution (Harris, 1999).

During the 1920s and into the economic depression of the 1930s, the participation of urban dwellers in housing programs spread across other European countries—mainly Finland, Greece, Germany, and the Soviet Republic. In the 1940s and 1950s, with post-World War II reconstruction, European governments further promoted the construction and rehabilitation of homes by their owners as part of their housing policies through a mix of low-cost loans and the relaxation of building codes. In France, for instance, a squatter movement followed by a cooperative self-help program known as the *Castor* (beaver) movement was essential to address the post-war housing crisis and to develop large-scale, low-income housing programs. The builders of their own homes could obtain low-cost government loans against a down-payment in “sweat equity” (i.e., the value of the labor they put in the house building). In Greece, by 1950, the *self-sheltering* plan promoted by the Ministry of Housing and Reconstruction was supporting three quarters of all dwelling reconstruction, at a rate of 15,000 units per month (Harris, 1999; Wakeman, 1999).

In North America, the approach was more based on *laissez-faire* than on the provision of direct support to develop housing. The US government started enabling the development of self-help housing in the 1860s with the *Homestead Law* that gave people land ownership at a very low cost (\$18 of taxes per 160 acres of undeveloped land), provided they built on and cultivated their plot. Prior to World War II, informal upgrading in urban fringes was then widely tolerated while some *Homestead Promotion Programs* were launched to resettle miners who had obtained low-cost housing loans. After the War, due to a backlogged shortage of housing that started during the Great Depression and to the slow recovery of the private building industry, there was a resurgence of owner-construction. By 1949, one third of all new single family homes and one quarter of all new dwelling units in the US were actually built by their owners. In Canada, housing cooperatives developed from the 1930s to the mid 1970s to support self-help low-cost housing in urban outskirts (Gates, 1936; Harris, 1999; Stuesse & Ward, 2001).

#### b. *Initial support to self-help in developing nations*

##### (i) *The role of the UK government*

In poorer nations, promoting the participation of urban dwellers in the construction or rehabilitation of their homes also started in the early part of the twentieth century. The British Government developed housing improvement programs for poor urban dwellers in its colonies starting in the mid-1930s. This was partly to regain some of the political influence it was losing over these

countries, and partly to respond to popular pressure to change its imperial relation from one of exploitation to one of development support.<sup>7</sup> Numerous self-help housing programs were then set up. In the 1930s and 1940s in Northern Rhodesia and South Africa, programs to “stabilize” African workers developed in the cities where the workers were earlier only allowed to live temporarily. Governments and the companies running mining towns set up programs of *aided-self-help* in which African miners were provided plots, some access to public services, and at times, technical support to build family-houses through self- and mutual-help (Harris, 1998; Rakodi, 1984).

After initial ad hoc responses to crises, the 1940 *Colonial Development and Welfare Act* marked the beginning of the British Crown’s organized assistance for the social and economic development of its colonies. In Africa, as a major step to enable the development of stable urban settlements, it notably recognized the right for indigenous workers to settle in cities with their families, rather than be only allowed temporary stays in employer-owned compounds on urban peripheries. From then on, the Colonial Office promoted the improvement of urban living conditions in colonies of the West Indies, Sub-Saharan Africa, and Southeast Asia (Tipple, 1979).

Between 1948 and 1962, under the influence of its main housing advisor G. Atkinson, the Office strongly favored the use of local capacities in its urban programs: organizing communities for collective action, using a local labor force, and developing technologies based on indigenous skills and materials (Harris & Giles, 2003). That approach to beneficiary participation was strengthened by the engagement of the richer member nations of the British Commonwealth in the 1950 *Colombo Plan* to support the autonomous development of poorer member nations.<sup>8</sup>

Some projects were directly supported by the Colonial Office, but the policy was also taken over by local governments. In India for instance, starting in the late 1940s, city governments set up self-help programs of *open developed plots*, which provided sites with minimal services and no building regulation on which people could build their homes. The 1947 partitioning of India and Pakistan that resulted in the displacement of millions of people prompted the creation of similar low-cost self-help-based programs—often autonomous from external support—to house the refugees in many cities. In Madras, the most notable of these schemes, *Nilokheri* and *Faridabad*, attracted the attention of the mission preparing *Housing in the Tropics*, a UN report that documented local approaches to low-income housing, and that would be a foundation of its later promotion of self-help. In Delhi, by 1950, the municipality had prepared 2,500 plots for the self-help housing of refugees (Harris, 1998). The Governments of Kenya and of the Gold Coast further adopted similar schemes in the 1950s to house the growing masses of workers attracted by their cities’ new industries (see Abrams et al., 1956; Bloomberg & Abrams, 1965).

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<sup>7</sup> The pressure for change came from colonies, such as Northern Rhodesia (now Zambia), where copper miners led strikes to protest the segregation and harsh living conditions they were subjected to under British rule (Tipple, 1981). Pressure also came domestically from a population supporting the rights of the working class, and even from colonial administrators, such as Sir Frederick Lugard, who wrote in the mid 1930s that “*the exploitation theory [...] is dead, and the development theory has taken its place*” (Bourdillon, 1937:75; cited in Rajagopal, 2000).

<sup>8</sup> In 1950, members of the British Commonwealth met in Colombo to discuss how richer Commonwealth nations could support the newly sovereign states of the Asia-Pacific area to form stable governments and lay the bases of prosperous economies. The resulting *Colombo Plan* presented how Commonwealth nations could cooperate. A major focus was to develop human resources by strengthening the existing bases of self-help, e.g., establishing cooperatives for agricultural extension, vocational training, the production of economic goods, and the improvement of housing and local infrastructure. With a strong ideological orientation toward preventing new states from falling into communism, the approach was based on recognizing and making the best use of existing local capacities (“The Colombo Plan for Cooperative Social and Economic Development in Asia and the Pacific,”; Spender, 1955).

(ii) *The role of the US government*

In the US, public authorities were generally supportive of letting people build their own houses with minimum intervention. However, some proactive programs for the participatory improvement of slums were used domestically before they became widely employed in foreign development aid. In 1939, the US Housing Authority started the *Ponce* program of *slums upgrading and land and utilities* in Puerto Rico through aided-self-help. It was led by Jacob L. Crane, who later became an ardent promoter of participatory approaches to urban upgrading.

While the conventional view of low-income housing in the continental US at the time was for Government to build multi-unit dwellings and to rent them at subsidized rates, Crane claimed that in a warm climate like Puerto Rico, access to services was more important than the quality of housing. He therefore implemented *aided-self-help* schemes in which slum-dwellers were encouraged to move their existing shelters—however flimsy they were—onto plots with access to basic public utilities and services. Families received land titles, and were expected to improve their homes over time. The Ponce program was later regarded as highly successful. It was widely replicated in British Caribbean islands and used as a demonstration case for officials from governments and development agencies to learn how to house large numbers of low-income dwellers with limited public resources. By 1960, the ten-thousandth owner-built dwelling was indeed completed in the Puerto Rico scheme (Crane et al., 1944; Harris, 1997, 1998).

With the beginning of the Cold War, at the end of WWII, the US Government was also seeking political allegiances in Latin America, where it started projects to help countries develop their economies and stabilize their political regimes so they would not fall under soviet influence. As part of that approach, it launched its first large-scale aided-self-help programs for urban housing in Colombia and Peru in the late 1940s (Harris & Giles, 2003). In 1948, to coordinate the then vibrant US housing assistance abroad, the US *Housing Home Finance Agency* (HHFA) created its International Housing Office. Jacob Crane led it with a firm belief in the role of popular participation not only as a low-cost approach to implement adapted projects, but as a goal of democratic development. He used lessons from *Ponce* and other projects he supervised to guide US support to housing programs in developing nations and to influence the practices of the UN and of the British development aid. As part of that collaboration, he prepared newsletters (such as *Ideas and Methods Exchange*) and reference manuals on how to develop and implement self-help housing policies (e.g., United States Housing and Home Finance Agency, 1951, 1952).

Until his retirement in 1953, Crane then led the implementation of numerous US-funded aided-self-help programs in Latin America and the Caribbean, the better known perhaps being the Peruvian *Arequipa* project that John Turner later studied at length (e.g., in Turner, 1959, 1969). By 1960, USAID was supporting similar programs in twelve of the twenty Latin American countries. From 1959, in large part funded by the US, the *Inter-American Development Bank* (IADB) became a major player in promoting housing programs in Latin America. Up until 1963, it placed \$153 million dollars in loans for housing programs (with equal amounts of local matching funds) in fifteen countries.<sup>9</sup> More than two thirds of the houses erected through these loans were built through self-help, and in Peru alone the IADB financed the construction of 30,000 housing units in 1961 and 1962 (Harris, 1998; Herrera & Inter-American Development Bank, 1963).

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<sup>9</sup> The US had created a \$500 million Social Development Fund within the IADB for agrarian reforms, housing, community facilities, and building material (Herrera & Inter-American Development Bank, 1963).

(iii) *The role of the UN*

A third main international agency, the *United Nations* (UN), was also concerned about the spread of urban poverty resulting from the rapid urbanization of developing countries. In 1946, its General Assembly had already recommended the “*study of housing problems, and of how international exchange of information on town planning, building techniques, and the economic, financial, and legal aspects of housing should be developed in response*” (United Nations, 1946). By the early 1950s, the General Assembly again stressed its concerns about the lack of adequate housing as “*one of the most serious deficiencies in the standards of living of large populations in the world.*” It urged the exchange of information between nations on how to develop locally appropriate low-cost building and planning techniques, so governments of developing nations could provide housing on a large scale to their growing populations, in collaboration with the UN and non-governmental organizations (United Nations, 1952).

In the same year, its report *Housing in the Tropics* took stock of housing programs then underway, underscoring the importance of supporting popular participation and community organization in housing, and providing directions to support community-run urban upgrading activities:

*Although resources and technicians are in short supply, the aspirations of man are not. Practical solutions to the crushing problem of tropical housing [...] should combine the initiative and resourcefulness of the people, the rational application of local materials and skills, the social advantages of group work, and the best use of resources and technical knowledge available. (United Nations Mission on Tropical Housing, 1952:2)*

On these bases, after mostly conducting studies on urban issues in the 1950s, the UN Division of Social Affairs, led by Ernest Weissman, issued a *Framework for Urban Action* that called on developing countries to undertake national housing programs based on self-help and mutual-help (see United Nations, 1959c). That approach was part of a larger *UN Development Decade Proposal for Action* that recognized the importance of people as participants in their own development processes, and that promoted the use of both national planning and widespread community development programs (see United Nations, 1962b).<sup>10</sup> Estimating that over one billion people in Africa, Asia, and Latin America (half of these continents’ populations) were “*homeless or living in housing which was a health hazard and an affront to human dignity*” (p. 59), it called for urgent efforts to improve urban housing conditions and to avoid that cities spread into vast slums breeding ill-health and misery. To improve housing, low-income communities needed training in community organization and in building techniques, as well as support in developing saving and credit mechanisms. People would further use the skills they acquired in building their homes and communities to develop the industries and economies of their cities and countries.

To support the expansion of urban housing, the UN then encouraged the governments who were drafting national development plans to recognize the role of urbanization in economic growth and to include in them nationwide urban and regional development strategies. With support from rich countries, developing nations were to establish National Housing Authorities to purchase land, check speculation, undertake research on urban development and construction practices,

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<sup>10</sup> The UN designated the 1960s the first *Development Decade*, in which nations agreed to intensify their common efforts to “*accelerate progress toward self-sustaining growth of the economy of nations and their social advancement.*” Its 1962 Proposal for Action recognized that “development” concerned both the improvement of material means and of social conditions, and the fulfillment of human aspirations (United Nations, 1962b). Development aid had to not only support economic growth, but also the development of human capacities through education, vocational training, community development, employment programs, and health promotion.

and support slum upgrading. Further, they were to reform land ownership so that the poor could own their homes; to promote the development of building material industries; to support the creation of housing credit agencies; to train architects, engineers, and planners; and to develop urban studies and research centers (United Nations, 1959a, 1960, 1961a, 1965).

In 1962, the UN established a specialized *Housing, Building, and Planning Branch* to lead its urban support with the improvement of squatter and shanty-town settlements through aided-self-help and mutual-help as its main goal (United Nations, 1962a). During the 1960s, with the decolonization of British Territories, the UN moved into the former British domain; and it gained influence in Latin America after Crane retired from the HHFA. It then became the most influential agency promoting urban aided-self-help programs until the early 1970s. With technical and financial support from the IADB, colonial (or former colonial) powers, and local states, it provided technical services, equipment, and funds to establish pilot projects for low-cost housing and community facilities, based on the use of local resources and capacities. In pilot countries—such as El Salvador, Senegal, Ethiopia, or the Sudan—housing projects built several thousands low-cost units at a time, established housing credit facilities, and upgraded squatter and shanty town settlements through self- and mutual-help, usually as part of larger, centrally-controlled public housing policies. In some places, projects were taken to an even larger scale. In Colombia for instance, the *National Housing Authority* supported the construction of almost 52,000 housing units on a self-help basis between 1959 and 1965 (United Nations, 1973).

Following directions from the UN, during the *Second Development Decade* (the 1970s), aid agencies and governments of rich nations were to build on that experience by: (i) providing financial and technical contribution to develop urban housing programs; (ii) setting up an international housing finance system; (iii) developing an international network of research and training centers on urban and housing issues; (iv) strengthening the international organizations working on housing and human settlement; and (v) conducting international campaigns to raise awareness about problems of rapid urbanization (see United Nations Secretary-General & Ward, 1970).

### 2.1.2 Mainstreaming the use of self-help (1970s-1986)

#### a. *The World Bank: a new actor in urban development*

The World Bank entered the housing field in 1972 by publishing *Urbanization*, a key policy paper on urban poverty and housing in developing countries (see World Bank, 1972). In economic terms, this analysis recognized the links between urban poverty, unemployment, inadequate housing and infrastructure, the importance of rural-to-urban migration during the industrialization of poor countries, and the resulting pressures onto cities to accommodate new comers, mainly in informal settlements. It also acknowledged that policies to control migration, to promote rural development, and to develop secondary cities did not suffice to relieve migratory pressures and to provide decent living conditions to the new urban populations. To improve these situations, low-cost housing projects aiming directly at the urban poor were necessary.

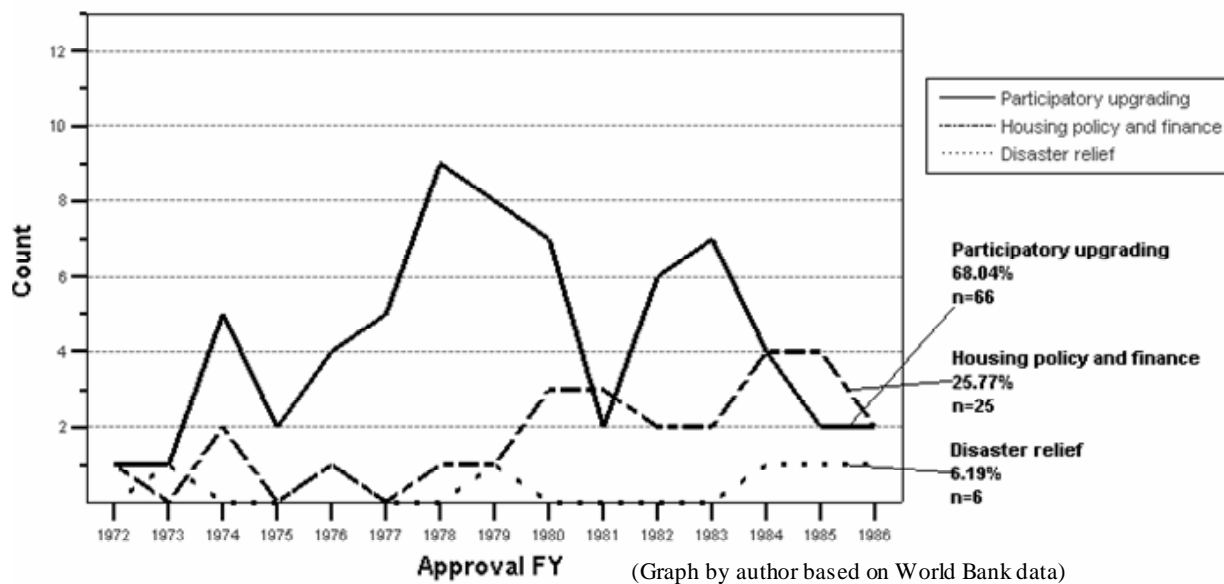
The Bank then financed its first *slum upgrading* and *sites-and-services* schemes in Dakar starting in 1972 and in Lusaka starting in 1974, unknowingly following approaches similar to Crane's 1939 *upgrading* and *land-and-utilities* projects in Puerto Rico. It developed the remainder of its urban strategy in three papers: *Sites and Services* (World Bank, 1974), *Housing* (World Bank, 1975a), and *Transport* (World Bank, 1975b) that made beneficiary participation central to the construction and management of urban infrastructure.



Until the mid 1980s, with the UN and the British *Overseas Development Administration* (ODA, created in 1970), the Bank then massively funded and implemented projects that promoted low-cost urban housing and community development, in large part using self-help and mutual-help. *Slum upgrading* schemes supported low-income dwellers in the gradual improvement of their houses and existing informal settlements, in obtaining access to basic infrastructure and services, and in receiving some security of tenure. *Sites and services* projects provided—for a fee—plots with access to basic utilities, and at times with housing—ranging from a “wet core,” with piped water and toilets, to a finished house. Projects further included components to develop local economies through micro-credit, vocational training, and the creation of cooperatives.

From 1972 to 1986, the World Bank lent the equivalent of \$7.4 billion to finance 97 urban housing projects.<sup>11</sup> The portfolio was dominated by participatory projects with 68% going toward sites-and-services and slum upgrading, and with only 25.7% of investments for the development of housing policies or housing finance markets. The remaining 6.7% were for disaster relief.

**Figure 2-1: Evolution of urban loans approved by the World Bank (1972-1986)**



*b. Adoption of participation in international agreements on urban poverty reduction*

With time, the initial housing schemes grew into integrated programs for the physical, economic, and social development of low-income urban settlements. In 1976, the UN Conference on Habitat and an ensuing resolution by the General Assembly in 1977 reinforced the 1950s views that participatory approaches to housing were keys to urban poverty reduction (see United Nations, 1976, 1977). By the mid-1970s, participatory upgrading had become central to the international policy approaches to tackle urban poverty, themselves understood in terms of improving the physical, economic, and social conditions, as well as the political recognition of slum dwellers.

<sup>11</sup> These were the dominant components, but most projects had multiple activities: 65 comprised slum upgrading, 69 sites and services, 16 housing policies, 15 housing finance, and 6 disaster relief. Figures are in 2001 real prices. I computed all figures on the Bank’s housing portfolio from data on projects started from 1972 to 2003, available at <http://www.worldbank.org/urban/housing/>. See appendix for details on the Bank housing portfolio.

### Box 2-1: Highlights of the 1976 Vancouver Declaration on human settlements policies

Excerpts, from (United Nations, 1976)—original paragraph numbering kept, emphasis added

#### II. GENERAL PRINCIPLES

1. The improvement of the quality of life of human beings is the first and most important objective of every human settlement policy. These policies must facilitate the rapid and continuous improvement in the quality of life of all people, beginning with the satisfaction of the basic needs of food, shelter, clean water, employment, health, education, training, social security without any discrimination [...] in a frame of freedom, dignity and social justice.
4. Human dignity and the exercise of free choice consistent with over-all public welfare are basic rights which must be assured in every society. [...]
13. All persons have the right and the duty to participate, individually and collectively in the elaboration and implementation of policies and programs of their human settlements.

#### III. GUIDELINES FOR ACTION

3. A human settlement policy must seek harmonious integration or co-ordination of a wide variety of components, including [...] population growth and distribution, employment, shelter, land use, infrastructure and services.
6. Human settlement policies and programs should define and strive for progressive minimum standards for an acceptable quality of life. These standards will vary within and between countries, and [...] must be subject to change in accordance with conditions and possibilities. [...]
7. Attention must also be drawn to the detrimental effects of transposing standards and criteria that can only be adopted by minorities and could heighten inequalities, the misuse of resources and the social, cultural and ecological deterioration of the developing countries.
8. Adequate shelter and services are a basic human right which places an obligation on Governments to ensure their attainment by all people, beginning with direct assistance to the least advantaged through guided programs of self-help and community action. Governments should endeavor to remove all impediments hindering attainments of these goals.
10. Basic human dignity is the right of people, individually and collectively, to participate directly in shaping the policies and programs affecting their lives. The process of choosing and carrying out a given course of action for human settlement improvement should be designed expressly to fulfill that right. Effective human settlement policies require a continuous co-operative relationship between a Government and its people at all levels. It is recommended that national Governments promote programs that will encourage and assist local authorities to participate to a greater extent in national development.
11. [...] recourse must therefore be made at all times to technical arrangements permitting the use of all human resources, both skilled and unskilled. The equal participation of women must be guaranteed.

### 2.1.3 Turning toward market enablement (1987-2000s)

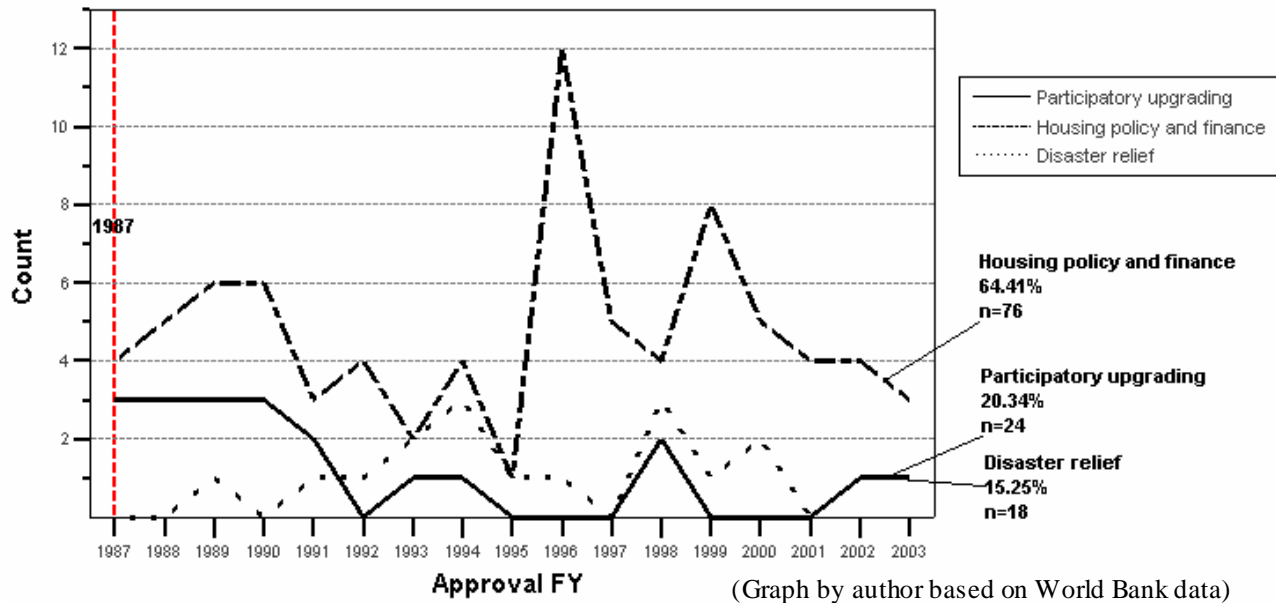
#### a. *Structural adjustments: Leaving the planning role to market forces*

The focus of international aid in urban development changed in the mid-1980s, when funding agencies—led by the World Bank—assessed that it would take too long and be too costly to promote a project-based approach to housing and poverty reduction on a large scale.

Following a new strategy, sketched in Mayo & Malpezzi (1986) and later refined in Cohen (1991) and Mayo & Angel (1993), starting in 1987, the World Bank hence reduced its investment in projects aiming directly at the urban poor. Rather than funding government-run or community-led projects to produce low-cost housing, it moved toward a larger unit of intervention, testing models to enable public authorities, via the market, to better serve a broader population (Special Interest Group in Urban Settlements, 1999; Zanetta, 2001).

From the mid 1980s onward, this second generation of World Bank’s urban projects, shared with UN-Habitat and UNDP as the *Urban Management Program’s municipal reform agenda*, focused on policy support to develop the economic environment of cities and to improve their governments’ performance. The Bank reduced loans for community-based upgrading projects and instead supported policy work at the municipal and national levels. It did not fully drop participatory upgrading but, in a marked reversal of earlier priorities, of the 118 urban projects it financed from 1987 to 2003, only 20.3% primarily supported participatory upgrading, while 64.4% focused on housing policies and the development of housing finance.

**Figure 2-2: Evolution of urban loans approved by the World Bank (1987-2003)**



That divestment from urban upgrading paralleled a shift by IFIs away from *project-based* lending towards *policy support*.<sup>12</sup> In 1979, the Bank acknowledged that the project approach had failed to achieve a main goal of the UN *Second Development Decade*, which was to help poor countries achieve GDP annual growth rates of 6%. Meanwhile, rising energy prices were deepening the debt of countries heavily dependent on oil for their industrialization, many of whom had borrowed from oil-producing nations with loan terms dependent on oil price (Gruder, 1979).

The growing risk of governments defaulting made IFIs wary of extending new project loans. Instead, from 1980, they started funding policy support. The Bank proposed first to increase concessional loans to countries with severe balance of payment difficulties to reduce the negative effect of commercial debt on their development, and second to lend them funds to undertake “*structural adjustments necessary to avoid future balance of payment crises*” (Wright, 1980).

These *Structural Adjustment Programs* (SAPs) aimed to liberalize economies and to encourage an efficient use of public funds. They promoted policies to reduce budget deficits, shift public spending to areas with high economic return, develop broad tax bases, liberalize financial markets, lower barriers to import and foreign investment, privatize markets, and ensure property rights. SAPs became conditions to most IFI lending (Blore, 1999; Williamson, 1994).

In urban centers into the 1990s, municipalities could then request loans from the Bank to implement reforms in seven main areas: (i) developing property rights; (ii) developing mortgage financing; (iii) rationalizing subsidies for the poorest; (iv) coordinating the agencies providing public infrastructure and services; (v) improving land and housing regulations to facilitate housing supply; (vi) creating competition in the housing industry; and (vii) helping public, private, and voluntary agencies cooperate in creating policies and programs to benefit the poor.

After implementing these institutional reforms, municipal governments would be able to borrow for programs to improve the environment of the urban economy. These programs were to develop the management of (i) land, as tenure would give people incentives to upgrade their homes while contributing to develop tax revenues; (ii) urban infrastructure, to rebuild decaying utility grids and to outsource services; (iii) municipal finances; and (iv) urban environment. To co-finance the large-scale modernization of urban infrastructure and share the management of public services, the Bank further encouraged the involvement of the private sector in delivering services such as water supply or waste management. By further training city officials and changing their incentive structures, the programs were also expected to promote professionalism and efficiency in urban management (Cohen, 1991; Mayo & Angel, 1993; Mayo et al., 1986; Zanetta, 2001).

In this new style of urban programs, the Bank’s support was to set up an enabling environment rather than to directly provide services to the poor. By strengthening the management of public infrastructure, the efficiency of market mechanisms, the participation of the private sector, and the financial and technical capacities of municipalities, the approach intended to boost productivity, to revitalize the economy, and to enable the provision of housing and services to *all* urban dwellers. Poverty was to be reduced through a trickle-down effect. Improved economic efficiency would provide jobs to all urban dwellers, who would also benefit from national-level investment in health, education, and social protection as well as from the efficiency of private providers delivering public services and affordable housing (PADCO & AECOM, 2000).

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<sup>12</sup> Since its creation in 1944, the World Bank had mostly lent money for development *projects*, which were processes and activities to achieve specific objectives of reconstruction and development, such as improved irrigation, electrification, or communication (Zanetta, 2001).

b. *The macro approach to poverty reduction in the 2000s*

Along the 1990s, the structural adjustments and the liberalization of economies however, often worsened conditions for the poor by reducing their access to wage employment, to social services, and to subsidized foods or housing. This particularly affected urban residents who depended more heavily on these than rural dwellers (Moser, 1998; Moser et al., 1993).

Recognizing that macroeconomic stability and efficient markets alone were not enough to ensure long-term poverty reduction, the Bank revised its direction to reduce poverty for the 2000s. Its report, *Attacking Poverty* (Kanbur & Lustig, 2000) laid out its new support strategy which started to converge with the human development approach emphasized by UNDP. It partly refocused on developing the capacities of individuals to live healthy and productive lives, and acknowledged that improving access to education, vocational training, health, and protection for the most vulnerable required not just an efficient economy, but a government able to plan for improved social well-being as well. This did not alter the Bank's faith in markets, but led it to reconsider the need to design specific programs for the most vulnerable populations, with a renewed interest in community development and in social protection through social funds and safety nets.

The development discourse of aid agencies for the 2000s now revolves around reaching a set of objectives, agreed upon during international conferences in the 1990s and formalized in the 2000 *Millennium Declaration*. These objectives aim to reduce poverty, hunger, morbidity and mortality, gender disparities, and environmental degradation within a framework of liberalized economies (see United Nations, 2000). Known as *International Development Targets* (IDTs) in the 1990s, they became *Millennium Development Goals* (MDGs) and are now considered the main indicators of progress in poverty reduction (see United Nations Development Programme, 2003).

To achieve the MDGs, one model of poverty reduction prevails for the poorest countries, that of *Poverty Reduction Strategy Papers*. These *PRSPs* are national planning strategies, providing policy directions for ministries and state agencies to develop their own work plans to reduce poverty.<sup>13</sup> Though officially produced by governments in collaboration with local civil societies, *PRSPs* often directly reflect the World Bank's standardized macro approach to development, drawn from its *PRSP Sourcebooks*<sup>14</sup> (Cornwall & Gaventa, 2001; McGee & Norton, 2000).

c. *Current disinterest in urban poverty*

No particular MDG focuses on urban issues, but under the goal of *Ensuring Environmental Sustainability*, a generic commitment engages UN member states to “improve the lives of at least 100 million slum dwellers by the year 2020.” Though this is a recognition of urban issues, 100 million represented less than 10% of the worldwide slum population in 2000, which could reach 3 billion by 2050 if left unchecked. As for *PRSPs*, they mostly ignore urban issues. They fail to recognize the specific conditions faced by urban dwellers, the potentials of cities to contribute to national economies, and the city's place in history as the cradle of social change (Amis, 2001).

Today, while international agreements still highlight the importance of tackling urban poverty and the centrality of beneficiary participation for projects to be successful, in practice, the strategies directing poverty reduction in developing nations tend to underplay urban issues.

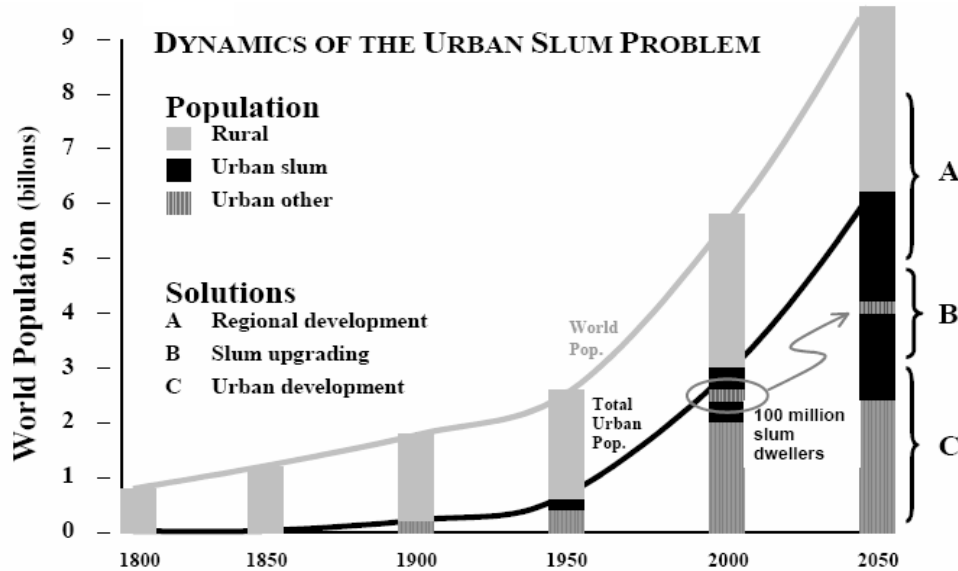
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<sup>13</sup> Following a 1996 accord with IFIs to consider debt forgiveness, the world's 29 poorest nations (categorized as Highly Indebted Poor Countries) have had to produce national strategies demonstrating their plans to spend on poverty reduction the amounts potentially saved through debt cancellation (Klugman, 2002b).

<sup>14</sup> The three main source books are (Klugman, 2002a, 2002b; World Bank, 2001).

As a comparison of Figure 2-3 and Figure 2-4 points out, there is in fact a marked paradox between the projected growth of the needs for low-income urban housing in the world and the decreasing interests it attracts from the major funder of development programs.

Figure 2-3: Projected scope of urban poverty by 2050



Source: United Nations Human Settlements Programme (2003a)

Figure 2-4: Decline of participatory projects in World Bank urban portfolio (1972-2003)

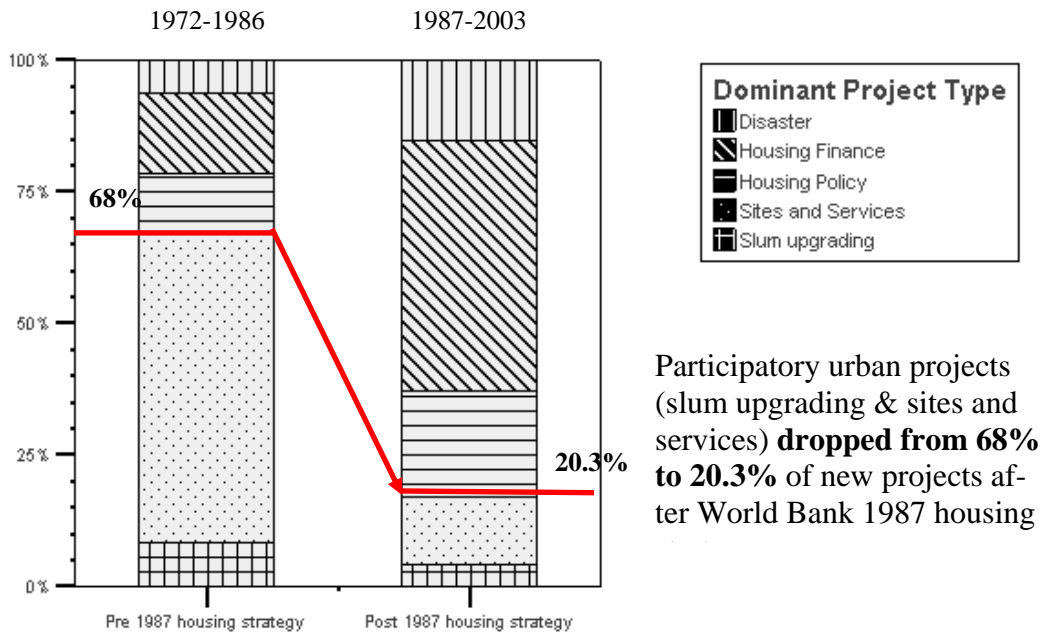


Figure by author, from World Bank data

## 2.2 The evolution of ideas

As a second stage to understanding how knowledge evolved over time, and the extent to which lessons were used by international aid agencies and by the governments receiving their support, this section reviews the evolution of the lessons drawn from over seventy years of practice

### 2.2.1 Initial aim of international development aid: enabling local responses

As early as 1953, the heads of the main agencies supporting urban housing projects gathered at MIT with leading academics to (i) take stock of experience from three decades of practice in housing programs for local development and (ii) reflect on future directions to support. The lessons they enumerated laid the theoretical foundations of programs and policies for urban housing and poverty reduction promoted until the mid 1980s (see Kelly, 1955).

*Ideologically*, participants agreed that it was in the best interests of rich countries to promote the rapid economic growth and the political stabilization of poorer nations to avoid having them turn into totalitarian regimes. Improved urban housing was central to development and to poverty reduction, but it would not simply trickle down from industrialization. State-led planning was necessary to improve housing, and lessons from rich nations could serve developing countries.

*Technically*, given the scarcity of public resources and the lack of market mechanisms to provide decent housing to all, the conference participants deemed that it was best to build upon existing local practices by widely promoting the participation of project beneficiaries in the planning of their communities, and by supporting self- and mutual-help.

Experience had already shown the importance of housing to economic development, and evidence strongly supported that urban poverty could be addressed in large part by using indigenous resources and adapting technical assistance to local capacities. The most important contribution that international aid could provide was to invest in developing people's and governments' *capacities to help themselves*, a goal that participants already labeled *Human Development*.

*The principal means that must be developed are the people themselves. It is only by developing their potentialities that really significant progress can be made in the improvement of popular housing and community conditions. Such human development needs to be the primary goal in international housing finance, rather than the direct financing of home building with international loans or grants. The available funds are so limited that the amounts likely to be available for housing as such would hardly scratch the surface of world housing needs, if used merely for the direct financing of home building. (Crane & Foster, 1955:142, emphasis added)*

Development programs were to set up demonstration projects that would later replicate autonomously through a chain-reaction in which local means would eventually replace foreign aid. Initial projects would help improve local practices, in large part run by people in collaboration with their governments. They would support the development of adapted technologies, train local dwellers in housing skills and community development, and start autonomous housing-finance institutions (Crane & Foster, 1955). The UN would further help governments integrate the new housing practices in town and regional plans to provide people with access to basic services (Weissmann, 1955).

The conference's conclusion summarized how this approach to development could be supported by a candid exchange of best practices between indigenous and foreign expertise, and by the empowerment of peoples to shape their own development according to local norms and institutions:

*Let [projects] be big enough so that observing them can be meaningful. Let them be placed where the people who occupy them can be seriously compared with similar people who do not [...]. Let them be so indigenous that others observing them can imagine that they are within grasp [...]. Let them be not models but pilot experiments. Let as many of the ideas as possible come from the native peoples, let our expert be an educator, not a teacher.*

*Thus, by research, by pilot housing, by regional and village planning, by the incessant education of more and more Asians, and South Americans, to do their own work their own way, we may come to grips with this problem and solve it both pragmatically, and as human beings. In my judgment, if we tackle it the other way, we shall do neither.* (Burchard, 1955:160-161)

A key to enable the expected chain-reaction for pilot approaches to self-replicate on a large scale was to remove the mental barriers that blocked the creativity of communities, planners and governments, which prevented them from initially launching low-income housing projects. The first barrier was the belief that houses *were built with money*, while in fact they did not need to cost much. Experience had proven that an effective approach to low-income housing was to start with very inexpensive programs in which people could devise methods to gradually improve their shelters and communities. These could be built with locally available material (bamboo, thatch, mud, wood) and the scrap of industry and commerce (gasoline tins, old lumber, etc.) The second misconception was that *only trained planners and architects knew about housing*. That view gave power to a limited number of professionals unable to respond to the scale of needs, while it undervalued the potential contribution of the people (Crane & Foster, 1955).

The roots of successful housing programs were therefore to develop the autonomy of local communities so they gained confidence in what they could accomplish by themselves. With appropriate training, the urban poor could undertake most of the work at a relatively low cost. Through mutual emulation, other communities would then be enabled to replicate the approach and to reach a larger number of people at a cost much lower than government-run programs.

### 2.2.2 Early lessons on housing: 1950s-60s

The heads of the three major agencies that influenced urban housing policies from the end of WWII to the late 1960s, Crane, Weissmann, and Atkinson had developed planning styles that placed people at the center of their improvement projects. They sought to establish collaborations with local authorities, whose role was to give directions and support rather than to impose rigid models of physical planning (Harris, 1997). All three had been influenced by the democratic ideals of European planners such as Patrick Geddes who, aside from creating community-centered settlements in Europe, had also written on how colonial planners could learn from the mutual-help approaches to housing in South Asia (see Geddes, 1918; Geddes & Tyrwhitt, 1947).

Building upon their recommendations, the UN, the British government, and the US HHFA funded pilot projects in the 1950s and 1960s. Using these projects as models, they documented how to produce locally adapted affordable housing that made best use of the comparative advantages of aid-recipients, local governments, and aid-providers. While he led the HHFA, Crane used the *Ponce* program extensively as a demonstration project. He organized conferences in Puerto Rico, where he brought heads of national housing agencies from developing countries—including Greece, whose aided-self-help housing reconstruction program (the *Self-Sheltering*



*Plan*) was designed after visits to Ponce—as well as officials from the UN and bilateral aid agencies (Harris, 1998). Charles Abrams and Otto Koenigsberger further conducted numerous studies on housing techniques, organization, and finance in pilot projects for slum-upgrading and serviced plots for instance in the Gold Coast (see Abrams et al., 1956), Pakistan (see Abrams & Koenigsberger, 1957), Bolivia (see Abrams, 1959), the Philippines (see Abrams & Koenigsberger, 1959), and Kenya (see Bloomberg & Abrams, 1965).

The lessons from these projects were analyzed and compiled in manuals to plan (see Abrams, 1958; Rodwin, 1957; United Nations Economic Commission for Europe, 1962), to implement (see United Nations, 1964), and to finance (see United Nations, 1968) self-help urban housing. By 1964, the HHFA had even produced a *Bibliography on Housing, Building and Planning for the use of USAID mission overseas* that provided links to the lessons learned on self-help by the British Colonial Office, the HHFA, and the UN (see United States Housing and Home Finance Agency, 1964). Academics further analyzed the potentials and limitations of using self-help in large scale approaches to urban development, recognizing it as a key element of successful, long-term programs, and emphasizing how it could enable slum dwellers, once organized, to autonomously plan for their own development (see Abrams, 1964, 1966b; Rodwin, 1965).

Most operational issues relating to the design and implementation of low-cost self-help housing projects had been extensively documented by the mid 1960s (Table 2-2 p. 55 highlights the main lessons developed in section 2.3.3). They were then integrated in the strategic directions that supported urban housing programs during the first and second *UN Development Decades*, which promoted both the use of self-help and the development of efficient housing and financial markets (see United Nations, 1959a, 1962b; United Nations Secretary-General & Ward, 1970).

By the late 1960s, planners such as John Turner and Prod Laquian, in the steps of Crane, Atkinson and Weissman, were further calling for a *political* understanding of the role of participation in local development. Based on their planning experience and analyses of mutual-help programs, they viewed progress in improving urban living conditions in terms of the *capacities they gave urban dwellers to obtain a voice in the planning of their settlements and cities* (see Laquian, 1968; Turner, 1969, 1972). Mutual-help in housing programs gave the urban poor the means to organize for collective action and a sense that they did not have to wait for patronizing handouts from governments, but were entitled to public services. Participation was therefore a way for the poor to gain autonomy in planning their own future and to assert their rights as citizens.

By then, the UN, British Colonial Office, and USAID were still the main actors of international development aid in housing. They had roughly similar technical approaches, and complementary geographical areas of intervention. In different combinations, all promoted a mix of self- and mutual-help, as well as support for the private housing sector. The British emphasized technical solutions, such as adapted building technologies; the Americans market enablement for building materials and housing finance; and the UN focused on the role of aided-self-help (Harris, 1998).

Aside from technical lessons drawn from their work, the manuals and analyses raised *key institutional questions associated with the long-term adoption of such programs*. They were concerned with the replicability of approaches, including how to finance housing projects to reach larger populations. Politically, they pointed toward integrating participatory approaches into policy making and recognizing equal rights for the dwellers of formal and informal urban settlements.

### 2.2.3 A strengthened but hardly new knowledge: 1970s-80s

#### a. *Learning by doing, again*

The World Bank did not pick up on these institutional or political issues when it entered the urban field in 1972. Rather, it started from the perception that there was little international expertise on self-help programs in urban poverty reduction. Its first key policy document on urbanization hence noted some key challenges at hand, but did not give credit to past experience:

*Before turning to consideration of future Bank activities in this field, some limitations with which the Bank is confronted deserve mention. The most obvious is shortage of experience and expertise on the urbanization problems of developing countries both within and outside the Bank. Only relatively recently have the acuteness and magnitude of the problems, deriving as they do from the post-war upsurge in population and economic development, come to be recognized.[...] Consultants experienced in the field are rare. (World Bank, 1972: 56)*

Following what it considered a new approach, the Bank then launched a series of “pilot” projects of slum upgrading and sites and services. It embarked on an approach of “learning by doing,” mostly focused on understanding best practices in terms of adapted technologies and cost-recovery at the project level (see Cohen, 1983).

#### b. *Best practices on urban upgrading*

Despite their oversight of past knowledge, the case studies, analyses, best practices, and critiques of the urban programs and policies financed by the World Bank greatly enriched our knowledge of urban self-help from the 1970s to the mid 1980s. Some were produced directly by the Bank, others by outside planners and academics. The literature detailed the organization and funding of self-help projects with standard methods and manuals for sites and services, for upgrading and low-cost housing finance, and for project evaluations (see Table 2-2 p. 55 for key publications).

These documents showed that successful urban upgrading programs shared similar characteristics (see Laquian, 1983a; Payne, 1984; Swan et al., 1983; Yap, 1984). Their *designs* associated improving access to housing and basic services with promoting income generation and community organization. Their *processes* built on local coping mechanisms, using mutual-help to mobilize energies, to cut cost and to strengthen communities. They further offered some security of tenure; adopted flexible standards on the use of building materials, styles, and time for housing consolidation; and provided subsidies to the poorest. *Institutionally*, they built collaborations between local authorities, communities, funding agencies, and the private sector.

Conversely, projects typically failed because of a lack of access to job opportunity, to infrastructure or basic services; a lack of consultation with people; a weak community organization; the isolation of projects located far from cities and stigmatized as “for the poor”; a scale too large for effective management; or the use of projects as political showpieces to glorify authorities.

One way to enable self-help projects to become sustainable was to help local economies develop; for instance, allowing people to run businesses from their homes, developing vocational training and access to micro-finance, and linking large and medium-scale formal sector companies with local subcontractors to develop cottage industries. With a functioning local economy and good community organization, low-income settlements could operate and grow relatively autonomously from city governments, mainly requiring connections to utilities networks and access to basic social services.

The programs actually reaching the poor demonstrated that they did not have to be expensive. What they required was the adaptation of project procedures to local norms, the availability of skilled facilitators, and sufficient time to help organize people and build their self-confidence.

The involvement of community facilitators, and long-term support from aid agencies to develop partnerships with local authorities and private investors, helped balance the communities' initial lack of weight in the political dialogue with the more formal and powerful actors. Once they gained experience and the ability to organize, community associations could credibly negotiate and develop innovative ways to plan, build, and manage low-cost housing and infrastructure; to set up community-based social services; and to strengthen the local economy. Reinforcing Burchard's 1953 argument, they emphasized that time, human resource development, and political support were needed more than money alone.

Scaling up was not as much an issue of funding as it was one of helping disseminate the lessons learned across communities for mutual emulation. That is, going to scale did not have to be based on the standardization of practices and their wide dissemination by a centrally-managed project. Rather, what was important was the power of successful activities to demonstrate their worth so that other communities would pick up the approach. Projects were to help by making resources available, a large part of which was knowledge.

*c. A missing element in lessons from the 1970s*

These lessons did not markedly differ from the ones produced starting in the 1950s, but strikingly, very little of the new literature referred to the experience from the UN-, UK-, and US-support post-World War II, let alone from the earlier European reconstruction projects.<sup>15</sup>

As in the 1950s and 1960s, the manuals produced from 1972 to 1985 on self-help looked more at the technical aspects of organizing, funding, and managing participatory upgrading projects than at the institutional issues that could help them take root in local policy practices. Both the World Bank and the UN focused on technical assessments based on the premise that aid recipients lacked the technocratic skills to operate "efficiently," i.e., according to aid agencies' norms.

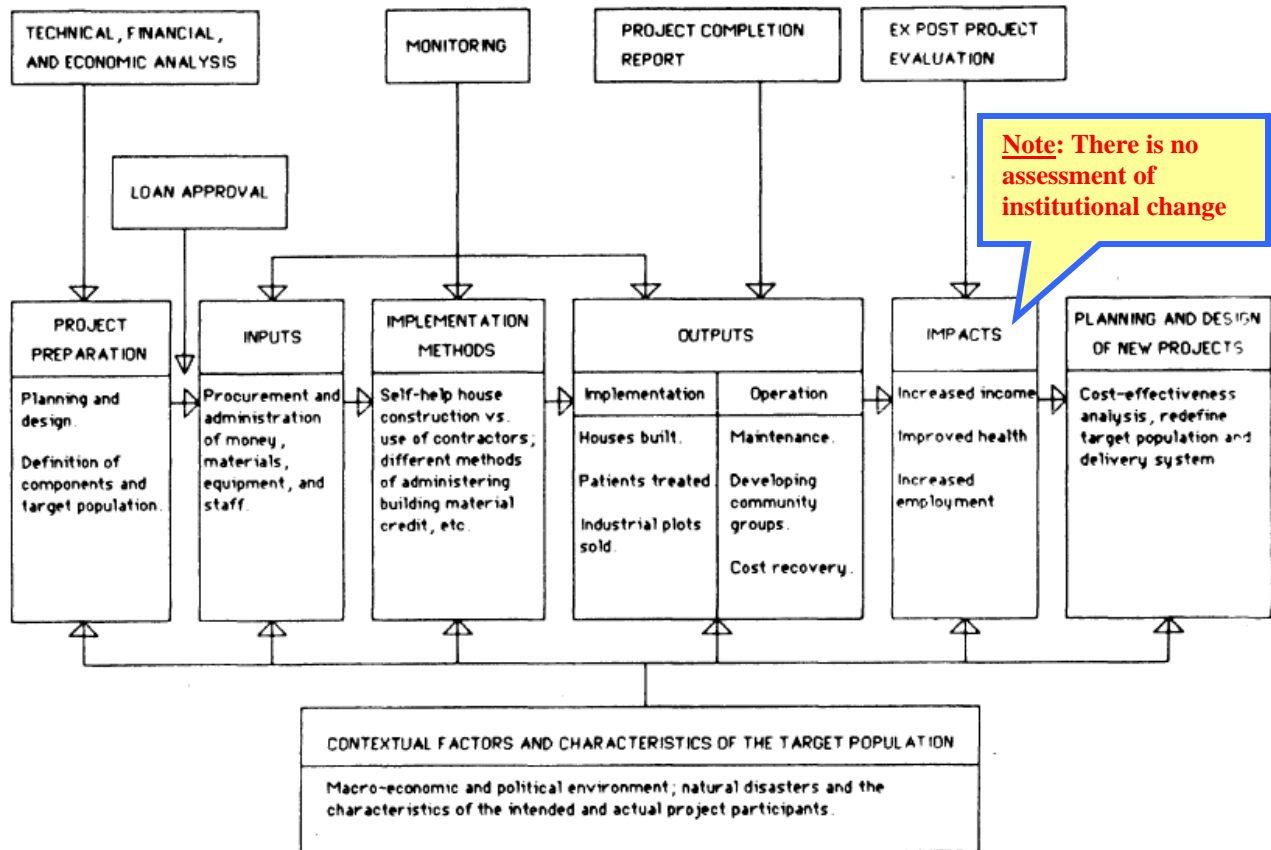
In its lessons learned from its first ten years of urban lending (see Cohen, 1983), the World Bank did not address two important issues: (i) the impact of beneficiaries' participation in leading their own development process on their autonomy and (ii) why governments were "so slow" to absorb new agendas. While a key argument that supported the early use of local capacities was that they were *empowering* communities through self-help in collaboration with local authorities, little knowledge was produced on how to develop these capacities in urban settings, so that local institutions could later scale-up the pilot projects with minimal external support.

By 1986, in a methodology to measure the impacts of urban projects on poverty (Bamberger & Hewitt, 1986) the Bank thus still only assessed changes in income, health, and employment. It made no mention of what helped aid-recipient institutions change their beliefs, values and ways of operating in the long term (see Figure 2-4). In that, it failed to investigate a major issue raised in the late 1960s: *How to enable the autonomous replication of projects, which success was due more to harnessing local capacities than to funding large, centrally-controlled schemes?*

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<sup>15</sup> An exception is the experience of upgrading in Peru, with extensive writing from Turner (1972) and Collier (1976). But while Collier looked more at the political economy of the project than at its lessons for housing, Turner himself later recognized that his writing on Peru came from his experience working there as a planner, and that he had not read the analyses that the US HHFA had produced on these projects it had largely initiated (Harris, 2003).

Figure 2-5: World Bank framework to monitor and evaluate urban upgrading programs



Source: (Bamberger & Hewitt, 1986:6)

## 2.2.4 Lessons from structural adjustments?

### a. *The limitation of markets alone to house the poor*

By the mid-1980s, as structural adjustments were implemented, the Bank started the *Urban Management Program (UMP)* with UN-Habitat and UNDP. That joint program was to simultaneously reflect on policies for urban development aid and train urban decision-makers on urban management. The Bank led the UMP's first phase (1986-1990) with a focus on understanding how to promote urban productivity and to answer the meso and macro issues perceived to disable local economic efforts. Its resulting urban development strategy framework (see Cohen, 1991) was largely influenced by the economic analysis of housing markets. Comparing housing demands with the apparent limitations of projects to meet them and assessing the costs associated with subsidies (Mayo et al., 1986), they elaborated a strategy aiming to enable markets to provide housing for all (Mayo & Angel, 1993), summarized in Table 2-1.

The same way that slum upgrading and sites and services were ideas tested long before the Bank's arrival, the urban policy of market enablement during the SAPs was not based on new ideas. As we showed, other aid agencies and academics had long advocated for a multi-pronged approach to housing development, using self-help along with market mechanisms, and tried such approaches in their projects. Although the Bank's view was more elaborate, it did not use that early experience, and it largely sidelined the importance of participation in housing programs.

The structural reforms that were supposed to improve access to urban services however particularly hit the urban poor with higher unemployment, lower wages, and reduced spending in social sectors. They also failed to recognize the importance of the social networks and systems of support that mutual-help had developed. Reducing formal safety nets and social programs, while not continuing to promote the strengthening of community organizations left many of the poor vulnerable to the social “readjustments” associated with the SAPs (see Moser et al., 1993).

**Table 2-1: World Bank’s dos and don’ts in enabling housing markets to work**

<b>INSTRUMENTS</b>	<b>DO</b>	<b>DON'T</b>
<b>Developing Property Rights</b>		
	Regularize land tenure	Engage in mass evictions
	Expand land registration	Institute costly titling systems
	Privatize public housing stock	Nationalize land
	Establish property taxation	Discourage land transactions
<b>Developing Mortgage Finance</b>		
	Allow private sector to lend	Allow interest-rate subsidies
	Lend at positive/market rates	Discriminate against rental housing investment
	Enforce foreclosure laws	Neglect resource mobilization
	Ensure prudential regulation	Allow high default rates
<b>Rationalizing Subsidies</b>		
	Make subsidies transparent	Build subsidized public housing
	Target subsidies to the poor	Allow for hidden subsidies
	Subsidize people, not houses	Let subsidies distort prices
	Subject subsidies to review	Use rent control as a subsidy
<b>Providing Infrastructure</b>		
	Coordinate land development	Allow bias against infrastructure investments
	Improve slum infrastructure	Use environmental concerns to clear slum
	Emphasize cost recovery	
	Base provision on demand	
<b>Regulating Land &amp; Housing Development</b>		
	Reduce regulatory complexity	Impose unaffordable standards
	Assess costs of regulation	Maintain unenforceable rules
	Remove price distortions	Design project unlikely to institutional reform
	Remove artificial shortages	
<b>Organizing the Building Industry</b>		
	Eliminate monopoly practices	Allow long permit delays
	Encourage small-firm entry	Institute regulations inhibiting competition
	Reduce import controls	Continue public monopolies
	Support building research	
<b>Developing a Policy &amp; Institutional Framework</b>		
	Balance public/private sector roles	Engage in direct public housing delivery
	Create forum to manage the housing sector as a whole	Neglect local government role
	Develop enabling strategies	Retain financially unsustainable institutions
	Monitor sector performance	

Source: (Mayo, 1994)

b. *A new emphasis on good urban governance*

In 1996, the second Habitat conference produced a set of 600 recommendations for urban development in the new millennium, the *Habitat Agenda*, based on lessons learned since 1976. Further, it gave UN-Habitat the role of advising governments on how to prioritize and implement these recommendations. Subsequently, Habitat took over the UMP leadership and produced a wealth of technical recommendations to implement the Agenda (for instance an extensive sourcebook on urban management in United Nations Centre for Human Settlements, 2001a).

However, in practice, within the relatively hands-off approach of the PRSPs, aid agencies now support more the development of policies than the implementation of projects aiming directly at the poor. In urban areas, they promote good governance, land titling, and infrastructure development to make markets and municipalities more efficient and accountable to their population.

The World Bank then integrated all urban issues into its infrastructure sector. Its urban strategy for the 2000s generically aims to support municipal governments to “(i) formulate national urban strategies, (ii) facilitate city development strategies, (iii) scale up programs to provide services to the poor, and (iv) expand assistance for capacity building” (Kessides, 2000: 61-70). In practice, its main urban support is to develop infrastructure and to help formalize land titling.

UN-Habitat did develop guidelines for urban poverty reduction at three levels: (1) at the settlement-level, through upgrading programs; (2) at the city-level through policies to develop the urban economy, the management of land and infrastructure, the provision of services, improvements in municipal finance and management, and the provision of safety nets for the poorest; and (3) at the regional-level by the development of secondary cities and of more efficient urban-rural linkages (United Nations Human Settlements Programme, 2003c). In principle, that approach complements the macro view promoted by the World Bank. In reality however, to implement its recommendations, Habitat is highly dependent on agencies with financial means.

Though DFID now focuses more on sectoral issues (e.g., health, education, or social protection) than on the urban-rural divide, it recognizes the need to accommodate growing concentrations of poor dwellers in under-serviced slums and squatter settlements. Currently, DFID supports urban programs to deliver services to the urban poor and to improve local systems of urban governance to ensure that change can be sustained. To do so, it strengthens the management capacities of municipalities and the capacity of civil society to represent the needs of the poor, and public-private partnerships. It also supports the development of UN-Habitat and commissioned major research on urban poverty and development, such as the *Global Reports on Human Settlements* and the diffusion of Habitat’s best practice program (Mutter, 2000, 2001).

If the Bank, UN-Habitat, and DFID still support urban development with components of market enabling, strengthening of municipal governments, and upgrading, their efforts today are limited compared to the growing need worldwide. Aside from the diminishing urban investments of the World Bank, summarized in Figure 2-2 p. 43, and detailed in Table 6-1 p. 145, the most visible international assistance program for urban housing is the *Cities Alliance*, which provides seed funds for urban upgrading policies projects that meet standards of good practices. Since its creation in 1999, it has thus far only committed about \$88 millions (see <http://www.citiesalliance.org/>).

Table 2-2: Landmark publications on self-help in housing programs

Pre 1950	1950 – 1971	1972 – 1986	1987 – 2005
RECONSTRUCTION & EMANCIPATION	USING LOCAL CAPACITIES TO DEVELOP HOUSING	RE-INVENTING PARTICIPATION IN HOUSING	ENABLING MARKETS TO MEET NEEDS
<b>IDEOLOGY – Role of self-help in urban poverty reduction</b>			
<p><b>Use low-cost means based on indigenous skills and materials. Adapt regulations to local realities</b></p> <ul style="list-style-type: none"> <li>UN shows concern about urban housing and poverty (United Nations, 1946, 1947)</li> </ul>	<p><b>International aid is to enable human development through self-help</b></p> <ul style="list-style-type: none"> <li>Aid to develop local capacities (Crane &amp; Foster, 1955; Kelly, 1955)</li> <li>UN to integrate self-help in city &amp; regional plans (Weissmann, 1955)</li> <li>Candid exchange of best local and foreign practices (Burchard, 1955)</li> <li>Political view of self-help (Laquian, 1968; Turner, 1959, 1969, 1972)</li> </ul>	<p><b>Self-help toward local autonomy in projects and policies</b></p> <ul style="list-style-type: none"> <li>The value of local mechanisms (Turner, 1976)</li> <li>Participation key to housing policies (Laquian, 1983a; Payne, 1984)</li> </ul> <p><b>Low-cost means to develop urban infrastructure and housing</b></p> <ul style="list-style-type: none"> <li>Urban infrastructure and housing development using self-help (World Bank, 1972, 1974, 1975a, 1975b)</li> </ul>	<p><b>Market enabling strategies and urban management</b></p> <ul style="list-style-type: none"> <li>Structural adjustments without urban concern. Poverty to be reduced by market enablement (Cohen, 1991; Mayo &amp; Angel, 1993; Mayo et al., 1986).</li> </ul> <p><b>Renewed UN concerns on urban poverty</b></p> <ul style="list-style-type: none"> <li>Habitat Agenda for integrated responses: self-help, public, and private efforts (United Nations, 1996)</li> </ul>
<b>TECHNOLOGY / KNOWLEDGE – Lessons and good practices in urban housing and poverty reduction</b>			
<p><b>Demonstrate the value of mutual- and self-help to rebuild houses and develop democracy</b></p> <ul style="list-style-type: none"> <li>In Europe, planners need to adapt codes to local needs (Crane, 1922) and to collaborate with communities (Crane, 1930)</li> <li>Self-help seen as one solution to urban poverty in India (Geddes, 1918)</li> </ul>	<p><b>Studies and lessons on housing techniques, organization and finance:</b></p> <ul style="list-style-type: none"> <li>Local bases for Housing in the Tropics (United Nations Mission on Tropical Housing, 1952), participation in Arequipa, Peru (Turner, 1959)</li> <li>Lessons from UN experience on upgrading: (Abrams, 1959; Abrams et al., 1956; Abrams &amp; Koenigsberger, 1957, 1959; Bloomberg &amp; Abrams, 1965; United Nations, 1973)</li> <li>Manuals to plan (Abrams, 1958; Rodwin, 1957; United Nations Economic Commission for Europe, 1962), implement (United Nations, 1964), and finance (United Nations, 1968) urban housing.</li> <li>Guidelines for USAID housing support (United States Housing and Home Finance Agency, 1964)</li> </ul> <p><b>Potentials and limitation of self-help in urban development</b></p> <ul style="list-style-type: none"> <li>Academic analyses of potentials and limitations of self-help (Abrams, 1964, 1966b; Laquian, 1968; Rodwin, 1965; Turner, 1969; Turner &amp; Fichter, 1972).</li> </ul>	<p><b>Manuals to design fund and evaluate participatory upgrading</b></p> <ul style="list-style-type: none"> <li>Designing upgrading projects (Caminos &amp; Goethert, 1978; Davidson et al., 1981; Goethert &amp; Hamdi, 1988)</li> <li>Managing upgrading (Campbell, 1985; Pasteur, 1979, 1982)</li> <li>Running non-profit housing associations (Lewin, 1981; United Nations, 1975)</li> <li>Reaching the Urban Poor (Cheema, 1986)</li> <li>Evaluating urban development (Bamberger &amp; Hewitt, 1986)</li> </ul> <p><b>Lessons from project assessments</b></p> <ul style="list-style-type: none"> <li>Successful projects need small scale, access to jobs and services, consultation and participation (Laquian, 1983a; Payne, 1984; Swan et al., 1983; United Nations, 1973; Yap, 1984).</li> <li>Economic evaluation of shelter programs (Bamberger et al., 1982; Buckley &amp; Mayo, 1988; Cohen, 1983; Keare &amp; Parris, 1982; Laquian, 1983b).</li> <li>Issues with targeting, subsidies, and cost recovery (Mayo &amp; Gross, 1985; Sanyal, 1981)</li> <li>Limitation of “project approach” to meet housing demand. (Buckley &amp; Mayo, 1988; Malpezzi et al., 1985; Mayo &amp; Malpezzi, 1984; Mayo et al., 1986)</li> </ul>	<p><b>Focus on land markets &amp; Public-Private partnerships</b></p> <ul style="list-style-type: none"> <li>Dos and don'ts of urban policies: (Mayo, 1994)</li> <li>Housing Policy matters (Angel, 2000)</li> <li>Rights vs. Markets in land tenure (De Soto, 2000; Payne, 2002)</li> <li>Linking formal with informal planning methods (Payne, 1999, 2004)</li> </ul> <p><b>Literature on Urban Management</b></p> <ul style="list-style-type: none"> <li>Tools to Support Participatory Urban Decision Making (United Nations Centre for Human Settlements, 2001b)</li> <li><i>Urban Management Program and City Development Strategies</i></li> </ul> <p><b>Negative urban impacts of structural adjustment</b></p> <ul style="list-style-type: none"> <li>Negative impacts of adjustments (Moser et al., 1993)</li> <li>Rising urban poverty and slums (United Nations Human Settlements Programme, 2003a)</li> </ul>
<b>POLICIES / PROGRAMS – To reduce urban poverty</b>			
<p><b>Use of self-help in rich nations</b></p> <ul style="list-style-type: none"> <li>European reconstruction post World War I/II (Harris, 1999; Wakeman, 1999)</li> <li>US Homestead Law from 1860s (Gates, 1936), Puerto Rico Upgrading &amp; Land and Utilities Schemes in 1930s (Crane et al., 1944)</li> <li>Canadian housing cooperatives from 1930s (Stuesse &amp; Ward, 2001)</li> </ul> <p><b>Colonial plans to develop local capacities</b></p> <ul style="list-style-type: none"> <li>Early use of self-help in Africa (Tippie, 1981)</li> <li>British Development and Welfare Act: 1940</li> <li>Colombo Plan to develop human resources for self-help: 1950 (Spender, 1955)</li> </ul>	<p><b>Plans for urban action through self-help, market support, and central planning</b></p> <ul style="list-style-type: none"> <li>Plans for first and second development decade: support building industry, cooperatives, self help, and central planning (United Nations, 1959a, 1962b, 1971; United Nations Secretary-General &amp; Ward, 1970)</li> <li>With support from rich countries, poor nations establish national housing authorities; develop building material industries; train architects, engineers, and planners (United Nations, 1960, 1961a, 1965).</li> </ul>	<p><b>Use local resources to build infrastructure (World Bank)</b></p> <ul style="list-style-type: none"> <li>Bank upgrading and sites-and-services schemes in Dakar (1972) and Lusaka (1974); 1972-1986, Bank lent \$7.4 billions to urban housing, mostly in self-help</li> <li>World Bank Shelter Strategy using participation to reduce cost (Churchill et al., 1980)</li> </ul> <p><b>Housing programs as poverty reduction (United Nations)</b></p> <ul style="list-style-type: none"> <li>Habitat conference and UN resolution (United Nations, 1976, 1977)</li> </ul> <p><b>Economic response to debt crises</b></p> <ul style="list-style-type: none"> <li>Structural adjustment approach (Gruder, 1979; Wright, 1980) in front of limited results of projects</li> </ul>	<p><b>Programs on infrastructure and market development</b></p> <ul style="list-style-type: none"> <li>Policy support of urban productivity and management of urban infrastructure (Cohen, 1991).</li> <li>Enabling Markets to Work (Mayo &amp; Angel, 1993)</li> <li>Financing shelter through local cooperatives: (United Nations Human Settlements Programme, 2005)</li> </ul> <p><b>PRSPs are growth-oriented with limited income redistribution and no urban focus</b></p> <ul style="list-style-type: none"> <li>Attacking Poverty through PRSPs (Kanbur &amp; Lustig, 2000; Klugman, 2002a, 2002b), with little urban focus</li> <li>Generic World Bank Urban Strategy to develop urban infrastructure and “prop-poor” city development strategies (Kessides, 2000).</li> </ul>





## 2.3 Linking ideas with practice: directions to understand the trajectory of policy ideas

So far in this macro-policy story, we have looked at the role of international lesson-givers. Despite a few gaps in knowledge—e.g., on the exact scope of the urban projects before the 1970s—we now have a relatively clear picture of the evolution of practices and ideas on assistance to urban housing and poverty. What we still need to understand is the extent to which policy lessons were adopted by the governments of developing nations and why. This section presents some background to these issues, which the Cambodia case study will then delve into more deeply.

### 2.3.1 Limited knowledge on the absorption of advice by recipient governments

We did note that in some countries, aided-self-help was well-received, as it built upon existing views. In Senegal, the 1972 World Bank project continued a ten-year experiment supported by the French. In Zambia, the 1974 *Lusaka Squatter Upgrading and Site and Services Project* was to implement the directions laid in Zambia's Second National Plan, which were based on experience with aided-self-help as a government policy since 1936 (Jere, 2004).

But what do we know of the acceptance of participatory upgrading in countries which were not at first inclined to the use of such techniques of cooperation between officials and “the people”? How have the recommendations to involve the urban poor in the local planning process been accepted after they were supported on a large scale by the World Bank, starting in the early 1970s?

Little has been studied on how Governments of developing nations absorb foreign housing advice. Aside from the idiosyncratic cases of Singapore and Hong Kong—both having such high proportion of public housing that they are hardly representative of other nations—we mainly know of East Africa (Morrison & Gutkind, 1982; Stren, 1978), and of Thailand (Giles, 2003). In both instances, since the 1950s, public authorities have focused on *urban renewal*, a policy of slum clearance to be followed by their replacement with public housing. Even though they were unable to rebuild to a scale matching the destruction and the housing needs, governments favored the use of public housing schemes, as it was more profitable politically and financially to house the middle-class and civil servants than the poor. They wanted to remain in charge of housing construction, and privileged high standards of building over the gradual improvement of slums.

These states hence first opposed the international push toward adopting participatory upgrading. Later, while the African states did undertake some participatory upgrading when they acknowledged the cost of the public housing approach, in Thailand it is only when the policies promoted by the Bank from the 1980s conformed to the government's views favoring a market approach, that national programs started to *match*—but not *to follow*—the recommendations. That is, until the mid 1980s, the Thai government resisted the UN and the Bank's push for stopping slum clearance and for adopting participatory upgrading policies. (In the 1970s, the Thai National Housing Authority did announce a few self-help programs—and government accepted two World Bank loans for upgrading in 1978 and 1982—but these were never implemented.)

### 2.3.2 The forgotten role of local policy practices

Through its relative disinterest in learning about institutional change in urban areas, the technical assistance literature generally took for granted that aid-recipient governments were willing to readily adopt the prescriptions of the development agencies. This belief presumed a void of local institutions and processes of policymaking and also attributed little value to their histories of policy change and to the dynamics of their political economies.

However, since the end of World War II, as colonies were becoming independent, new states wanted to exercise their sovereign power of decision. They considered centralized planning, industrialization, and technology transfers from rich nations as keys to development, and therefore adopted a strong central planning view mixing the recipes for growth advocated by development economists with socialist mechanisms of redistribution. Supported in this by economists who believed that the state needed a strong role, most newly independent nations adopted a national system of five-year planning, run by a centralized bureaucracy, which aimed to be politically neutral, efficient, and to work solely in the public interest (Sanyal, 1994a).

From their independence, many governments thus believed more in the role of state-planning than in self-help to house the growing number of urban dwellers. They viewed urban poverty as a situation calling for the government to deliver more public housing, services, and infrastructure. Many dismissed the informal coping mechanisms of the urban poor as illegal, or of little value. Slums had to be destroyed so the state could reengineer social order (Sanyal, 1994a).

A dual process of urbanization then took place in some countries. On the one hand, governments used town planning methods inherited from the former colonial powers to design cities and housing development schemes. Following the example of richer nations, they built infrastructure in urban centers and provided subsidized public housing to civil servants and to the employees of state-owned enterprises. These projects concentrated on housing the upper and middle classes, typically employed in the formal economy. On the other hand, newcomers to city fringes developed unplanned squatter settlements, with houses built of low-cost material and often without access to public utilities or social services. In some cases, governments tolerated the illegal encroachments, which they deemed temporary, confident that the state could later provide formal housing to all. More commonly though, municipalities forcibly cleared the slums. They could not, however, provide adequate housing to the majority of low-income urban dwellers because of the cost of such approaches and of the pace of urban growth. Centrally planned approaches to urban development largely ignored the urban poor (PADCO & AECOM, 2000).

During the same time period, the participatory upgrading projects supported by international development agencies helped poor urban dwellers articulate how they wanted to develop and run their settlements, thus putting them in the position of influencing how cities were thought of and run. They set up planning mechanisms that competed against those of municipal authorities, yet officially working on behalf of the people. (Besides, by their informal nature, the techniques used for upgrading often contravened city planning codes.) For public officials to accept the participation of poor communities as “local planners” thus meant downplaying their own expertise and power of decision. It was also to acknowledge the relevance of the non-professional skills of the urban poor and to treat them as arm’s length partners in local policymaking.

A main impediment to the adoption of participation in urban upgrading may have then come from the reluctance of some governments to accept it, for it challenged their power and represented the continued intervention of former colonial masters in independent nations. During the 1950s and 1960s, it was thus an uneasy intellectual stretch for international development agencies to promote both central planning and local empowerment because of the intrinsic divergence in their goals. It was then quite a leap of faith to further believe that states would easily abandon central planning in the 1970s to leave the place to grassroots planners.

### 2.3.3 Directions for the case study

These findings point to the importance of understanding how governments receive, interpret, implement, and absorb—or not—the lessons given by aid agencies, i.e. how recommendations become long-term policies and approaches. In the housing field, this has been little studied. Our following case study of a policy process, based in large part on understanding how the local contexts affect the adoption of imported practices, should complement available knowledge of how recipient governments actually absorb, or resist, policy advice.

We will investigate these issues in a narrative analysis of how policies for urban upgrading evolved in practice, to later present an improved understanding of what may explain the trajectories of policies for urban poverty reduction. The case of Phnom Penh will help in that it starts in a display of extremes: The utmost social exclusion of the poor, the total power of control by the government, and a wide gap between the policies that officially shape public life and the actual behaviors of public authorities. Through this narrative, we will try to understand how and why participatory upgrading initially appeared to be a solution to urban poverty, and the extent to which it was absorbed and re-defined in practice by local policy actors.



## Chapter 3 - Poverty in Phnom Penh: Background to the case study

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### **3.0 Issue, objectives, and organization of the policy story**

#### **3.0.1 The complexity of governance in a participatory upgrading project**

The story of Phnom Penh's *Urban Poverty Reduction Strategy* (UPRS) illustrates how a variety of development agencies produced and implemented an allegedly participatory process of urban upgrading from 1996 to 2004. It aims to explain the evolution of views and practices in a participatory upgrading program, shedding light on the many forces that can influence and reshape apparently straightforward policies and projects.

#### **3.0.2 Objective: understand the making of policy through its implementation**

According to its municipal officials, the city of Phnom Penh developed and successfully implemented a poverty reduction strategy based on the participation of poor urban dwellers in local planning. Between 1996 and 2004, it claims to have improved the living conditions of about 70,000 persons (Municipality of Phnom Penh, 2005). At the end of 2005, the MPP was indeed given a *World Leadership Award* recognizing the international quality of its urban development plans, including that of its pro-poor policies (See <http://www.world-leadership-forum.org/>).

However, these achievements and the basis for this award were self-reported, and there is no documented analysis on the evolution of urban poverty in the city to balance the story that Phnom Penh's officials present as best practices in international policy forums. I claim that their story only represents a partial view of reality. From 1999 to 2003, I worked on the design, implementation, and evaluation of that poverty reduction strategy. My documentation of its process and impacts on poverty in fact illustrates a very different picture from the official one.

#### **3.0.3 Organization of the narrative analysis**

The following analysis, based on data collected while working with the main actors of the UPRS, presents a documented view of the process by which the strategy originated, evolved, and was implemented from 1996 to 2004. It explains how policies were redefined through practice by establishing the different understandings each actor had of participation and poverty reduction, and presenting the influence of their power struggles, of a changing environment, and of shifting policy recommendations over the implementation of projects and the assessment of their results.

This chapter presents the context of poverty reduction and public policy in Phnom Penh. After setting the historical and political background needed to understand the role of development aid in Cambodian public policies, it reviews the peculiar history of Phnom Penh, the meaning and scope of poverty in the city, and the main actors in its governance process.

Chapter Four then documents the two periods of the UPRS process. The first period was a pilot phase of community-led upgrading projects from 1996 to 1999; lessons learned from that experience became the basis of the later city-wide strategy. The second period was the implementation of that strategy from 2000 to 2004.

An explanation of the difficulty of transforming the successful pilot projects into a longer term policy response is presented in Chapter Five, where it complements the analysis of the trajectory of international approaches to similar policies of participatory urban upgrading.

### 3.1 The Cambodian context of public policy-making

#### 3.1.1 Overview of Cambodia's recent history

Cambodia is a small country (181,000 sq km) with an estimated 14 million inhabitants. It is situated between Thailand on its western front, Laos to the north, and Vietnam on the east side.

The Khmer people were one of the earlier inhabitants of Southeast Asia, and their earliest known kingdom, Funan, was much larger, covering most of current Cambodia, Vietnam, Laos, and Thailand. From the ninth to the thirteenth century, Cambodia was in fact the most powerful empire in the Indochinese region. However, military retaliation from its neighbors in response to Khmer invasions, chronic fights within the monarchy, and the gradual deterioration of the complex irrigation system that had ensured food security all contributed to the decline of its wealth, territory, and regional political power. From the thirteen to the nineteenth century, Cambodia lost its regional prominence and was often threatened with annexation by its neighbors. In 1863, its King accepted protection from France to counter possible attacks from Thailand and Vietnam. Cambodia became a protectorate under French administration until 1953.<sup>16</sup>

Figure 3-1: Situation map of Cambodia



Source: (Economist Intelligence Unit, 2007).

<sup>16</sup> Information in this section are triangulated from the main histories of Cambodia's recent past by Chandler (1991; 2000), Isaacs (1987), Roberts (2002), Kiernan (2002), and Ledgerwood. Current demographics are from (Economist Intelligence Unit, 2007).



In 1953, King Norodom Sihanouk negotiated Cambodia's independence from France. As Prime Minister, he then adopted a policy of neutrality in the wars between communist and noncommunist nations. Strongly opposing the US use of Cambodian soil to fight against North Vietnam, including the bombing of its border with Vietnam, he broke with US military support in 1963.

This angered local right-wing economic and military élites who lost much revenue from trade with the Americans, and were concerned that the country's neutrality could only bring further economic decline. In 1970, supported by the CIA, they toppled Sihanouk and installed Lon Nol as the Prime Minister of an overtly pro-US régime, the *Khmer Republic*.

The spread of left wing movements that had led the insurgency throughout Cambodia, starting at the end of WWII further encouraged the deposing of Sihanouk. Started by the Viet Minh and Khmer *Issarak* (independence) armed nationalist resistance movements, these groups had developed into several strands of communist and nationalist parties contesting French control of Cambodia. They were headed by a handful of Paris-educated thinkers, including Saloth Sar, later known as Pol Pot, who created the clandestine *Communist Party of Kampuchea* (CPK), a movement nicknamed by Sihanouk the *Khmers Rouges*, or Red (for communist) Khmers. In 1967, a civil war broke out when the CPK mounted an uprising that provoked escalating military retaliation from government forces. It was fueled by increasing poverty and inequity within the country and by constant bombing from US forces, which, from 1969 to 1973, killed over 100,000 persons in the countryside, pushing many survivors to join the Khmer Rouge.

The political disunity within the new régime, its excessive exactions, and lack of regard for the public good continued to fuel the communist insurgency and intensified the civil war in 1970.

That conflict not only opposed Cambodian factions—communists and royalists against Lon Nol—but involved the main powers who waged the Vietnam War or supported its belligerents from 1959 to 1975. The CPK was initially supported militarily by North Vietnam, while the US supplied and trained Lon Nol's troops. By 1973 though, the CPK was fighting on its own against government forces. Its troops controlled nearly 60% of Cambodia's territory and 25% of its population. On January 1, 1975, they launched their most intense attack on Lon Nol in Phnom Penh and along his re-supply routes. His government surrendered April 17, five days after the US missions that supported his régime evacuated Cambodia, on the brink of Saigon's fall.

In April 1975, the Khmer Rouges then overturned the Khmer Republic to install a new régime, of *Democratic Kampuchea* (DK). In DK's ideology, Cambodia was to recover the grandeur of the Khmer Empire that had ruled Indochina a millennium earlier. It was to develop in autarky, first by producing enough rice to feed itself—which it was unable to do during the *Khmer Republic*—and later by investing the revenue of its surplus food production into light, and eventually heavy industry. To that end, the new rulers' first decisions were to empty all cities, to displace their populations to farming areas, and to increase the national agricultural output. They outlawed cities, whose lavish lifestyles were the root of corruption, and considered that the—pro-Lon Nol—urban dwellers had to be re-educated into traditional “base-people” by working in agricultural labor camps.

Tragically, to achieve DK's goal of self-sufficiency, up to two millions people died from 1975 to 1979 in what amounted to a genocide. Of the Khmer ethnic majority, this included one fourth of the earlier urban dwellers (650,000 deaths), and 15% of rural dwellers (675,000 deaths). In the first year, they were decimated by illness, starvation and overwork. After the 1976 publication of the CPK four-year plan “to build socialism in all fields”, political purges added to the death toll,

as those who questioned the targets of the plan, were unable to meet them, or expressed any dis-sension with the party's line were summarily killed (Chandler, 2000; Kiernan, 2002).

Restoring the grandeur of the Khmer people also involved the systematic elimination of groups considered ethnically "impure." In pursuit of this goal, the DK régime killed over 250,000 ethnic Chinese (half their population). They displaced *Chams* (Muslim Khmer) on a massive scale and by 1979, had murdered, starved, or worked to death up to 100,000 of them (out of a 1975 population of 250,000). After expelling 100,000 Vietnamese in 1975, the Khmer Rouges then hunted and murdered the 10,000 remaining in the country in 1977 and 1978. Other groups, including upland minorities, Lao and Thai, were similarly persecuted and eliminated (Kiernan, 2002).<sup>17</sup>

The DK's régime was ousted in January 1979 after the Khmer Rouges had repeatedly attempted to "reclaim" territory located in Southern Vietnam and the Vietnamese army retaliated. It invaded Cambodia, chased the Khmer Rouges from Phnom Penh, and installed an administration known as the *People's Republic of Kampuchea* (PRK) that was to stay for ten years.

The Khmer Rouges took to remote areas along the Thai border. There, funded by revenue from illegal timber and gem trade, and initially with the covert military support of Thailand, China, and the US, they waged a protracted guerilla war, first against the Vietnamese occupying army (until 1989), and later against the central Cambodian government until 1998.

The UN, under the influence of China and the US (ardently opposed to Vietnam), never recognized the PRK as legitimate. From 1978 to 1993, it was therefore a DK representative faithful to Khmer Rouge leader Pol Pot who represented Cambodia at the UN. Meanwhile, no UN agency worked in Cambodia until 1989, upon the withdrawal of Vietnamese troops (Chandler, 2000).

As knowledge spread about the genocide perpetuated by DK, it became increasingly difficult for the US, Thailand, and the UN to openly support the Khmer Rouges. They then pushed for the formation of the *Coalition Government of Democratic Kampuchea* (CGDK), a government in exile, made of an unstable coalition of rival factions (Khmer Rouge, royalists, and pre-revolution pro-westerners). The UN officially supported the CGDK while it delivered aid to refugee camps at the Thai and Vietnamese borders. The Thai camps were in large part run by Khmer Rouges, who used some of the humanitarian aid to support their guerilla warfare (Kiernan, 2002).

The civil war formally ended with the 1991 Paris Peace Agreement, and in 1992-1993, the UN conducted its largest-to-date peace-keeping mission. The *United Nations Transitional Authority to Cambodia* (UNTAC) took over the country's administration until it could organize elections.

Though an apparent political normalcy was restored after these general elections in 1993, on the ground, it is not before 1998 that the country regained some calm and political stability, following the amnesty and surrender of the last Khmer Rouges, and the second general elections that legitimized a government that took power in a 1997 coup. Since then, the *Royal Government of Cambodia* (RGC) has been led by Prime Minister Hun Sen, a defected Khmer Rouge guerilla placed by the Vietnamese as the Minister of Foreign Affairs in the 1979 PRK's government.<sup>18</sup>

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<sup>17</sup> Racial hatred has long been present in Cambodian history and since the end of WWII, "ethnic cleansing" has not been a hallmark of the Khmer Rouges. In 1949 and 1952, one of the other pro-communist independence movements had already conducted massacres of Vietnamese and Chams. From 1970 to 1975 under Lon Nol's Khmer Republic, hundreds of Vietnamese residents were killed while 300,000 fled across the border into Vietnam (Kiernan, 2002).

<sup>18</sup> He became Deputy Prime Minister in 1981, and has been Prime Minister since 1985 under the PRK, the *State of Cambodia* (from 1991 to 1993), and the *Kingdom of Cambodia* (since 1993).

**Figure 3-2: Timeline of major events in recent Cambodian history**

Political regime in Cambodia	Decade	Major event in Cambodia	International event affecting the region
French protectorate (1863-1953)	1950		France-Vietnam War (1946-1954)
Kingdom of Cambodia (1953-1970)	1953	Independence: King Sihanouk as a leader	
	1954	Cambodia joins conference of non-aligned nations	
Kingdom of Cambodia (1953-1970)	1960		US-Vietnam War (1959-1975)
	1963	Sihanouk breaks up with US military support	
Khmer Republic (1970-1975)	1967	<b>Beginning of civil war</b>	US-Vietnam War (1959-1975)
	1970	Lon Nol topples Sihanouk - Guerilla intensifies	
Democratic Kampuchea (1975 - 1979)	1975	Khmer Rouge over turn Lon Nol <b>Genocide 1975-1979</b>	United Nations does not recognize People's Republic of Kampuchea and backs up Khmer Rouges instead
	1979	Vietnam invades / liberates Cambodia Famine after workers leave fields seeking families	
People's Republic of Kampuchea (1979-1989)	1980	Over 500,000 Cambodians leave for refugee camps in Thailand and Vietnam	United Nations does not recognize People's Republic of Kampuchea and backs up Khmer Rouges instead
	1989	Withdrawal of Vietnamese forces	
State of Cambodia (1989-1993)	1990		Fall of USSR
	1991	Signature of Paris Peace Agreement <b>Official end of civil war</b>	
State of Cambodia (1989-1993)	1992	UNTAC (1992-1993)	Fall of USSR
	1993	General elections Refugees start returning from camps	
Kingdom of Cambodia (1993 - ..)	1997	Coup de Force by Hun Sen	Cold War (1947 - 1991)
	1998	General elections	
Kingdom of Cambodia (1993 - ..)	2000		Cold War (1947 - 1991)
	2003	Anti-Thai riots in Phnom Penh. Governor sacked.	

### 3.1.2 Impacts of emergency rehabilitation and development aid on local governance

From the mid-1960s until the arrival of the Vietnamese army, civil war shattered the local capacity to plan for and deliver any public services in Cambodia. The Khmer Rouges killed all former mid- and high-level civil servants, as well as all “intellectuals,” bluntly defined as anyone who could read and write. During the PRK, the government was then run by mostly uneducated former Khmer Rouges commanders who had defected in 1978. Under the supervision of Vietnamese officials, and with technical support from the USSR, they started to rebuild a basic education system, while fighting against the Khmer Rouges and non-communist “resistance” forces that had formed in the camps. However, the PRK régime did not leave a significant legacy of civil service, aside from a collective ownership and production system that grew extremely unpopular. Thus it is only since the early 1990s that the capacity of the national government to lead and manage public affairs has been slowly rebuilt with the support of foreign development aid.

After 1988, the Soviet decline in aid and the Vietnamese policy of *Doi Moi* (renovation) opened Cambodia to a market economy. This was just prior to the Vietnamese withdrawal, and the opening was accompanied by a spike in corruption. Officials sold state property on a massive scale before leaving power—from office equipment to medical supplies, vehicles and buildings—dragging some ministries to a halt. Although the economy was officially still controlled by the state, black market and smuggling to and from Thailand and Vietnam flourished, and powerful officials made fortunes selling gems, timber, rubber, and military goods for their own profit. Students led demonstrations against corruption in Phnom Penh in December 1991, which were violently repressed by the police and the army resulting in the death of at least eight persons.

In that chaotic environment, the *UN Transitional Authority in Cambodia* (UNTAC) took over the country’s administration in February 1992 to implement the Paris Peace Agreement of October 1991. Its main goal was to help maintain peace while organizing general elections that would reinstall a legitimate government. Its 16,000 military personnel and 5,000 civilians were also in charge of coordinating the repatriation of refugees and displaced persons; of launching a major program of rehabilitation and reconstruction; of controlling local administrative structures countrywide; of verifying both the withdrawal of foreign forces and the cessation of outside military support; and the demobilization of 70% of the Cambodian armed forces. The UNTAC secured and administered Cambodia until general elections were held in 1993. In addition, it started coordinating humanitarian aid and emergency rehabilitation projects in the country, funded and administered by international aid agencies (Barbier, 1999).

The 1993 elections were held without violence and brought almost 90% of the registered voters to the ballot boxes, raising hope in the installation of a representative democratic system.

Unfortunately, the elections’ results hardly helped clarify who was in charge in the country. Although the royalist party (FUNCINPEC) won the elections with 45% of the votes, after very tense disputes that threatened a return to violence, it had to agree to ruling jointly with the *Cambodian People Party* (CPP), the losing party of Hun Sen, which had only gathered 38% of the ballots. Two smaller parties—the *Buddhist Liberal Democratic Party* and the *Molinaka Party*—joined a quadripartite coalition government. The Khmer Rouges, under the new formation of the *Party of Democratic Kampuchea* (PDK), had refused to take part in the elections, and did not recognize their results. Until the surrendering of its last leaders in 1998 and the integration of its remaining troops into the national army, the movement would continue to lead a guerilla war against the ruling governments.

The 120-member national assembly promulgated a new “constitutional monarchy” in September 1993, restoring Prince Sihanouk to the rank of King in the *Kingdom of Cambodia* (he had abdicated in 1955 to become Prime Minister). Power within the new cabinet was shared equally between the two main parties, and Prince Ranariddh and Hun Sen became First and Second Prime Ministers respectively of the *Royal Government of Cambodia*, or RGC (Roberts, 2002).

In a first step toward democracy, nonviolent elections were conducted and a coalition government was set up between parties that would have otherwise been at war with each other. Officially, power was shared equally, with two prime ministers, and one member from each of the CPP and FUNCINPEC parties at every single level of decision-making in the government. In reality though, the defeated CPP held much more power than FUNCINPEC. Hun Sen had been in power since 1979 and had developed a network of allegiances down to the village level countrywide; he had also cultivated very close links with the heads of the army and the police. In a political system based on a hierarchy of power that requires the ability to reward followers with gifts, he had more than a head-start on Ranariddh. The civil service “belonged” to him.

The UN and the “international community” of donors were promoting the advent of a representative democracy; however, the system of political patronage in place was well-established during the previous 15 years of Hun Sen’s power. There was a total lack of accountability from either central or local government to the people, and no opposition with strong popular support. The “democratically acceptable” opposition was subdued in the coalition government, while the only strong opposition was made of the Khmer Rouge, which had become unacceptable to the international community. Within that context, among the limited educated elite interested in public affairs, there was no trust in the government’s will or capacity to serve the public good.

Aside from continuing the struggle against the Khmer Rouges, the political factions elected to run the country were also consumed by internal fights for lucrative positions that would allow them to benefit from aid money and from the illegal trades that were the nation’s main economic activity. Between this and their violent settling of political disputes, culminating in Hun Sen taking the power as sole Prime Minister in 1997 in a coup, the elected government had little involvement in long-term policies and implementation mechanisms to direct the country’s development (Chandler, 2000; Roberts, 2002).

Given the weakness of the RGC, civil society organizations were then created in the 1990s (many originating from refugee camps) to take over roles traditionally assumed by the state, including the construction of infrastructure and the delivery of social services countrywide. Aid agencies, along with international and local NGOs, then ran the country through short-term rehabilitation projects, in a tense political situation marked by violence and several half-coups.

While humanitarian aid was a response to emergency situations, once a sense of peace and stability was restored by the late 1990s, foreign assistance was expected to shift to a mode of intervention, that would support local institutions to handle development issues autonomously in the long term. But after years of emergency intervention, both assistance providers and recipients were more immersed in a culture of short-term projects than in one of building systemic responses. It is within this context of a weak public administration run by foreign advisors that we focus on the capital city, Phnom Penh, from the mid 1990s, when interest in urban development started.<sup>19</sup>

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<sup>19</sup> Under the PRK, the few published documents on the period suggest that little rehabilitation was undertaken in Phnom Penh, given the priorities of the civil conflict and the relative wealth of the capital compared to the countryside (Ministère de la Culture du Cambodge & Atelier Parisien d’Urbanisme, 1997; Yap et al., 1992b).

## 3.2 The meaning of poverty in Phnom Penh

### 3.2.1 Phnom Penh: a revived ghost city

#### *a. The early development of Phnom Penh*

Cambodia is a rural society. Less than 16% of its 14 million inhabitants live in urban areas, predominantly in its capital city, Phnom Penh. With one million residents, it is 16 times the size of the second largest city, Battambang (Royal Government of Cambodia, 2000). It is also one of the poorest nations in the world. By the beginning of our policy story, it ranked 130 out of 163 countries on UNDP's Human Development Index, with a life expectancy of 53.5 years, a GDP per capita of \$1,084, and an adult literacy rate of about 35% (Ministry of Planning, 1998; Ministry of Planning & United Nations Development Programme, 1997).

When the Kingdom became a French protectorate in 1863, Phnom Penh was a small port of wooden houses. It was in 1865 that it started transforming into a modern city, when it became the capital. In 1890, as a key part of that modernization process, the colonial administration introduced private land ownership to replace a customary system of tenure in which a family de facto "owned" the land they used productively. The government then registered land parcels and levied taxes on real estate. This financed the modernization of the city, conducted through reclaiming wetlands and creating water, sanitation, rail, and road networks. Until the Second World War, Phnom Penh was then developed by colonial architects and engineers, first following strict French planning codes, and later experimenting with the patterns of a garden city.

After WWII and the Japanese occupation of the country, in a larger effort to reestablish their political dominance over Indochina, the French administration started to redesign Phnom Penh to fit the needs of its expected industrialization. It increased the density of residential areas and prepared a master plan for the predicted growth of the city.

The country's accession to independence in 1953 cut short these planning efforts. Phnom Penh then regained some national identity as Khmer architects adapted the legacies of French schools to local tastes. They redesigned the capital into a garden-city with an efficient infrastructure, home to 600,000 by 1969. It was then considered the prettiest capital of Southeast Asia and praised as an "island of peace" by the foreign journalists covering the nearby US-Vietnam conflict (Ministère de la Culture du Cambodge & Atelier Parisien d'Urbanisme, 1997).

#### *b. The political destruction of cities (1975-1978)*

During the years of intense fighting between Lon Nol's government and the communist insurgents, refugees fleeing combats in the countryside inflated the population of Phnom Penh to about two millions in 1974 (Yap et al., 1992b).

On April 17, 1975, the Khmer Rouges entered Phnom Penh and in two days forced all inhabitants to march out of the city at gunpoint. The move was first presented to the population as a temporary way to shelter them from imminent US bombing. It was instead a move to displace them to farming areas and to reeducate urban dwellers into farmers or "base-people." However, the exodus became permanent, and no one but a skeleton of Khmer Rouge cadres was to return to the city for the next four years (Chandler, 2000). The DK period then witnessed the abandonment of cities under a political system that made urban life and private property illegal, that emptied cities of their populations, and that killed most educated Cambodians. During the next four

years, Phnom Penh's former inhabitants lived in rural areas, escaped the country when they could, or died victim of political purges or sickness.

c. *The rebirth of the capital (1979-1989)*

The Vietnamese army entered Phnom Penh and installed the People's Republic of Kampuchea in January 1979. The first flow of Khmer returnees then came back to a deserted capital where the Vietnamese-backed government authorized them to occupy buildings on a first-come, first-served basis. The authorities were not concerned about reallocating property to their former owners because as much as half of the city's earlier population had died and the urgency to rebuild a country in shambles superseded all other considerations.

People joining the new civil service took centrally-located dwellings near the ministries where they worked. Police and military officers grabbed the best housing and they shared, subdivided, and sold buildings, houses, and apartments as more people arrived. The poorest and later comers settled on the rooftops of multi-storey buildings, along public roadsides, and on the river banks.

The city's population grew back to 600,000 by 1989, living in less than 50,000 housing units, which were only fit for about 250,000 persons. In the collectivist régime of PRK, land remained state-owned, but twice, in 1979 and again in 1985, the government issued *family books* that recognized the legal occupation rights of residents over the dwellings they occupied (Ministère de la Culture du Cambodge & Atelier Parisien d'Urbanisme, 1997; Yap et al., 1992b).

It was only in 1989, once the PRK changed to the *State of Cambodia* (SOC), and in preparation for the withdrawal of Vietnamese troops, that the Constitution was amended to again recognize private land ownership. Urban dwellers who lived on land that had not been previously used for public interest (e.g., areas along public roads or waterways) could receive ownership rights over the land or dwelling they occupied, while the land left-over remained state property.

However, no one was allowed to claim the property they had owned before 1979, and the new "owners" did not have secure and tradable properties. Although a cadastre office was instituted to issue titles, their delivery was extremely slow and difficult. In a country run by brute force and patronage, the military, the police, and powerful politicians could still easily grab land and houses from long-standing occupants. They used that real estate power both to acquire wealth and social status, and to redistribute housing to their political clientele, which was one of the main ways to purchase allegiances in a civil service where official salaries did not even allow renting an apartment in the city (Roberts, 2002; S. Williams, 1999; Yap et al., 1992b).

The 1991 *Paris Peace Agreements* marked the official end of civil conflicts and the start of a massive return "home" for an additional 750,000 Cambodian refugees from border camps, for *Internally Displaced Persons* (IDPs), and for demobilized soldiers. An estimated 90% wanted to return to the rural areas they originated from. However, because of the short supply of cultivable land due to extensive land mining, widespread insecurity, and the poor conditions of rural infrastructure, it was impossible to resettle more than one third of them in the countryside prior to holding the 1993 general elections, after which UNTAC was to leave. The majority would hence have to come to urban centers (Yap et al., 1992b).

The UN then commissioned a first assessment of the ability of Phnom Penh and of five provincial capitals to serve as mid- to long-term resettlement sites. That UN-Habitat study demonstrated that Cambodia's urban centers were unable to decently accommodate the new comers (see Yap et al., 1992b). Their infrastructures had been devastated, most public utilities networks

could not even be rehabilitated, and there were no skilled staff or funds to replace and run them. Phnom Penh itself had only been planned to accommodate half a million inhabitants in the 1960s, but by 1992 already housed about 700,000 permanent residents and up to 200,000 seasonal migrants. Little housing construction had been undertaken since the 1980s, and no major infrastructure work had been conducted since 1970.<sup>20</sup> Water and power were only available a few hours a day, mainly in the city's center. Paved roads were scarce and insecurity was rampant.

The UN recognized that given the lack of alternatives, returnees were likely to stay in the capital, and that it would attract more rural migrants after the end of conflicts. It therefore recommended developing a short- to mid-term plan to accommodate a large number of newcomers in the cities, as well as training municipal officials to plan for the long-term needs of the populations (see Yap et al., 1992a). In the competition with other pressing needs in rural areas, it would yet take until the early 2000s before major urban planning efforts in Phnom Penh came into being.

### 3.2.2 The creation of squatter and urban poor settlements

Informal low-income settlements in Phnom Penh were created in the late 1980s by refugees returning from camps, by internally displaced persons, and by rural migrants fleeing the countryside because of violence, land-grabbing, indebtedness, and the lack of economic opportunities. Most settled close to where they could work, in slums largely located in the city center, alongside the river, near the main markets, and next to the train station (Slingsby, 2000).

The more stable settlements were the oldest. They were typically located in multi-storey apartment buildings or on their rooftops. Inside the buildings, apartments were subdivided into single rooms, each owned or rented by a family. On their rooftops, families created entire urban villages with their shops and shared spaces, some as small as ten families, other as large as two hundred. Many of these settlements were formally recognized in 1985, when common inhabitants received occupation rights. The Municipality gave dwellers *family books*, i.e., occupancy titles acknowledging that they were long-term residents and could receive access to public utilities. They were not considered owners but could be compensated in case of eviction.

**Figure 3-3: Stable urban poor settlements in Phnom Penh**  
Urban village built on a rooftop



Living inside an old building



<sup>20</sup> Phnom Penh is built on reclaimed lands and needs to be protected from floods by maintaining dikes and pumping stations. Yet, the management of its hydraulic infrastructures was abandoned between 1972 and 1990, destroying its drainage and pumping systems (Ministère de la Culture du Cambodge & Atelier Parisien d'Urbanisme, 1997).



Another wave of settlements took place in 1994, when human-rights NGOs and UN agencies provided support to refugees and IDPs to resettle in cities. Many newcomers created communities along streets, waterways, and railways. At that time, the MPP tolerated these as “transitional communities,” but issued neither ownership titles nor family books, since most were located on unalienable *state public land*.<sup>21</sup> Without deeds, residents could not claim connection to utilities and remained vulnerable to uncompensated eviction (Fallavier, 1999; S. Williams, 1999).

**Box 3-1: Typical story of a squatter settlement creation**

Klang Romsev squatter community is located on a lane perpendicular to Mao Tse Dong Boulevard, one of the busiest avenues of Phnom Penh. It is close to roads and major markets, and to some basic utilities networks. It is composed of sixty families, twenty Vietnamese and forty Khmer, who work as laborers on construction sites, as petty traders, and garbage pickers.

Another settlement existed before 1982, but its inhabitants were evicted under the PRK. The new settlement was founded in 1994, when a few families moved to the side of the road. Most people arrived from refugee camps or had earlier come to Cambodia from Vietnam as part of the liberation army.

The government first wanted to evict the newcomers. The community leader then asked for the protection of a newly formed NGO defending human rights. All settlers further demonstrated in front of the National Assembly and the Municipality. They also asked for the protection of the FUNCINPEC (royalist) party as its main political opponent, the Cambodian People’s Party, was pressing them to move out. After the demonstrations, the Municipality decided to recognize them as a “transitional” community. Even though their houses were not considered legal and the people could not have access to public services, the leader officially represented the inhabitants and the settlement in front of local *Sangkat* (ward) authorities.

Source: Case study by the author for the 1999 poverty analysis. Klang Romsev was cleared in 2005.

Since 1995, rural migrants have further developed squatter areas on the rural fringe of the city, or on non-constructible public land, where they expected that long-term occupation could guarantee them tenure rights. Small clusters of families also settled in disaffected alleys of better-off districts, while other groups lived as squatters in dilapidated multi-storey buildings in the city center, where owners waited to sell the building for commercial development.

By 1998, Phnom Penh then had a population of one million, 94% living in urban areas, and the remainder living in peri-urban districts (Royal Government of Cambodia, 2000). Out of the urban population, a census by SUPF, a local CSO, counted 35,000 families—or about 173,000 persons—living in informal low-income settlements (Squatter and Urban Poor Federation, 1999).

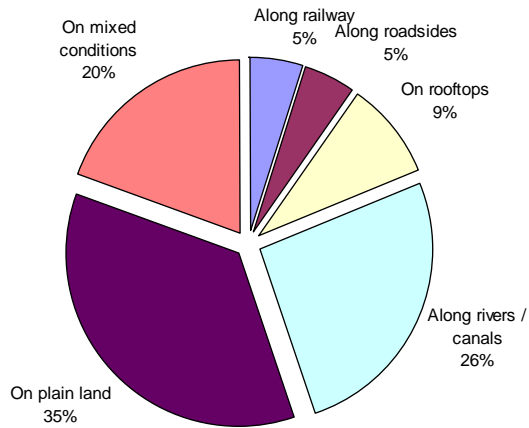
However, this only counted members of local savings and credit groups. During our own survey in 1999, we estimated that up to 20% of the settlements’ inhabitants had not been accounted for in that census. They were renters, seasonal migrants, and people too poor to participate in community saving schemes. Counting them added another 35,000 “invisible” poor for a figure of 208,000, i.e., about 22% of the city’s urban population (Fallavier, 1999, 2002).

The SUPF census showed the existence of 414 distinct settlements. Three quarters of them had been set up between 1979 and 1989, while 18.6% were established from 1989 to 1994. Only 5.8% were less than five years old. Of all the settlements, 47.8% were located on private land, 40.4% on state private land, and only 7.9% on state public land.

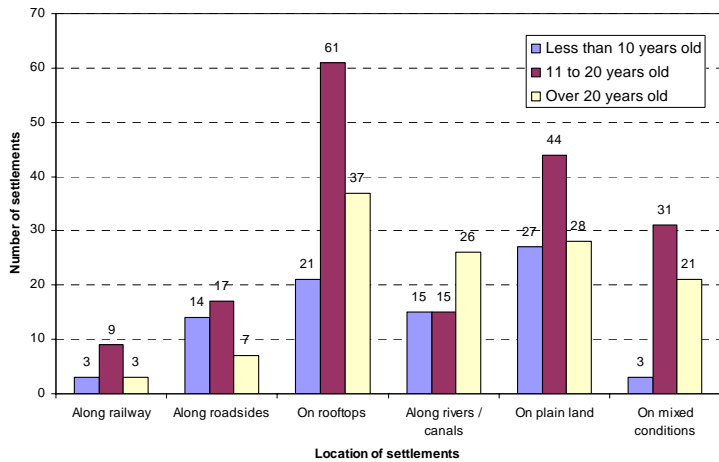
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<sup>21</sup> There are two types of state-owned land: *state public land* is national property to be used for the public interest that cannot be sold (e.g., roads, parks, waterways), while *state private land* belongs to individual state institutions (such as line ministries) who can transfer or distribute its ownership (articles 12 to 17 of the 2001 Land Law).

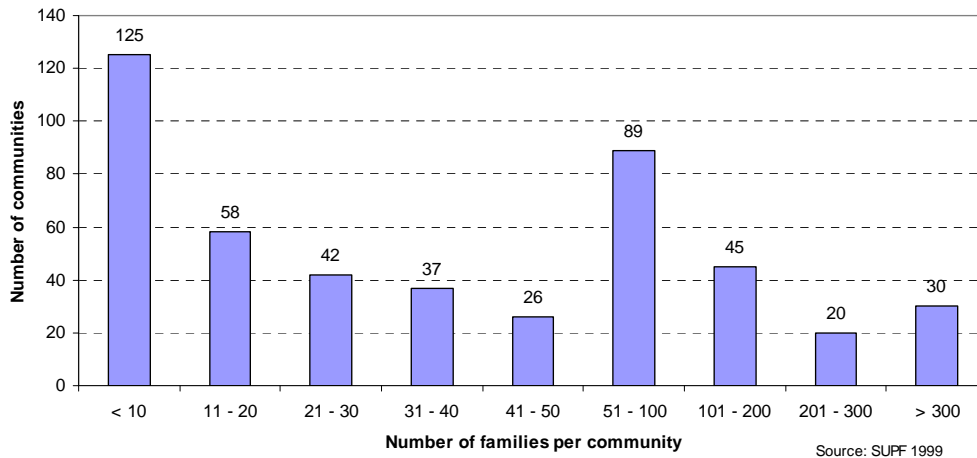
**Figure 3-4: Location of low-income settlements in Phnom Penh (1999)**



**Figure 3-5: Age of low-income settlements in Phnom Penh (1999)**



**Figure 3-6: Size of low-income settlements in Phnom Penh (1999)**



Graphs by author on data from Squatter and Urban Poor Federation (1999)

### 3.2.3 Squatters as *non-citizens*

Until 2000, the MPP informally categorized the dwellers of these informal settlements as either “squatter” or “urban poor.” *Squatters* were seen as illegally occupying public or private land, while the *urban poor* had recognized occupancy status that gave them some security of tenure, if not ownership. The distinction between squatter and owner was however blurred since there was no clear land ownership system in Phnom Penh.

In fact, a provision in the 1992 Land Law recognized tenure rights for those who had peacefully used private land for the five preceding years. The large majority of people occupying private land were therefore legally eligible to apply for a title. Those occupying state private land could also obtain a certificate of residence (family book), providing them rights for compensation if

government needed to use that space. Only 7.9% of the informal dwellers lived on state public land and did not match any legal criteria to claim occupancy rights.<sup>22</sup>

In Khmer though, the term *squatter* conveys more than a connotation of illegal occupancy. It disparagingly refers to “people living in anarchy,” and is associated with immorality, disorder, and criminality by middle class shopkeepers, formal sector employees, and civil servants who often consider squatters as a threat to morality and to public order. For a long time, this provided the grounds to municipal officials for refusing to engage in dialogue with informal settlement dwellers and for refuting the legitimacy of their claims for public recognition. Therefore, by the mid-1990s, there was virtually no dialogue between the MPP and the squatter and urban poor communities. The municipality had no policy for developing squatter areas but would brutally evict families from land it needed, either to develop public infrastructure or to sell to private investors. In turn, poor communities distrusted most public authorities.

### 3.2.4 Living conditions and prospects in informal settlements

As a basis for understanding progress—or the lack thereof—in reducing poverty, this section provides an overview of what it meant to be poor in Phnom Penh at the beginning of our policy story.

Limited research had been conducted on urban poverty since the 1992 UN-Habitat assessment, aside from a study on vulnerable groups (Deutsch, 1997), and one on low-income housing (Urban Sector Group, 1996). The other components of the local urban literature on poverty were censuses of poor communities (Squatter and Urban Poor Federation, 1997, 1999), and newsletters by CSOs that were more advocacy tools than research instruments (e.g., Asian Coalition for Housing Rights, 1998, 1999; Urban Resource Centre, 1998, 1999a; Urban Sector Group, 1997). None had rigorously studied the multiple components of urban living conditions or poverty.

In 1999, we produced a first systematic qualitative evaluation of living conditions in Phnom Penh’s squatter and urban poor communities, surveying settlements representative of the diverse circumstances of its estimated 414 low-income communities (see Fallavier, 1999). Our study showed how, in the majority of urban settlements (aside from where the pilot UN-Habitat project—later described—operated), inhabitants survived on a hand-to-mouth basis, barely scraping their daily needs for shelter and food, and living in harsh and dangerous environments. They generally had little access to public services and sickness or accidents could easily destroy their fragile lives. Although many did hope that through hard work and education their children could build better lives, they also felt that as illegal dwellers, they were not recognized as full citizens, and could not count on support from the government. The typical living conditions in Phnom Penh poor settlements are summarized here from this study.

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<sup>22</sup> Private property was recognized in the constitution of 1993 (Art. 44), and the decision to deliver land titles was taken in 1995. Yet it took until 1999 before the creation of the Ministry of Land Management, Urban Planning, and Construction, which had the jurisdiction to deliver such titles. Until then in Phnom Penh, the municipal cadastre could deliver documents recognizing de facto occupation, but not de jure ownership. Only the Governor could recognize legal land ownership and its transfer (decree (Annukret) 57 Sept. 29, 1994). Further, it took until 2001 for the RGC to launch a land management project that included the deliverance of land titles. By 2006 though, considerable discretionary power remained to civil servants in land allocation. High ranking officials still often trade land under their jurisdiction as if it were their own property. The resulting tenure insecurity and inequality in access to land was still both a main characteristic and a main cause of poverty countrywide in 2006 (Conway & Goh, 2006).

a. *Livelihoods and income levels*

Men worked as *cyclo* (pedicab) or *motordup* (motorcycle-taxi) drivers, as porters on the docks or in the markets, as unskilled construction workers, or as scavengers. Women were petty vendors of fruits or vegetables in the streets, worked as unskilled laborers on construction sites, or as garbage pickers. Typically, to afford a basic food basket and sending two out of four children to school, two parents had to work seven days a week. Yet few had that much work in the very thin economy, and many could not afford to send all their children to school. The average daily income for a family of five persons was 12,500 Riels (i.e., about \$0.55 per person), with a contribution of about 7,200 Riels from the head of household, and 5,300 Riels from other family members. As for single-parent families, they needed children to work just to afford enough food.

b. *Security of tenure*

Three quarters of informal settlement dwellers were considered *squatters* by the municipality and lived under the constant threat of eviction. Within squatter settlements, there was a further subdivision between “owners” and “renters” of the illegal plots or dwellings. Owners had been able to pay the local authorities to settle illegally on public or private land and were paying regular bribes to keep the status quo and avoid being evicted. They were the “better off” among the poor residents. Renters were either seasonal migrants who came to Phnom Penh for short periods, or the destitute—often households headed by women, orphans, or elders—who could not afford to “buy” the rights for a shelter. On a weekly or monthly basis, they rented a house, a room, or at times a single bed from local inhabitants or from absentee slumlords. They lived where conditions were the harshest: in makeshift shelters below flood level a large part of the year, in areas very difficult to reach, in the alleys and corridors of dilapidated buildings, or on their rooftops.

c. *Quality of housing*

The quality of housing was low according to all standards. Most shelters were made of recycled material, from paper to plastic sheets, palm leaves and wood (87.8% according to SUPF survey). Brick-and-mortar houses (12.2%) belonged to shop-keepers or to petty civil servants. Only few permanent houses were sturdy enough to prevent rain to flood in during the wet season.

**Figure 3-7: Typical housing in Phnom Penh informal settlements**

Living above a sewage pond



Renting on the grounds of a pagoda



Along the railroad



Squatting in a corridor inside a building



*d. Infrastructure and services*

In terms of physical access, most settlements were in areas difficult to reach, especially during the rainy season. While located within the city, they were situated above open sewer canals or lakes, at the end of long dirt paths, or on land partially flooded from three to five months per year. Difficult approach affected people’s access to services, such as going to a hospital, sending children to school, or collecting waste. It further limited economic opportunities as people could not set up profitable shops in their secluded settlements and at times could not even reach markets. The dark, insalubrious, and often flooded pathways further affected people’s safety as they would fall into filthy water while carrying loads or fall prey to muggers at night.

As squatters could not obtain connections to government-provided services, only a quarter of the low-income settlements were officially connected to the city’s water supply network. Families had to purchase water from private vendors. It was often of low quality and priced from ten to thirty times that of water from the municipal network. They would have to pay 10,000 to 30,000 Riels (\$2.5 to \$7.5) per cubic meter, while families who were better off and living in recognized settlements only paid 350 Riels (\$0.09) for water from the municipal network. Only about 30% of families had indoor toilets, and human waste was mostly discharged into open spaces. A third of the settlements did not have storm or wastewater drainage and suffered severe floods.

Squatters had no official connection to the main electrical grid either, but some could obtain power from resellers at three to five times the regular rates. A fifth of households in all settlements could only afford the use of batteries, candles, and lamp oil for lighting.

**Table 3-1: Access to water and electricity in informal settlements**

Means of access	Water supply		Means of access	Electricity supply	
	# of settlements	Percentage		# of settlements	Percentage
Private source	270	68.9%	Private source	187	52.4%
Municipal network	68	17.3%	Government meters	145	40.6%
Well or river	14	3.6%	Mixed sources	25	7.0%
Mixed sources	40	10.2%			
<b>Total</b>	<b>392</b>	<b>100.0%</b>		<b>357</b>	<b>100.0%</b>

Source: (Squatter and Urban Poor Federation, 1999)

*e. Social services*

In terms of health, the most common illnesses in the settlements were diarrhea, fever, and the common cold. Most were due to poor water quality and to an unhealthy environment, reinforced by a lack of knowledge of basic hygiene and health care. It was extremely difficult for people to access quality health services. Though government hospitals were supposedly free for the poor, in reality everyone had to pay. Aside from transportation cost to reach the hospital, one had to bribe its guard, its receptionist, its doctors, and its nurses. The costs were not only high for people with very low revenues, but unpredictable, and always higher during emergencies. Accordingly, many families self-medicated, with pills bought from local, improvised drug sellers.

“Free” public education also carried a fee. School teachers would ask for 500 Riels a day (\$0.12) per child to complement their own meager salary of \$20 per month. Parents often believed that educating their children could help improve their future living conditions, and many spent substantial part of their resources sending children to school. Distance to school and its cost were two major impediments to access; many families could not pay the transportation costs, the compulsory fee requested by teachers, or the cost of uniforms and supplies.

**Box 3-2: Impacts of a health shock on a poor family**

A 50-year-old woman lives with her husband and two children in a small cluster of wooden shacks hidden by better-off houses near an open sewer.

The family moved from Kandal province in 1989 so their children could attend school. They thought that their poverty was due to their own illiteracy and wanted their children to receive good schooling in Phnom Penh. The husband rode a cyclo, while his wife sold vegetables and the children attended school.

A few months ago, their 16 year-old daughter got severely sick. She had to drop out of school and has stayed in bed since. The mother had to stop working to look after her. Health spending has plunged the family into debt. They could not afford to see a doctor, but have been purchasing drugs from a local reseller. The only source they could get funds from was a loan shark who comes every other day for 24 days to collect 6,000 Riels each time (i.e., a total of 72,000 Riels), to repay an initial loan of 10,000 Riels (\$2.5). They are afraid that he will take away their home if they cannot pay.

That illness affects the entire family. There is not enough income from the father’s work to pay for medicine, and there is often hardly enough to purchase sufficient food. They cannot afford to send the second child to school anymore, thus destroying their hope that they could one day rely on their children for a better life. Life in Kandal, they say, was easier than here, but they cannot see any way back to their homeland as they had sold their house and belongings when moving to the capital.

Source: Case study by the author for the 1999 poverty analysis.

*f. Corruption*

Petty corruption was a major issue that affected all aspects of people’s lives and prevented them from breaking out of a cycle of poverty and dependence. Local authorities from the police and the district offices first extorted payments from squatters to obtain the “right” to settle on public land. They then regularly levied informal fees for “protection” and for the “authorization” to repair a leaking roof or to install an indoor toilet. In the markets where many urban poor worked, either as vendors or as porters, they also had to pay daily informal fees to the guards, local police, or foremen. Because of these constant extortions, people could rarely accumulate enough savings to scale up their businesses, to improve their homes, or to plan for a better future. Aside from taking a heavy toll on their revenue, this prevented them from having any trust or respect in local figures of authorities or even in outside agencies claiming to come and help for free.

### **Box 3-3: Illegitimate fees paid to the police in informal settlements**

At the entrance of a lane in a squatter settlement, a new house of cement and bricks was under construction, a surprising sight in a settlement bound to face eviction soon.

The owner first said that because of the high price of wood, a cement house was cheaper to build. As we talked longer, he looked very uncomfortable, until several men talking into walkie-talkies arrived. They were the chiefs of community and of the local police, plus soldiers in uniform, and police officers. All were very nervous, and asked our team to stop asking questions and to leave the area.

We later learned from neighbors that it was forbidden to build in the area, and that the police was in charge of enforcing that rule. Yet, the house owner had paid a \$300 “authorization fee” to the police and local authorities for them to close their eyes (in comparison, the cost of materials for the house was \$600). We also learned that having a sturdy house (as opposed to a makeshift shack), was a good bet to be potentially eligible for compensation, should the settlement be evicted.

In that area, as in many others in Phnom Penh, one of the first problem people mentioned that kept them in poverty was corruption. Police “protection” alone averaged 130,000 Riels per year, to “insure” that a family would not be evicted, or that its shelter would not “accidentally” burn down. The police collected the money by monthly installments as most families could not pay a lump sum.

Source: Case study by the author for the 1999 poverty analysis.

#### 3.2.5 Defining poverty in Phnom Penh

In Phnom Penh, the dwellers of informal settlements were hence not only “income-poor”. They were also socially and economically disempowered by stigmatization, harassment, and the lack of access to basic services. Their low levels of income and savings made them especially vulnerable to shocks such as flood, disease, or the death of an income earner that could easily plunge them into destitution. Although the majority of them had lived in their communities long enough to be granted tenure according to the Land Law, they were in practice denied rights of occupancy, let alone of ownership. All through the 1990s, authorities considered most urban poor as “squatters,” an illegal status which precluded them from being recognized the same rights of protection and of access to public service as other urban citizens. Their lack of means to voice their views and to negotiate with authorities further rendered them prone to evictions.

During focus groups, inhabitants summarized what they considered poverty along four lines:

- First, they suffered from isolation. Geographical isolation because of the lack of road access and the floods that prevented from reaching their settlements; intellectual isolation because they could not access education; social isolation as they felt discriminated against by other urbanites; and economic isolation because of their inability to access skilled employment.
- Second, they were subject to high risks. Physical risks were due to the floods, insalubrious living conditions, illnesses, and criminality. Economic risks resulted from low and unstable revenue, the high cost of corruption, and indebtedness incurred for non-productive expenses.
- Third they lacked access to productive resources, including literacy and marketable skills, and credit to finance small-scale investment.
- The fourth element was the lack of community cohesiveness and representation, as people were not well-organized for collective action and could not dialogue with the Municipality.

### 3.3 Actors of the municipal governance process

This introduces the main actors of the following policy story, whose roles will be refined later.

- **The Municipality of Phnom Penh** is the governmental body that represents the city's inhabitants. It plans and manages the city's daily life and growth. The Governor who heads the MPP has a ministerial status, but is under the authority of the Ministry of Interior. He is appointed by the Prime Minister, usually along with four to six vice-governors. Each of them shares authority over one or more departments, with the relevant national line ministries (e.g., the vice-governor in charge of health depends in large part on the Ministry of Health). The only autonomous office of the MPP is its Cabinet, which manages local authorities.
- **Local authorities** are representatives from the MPP and the Ministry of Interior. The Municipality is divided in seven *Khan* (districts), themselves organized into 76 Sangkat (wards). The Chiefs of Khan report to the MPP Chief of Cabinet. The three Deputy Chiefs of Khan are responsible for administration, socioeconomic programs, and public works. Sangkats have officers responsible for administration, economic, financial, and social affairs, culture, religion, and hygiene (Slingsby, 2000). The police have representations at both the Khan and Sangkat levels. They are supposed to assist the MPP, but are under direct orders from the Ministry of Interior.
- **Civil society organizations** are composed of formally registered *Non-Government Organizations* who provide technical or advocacy support to the urban poor with a degree of permanency, and of *Community-Based Organizations*, much looser and more informal structures, depending mainly on unpaid volunteers. By 1999, there were barely any local intellectuals, research centers, or think tanks to represent "academia" in reflections on urban development. The few local research units were working more on macro and rural development issues.
- **International organizations**, whose work affected the lives of the urban poor were of two kinds. First were those working directly with informal communities. This was mainly UN-Habitat, with financial support from DFID and from the Government of Japan, under the coordination of UNDP Cambodia. Second were agencies whose work indirectly affected the urban poor, for instance as the infrastructure they installed displaced communities, or as they had the possibility of extending urban services to low-income communities. These were mainly the World Bank and the *Asian Development Bank* (ADB).
- **The private sector** was an important actor of the poverty reduction process, since it provided what few other actors could: funds and potential employment. A large number of the evictions we refer to were due to investment from private real estate developers. However, it was not officially involved in the policies for poverty reduction activities, until 2003.



## Chapter 4 - The making of Phnom Penh's Urban Poverty Reduction Strategy

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## **4.0 Analyzing policy-making by observing its implementation**

This chapter presents the story of how a municipal urban poverty reduction strategy was initiated, how it developed, and how it was implemented in Phnom Penh between 1996 and 2004. We follow its inception through a pilot phase from 1996 to 1999, and its attempt to scale up from 2000 to 2004, before taking stock of its legacy in terms of improving living conditions in informal settlements and of setting up a system to reduce urban poverty in the long term. It is in Chapter 5 that we will analyze the dynamics of the process to explain its evolution and results.

As detailed in the introduction, most information in this section are from unpublished primary data collected during my work as a planner in Phnom Penh, including surveys, the results of participatory monitoring and evaluation, interview with heads and staff of the different projects, and daily interaction with all the local players while working with them on projects and policies.

### **4.1 Phase One: Establishing the potentials of aided-self-help (1996-1999)**

#### **4.1.1 Goal: Demonstrating how the urban poor can help themselves**

The 1992 UN proposal to prepare the major Cambodian urban centers to absorb the influx of immigrants resulting from the 1991 Paris Peace Agreement did not lead to immediate activities. The Asian Development Bank, the World Bank, the European Union, and the French and Japanese bilateral aids did conduct numerous appraisals for the physical improvement of Phnom Penh—in water and sanitation, road, or master planning—but no major investment took place in the unpredictable and often violent political environment preceding the 1998 general elections.

By 1995 though, DFID was willing to launch a pilot project for the participatory upgrading of Phnom Penh's squatter and urban poor settlements, in collaboration with UN-Habitat and UNDP. The concepts were based on positive experience with a series of slum rehabilitations DFID had supported in India since 1984 through the *Hyderabad Slum Improvement Project*.

A first phase of intervention was to demonstrate to low-income communities and to municipal authorities that small, low-cost upgrading projects could help improve people's living conditions and their ability to respond on their own to some of their needs with minimum external support. This was to open the way for a longer-term approach to poverty reduction, based on developing and using the capacities of the urban poor, on strengthening the planning and management skills of the Municipality, and on turning their relations from one of conflict to one of collaboration.

In 1996, UN-Habitat thus started a project entitled *Support to Phnom Penh Squatter Communities and Municipality for Participatory Urban Development* (hereafter referred to as *the Project*), funded by DFID, and under the strategic coordination of UNDP Cambodia Office. The Project's objectives were to improve the living conditions of a significant number of poor urban dwellers while demonstrating the possibility for the municipality and informal communities to collaborate in tackling urban poverty. Its primary beneficiaries were the urban poor and squatter communities, and the municipal officials at the central (MPP) and local (Khan and Sangkat) levels. The civil society organizations supporting urban development activities composed a secondary target. They were to receive technical and advocacy skills to later support informal urban communities.

The Project aimed to show the relevance of mutual-help, first in the more stable *urban poor communities*. It would help improve their infrastructure and living environment, set up vocational training schemes, train NGOs and CBOs to organize people for mutual-help, and develop sites

for the voluntary relocation of some communities. Based on the results, it then expected to move into the controversial *squatter settlements*, which the municipality did not initially want to upgrade. At a strategic level, the Project then aimed to influence the policies of the MPP in favor of all residents of informal settlements and to strengthen its capacities to reduce urban poverty.

#### 4.1.2 Means: Building capacity for collective action and participatory upgrading

From 1996 to 1999, the Project worked to demonstrate to the Municipality that *in situ* improvement was a viable approach to improve living conditions in low-income settlements.

It first cooperated with Sangkat officials to identify communities that could be upgraded with the approval of the MPP—i.e., that were not considered squatter areas. Local development activities were then undertaken in these settlements with the collaboration of NGOs, which provided technical support, training in community organization, and research and advocacy skills.

A first step of activities was to form Community-Based Organizations and to train their members in community mobilization and project planning. These CBOs would then conduct participatory planning workshops to produce local development plans that prioritized problems and developed strategies, options, and work-programs to solve these problems.

Through their CBOs, community residents would later present proposals for small-scale realizations to the Project and to other donors for support. They sought partial funding and technical advice to improve road access, to build drains, or to set up water supply networks. Residents contributed with unskilled labor and/or with cash for a portion of the materials purchased, while the Project provided materials and paid for skilled foremen. It would also provide public equipment, such as street lights and garbage collection carts, while communities would pay for electricity and would ensure the maintenance of that equipment and of the realizations.

In response to requests from NGOs and CBOs, the Project thus supported numerous mutual-help upgrading activities. Some set up wooden footbridges and all-weather pathways in flooded areas, street lights, drains, and toilets; some improved roads and footpaths; others cleaned heaps of garbage accumulated over the years and launched community-run waste management services.

It also established a vocational training and apprenticeship program that provided startup capital and tools to local artisans who hired paid-apprentices for on-the-job training. The apprentices learned skills in sewing and tailoring; repairing motorcycles, engines, televisions, and electrical appliances; or in producing doors, windows, water jars, or roof gutters. Aside from marketable skills, they gained knowledge and experience in starting and managing their own businesses.

The Project further supported NGOs and CBOs through formal training, awareness trips, and learning-by doing activities. It trained them to participatory planning, and to the skills necessary to implement the projects they designed. CSOs and community members hence learned techniques to build houses and to lay out small infrastructure as well as procedures to prepare and manage small procurement, contracting, and financial activities. The CBOs were further trained to represent the needs of their members in front of officials. They then conducted a citywide census of informal communities to ensure they could all be accounted for at the Khan-level.

Senior municipal officials then participated in trainings and international conferences on urban poverty and development. They were sent—along with Khan and Sangkat chiefs, community leaders, and NGO staff—on awareness trips to Thailand and India, where they visited successful upgrading programs and saw how others had collaborated to resolve problems similar to theirs.

#### 4.1.3 Achievements: Poverty reduced and collaboration improved

The Project started in a post-emergency situation, at a time when there was little interest, or local capacity, to conduct lengthy studies before starting aid projects. No baseline study had hence been conducted at its start, and no rigorous analysis of “before-and-after” conditions could be drawn from the pilot. Yet, a comparison between the few studies conducted in the early to mid-1990s (in Deutsch, 1997; Urban Sector Group, 1996; Yap et al., 1992b), the 1999 census (Squatter and Urban Poor Federation, 1999), reports from the *Urban Health Project* (Urban Health Project, 1999, 2001), and our own 1999 poverty analysis (Fallavier, 1999), supplemented by interviews with urban residents and local development agencies shows notable achievements.

##### a. *Improved living conditions in informal settlements*

###### (i) *In situ upgrading*

Over three years, the Project supported upgrading activities in more than one hundred communities, reaching over 8,000 families. Through its joint work with the local CSOs, it further helped organize over 200 settlements for collective action so their inhabitants could plan for local development projects. Although not all were able to present proposals or receive support, these activities gave a voice to a part of the population that was initially unheard by municipal authorities

The physical improvements facilitated access to the settlements through wooden footbridges and concrete lanes that could be used year-round. This changed the lives of families who previously had to walk through sewerage to reach their homes during the three to five months of the rainy season, and drastically decreased the amount of illness due to falling into polluted waters. The clearing of garbage and the provision of street lights made the settlements cleaner and safer. The installation of community drainage and sewage systems and of shared toilets further ameliorated sanitary conditions by decreasing the incidence of floods and of related illnesses. In some peri-urban settlements, the drilling of wells and the installation of pumps greatly reduced the time and cost previously needed to fetch water from the river or to purchase it from private vendors.

In terms of access to social services, the Project worked with UNICEF’s *Municipal Health Project*, which helped set up several pilot health posts in informal settlements. These were extremely low-cost operations, located near the people, and in part supported by communities, which provided a shelter to run the clinic and minimal user fees, with exemptions for the poorest.

All these activities required the active participation of beneficiaries. They initiated the requests for training, organized their own CBOs, elected their leaders, prepared proposals, and contributed to the implementation of the activities by providing free labor or a financial contribution from their savings. To further entice people to participate and to support the local economy, the Project operated some activities under a “community-contracting” basis, by which CBOs were in charge of the whole planning, procurement, and implementation process. Provided they respected clear procedures and rules of transparency, they would purchase the materials needed and hire workers from within the communities to complement the free labor already provided. Unlike projects where outside contractors did most of the work, this was building the local ownership of the realizations, while at times training community members to new skills.

Over these few years, numerous settlements visibly gained a new life as small traders and repair businesses could now operate in cleaner and safer streets under light poles in the evening. Families were spending less on health costs and could even bring home the bicycles or motorcycles they previously had to park outside the settlement at an added cost. Their savings could instead

go into their children's education and home improvement, and by the end of the project, many settlements were becoming real "communities" where people were noticeably happier to live.

In terms of economic activities, the apprenticeship training and support in micro-finance demonstrated the capacities of the urban poor to improve their income with very little external input. It helped over 500 families improve their ability to generate income in the long run through vocational training and simple classes on business management. The generalization of local savings and credit groups as part of the community planning process further provided the foundations to launch the *Urban Poor Development Fund* (UPDF), a rotating credit scheme gathering the savings of informal communities, and returning it to them in the form of housing and business loans.

(ii) *Reaching squatter communities*

Although, at the Project's start, the MPP had not wanted any work in *squatter* areas, fearing this would be a de facto recognition of their legitimate occupancy, over time it accepted the Project's support to squatters, though only in response to emergencies. After floods, squatters thus built wooden footbridges to safely access inundated parts of their settlements, or toilets in areas where families had been temporary relocated. This simple recognition of squatter dwellers was in itself remarkable. It was the first positive interaction between the MPP and otherwise "illegal" settlers.

Building upon this, another aim of the Project was to support squatter communities who wanted to relocate to better living environments. Several communities situated in insalubrious areas above sewers, alongside roads, or against private buildings requested help to relocate where they could build stable shelters and live in safer, more dignified conditions.

The first resettlement initiated by the Project happened to be the most successful. A community of 128 squatter families had been living alongside the wall of the National Pediatric Hospital that the NGO *World Vision International* (WVI) was helping renovate. The community leader was one of the most articulate advocates of the urban poor and an active member of the *Squatter and Urban Poor Federation* (SUPF), an informal mutual-help network of CBOs in Phnom Penh. He approached the Project, seeking support to relocate families to a place where they could obtain legal security of tenure, access to basic services, and the chance to find jobs.

After visiting possible relocation sites with the community members, the Project team organized talks between several interested squatter communities, NGOs, and the Municipality to discuss the possible effects of relocation on access to employment, health, and education services, as well as ways to finance the purchase of land for relocation and the construction of new houses.

In the case of the Pediatric Hospital community, World Vision agreed to share the cost of land with the MPP. UPDF was to provide housing loans to families, and the Project was to help prepare the site with roads, and with infrastructure for water, power, sewage, and drainage. After three years of joint work to find a suitable site, prepare it for relocation, and agree on how to manage its development and the gradual move, the 128 families relocated voluntarily on one hectare of serviced-land, forming *Veng Sreng Community*, nine km from Phnom Penh's center.

There, several factors combined to make the resettlement successful in improving living conditions. First, wells allowed people to obtain clean drinking water for free, while they had previously spent up to 25% of their incomes on water cost. Second, the site was located near an industrial area where garment factories had just been set up. This gave jobs to many, either in the factories or selling food to workers. It also allowed them to rent out rooms in their new houses to factory workers. This generated a steady income to repay their \$400 loans from UPDF and to

upgrade the houses they had built, in large part with recycled material from their old shacks. In less than six months, most houses were consolidated with concrete frames, brick walls, and tiled roofs, and people had formed an economically vibrant community with access to basic services.

Two other relocations, totaling almost seven hundred squatter families, were then conducted as part of the Project in *Tuol Sambo* and *Tuol Rokakos* areas. They were implemented quickly, under pressure from the MPP to speed up the process. Although they helped people live in better environments, they did not enable them to improve their revenues, for they were situated too far from employment opportunities (see Table 4-2 p.99, and Figure 4-3 p.100). The poorer families were thus unable to consolidate their houses or to ensure access to school to their children, and many left the sites within six months.

*b. Strengthened capacities for aided-mutual-help*

A second major objective of the Project was to help poor urban dwellers speak in a unified voice to the Municipality and to donors to propose improvements, to assert their rights, and to resist eviction and abuses. To achieve this, the Project collaborated with the *Asian Coalition for Housing Rights* (ACHR), a network linking community organizers, civil society organizations, planners, and academics in Asia and Africa to collaborate and share lessons to improve the lives of low-income urban dwellers (see <http://www.achr.net/>). ACHR helped develop local civil society organizations to act as interfaces between poor communities, the MPP, and aid agencies. NGOs would provide support and training, and CBOs would help organize and represent communities.

The Project helped set up the *Urban Resource Centre* (URC), an association of local architects who trained communities to use locally adapted technologies for upgrading their homes and provided them with anti-eviction support. It further strengthened the *Urban Sector Group* (USG), an NGO created in 1993 to help communities organize for collective action, and that provided them with micro-finance services and vocational training. Out of USG, an informal network of CBOs originated: the *Squatter and Urban Poor Federation* (SUPF—later renamed *Solidarity for the Urban Poor Federation*), which helped communities organize, prepare, and submit proposals for funding, and also to advocate for change from authorities. Unlike an NGO, SUPF was run very informally by slum dwellers, on an unpaid basis, and out of people's shelters. It had less organizational or technical skills than USG, but it had the potential to spread on a large scale. It helped over 200 communities to organize between 1996 and 2000, while USG reached just 30.

Other organizations were created as a natural growth of these CSOs. The *Urban Poor Women Development Organization* for instance branched out from SUPF to promote women's education and leadership in communities. Specialized organizations were also created by volunteers—the *Community Sanitation and Recycling Organization* worked on environmental health issues and solid waste management; the *Cambodia Volunteers for Community Development* provided vocational training to the youth and ran environmental protection projects. ACHR also set up the *Urban Poor Development Fund* to provide low-interest housing loans to poor communities.

*c. Enhanced relations between authorities and the urban poor*

When the first urban NGOs were created in Phnom Penh following the UNTAC-led impetus for the development of a local civil society, their relations with the MPP were based on suspicion, and there was little dialogue between them. NGOs' noisy and discordant advocacy efforts on behalf of squatters fell on the deaf ears of municipal officials who considered their own roles to be maintaining law and order; they saw squatters as little more than brigands.

A turning point in opening the dialogue between the MPP, the urban poor, and NGOs happened in 1996 when ACHR organized awareness trips to India and Thailand. Supported by the Project, they loaded urban poor dwellers, NGO activists, and central and local officials from the MPP onto the same planes and buses. All went traveled together, for three weeks of tours and meetings with counterparts in foreign cities to see how the urban poor there had been able to improve their own living conditions and how municipalities and CSOs had enabled them to do so.

This not only gave new ideas to participants and strengthened their belief that change could be achieved, but it also created bonds between representatives of the urban poor, municipal officials, and NGO staff. Upon their return from the trips, all were then more confident in what they could achieve, and more willing to work together to find common solutions to their problems. The leaders of squatter and urban poor communities obtained direct access to the MPP and to Khan and Sangkat officials. Some were later able to set up *Community Development Councils* in their Khans as permanent forums to discuss problems in their areas and to review community project proposals before they could be submitted to donors for funding.

This dialogue, and the concrete demonstration that it was possible to improve living conditions in informal settlements at a relatively low-cost (the typical size of a community-led activity was under \$4,000) contributed to improving the willingness of the MPP to consider *in situ* upgrading and voluntary relocation as components of a municipal approach to deal with urban poverty.

Over the course of the pilot phase, civil society, the municipality, and the UN had apparently developed a converging understanding of the issues faced and of possible solutions to them based on supporting participatory upgrading. Meanwhile, CBOs and NGOs had gained the capacity to undertake meaningful improvement projects, provided they received technical and financial support from outside, and that the MPP facilitated the process administratively.

#### 4.1.4 Limitations: The fragility of results

Despite its achievements, the Project still had to account for three issues that would have lasting effects: (i) its demonstration approach had not endowed any legal rights to the urban poor; (ii) the community-based development approach excluded some of the poorest groups; and (iii) the success of its main resettlement project was misread by the municipality.

First, ACHR had been in charge of most of the training, and had used its experience from Thailand to focus on developing the capacity of CSOs to directly respond to the needs of the communities. It had not, at that early stage, tried to integrate the pro-poor development work into a larger strategic view of development for Phnom Penh, which still included large infrastructure projects likely to displace poor communities. Nor had it tried to back up its achievements by developing legal instruments to recognize tenure in the communities that had been upgraded, or to provide the same rights of access to public services to the urban poor as to any other citizens.

In a society run more by patronage and compromises than by the Rule of Law, both ACHR and the Project had preferred to ignore legal issues. They instead concentrated on demonstrating to the MPP that poor dwellers could improve their own living conditions and the city as a whole by incrementally upgrading their settlements. All actors hoped that legal agreements could be brokered later, in recognition that the majority of the urban poor had been living in their settlements for a long time (by 1999, 95% of informal settlements existed for more than five years; they could benefit from a clause in the Land Law by which people were eligible to occupation rights if they had lived for five years or more on land that was not essential to the public good.)

This however meant that there could be no certainty regarding the permanence of achievements. The communities that had been upgraded had no insurance that the MPP would not evict them later on. As for the MPP, it remained subordinate to decisions by the Ministry of Interior that could overrule municipal decisions. The Project's prospects for scaling up hence relied heavily on goodwill from all parties and were highly vulnerable to the changing mood of politicians who had high stakes in the local land market.

Second, the community empowerment itself was not without drawbacks. Despite their success, CBOs faced serious limitations in reaching out and representing the poorest. Creating CBOs that elected committees who were then in charge of local development often reinforced inequalities by formalizing existing structures of clientelism without providing mechanism to care for the excluded. Some leaders only supported families affiliated with their political parties, limited access to project benefits to their relatives, or extended help only after receiving bribes. In the best cases, only members of saving groups were allowed to benefit from the Project's assistance. Even successful activities then mainly benefited stable parts of the poor settlements as CBOs felt they could not afford to consider the needs and constraints of the most vulnerable. Typically, these were the destitute, the renters, and families who could not contribute in cash or in labor to local projects. They were yet important expected beneficiaries of any poverty reduction activity.

Third, although secondary in terms of expected impact, the resettlement of squatter communities was the most politically-charged component of the Project, and it was delicate to handle. In fact, the successful relocation of small communities was a double-edged achievement.

Relocation had mainly demonstrated its ability to improve people's living conditions when beneficiaries were volunteers and not the poorest, whose survival depended on being located near the city center and who were highly vulnerable to any disruption of their fragile livelihood patterns. The process also needed to be conducted gradually, allowing people to slowly build a new community and their new livelihoods. It was costlier overall than *in situ* upgrading and more risky, as people often returned from resettlement sites located on the fringes of cities into city centers, where they could find better job opportunities. In a 2000 assessment of resettlements around Phnom Penh, we found that while accompanied-relocation on a well-planned site could be an option of last resort, it was expensive and possible only for a few families at a time (Fallavier et al., 2001a). The Veng Sreng Project had cost \$2,000 per family (Urban Resource Centre, 1999b), while a \$4,000 *in situ* upgrading project could improve the life of 200 families. Therefore, resettlements could not be considered practical, long-term responses to widespread urban poverty.

Although the MPP had demonstrated some willingness to support voluntary relocation—as opposed to its earlier violent evictions—its leaders had little understanding of the difficulty of planning and implementing such projects.<sup>23</sup> The success of the Veng Sreng experiment made it look technically possible, and massive resettlement became extremely appealing to the Governor as a way to reduce the number of poor settlements, though he could not voice this openly.<sup>24</sup>

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<sup>23</sup> The NGO *Concern International* had tried relocation outside Phnom Penh in 1992, but the experiment had failed because of distance, the lack of services and employment, and land conflicts (Goad, 1999; Kong et al., 1999).

<sup>24</sup> For the 1999 city consultation that sought directions for the municipal poverty reduction strategy, the Governor had prepared a speech calling for the removal of squatter settlements, claiming that “poor people could not afford to live in the capital and should rather return to rural areas” (see Chea, 1999). Given the consultation's emphasis on *in situ* upgrading, he dropped the more radical elements of his talk when he delivered it, but still mentioned his wish to develop new settlements “for the poor” outside the city (see Yap, 1999a).



#### 4.1.5 Next steps: Scaling up through a systematic approach

Overall though, by the end of the Project's first phase, the mood of all its participants was upbeat. The MPP had agreed that participatory *in situ* upgrading could help improve the living conditions of the urban poor and the appearance of the city; that forced evictions were not long-term solutions and would be discontinued; and that one needed to carefully plan for the gradual relocation of the communities that could not stay in their current locations. It also recognized that poverty reduction should be a key component of its future strategy of urban development.

In terms of engagement in public life, the urban poor and their representatives had moreover become the most active citizens in Phnom Penh. In an authoritative political environment where public officials were neither elected nor held accountable, and where the middle class did not get involved into public affairs, that formerly outcast citizenry had apparently achieved to create space for some type of democratic participation. This raised high expectations about the role of such participatory projects not only for Phnom Penh, but for other cities in the country as well.

Thus the next logical step was to devise a strategy that would scale up the impact of community projects and strengthen their achievements, supporting local actors to make the best use of their individual capacities for poverty reduction and of the synergies developed between them.

After taking stock of lessons from its first phase, the Project helped prepare just such a strategy. From participatory studies in poor communities, it produced a strategic plan to further support community initiatives (see Fonseca & Mani, 1998) and a baseline poverty analysis to measure future achievements (see Fallavier, 1999; Squatter and Urban Poor Federation, 1999). It then ran a citywide consultation with community representatives, CSOs, aid agencies, and the MPP on how to integrate the aspirations of the poor into a municipal development plan (see Yap, 1999a).

The consultation made clear that long-term improvement could only happen in a supportive environment. The inhabitants of informal settlements needed to be recognized as having the same rights as other citizens, starting with the right to obtain connections to public utilities and access to free public services. Even then they would only invest in improving their houses and settlements if (i) they received some security of tenure over their land or dwelling, (ii) they received technical support in construction, and (iii) the legal, procedural, and practical barriers to *in situ* upgrading were removed.

In terms of process, for success to be replicable, communities, municipal authorities, and CSOs had to create partnerships based on mutual-respect. That is, the MPP had to delegate some authority by entrusting communities to partly decide how they would upgrade their settlements in consultation with the lowest level of government, i.e., the Sangkat. Reciprocally, communities had to be ready to plan for alternatives to full land ownership and to *in situ* upgrading if the municipality needed to redevelop the land they occupied for the public good (see Slingsby, 2000).

## 4.2 Phase Two: Transforming pilot activities into a citywide strategy (2000-2004)

### 4.2.1 Policy framework: The Urban Poverty Reduction Strategy

Based on these dialogues, findings, and recommendations, a few months prior to the completion of the Project's first phase, UN-Habitat and UNDP helped the Municipality prepare an *Urban Poverty Reduction Strategy* that provided policy guidelines for the MPP and for external aid agencies to support the urban poor in a coordinated manner (see Yap, 1999b). It gave three main objectives to reduce poverty:

- **First, to improve the living conditions** of the urban poor by helping them access affordable land and housing, by extending the delivery of physical infrastructure and social services, and by helping them prevent and manage disasters such as fires or floods;
- **Second, to enhance the economic potentials** of poor communities by providing them access to education, vocational training, business skills, microfinance, and industrial employment;
- **Third, to strengthen participatory urban governance** by further training communities to collective action by setting up joint mechanisms between local authorities, communities, civil society, and aid agencies to coordinate local development; by creating pro-poor land and housing policies; by simplifying local government procedures; and by eliminating corruption.

### 4.2.2 Implementation mechanism: the Phnom Penh Urban Poverty Reduction Project

To implement the UPRS, DFID funded a second phase of the UN-Habitat Project, now called *Phnom Penh Urban Poverty Reduction Project* (PPUPRP). In the new Project, UN-Habitat would continue to support community-based upgrading activities by providing funds and training to CSOs, but its main role would be to train local authorities in adopting low-cost, pro-poor urban development policies, in answering basic needs, in promoting economic development, and in reaching the poorest with adapted social services. It would also strengthen ties between the MPP, community organizations, other technical cooperation projects, and civil society networks.<sup>25</sup>

### 4.2.3 Necessary institutional changes: decentralizing power and monitoring actions

The pilot phase of the Project had directly supported the urban poor while demonstrating to the Municipality the value of participatory upgrading. It had not tried to modify the way the MPP was organized or run. To adopt its participatory approach to upgrading on a larger scale, it was nevertheless necessary to make significant changes to that centrally-controlled organization.

#### *a. Institutional constraints: Limited capacities of the MPP*

By 1999, the MPP had a very limited workforce with scarce skills and little autonomy to plan and finance its activities. It was located under the Ministry of Interior, which oversaw local authorities, and from whom its budget was fully dependent. The Governor and five Vice-Governors shared authority with national line ministries over municipal departments that remained under

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<sup>25</sup> Information in this section came in large part from primary data I collected for the Project. I also use information from publications by the main CSOs working in Phnom Penh at the time: the Asian Coalition for Housing Rights (2000; 2001; 2002) and the Urban Resource Centre (2000; 2001). Some elements on the organization of the MPP come from Wakely (2001) and explanations of the relations between the actors from discussions with, and documents by, the project's Senior Technical Adviser (Swan, 2001, 2003). Information on the UPRS design and of the Habitat project are from Yap (1999b), Slingsby (2000), Sharma (1999), and interviews with the different actors.

these ministries' control for budgeting and staffing. Accordingly, many decisions were made outside the Municipality and its autonomy depended on the relations between the vice-governors and their ministerial counterparts. The only department the MPP could establish and control was its Cabinet, managing local authorities mostly for administrative matters (Slingsby, 2000).

Although the MPP officially gained financial autonomy in 1998, its budget was constrained by a national law predefining all lines. The Ministry of Interior had to approve the budget and the National Assembly had to ratify it. Besides, the city had little power or incentive to raise its own revenue: it could not borrow, and even if it collected taxes (e.g., on vacant land or property transfer) and income from public utilities, it had to transfer all collections to the Ministry of Economy and Finance. All 11,000 technical agents working for the MPP were detached from line ministries, of which 7,500 were employed by the education department. Only 240 (for a population of one million) were engineers or technical staff employed in the Departments of Public Works, Environment, Urbanization and Construction, and the Cadastre (Sharma, 1999; Wakely, 2001).

Few of the municipal employees came to work on a daily basis. Their extremely low salaries (\$20 to \$30 per month while \$250 was the minimum needed for an average urban family) forced them to hold other jobs. Their actual roles at the Municipality were therefore mainly to extend "favors" by stamping official documents and authorization against informal fees. In fact, at all levels, "selling" free public services—and at times public goods, including land—was the main occupation of most municipal workers. Occasionally, they would also be employed as token consultants by aid agencies that needed official connections with the Municipality.

The MPP was a small and relatively inactive organization compared to the city's population and needs. It included the Governor, the Vice-Governors, their personal staff and that of the Cabinet, who were mainly support personnel with little technical expertise. As mentioned earlier, the city was administratively divided into seven *Khans* and further subdivided into 76 *Sangkats*. Local authorities at these levels were under the authority of the Governor, but the police represented a parallel structure of power under the direct authority of the Ministry of Interior. The Governor could therefore exercise little control over them.

*b. Proposed institutional changes toward power-sharing*

For the Project to reach its objectives, a major change was necessary in the governance structure of the MPP, which implied decentralizing some decision-making to local authorities and to communities. This was in line with a national policy of decentralized planning implemented across the country by the *SEILA* program, a UNDP-led experiment in which aid agencies coordinated their support for the decentralized planning of local projects to reduce poverty and to promote peace (see <http://www.seila.gov.kh/>). Promoting decentralization in Phnom Penh would further anticipate the 2002 local elections where, for the first time, Sangkat authorities were to be directly elected by the people living in their constituencies.

The project was to launch these efforts of decentralization first by setting up permanent channels of communication between the different levels of municipal authority, the communities, CSOs, and external donors. These channels would enable the exchange of information about policies, projects, and their advancement, and they would be part of a system to hold actors accountable for their work in front of donors and beneficiaries.

The components of this coordination mechanism were at three levels:

1. The first level would be in the informal settlements. There, CBOs would prepare *Community-Action Plans* (CAPs) to articulate what residents wanted to improve in their communities and how. They would bring proposals for physical upgrading or social and economic development activities to the *Community Relations Sections* (CRS) of the second level, the Khan.
2. At the Khan level, CRSs would be new units created to inform and assist poor households and community representatives about the resources and services available to them through the Project. They would also serve as monitoring and information links between municipal layers, CSOs, and citywide programs in health, education, and human rights. They would help coordinate the training of CBOs to prepare CAPs, and help Khans develop procedures and regulations to support the development of communities.

Still at the Khan, *Community Development Management Committees* (CDMCs), composed of representatives from CSOs and Khans, would meet regularly to review the CAPs, to prioritize the activities proposed, to match the selected projects with support available from donors, the MPP or CSOs, and to ensure the coordination of activities in each Khan. They would also collect data on the evolution of activities and of their impacts on living conditions.

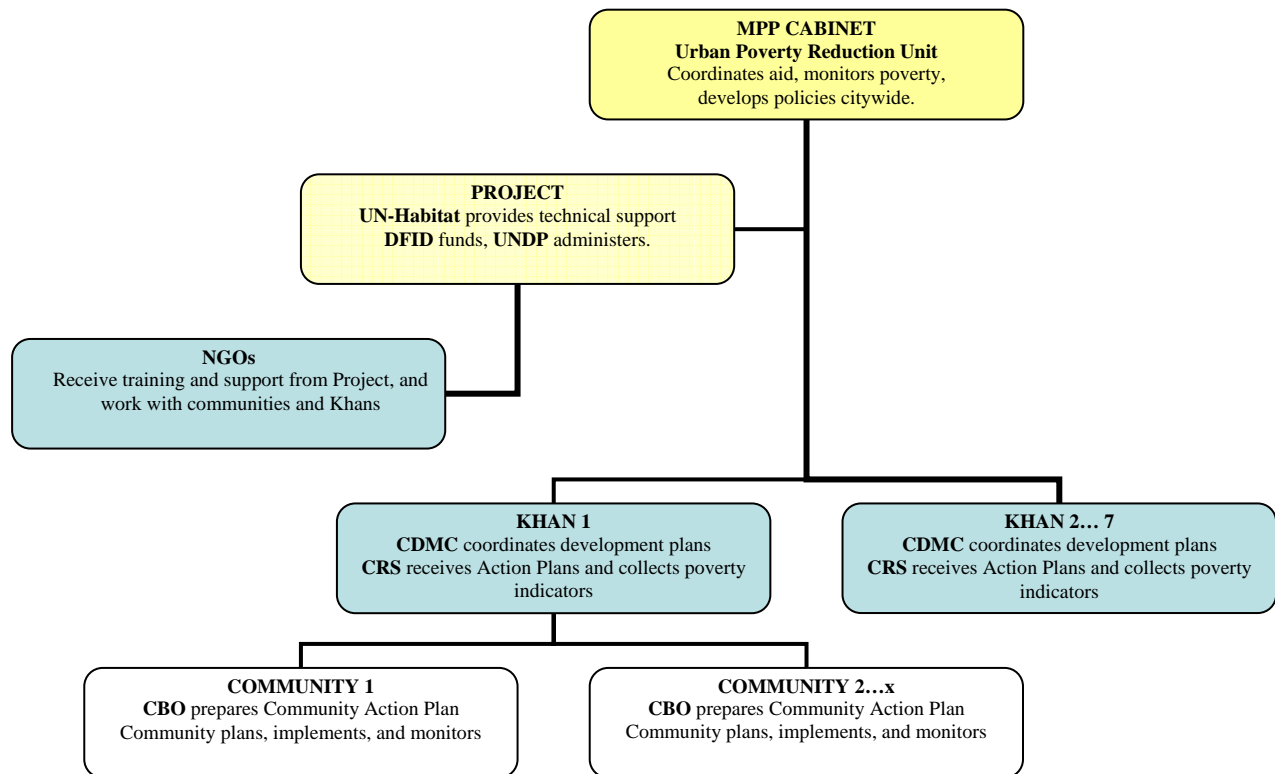
The CDMCs in the seven Khans would in turn collate and exchange that information with the new *Urban Poverty Reduction Unit* (UPRU), centrally located at the Municipality.

3. At the third and highest level of the city government, the UPRU was to coordinate activities, ensuring that they fit the municipal development agenda, and to adapt that agenda if needed. It was to be a policy and planning bureau to monitor the evolution of poverty trends, to prepare pro-poor policies as part of the city's development plans, and to coordinate donor intervention. It would operate on a part-time basis, led by the MPP Chief of Cabinet supported by five technical staff, all trained to the roles of participation in urban poverty reduction. With the Project's support, the UPRU would create a regulatory environment to facilitate upgrading activities. This would include policies on land regularization to provide different types of tenure to low-income dwellers; on relocation to ensure that the best practices documented were used; and on low-income housing. The UPRU would further be in charge of reviewing the policies, laws, regulations, and practices that blocked access of the urban poor to basic services, and of ensuring that their needs were factored into the city's physical, industrial, and commercial development plans.

A UN-Habitat Project team of technical assistants (chief advisor, engineers, community development, communication, and monitoring and evaluation specialists) would help plan and implement the activities decided by the UPRU. It would be located within the UPRU to which it would gradually transfer all necessary capacities for the UPRU to later function autonomously.

In such approach, "participation" was supposed to evolve from mainly using the organizational skills, workforce, and savings of community dwellers (in the pilot phase) into involving them as full actors of local policymaking. Communities would produce the larger part of their own development plans, which would be coordinated at the Khan level, and would be interactively consolidated into municipal-level development plans. Most financial and technical support would originally come from international aid agencies and NGOs, possibly complemented by capital from the private investors seeking to develop the land upon which communities lived.

**Figure 4-1: Implementation mechanisms of the Urban Poverty Reduction Strategy**



*Note: in the initial design, there was no role for Sangkat authorities who—in practice—were merely under-staffed administrative offices and did not have clear legal responsibilities.*

To accompany this decentralization of power, the Project team was to provide the MPP and CSOs with formal and on-the-job training, and to organize domestic and international awareness trips and exchanges for communities, CSOs, and government officials.

In communities, through the Project’s support, NGOs would further inform people of their rights to services, help them organize for collective action, and train them to plan and implement activities for physical, economic, and social development. UN-Habitat would then train NGOs in participatory monitoring and evaluation, and in improving coordination with other aid agencies.

At the level of local authorities, the Project would provide technical and managerial training for participatory upgrading to Khan officials. To coordinate their efforts, it would place one Cambodian *United Nations Volunteer* (UNV) in each Khan to help set up and manage the CDMCs for the first two years, and to help collect and organize data from the participatory monitoring and evaluation of activities. At the UPRU, it would train officials to plan and manage poverty reduction policies integrated in the larger city development strategies.

The approach counted on a phased intervention and on the gradual demonstration of what worked to attract followers. It would first organize a few Khans to test and refine its support mechanism, then slowly extend the approach to the remaining parts of the city. It was to adopt a similar gradual approach to demonstrate the value of collective action to communities and the possibility of working with the Municipality.

c. *Interactive policy-making: Monitoring the processes and impacts of the UPRS*

An important component of the second phase was also to measure the impact of its activities in real-time and to adapt the municipal policy directions accordingly. From its beginning, the Project started *Participatory Monitoring and Evaluation (PME)* of its activities and their impacts. The PME aimed to provide feedback to all stakeholders on the implementation of activities and on their achievement in terms of poverty reduction so as to feed the discussion on which ones to improve or promote. Its participatory component was to help give a voice to community members in the assessment of these activities and in the policymaking process.

With a team from local NGOs, I ran the PME. We conducted qualitative and quantitative baseline studies in poor settlements, followed the fate of communities, and documented most of what is presented herein. In the introduction, Table 1-1 (p.30) presented the detailed indicators we regularly collected at the community-level, organized in seven categories (A. Background data; B. Organization, participation, and sense of community; C. Socioeconomic development; D. Housing; E. Infrastructure; F. Transportation; and G. Environmental management). Table 4-1 links these indicators to the three specific objectives of the UPRS and of the Project's second phase.

**Table 4-1: Measuring progress in reaching UPRS objectives**

PROJECT OBJECTIVES	ANALYSIS OF IMPACTS	
	<i>PME indicators measuring progress</i>	Micro-level objectives in settlements
<b>1. Improve access to basic services</b>	<i>Indicator D1 to D3, E1 to E4, C1 to C6</i>	- Secure affordable land in suitable locations
	<i>E1 to E4, F1 to F3</i>	- Develop physical infrastructure with water supply, drainage, roads, sanitation, electricity, transport, and solid waste collection
	<i>D1 to D3, C1 to C6</i>	- Develop social services with affordable housing, education, health care, and family planning
	<i>E1 to E4, G3</i>	- Improve disaster management (fire/floods)
<b>2. Enhance income generation</b>	<i>C1 to C6</i>	- Promote the provision of basic education and vocational training, credit and saving schemes, and industrial employment
	<i>C1 to C3</i>	- Facilitate the dissemination of marketing information
	<i>C1 to C3</i>	- Create space for small businesses
<b>3. Strengthen local governance</b>	<i>B1 to B4</i>	- Improve community organization and leadership
	<i>B1, B2</i>	- Develop Community Development Management Committees
	<i>D2, D3</i>	- Draft Land and Housing policies to secure tenure for the urban poor
	<i>B3, B4</i>	- Reduce corruption

Framework developed by the author in 2000, based on initial 1999 baseline study and UPRS objectives

#### 4.2.4 Implementing Phase Two: when action redesigned policies

##### a. *UN disputes delay Project's start*

Following the completion of the pilot phase in 1999, the intention of its *Chief Technical Adviser* (CTA) was to rapidly support new community organization and upgrading activities in a large number of settlements to use the momentum of good relations built earlier with the MPP.

Yet, dissensions between DFID, UN-Habitat, and UNDP delayed the start of the second phase by a year. As part of its national support to decentralization, UNDP wanted the new phase to be run solely by the MPP staff of the UPRU, with no foreign advisor. It therefore did not extend the contract of the CTA who had led the pilot phase. DFID and UN-Habitat countered that autonomy could only be gradually transferred to the MPP, given its lack of skilled staff, the widespread corruption in its administration, and the constant pressure from high level politicians to clear the city of its poor. They favored external supervision by a respected international adviser.

After a long standoff, during which the pilot phase was extended but could not fund activities, UNDP agreed to the views of DFID and UN-Habitat's regarding the recruitment of a *Senior Technical Adviser* (STA) who would guide the new phase for its first 18 months and gradually transfer authority to the UPRU. The Project team was then organized into two distinct groups: the UPRU of five MPP staff led by the Chief of Cabinet as a Project Director, and the UN-Habitat team of ten non-MPP local advisers, paid by UN-Habitat and supervised by the STA.

The Project was launched in early 2001, and effectively started when its STA arrived in March. Its focus was yet soon to be redefined away from its initial intentions when a series of disasters forced its team to react to emergency needs instead of supporting long-term development plans.

##### b. *"Accidents" redirect poverty reduction activities*

A first fire caught in May 2001 in the *Tonle Basac*, one of the city's major squatter settlements along the riverside. Overnight, it devastated the homes and livelihoods of over 600 families.

The morning after the blaze, in a surprisingly prompt reaction given its usual apathy, the Municipality was ready to act. The Governor had decided to relocate all fire victims to a resettlement site 17 km from the city, where each family would be given a plot of land and the basic necessities to start a new life.

However, he decided to relocate only "legally recognized" victims, i.e., house-owners registered with local authorities. This was an oxymoron given that all inhabitants were considered illegal squatters. In practice, the only "registered" families were these who paid regular bribes to the Sangkat and the police for "protection" in a district famed for one of the highest level of corruption in the city. In addition—on no specific legal or regulatory basis—the Governor specifically excluded "renters, prostitutes, and Vietnamese" from eligibility.

Going against the good practices that the MPP had agreed to with regard to relocation guidelines that it had adopted during the pilot phase in 1999, the MPP then blocked humanitarian aid agencies from delivering any relief supplies to the site of the fire. Instead, it only allowed them to intervene at the resettlement site, where it trucked the families in haste. However, that relocation area was a rice field far from the city with no access to roads, no school or health post, and no water or electricity supply. In the opinion of everyone we talked to—including municipal officials—the land was clearly unfit to live on.

Despite their unwillingness to endorse the MPP’s use of emergency relocation, as they favored helping families to rebuild their community in the Tonle Basac itself instead, aid organizations led by UN-Habitat felt they had no choice but to follow and support fire victims at the new site.

The families first moved in with the few belongings they could salvage and stayed under plastic sheeting, in conditions similar to these of emergency refugee camps. In the subsequent weeks, they received wooden poles and zinc sheets; tools and technical advice to improve the settlement; water; and emergency food provided by UN agencies and NGOs.

**Figure 4-2: Emergency relocation after fire (2001)**

Fire in the Basac



Un-serviced sites in rice fields



Emergency shelters on Samaki relocation site



*Pictures by UN-Habitat*

Although the Municipality officially declared this fire an accident, we documented it—along with several following ones—as a deliberate act by the authorities (see Fallavier et al., 2001c, 2002c). Most notably, the fire happened on a Friday evening, just after UN offices, newspapers, and NGOs had closed for the weekend and would be unlikely to witness the events. It was set by people from outside the settlements, and although the fire brigade was present during the blaze, they did not deploy much effort, and even refused payments offered by some nearby shopkeepers to save their businesses. It was a way to clear a slum, while intimidating other squatters in the city, so they would choose to “voluntarily” leave areas that the Municipality wanted to develop.



In November 2001, two new fires then occurred: one in the *Tonle Basac* again and the other in *Chba Ampov*, rendering another 3,100 households homeless. As with the earlier fire, the MPP quickly moved the victims off-site to rice fields and aid agencies scrambled to support a process for which they were not prepared.

**Box 4-1: Views from fire victims in the Basac (2001)**

The November 2001 fire that swept through Tonle Basac affected 13 communities, destroying 1,853 shelters in which over 2,140 families lived. Six children and an elderly man died in the blaze.

Survivors were shocked by the brutality, but few were surprised that it happened. For years, the municipality had wanted to reclaim the land they lived on and develop the area for tourism. Residents we interviewed said that after the municipality promised it would not conduct anymore evictions, “disasters” had become a convenient way to remove unwanted communities. They therefore thought that the fire had been intentionally set on behalf of the authorities to disguise the evictions. Numerous witnesses said that the fire started in several places in the same time, strengthening their view that it was not an accident.

Just after the fire, a 60 year-old man stated: “*There was no justice for the victims of the fire. Two fire trucks came, but they did not do anything to stop the fire from spreading before it was too late. Why did they come? They could have stopped the flames, especially for houses near by the road, but they refused to help those would tried to fight the fire with their neighbors.*”

Later, a woman at the Anlong Kngan resettlement site said: “*We knew for long than the government wanted us to move away from the Basac. We had even started to plan for a voluntary relocation and went to several places around the city to find a good spot. But this fire and the relocation were nothing voluntary. Only the families who could afford to bribe the authorities received some support. The others did not get anything, and the municipality prevented organizations [the UN and NGOs] from distributing aid in the Tonle Basac. We were told we would only receive food and support if we moved to the new site. This was an eviction, and community leaders supported the authorities more than their community members.*”

(Observations and interviews by the author)

*c. Provoked disasters as a de facto strategy*

The MPP had earlier promised that there would not be any more evictions; that inhabitants of informal settlements would not be displaced without their consent; and that any resettlement would be conducted in accordance with agreed best practices. However, using fires as a pretext, rapid relocations were conducted *en masse*, disregarding agreements inscribed in the UPRS and municipal relocation guidelines. The land summarily cleared was sold to private developers or transformed in public gardens, through a process in which local inhabitants had no voice.

Though the wave of fires stopped after a year and a half, many communities were further pressed into relocating overnight to unprepared sites in the far outskirts of Phnom Penh. To achieve their ends, local authorities used numerous strategies: They would, for instance, offer several plots on relocation sites to community leaders who could convince community residents to relocate “voluntarily.” To break up cohesiveness, they would bypass CBOs and bargain individually with families, telling them that others had already accepted individual deals. They would even send monks to convince people that “good Buddhists” should not oppose men higher up in the social hierarchy. Soon, faced with violence and intimidation from the municipality, both communities and CSOs felt that they could not resist the push and had little choice but to accept relocations, even if it meant agreeing to the municipality’s breach of its earlier agreements. This of course weakened the self-confidence of communities’, their trust in the power of collective action, and their belief in benevolent external support that had taken so long to build during the 1990s.

Pressed by the emergency accommodation of victims, the Project itself could at first do little more than catch up with the MPP while it multiplied resettlements. The Project put its full efforts into ensuring that relocated families could access basic shelter and—over time—infrastructure and services. To achieve this, its STA had to raise funds to cover the costs that the Project could not pay for, as it had limited budget for emergency work. Its team then concentrated on managing relocation processes plagued by corruption in the most humane way. During this time, many new, non-urban NGOs intervened with little regard for synergies and for long term impacts.

Following these events, the focus of the Project’s activities shifted from an initial approach of bottom-up, collaborative community empowerment to the accommodation of disaster victims on a massive scale. Thousands of families needed to be housed, fed, and protected; new settlements needed to be built from scratch on mostly unviable ground, with limited resources and time. In this process, communities, CSOs, and aid agencies scrambled to help out. Initially, the shelters they helped people build had no walls, and no access to water or sanitation. But with time it was expected that people could improve these shelters into houses. Over the following months (and eventually years), UN agencies and CSOs helped improve street layouts, provide access to water and sanitation, and develop local schools, health posts, and basic markets.

The Project’s initial goals were completely usurped by the need to respond to these “emergencies.” The rapid accommodation of thousands of families on floodable land without access to shelter, water, sanitation, food, or nearby job opportunities was the very opposite of the models of gradual participatory development that were the bases of the UPRS. The emergency process was fraught with irregularities (see Box 4-2) and rendered families dependent on the MPP..

**Box 4-2: Resettling fire victims: a fruitful business opportunity**

Relocating “victims” of fire was not just a way to clear the slums. It was a source of revenue for all levels of municipal officials. In Sangkats and Khans, officials were to draw the lists of the residents allowed to resettle after the blazes. Given the lack of census in the informal settlements, it was easy enough to make up lists that excluded some—who could not pay the bribes necessary to get their names on the lists—while including others—who paid their ways onto the lists or were designated by the Municipality.

Proceeds would then be redistributed among local authorities, ensuring a widespread support of the process. The higher levels of decision makers at the MPP could share the gains from the sale of the public land cleared by the fires, while obtaining political mileage from the urban middle class for cleaning up the areas. All authorities would later have ample opportunity to further gain during the distribution of humanitarian aid and the construction of the infrastructure on the resettlement sites. Portions of the aid would be diverted, and rather than providing employment to the people resettled and paying them to build the infrastructure, work would go to private contractors closely associated with some municipal officials.

*d. Putting an end to the fires*

A tipping point that restored some sense to the initial UPRS occurred in the wake of what turned out to be the final fire. This blaze destroyed one of the oldest informal settlements, *Block Tampa*, a community of two hundred families that had developed over twenty years on the rooftops of a block of apartment buildings. In March 2002, the Governor visited *Hem Cheat*, a small rooftop settlement which the Project had helped upgrade in addition to its activities on relocation sites. While, in terms of the official UPRS, the upgrading was a symbol of the successful low-cost improvement of living conditions—and even though this project had been approved by the UPRU—the Governor was irate over it. He had thought that the fires were sufficient warning to aid agencies that they were to follow the MPP’s drive to relocate all informal communities outside Phnom Penh, not to entice them to stay in the city.

The day after that visit, *Block Tampa* burned to the ground under the watchful eye of the municipal fire brigade, which only intervened to cool off the ashes. The origin of the fire was no secret: one of the vice-governors acknowledged on the spot that this was not an accident (via personal conversation with the author). The Governor intended this to be a last warning to pro-squatter aid agencies that he would not accept *any* squatter area to be further upgraded.

Then the strong leaders of Block Tampa—supported by an unprecedented campaign to rally the press and human rights activists—refused to move to the MPP-designated relocation site. The Project’s STA then convinced the Governor that it would be politically disastrous to displace still more people while evidence mounted regarding the inadequacy of the resettlements, and that it was time to find alternative solutions.<sup>26</sup> The victims were then temporarily accommodated in the streets near their former community, and then a planned relocation process started, in which a proper site was selected and prepared. From then on, the MPP put the “accidental fires” on hold and even considered alternatives to mass relocations, for instance, discussing the creation of low-income housing schemes as part of larger commercial development projects.

By October 2002 though, less than two years into the Project, an estimated 6,300 families (36,500 persons) had been forcibly relocated after fires, while only 221 families were resettled following principles agreed for voluntary relocation. Relocating fire victims had become the main activity of most agencies working with the urban poor, and in situ upgrading had been minimal. The training of municipal officials had been mostly led by on-the-job training to handle relocation management, but little had been done in terms of participatory planning.

**Table 4-2: Main characteristics of resettlement sites around Phnom Penh (end 2003)**

	# on map	Name	Emergency	Khan	Distance to PP (km)	# of families	% of total
Phase one	1	Veng Sreng	No	Mean Chey	9	128	1.7%
	2	Tuol Sambo	No	Dangkor	25	211	2.8%
	3	Ko Kleang 1	No	Russey Keo	9	111	1.5%
	4	Ko Kleang 2	No	Russey Keo	9	98	1.3%
	5	Tuol Rokakos	No	Dangkor	12	488	6.5%
Resettlements during Phase two	6	Samaki 1	Yes	Dangkor	17	249	3.3%
	7	Samaki 2	Yes	Dangkor	17	291	3.9%
	8	Samaki 3	Yes	Dangkor	17	253	3.4%
	9	Samaki 4	Yes	Dangkor	16	297	3.9%
	10	Samaki 5	Yes	Dangkor	17	165	2.2%
	11	Samaki 6	Yes	Dangkor	17	133	1.8%
	12	Anlong Kngan	Yes	Russey Keo	20	3,631	48.1%
	13	Kraing Angkrang 1	Yes	Dangkor	9	88	1.2%
	14	Kraing Angkrang 2	Yes	Dangkor	11	298	4.0%
	15	Anlong Khong	Yes	Dangkor	17	432	5.7%
	16	Lor Kambor	Yes	Russey Keo	12	134	1.8%
	17	Anlong Kngan Tauch	Yes	Russey Keo	20	329	4.4%
	18	KopSreou Thom	No	Dangkor	20	100	1.3%
	19	Boeng Tompun	No	Mean Chey	4	111	1.5%
						<b>7,547</b>	<b>100.0%</b>
<i>Families relocated in emergency</i>						6,300	83.5%

Source: author’s own investigations, detailed in (Fallavier et al., 2001c, 2002a, 2002c, 2002d, 2003).

<sup>26</sup> UN-Habitat and CSOs had long demonstrated how relocations did not serve the urban poor and pointed out that reconstruction could be conducted on the original sites of the fires. The PME extensively documented the inequitable process of resettlement, in which many victims were never compensated; the corruption in the distribution of aid, which was rampant; the inability for most to improve their living conditions after an emergency resettlement; and, in contrast, the slow process by which some voluntary resettlements were successful in improving living conditions.

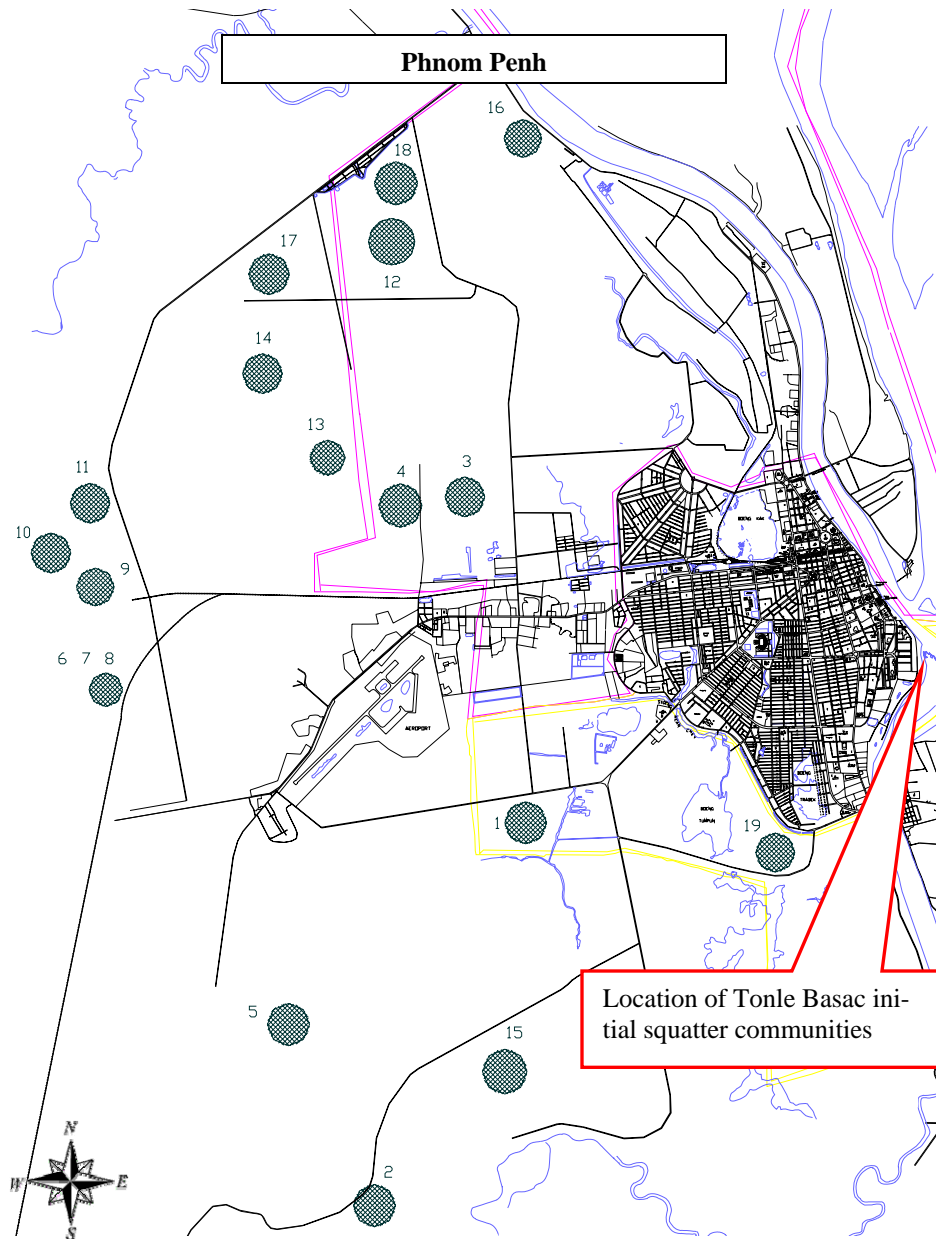
**Figure 4-3: Location of resettlement sites as of October 2002**

The three “urban” Khan of Phnom Penh are where 94% of its one million population live. The remaining four Khans are in semi-rural areas.

The resettlement sites numbered 6 to 19 were created during the Project’s second phase to accommodate fire victims. They were all situated in semi-rural areas. Most were far away from transportation and from employment opportunities.

All resettled communities came from the densely populated eastern part of the city, where jobs were available.

As a comparison, the one successful resettlement in the Project’s pilot phase, Veng Sreng community, #1 on the map, is located 9 km away from the city center. It is also much closer to roads than settlements such as Anlong Kngan (#12), situated in the middle of rice fields.



*Map: 2002, courtesy of UN-Habitat Project*

Accommodating thousands of families on initially unviable plots far from public infrastructure took the full attention of UN-Habitat and most CSOs from 2001 to 2003. They were cornered into responding to created “emergencies” in which it was extremely difficult to implement the good practices of transparency and participation previously agreed upon or to follow any sound practices of resettlement. In so doing, the tension between the municipality, UN-Habitat, and civil society increased, as the latter two felt manipulated. They were handed displaced residents, after the repeated torching of slums by the Municipality, disguised in accidents. They were morally obligated to respond to the needs of people, but could not do this without playing the game of the MPP, ultimately discrediting their earlier work on giving a voice to the poor. Supporting the MPP meant accepting the “treatment” of poverty through summary slum clearance.

The UN-Habitat team took two approaches to stop the clearance of slums. First, they expressed concern in the media about the human rights abuses of not letting victims stay in the city to recover after the traumas they had endured. Second, they demonstrated—by documenting the evolution of their living conditions—that the lives of the families were worse at the unplanned and un-serviced sites, and that many of the aid beneficiaries were not on the initial list of victims. It then became publicly known that many families were dumped onto unviable sites and that some waited for months before they could obtain a plot, while parcels were sold by local officials to newcomers who were not entitled to them. DFID added to the pressure by threatening to withdraw its financial support if the MPP continued using such disguised eviction practices. They also helped to raise the level of scrutiny from human rights agencies in Cambodia and abroad.

After the fire of Block Tampa, the Project regained some of its original direction, and could refocus on some in situ development work. Though the municipality would continue to exert strong pressure until 2004 on poor communities to “voluntary” relocate, it stopped the arson. Nevertheless, its relations with the Project had greatly deteriorated. The MPP viewed that the UN-Habitat team was to serve the Governor’s directions and it wanted to use the Project’s funds to build infrastructure on the relocation sites. It was not keen on considering the concerns of the STA, whom it saw as unjustified human-right activism in favor of second rate citizens.

**Box 4-3: UNDP's administrative response to human rights issues**

It was only long after the repeated arson of slums, and once news of the brutality and corruption of the forced relocations reached the public, that UNDP stepped in to acknowledge the issues. Yet, it did so in a way that did not help restart a constructive dialogue with the MPP.

At a July 2002 meeting to find solutions to outstanding problems, UNDP’s Resident Representative gave a speech that antagonized the MPP in front of an assembly of municipal officials, community representatives, and NGOs. Picking on the evidence collected that the massive relocations had hijacked the Project’s intentions and had not served its aims of poverty reduction, then noting many irregularities of procurement in the resettlement process, she mentioned that UNDP would not authorize any more expense for infrastructure on relocation sites. She further emphasized the need to better train municipal authorities and went on to challenge the legality of the CDMCs, insisting that following the recent local elections, the Project should refrain from working through CDMCs and instead use the newly elected Sangkat councils.

Her strongly worded position was an insult to the Governor, who responded by closing the meeting and forfeiting the chance for constructive discussion on how to improve some of the many problems the Project faced. This marked the divorce between the MPP and UNDP, each representing two extremes of policymaking: the use of raw force vs. that of a formal bureaucratic understanding of the policy process.

After that strong clash, to avoid further direct confrontation with the government, UNDP returned to focus merely on procedural matters in its relation with the Project. It put more emphasis on following the initial project document than on responding to the political realities of working in a confrontational and unpredictable environment. It then became obsessed with internal matters, measuring the relevance of work not by the impacts it had, but rather by how results could be perceived in its New York headquarters. *National Execution*, and the delivery of the initial plan’s exact output were more important than the long-term impact such delivery might have. To keep itself from supporting any further wrongdoing by the MPP, UNDP used its power of pre-authorizing the Project’s work-plans and expenses to delay all work that might depart from the initial project document. The UPRU team would have to present many versions of their work-plans before getting them approved, while UNDP administrators would never be “convinced” of the appropriateness of tasks and budgets proposed and reviewed by the STA.

This caused further tensions within the Project. The UPRU perceived UN-Habitat as unresponsive to its needs for capacity building and infrastructure delivery and UNDP as unstable and overly bureaucratic.

e. *Moving away from project toward policy support*

In this context, by the end of 2002 a mid-term review assessed the Project's achievements to redirect its second half. The review decided to ignore the causes of the fires, but pointed out that in order to have any influence on long term policies, the Project should redirect its efforts from micro-level upgrading and relocation activities in settlements to a higher level of policymaking.

Despite disagreements between UN agencies and the MPP about the amount of concrete realizations vs. policy support that the Project should concentrate on (the MPP wanted more funding for infrastructure on resettlements), the Project was extended until mid 2004, amended to put more emphasis on policy work. This redirected its focus away from the delivery of concrete realizations back toward the training and institutional development of the UPRU, of local authorities, and key CSOs, and toward the support of the MPP to draft pro-poor urban development policies.

In line with its original schedule, as part of the transfer of capacities to local decision-makers, the Project was then supposed to change from a status of *Direct Execution* in which UNDP/UN-Habitat had controlled the allocation of funds, to one of *National Execution* (NEX) in which the MPP would be in charge of all resources. The STA would remain to advise the UPRU on policies, but operational and financial decisions were to be made by the national Project Director, who was the MPP's Chief of Cabinet. Faced with the marked weaknesses of the UPRU to follow any agreed policy or procedures, however, UNDP decided to adopt a "reduced" version of NEX, by which it would keep control over the budget through approving most spending ex-ante. This meant that the UPRU would propose work plans and their budgets to UNDP, which would have to approve them ahead of time. UNDP would only pay after expenses were incurred, provided the UPRU followed all UN procurement and administrative regulations.

This shift away from conducting concrete upgrading projects was not without a cost. Given the limited upgrading component, it would strip the project of its "learning by doing" approach, which had thus far proven to be more efficient in building good-will partnerships than the mere reorganization of procedures, which the MPP never had much regard for anyway.

Starting in early 2003, the Project team then devoted more time to training municipal officials on participatory poverty reduction approaches and less on supervising the realization of upgrading activities or the development of resettlement sites, leaving the latter to local authorities and CSOs. It trained MPP staff to understand and design alternatives to relocation, for instance exploring measure to absorb households in the immediate areas of their current settlements through "land sharing." (A system ACHR was trying to promote by which investors buy public land at a low price, develop low-cost housing on part of it to accommodate the squatters they displace, and develop the second part for commercial use.) It also sent members of the UPRU to international meetings on urban poverty and development and helped disseminate the guidelines previously prepared on voluntary relocation and on operating CDMCs to local authorities.

Community-level activities were now run by local CSOs. The Project supported them to conduct advocacy work and help communities plan ahead of possible relocations linked to the development of municipal infrastructure or to the sale of public land to developers. Communities would look for suitable land located near access to services and to employment opportunities. With support from ACHR and UPDF, they would try to develop funding mechanisms that used local savings, housing loans, and the participation of private investors to fund the relocation. During the Project's last year, some *in situ* upgrading was then undertaken on a small scale in the city and activities for livelihood promotion were developed in the settlements least prone to eviction.

*f. A disappointing conclusion in a volatile environment*

In January 2003, political turbulence yet again modified the environment in which the Project operated. Violent riots resulted in the partial destruction of the Thai Embassy and of Thai-owned companies in Phnom Penh. Unable to control the rampage that led to serious diplomatic tensions with Thailand, the Governor was sacked. The new Governor, although more interested in pro-poor urban development, lacked the acumen to control the increasingly opportunistic behavior of the MPP staff. For them, the arrival of investors in the city, the passing of a new Land Law, the beginning of several large-scale infrastructure projects, and the continuing relocation of poor families provided numerous opportunities for land speculation and rent-seeking. The new Governor did not either have strong links to the police, who periodically evicted communities for the benefit of private investors without the municipality's knowledge.

In its last year, an administrative constraint further diverted the Project from its goals of promoting community-led activities and a governance system based on shared power and accountability. It was the need to quickly disburse its remaining budget. Since little upgrading had been undertaken, and relocation work had been paid mainly with funds raised specifically for emergency relief, about half of the Project's initial budget had not been spent. Being unable to spend aid money in a country much in need of resources was an embarrassment for UNDP. As for the MPP, this meant foregone revenue from informal commissions on these activities. Both the MPP and UNDP therefore wanted a clean slate with a budget fully expended.

To that end, it was in the best immediate interests of both organizations to minimize any oversight of how the funds would be spent. By mid-2004 then, against DFID and UN-Habitat advice, UNDP decided to fully transfer responsibilities to the UPRU while extending the Project by another six months. It therefore did not extend the STA's contract and the last six months of the Project were conducted without external oversight. Officially, the MPP had received all necessary training on how to undertake activities in terms of technical, financial, and managerial procedures. Though the STA had left, some Cambodian technical assistants, paid by UN-Habitat, were to remain with the UPRU to provide support when needed until the end of the project.

Because of the urge to disburse and their increased control over the budget, the UPRU then implemented many physical improvement activities on resettlement sites and some small-scale upgrading works in the city with little regard for agreed procedures. The UPRU national Director (who was also Chief of Cabinet) placed a close relative in charge of the Project's accounting and some UN-Habitat technical assistants resigned when asked to follow the MPP's way of managing the Project. Conveniently, the bookkeeping for that period was kept extremely confused, but all activities were budgeted with much higher unit costs than any time before. Several scandals arose regarding the misallocation of funds, and one of the main NGOs supporting the urban poor was closed for allegedly embezzling funds (though it later surfaced that the wrongdoing came from the UPRU side). In fact, six months after the end of the Project, UN-Habitat could still not obtain a clear picture of its remaining funds, with possibly as much as £200,000 (15% of its initial budget) being unaccounted for. (Source: author's own investigation and communications with UNDP, DFID, and the Project.)

### 4.3 Nine years of learning-by-doing: progress and lessons

The Project's second phase had aimed to scale-up access to basic services, to improve economic opportunities in poor communities, and to develop a system of participatory governance involving beneficiaries, CSOs, local authorities, and the MPP. After four years of implementation, what did it achieve? To what extent did it build upon lessons from the previous phase?

It had indeed trained and advised the MPP, communities, and CSOs on technical approaches, long-term policies, and synergies they could develop. It also funded activities for housing improvement and local economic development. The *in situ* upgrading of informal settlements had nevertheless been minimal and most activities were conducted on relocation sites. This section summarizes the Project's impacts upon the three main initial objectives of the UPRS.<sup>27</sup>

#### 4.3.1 Objective One: Improving access to basic services

The Project aimed to improve living conditions by (i) securing land in suitable locations; (ii) developing infrastructure; (iii) developing social services; and (iv) improving disaster management.

**(i) Securing affordable land in suitable locations.** Most families living in the settlements we studied had come to Phnom Penh to find work and to provide an education to their children. To them, a "suitable" location to live had to be close to employment opportunities and to schools.

Unfortunately, the relocation sites where they were displaced were all far from job opportunities (i.e., the city center of factories). The largest settlement, Anlong Kngan, was 20 km from Phnom Penh, and most other sites were located 12 to 20 km from the city centre (see Table 4-2 p.99 and Figure 4-3 p.100). Their isolation prevented access to jobs and resulted in very high costs for the families relocated. Our study at five sites showed that 65% of residents had to commute daily to Phnom Penh to find work. Transportation took them an average of 85 minutes per day, and these travel cost alone represented 27% of typical daily expenses for a single-income household, just after food (47%), and before water (10%). Distance from the city centre also reduced access to education. Many children had to drop out until primary schools were built and in operation on the sites. And since there was no secondary school on or near the sites, older children either had to find a place to stay in Phnom Penh or forgo further education.

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<sup>27</sup> Table 4-1 p. 94 presented the indicators we collected over time to measure progress. An extensive summary of findings is presented in Table 6-2 p.151. As mentioned earlier, we collected indicators consistent with these of the 1999 poverty analysis so as to observe change over time and to feed the policy dialogue. Quantitative data are based on surveys conducted over 17 months after the beginning of the relocations. Although this is too short a time to fully assess impacts on poverty, it is long enough to assess effects on the poorest, who had short-term planning horizons because of immediate needs and had little capacity to absorb shocks. The statistical data come from two sources: (i) an extensive socio-economic survey conducted with 140 households in five relocation sites three to eight months after their creations and (ii) a shorter one conducted with 1,890 households in *Anlong Kngan* relocation site, seven months after its creation. The population of Anlong Kngan represented 48.1% of all families resettled around Phnom Penh. As most sites and relocation processes were relatively similar, we believe that the evidence from Anlong Kngan apply to the majority of the other sites developed under emergency conditions. Qualitative observations are drawn from the extensive set of data collected since July 2001 in 15 communities in Phnom Penh (we followed many who were then resettled) and resettlement sites in the outskirts of the city. Our latest visits to the resettlement sites were in 2007.

Primary data on governance collected at the settlement level concerned issues of community organization, cohesiveness, and corruption. On issues at the MPP level, we used our participant observation in the policy process, archives, and correspondence between the Project and the MPP, as well as reports by Wakely (2001) and Sharma (1999).



As a consequence, in Anlong Kngan, only 1,890 of the initial 3,631 families still lived on the site seven months after its creation. Half had abandoned the plots, which they could not survive on. And in fact, of the 1,800 remaining families, many were not the initial beneficiaries. They were better-off households who had illegally purchased plots from their initial occupants.

**(ii) Developing physical infrastructure:** The relocation sites were originally rice fields i.e., flood areas with no road access, power, water, or drainage. The Project and other donors helped provide basic infrastructure and in most cases, eight to twelve months after relocation, access to services had improved for most families still on the sites. These services were often less developed and of a lower quality than in the original settlements in Phnom Penh. The initial lack of services during the first few months particularly affected the poorest families. With much lower income than in the city, the cost of water, electricity, and transportation represented a larger part of their budget, which caused many to leave the sites and return to the city.

Water access. After three to eight months on the sites, half the households used less than 8.7 liters of clean water per person per day.<sup>28</sup> Obtaining quality ground water was not possible on most sites and people had to buy bottled water at an average of 500 Riels per 25 liters. Because of the high cost, many families used the non-potable ground water, which caused diarrhea and skin rashes, the prevalent types of sicknesses on the sites.

Drainage and sewage. No emergency resettlement sites initially had drainage or sewage systems. During rain seasons, most houses were flooded and many families left the sites. Remaining families lived among sewage and floating garbage for three to five months.

Sanitation. Despite support by the Project to build shared latrines, a year after their moves on the sites, more than half of residents still had no access to toilets. Along with the lack of waste management and drainage, this posed serious health hazards, especially after rains.

Road access. Over 80% of families living on the sites considered the roads unsafe, either because of their poor quality (they were dirt tracks among rice paddies) or of the lack of lights that made them unusable in the early morning or the evening when they needed to commute to the city.

Electricity. Only 43% of the shelters used electricity eight months after relocation (versus 80% in Phnom Penh), purchased mostly from resellers who ran small generators. The average cost per kilowatt was 1,400 Riels vs. 350 Riels in the city. Therefore, most families only used oil lamps or candles for light. Aside from inconvenience, this limited economic and social activities in communities and contributed to both insecurity and difficulty in reaching or moving around the settlements at night.

Transportation. The MPP did not provide regular transportation to the sites or facilitate the creation of locally-run transport services, and transportation to find work was a main problem.

**(iii) Developing social services.** The key services the Project aimed to provide access were decent housing, health, and education. On the relocation sites, all had to be built from scratch.

Affordable housing. During some early relocations, fire victims were given core housing kits, i.e., basic construction material to build a zinc roof supported by nine columns. This was to provide them with a basic shelter which they could later consolidate on their own. Aside from core housing though, there were not enough resources to help people produce housing adapted to their

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<sup>28</sup> In refugee camps, 7 liters of water per person per day is the minimum vital, which should be raised to 15-20 liters as soon as possible after an emergency (Office of the United Nations High Commissioner for Refugees, 2002).

needs and capacities. The UPDF did provide some loans, but the funding and technical abilities of families remained low and many could not complete their houses. Housing quality was actually a setback for many, compared to their earlier conditions in the city. In Anlong Kngan, 80% of families still lived in very low quality housing seven months after relocation, with a third still under tents. Ninety percent of the construction was directly on the dirt, 36% had no furniture at all, and another 46% had nothing but a bed. The persistent substandard housing conditions had strong negative impacts on people's health, ability to work, and sense of dignity.

The impacts of relocation on security of tenure were mixed. Relocated families were supposed to receive a certificate of occupation that they could exchange five years later against a land title. Meanwhile, they had to stay permanently on their plots, and were not allowed to sell them. Yet, if 95% of families living on resettlement sites felt they had legal proof that ensured their tenure security, a large proportion of actual victims of fires were never able to relocate or to obtain a plot. We estimated that eight to twelve months after relocation, between 50 and 80% of the victims of the fires either never received a plot or could not keep it and left the sites. Therefore, if tenure had improved, it did not benefit the people most in need who had been initially targeted.

Education. Primary education was one of the first services set up on most sites, although it often took three to six months to develop. Though it was not more expensive than in Phnom Penh, it represented a higher proportion of families' spending, as their revenues were lower. Over time, the lack of income forced many families to take their children out of school, either because they could not afford the cost or because they needed the children to work and provide supplementary income to the family. Most sites had no access to secondary schools.

Health care. After the initial trauma following the fires, health was better on the relocation sites than in many settlements in Phnom Penh. Although there were fewer health hazards in their rural environment, there was still a high prevalence of intestinal diseases because of insufficient water and the lack of sanitation. Distance further prevented access to the hospitals that provided free care. As people could not obtain care nearby, many would only seek help when their conditions became very serious. Benign illnesses would thus become major problems, running families into debt (85% of families indebted had borrowed for health expenses, which was one of the first reasons why people sold their plots.)

**(iv) Improving disaster management.** After the fires that struck the Tonle Basac, many communities around Phnom Penh organized brigades to patrol their settlements at night as there were rumors that more fires might be set to clear squatter settlements. There was, however, no support from external agencies or from the MPP to help them prevent and manage fires. On the resettlements, there were no activities to prevent or manage fire. Many sites suffered from flood because of their location in former rice fields. The problems were structural, and drainage systems were difficult to install. Better-off families coped by setting their houses on stilts or by filling in their plots. Many of the poorer families had to leave the sites.

#### 4.3.2 Objective Two: Enhancing income generation

**(i) Promoting vocational training, credit, and saving schemes, as well as industrial employment.** Over its last year of activity, the Project supported NGO-conducted training programs to give people skills to start their own small enterprises or to find employment. Unfortunately, these programs were mainly conducted in the city, and only a few families on resettlement sites benefited from them.

On the resettlement sites, most heads of household worked as unskilled workers: men were *cyclo* or *motordup* drivers and unskilled laborers, while women were street sellers. Skilled men were often masons, mechanics, or iron workers, while skilled women were seamstresses. There was little opportunity to find employment in or near the sites, and two-third of people ended up working in Phnom Penh, 13 to 20 km away. Employment rates seriously declined after relocation. In Anlong Kngan, after seven months, 21.6% of the heads of household were unemployed, while only 9% had been jobless in the city. There was also a shift toward lower-income work from their previous occupations, with a diminution of activities as motordup drivers and government employees, as many of them were forced to become unskilled construction laborers or cyclos. The “middle-class” groups were sliding down into lower income occupations.

The low and volatile income allowed the survival of families with at least two incomes, but families with a single income could not meet daily survival needs of food and water, and were dependent upon outside support. They represented 53% of the population on the sites.

The outreach of financial services to the poor also remained extremely limited. CBOs offered saving schemes, but these were mostly a token activity to show donors that communities could raise local funds as a contribution to projects. Besides, many members of the schemes complained that they could not withdraw their savings when needed and that there were many problems with poor management of the community funds (it was not uncommon for a community leader to disappear with the community’s savings). UPDF did provide loans, but most were for housing. Most families relied on loans from friends, family members, or private money lenders. The very high cost of private sources often ran them into debt traps.

As for the promotion of industrial employment, there remained no formal linkage between large-scale employers and the relocation projects implemented. Many families who “volunteered” to relocate on sites distant from the city agreed to it after they were told by municipal officials they would find work in nearby garment factories. Yet, soon after resettlement, it became clear that the MPP had set up no agreement with the garment factories. The factory managers we interviewed all responded that they would rather hire qualified workers or relatives of their employees than untrained newcomers. None of the large-scale job creation expected actually took place.

**(ii) Facilitating the dissemination of marketing information.** Little information was available in resettlement sites for people to know where they could find work or how they could work from home and sell their production at good prices. Some home-based seamstresses worked for middlemen who then sold their products to garment factories, but they were not organized to have any bargaining power with these intermediaries.

**(iii) Creating space for small businesses.** Many urban poor were self-employed. Besides driving motordups, many offered services (e.g., repairing tires, making keys) in the street or near markets. However, the interdiction to sell in the streets, more strictly enforced by the MPP because of an alleged “fear of terrorism” after 2001, forced many to stop their activities in the city or to move their workplaces to more hidden and unsanitary locations. For people on the relocation sites, this added more inconvenience to their already difficult access to job opportunities.

#### 4.3.3 Objective Three: strengthening local governance

In terms of governance, the Project had aimed to (i) improve community organization and leadership; (ii) reduce corruption; and (iii) produce and implement pro-poor development policies.

**(i) Improving community organization and leadership.** At the community level, organizations such as the SUPF, the USG and the URC had continued to set up CBOs in the settlements where they provided support for local planning. The quality of these CBOs was irregular and remained very dependent on the personality of each leader. Many leaders continued to use a system of decision-making where the person in charge extended favors to others in exchange for recompense.

The trust in CBOs that had been slowly built over the years since the mid-1990s was seriously undermined during the emergency relocations. Corruption and speculation settled in the community planning process as “free plots” became a commodity on the land-market, which leaders were selling both on the sites of origin and on the sites of relocation. Because of this and of numerous failures of saving groups, many families stopped trusting the CBOs, who also lost legitimacy in the eyes of NGOs and aid organizations as representing “the people.” In terms of inclusiveness, there was marked discrimination against the destitute, renters, and Vietnamese families in the resettlement process. While local authorities refused to provide them with relocation plots, few CBOs advocated on their favor, even when they were long-term residents.

**Box 4-4: The commercialization of saving books**

The first large fires were followed by the expulsion of families who lost their homes and the resettlement of some of them to plots far outside the city. This mainly benefited slumlords and the better-offs within the settlements who had alternative places to stay in the city. They obtained free plots on land that was not habitable, but that would be developed over the years through UN and NGO support. They would leave a family member as a gatekeeper on their plots at the relocation sites and would also buy plots from poorer families who could not stay on sites that had no service and no way to earn a living.

In some settlements in the city, new organizations then appeared that were more *ad hoc* business ventures than representative CBOs. With the mass evictions, the lists of members in community saving groups had taken on a commercial value. They became considered as the lists of “community-members” and could testify as to who was entitled to compensation in case of relocation. While these lists already excluded some of the poorest families, they quickly started to include more people external to the settlements.

A market thus developed in which some CBOs “sold” saving books to outsiders so that they could be listed as community members. Some settlements were then infiltrated by speculators who moved in, anticipating evictions, while CBOs there were losing the respect of many residents for selling off saving books. (We documented the extreme impacts of such activities in one case that showed lists of over 600 saving group members in a community where only 200 families actually lived (in Fallavier et al., 2002b).)

On the positive side, following the large-scale training of the SUPF communities by URC, more organizations and communities in the city started to adopt a Community Action Planning process that focused on action as a way to unite people, rather than merely on a prior formal organization around saving groups. When such planning process was well facilitated, it gave all community members a more equal voice in local decision-making and helped reduce social exclusion.

In terms of participation in the citywide governance process, the MPP did not take into consideration the inputs of community organizations during the resettlements, using them merely to disseminate information to people on decisions already made. Therefore, after the fires, civil society lost much of its weight in local planning and its impact on policy making was weaker in comparison to 1999, when the UPRS was designed in great part with the contribution of CSOs.

**(ii) Reducing corruption.** The 1999 Poverty Analysis had shown corruption’s disabling impact on the poor in Phnom Penh. People living in informal settlements had to pay a large proportion of their income for public services that were meant to be free and they were never sure of the

quality of service they could receive in exchange. This situation did not markedly improve after the Project.

In the settlements within the city, the police and local authorities shifted from requesting protection money against eviction to selling proofs of residence in the settlements in case of relocation. In addition, community leaders started to sell the saving books that showed membership in communities and that could help get one's name on a relocation list.

All emergency relocations were then conducted too fast and at a scale too large to ensure their effective and transparent management or the participation of beneficiaries in the process. Planning by authorities without the involvement of beneficiaries made people even more dependent of the goodwill of a few officials and strengthened relations of clientelism. Many families had to pay during the process to obtain goods and services that were supposed to be free.

**(iii) Developing and implementing prop-poor development policies.** The project did support the MPP in developing its long-term policies to reduce poverty and in delegating responsibility to local authorities. Adding to a revised Urban Poverty Reduction Strategy in 2002, UN-Habitat and ACHR helped CSOs and the MPP produce a pro-poor *City Development Strategy* (CDS), and helped draft the urban component of the National Poverty Reduction Strategy, the plan to achieve the goals of the PRSP.

Meanwhile, linked with the Project, work by Geoffrey Payne at the *Ministry of Land Management, Urban Planning and Construction* (MLMUPC) had provided new ideas to the central government on how to regularize urban land tenure. Rather than focusing on a formal view of legal vs. illegal occupancy, he showed that in practice there was a continuum of legitimacy in the occupancy and ownership of real estate, from short-term seasonal rental to long term ownership (see Khemro & Payne, 2004). His work helped the government recognize the need to grant not merely ownership titles, but a range of intermediary deeds, such as rental rights and social concessions. Following this, the Ministry ran a campaign to educate local authorities about the possibilities to finding alternative tenure agreements with informal urban communities.

The Project then supported a study on the availability of land to develop low-income housing in Phnom Penh and worked with the MLMUPC to prepare a National Housing Policy that recognized the complementary roles of self-help and market mechanisms, with the government as a facilitator to enable building houses for lower and middle-income populations (see Yap, 2001). Following a renewed commitment from the Prime Minister to support physical upgrading of one hundred urban poor communities per year by 2003, the MPP then officially agreed that communities themselves would select which settlements would be upgraded and which ones voluntary resettled.

The MPP had thus developed a set of analyses, guidelines, and official policies that sounded very pro-poor. Many of its officers had also been trained on a wide range of issues related to urban poverty reduction, decentralization, and participatory planning.

But what were the links between the lessons learned from experience of almost a decade of aided-self-help, the policies prepared, the actual activities implemented, and the long-term adoption of pro-poor public policies?

#### 4.3.4 Impacts of UPRS and ownership of institutional changes

##### *a. Impacts on poverty reduction*

The UPRS had aimed to improve the living conditions of poor communities, to develop their economic potentials, and to strengthen pro-poor participatory governance in Phnom Penh. Yet little of its initially planned activities of *in situ* upgrading were implemented. Instead, over 7,500 families were relocated to 19 sites between 2000 and 2003, most of them involuntarily, after staged emergencies. In the process, many poor families never obtained a plot on the resettlement sites while free-riders did. Once on the sites, only families who could pay usually obtained all the support they were entitled to. Then, without food, access to sufficient water, or to basic services, the poorest families often sold their new plots and came back to live as renters in squatter settlements of Phnom Penh. Many others have done the same since, and the resettlement sites are now in large part occupied by people who bought the land as a way to obtain low-cost serviced plots.

In fact, the relocations led by the MPP had opposite characteristics to these shown to work in the pilot phase: they were implemented quickly, with people unwilling to move, on land unsuitable to live on, far from job opportunities; they involved up to thousands of families at a time, breaking social ties that existed in former communities; and they did not involve beneficiaries in the planning process, ignored their claims, and rendered them dependent upon the authorities.

To date, their impact on poverty is negative and the processes exemplify more errors to avoid than innovative paths to follow. First, if activities did take place to provide basic housing and infrastructure on the sites, services arrived too late for the poor, who had no shelter, water, food, or work and had to leave the sites in the first few weeks or months after relocation. Thus the people most in need of support did not benefit from the relocations. Second, there had not been any planning of how relocated families could make a living on the sites. Without enough funding and training to support the creation of local enterprises, and without linkages to large-scale employers, many of the people displaced became even poorer in the relocation sites than they were in the city. Third, CSOs could never truly represent the people in the planning process. Under the cover of an emergency response, NGOs, CBOs, and international organizations were only involved in response to urgent need after the municipality single-handedly moved families onto the relocation sites. This weakened the mechanisms of participatory governance that had emerged since 1998, when CSOs had gained an important role in community upgrading and in the delivery of social services to the poor. Their voice had been reflected in the UPRS.

These resettlements were the main activity conducted as part of the UPRS. Within Phnom Penh, upgrading was neither conducted on a scale sufficient to make a dent in poverty, nor in a way that built a system in which communities would be empowered over their own planning processes. The commercial development of the historical core of the city for tourism had further displaced families, many taking to live in the streets or becoming renters in other squatter areas. Therefore, while poor settlements had developed mostly in the city centre until 1998, the massive relocation programs contributed to establish peri-urban zones of poverty in resettlement sites and created more rental communities in even more congested slums for victims of evictions who came back from the sites or who were never deemed eligible to relocate.

About 40,000 persons had been relocated on the outskirts of the city, and after several years, some sites had obtained access to water, electricity, schools, and health posts. Thus, some families there did live better than in the inner city slums. Yet, the improvements had little impact on the poorest, as many of them were unable to stay on the sites. Most of the people remaining on

the sites had in fact purchased plots from the poor or were not fire victims in the first place. Few of the Project's intended beneficiaries were thus reached and a large part of its resources had served to develop middle-income housing in the urban periphery. The initial beneficiaries who made it to the sites—and were still there—were hardly better-off than previously, in the city. Overall then, few concrete achievements could count as long term progress for the poor, as they had made them more dependent on a local government unable to provide them with services.

Since then, the urban poor and their representative CSOs lost most of the ground they gained in the 1990s with regard to having a say in the planning of their settlements and the MPP has shown little interest in recognizing informal settlement dwellers as rightful citizens. Resettlements by the MPP have continued and, as of early 2007, there were 43 sites outside Phnom Penh for about 16,000 families, or over 92,000 persons. Meanwhile, the municipality fabricated a myth of poverty reduction by presenting the image that it had decreased poverty by relocating slum dwellers into “new suburban communities” (e.g., see in Municipality of Phnom Penh, 2005).

*b. Impacts on local public policy institutions*

At the UPRU, policies were well-learned by a few top officials. However, this was more for public relation use than to refine and implement their knowledge. If, at the international conferences they attended, MPP officials presented a set of pro-poor policies, local authorities had not in fact changed their ways of dealing with slum dwellers through arbitrary decisions, rent-extraction, and the ruthless execution of top-down orders bypassing all written commitments.

The MPP's implementation was far from the official policy directions produced by the Project. As the resettlements sites were incrementally equipped with roads, water access, and some basic social services funded by emergency aid money, the MPP would present these realizations as part of its efforts for poverty reduction. The Chief of Cabinet would display “before and after” pictures to international conferences and unknowing donors, showing the squalid living conditions of the former slums then the neatly aligned plots on the resettlement sites, all the while praising the efforts of the MPP. He would remain silent on the fact that most people still on the sites were neither the original fire victims nor former slum dwellers.

In terms of strengthening local institutions to implement these policies, the project had trained Khan and Sangkat authorities to conduct participatory planning with communities and to coordinate some upgrading activities in their precincts. But the Sangkat-level elections held in 2002 did not make local authorities more accountable to community members, as Sangkats were not delegated much power of decision. Their roles were mainly to implement central orders from the governor, relayed by MPP-appointed Chiefs of Khan. Neither people, through voting, nor the Project—who did not receive the UNVs supposed to link different levels of municipal authorities—had much leverage over local authorities who were thus not held accountable.

To improve the knowledge basis upon which to make decisions, the Project had trained local actors in participatory action-research and advocacy. Within the MPP, it had set up a database to monitor living conditions in informal settlements citywide and to assess changes in poverty levels. It had accumulated several years of studies on what worked and what didn't in poverty reduction. In fact, the exchange of information between NGOs, CBOs, the MPP, and UN-Habitat greatly increased. Unfortunately, this did not result in more informed public decisions. For local authorities, data collection was just an administrative burden and at the MPP, the Governor still did not base his decisions on any of the results. Most CSOs got entangled in an emergency mode of reaction to fires that dictated their responses. Knowledge was not a strong basis for action.

Ultimately, the MPP's implementation of the UPRS had not tackled in depth any of the three elements of its own definition of poverty. The city now had a series of progressive, pro-poor policies, but they reflected more the views of UN-Habitat and UNDP than that of the Municipal staff, who however knew well how to use them in their favor, while continuing to promote an unrealistic model of relocation as an achievement in terms of poverty reduction. Meanwhile, the CSOs supporting the poor had been weakened rather than strengthened by the experience and pervasive corruption remained a major barrier to both poverty reduction and good governance, with private interests preventing most official policies from being implemented.

*c. Directions to understand the discrepancy between policies and actions*

This chapter analyzed the evolution of urban poverty reduction approaches in Phnom Penh in relation to the dynamics of governance that shaped its policymaking process. It related how a conflictual but improving collaboration between the municipality and the urban poor failed to transform into a long-term participatory approach to governance for urban upgrading despite an official policy to do so and the support of a dedicated project to achieve it.

But this story is not merely one of the inability or unwillingness of municipal authorities to follow up on earlier commitments. The initial hopes by the end of the Project's first phase were based on tested practices and on improved personal relations between municipal leaders and the heads of CSOs. What happened that prevented them from building upon these foundations?

The project's second phase had relied on three key assumptions to transform the policy into concrete achievements: (1) the goodwill of actors to improve the welfare of the urban poor, (2) the consistent support of aid agencies in pressuring authorities to keep up a pro-poor approach, and (3) the absence of major unforeseen events that could void a large part of the efforts.

The political stability that was expected to enable the more predictable implementation of policies and the recognition of rights to the poor had instead attracted investors with much more bargaining power than the poor over the use of the urban space they lived on. Then, the expected good faith and arm's length relation between the policy actors was absent. Instead of building trust and cooperation with CSOs and aid agencies, the MPP manipulated them to serve its own goals. Lastly, the expected political support from UNDP to ensure that central government would champion pro-poor urban policies had been overtaken by a process of petty bureaucracy that controlled the project's activities to superficially fit UNDP's prescriptions.

Today, policies, programs, and projects "for the poor" in Phnom Penh are still run, at best, of behalf of rather than with the poor. If light infrastructure is being improved in some settlements in the city, the achievements have no permanence and the poor are still largely cut from access to the public services that are central to improving their living conditions and the basis for brighter prospects. Because of entrenched social discrimination, they have not acquired the same rights as the inhabitants of formal settlements and can still be arbitrarily evicted. Over the last ten years then, although there has been some progress in improving local-level urban management and in enhancing the lives of some poor communities in Phnom Penh, little was achieved to ensure the permanency of these improvements. Activities did not secure rights over tenure and had limited impact on national approaches to tackling issues of urban housing and poverty.

How does this relate to the larger history of urban poverty reduction? Linking results to the macro evolution of policies, Chapter Five will show that the Cambodian case points to important determinants that shape the way tested policy ideas are absorbed, or ignored, by policy makers.



## Chapter 5 - Understanding trajectories of participatory urban upgrading

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## **5.0 The meaning of results: organization of the chapter**

Our initial research interest was to understand and explain the evolution of policies to reduce urban poverty in developing nations and the apparent difficulty of translating internationally agreed principles of beneficiary participation into practice. It was further to understand whether and how participatory policies formulated by aid providers were absorbed by recipient governments and contributed—or not to contribute—to long term changes in local policymaking approaches.

To explore these issues, we set out to answer three main questions: (i) how knowledge on international assistance to urban poverty reduction evolved over time and why; (ii) how the urban poverty reduction strategy in Phnom Penh unfolded and what factors were most influential in shaping its implementation and adoption; and, based on these results (iii) what factors then seem to promote or to hinder the adoption of participatory approaches to urban upgrading.

The preceding chapters have presented policy stories at the macro and micro levels, retracing how policies and practices evolved, thus answering the initial parts of questions (i) and (ii). This chapter now extracts the reasons for that evolution—or lack thereof—in policies and practices. It does so by first explaining the development of the international discourse on urban aid, then by deciphering what influenced the policy process in Phnom Penh, and third by extracting the bridging elements between the global and local policy stories that explain the overall trajectory of policy recommendations and their implementation in participatory urban upgrading.

### **5.1 Explaining the evolution of international policies and practices**

A striking element in our historical review has been the recurrence of ideas and recommendations. To reduce urban poverty, international development agencies have long recommended a mix of three approaches: Using local resources, enabling markets to deliver housing and services, and strengthening people's and government's capacities to help themselves. Yet, if experience has shown that the urban poor could efficiently participate in all three components, and although human resources represent the main asset of poor countries, popular participation in urban upgrading is now only weakly supported by these aid agencies. Given that no tested alternative has yet discredited these low-cost methods, we wondered why international aid agencies did not seem to learn more from the positive experience of participatory upgrading.

To answer this question, this section presents key elements that competed over time with lessons from experience in shaping the evolution of international approaches: (i) the lack of historical hindsight of some policy recommendations; (ii) the conflicts of frames and the changing balance of power between aid agencies over time; and (iii) the intrinsic opposition between the dominant cultures of aid providers and the characteristics of successful participatory upgrading schemes.

#### **5.1.1 Lack of historical hindsight**

We saw that the use of self-help in housing policies and urban poverty reduction has a much longer history than depicted by the mainstream literature used by some key urban aid agencies. By the early 1950s, planners, policymakers and academics had therefore already built a sound technical knowledge on what worked to improve the housing and living conditions of low-income urban dwellers. This knowledge was reinforced by further lessons from the 1950s and 1960s. Logically, by the end of the UN First Development Decade, it is the issue of how to promote the long term adoption of these proven technical practices that should have been on the forefront of the agendas of aid agencies.

However, that issue was sidelined in the 1970s when the World Bank took over the leadership of urban operations. The Bank largely ignored past experience and reinvented technical lessons on participatory upgrading without reflecting on what determined their adoption by the governments receiving the advice. In the 1980s, when aid agencies stumbled again onto the question of how to scale-up small upgrading programs, rather than trying to answer some of these institutional issues, they turned toward another development model of policy support, the SAPs.

We can first explain this lack of interest for the history of tested practices by reviewing the low visibility of some of the pre-1970 writings. The UN was in fact not efficient in pushing for the dissemination of lessons from its own projects or from these of the other urban agencies. During the 1960s, while it repeatedly called for the creation of centers to research and exchange knowledge on low-cost housing techniques (see United Nations, 1961b, 1966), it did not manage to create any such center. Some of the early lessons were either not widely disseminated because they were in reports that belonged to the governments for whom they had been produced. In fact, until the mid-1990s, many reports from the World Bank and the UN were considered confidential, to be shared only between the aid agency and the loan/grant-recipient government. This included project evaluations that were supposed to help improve later practices. It was only in the 1980s that some lessons on urban projects from the 1950s and 1960s were reprinted, such as the work conducted by Charles Abrams and Otto Koenigsberger for the UN in the 1950s and 60s (for instance, in dedicated volumes of *Habitat International* 1980: 5(1-2) and 1988: 12(3)).

Further, some practices of participatory upgrading may just not have been considered by international agencies as they did not seemingly relate to the developing countries of the time. They covered, for instance, the post-World War I and II reconstruction experiences in Europe. Many were not published in English, which further limited their use by mainly US-based agencies.

Second, the type of literature used by development practitioners also explains the lack of historical savvy in their reflections. By default, their analyses of projects and policies tend to consider the current approaches of their own agency as cutting-edge, thus not looking beyond these views. The incremental knowledge they produce is often based on quantitative analyses that provide a limited capability for learning from the past (quantitative studies of poverty tend to be snapshots, which can hardly compare with past data, because of evolving methodologies). At the Bank, this lack of memory and disregard for lessons from other development agencies was in fact clearly visible from its first main analysis of urban issues (1972), which repeatedly—and erroneously—mentioned the lack of academic and practical expertise in the field of housing (pp. 6, 35, 56). Similarly, in 1974, its policy paper presenting sites and services as a main solution to housing problems (World Bank, 1974) made no reference other than to the World Bank's work, started two years earlier. We however showed that the similar Puerto Rico Ponce program of "*slums upgrading and land and utilities*" had been used as an international model starting in the 1940s.

Their literature is often more practical than theoretical and avoids taking critical views of projects or policies underway. The teams who have run projects for years (and at times built careers on them) have entrenched interests in showing positive results and by the time research reports become policy documents, they are cleared of facts that may embarrass aid agencies or governments. These documents are also often self-referencing, with each agency quoting its own work, which does not promote critical thought or historical views going beyond the latest development fad. But overall, although both the UN and the World Bank conduct quality research, their results are rarely used in designing projects. There remains a wide gap between research, policy, and project design and the actual implementation of recommendations.

However, knowledge is not bound only to “the literature,” and a human factor should have been part of the dissemination of past practice. We showed that a relatively small and cohesive group of experts ran the urban housing programs of international development agencies from the 1940s to the 1960s. Early on, the British Colonial Office and the US Government had a relatively balanced view of the elements needed to improve urban living conditions (including participation, markets, and government) and actively worked together. They passed these lessons to the UN during the 1960s, and the organization built upon them. In fact, we noted how their leaders, Atkinson, Crane, and Weissman, had coherent and complementary approaches to housing policies.

From the early 1970s though, when the World Bank took the leadership of urban housing from the UN, it did not take along any of the earlier lessons and instead set out to re-discover them. By the mid 1980s, independent of the results from its own lessons on participatory upgrading, it then changed its approach again to adopt a market-based development discourse. This leads us to look beyond lessons from experience and access to knowledge to other forces that influence the shifts of policies in aid agencies.

### 5.1.2 Conflict of frames, power struggles, and role of development fads

While until the late 1960s the dominant aid agencies shared relatively similar views of the goals and means of development, when the World Bank arrived on the urban scene, it brought a different approach. Diverging views about development, and changes in the balance of power between aid agencies since then help explain the drive away from a focus on participation, and from the project-approach in favor of macro-level policy adjustments.

#### *a. United Nations: the challenge of jointly promoting self-help and central planning*

Since 1959, the UN has passed numerous resolutions to help reduce urban poverty by assisting governments in designing pilots for participatory upgrading, while also preparing national development plans supportive of low-income housing (United Nations, 1959a, 1960, 1961a, 1965).

However, as time went by, the initial aim of promoting human development through the slow formation and autonomous replication of self-help housing groups lost prevalence under the pressure to find large-scale responses to the problems of an ever-growing urban population. In practice, the double-track approach of participation within State control waned in favor of large-scale rationalized planning, the development of prefabricated housing technologies, and the training of municipalities in the planning techniques of developed countries.

By the end of the *First Development Decade*, the UN then had to recognize that national development plans rarely considered urbanization and that limited progress had been made in building housing and reducing urban poverty (e.g., only two to three acceptable new dwellings had been built per 1,000 inhabitants each year, in contrast to an initial goal of ten per 1,000.) In its directions on urbanization for the 1970s, the UN thus had to reiterate a call to develop urban strategies that would cover physical, economic, and social issues, as well as set up housing-finance agencies. Again, it urged states and aid agencies to use not one, but a series of approaches to improve the construction industry, develop saving and credit mechanisms, and expand the building of low-cost housing through public, private, and self-help programs (United Nations, 1969, 1970).

In 1972, seizing upon the opportunity offered by the World Bank’s new interest in urban housing, the UN then suggested that the Bank provide a large share of the seed funding needed by governments to develop domestic housing finance systems (United Nations, 1972). By doing so, it acknowledged its lack of financial capacity and political leverage to get physical projects im-

plemented, and it turned over to the Bank the task of concretely tackling urban housing and urban poverty issues. After that withdrawal from the front scene, and even though the ideas it defended have remained consistent since, it never regained a strong influence over the policies and projects of governments and could only follow the trends set by the World Bank.<sup>29</sup>

*b. World Bank: understanding development through an economic frame*

The World Bank was conceived in 1944 to finance economic development, with the view that growth through commerce, industry, and agricultural production would lay the foundation for lasting peace and democracy. During the 1950s, its economists believed in the intervention of the state. They considered development a top-down, supply-led process in which the Bank would lend to governments to finance their economic infrastructure. States would in turn prepare and implement national development plans to promote industrialization, modernization, and economic growth. The wealth accumulated would trickle down to benefit all, and the Bank saw no need for projects to redistribute the results of growth (Zanetta, 2001). It was only in 1976 that the Bank acknowledged that “poverty reduction,” as understood in terms of fair redistribution and not just economic growth, was in fact a goal of development (see World Bank, 1977: 16).

The Bank’s support for self-help in housing projects—though apparently influenced by Turner’s people-centered views of development—was based more on the grounds of economic efficiency than of social equity (Harris, 2003). While Turner advocated for participation as a goal of political liberation from the disabling control of central planning (e.g., in Turner, 1969), participation in the Bank self-help programs was essentially instrumental to rationalize the use of existing resources. It was to use the capacity of beneficiaries to pay for the project rather than to give them power of decision in the local planning process. In a 1980 review of its housing strategy, the Bank justified urban participation *a posteriori* mostly from an economic perspective:

*Without community participation-or consultation with potential residents of new sites-it is unlikely that cost can be recovered. [...]The greatest effort possible has been made to ensure that beneficiaries will pay for the services that they receive because requiring that they do so has been judged a critical factor in ensuring the replicability of low-cost solutions to the problem of providing shelter (Churchill et al., 1980:12).*

We should note that if the Bank did not value the notion of political empowerment of the poor at first, it did recognize it later (see Paul, 1986), but always remained hesitant about how to include it in practice in its projects. As an example, by the mid-1990s, acknowledging the negative impacts structural adjustments had on the poor, and based on extensive research on the importance of giving the poor a voice in the local planning process (see Isham et al., 1994), it launched social funds. These were to support small development projects led by the recipient communities. However, the “participatory approach” soon fell in the same trap of instrumentalizing recipients who, this time, were delegated the administrative burden of running complex Bank procedures (see Ellerman, 2001; Tandler & Serrano, 1999). Again, starting in the late 1990s, the Bank did show its recognition of the importance of participation and this time even of “empowerment” (in Yusuf & World Bank, 1999), but it remained uncertain about how to promote it in practice.

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<sup>29</sup> It reclaimed some clout by 1997 when UN-Habitat took over the Urban Management Program to support governments in implementing the *Habitat Agenda*. It still suffers from a lack of resources and remains dependent on funding agencies to implement its recommendations (see United Nations Human Settlements Programme, 2003c).

c. *The role of development fads: Structural Adjustments*

Independent from why aid agencies initially supported participatory upgrading, after the first decade of Bank investment there were positive assessments of the approach, both from community planners and from economists, who underscored the potentials of participatory housing projects—*especially in situ upgrading*—to become main tools of urban poverty reduction in the long-term. These projects were the bases needed to enable recipients—whether communities or local governments—to take over their own development process with minimal external support.

In fact, key urban specialists within the Bank (e.g., Cohen, 1983; Keare & Parris, 1982) were as positive as non-Bank analysts (e.g., Laquian, 1983b; Payne, 1984; Swan et al., 1983; Yap, 1984) regarding the merits of participation in housing programs. Their evaluations mentioned that many of the higher-than-expected costs and inefficiencies observed were due more to the Bank's project implementation procedures than to the characteristics of self-help. Even the Bank's reviews and recommendations, based on the economic costs and benefits of participatory approaches (see Buckley & Mayo, 1988; Mayo & Gross, 1985), supported the use of upgrading, sites and services, and advocating for the improvement of project implementation mechanisms rather than for the abandonment of the approach.

*The conclusions of the detailed evaluation [of the El Salvador, Philippines, Senegal and Zambia projects] have confirmed that the experiment embodied in the first generation of Bank-supported urban shelter projects has been remarkably successful. The validity of the progressive development model has been established. Self-help construction methods have been relatively efficient. The impacts of projects on the housing stock have been generally greater than anticipated. The projects have been affordable—and generally accessible—to the target populations. Those measurements which have been concluded indicate that the projects' impacts on the socio-economic conditions of participants have been in the directions expected. And, notably, the projects have not had negative impacts on expenditures for food and other basic necessities. [...]*

*An analysis of projects' successes and shortcomings supports recommendations that future projects endeavor to push standards and costs still lower, include explicit provisions and opportunities for rental arrangements and incorporate credit provisions more nearly tailored to the needs of targeted families. (excerpts from Keare & Parris, 1982)*

The disengagement from participatory urban upgrading was only weakly related to findings on their appropriateness. Rather than lessons from project results, it is an overall change in the development paradigm that motivated the reorientation of development aid. Following the fall of Communism, neoclassical economists promoting the role of markets were taking the upper hand in the International Finance Institutions. The Bank followed their views and urban policies became single-handedly influenced by the structural adjustment paradigm.<sup>30</sup>

Coupled with a heavy inertia to learn from practice and with a tendency to follow pressures from its board of directors, the lessons from experience did not result in breakthrough thinking or in much change in practice. They merely reinforced old models discarding the value of states and of micro-scale efforts, and resulted in the premature abandonment of participatory upgrading without ever fully supporting it according to documented good practices.

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<sup>30</sup> This view is in line with the demonstration McCarney made (1987) of how policy fads, rather than the evaluation of facts, had specifically directed the Bank's divestment from sites and services projects.

### 5.1.3 Mismatch between values and procedures of development aid

Aside from lessons derived from experience, disciplinary frames, and broad ideology shifts, a large part of how decisions are actually “made” is through their implementation. Both for aid agencies and for governments, existing administrative structures and the viscosity of entrenched practices are strong determinants in redefining the meaning of participation in practice.

#### *a. An emphasis on sites and services rather than in situ upgrading*

One element to understand the Bank’s divestment from participatory urban projects is that its economic analyses of costs and benefits assessed the activities that had been convenient for the Bank and governments to undertake rather than the ones that epitomized participatory upgrading.

The early experience of successful programs to improve urban living conditions had emphasized the role of *in situ upgrading* (Crane, Arneson et al., 1944; United Nations, 1964a; United Nations Mission on Tropical Housing, 1952). However, the Bank and recipient governments invested mainly in sites and services projects. From 1972 to 1987, these represented 58.8% of the new loans, while slum upgrading projects were only 8.2% (see footnote 11). This was partly because the characteristics of sites and service better matched the operational procedures of the Bank’s and of governments’ bureaucracies than those of *in situ* upgrading. They were large-scale, standardized, and seemingly easier to control than the messy incremental improvement of slums.

Sites and services were, however, less adapted to reduce poverty than *in situ* upgrading. They created new settlements, often far from city centers, which disrupted rather than strengthened the social infrastructures and livelihoods of communities. They were not very open to popular participation, aside from cost-recovery. They often employed engineers to design the large settlements and provided work to outside contractors to build standardized housing schemes rather than using and strengthening the capacities of local community members. They were therefore costlier than upgrading, while not supporting local capacities to the fullest extent possible.

Their inadequacy was further exacerbated by the unwillingness of many governments to adopt the minimalist types of schemes that were affordable to the poor. A proven approach to offering affordable sites was to provide empty plots with “wet cores” (a pit latrine and access to water, usually shared between several families). People would construct their shelters with material recycled from their old houses and would consolidate their houses over time, when they could afford to buy bricks and mortar. However, politicians who did not want to be viewed as sponsoring “villages of toilets” or the settling of “planned slums” outside cities tended to modify the projects to produce more elaborated sites than initially planned and to build houses typically overpriced for the poor. Politicians also had other yardsticks other than merely proven technical practices to decide on project beneficiaries. Prior to elections, they would use projects as political showpieces to raise their constituents’ expectations of the availability of public housing, would reward allegiances, or would subsidize housing to civil servants rather than try to reach the urban poor.

Many of the housing schemes implemented hence widely differed from their initial objectives of supporting low-income communities to control their development processes and to revive their local economies. The sites-and-services were of higher standards than what the poor could afford, and were accordingly slow to occupy, costly to administer, and had low cost-recovery rates. Although they provided security of tenure, they often fell short of extending services, were situated far from employment opportunities, and were unable to attract or retain the poorer who, because of distance to jobs or services, would often resell or abandon their plots (Laquian, 1976).



b. *Rigid procedures vs. the need for adaptation*

With the preference for large-scale standardized projects came procedural requirements that were also incompatible with grassroots participation. The huge size of the Bank's early urban self-help projects (averaging \$76 million each from 1972 to 1986) required recipients to have the capacities to spend large resources while managing complex financial procedures. This was impossible for relatively informal community-based organizations. The Bank favored working through well-staffed implementation units and large contractors, rather than through CSOs, which defeated much of the project's intention. It provided limited employment to local dwellers and took responsibility away from local communities, thus failing to commit residents to the maintenance of the realization that did not really "belong" to them. It did not give them the chance to gain the experience necessary to plan and implement further collective action by themselves.

In fact, since the Bank's creation until the second part of the 1990s, all projects it supported followed a formal procedure—or *project cycle*—of six sequential steps: (i) the identification of a development activity to undertake; (ii) the preparation of the project's technical, financial, and institutional aspects; (iii) the appraisal of these arrangements, (iv) the negotiations of measures to implement the project and the approval of a loan agreement, (v) the implementation of the project by the borrower supervised by the Bank, and (vi) the evaluation of the project (Baum, 1978). This rigid cycle was grounded in an engineering tradition of infrastructure works, and a similar approach percolated from the large-scale projects down to community-level activities. There was scarce space in that cycle to integrate the participation of beneficiaries.<sup>31</sup>

Other major aid agencies have generally adopted a similar approach, which follows standardized procedures to manage projects and to report on their achievements. These procedures are yet often constrained by needs internal to the agency. The Bank, for instance, is a credit institution before anything else. Project managers process loans and the "timely disbursement" of funds is a key point both in their personal evaluation and in measuring the success of projects.<sup>32</sup> This approach of efficiency in project management trickles down to the procedures used for small, supposedly community-led projects (for examples of procedures, see Campbell, 1985). They tend to be oriented toward ensuring the timely disbursement of funds according to an initial schedule and to following *pro forma* reporting rather than to adapting to the complexity of implementing small-scale programs. This is in sharp contrast to the needs for participatory upgrading to be locally designed and led, to be flexible, and to require a minimum of regulations and administrative procedures, while encouraging a maximum of local participation in the planning process.

Community participation thus faced important barriers for the aid technocrats and politicians to adopt it on a large scale. Communities, government, and aid agencies constantly faced institutional barriers in adapting to goals and procedures that seemed to oppose each other. These resulted in sites and services projects "redesigned" through implementation to accommodate the

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<sup>31</sup> It is only by the mid 1990s that the Bank acknowledged some limitations of its project-cycle in ensuring that loans actually served a development end. It then recognized that it did not involve the genuine participation of borrowers and therefore their commitment to necessary reforms; that it did not consider risks external to the programs or projects; that it promoted insufficient training; and that it did not allow project designs to adapt rapidly to changing conditions during their implementation (Picciotto & Weaving, 1994).

<sup>32</sup> Since it takes years to evaluate the development impacts of projects, the main indicators of achievement for managers is the extent to which they meet initial project objectives in terms of disbursement (spending the money according to initial schedules), and of the delivery of concrete realizations (e.g., buildings, or infrastructure), much favored to soft activities (e.g., community organizing or policy work), which leave little quantifiable traces.

*modus operandi* of aid agencies' standardized large-scale projects, of government bureaucracies, and of short-term political aims. The projects then often ended not reaching the intended beneficiaries (Bamberger et al., 1982; Cohen, 1983; Keare & Parris, 1982; Laquian, 1976).

What made self-help projects successful—informality, flexibility, and political support in favor of disenfranchised people—was in fact not only opposed to the Bank's operating procedures, but to the values and views of efficiency that underlay them. The Bank considered the standardization of projects as a key to their later replication on a large scale and was concerned about developing and applying sound managerial procedures.

Meanwhile, there was little concern in the cycle about the institutional environment in which projects took place. The responsibility to sustain projects over time was that of the borrowing governments or public agencies, not of the lender. There was, therefore, no explicit analysis and planning of how to accommodate political factors—such as elections or the imbalance of power between illegal squatters and municipalities—to promote lasting institutional change so that practices could become part of a mainstream approach to public management in the long term.

On the international scene, we just showed how a conflict of views over the meaning of development over-shadowed the relevance of lessons from experience. This, in turn, points to two dilemmas with regard to the meaning of participation in urban poverty reduction. The first is conceptual. It opposes two understandings of the nature of urban poverty and its responses as economic vs. social issues. Economists perceive poverty in terms of income or consumption levels and seek solutions that should result in higher income or consumption. Social and political approaches instead consider poverty as a situation of exclusion and promote solutions of a political nature to give a voice to people. In practice, this conceptual opposition translates in constant struggles between agencies promoting technical fixes vs. agencies supporting political enablement. They each define participation in different terms, though they rarely recognize that. This opposition forms the basis of the second dilemma, which analyzing the Cambodian case will clarify. In countries where non-elected, foreign agencies have an important say in the development of policies, there is an intrinsic opposition between solutions that follow the rational logic of external agencies vs. others that respond to the local forces of political bargaining.

## 5.2 Explaining the policy trajectory in Phnom Penh

In the Phnom Penh story, why did a strategy based on practices that had established their value during the Project's pilot phase fail to scale up and to become a mainstream approach to poverty reduction in its second period? We answer this question starting with the most visible reasons, then moving to the least intuitive. First, a change of the environment in which activities unfolded; second, the inability of the participatory strategy to make up for the power differences between the municipality and representatives of the poor; and third, the inconsistent support of key agencies to local actors.

### 5.2.1 Uncontrollable changes in the policy environment

During the Project's initial phase, despite difficulties working with the municipality, UN-Habitat had been able to capture a good share of the MPP's attention as there was no "competing" activity in the city. The infrastructure projects in the pipeline for years had been suspended, awaiting the return of political stability. In turn, the lack of infrastructure and the political volatility had kept foreign investors at bay. But, by the start of the second phase competition had moved in. Political stability had returned following the 1998 general elections, and with it foreign investors were gradually coming back to invest in the garment and tourism industries around Phnom Penh.

At the same time, the MPP was regaining some power of decision, as its Governor had been confirmed by the Prime Minister and five Vice-Governors had been appointed. The Governor wanted to beautify the city, which involved clearing many areas where the urban poor lived. To attract investors, he had then obtained loans to rebuild the road network, install a citywide drainage system, and expand coverage of the municipal power, water, and waste management services.

As the second phase of the Project progressed, several programs were launched to physically redevelop the capital. The ADB built roads, drainage systems, and dikes; the World Bank improved the water supply; and the French bilateral cooperation agency helped create a master plan to guide the city's growth.

Unfortunately, these projects had no link with the pro-poor system of governance that UN-Habitat was trying to set up. Though some infrastructure improvements programs were directly displacing informal communities, they did not collaborate with the Project or with the CSOs supporting communities subject to relocation. The ADB did resettle families living on the dikes it was rehabilitating, but this was conducted with no connection to the other resettlements. Moreover, the relocation guidelines that the ADB used involved high financial compensation that no municipal project could match. It thus conducted relocations that seemed to work, but that could not be replicated, and that further confused the MPP as to why the UN did not want to use massive relocation. The master plan project, though run from within the MPP by its *Bureau of Urban Affairs*, performed no active coordination with the UPRU and its poverty reduction plans. It then missed the opportunity to help plan for the development of low-income housing areas in and around the capital. Meanwhile, its top-down process of decision-making strengthened the view that technocrats and politicians alone were to decide how the city could develop. As for World Bank projects, their main concern in terms of "participation" related to cost-sharing. The only time their teams contacted the CSOs working with the urban poor was to ask them for support to "convince" families living above water lines that had to be rehabilitated to dismantle their shelters and move away (a support they did not obtain...).

To the Governor, these development projects were important to rebuild Phnom Penh's attractiveness. For all levels of municipal staff, they bore promises of salary supplements and informal commissions on construction contracts. (It was common practice for aid agencies to supplement the very low salaries of civil servants working on their projects. These agencies then often competed for the allegiance of staff members by offering the most attractive supplements.) These infrastructure activities naturally gained more of the Municipality's attention than work on upgrading projects, and they relegated poverty reduction to a secondary priority.

Within this rapidly changing environment, the UPRS relied on families having security over the land and dwelling they occupied. The Project had indeed counted on the MPP to grant security of tenure and rights to service to the urban poor, following the Prime Minister's engagement of 1999. Yet, the Governor showed no interest in regularizing tenure. Meanwhile, the growth of the tourism industry further threatened the settlements located along the riverside, on land that had taken high commercial value. Through all types of commissions, investors could enlist the support of central government officials and of the police to acquire and clear land, independent of whether people lived on it or of its legal status. Since this was *State-public* land, the MPP could legally reclaim it without compensating displaced dwellers. It would still breach its UPRS agreements, but this would be sanctioned by a National Law that overruled municipal engagements.

The MPP in fact conveniently used the lack of legal framework and the ambiguity of interpreting land rights to its advantage. Even the 1999 declaration from the Prime Minister on recognizing the legitimate existence of squatters—a political commitment the Project used to support its activities—was not formalized legally. There was, therefore, no legal engagement to provide rights of tenure to informal settlements nor government funding to their upgrading. This meant that settlements initially upgraded could easily be destroyed and their inhabitants displaced, if authorities wanted to do so, and that most upgrading activities depended on donor support. It gave the MPP considerable leeway to justify the removal of some communities.

Paradoxically, the return to peace and the political "stabilization" of the country had perverse effects in terms of the quality of urban governance. The investments they attracted were more important to the municipality than its policy engagements to the poor. Meanwhile, although the MPP had not gained much decisional autonomy from the central government as an organization (still being unable to raise funds on its own) at a personal level, its top officials had gained some financial self-sufficiency through the salary supplements and the rents they extracted from the large infrastructure and the commercial development projects. The main decision makers at the MPP therefore did not financially depend on the Project, and UN-Habitat had little financial leverage to entice them to deliver on their UPRS commitments.

### 5.2.2 Constraints to decentralization

The Project had aimed to experiment a mechanism of participatory planning for local development activities between communities, CSOs and municipal authorities. It was to be coordinated by CDMCs at the Khan level, and later further decentralized to the Sangkat level. Interactions between these levels and the centrally located Urban Poverty Reduction Unit were supposed to produce a pro-poor system of decentralized urban governance. However, the changes confronted a power structure favoring a top-down decision style ruled by an ingrained code of clientelism.

a. *Lack of central commitment to decentralization*

Strengthening the abilities of local authorities was part of *SEILA*, a countrywide program training officials from the national to the district levels to plan for the best use of foreign aid, and to be responsive to the need of their local constituencies. In rural areas, *SEILA* had started such decentralization, starting in 1996, and had partly achieved devolved planning authority to *Commune Development Committees*, equivalent to the CDMCs.<sup>33</sup> Consistent with that approach, the Project was the first urban attempt at formally involving citizens in the local planning process.

However, Phnom Penh being the national center of political and economic power, decentralization had more at stake there than merely delegating a technocratic power of decision. For high-level municipal officials, letting go of the ability to decide meant losing a sizeable share of the rents they extracted from investors and from the public to issue authorizations and privileges.

At the central level of the MPP, there was a strong resistance to letting go of decision-making power and to adopting a work ethic based on merit, the delivery of quality services, and the respect of the law. Appointments in the civil service were not based on skills, nor on the results of votes, but on affiliation to political parties and on the ability to buy a post. Once in the position, officials had to recover their initial outlay through earnings from their discretionary use of power.

In a system where everyone had to extract rents from the less powerful to pay the higher ups, the Governor himself had to pay off the post he had obtained from the Prime Minister by regularly contributing to fund the CPP's operations that maintained Hun Sen in power.<sup>34</sup> He then strictly controlled the entire municipal administration, including the Chiefs of Khans and Sangkats through his ability to grant or withdraw favors. As all lower levels under them, the UPRU team members, headed by the MPP Chief of Cabinet, thus believed that they were to follow the Governor's orders to the letter. They did not feel bound to any formal "outside" policy agreements or to any of the UN procedures that ran the Project, especially its rules for budgeting, procurement, and financial management. In terms of planning process, "participation," "transparency," and "good governance"—elements that were the core of the Project—were as well only secondary to what the Governor could decide on the spur of a moment (such as the arson of *Block Tampa*). To him, the UPRS, as most other written plans, regulations, and policies endorsed by the MPP, was little more than a way to keep foreign aid agencies content and funds flowing in.

In such logic, the "burn-and-displace" approach was a convenient way for the MPP to bypass the participatory policymaking process—which they felt was donor-led—and to return the relation of power in its favor while officially keeping face. In the eye of the majority of (non-poor) urban dwellers, the MPP's response to "accidental" fires indeed looked appropriate and well-intentioned. According to the official announcements, fires had made thousands of families homeless and the MPP promptly provided them free resettlement, allegedly with housing and access to services. Meanwhile, the process was clearing some public areas for the redevelopment and beautification of the city. Against this presentation of reality, well-reproduced in newspapers, who could justify delaying aid based on vague principles of participation while the MPP—as representative of "the people"—was acting in the best public interest?

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<sup>33</sup> Pagaran (2001) has analyzed the relevance and success of *SEILA*.

<sup>34</sup> Indeed, he also had had to pay off the opposing FUNCINPEC party, who should have placed one of its own senior members at the head of Phnom Penh, one of the most lucrative positions as a Governor in the country.

*b. Power imbalance between public policy actors*

At the level of local authorities, in response to delays in the UN Project, ACHR had taken over the creation of the CDMCs. In a bold move, it inaugurated CDMCs in the city's seven Khans in a single week while the Project had initially planned on their gradual piloting. Rather than adopting a phased approach to test and refine its support mechanism, during the inaugurations ACHR promoted the view that the CDMCs should not depend on standardized rules and regulations, but rather design their own operating procedures in a cooperative, learning-by-doing approach. However, this flexible participatory approach to planning faced the rigid decision-making process officials were used to, and did not account for a huge power unbalance between "partners."

When the CDMCs operated, there was little of the expected arm's length relation between local actors. In an authoritative structure of governance, chiefs of Khan always dominated. They refused to attend CDMCs unless they chaired them, though they knew that the control they exercised over the meetings prevented candid exchanges with CSOs, who were often trying to defend communities oppressed by authorities. Then, discussing the social problems or lack of access to public services of poor communities, and finding ways to provide locally adapted solutions made little sense to Khan chiefs. It was not an issue of training, but one of entrenched habits. Patronage and dependence made rational sense to them; the free extension of public service did not.

More important than technical or financial issues, a deep clash of beliefs over the role of public authorities prevented the devolution of power from occurring. Promoting the participation of the poor in the city's planning process relied on a consensual delegation of decision-making power from central to local authorities and to communities, but Khans and Sangkats had prevailing values, goals, and methods opposite to the ones promoted by the Project. They ruled through discretion and held power thanks to political patronage. The view of delivering services to all in a fair and transparent manner threatened that discretionary power which was the main attraction of their jobs. Although UN-Habitat sent many local officials for awareness trips to neighboring countries to witness the benefits of empowering the poor to solve their own problems, very few of them ever applied the lessons they had learned once returned to their fiefdoms.<sup>35</sup> Delegating any decision power down to the poor themselves was the utmost challenge in a régime where few citizens dared to openly claim any right to change an engrained system of patronage.

That unbalance of power between "the poor" and municipal authorities is a key element in explaining the inability of a participatory approach to development to take hold in the city. It should not, however, have come as much of a surprise to any of the actors. Even for agencies not privy to the daily operations of the municipality, the analyses produced by the end of the Project's pilot phase had pointed to these issues. Nationwide, a reason for the heavy presence of UN agencies and for the existence of a local civil society was, in fact, to weigh in favor of the poor in their relations with authorities. In Phnom Penh, this is why UN-Habitat and DFID had wanted to include external supervision in their Project. Why then did the UN or civil society fail to weigh in more to redress the imbalance of power? The next section looks into the influence that the ir-resolute support from aid agencies and the CSOs had over the implementation of the poverty reduction strategy.

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<sup>35</sup> A notable exception was the head of the Bureau of Urban Affairs, who, when he returned from a short training course at MIT, helped link some of the city's embellishment projects he was working on with the social and economic development of the squatter communities on the sites.

### 5.2.3 Diverging views and weak support from facilitating agencies

#### *a. Dissentions among UN agencies*

The evaluation of the Project's first phase made clear that the MPP needed outside support to design appropriate project and policies, to enforce the respect of basic human rights, and to limit corruption during implementation (see Arghiros et al., 1998). UN-Habitat and DFID had wanted a senior international advisor to provide such support. UNDP had yet strongly opposed this, as it wanted the Project to adopt the same approach of national execution as SEILA.

Furthermore, UN-Habitat and DFID believed that the Project's goals were as much to promote the rights of squatters to be recognized as citizens as to help them concretely improve their living conditions through building drains, toilets, and roads. They therefore supported the fact that the STA should defend the cause of squatters, even when this involved confronting the MPP. In this again, UNDP had a different view. It coordinated a range of programs nationwide and did not want to jeopardize already tense relations with the Government for a single project. Despite supporting human rights, it was trying to maintain cordial relations with the MPP and did not want implementation "details" to prevent the Project from being nationally executed.

Initially, UNDP therefore did not want to take a frontal approach against the MPP about the respect of rights and the importance of reducing corruption. To that end, in 1999, it first vetoed the publication of the poverty analysis that pointed out how the roots of persistent poverty in Phnom Penh were corruption and human rights abuses, and wanted to downplay it in the new phase. During the Project's second phase, it then delayed the hiring of its STA, and later dragged its feet reacting to the burning of the settlements, and to the violent displacement of their inhabitants.

During its implementation, the Project thus did not receive the support it expected from UNDP in pressuring the government against human right abuses, corruption, and bad governance. UNDP neither helped strengthen the decentralization of power. This was in part because it thought the SEILA model should simply be applied in Phnom Penh, with no need for a separate agency (i.e., UN-Habitat) to support the process. It hence never provided the UN Volunteers expected to support the CDMCs, since after the 2002 local election, it wanted power to be delegated to the Sangkats rather than to the Khans and favored mass-training (there were 76 Sangkats) over hand-holding (the way it was planned to support the seven Khans).

Since UN-Habitat was under the control of UNDP, which represented the UN in front of the Cambodian Government, its role then became limited to that of providing technical answers to emergency needs as they arose, rather than of enabling the Project to develop long-term support to communities claiming their rights to receive public services, like any other citizen.

Underlying these tensions, again was a difference in power between agencies. In its role as coordinator of UN projects, UNDP considered UN-Habitat as merely a technical assistant and DFID as a funding agency. It did not value their experience in understanding the local context of implementation and in contributing to adapt the project to evolving conditions. In that line, UNDP insisted on "National Execution" more for an internal reason than as the result of proven capacities from the MPP. As proof of the success of the transfer of power from the UN to the local polity, it wanted to show that it could oversee programs directly administered by local governments without "technical" intermediary agencies. It also failed to conceive that it was legitimate for these agencies to take a political stand against the government, which was the turf of UNDP.

These inter-agency disputes had a very detrimental impact on the Project's activities and on its ability to improve the local governance structure. UNDP wanted to control the procedures of the project, but did not want to get involved in applying the political pressure needed at specific times. This led it to ignore opportunities when it could have influenced the municipality in reorienting its activities towards the UPRS' initial goals.

For instance, this happened after the fire of Block Tampa and the publication of criticisms on the relocation process. Facing a mounting public outcry, the MPP was showing signs that it could shift its approach away from forced relocation. In fact, it started negotiating with the leaders of Block Tampa and opened talks with private investors on land sharing deals that would avoid the eviction of residents. Until then, although it had been aware of the nature of the fires, UNDP had not publicly acknowledged their deliberate nature and the fact they grossly breached the UPRS. It was concerned about how to get back on track with the Project's process of participatory *in situ* upgrading and decentralization. Seizing the opportunity of the MPP potentially changing its approach, UNDP could have proposed ways to redirect some of the project's objective (since the environment had greatly changed from the project's inception), without too harshly blaming the MPP for its past actions. Instead, to control the execution of the Project and limit the misuse of funds, it took a bureaucratic lens to its operations and decided to refuse to pay for any activity or spending that departed from the set of activities initially agreed for the Project. This way, UNDP protected itself from underwriting any wrongdoing while never having to confront the MPP about its conspicuous abuses. In practice, after initially pushing for the project to be conducted without foreign oversight, UNDP was now keeping control over most decisions on the allocation of resources, taking away the formal power of policy decision-making from the MPP. It did so without facing any accountability for results.

Paradoxically then, removing the STA six months before the Project's end and pushing for disbursement of the remaining fund (an internal objective) opened the door to massive corruption. However, for UNDP, by using a technical agency such as UN-Habitat as a fuse between its normative prescriptions of national execution and their actual implementation placed itself out of criticism's reach. It could not be held accountable for the relevance of its recommendations. If things did not work out, it could (and did) blame UN-Habitat for its weak technical assistance.

*b. Civil society's limitations in promoting participation*

The ability of civil society to promote genuine participation of the poor in improving their own lives faced two main constraints. One was the exclusion of the poorest from the community organizing process, and the second was the CSOs' overall lack of vision as to their long-term roles.

In the Project's first phase, the communities that had displayed the courage to confront the authorities and the ability to propose and implement local development activities were all run by articulate leaders. They were self-selected groups who had the most elements for the success of the projects they implemented: a relative stability, the ability to organize, and strong leadership. In its second phase, targeting was broader, more systematic, and intended to include the poorest. The poorest communities, however, were likely devoid of strong leadership, of a sense of cohesiveness, and of the ability to participate in collective action.

Further, there was an intrinsic opposition between the intended targeting and the prevalent system of community "organization." Most NGOs had adopted ACHR's approach of strengthening the organization of families for collective action through the creation of saving groups that would federate people around a joint responsibility. Their savings would then serve as a community



contribution in proposals submitted for funding to external agencies. Yet, defining the “community” according to families’ abilities to save meant excluding those who could not set money aside. Community-based activities thus tended to exclude the poorest.

Besides, when conducted too quickly, “organizing” communities merely meant creating committees responsible for decisions on behalf of others. Rather than giving a voice to all, this strengthened the power of a few prominent individuals in the settlements. While at times, these were genuine leaders ready to fight for a common good, they could also be merely the most apt survivors, with little inclination toward altruism. The saving-centered approach thus mainly worked in settlements that had dedicated leaders and existing mutual-help networks. That is, saving groups would strengthen existing support mechanisms, but did not create new ones from scratch.

**Box 5-1: Vulnerability of CBOs operating on a shoe string**

CBOs in poor settlements had no funding. They ran meetings in the open air or in borrowed space and counted on supportive NGOs for basic stationary and some shelf-space to keep their records.

Members were all slum dwellers with very low-paying jobs. They supplemented their meager incomes (further reduced by the time spent on community-organizing activities) with the fees NGOs distributed to people attending workshops and trainings. They also directly benefited from the upgrading projects they could bring to their communities, which often served well their own interests. (Improved pathways and water or sanitation networks would almost always reach the houses of community leaders first.)

Some CBOs charged fees to cover the administrative costs of their activities: a percentage of community contracts on the improvement projects or an added point of interest on the micro-finance schemes. But overall, they had little more resources than the goodwill of a few dedicated members, personally gaining very little from the constant fights they had to keep up against municipal officials and private investors.

In any case, trust could not come easily among people who often competed for scarce space and resources, had gone through a civil war that had destroyed much of existing social networks, and were used to a system of survival based on patronage and short-term gains. There was a deep distrust in government and often little confidence in civil society and in UN projects.

Building trust in cooperation and participation was necessary to enable mutual help, but it needed time and an enduring commitment from external agencies. Aside from training (in community mobilization, literacy, or marketable skills) and from access to resources (credit and technical assistance), the most important method to strengthen the CBOs and people’s participation was demonstration, showing them that they could make a difference.

A problem though was that UN agencies delayed the start of the Project’s second phase and later devoted most of their efforts to relocating fire victims. Thus there was little if any demonstration of what people could achieve by working together. Besides, since aid agencies were all on the resettlement sites, they had little time to meaningfully train the CBOs in the city. Without strong support, the CBOs in turn were inefficient at supporting communities to resist abuses and at responding to emergencies in a way that integrated the poorest. In front of the inability of the UN and of NGOs to support them, communities then reverted to a system of patronage that benefited the cunning and excluded the poorest (with the sale of saving books for instance).

Despite their overall dedication, the NGOs supporting the urban poor in Phnom Penh were then unable to mount a common front to resist the forceful actions of the MPP or to propose long-term directions for poverty reduction. Their dependence on external funding made it difficult to develop clear focus and long-term missions, and starting with their creation in the mid-1990s, they mainly responded to directions set by the UN and other funding agencies.

### 5.3 Policy trajectories, barriers to adoption, and dilemmas

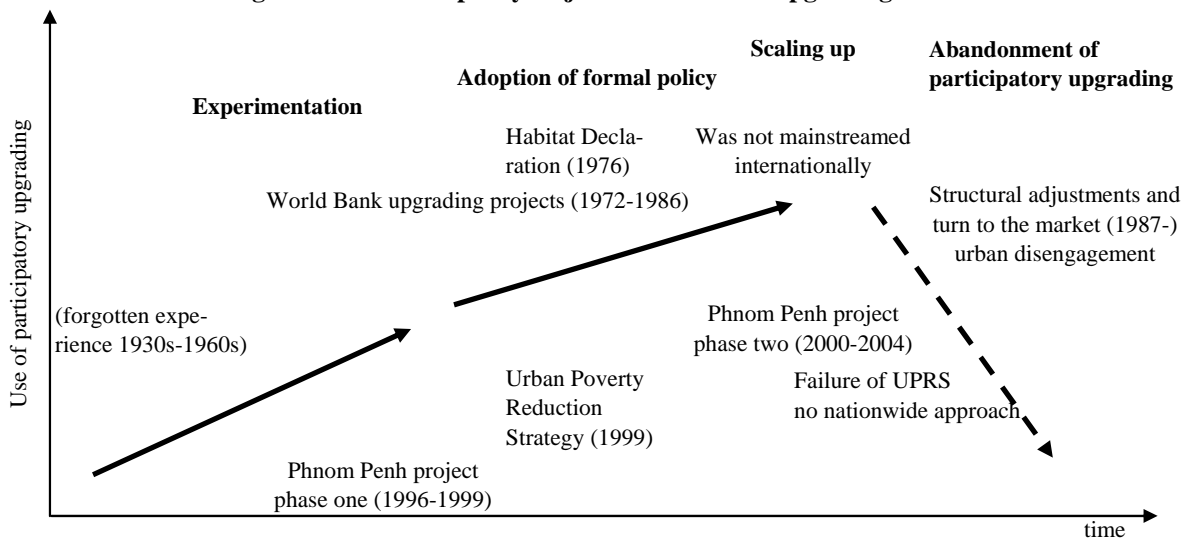
From these analyses of the international and local policy processes, we now draw the missing elements to answer our initial research questions. We first look at the pattern of adoption and abandonment of participatory upgrading approaches, then explain the barriers to their adoption, and finally extract the underlying dilemmas that have constrained their evolution.

#### 5.3.1 Trajectories: proven ideas that do not take roots

Both at the macro and micro levels of our policy stories, the ideas and practices of participatory urban upgrading have followed relatively similar trajectories. First, agencies experimented with a simple idea of working in partnership with poor urban populations to improve their housing and living conditions. This demonstrated how to make best use of local capacities by complementing them with outside technical expertise and limited funding, and by helping people organize for collective action so they could later have a larger role in planning for the improvement of their own lives. Second, lessons from the experiments were formalized and policy directions were prepared to facilitate their implementation on a large scale. At the international level, aid agencies adopted declarations to promote the participation of the urban poor in participatory upgrading projects; at the municipal level, city governments prepared participatory poverty reduction strategies. Third, larger projects were undertaken to help the small experiments to scale-up and reach a larger number of urban poor. These were to involve aid agencies, local government, and beneficiaries, with a gradual dispersal of power to the lower levels of government, and the creation of partnerships between the recipient governments and local beneficiaries associations.

The adoption of the approach also seems to follow a similar curve: initially, recipients were quite open to the new approach and pilot projects seemed to achieve their goals of demonstrating the relevance of the approach. Yet, the scaling-up of the approach faced difficulties. We have shown that these difficulties were not as much in technical or financial terms though, as in the inability to implement a system of decentralized, autonomous planning on a large scale. We then saw how—through they never refuted the appropriateness of participatory upgrading—the governments or aid agencies who were promoting it seemed to have abandoned the idea of using it on a large scale instead turned toward a more classic approach of development oriented toward the creation of growth on a macro scale, with the hope that it would benefit all.

**Figure 5-1: Parallel policy trajectories in urban upgrading stories**



### 5.3.2 Barriers to adoption: the lack of local embeddedness

#### *a. Technical aid often obscures political aspects of policy adoption*

We have seen that political issues, more often than technology and resources, are main barriers to improving the conditions of the urban poor. In fact, there have always been important political components to participatory upgrading. At the global scale, it was initially a way for aid agencies to help newly independent nations develop peacefully and avoid the seizing of power by authoritarian regimes. In turn, however, this meant that for some of the most authoritarian receiving governments, participation challenged existing relations of power in favor of officials.

We showed how development agencies tend to fail to explicitly account for the political components that shape the relations between different policy actors. Despite the limitations of rational models to understand and shape policy processes, they are still in widespread use. Although their assistance programs are implemented in countries that have existing ways (formal and informal) to make decisions, many of their projects are designed with little regard for how they fit into local policymaking and institutional evolution processes.

Theories of public policies highlight the importance of considering not just the technical or rational merit of an idea, but also the ability of its supporters to lead it through complex political processes before it can become an accepted public policy and get translated into concrete programs (Lindblom & Woodhouse, 1993). In theory, designing locally relevant public policies therefore requires understanding how existing policy institutions function and how they evolved to their present stage so as to adapt new policy ideas to the context in which they will develop.

In the practice of development aid though, international agencies supporting governments of poor countries focus more on providing funding and technical fixes than on understanding local histories and how to influence long-term local policy processes. Few acknowledge the importance of understanding institutional change and of embedding new projects and policies in existing institutions so that the ideas and values they promote can take root and grow. They mainly assume that good ideas will be automatically adopted and that their role as outside agencies does not allow them to intervene deeply in local political processes. Ignoring existing mechanisms and pretending to replace them with value-free technical approaches yet does not allow them to fully grasp the components of the processes and then design public policies with long term influences.

Urban housing is a case in point of a political issue too often treated as a technical one. The technical components of urban poverty reduction are to improve shelter and living conditions, provide better access to services, and promote local economic development. Maybe in settings where policymakers use lessons from projects and where beneficiaries have a strong voice in the political dialogue, technical support from aid agencies is all that is needed. But where poverty results from the social and political exclusion of some from the rest of society, a main component of poverty reduction is to give them a voice. They can later exercise that voice to ensure that improvements outlast the duration of pilot projects. Such “empowerment” starts with recognizing the potential of people to improve their own living conditions and prospects, and follows with helping them gain the same rights of access to public services and accountability as other citizens. In most cases, action involves influencing the attitudes of government officials and changing the structures of projects from an approach of controlling to one of empowering people. This requires time, flexibility, and long-term commitment from the agents of change. Unfortunately, these are not the characteristics of some of the larger aid agencies who have global influence.

*b. Power differentials not accounted for in the policies*

Accordingly, both in our global and local cases, development agencies were not able to fully account for and engage in the political dynamics of implementation. Their plans were technical, organizational, and financial, but did not address the role of local political forces in the acceptance of new ideas. Project documents did not either explicitly acknowledge that power relations between funding agencies and governments, as well as between authorities and beneficiaries, were important in the implementation of projects, and that project staff would have to adapt the initial policies to meet the unfolding needs. We see three main reasons for that reluctance:

First, this would require a detailed understanding of the political dynamics at the different levels of government involved in the policies and projects, and of the power relations between the players involved in implementation. This is difficult for aid providers to achieve (though not impossible) while maintaining enough distance from local politics to avoid conflicts of interest. In addition, this requires that the aid agency be physically close to the daily operations of its projects, both to understand and to influence the relations between agents at different levels of power (e.g., the urban poor, civil society organizations, government, and the private sector). In fact, a large part of an upgrading project's success is due to building trust between otherwise opposed partners, a relation that is built over time through daily interactions and joint problem-solving. However, many functionaries of international aid agencies view their role as mainly technical—as economists, project managers, or administrators. They also pass on such knowledge more often through formal training than through hands-on demonstration, and they like to keep some distance between their role and that of the implementers. Many tend to think that political analyses are mainly required in war situations, and do not believe that “rational” plans need to be adapted to evolving local circumstances. For both safety and convenience, few are willing to engage in political struggle, even on behalf of the beneficiaries they are to serve.

Second, within the hierarchy of the aid agencies, adapting to local evolving circumstances would mean that project implementation units be entrusted with the right to respond in a timely manner to change with a minimum of centralized control. Yet, as we saw in the Cambodian case, there are entrenched interests within international organizations and disputes between their policy vs. technical sections (e.g., UNDP and UN-Habitat) that prevent the delegation of power. Some central policy agencies—UNDP in our case—are unwilling to decentralize any control, as they could be held responsible for any discrepancy between reality and “the plan,” which they feel accountable to at their own headquarters. In their roles as coordinators of aid for a country, they also want to receive credit for any achievement, and hence downplay the role of technical agencies and their staff as merely technical implementers.

Third, in part because of the short time frames of many of their appointments in specific countries (often less than three years) or on specific projects, their staff's views of accountability is rarely focused on the end beneficiaries of projects—i.e., to know whether the urban poor are better housed or have gained autonomy in planning for themselves—but rather to their own planning processes—e.g., to know whether the number of wells or kilometers of roads initially planned have been built.

### 5.3.3 Underlying dilemmas on knowledge and participation

#### *a. Different views on what represents relevant knowledge*

At the early stage of the policy trajectory (during experimentation with ideas) upgrading programs are usually based on “integrated” approaches to local development, and are centered on strengthening local capacities for collective action. They combine physical upgrading with the development of local economic activities and of community organizations. They also often push authorities to recognize certain rights for informal settlement dwellers. Successful projects thus have multi-faceted approaches with strong social, economic, and political components.

The knowledge useful to plan and run small-scale participatory upgrading projects is typically based on qualitative community profiles that analyze the different elements of local living conditions with the people themselves, including the state of housing and infrastructure; the economic and social situations; local ways to cope with problems; and the history of local institutions and decision-making processes. Such an approach provides a composite picture of the situation over time and of the potential to provide solutions that make best use of local capacities.

But when pilot projects are scaled-up to a large number of settlements, community profiles are replaced with technical blue-drafts and master plans for physical improvement. The new picture that emerges of urban poverty and housing redefines the issues in macro terms of technical, regulatory, and financial issues. It prioritizes intervention in ways that often overshadow social components, and that transfers the power of analysis and action to experts outside the communities. In terms of knowledge that matters, more quantifiable hard facts often become indicators of development, such as the kilometers of street paved or the number of houses connected to utilities grids. The social and political impacts of community organization are then downplayed, relegated to the role of indirect results instead of the roots of successful projects.

The large projects are then often led by managers, engineers, and physical planners trying to rationalize the use of resources to provide services in a way they consider efficient. To do so, they must abide by the rules of funding agencies, who are more concerned about economies of scale, operating procedures, and disbursements schedules than about the non-measurable and time-consuming empowerment of disenfranchised communities. The programs often become large infrastructure projects, in which community participation is merely thought of in terms of contributions to cost-recovery. Hence, along with the change of scale, there is a profound change in the knowledge used and in the perception of the issues at hand.

Scaling-up tends to standardize responses as well, with further detrimental effects on the local relevance of projects. Aid agencies draw manuals from successful projects, but instead of emphasizing lessons as tools to understand local situations and enabling communities to design locally adapted responses, the larger projects tend to only propose menus of ready-made solutions. In the scaled-up approaches, the focus then changes from one of understanding and adapting to local conditions to one of applying preconceived answers. It shifts from an approach of enabling communities to develop their own capacities to solve problems to one where an external agent provides answers. In that approach, the external agents (whether public officials, technical and funding agencies, or NGOs) tend to assume that the problems are fully articulated in their menus of issues and procedures and that they are only in charge of finding pre-fabricated solutions to well-defined problems.

Yet, in many cases, the problems cannot be considered as given, as each agent has a different way of framing them. In Phnom Penh for instance, even if the living conditions in squatter settlements can be described in physical terms from an objective point of view, in practice each actor of the UPRS had a different understanding of their causes and of how to address them. NGOs would see a violation of people's basic rights, while the municipality would see the situation as a breach of the city's regulations. More generally, participants in the policy process reconstruct or express reality through their own frames and not all have the same approach to what can be considered a "given" problem. What some see as technical, others see as political or financial.

The standardized processes of large projects however, rarely allow these different views to be fully expressed and included in a shared vision. Policy and project designs often result from the vision of the dominant agent (in our cases, the World Bank or the UN), and though the final vision embodied in official documents may not be fully acceptable to all parties, some (in our cases governments) have little influence in shaping them. They then pay lip service to the official policy by endorsing it, but re-interpret it in their favor during the implementation of projects.

A reason for their inability to transfer the power of decision-making might then come from the fact that some aid agencies lend only superficial attention to local knowledge. In the "participatory" way of planning they use, they may not really learn from local approaches. This is both at the micro-level of developing upgrading projects that can include the poor, or at the larger level of helping local government develop strategies that can actually be implemented, i.e. that account for local political factors. In our Phnom Penh story for instance, ACHR focused on educating communities to its own understanding of participation—i.e., through membership in savings groups—but did not seek to build upon the ways people already had to make collective decisions and to include or exclude the poorest in the process. Similarly, the UPRS was perceived by the MPP as a framework that made sense conceptually, but that had few links with the actual willingness of the government to tackle urban poverty. It had endorsed the Urban Poverty Reduction Strategy more for convenience than for any commitment to implement it. In the terms of Mosse (2001), this results in participatory planning processes that are understood more as "rituals to follow" than as ways to empower local constituencies to design and implement their own policies.

#### *b. Oppositions on the nature of participation*

We then saw that one reason for the non-adoption of projects which had demonstrated their potentials has to do with conflicts between actors. While some of the conflicts are based on concrete cases—of eviction, the non-delivery of services, racketeering, or the violation of city codes—others are in fact due to these different frames that agents use to interpret reality. These conflicts are deeply ingrained in *a priori* beliefs, and tend to be much more difficult to reconcile than disputes over concrete issues (see Schön & Rein, 1994).

The most important of these deep conflicts for our purpose—and maybe the least explicitly voiced in the policies and programs for participatory upgrading—deals with the diverging views of what "participation" means to each type of policy actor.

Starting from the micro case of the UPRS in Phnom Penh, we saw the limited collaboration and, indeed the numerous conflicts, between partners. Even simple upgrading projects involved multiple agents. Some were elected, other self-appointed, some skilled and well-financed, other not. All had different views on the situations they faced, on how to address them, and on who had the legitimacy to take and implement decisions on behalf of "the poor." There were therefore multiple approaches to framing realities and to presenting the problems and their solutions:

For municipal authorities, urban poverty was an unacceptable disorder and many officials rejected the rights of the urban poor to access public services by labeling them illegal dwellers or anarchists. In that view, the poor were seen as responsible for their own conditions. Authorities considered that their own action to provide them with any support was not because of any basic rights these people would have, or because of any municipal duty to support them, but merely out of benevolence. This in turn justified demanding obedience and “contributions” from the poor as well as from the agencies working with them. Through this frame, “participation” was ultimately perceived as people “taking part” in programs run by the municipality even when they were not pro-poor. UN-Habitat-drafted UPRS was thus resisted not by refusing to sign it, but rather by redefining it in practice according to the prevailing understanding of the “natural” relation between people in power and “the poor.”<sup>36</sup> Even now, this enables the MPP to—quite proudly—hail its poverty reduction efforts as both successful and participatory, while other definitions would hold that their approach was little more than ruthless manipulation.

The proponents of the value of existing informal coping mechanisms (the CSOs or UN-Habitat) of course perceived the situations differently. Often ignorant of the official rules and regulations (or considering them irrelevant), they advocated for building upon informal practices to develop self-help mechanisms. They viewed the local stories of resilience as proof that, with proper support, the people themselves could do much to improve their living conditions.

Then the undecided, and at time ambiguous external actor, UNDP intended to support both the government and the poor communities, but without taking any definite stance. UNDP’s vision of reality was framed through formal procedures, which themselves followed development fads dictated by headquarters. They rarely wanted to take the side of communities if it meant criticizing the government, but nor did they want to openly influence the government’s political decisions since officially they supported requests from the government.

With limited common understandings, mandates, and planning time frames, the interactions of these agents were often conflict-ridden: CSOs fought one another over their turfs and distrusted external oversight; local officials claimed to be the sole legitimate policymakers and refused interference; and UNDP was detached from local realities and sluggish in responding to the changing needs of projects, while hardly ever taking sides in local disputes. The range of approaches, the power struggles, and the resulting weak collaboration between these agencies limited their candid exchange of views and practices. The lessons learnt from running their pilot projects then failed to transform into long-term collaborative strategies for urban poverty reduction.

The opposing frames that local actors use to interpret reality and to respond to urban poverty are the elements of the first dilemma that explains the lack of adoption of participatory upgrading: the understanding of participation as taking part of a centrally-decided plan vs. that of actually shaping local development practices. While municipalities emphasized the role of the state and of legality as the main agents of planning (even when they did not themselves follow the Rule of Law), community supporters hailed the importance of action and local knowledge. The first approach was based on a *de jure* understanding of appropriateness, the second on valuing practical, *de facto* coping mechanisms. They rarely seem reconciled in large-scale, standardized projects.

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<sup>36</sup> As in some earlier attempts to placate an external model of democracy in Cambodia, such as during the 1993 general elections where “democratic” elections did not make much of a change in the relations of clientelism between the people and their leaders (see for instance Hughes, 2001a; Hughes, 2001b, 2002; Roberts, 1994, 2002).

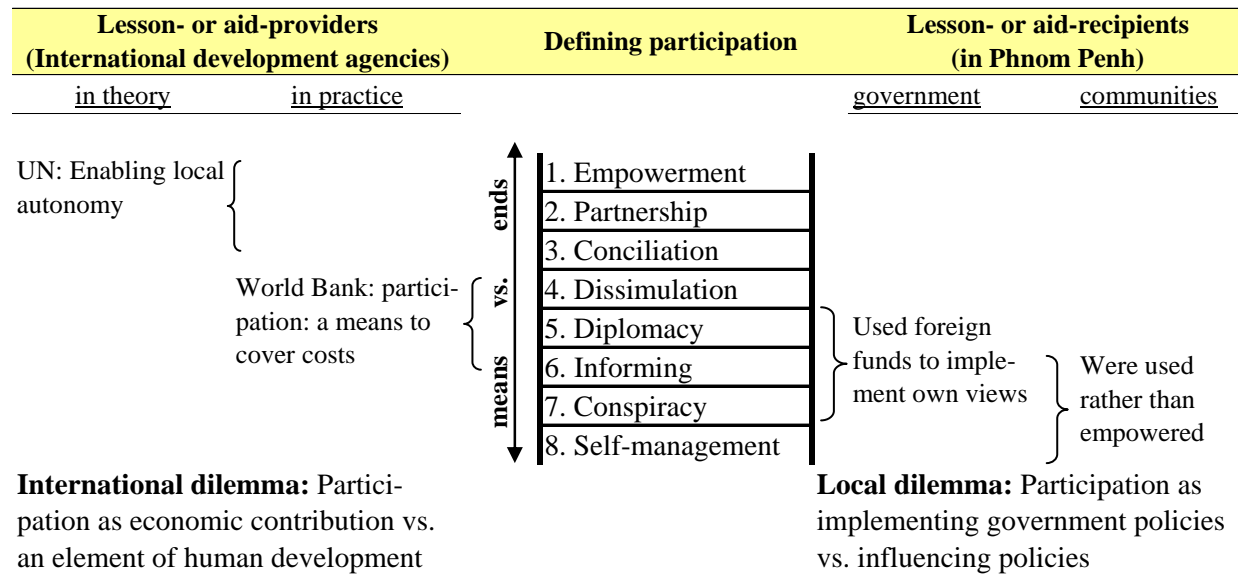
At the scale of the international policy debate among development agencies, we saw that there had also been a marked divide over time between agencies proponents of centralized state planning, of economic growth and market enablement, or of grassroots movements. Aid agencies tended to consider each view exclusive of the other, and over time the politically (or financially) prevalent one would impose its model on recipient governments who had little influence in the dialogue, aside from that of dragging their feet.<sup>37</sup>

A key issue to understanding the discrepancy between the concepts promoting “participatory” urban upgrading and their actual implementation is recognizing their diverging understanding of the nature of poverty and of the meaning of poverty reduction—as an economic vs. a social issue—and hence of the role of participation in urban upgrading.

The historical analysis and case study showed how the term “participation” is interpreted differently by the agencies using it in their urban programs. Economists understood participation instrumentally as a means to lower the costs of upgrading programs and to re-invigorate local economies by employing local dwellers on construction projects. Meanwhile, community planners saw it as an end in itself as they stressed the value of enabling groups of citizens to design and implement local improvement projects with only limited support from outside. The government perceived it as a way to implement their decisions with minimal discomfort. This is the second recurring dilemma in our policy story: the opposition to participation seen as an economic contribution to lower the cost of project vs. its understanding as an element of human development.

As Figure 5-2 displays, there are two important paradoxes in the understanding of the concepts of participation used in upgrading policies. These are rarely acknowledged in either the design or the evaluation of participatory urban upgrading programs.

**Figure 5-2: Two dilemmas on how practice alters the meanings of participation**



<sup>37</sup> It has been widely documented how lasting development is never the result of a single approach, either from grassroots movements, central governments, or markets alone (e.g., in Sanyal, 1994a; Sanyal, 1994b, 1999). Lasting improvements require the capacity and willingness of government, civil society, the private sector, and aid agencies to participate in public dialogues and realizations.



## **Chapter 6 - Conclusion: contribution, limitations, and perspectives**

Over time, the participation of the urban poor in low-cost, technically simple projects to gradually improve their living conditions has been demonstrated as a core element of poverty reduction programs, both in developed and under-developed nations. It makes use of locally available resources and empowers beneficiaries to solve future problems with limited outside assistance.

In its latest Global Report on Human Settlements, UN-Habitat again emphasized that finding durable solutions to urban poverty implies leveraging local resources and involving residents through facilitating the gradual upgrading of slums via self- and mutual-help (United Nations Human Settlements Programme, 2005). Today, however, despite the engagement of most nations in the work to combat urban poverty as part of achieving Millennium Development Goals, the poverty reduction strategies supported by international development agencies remain surprisingly oblivious to real urban issues and are vague as to what participation means in practice.

This work explored some reasons for the discrepancies between the policies announced and the programs implemented in practice. It sought to understand why it seemed so difficult for aid agencies and local governments to durably adopt participatory approaches to urban upgrading. This concluding chapter summarizes our main findings and their possible use, their limitations, and perspectives for further research.

### **6.1 Lessons: roles of frames, power, and institutions in policy adoption**

#### **6.1.1 Weak links between knowledge, policies, and practice**

Our historical review of participation in urban upgrading documented that proven solutions to urban poverty have not drastically changed over time and that institutional hurdles, rather than technical or financial ones, often prevented the adoption of otherwise tested, successful practices. It also showed that there seemed to be weak links between the evolution of knowledge, the policies supported by international aid agencies, and their implementation by governments.

We tested and refined these assumptions using the narrative analysis of a strategy for participatory urban upgrading in Phnom Penh, Cambodia. Indeed, this case showed how in practice, the activities implemented drastically differed from the initial official policies and from the results were formally publicized. It also pointed out that, in our specific case, the municipal government hardly seemed to learn from documented lessons in directing its projects for the poor. The programs it implemented were directed much more by a complex and informal system of patronage between powerful investors, politicians, local authorities, and ultimately civil society representatives than by any of the policy documents agreed upon with the agencies funding the programs.

Following the macro-level historical study and the micro-level policy analysis, Chapter Five answered the research question of how agencies designing and implementing policies for urban poverty reduction learn from experience. It explained how early promises of pilot projects were not sustained once approaches were formalized into strategies and later subjected to the forces of implementing large, standardized projects. It then showed how some aid agencies based their recommendations more on dogmas than on lessons from practice, and that power relationships between aid agencies influenced the prevailing development paradigm. This highlighted how the policy trajectory in Cambodia resembled the larger evolution of international aid. Both were constructed from an official policy, redefined through implementation by the institutional characteristics of its actors, by their power struggles, and by the vagaries in support from aid agencies.

### 6.1.2 Conflicting frames as barriers to learning

To understand how international aid policies evolved, we questioned the mainstream explanation of how the concepts of urban poverty reduction developed. According to that accepted view, there have been marked discontinuities between periods of international support to public housing, to self-help, and later to the enablement of urban economies and housing markets. Our research showed otherwise. Though development agencies promoted a strong role for the state in national planning from the 1960s, they did not advocate for governments to produce public housing by itself. Rather, they promoted the joint support of government planning for the delivery of infrastructure and services with aided self-help programs for the poor; the development of more effective housing markets served the middle-class population.

Unfortunately, lessons from that period were not made widely available. When the World Bank launched a massive effort in participatory upgrading starting in 1972, it did not build upon earlier knowledge. Rather, it undertook the reinvention and refinement of technical practices for participatory upgrading, but ignored two important institutional aspects that were called to attention repeatedly in the 1960s. One was that participation had a strong political component, as it gave a voice to disenfranchised populations. Supporting participation thus meant taking a stance for social groups that were either oppressed or ignored by municipal authorities. The second issue was to figure how to scale-up projects so they would reach a significant population and so that participatory upgrading would become a mainstream approach to urban poverty reduction.

Adding to the first surprise of reinventing technical practice and not delving into institutional issues, a second one came by the mid-1980s with the gradual abandonment of participatory urban upgrading and its replacement with a blackboard model of development through structural adjustments. After the failure of that approach to make a significant dent on urban poverty, and despite the renewed international calls to adopt participation in development, we have then seen that participatory approaches to urban housing were largely left out of the development agenda.

The analysis then helped uncover three main issues that prevented the agencies from promoting international housing assistance learned from experience over time and thus adopting a more continuous use of these proven practices. First, agencies experienced a conflict of frames over the meaning of “development”—human-centered vs. growth-led—and therefore over the importance of “participation”—as an end vs. a means of development. Second, the lack of consideration for local institutions (i.e., entrenched ways of doing) and for politics in understanding why and how new approaches could be absorbed, or instead resisted. And third, agencies showed an apparent lack of consistency in policy direction over time, with the abandonment of proven participatory practices and the superficial adoption of single-sided market-based approaches to development, when history had shown that both were needed together.

Underlying the three issues, we noted the filtering of reality and of lessons from practice through the lenses of the agencies implementing the public policies and programs.

For aid agencies, these lenses are administrative and technical: While successful participatory upgrading relies on the relatively informal organization of communities and on small-scale projects run mainly by agents with little formal training, large agencies prefer to adopt standardized procedures and favor large-scale approaches to development. Yet, by treating poverty issues as mainly technical or financial ones, and by discounting their political components, they fail to give a voice to disenfranchised people or to recognize that local governments have their own priorities in allocating resources among the population or in adopting policy advice.

For governments, the lenses are administrative and political: bureaucracies do not change their ways of doing overnight, especially under the influence of foreign ideas. Public agencies moreover have their own political logic and priorities as to whom they ought to reward and how. They have aims other than solely supporting the poor and need to please their more influential constituency, who in Phnom Penh was composed of the middle class, civil servants, and large investors. They also need to assert their independence from external political interference and to be seen as in charge of the public welfare, a task they can hardly delegate to barefoot planners.

### 6.1.3 The role of entrenched power relations in redefining participation

Examining in depth the case of urban poverty reduction policies in Phnom Penh allowed to understand some of the implementation issues that, in turn explained the adoption and abandonment of practices that had proven their worth. It shed light on the role of rationality vs. power relations in shaping and implementing priorities, that of time in absorbing ideas, and that of elected vs. self-appointed players in deciding of public policies in a weak, but still sovereign nation.

In the case of Phnom Penh, we saw how the formally structured organizations in both government and civil society (CBOs as well as CDMCs) often represented the strongest, how difficult it was to placate participatory democracy on a social structure used to top-down decision-making, and how the aid agencies own administrative frames redefined participation when they needed to follow procedures derived from the own institutional needs. Meanwhile, we explained the dynamics and rationale of the local participatory development process at the community level and how it went at times against the goal of poverty reduction by excluding the poorest.

In Phnom Penh, public policy resulted in large part from implementation and conflictual collaboration. During implementation, participation evolved from one in which people were to decide on their own improvement process into one where they were merely co-opted to “take part” in projects decided and run single-handedly by the municipality, even when the projects were not in the best interests of the people.

This narrative highlighted that poverty reduction is as much related to the political empowerment of the poor as it is to their having access to decent living conditions and income. It showed that without locking in the rights of poor urban dwellers, they had no entitlements and remained dependent on the political whims of their leaders and on the changing moods of aid agencies. It emphasized the superficiality of presenting assistance to participatory mode of development as an apolitical, merely technical or financial activity, and pointed to the importance of understanding success in poverty reduction in terms of the “rights” people acquire over time.

More broadly in both the local and global cases, we saw that policy making for urban upgrading is an incremental and dialectic process in which all stages of formulation, implementation, and analysis depend both on rationality and on power struggles. Policies are often modified as they are implemented and their initial intentions are reformulated either during implementation or when the impacts of policies are evaluated. This tells us that the context (local or international) in which policies evolve matters. It also shows that to craft or influence public policy, aside from creating technically sound ideas, one needs to understand the actors and what influence their behaviors from within, as well as the environmental forces that affect the implementation of policies. Policy directions and changes are then due to a series of influences in which ideas, people, timing, political pressures, implementation issues, and differing perceptions of realities collide to produce what can only later be perceived as a “policy path” rather than preconceived, formal blueprints. It is more implementation that shapes policies than the other way around.

## 6.2 Limitation of the findings

### 6.2.1 Influence of our own frame

We repeatedly emphasized that policies and their results are perceived differently by actors with different frames. Our own analysis itself reflects our frame as a community planner interested in working on behalf of slum dwellers, rather than for any specific agency. This undeniably marks the analysis, even if this one is based on extensive triangulation of findings. Any bias resulting from that frame though (e.g., notes of cynicism on how some agencies are more concerned with their internal processes than with the needs of beneficiaries) has been consistently applied across the analysis, and we tried to extend no judgment regarding the behaviors of any specific agent.

Though we stand by our findings and interpretation, we also fully accept that someone with a different frame could have interpreted the same findings differently. A macro economist may still believe that in the long term, efficient markets have more leverage power to improve the life of the urban poor than recognizing their voices. A physical town planner could have emphasized the apparent drastic improvement of Phnom Penh over the last decade.

### 6.2.2 Scope of the findings

The Cambodian case was particularly telling as it represents extreme conditions of some key elements that explained the adoption—or lack thereof—of good practices: complex political institutions with high cultural barriers to understanding them; the prevalent role of power relations in a polity run by clientelism and predation; and volatile and uncoordinated—but yet all-powerful—foreign aid. It explains the roles of the local governance structure, of foreign interference, and of power struggles in shaping public decisions and their implementation, and how political issues can supersede the relevance of participatory practices that experience had proven central to success. It also helps in understanding why these issues are rarely made explicit in policy design.

Overall, the findings from the Phnom Penh case paralleled that of the international policy story, supporting our view that they are not just an epiphenomenon of the country's turbulent past. Moreover, some of the main findings match another case we researched for two years, but did not present in this work, relatively well. It was the policy story of participatory urban upgrading in Zambia, where policies and projects similar to these of the UPRS were launched by the World Bank in 1974. Though the context was different (a peaceful country with an educated population) and violence absent, the disabling influence of political power, petty corruption, centralized control, and unclear directions from aid agencies resulted in a similar policy trajectory of initial enthusiasm and later abandonment of the approach, despite its proven merit.

We should reiterate a caveat to avoid over-generalizing: different degrees of participation in upgrading programs have been achieved in many countries, but the positive experiences often depended on the existence of a basic degree of representative democracy. The state we were interested in, Cambodia, is characterized by a very tenuous democracy. Though we would not suggest that lessons can be too systematically applied, we believe that the results can be of interest to understand policy trajectories in relatively similar settings of very poor countries with high power differences, weak democratic traditions, and a significant dependence on foreign technical aid.

## 6.3 Implications of results for further work

### 6.3.1 Directions for practitioners

This work intended to analyze a process of policy evolution and not to demonstrate the relevance of participation, or to craft recipes of participatory policies and programs that could be scaled-up and sustained over time. Nevertheless, our interest in understanding the forces that shape the direction of policies and their practice is ultimately to help better account for them during the design and implementation of poverty reduction policies. Hence, we turn some of the findings into directions for reflection in preparing participatory upgrading programs.

First, we should mention that the difficulties of scaling-up successful practices of urban upgrading are common to those encountered by most social projects (on which, see Schorr, 1997:3-21). To be effective, both upgrading and social programs need to provide comprehensive solutions to multi-faceted issues, to be flexible, responsive, and persevering. Their staffs need to be skillful as professionals but also personally committed to transferring their capacities to local communities. Their beneficiaries also need to share a common belief that they can collaboratively achieve their goals in the long term, despite uncertainties and difficulties in doing so. These attributes of success however, are difficult to replicate on a large scale and to move from the realm of the voluntary sector to that of the public service. The need for comprehensive solutions conflicts with the specialized technical approaches of many professionals such as engineers, economists, or physical planners. The requirement for flexibility further conflicts with the technical and bureaucratic standardization process expected to achieve economies of scale. Lastly, while personal commitment can be expected from community organizers or social workers, it is rarely valued among civil servants and aid professionals, who may construe it as a conflict of interest.

On these bases, three key lessons from this work could helpfully orient practitioners in designing policies that could be adopted and sustained. First, they need to understand the dynamics of institutional learning of the different local actors and to adapt the implementation mechanisms of policies and projects to fit them. These cannot be dictated by outside agencies, even if based on technically sound practices. Second, power relations between local actors need to be understood and accounted for in the design and implementation of policies and projects. They are central to the adoption or rejection of new practices, even in countries where there does not seem to be a strict system of policymaking. Third, they need to engage in finding ways to implement existing policies and recommendations. The constant reinvention of technical responses to urban poverty and the lack of engagement from aid agencies to support politically disempowered populations are counterproductive to long-term reduction of urban poverty.

As for a specific focus on participation, these lessons support points made by Cooke & Kothari (2001), who document how many development organizations integrate “participation” into their operations without fully reflecting on what it means and what they want to achieve with it. These agencies end up using sets of tools and techniques more as procedures to follow than as ways to give participants an active voice in their planning processes. Rather, based on Cooke & Kothari’s findings, as well as our own, in order to enable local autonomy we advocate first, paying attention to local knowledge so as to genuinely build it into the program; second, understanding local social structures and their possible mismatch with those promoted by development organizations; and third, considering the relations of power between participants in the decision-making process, rather than merely providing opportunities to the more powerful. Without an *ex ante* recognition of the issues, it is unlikely that the poor can be heard in the long term.

### 6.3.2 Directions for future research

From this work, we see two directions for further research: one on the conflicts between the participatory process of governance and those of representative democracy, and the other on finding approaches to scale-up participatory upgrading programs without losing their original qualities.

The first relates to the role of the different actors in the participatory process and their legitimacy in pushing their agendas. The case of Cambodia has highlighted how, in a country dependent on foreign aid with a weak local culture of representative democracy, there were many opportunities for non-elected actors to influence the way local policies were decided and implemented. Aside from the local government, these agents included foreign and local civil-society organizations, aid agencies, and the private sector. Putting aside the private sector (whose motives are not initially to benefit the public good), how can these policy agents reconcile their interference in the local process of decision-making with their intrinsic goal of developing local autonomous democracies? That is, by trying to promote the voice of the poorest in the local policy process, to what extent do they interfere with existing decision-making mechanisms that may act on behalf of a majority and hence be more locally acceptable than outside models trying to give a louder voice to the disenfranchised? How can these agents then help existing political processes to be both representative of all and inclusive of the voiceless?

The second direction for further research is more practical. How can we integrate local knowledge and flexibility into community-led projects that have the potential to replicate autonomously? In 1953, Burchard wisely viewed the role of development aid as one of enabling people “*to do their own work their own ways,*” a process in which experts should “*be educators, not teachers*” (see p. 48). The idea was to help improve local practices with local resources, not to impose outside models. However, we showed how aid agencies typically approach scaling-up good ideas: first, they pilot small-scale projects or learn from existing informal coping mechanisms. From these, they draw lessons on good practices. To scale up, they then standardize approaches and seek economies of scale and produce manuals to run projects. Yet, we pointed out that the way these agencies, or other bureaucracies, then used these lessons betrayed their initial intentions. The manuals tended to be used as blueprints. So doing, they tended to obfuscate the fact that they were supposed to adapt to local capacities and to enable people to improve their conditions in large part by incrementally building upon their existing coping mechanisms. They ended up dictating solutions rather than enabling local ones to grow.

For a long time, there have been other mechanisms to support and help scale up small projects. For instance, for 20 years, the Asian Coalition for Housing Rights and other slum dweller advocacy associations in Asia and Africa have set up networks of communities to exchange lessons on planning, construction, and management techniques, as well as on the gains that they could expect from collective action. They embody the model of autonomous replication promoted by Crane starting in the 1950s, in which good practices spread through networks and are not dependent on centralization or standardization of knowledge. These function very much on their own, with little linkage to formal aid agencies to leverage resources on a large scale and spread their activities. Our interest—through action as much as research—is to find ways to enable such approaches to disseminate knowledge, practice, and belief on what is locally possible in a way that can reach a significant number of small scale associations and that can be linked with the efforts of aid agencies promoting poverty reduction on a global scale.

## Appendixes

Details of the urban projects funded by the World Bank between 1972 and 2003 are presented in Table 6-1.

Table 6-2 presents a tabulated summary of the qualitative findings used to describe the state of living conditions for people relocated in the suburbs of Phnom Penh between 2000 and 2003.

Detailed methods for data collection – including the selection of settlements surveyed, participatory research methods used, guidelines for semi structured and structured interviews, and coding of data, can be requested from the author ([fallavie@fulbrightweb.org](mailto:fallavie@fulbrightweb.org)). They are too lengthy to append to this document.





**Table 6-1: World Bank supported urban projects (1972-2003)**

<b>Country</b>	<b>Approval FY</b>	<b>Loan amount in real price 2001 (M of \$)</b>	<b>Dominant project type</b>	<b>Outcome</b>
Senegal	1972	\$27.59	Sites and Services	Successful
Turkey	1972	\$7.93	Housing Policy	Unsuccessful
Nicaragua	1973	\$65.32	Disaster	Successful
India	1973	\$114.30	Sites and Services	Successful
Zambia	1974	\$59.92	Sites and Services	Successful
Tanzania	1974	\$25.47	Sites and Services	Successful
Botswana	1974	\$8.99	Sites and Services	Successful
Indonesia	1974	\$74.90	Housing Policy	Successful
El Salvador	1974	\$25.47	Sites and Services	Successful
Jamaica	1974	\$44.94	Sites and Services	Unsuccessful
Lebanon	1974	\$3.74	Housing Finance	Unknown
Kenya	1975	\$43.83	Sites and Services	Successful
Korea	1975	\$41.09	Sites and Services	Successful
Cote d'Ivoire	1976	\$114.09	Sites and Services	Successful
Indonesia	1976	\$136.14	Slum upgrading	Successful
Philippines	1976	\$82.98	Sites and Services	Successful
Bolivia	1976	\$0.88	Housing Finance	Unknown
Peru	1976	\$56.01	Sites and Services	Successful
Guatemala	1976	\$68.72	Disaster	Successful
Tanzania	1977	\$29.24	Sites and Services	Successful
Bolivia	1977	\$41.43	Sites and Services	Successful
El Salvador	1977	\$30.95	Sites and Services	Successful
India	1977	\$58.48	Sites and Services	Successful
India	1977	\$212.01	Slum upgrading	Unsuccessful
Burkina Faso	1978	\$18.66	Sites and Services	Successful
Botswana	1978	\$18.20	Sites and Services	Successful
Kenya	1978	\$113.75	Sites and Services	Unsuccessful
Philippines	1978	\$72.80	Sites and Services	Successful
Thailand	1978	\$19.57	Sites and Services	Successful
Colombia	1978	\$56.42	Sites and Services	Unsuccessful
Mexico	1978	\$37.54	Sites and Services	Unsuccessful
Egypt	1978	\$31.85	Sites and Services	Successful
Morocco	1978	\$40.95	Sites and Services	Successful
India	1978	\$12.34	Housing Finance	Unknown
Mali	1979	\$25.19	Slum upgrading	Successful
Nigeria	1979	\$37.37	Sites and Services	Successful
Korea	1979	\$136.45	Sites and Services	Successful
Indonesia	1979	\$113.36	Housing Policy	Successful
Brazil	1979	\$195.23	Sites and Services	Successful
Brazil	1979	\$146.94	Sites and Services	Successful
Nicaragua	1979	\$46.18	Disaster	Successful
Colombia	1979	\$28.34	Sites and Services	Unsuccessful
Ecuador	1979	\$65.08	Sites and Services	Unsuccessful
Tunisia	1979	\$39.89	Sites and Services	Successful
Senegal	1980	\$0.96	Housing Finance	Unknown
Lesotho	1980	\$11.53	Slum upgrading	Successful
Mauritius	1980	\$28.84	Sites and Services	Successful

<b>Country</b>	<b>Approval FY</b>	<b>Loan amount in real price 2001 (M of \$)</b>	<b>Dominant project type</b>	<b>Outcome</b>
Burundi	1980	\$28.84	Sites and Services	Successful
Indonesia	1980	\$10.00	Housing Finance	Unknown
Philippines	1980	\$138.42	Slum upgrading	Successful
Thailand	1980	\$55.75	Housing Policy	Successful
Panama	1980	\$67.29	Slum upgrading	Unsuccessful
Jordan	1980	\$40.37	Sites and Services	Successful
India	1980	\$80.74	Sites and Services	Successful
Indonesia	1981	\$75.61	Housing Policy	Successful
Korea	1981	\$158.25	Housing Policy	Successful
Mexico	1981	\$288.37	Housing Policy	Unsuccessful
Morocco	1981	\$63.30	Sites and Services	Successful
India	1981	\$43.96	Sites and Services	Successful
Liberia	1982	\$16.56	Sites and Services	Unsuccessful
Korea	1982	\$165.58	Sites and Services	Successful
Bahamas, The	1982	\$9.60	Sites and Services	Successful
Ecuador	1982	\$59.11	Sites and Services	Successful
Brazil	1982	\$205.16	Sites and Services	Unsuccessful
Dominican Republic	1982	\$42.06	Housing Policy	Unsuccessful
Tunisia	1982	\$41.40	Sites and Services	Successful
Yemen	1982	\$24.84	Housing Finance	Successful
Ethiopia	1983	\$31.85	Sites and Services	Successful
Cameroon	1983	\$31.85	Sites and Services	Successful
Kenya	1983	\$46.19	Housing Finance	Unsuccessful
Philippines	1983	\$106.71	Sites and Services	Successful
Haiti	1983	\$33.45	Sites and Services	Unsuccessful
Morocco	1983	\$95.56	Housing Finance	Successful
India	1983	\$38.38	Sites and Services	Successful
Pakistan	1983	\$25.48	Sites and Services	Successful
India	1983	\$234.13	Slum upgrading	Unsuccessful
Madagascar	1984	\$19.66	Slum upgrading	Successful
Gambia, The	1984	\$17.66	Sites and Services	Successful
Djibouti	1984	\$7.68	Sites and Services	Successful
Senegal	1984	\$9.21	Housing Policy	Successful
Zimbabwe	1984	\$66.03	Housing Finance	Successful
Malawi	1984	\$23.03	Housing Finance	Successful
Madagascar	1984	\$23.03	Disaster	Successful
Korea	1984	\$92.14	Sites and Services	Successful
Chile	1984	\$122.85	Housing Policy	Successful
Nigeria	1985	\$78.86	Sites and Services	Successful
Mexico	1985	\$223.19	Housing Finance	Successful
Brazil	1985	\$148.79	Disaster	Successful
Portugal	1985	\$37.20	Housing Finance	N/A
Jordan	1985	\$41.66	Sites and Services	Successful
India	1985	\$0.29	Housing Finance	Unknown
India	1985	\$205.34	Housing Finance	Successful
Mali	1986	\$40.76	Housing Policy	Successful
Korea	1986	\$218.33	Sites and Services	Successful

<b>Country</b>	<b>Approval FY</b>	<b>Loan amount in real price 2001 (M of \$)</b>	<b>Dominant project type</b>	<b>Outcome</b>
Indonesia	1986	\$400.28	Housing Finance	Successful
Mexico	1986	\$582.22	Disaster	Successful
India	1986	\$90.24	Sites and Services	Unsuccessful
Cote d'Ivoire	1987	\$177.98	Housing Finance	Unsuccessful
Thailand	1987	\$29.66	Sites and Services	Unsuccessful
Korea	1987	\$211.88	Housing Finance	Unsuccessful
Jordan	1987	\$37.29	Housing Finance	Successful
Tunisia	1987	\$42.66	Sites and Services	Unsuccessful
India	1987	\$118.50	Housing Finance	Unknown
India	1987	\$211.88	Sites and Services	Unsuccessful
Ghana	1988	\$14.48	Sites and Services	Successful
Senegal	1988	\$62.83	Housing Finance	Successful
Lesotho	1988	\$27.86	Housing Finance	Unsuccessful
Philippines	1988	\$218.53	Housing Finance	Successful
Ecuador	1988	\$81.95	Sites and Services	Successful
Mexico	1988	\$409.74	Housing Finance	Successful
India	1988	\$341.45	Housing Finance	Successful
Bangladesh	1988	\$65.01	Sites and Services	Unsuccessful
Burundi	1989	\$105.90	Sites and Services	Successful
Zimbabwe	1989	\$105.24	Housing Finance	Successful
Rwanda	1989	\$42.10	Housing Finance	Successful
Mozambique	1989	\$78.93	Slum upgrading	Unsuccessful
Brazil	1989	\$131.55	Sites and Services	Successful
Chile	1989	\$263.09	Housing Policy	Unsuccessful
Argentina	1989	\$394.64	Housing Finance	Unsuccessful
Morocco	1989	\$53.03	Housing Finance	Unknown
Tunisia	1989	\$76.30	Housing Finance	Successful
Nepal	1989	\$54.59	Disaster	Unsuccessful
Guinea	1990	\$72.16	Housing Policy	Successful
Ghana	1990	\$88.62	Housing Finance	Successful
Ethiopia	1990	\$44.31	Sites and Services	Unsuccessful
Ethiopia	1990	\$50.89	Sites and Services	Unsuccessful
Fiji	1990	\$20.51	Housing Policy	Unsuccessful
Brazil	1990	\$126.60	Sites and Services	Successful
Mexico	1990	\$443.10	Housing Finance	Successful
Morocco	1990	\$101.91	Housing Finance	Successful
Pakistan	1990	\$3.42	Housing Finance	Unknown
Uganda	1991	\$35.06	Sites and Services	Successful
China	1991	\$205.70	Sites and Services	Successful
Korea	1991	\$122.15	Housing Finance	Successful
Papua New Guinea	1991	\$36.65	Housing Finance	Successful
Vanuatu	1991	\$4.15	Housing Finance	Unsuccessful
Iran	1991	\$305.38	Disaster	Successful
Poland	1992	\$238.47	Housing Finance	Successful
Turkey	1992	\$339.83	Disaster	Successful
Venezuela	1992	\$47.69	Housing Policy	Successful
Mexico	1992	\$536.57	Housing Finance	Successful

<b>Country</b>	<b>Approval FY</b>	<b>Loan amount in real price 2001 (M of \$)</b>	<b>Dominant project type</b>	<b>Outcome</b>
Algeria	1992	\$39.35	Housing Policy	Successful
Argentina	1993	\$197.97	Disaster	Successful
Tunisia	1993	\$87.34	Slum upgrading	Successful
Algeria	1993	\$232.91	Housing Policy	Successful
Morocco	1993	\$151.39	Housing Finance	Successful
Lebanon	1993	\$203.79	Disaster	Successful
Swaziland	1994	\$33.09	Housing Policy	N/A
Indonesia	1994	\$155.16	Housing Policy	Successful
China	1994	\$399.30	Housing Finance	Successful
Indonesia	1994	\$198.51	Slum upgrading	Unsuccessful
Albania	1994	\$17.11	Housing Policy	Successful
Armenia	1994	\$31.94	Disaster	Successful
Croatia	1994	\$146.03	Disaster	Successful
India	1994	\$280.65	Disaster	Successful
Russian Federation	1995	\$446.63	Housing Policy	Successful
Algeria	1995	\$56.95	Disaster	Successful
Mali	1996	\$87.62	Housing Policy	Successful
Ukraine	1996	\$18.62	Housing Policy	N/A
Lithuania	1996	\$10.95	Housing Policy	Successful
Russian Federation	1996	\$328.57	Housing Policy	Successful
Bosnia-Herzegovina	1996	\$16.43	Disaster	Successful
Caribbean Region	1996	\$0.44	Housing Finance	Unknown
Lebanon	1996	\$8.32	Housing Finance	Unknown
Lebanon	1996	\$8.98	Housing Finance	Unknown
Lebanon	1996	\$20.81	Housing Finance	Unknown
Lebanon	1996	\$27.38	Housing Finance	Unknown
Lebanon	1996	\$97.48	Housing Finance	Unknown
Lebanon	1996	\$54.76	Housing Finance	N/A
Pakistan	1996	\$23.55	Housing Policy	Successful
Russian Federation	1997	\$33.30	Housing Policy	Successful
Mexico	1997	\$3.97	Housing Finance	Unknown
Jordan	1997	\$21.48	Housing Finance	Successful
West Bank & Gaza	1997	\$26.85	Housing Finance	Successful
Bangladesh	1997	\$3.44	Housing Finance	Unknown
Cote d'Ivoire	1998	\$10.61	Sites and Services	Unsuccessful
China	1998	\$30.77	Disaster	Successful
Estonia	1998	\$16.02	Housing Finance	Unknown
Albania	1998	\$10.61	Slum upgrading	Successful
Moldova	1998	\$16.87	Housing Policy	Successful
Bosnia-Herzegovina	1998	\$18.04	Disaster	Successful
Turkey	1998	\$386.03	Disaster	Successful
West Bank and Gaza	1998	\$4.24	Housing Finance	Unknown

<b>Country</b>	<b>Approval FY</b>	<b>Loan amount in real price 2001 (M of \$)</b>	<b>Dominant project type</b>	<b>Outcome</b>
Algeria	1998	\$159.14	Housing Finance	Unsuccessful
South Africa	1999	\$13.08	Housing Finance	Unknown
Slovenia	1999	\$15.69	Housing Policy	Successful
Turkey	1999	\$516.55	Disaster	Successful
Argentina	1999	\$52.31	Housing Finance	Unknown
Argentina	1999	\$133.39	Housing Finance	Unknown
Peru	1999	\$39.75	Housing Policy	Successful
Venezuela	1999	\$63.50	Housing Finance	Successful
India	1999	\$13.50	Housing Finance	Unknown
Sri Lanka	1999	\$1.36	Housing Finance	Unknown
Korea	2000	\$55.66	Housing Finance	Unknown
Georgia	2000	\$3.07	Housing Finance	Unknown
Kyrgyz Republic	2000	\$9.64	Housing Policy	Successful
Colombia	2000	\$0.00	Housing Finance	Unknown
Colombia	2000	\$230.14	Disaster	Successful
Algeria	2000	\$85.37	Disaster	Successful
Maldives	2000	\$0.00	Housing Finance	N/A
Mauritania	2001	\$70.00	Housing Policy	Successful
Philippines	2001	\$4.79	Housing Policy	Successful
Russian Federation	2001	\$80.00	Housing Policy	Successful
Mexico	2001	\$16.00	Housing Finance	Unknown
China	2002	\$0.30	Housing Finance	Unknown
Central European Region	2002	\$50.00	Housing Finance	Unknown
Latvia	2002	\$2.03	Housing Finance	Successful
Algeria	2002	\$5.50	Housing Finance	Successful
Algeria	2002	\$88.44	Disaster	Successful
India	2002	\$541.97	Sites and Services	Successful
Colombia	2003	\$99.99	Slum upgrading	Successful
Brazil	2003	\$46.00	Housing Policy	Successful
Iran	2003	\$179.99	Disaster	Successful
India	2003	\$99.99	Housing Finance	Unknown
India	2003	\$12.78	Housing Finance	Unknown



**Table 6-2: Detailed impacts of relocation project on poverty in Phnom Penh**

Source: primary data collected by authors between July 2001 and December 2002

Category	Indicator of local development	Observations / facts from field data	Lessons from impact of activities	Relevance to achieving UPRS objectives
<b>A. Background data</b>				
	<b>A1.</b> Administrative and demographic data	I. Information on the demographics of most low-income settlements remains vague and partial. We have detailed data only for a limited number of settlements in Phnom Penh	1. Without demographics and basic socioeconomic characteristics of families, it is difficult to know whether projects actually reach the poor and what the impacts of activities are. 2. To design appropriate activities and mechanisms to reach a significant number of urban poor, we need to increase the use of simple socioeconomic surveys, with attention to including all dwellers, and not only registered “community members.”	(i) To measure the outreach of the UPRS activities, more accurate information on the number of families and basic characteristics of populations is necessary. (ii) To better understand the impact of activities on the poorest and most vulnerable groups, we must break down information at the family level within the settlements - at least in a selection of settlements if not feasible for all.
	<b>A2.</b> Physical characteristics of settlements	II. Although most resettlement sites are located in areas physically less dangerous to live in than some of the original settlements (away from floods, sewer outlets, or waste dumps), they do not have the services to ensure that poor families can live there: they lack education, health, water, sanitation services, and road access. III. Sites are located too far from employment opportunities for poor families to have a job while living on the sites. IV. Because of location, the poor return to the city to live in often worse conditions than in their initial settlements. Only the better-off can afford to wait the six to twelve months before basic services are available on the sites.	3. Resettlement projects do not benefit the poorest half of the population from the initial communities because they cannot survive on sites without basic services that are located far from job opportunities. 4. Proximity to employment opportunity is the priority to consider in planning resettlement sites. 5. Most resettlements are designed in grids that include no public space for communal life to develop. This contributes to weakening social interactions on the sites.	(iii) Resettlements in the way they have been conducted during “emergencies” do not benefit the 50% poorest of the initial victims. The relocations thus do not contribute to the UPRS aim of reaching low-income populations and the poorest within them. This is in great part due to inadequate physical characteristics and location of the sites.

Category	Indicator of local development	Observations / facts from field data	Lessons from impact of activities	Relevance to achieving UPRS objectives
	A3. History of settlement's creation & development	<p>V. Most people living in low-income settlements came to the city first to find work and second to give their children access to a better education.</p> <p>VI. Housing quality or ownership is often not people's main immediate priority [although it is often a long-term dream]. Knowing for sure how long they can stay in their current settlements (i.e., having some security of tenure) is often more important than owning their shelters.</p> <p>VII. Massive resettlement in unprepared location negatively affects the communities living in the surrounding, both environmentally (using water and wood; polluting), and economically (draining the limited supply of jobs)</p>	<p>6. Increasing access to work should be the priority of poverty reduction activities, along with providing access to basic services.</p> <p>7. The priority in housing is that people obtain some type of tenure, which can range from temporary occupation rights to full ownership. (See work by G. Payne and the draft housing policy).</p> <p>8. Preparing relocation must involve the communities living around the sites chosen to ensure the feasibility and acceptance of the project.</p>	<p>(iii) To successfully reach poor families on a large scale, activities must be based on the existing capabilities of people so that project goals are attainable with minimum external input.</p> <p>(iv) To build on local capabilities, we must better understand the reasons why people chose to live in specific settlements (i.e., the history of the settlement creation and development) and, as much as possible, build on these to plan projects and policies that are realizable and can reach a significant number of beneficiaries.</p>
<b>B. Organization, participation, and sense of community</b>				
	B1. Organization of people's participation	<p>VIII. Since the fires of May 2001, the CBOs have lost much of their weight in the local planning debate. The MPP has not taken their input into consideration during "emergency" resettlements and has used the CBOs merely to disseminate information to people on decisions already taken rather than to obtain any input. Corruption among some CBO leaders has further allowed the Municipality to disregard their opposition.</p> <p>IX. Even within poor settlements, most families do not understand the role of the CBOs, of their leaders, and of how they can work together to improve their living conditions.</p> <p>X. On the positive side, some organizations and communities have started to adopt a Community Action Planning process (CAP) that focuses on action as a way to unite people, rather than merely on a prior formal organization</p>	<p>9. The focus of the NGOs and the CBOs to "organize communities" around saving groups is more related to a donor-driven vision of community self-help than to the actual capacities and practices of low-income families in Phnom Penh.</p> <p>10. Most savings are conducted mainly to please donors. Meanwhile, compulsory saving excludes the poorest from the planning process. Linking savings to the hope of getting external support also contributes to the development of nepotism and corruption.</p> <p>11. There must be alternative modes to organize families to</p>	<p>(v) The planning of emergency resettlements went against the UPRS objective of encouraging and supporting participation and civic engagement. Bringing people to sites where they could not survive on their own and handing over plots of land and aid put people in situations of total dependency on donors and the government.</p> <p>(vi) Meanwhile, the lack of participation did not allow targeting the proper beneficiaries. Because of poor mechanisms of allocation and participation, the process supported clientelism and nepotism, in which only the better-off and better-connected members of poor communities obtained the full services</p>



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		<p>around saving groups.</p>	<p>work for the improvement of their living conditions. Formal organization of communities should build on existing informal mechanisms of self-help rather than impose the saving model.</p> <p>12. Community representatives and community leaders on a large scale should be trained to skills necessary to local development work (e.g., organizing and running consultations, keeping accounts, preparing proposals, interfacing between community members and officials).</p>	<p>they were eligible to receive.</p>
	<p><b>B2.</b> Representation of minority groups</p>	<p>XI. In the resettlement process, there has been marked discrimination against several groups of dwellers: renters, prostitutes, and the Vietnamese. Most have not been allowed to obtain a plot on resettlement sites, even when they had long lived in the areas destroyed by fire.</p> <p>XII. At the community level, there has been little effort by the CBOs to include the poorest in planning.</p> <p>XIII. UN-Habitat has launched a large-scale training of communities in CAP, to give a voice to all in local planning. The URC is making extensive use of this methodology, likely to give community members a more equal voice in local decision-making.</p>	<p>13. Overall, development organizations still have a very limited understanding of the existing modes of social organization that allow people in low-income settlements to survive in the most difficult circumstances. We need to understand these mechanisms and to build on them to design adapted modes of support.</p> <p>14. One must recognize that the destitute are likely to be excluded from most community-based planning process. There must be mechanisms to either include them in local planning or to directly provide them with more targeted social services.</p>	<p>(vii) An important role of the UPRU is to determine how to protect the basic rights to equal service and representation of all, with a focus on the poorest and most vulnerable. To date, there has been little long-term planning on how to integrate minorities in the governance of poverty reduction. Yet, it is one objective of the UPRS to socially integrate the poorest, to provide them equal opportunities for a healthy and safe life, to support disadvantaged groups, and to support gender equality in human settlement development. To date, most of the activities conducted on behalf of the bottom poor were in the form of donations, but little has been done to develop adapted social services.</p>

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	<b>B3. Social cohesion</b>	<p>XIV. The cohesion that had been built over the years in the CBOs has been very seriously undermined during the planning of the emergency relocation following the fires in Phnom Penh. Corruption and speculation have settled in as “free plots” became a commodity on the land-market. Local authorities contributed to the breakdown of the communities by joining community leaders to sell the “rights” to receive plots and aid provided by NGOs and international agencies. Because of this and of numerous failures of saving groups, many families stopped trusting the CBOs. Meanwhile, the CBOs have lost much legitimacy in the eyes of NGOs and international organizations as representatives of the people for policy or project design.</p>	<p>15. The emergency planning processes of the relocations had extremely negative effects on the organization of families into the CBOs, especially due to corruption and a lack of transparency in the planning process.</p> <p>16. These relocations have been undertaken without the participation of the people and, in most cases, against their will. Planning by authorities without participation rendered people dependent on the goodwill of a few officials and strengthened relations of clientelism.</p> <p>17. Despite the weakness of some of the CBOs, there remains much untapped capacity for self-help in low-income communities, which includes informal credit and savings.</p>	
	<b>B4. Weight of corruption</b>	<p>XV. Corruption does not seem to have reduced since the 1999 baseline, even if practices have evolved. Because threats of eviction somehow diminished with the Municipality announcing it would grant temporary residency rights in Phnom Penh, police and local authorities shifted from requesting “protection money” against eviction to selling proofs of residence in the settlements in case of relocation or compensation. Community leaders also started to “sell” the saving books that showed membership in communities; all sold the “right” to be on the lists of fire victims or to be potential beneficiaries for relocation.</p>	<p>18. Several reports and research activities conducted by the PME to clarify information provided by the CBOs and authorities have led to joint fact-finding missions with NGOs, CBOs, UN agencies, and the municipality. In turn, this has led to thorough discussions on the facts unveiled and on their discrepancies with previous reporting by some agencies involved. Despite the heated atmosphere of some debates, this has contributed to a more open dialogue on issues</p>	<p>(viii) To encourage and support participation and civic engagement and ensure transparent, accountable and efficient use of public resources, there should be continued support to low-cost, accurate documentation on living conditions in low income settlements and on the process of local planning. This will continue to feed the discussion on which policies and activities to undertake based on the observed impacts of similar activities. The results could be important basis for</p>

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<b>C. Socioeconomic development</b>				
	C1. Employment patterns	<p>XVI. Employment rates drastically diminished once people were relocated outside the city. Seven months after relocation in Anlong Kngan, 21.6% of heads of household were still out of work, while only 9% were unemployed in their former settlements.</p> <p>XVI. There are few opportunities to find employment in or nearby resettlement sites; two-third of people with a job work in Phnom Penh, 13 to 20 km away.</p> <p>XVII. Qualitatively, there has been a shift toward jobs that make less use of productive capital (e.g., a sewing machine or a motordup), and provide lower incomes.</p>	<p>19. The lack of jobs and the indebtedness due to health expenditure are the two main reasons why people do not stay on the resettlement sites.</p> <p>20. Planning for economic development in and around existing and potential relocation sites should be a priority to ensure the success of any relocation program.</p> <p>21. The poor must be located near or have easy access to the centre of the city and the markets where they find outlets for their products and services.</p> <p>22. The capacities and professional skills of settlement dwellers are underused.</p>	<p>discussion in an urban forum. Such monitoring should continue to be conducted both by governmental and non-governmental institutions, potentially linking to university programs in development planning.</p> <p>(ix) The main limitation of the current resettlement projects is the lack of recognition that employment opportunities are a survival needs for the urban poor and should be considered as part of the basic services to plan for prior to any relocation. The relocations did not contribute to enhancing income generation, encouraging public / private sector partnerships, or stimulating productive employment opportunities some important aims of the UPRS.</p> <p>(x) The municipality and other stakeholders could support small business development by:</p> <ul style="list-style-type: none"> <li>• Ensuring that zoning plans allow small-scale business op-</li> </ul>

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	<b>C2. Income generation and expenses</b>	<p>XVIII. Along with employment, income has diminished. Meanwhile, transportation expenses have soared.</p> <p>XIX. In Anlong Kngan, the median income is 30,000 Riels per household per week; 50% of the population lives with about 800 Riels per day. In comparison, the official poverty line is about 2,000 Riels per day and per person in Phnom Penh, or 75,000 Riels per household per week.</p> <p>XX. After eight months on the relocation site, 88% of the population was under the urban poverty line.</p> <p>XXI. Many families have had to take their children out of school to work and financially support the family.</p>	<p>23. The low and volatile income of most people only allows families with at least two workers to meet minimum needs. Families with a single income earner cannot meet daily survival needs of food and water. Even the average income of a family with two persons working is below the official urban poverty line.</p> <p>24. Because of low-income, when facing emergency spending needs (for health), families must borrow.</p> <p>25. There must be organized support to limit expenses on transportation and health cost.</p> <p>There must be incentives to keep children in school.</p>	<p>erations in low-income communities, while restricting the development of polluting or dangerous activities.</p> <ul style="list-style-type: none"> <li>• Supporting the development of infrastructure networks such as water, communication, electricity, and sanitation to help improve the efficiency and productivity of the activities.</li> <li>• Supporting the development of access to marketing information and to micro-financial services (saving, credit, leasing, insurance).</li> <li>• Providing information on safety measures, and health care in work.</li> <li>• Providing information on labor standards and rights to avoid the potential exploitation by middlemen.</li> </ul>
	<b>C3. Access to financial services; indebtedness</b>	<p>XXII. To date, the outreach of formal financial services to the poor is extremely limited. Most rely on loans from friends, family, or private money lenders. The very high cost of private sources often runs people into debt traps and contributes to impoverishing them further.</p> <p>XXIII. In Anlong Kngan, 46.5% of families were indebted eight months after relocation. Most borrowing was for consumption purpose, not for investment that could help repay the loans. Fifty percent of families borrowed more than 100,000 Riels, and the average amount of indebtedness equaled three months of average income.</p>	<p>26. There is a need for organized credit and savings on the sites, but the current type of indebtedness leads families into debt traps. They borrow to meet basic needs rather than for investment and cannot therefore generate any surplus to repay their debts. Indebtedness then forces many families to sell their plots (often to money lenders), and to come back to squat in the city.</p> <p>27. Credit can only be extended along with the provision of basic health services, and with some programs to ensure food security.</p>	

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	<b>C4.</b> Health problems, access to care, cost, financing	<p>XXIV. Overall, health conditions on relocation sites seem better than in many low-income settlements on Phnom Penh.</p> <p>XXV. People still suffer from diarrhea, fevers, and colds, all mostly related to the insufficient quality and quantity of water, and to the lack of proper sanitation.</p> <p>XXVI. Any event of sickness can have a disproportionate impact on people as they have no savings to pay for health cost and 85% of them must go into debts to pay for health expenses.</p> <p>XXVII. One fifth of the population can only afford to eat twice a day.</p>	<p>28. As people cannot obtain quality medical care close by, many only go to the hospital (in Phnom Penh) when their condition is very serious. Benign illnesses can thus become major problems that run families into debts.</p> <p>29. Indebtedness for health costs is one of the first reasons why people sell their plots and return to live in squatter settlements in Phnom Penh.</p> <p>30. The provision of low-cost, quality health care is necessary to limit indebtedness and ensure that people are physically fit to work.</p>	<p>(xii) Although many services are available on the private market, they are often of low quality and unaffordable for poor families. Poor families can only pay for them with money they borrow, undermining their capacities to save or invest in any productive investment.</p>
	<b>C5.</b> Education levels, cost, barriers	<p>XXVIII. Schools are one of the first services available in the relocation sites and the level of attendance of children of school age (61.5%) is similar to that in Phnom Penh.</p> <p>XXIX. Over time, the lack of income forces poorer families to take their children out of school, either because they cannot afford the daily cost or because they need the children to work and provide supplementary income to the family.</p>	<p>31. School services are available and not more expensive than in Phnom Penh, but they represent a higher proportion of families' spending as revenues are lower.</p>	<p>(xiii) For the UPRS to have long term positive impacts reducing poverty it must help working age individuals <u>and their children</u> acquire the education and skills necessary to improve their incomes in the long term. Currently, levels of income after relocation are lower than before and do not allow families either to cover their basic needs or to invest in the education of their children, the most valuable investment they could make to secure their future.</p>
	<b>C6.</b> Physical safety and criminality	<p>XXX. Physical safety due to criminality is not a major issue on the resettlement sites. Crime mostly takes the form of corruption in the allocation of the resettlement plots and the benefits associated to them.</p>	<p>32. The main issues of physical safety on resettlement sites are related to the lack of sanitation, waste management, and disaster prevention or management</p>	

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<b>D. Housing</b>				
	<b>D1.</b> Housing types, household equipment, cost, quality, financing	<p>XXXI. Almost 80% of families still lived in very low quality housing six to eight months after relocation with almost a third still under rudimentary tents.</p> <p>XXXII. During the rainy season, many families had to abandon their plots because they just could not live in the mud or with water knee-deep in their tents.</p> <p>Female-headed households live in more precarious dwellings than male-headed households.</p>	<p>33. Lasting substandard housing conditions have strong negative impact on people's health, ability to work, and sense of dignity.</p> <p>34. The provision of core housing kits has proved to be a low-cost solution that gives families physical protection from the elements and allows them to gradually consolidate their housing.</p> <p>35. Housing loans are not adapted for most of the poor as they cannot commit to long term repayment and must use the funds for emergency consumption needs instead.</p>	(xiv) Housing problems cannot be solved on a large-scale by the Municipality alone and require the participation of private providers under the facilitation and regulation of the government. While the private sector can provide construction and financing, it is up to the municipality to set the laws to secure tenure and to monitor that all can have access to credit, to basic services, and to decent housing. To ensure that low-income housing reaches its beneficiaries, it is important that housing for the poor should not be treated separately from housing for the middle class. There should be provision of varied types of housing to meet all needs.

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	<b>D2.</b> Security of tenure, threat of eviction	XXXIII. The impact of relocation on security of tenure is mixed. Nine point five percent of families currently living on resettlement sites claim to have legal titles that ensure their ownership and tenure on the plots. Yet a large proportion of actual victims of the fires were never able to relocate or to obtain a plot. Along with the families that had to abandon or resell their plots because they could not survive on the site, we estimate that eight to twelve months after relocation, between 50 and 80% of the families who were victims of the fires either never received a plot or could not keep it and left the sites.	36. As soon as programs involve displacement, people who are not intended beneficiaries become involved and receive the benefits. Many of the families currently living on the resettlement sites and receiving support from development agencies were not victims of the fires and/or not the initial beneficiaries of the resettlement programs. 37. The poorer did not benefit from the projects and many had to come back to the city.	(xv) It is important to develop some land and housing policies for Phnom Penh that fit within the national draft policies. Among other things, these would establish criteria to assess whether communities can stay in their current locations or whether settlements must be regularized or relocated. It should result in clear plans indicating whether, and for how long, people can stay in their current settlements in the city. In turn, this will help communities plan for their own improvement process if they know they are allowed to stay for the long term and signal to communities who can only stay temporarily in a specific site that they have to plan for a future relocation and should obtain the relevant support.
	<b>D3.</b> Housing for the poorest	XXXIV. Many of the poorest families were not included in the relocation process. They were renters in the original communities and were not allowed to receive benefits. The owners of their houses instead received plots (when many such owners did not even live in the communities). XXXV. Many of the poorest were also deceived by leaders (of community or Sangkat) who promised them a plot, only to announce later that they would not be eligible for one. XXXVI. Hundreds of families have waited in vain for up to a year for a plot, which they were entitled to according to the 2001 relocation guidelines.	38. If relocations are to reach the poor, there must a mechanism put in place to ensure that the resettlement guidelines are followed. 39. Most likely though, the poorest will never benefit from relocations as they cannot survive on the sites.	(xvi) To achieve the goal of providing adequate housing to all, the UPRU must develop long-term planning in collaboration with other municipal department (for master planning of infrastructure, for land registration, for municipal financing). It should also enable the market to provide housing while setting aside suitable land and regulating the installation of proper services. Lastly, it should link closely to the agencies in charge of land use planning and housing policy.

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<b>E. Infrastructure</b>				
	<b>E1.</b> Water supply, access and affordability	<p>XXXVII. Families on the relocation sites have less access to water than in their previous communities. After three to eight months on the sites, half the households used less than 8.7 liters of clean water per day per person.</p> <p>XXXVIII. Obtaining quality ground water is not possible on most sites</p> <p>XXXIX. People have to buy bottled water at an average cost of 500 Riels per 25 liter bottle, or 20,000 Riels per cubic meter.</p> <p>IL. Because of the cost, most families cannot use enough quality water to drink and to keep hygienic living conditions.</p>	<p>40. The low quality of the ground water caused many people to be sick (diarrhea, skin rashes) and forced them to supplement the insufficient delivery of water by the municipality with bottled water.</p>	<p>(xvii) The objective of providing access to basic services on a large scale requires long term development planning. It cannot be treated on an ad hoc basis only. Although it is the responsibility of the municipality to ensure that all citizens have the same right to access basic services, the implementation cannot be assumed solely by the government. The government should enable private investors to provide services and ensure a proper monitoring of outreach and impact upon the poor. When feasible, community contracts should be used to develop local infrastructure - they would likely cost less, not more, than a contract conducted by external contractor and would provide local employment while federating communities around common activities.</p>
	<b>E2.</b> Electricity	<p>III. Only 42.9% of the shelters received electricity eight months after relocation: 11.4% from the public electrical network, 7.1% from private sellers, 15.7% from their own generators, and 8.6% from batteries. The majority of families (55.7%) only use oil lamps or candles for light. Electricity from networks is mostly available a few hours in the evening. The average cost of a kilowatt of electricity is 1,400 Riels (against 350 Riels in the city).</p>	<p>41. The lack of electricity prevents the creation of home-based enterprises (e.g., to use speed sewing machines). It also limits activity in the community after night fall.</p> <p>42. Lack of light contributes to a feeling of insecurity and to difficulty in reaching or moving around the settlement at night.</p>	
	<b>E3.</b> Drainage and sewerage	<p>IIII. There is very limited drainage system on any resettlement site. Most are not efficient because the land is situated in floodable areas.</p> <p>IIIII. There is no sewer system on any site, and people throw waste water in public space.</p>	<p>43. The lack of drainage is a major problem during the rain season as many houses get flooded and many families have to leave the sites.</p> <p>44. In the long term, the lack of sewerage can have a very negative impact on the quality of the environment, and on the health of inhabitants.</p>	



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	<b>E4.</b> Sanitation and health	ILIV. Access to sanitation remains insufficient, with 50% of the population still having no access to toilets eight months after relocation and using open spaces in the settlement instead.	45. Along with the lack of organization for solid waste management and the lack of drainage networks, this poses a public health hazard as, after rain, human waste floats along with household waste.	
<b>F. Transportation</b>				
	<b>F1.</b> Transport availability	ILV. Transportation is the main issue that affects the possibility of remaining on the relocation sites. Even when people would like to stay on the sites, they need to find work where it is available, i.e., in Phnom Penh. Two thirds of the working population thus commute 26 to 40 km per day.  ILVI. Distance negatively impacts access to affordable health services as the two main providers of free, quality health care (Kuntha Bopha and Sihanouk hospitals) are located in Phnom Penh.	46. Location and lack of low-cost transportation have serious cost both in time (with 85 minutes of average transportation) and in cost (with an average of 2,438 Riels per day), which represent 33.9% of the daily expenses of a family with one person working and 19% for a family with two income earners.	(xviii) If further use of relocation involves the development of site and service projects, the development of adapted transportation systems should be planned ahead of time, on a large-scale, even if the implementation is given to small scale contractors, who should mostly be from the relocated communities. This would provide access to work and employment to local dwellers.
	<b>F2.</b> Usage Pattern	ILVII. Although almost half the population has a motorcycle, over a third do not own any means of transportation. They must pay full price to travel outside the settlement and have limited job opportunities as they cannot even work as motordup drivers.		
	<b>F3.</b> Road access	ILVIII. Eighty one percent of the population living on emergency resettlement sites consider the road as unsafe, either because of its poor quality (68.6%) or because of the lack of lights (12.9%).		

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<b>G. Environmental management</b>				
	<b>G1.</b> Air and water quality	<p>ILIX. Almost all families on relocation sites (93%) agree that their living environment is more pleasant than in their previous community.</p> <p>L. There is usually no air pollution on the resettlement sites when families first settle there.</p> <p>LI. The quality and quantity of water available are insufficient to meet needs.</p>	47. There is an urgent need to plan for waste management, sewerage, and sanitation to avoid the long term degradation of the environment.	
	<b>G2.</b> Solid waste management	<p>LII. Waste is only removed by truck before the visits of important officials.</p> <p>LIII. Families manage their waste on their own, with about half burning their solid waste and the other half merely throwing them in open space.</p>	48. There is no organized waste management on resettlement sites.	
	<b>G3.</b> Disaster risk and management	LIV. The three main risks are flood, fire, and pest.	49. To date, very little attention has been paid by the CBOs, the NGOs, or the municipality to prevent or manage disaster.	
	<b>G4</b> Green spaces	LV. Most emergency resettlement sites have no green space. When their initial designs included public gardens, these gardens were quickly turned into plots to accommodate newcomers.		

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