

Affordable Housing: Upgrading Informal Settlements in Kenya

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Key words: Land tenure, poverty, informal settlement, human/wildlife conflict, sanitation, upgrade, water,

SUMMARY

When *Abraham Malsow* discussed the *hierarchy of human needs* he referred to food, shelter and clothing as items of necessity in that order. They are physiological, in that even those who cannot afford still need them. Yet unlike food or clothing, which, one can take in 'small doses' by its nature, housing represents a major investment and is needed constantly. Moreover it serves as an abode for almost all human activities. Kenya's GDP is reasonably large but is not growing at the rate that would be classified as booming. In fact the population growth at 2.9% is higher than the GDP growth at 1.1%. 02 figures Income per capita per day is USD 0.95! At that rate affordability of anything let alone housing is a big challenge.

The USD 0.95 per day is only the average, there are millions of Kenyans who have no means or ways of getting even that one dollar! As you will see from the text the demographic profile shows that the majority are below the working age and are economically dependent. The eligible ones have no work and the economy is shrinking instead of expanding, well, even if it is growing the pace is slow and there is little, if any, foreign direct investment (FDI). It is no coincident, and has a touch of irony that there are many instances of Kenyans preferring to invest externally, local direct investment (LDI) capital is going away. It is a pointer to loss of confidence by the LDI and/or fear of the stigma of official corruption and a perceived unfair playing field by the FDI that became associated with the previous political leadership. The current leaders have been accused by the embassies in Nairobi of paying lip-service to the fight against corruption. This combined scenario of capital flight spells doom for many Kenyans who cannot find work, and who are compelled to seek work elsewhere resulting in the much talked about brain drain

The Kenya Government has set up a Programme the Kenya Slum Upgrading Programme (KENSUP) in collaboration with UN-Habitat to upgrade informal settlements and in fact there is a detailed statement of intent complete with a mission statement, strategies and scope of targeted operational areas. This programme does not address itself to the rural areas where incidentally the majority of Kenyans live most in abject poverty. I am interested in this study because I know that more than half of Kenyans (18 million – 12 million in rural and more than 6 million in urban areas) in both the urban and rural areas do not have access to decent and affordable housing. This study seeks to uncover the root causes and effects of abject poverty and suggest ways and means of mitigating those circumstances.

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1. INTRODUCTION

When *Abraham Malsow* discussed the *hierarchy of human needs* he referred to food, shelter and clothing as items of necessity in that order. They are physiological, in that even those who cannot afford still need them. Yet unlike food or clothing, which, one can take in ‘small doses’ by its nature, housing represents a major investment and is needed constantly. Moreover it serves as an abode for almost all human activities. Kenya’s GDP is reasonably large but is not growing at the rate that would be classified as booming. In fact the population growth at 2.9% is higher than the GDP growth at 1.1%. 02 figures Income per capita per day is USD 0.95! At that rate affordability of anything let alone housing is a big challenge.

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Regional Macro-economic Indicators		Uganda	Tanzania	Kenya
Gross Domestic Product (US \$ Million)		5,630,000,000.00	8,637,000,000.00	10,910,000,000.00
Population (Million)		24,600,000	33,600,000	31,500,000
GDP Growth (%)		4.9	6.2	1.1
Population Growth (%)		3.4	2.9	2.3
Inflation (%)		5.9	4.3	3.7
Treasury Bill Rate (% for 91 days)		14.5	5.2	6.3
Debt (US \$ Million)		3,900.00	8,900	4,865
Trade Deficit (US \$ Million)		623	629	286
Foreign Exchange Reserves (US \$ Million)		965	1,529	1,187
Overall Deficit as % of GDP		11.2	12.2	15
Income Per capita		228.86	257.05	346.35
Income Per capita/day		0.63	0.70	0.95

2. THE CHALLENGE OF INFORMAL SETTLEMENTS: UN HABITAT GLOBAL REPORT ON HUMAN SETTLEMENTS 2003

In 2001, 924 million people, or 32% of the world's urban population, lived in slums, 43 per cent in developing countries, 6 % in more developed economies. *All things being equal* this is projected to rise to 2 billion in 30 years. Because of this trend

1. There is growing global concern about slums, as manifested in the recent United Nations Millennium Declaration and subsequent identification of new development priorities by the international community.
2. Slums are a physical and spatial manifestation of urban poverty and intra – city inequality. However, slums do not accommodate all of the urban poor, nor are all slum dwellers always poor.
3. National approaches to slums and to informal settlements in particular, have generally shifted from negative policies such as forced eviction, benign neglect and involuntary resettlement, to more positive policies such as self-help and *in-situ* upgrading, enabling and right– based policies.
4. In facing the challenge of slums, urban development policies should more vigorously address the issue of livelihoods of slum dwellers and urban poverty, going beyond traditional approaches that concentrate on improvement of housing, infrastructure and physical environmental conditions.
5. Up-scaling and replication of slum upgrading is among the most important of the strategies that have received grater emphasis in recent years, though it should be recognized that slum upgrading is only one solution among several others.
6. For slum policies to be successful, the apathy and lack of political will in both national and local levels of government in many developing countries in recent decades needs to be reversed.
7. There is great potential for enhancing the effectiveness of slum policies by fully involving the urban poor and those traditionally responsible for investment in housing development. This requires urban policies to be more inclusive and the public sector to be much more accountable to all citizens.

8. It is now recognized that security of tenure is more important for many of the urban poor than home ownership, as slum policies based on ownership and large scale granting of individual land titles have not always worked.
9. To improve urban inclusiveness, urban policies ought to aim at creating safer cities. This could be achieved through, better housing policies for the urban low – income population (including slum dwellers) founded on
 - a. Effective urban employment generation policies; effective formal policing and public justice institutions
 - b. Strong community – based mechanisms for dealing with urban crime.
10. To embrace the goal of "cities without slums", developing country cities should vigorously implement urban planning and management policies designed to prevent the emergence of slums, alongside slum upgrading and within the strategic context of poverty reduction. Government of Kenya has a policy wish list on this.
11. Investment in city – wide infrastructure is a precondition for successful and affordable slum upgrading since, it is one strong mechanism by which the urban poor are excluded, and yet improved slum housing remains unaffordable for them.
12. Experience accumulated over the last few decades suggested that *in-situ* slum upgrading is more effective than resettlement of slum dwellers and should be the norm in most slum-upgrading projects and programmes.

In this scheme of things, how does Kenya feature and how has it addressed itself to this shelter challenge particularly for the informal settlements in urban and rural?

3. THE CONSTRAINTS TO AFFORDABLE HOUSING IN KENYA

Historical perspective

Human settlement challenges in the urban areas can be traced from the 1920's when almost all Africans lived in unregulated settlements emanating from the colonial apartheid type policies (NACHU) 1999. The physical development of Nairobi was based on the British Model of the garden city plan. Furthermore, the colonial government had a policy of controlling the African urban population. This was driven by;

- *The desire to keep African wages low*
- *To segregate the African living quarters from the European residential areas*
- *To ensure that reasonable standards of public health among the African population was realized in order to prevent spread of diseases*

This was realized through stratification of human settlements along racial lines. The effect the 'ethnic tripartition' was the Europeans overwhelmingly occupied the north western and western areas of high rent and high land values, the Asians predominated the north-eastern parts while the Africans were consigned to the densely populated east and south of the city. Moreover the government frowned upon the provision of large scale public housing to discourage influx of Africans into the urban areas save as domestic workers. Indeed to date there still exists some level of racial compartmentalization and since independence further segregation has been along economic considerations. S. K Gitau quoting Stren and Salau

In a recent study conducted by the Ministry of Roads, Public Works and Housing, the Department of Housing established that constraints in the urban areas are: Land, Finance, Building Materials and a practical Regulatory Framework. In the Rural areas it is Water, Finance and Building Materials that pose the greatest challenge. The Developer, the Champion, the Design and procurement process (conceptualization, manufacturing and construction) cannot be ignored – the design team, the contractor and his sub-contractors all seek to be paid, over and above their costs.

3.1 Land Rights to Reduce Poverty and Informal Settlement

Land refers to the soil, the subsoil, any sub-terrenean deposits beneath it, any body of water wholly contained within or beneath any land and the airspace immediately above it. According to the constitution, all land in Kenya belongs to the people of Kenya collectively as communities and as individuals.

Land being Kenya's primary resource and the basis of livelihood for the people, should be held, used and managed in a manner which is equitable, efficient, productive and sustainable. Constitutionally, land shall not be disposed of or otherwise used except in terms of legislation specifying the nature and extent of the rights in respect to the land in question.

Land is a critical and highly sensitive issue that cannot be simply wished away. That is why before a solution to the country's current land problems can be found; stakeholders need to understand the *land administration mechanisms* currently in operation. According to *Jaoko M. Otieno*, currently Kenya has three (each of these has caused its fair share of problems) recognized land tenure systems namely:

- Customary
- Statutory
- Public

Customary Land Tenure

This largely unwritten law is a creation of ethnic territories. References to ancestral lands have, to some extent, been responsible for fuelling land-disputes between different communities.

Statutory Land Tenure

This can broadly be divided into: Freehold tenure/absolute proprietorship and Leasehold tenure. It has been the creation of two separate statutes:

- Registration of Titles Act (Cap 281)
- Registered Lands Act (Cap 300)

Public Tenure System

This is where government "owns" parcels of land. The President of the Republic reserves the right to allocate the said land as he deems fit, a situation that has been prone to widespread abuse. For this process to succeed, community awareness and participation coupled with political goodwill is necessary. We must realize that land is finite, sacred to people's lives

and vital for development and peace. The President must be bold enough to lead Kenyans through this path. It might very well be the legacy he could bequeath future generations

Women's equal Rights to Land, Property and Housing:

Women constitute over half of the Kenyan population yet they own less than 10% of the available land. Lack of ownership of property by women reduces production incentives, retards development and contributes to poverty and low self-esteem.

Despite decades of struggling women in Kenya still suffer some form of discrimination or another and nowhere is the matter more poignant than on issues of Land ownership, property interests and housing (adequate and decent shelter). According to Anna Tibaijuka, Executive Director UN HABITAT, in Nairobi, fundamental human rights of women are recognized in constitutions. "However, many women especially those in the rural areas, and the less empowered (academically and economically) in cities and towns, still suffer from the consequences of traditional prejudices and practices". Nowhere is it more evident than in the area of ownership and inheritance of land, property and housing.

It is now appreciated that quite apart from women's right to land; a number of other problems will need to be addressed if Kenyans are to have an equitable access to land. These may include: -

1. Pastoral Communities:- Today the concept of pastoralist land is less understood and even less respected.
2. The needs of the urban and rural poor: - Of Nairobi's population of about 3.5 Million, about 60% live in slums. Poor, landless and homeless people continue to move to the City from the rural areas in search of the elusive "comforts of the city" that are displayed and sometimes overplayed by the city dweller. Improvements must hence involve local people in a meaningful way, and necessarily must be twofold, one initiative for the urban peoples and another targeting the rural folk.
3. The status of "squatters"; Squatters often live on land owned by others. Landowners often infringe squatters' basic human rights e.g. human dignity, freedom and security protection from servitude and forced labour. Due to spontaneous settlement, poor people are frequently without title deeds and are subject to eviction as landowners (often absentees) seek to assert proprietary control over their land.

Past land challenges:

1. *The Coastal Strip*: At the attainment of Kenya's political independence the whole of the Kenyan Coast stretching to a ten-mile strip, were annexed and declared property of Kenyans of Arab origin.
2. *Maasai Land*: Further inland there was the massive expropriation of Maasai land under the guise of "agreements" signed with colonial authorities in 1894 and 1911.

3. *The White Highlands*: This was the most arable land in Kenya suitable for farming. The white settlers quickly displaced the people already on the land and fenced off large tracts of land.

Present grievances:

- i. The Phenomenon of “*Land grabbing*”: Land intended for research and /or public use was annexed and sold or handed out to individuals by the state leadership as part of the political patronage of the last regime.
- ii. *Ethnic Clashes*: In more recent times [before the elections of 1992 and 1997], expropriations have occurred because of ethnic clashes in the Rift Valley, Coast, Western and Nyanza Province.
- iii. *The human/wildlife conflict*. A recent case in point is where those relocated from Kibera were to be stationed in Kitengela where according to conservation experts; the particular location chosen is the migratory route for wildlife in Nairobi National Park. In Amboseli the people have been fenced in to allow wildlife to roam without and for the humans to live within. The protocol is each species has its own turf and the implication is that if humans move without then they risk being harmed and if wildlife enters within the human settlement it is fair game
- iv. *Issues Relating To Land Administration*
 - a. Land administration embraces all activities relating to procedures for the delivery of land rights, systems of land rights, security; including demarcation, survey and registration, regulation and control of land use, land use planning, land market regulation and the processing of land disputes.
 - b. The current administration is characterized by lack of transparent and effective institutions dealing with public land and customary land, the administration of which is perceived to be corrupt, highly over-centralized and remote from the resource users. This situation needs to be reversed and the system be made nationally uniform and sustainable.

4. SECURITY OF TENURE

Significant sections of the population in Kenya lack security of land tenure, which denies them collateral for financing diversified investment development or improvement. In squatter settlements, frequent harassment and evictions often accompany this lack of security. In urban areas, these trends stultify residents’ investments in housing. Limited access to land also negatively impacts on the development and expansion potential of micro-enterprises, particularly where there are strict zoning regulations.

In urban areas high land prices have resulted in increased difficulties for the urban poor. Evictions now target land that was of little value previously.

In general both rural and urban land management need good policy on Tenure, which would play a crucial role in both the supply of and demand for land. Responsibility for formulating

and enforcing rules of tenure and use of land rests ultimately with the government, which implies the following;

- National land policy and law should clarify the rights and obligations of landowners and other interested parties and provide protection of vulnerable groups such as the poor, the elderly and women;
- Security of tenure is increased if policy changes are gradual and give people time to adjust. Major changes increase insecurity – incremental change is best;
- A wide range of tenure options – formal, semi-formal and non-formal – is the best approach to ensuring affordable access to land for the poor;
- Simple and affordable conflict resolution procedures can resolve disputes over land and property;
- In highly regressive environments, measures should protect the poor from being evicted from high value locations as well as facilitating access to land and housing.
- There is need to harmonize the various land-related statutes. At the moment there are at least two commissions set up by government in a quest to address and harmonize the laws relating to land.
- Suitable land data banks should be developed to ensure easy access to required information by users.
- A new land policy should be designed to take into account the reasonable expectations of existing owners and occupiers.

5. CONVENTIONAL MORTGAGES AS AN EXCLUDING AGENT

In Kenya the approach has been quite conventional in the way the authorities approach housing. However this has not taken into account the needs of the poor, who are the majority in both the rural and urban areas and consequently they have been left out of the formal financing loop. The main reason has been lack of shelter finance. This has been fuelled mainly by: high interest rates on mortgage, income requirements, and strict conditions.

The financial institutions prefer lending for short-term high yielding ventures where risk is minimal these include Housing Finance, a mortgage house turned into a bank. It caters for people of means. Most Kenyans face the challenge of meeting all financial needs placed upon them, because they compete for deposits from the meagre savings available in a small economy. Others include the National Housing Corporation (NHC), which is state owned and channels public funds for lower and middle income housing through the local authorities.

Factors that exclude lower and middle income earners from accessing credit and mortgage include:

- High eligibility criteria
- Proof of adequate and dependable income
- Requirement for provision of marketable satisfactory collateral with proof of ownership.
- General level of apparent uncreditworthiness making them unattractive prospective tenants when pitted against more credible seekers of the same finances.

- Predetermined payment periods and amounts whereas some of these people do not have a constant/regular income.
- Inability to raise the down payment.
- Where the general orientation is to extend loans for complete units, the ratio of down payment is usually disproportionately higher for the low-income groups.
- Existing housing finance institutions require lengthy and complicated loan procedures that impose demands on the poor who can't spare the time nor comprehend some of the issues.
- Literacy levels of the majority, means that they are unable to comprehend and go through these procedures.
- In some institutions, the brief and cold "professional" behaviour of the staff scares and intimidates most low income applicants which makes them give up all together.

6. INFORMALITY WITHIN URBAN SETTINGS

In "The Challenge of Slums Global Report on Human Settlements 2003" the UNCHS (Habitat) they state...

'Informal' suggests a different way from the norm, one, which breaches formal conventions and is not acceptable in formal circles – one which is inferior, irregular and, at least somewhat, undesirable. However, research and practice over the years have demonstrated that differences may not imply inferiority. Although an informal settlement may be built on land zoned for industry and is, therefore, illegal, it provides accommodation, location and identity for its inhabitants at a cost that they can probably afford."

On the housing side, the informal sector delivers dwellings and accommodation at a price and in quantities that the formal sector miserably and deliberately fails to address. As *profit making* is so difficult when low-cost housing and formal –sector institutions coincide, formal housing delivery systems have rarely reached the low-income and non-income groups. *The majority if not all-poor households have been housed informally for many years in many countries in both the cities and country sides.* Kenya is an example.

THE INFORMAL ECONOMY: Defining the informal sector: The term 'informal sector' has been used to describe a phenomenon of generally small-scale industries and commercial activities that are not registered enterprises but provide large amounts of products and services that people use each day.

Five theories, explain why informal-sector activities persist in developing countries.

1. The '*lack of growth*' theory, in which the persistence of informal activities is owing to the lack of, or a decline in, the growth of GDP, particularly the lack of urban growth.
2. The '*jobless growth*' theory, which assumes that capital – intensive technology and recent economic processes, such as privatization, deregulation and globalization, have led to two effects: the decline of formal – sector jobs or the informalizing of certain formal-sector jobs.

3. The '*growth from below*' theory, which attributes some of the growth in GDP to the small –scale enterprise sector. This is based on the recognition that small – scale enterprises in the informal sector are growing faster in many countries than larger-scale firms in the modern sector.
4. The '*period of adjustment*' theory, which reflects how the informal sector grows when economies undergo structural adjustment, causing marked shifts from formal to informal employment.
5. *Institutional cost theory*: The main justification for regulating enterprises is the extraction of business taxes and income tax. Conversely, regulation is an expensive business and it requires taxes on enterprises for it to succeed. However, informal entrepreneurs in many cities have to pay entry fees to informal – sector 'gate-keepers' and 'protection bribes' to local officials and the police. Our "Matatu" (van public transport) enjoyed informality for a very long time till early 2004!

Informal Housing: Housing is described as informal when it does not conform to the laws and regulatory frameworks set up in the environment in which it occurs. It can be informal at several levels. Housing can be provided through construction firms that are not licensed and whose work is not subject to guarantees. In turn, the housing is not likely to conform to the planning and building regulations in force or to be built in areas where there is no need to conform – for example, in 'semi-pucca' areas in Bangladesh or outside of city boundaries. Housing that does not conform to rules may do so in several ways, including:

- *being built on land intended for another use (even though the building itself may conform to the standards laid down in the regulations);*
- *not conforming to all of the standards laid down for that part of the city;*
- *not being subject to planning permission or building inspection (even though it may be eligible);*
- *Being built on land not owned by the occupier and without permission of the owner.*

Formal housing can become informal by the process of extension and alteration (transformation) by users without permission, or in ways that do not fulfil standards. This is now very common in government – built estates all around the world, as well as private dwellings in cities in Kenya as demand for housing continues to outstrip the supply by far.

Defining Poverty: Like slums, poverty is something that people believe they can easily distinguish; in fact, the concept is difficult to define. Poverty is often defined in terms of household income for example, the proportion of a city's household who are earning less than what is needed to afford a 'basket' of basic necessities, or living on less than US\$1 or US\$2 a day. Slums and poverty are related and mutually reinforcing, but the relationship is not always direct or simple:

1. Informal settlement dwellers are not a homogenous population. Some people of reasonable incomes choose to live within or on the edges of slum communities.
2. Most work in the informal economy but some have incomes exceeding earnings by those in the formal-sector employment.

3. In many cities, there are poorer people outside slum areas than within them.
4. Highest concentrations and worst conditions of poor people is slums but even the most exclusive and expensive areas will have some low – income people.

Monetary measures do not capture the multidimensional nature of poverty. People may be poor not just because of low incomes but:

1. Inadequate income and thus inadequate consumption of necessities including food, safe and sufficient water, problems of indebtedness, with debt repayments significantly reducing income available for basic necessities
2. Poverty may derive from an inadequate, unstable or risky asset base needed as a cushion to carry them through hard times.
3. Poor because their housing is overcrowded, of low quality or is insecure;
4. Because they do not have access to safe water, adequate sanitation, health care or schools
5. Because they are lacking a supportive safety net; or because they are not protected by laws and regulations concerning civil and political, as well as economic, social and cultural rights, discrimination and environmental health.
6. Because they are denied a voice within political systems.

These manifest themselves in the following:

- i. *Low income*: Those who are unable to participate in labour markets and lack other means of support, and those whose wage income is so low that they are below a nominal poverty line.
- ii. *Low financial capital*: Lack of productive assets that might be used to generate income or avoid paying major costs (for example, a house, a farm or a business)
- iii. *Low Social Capital*: Shortage of networks to protect households from shock, weak patronage on labour markets, labelling and exclusion, prevalent in minority groups
- iv. *Low Human Capita (aka capability poverty)*: Low education and poor health. Capability encompasses empowerment, work contacts and ability to transcend social class

Causes of Slums and informal settlement:

- The deficit in housing supply as a result of a combination of factors including high population and urbanization growth rates, couples with high incidents of poverty amongst the population
- The inability of the national economy to cater for the housing needs of the low income and no income groups who form the majority.
- Failures to give the housing sector its due priority in general economic development. The sector competes with all others in accessing the limited resources of finance, management, labour, materials, land
- Housing and urban development policies that tend to favour production of formal housing. However the formal urban housing delivery system has been and is unable to produce dwellings at the desired rate, and/or at price levels affordable to most new households

- Prohibitive Building Standards and Regulatory requirements making production of formal housing unaffordable to low income and no income households. The poor have no alternative but live in cheap shelter available in slums and informal settlements.
- Lack of effective land policies that tend to allow manipulation in land tenure and land alienation
- Poor urban governance that does not foster effective and efficient development and delivery of urban services to all citizenry
- Politicization of development, land and shelter issues to the extent where some slums exist because they are created by powerful parties (even cartels) who benefit from them. Such people remain vehemently opposed to government's desire to eradicate slums through rehabilitation and would rather maintain the status quo for narrow and self-serving gains

Government of Kenya in collaboration with UN Habitat has embarked on the Kenya Slum Upgrading Programme (KENSUP). Its objective is to create the conditions that can sustain long-term nationwide slum upgrading throughout the Republic of Kenya. The approach taken to realize the objective is to harness political will, strengthen nascent forms of organization of slum dwellers, and promote an inclusive process based on consensus and partnership. The government with UN Habitat proposes to consolidate experiences of existing and past interventions to undertake an integrated slum-upgrading programme that will eventually improve the conditions of those living and those working in the informal settlements. The Programme is to be undertaken within the National Policy Frameworks. It will entail promoting, facilitating, and where necessary, providing tenure, housing improvement, income generation and physical and social infrastructure including addressing the challenges and impacts of HIV/AIDS. All these will be done through engaging full and active participation of the stakeholders.

The Government will also facilitate slum upgrading through integrated institutional framework that accommodates participatory approaches involving relevant stakeholders, particularly the benefiting communities while enhancing co-ordination at national level. Upgrading will take into account factors of ownership of land and structures, age of settlement, and affordability. Appropriate compensation measures will be instituted for disposed persons where necessary. In order to improve the living conditions of a large proportion of the populations in urban areas, appropriate slum upgrading measures will be instituted for each slum/informal settlement, taking into account the above main components and factors. To further address proliferation of slums and informal settlements, the Government will ensure supply of minimally developed but incrementally upgradeable low - income housing

The Programme will cover all the urban areas of Kenya starting with selected slums in Nairobi and Kisumu Cities. Its intention is to address inappropriate policies that contribute to growth of informal settlements and the worsening of living conditions in these areas. KENSUP will examine these policies and propose necessary reviews to facilitate and promote the growth of physically, socially and economically sustainable urban settlements. Specific objectives include:

- To consolidate, rationalize and institutionalize a broad range of shelter related policies including the creation of institutions and mechanisms for sustainable financing and development of shelter and related infrastructure
- To operationalize the concepts of decentralization, partnerships, consultations, stakeholders' participation, consensus building, leadership and the empowerment of beneficiary communities in upgrading projects
- To establish institutionalize framework and mechanisms for effective implementation of slum upgrading and shelter related programmes.
- To establish socio-economic and physical conditions prevailing in slums and informal settlements through relevant mapping in order to set the stage for improvement in land tenure, basic services, livelihoods and housing structures.
- To develop and implement appropriate service improvement including designs, delivery strategies and approaches
- To assess the prevalence of HIV/AIDS and incorporate strategies to address the problem
- To build or strengthen the capacity for research, planning, implementation, monitoring, evaluation and replication of shelter and human settlement programmes at Central Government, Local Authority, Settlements and Communities levels to foster the feedback control loop.

7. SCOPE AND COMPONENTS OF THE PROGRAMME

The Programme is to be implemented nationwide starting with slum areas in Nairobi and replicated in Kisumu and other urban areas. The programme will embrace several components at national and other strata below this:

National level:

- Policy development that will provide a rational basis for addressing living conditions of people in informal settlements
- Development of poverty reduction strategies, through different elements of the programme, to strengthen the consultative process among stakeholders to devise mechanisms for sharing experiences of innovations in service provision and income
- Building standards and technology: developing and promoting appropriate standards and materials that are responsive to the needs of the poor
- Setting up and developing institutional structures at all levels and ensuring effective participation of Government and all stakeholder organizations
- Capacity Building and Enhancement: through exposure and on-the-job training of key staff and officials at Central Government, Local Government and Community levels
- Resource Mobilization and Management: Establish mechanisms for resource mobilization from within the communities (informal approaches) and sourcing of resources externally including private sector
- Research Monitoring and Evaluation: Development of appropriate systems that will facilitate documentation and sharing of experiences – locally, nationally and internationally

Local Government Level:

- Mobilization of and involvement of communities and stakeholders: - This aims at empowering the poor to fully participate and contribute in the production of shelter through partnerships and decentralized decision-making process.
- Socio-economic and physical mapping: The significant and innovative part of the proposal entails the slums dwellers being involved in a detailed process of establishing and appreciating the situation of their living environment – social, economic and physical
- Decision Making and planning process: This entails physical planning of the project sites, the provision of infrastructure and other services and will involve initiating a process of debate, consultations and consensus building about the design and delivery of elements of slum upgrading
- Relocation and Compensation: In order to give way for the provision of infrastructure facilities, where necessary, some affected structures will have to be relocated. With regard to the relocation of land, this will be done through consensus among tenants, structure owners and the local leadership. In certain circumstances, structure owners will be invited to claim compensation.
- Infrastructure and services: Local authorities will integrate the provision of services to slum areas. This will be combined with enhancing capacity of existing facilities within and in the periphery of the settlements
- Improvement of shelter: Will involve the quality of the shelter fabric to decent habitable state using locally available building materials and appropriate low cost building technologies
- Improvement of Livelihoods: Reduction of poverty and incorporation of sustainable livelihood strategies will be developed through the promotion of income-generating activities, access to credit, community based financial systems and a conducive regulatory framework
- Financing and Sustainability Mechanisms: Innovative community financing mechanisms will have to be devised and put in place to capacitate the beneficiaries to take an active role in physical improvements and eventually to maintain project facilities in working order.
- Tenure Arrangements: Land tenure component will focus more on regularization of land for purposes of integrating the settlements into the formal physical and economic framework of urban centres. But at the end of the day, to guarantee security of tenure and certainty of residency, and absence of violent forced eviction

Programme Strategies:

1. *Inclusivity*: programme will engage stakeholders in implementation of all project components. Forms of community organization and relations between structure owners and tenants will be strengthened in the implementation of the programme. Stakeholders include: residents of the informal settlements, and their organizations, the local authority, relevant central government agencies, NGO's, professional associations, the formal private sector, international development co-operation agencies. Awareness creation, sensitisation, and development of common understanding and co-operation will be carried out among stakeholders

2. *Partnerships:* PPP will be facilitated in order to deliver, maintain, support, pay for services rendered, manage or own facilities developed within the settlements with communities being key players. Beneficiaries will be involved and empowered in deciding their priorities to facilitate cost recovery once services are provided
3. *Security of Tenure:* Settlements selected for the programme will be designated as ‘tenure secure Zone’.
4. *Gender consideration:* There are high incidents of single parent households majority of which are women-headed. The women headed households are poorer than men-headed ones. When addressing the issue of single-headed houses, emphasis would be placed on women headed ones to devise strategies by which women are empowered to support their households and improve their living conditions.
5. *Income generation and poverty reduction strategy:* Effort will be made to involve micro finance institutions (MFI’s) in shelter improvement programme and in the development of small and medium enterprises in slums and informal settlements. Conducive regulatory framework within central and local authority agencies to enable small-scale industries and businesses operate in upgrading and resettlement areas will be facilitated. Group formation and networking will be the main entry points for project activities, security for borrowing and flow of information. Provision of business support services and appropriate technological to enhance human resource development. This will also help stimulate ability to contribute in the programme as well to afford housing outside the informal areas.
6. *Environmental Matters:*
Environmental degradation is highest in slums and informal settlements. The overcrowding associated with these settlements is made worse by problems relating to lack of basic services like water, sanitation, solid waste disposal and infrastructure services. These dwellings are located in the fragile and marginal sites of towns like riverbeds, disused quarry sites and dump sites. A combination of these factors and their impact on living conditions of slum dwellers make strategies to address them a major phenomenon of successful any slum upgrading process. The goal is to improve the environmental conditions and to institute measures that would mitigate negative impacts on the settlement and the inhabitants.
7. *De-densification to create service wayleaves and rationalize settlement layout planning:*
Demolitions will be kept to a minimum and or avoided as much as possible. Decisions on demolitions and relocations will be taken with the full participation of the community. Displaced structure could be relocated to suitable locations.
8. *Media Strategy:* The programme will depend upon amongst other things an effective information and media strategy. Educating both the general public and the residents of the slums selected for upgrading will be crucial. The Government of Kenya and UN Habitat will establish a mechanism to coordinate the media campaign and to continually respond to media interests at all stages of the programme development and implementation.
9. *Meeting Development Costs:* The programme will explore ways of keeping the costs down and affordable to the slum dwellers to avoid gentrification. A process by which middle class people take up residence in traditionally working class areas, changing its character.

This will include arrangements whereby local authorities can provide major services at their own costs or through cross subsidization. Ways will also be explored for involving commercial and industrial enterprises in contributing towards the cost of upgrading. Government subsidization through targeted fiscal reforms like, low interest rates, extended recovery periods, stamp duty waiver. Communities will be sensitised to develop sense of ownership of the improved facilities in order to enlist their resource contribution through *Sweat Equity*.

Even as all the paper work is going on and has the best intentions, there are those who have reservations over the ultimate outcome of this GOK/UN-Habitat initiative. For example, in its April 2004 issue SINA (Settlement Information Network Africa) punches holes in the slum-upgrading Programme thus...

‘Reference is made repeatedly made to this co-operation, it should be made clear however that the initiative to undertake upgrading Kibera-Soweto is to be seen as a pilot project and will not provide the ultimate solution to the problems of slums in urban areas.. slum upgrading cannot take place in isolation. There is an urgent need of a comprehensive city-wide strategy and action plan, based on consultations and participation, to identify geographical housing alternatives, which will enable those relocated to sustain their livelihoods.’

Persons aged 5 years and above by Main economic Activity

Region	Sex	Worked for Pay	In Family Business	Family Farm	Un – Employed	Inactive	Total
NATIONAL							
Kenya	Male	2,453,133	834,006	2,720,072	475,092	4,890,666	11,372,969
	Female	993,700	827,358	3,709,402	345,701	5,943,823	11,819,984
	Total	3,446,833	1,661,364	6,429,474	820,793	10,834,489	23,192,953
							36,000,000
Provincial							
Nairobi	Male	454,456	114,825	16,100	95,535	269,262	950,178
	Female	209,514	91,785	19,673	73,128	414,437	808,537
	Total	663,970	206,610	35,773	168,663	683,699	1,758,715
Central	Male	355,156	95,910	381,281	52,838	638,461	1,523,646
	Female	177,102	94,133	579,517	38,643	718,188	1,607,583
	Total	532,258	190,043	960,798	91,481	1,356,649	3,131,229
Coast	Male	272,986	90,133	190,398	69,847	378,275	1,001,639
	Female	81,972	74,885	295,080	40,744	510,089	1,002,770
	Total	354,958	165,018	485,478	110,591	888,364	2,004,409
Eastern	Male	354,696	120,350	477,298	47,133	828,909	1,828,386
	Female	150,963	125,062	670,022	33,069	1,007,542	1,986,658
	Total	505,659	245,412	1,147,320	80,202	1,836,451	3,815,044
N/ astern	Male	27,294	39,014	167,042	30,038	100,372	363,760
	Female	5,772	23,652	75,891	19,153	199,091	323,559
	Total	33,066	62,666	242,933	49,191	299,463	687,319
Nyanza	Male	245,270	107,306	402,107	51,457	877,680	1,683,820
	Female	89,665	150,231	681,529	41,224	917,734	1,880,383
	Total	334,935	257,537	1,083,636	92,681	1,795,414	3,564,203
RVP	Male	559,062	194,401	736,456	95,542	1,164,317	2,749,778
	Female	211,736	186,337	839,323	73,354	1,481,047	2,791,797
	Total	770,798	380,738	1,575,779	168,896	2,645,364	5,541,575
Western	Male	184,213	72,067	349,390	32,702	633,390	
	Female	66,976	81,273	548,367	26,386	695,695	
	Total	251,189	153,340	897,757	59,088	1,329,085	2,690,459

Source 1999 Kenya Population Census

The United Nations Working Globally has suggested ways of dealing with the financing of shelter challenge. However my observation is that there are many Kenyans do not have even that dollar a day and are actually starving and may not have something to put in their mouths, they have no tables. They await government handouts

1. The problem of adequate housing is essentially a problem of income – for the individual household. The lack of adequate income to access adequate or desired housing makes the housing problem basically a poverty problem.

2. Housing is usually available – often with high vacancy rates – at the high quality, high cost and high-income segment of the market. The low end of the market for the poor is marked with extremely tight and limited availability, with low or no vacancy rates.
3. Housing finance Institutions in many developing countries are characterized by poor asset portfolio, and illiquid mortgage instruments partly owing to limited availability of secondary mortgage markets or any other forms of liquidity facility. Primary mortgage markets are also poorly developed, partly because the institutions operate under an often chaotic and uncertain legal framework, doubtful property rights title, doubtful security of tenure and uncertain foreclosure procedures.
4. Housing finance systems are usually not well integrated into the overall finance system and therefore operate at the margin of the national financial market, with consequent disadvantage in savings mobilization. This is often caused by the fact that financial resources are directed into housing finance by the regulatory body. Subsidizing lending at below – market rates of interest separates also housing finance from the capital market.
5. Conventional Housing Finance Institutions are accessible and provide housing finance to the middle and high – income segment of the population. Public sector housing finance institutions have offered longer – term loans also to lower income groups, but even these have largely been restricted to borrowers with clear land title and certifiable income – a condition only met in public low – income housing projects. The vast majority of the population remains excluded. Typically, these institutions serve a minority of households at a high cost to the government, since housing finance institutions often enjoy support in the form of tax brakes, regulatory advantages and the allocation of captive savings. Given the limited resources, it is not surprising that the quantitative aspects, in terms of number of houses financed, is limited to total housing requirements.
6. The importance of security of land tenure for the poor in the context of access to housing finance cannot be overemphasized.
7. Conventional public and private finance systems offer virtually no credit solutions to the housing needs of the low – income and poor segments of the population. The poor, low and even moderate – income are the majority in developing countries and they cannot afford a loan for the least expensive, commercially built housing units. Reasons are low income, high construction costs and the high cost of long – term finance. Consequently, most poor and low/moderate income households build their own houses progressively over periods – ranging from five to fifteen years. Attempts therefore to transfer long-term mortgage finance from developed countries context to the low – moderate income majority in developing countries usually fail, since 60 to 80 percent of households in these countries lack the income stream criteria to qualify for loans to purchase the least expensive contractor – built housing unit. Alternative housing finance systems must therefore be devised if the poor are to be reached since, considering the economic situations; they are unable to afford buying houses on loan.
8. Frequently made mistakes in poor and low – income housing programmes and projects were summed up as attempts to improve savings in the absence of strategies to improve incomes among the poor, the transfer of housing technological blueprints

from developed to less developed countries and lack of respect for indigenous technologies, purchase of expensive land for low – income housing and excessive use of imported building materials.

9. Some elements are absolutely necessary to address the access to housing and housing credit by the low – income and the poor, but such subsidies need to be more effectively targeted. Subsidized housing finance in the form of low – interest loans has failed to reach the target group in most cases. A shift to well – targeted direct targeted subsidies has proved more effective in many countries in Latin America (e.g. Chile, Costa Rica, Venezuela, Paraguay, Uruguay, Colombia, El Salvador, Ecuador, Guatemala and Panama). This is also the case in South Africa and Indonesia. As a matter of fact, hardly any system of housing finance is known to be wholly unsubsidized, even in the developed countries.
10. Micro – finance for housing has been suggested by several actors as an effective approach to the housing finance problem. This approach is premised on the perception that the micro – finance approach reflects and builds on the progressive income of poor families and the progressive mode of constructing houses. In the case of micro-finance for housing, loans are usually small and short term and are designed to suit the repayment ability of low – income families.
In this light, legal regulations prohibiting micro – finance institutions from collecting deposits tend to discourage savings by the poor in their communities and should be appropriately reviewed.
11. Community – based micro – finance arrangements, which include loans for housing, as already successfully tried out in a number of countries and regions (e.g. Brazil, Mexico, Thailand, Senegal, South Africa, Chile, Colombia) have been identified as other effective alternatives to traditional or conventional housing finance systems. It is thus claimed that alternative credit systems are growing and are reaching the poor and the excluded. These are said to involve loans at unsubsidized interest rates, short terms and a range of collaterals including co – signers, para – legal title as well as full legal ownership, durable goods and pension fund contributions. Housing cooperative arrangements form part of this alternative system.
12. It has been suggested by increasing number of actors in the housing finance system that the micro – finance option holds promise from a housing perspective for three main reasons:
 - First, it fits well with the incremental building process used by the poor and low / moderate-income majority. Most micro lending occurs for land purchase, improvement, and expansion – in effect, for the major phases of the incremental building process.
 - Second, micro – finance helps to solve two basic difficulties encountered by traditional mortgage finance in developing countries: the mismatch of the very short – term liabilities available on financial markets in developing countries with that of long-term mortgage assets; and a highly limited market caused by the high cost and unsuitability of conventional mortgage finance for the poor and low/moderate – income majority.

- Third, micro-finance for housing can play a crucial role in reducing and better targeting housing subsidies. When they get a loan, households need less in subsidies to afford a modest housing solution.

Systematic scaling –up of some of these successful innovations is necessary to have a real impact on the availability of housing for the poor.

13. Assisted self-help in housing remains a powerful mode for enabling the poor to provide housing for themselves. This enables even the poorest of the poor to contribute to their own housing through sweat equity.
14. It has also been suggested that some “guarantee arrangements” not only with banks and financial institutions from the cooperative and mutual sector, but also including possible International Guarantee Fund for Housing, can be negotiated for wholesale financing to be released for on – lending to low-income borrowers for housing construction. This has been successfully tried out in some countries e.g. Bolivia and India. Shelter Afrique – the Company for Habitat and Housing in Africa – has provided such guarantees for supply and provision of housing in a number of African Countries. The scope and impact of these ‘guarantee fund arrangement” seem as yet limited but with great potential for further development.
15. The critical influence of macro – economic health and stability for the success of any housing finance system was acknowledged, considering that inflation is a mortal enemy of viable housing finance. The extent to which interest rate risk is present in the operating environment depends largely on the ability of macro-economic policy to maintain stable non- – inflationary economic growth. Macro- economic policy to maintain stable non-inflationary economic growth. Macro-economic stability is crucial since instability leads to uncertainty and raises interest rates. In fact, the housing finance system can hardly be viable and effective in an environment of high inflation and high interest rates.
16. All said, there is still the necessity for viable and sustainable conventional housing finance institutions to respond to the demands of households that can, with the right measures, use formal housing and mortgage markets to access longer – term credit or gain access to long – term secured, but non – mortgage credit and acquire housing in the formal market.
17. Ideal Housing Finance Institutions should meet the criteria of wide credit availability, accessibility and sustainability to a wide spectrum of income groups. It is possible to improve the efficiency of the mortgage market and the product options while at the same time providing well – targeted and transparent subsidies to the poor and lowest income groups, particularly through land, services and infrastructure assistance.

18. Then finally we have the Civil Society.

- a. Community Based and Owned: Somsook Boonyabancha in her paper “The role of Housing Finance in Achieving Adequate Shelter for All” alludes to “the development towards more participatory urban development. She noted that: “until relatively recently housing was viewed by the authorities as a construction process and a ready-made product. This perspective encouraged interference from interest groups, increased costs, encouraged corruption and led to the exclusion of the poor. There was therefore the necessity to move from a product view to a

process view. It was further posited that the role housing finance played and the manner in which it operated were the very key factors in the task of promoting housing development on a large scale.

- b. Ms. Boonyabancha also suggests that “Housing Finance Institutions (HFI’s) should employ flexible, creative and affordable mechanisms to stimulate housing development amongst the poor as well as stimulate non-financial contributions from the poor to housing development. Furthermore, the right kind of desirable process in which people are at the centre in achieving large-scale housing development will also bring about significant changes and developments in urban poverty issues and the improvement of the quality of life.”
- c. Philanthropic Approach: Provide free housing. Perhaps heavily subsidized or NGO driven. Habitat For Humanity International, Rockefeller Foundation, could step in and mitigate the huge shortfall. Adopting the South African models of Mayibuye Programme and the Informal Settlement Upgrading Programme.
- d. The ITDG has worked with the rural communities to adopt their technology and assists them to recognize what they have and teaches them to be proud of their heritage in material

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