

Research on public/private partnerships in urban land development

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Background and context

This presentation is based upon a research project funded by the Department for International Development between 1996-97. It involved fieldwork to assess examples of innovative partnerships in four countries, Egypt, India, Pakistan and South Africa, but included an international workshop with participants who presented papers reviewing examples from many other countries, including Bulgaria, Russia, Mexico, sub-Saharan Africa, south-east Asia and the UK. The full report is presently being edited for publication later this year in book form. In view of the limited time available today, I would like to identify some of the reasons for increasing interest in public/private partnerships, review some of their main characteristics and illustrate some examples from India.

The first point to make is that confidence in the ability of direct state provision or unrestrained market systems to satisfy ever increasing social needs has been increasingly eroded during the 1990s, not least by the collapse of communism in eastern Europe and the recent economic downturn in south-east Asia. This has fuelled interest by countries at all levels of economic development, in new ways to balance needs and resources (Tony Blair is perhaps the latest convert to the 'Third Way'). Whilst this issue affects all key developmental sectors, none are more affected than land and housing.

Within the rapidly expanding cities of developing countries, the demand for land is without historical precedent. Many metropolitan centres accommodate more than ten million and are increasing by up to 1,000 people a day, while many smaller cities are doubling in population every decade or less. It has been estimated that in India alone, approximately 600,000 hectares, or enough to accommodate twenty more cities the size of Mumbai, will be needed within the next twenty years to accommodate the projected increase (von Einsiedel:1995).

It is hardly surprising that this level of demand has placed conventional methods of supply under intense pressure. Public sector land acquisition, land nationalisation and development controls have all been tried in order to stimulate the supply of land for approved uses, yet hardly any city can claim to have met demand on a sustainable basis.

The ever increasing attraction of land as a source of secure and profitable investment has intensified a commercial market system to the point where urban land in some cities is well beyond the affordability of even middle income households. In Mumbai, prices rose so fast that in early 1996 that the city could boast (if that is an appropriate term) the highest land prices in the world, even outstripping Tokyo, New York and Hong Kong. Although prices have fallen to a more sustainable level during the last year, they are still far higher than most local people can afford and many other cities are now finding that access to land is the greatest single obstacle to the improvement of urban living conditions (UN 1993:61).

As land has become increasingly commercialised, even areas which were previously considered marginal (along railway lines or drains, or on the side of steep hillsides, etc, have acquired a market value, reducing future options for low income access and putting a high value on public land-holdings, so that the opportunity cost makes their allocation for low-income groups difficult to sustain when the need to raise revenues and put land to productive use is almost irresistible. Such pressures have led to several recent instances in Mexico City, Manila, Rio de Janeiro and Santiago, where the government has evicted well established communities on the grounds that the land can be put to better use, such as conference centres and highways.

Estimates of the proportion of people excluded from formal land and housing markets varies widely, but averages over 40 percent internationally and between 15-70 percent of the urban population in developing countries (Durand-Lasserve 1996:ix). Improving access to land markets is therefore a prerequisite for improving the housing situation and economic prospects for low-income populations.

The ethos of public sector agencies is often based partly on the assumption that they should compensate for the failure of private housing markets by providing directly for those in need. Whilst this is well intentioned, it fails to take into account the numbers of those in need and the low level of their incomes, thereby putting public supply systems under intolerable pressure. By acting as developers, government agencies have invariably failed to meet their goals of providing land or housing for more than a token proportion of those in need. In some countries (especially in sub-Saharan Africa) land nationalisation was adopted to control land markets, whilst in others, such as India, Sri Lanka, Egypt, Mexico and Tunisia, (Durand-Lasserve 1996:51) attempts were made to regulate them more tightly. Both approaches have failed because of a lack of support from key urban actors and because the state lacked the necessary human and financial resources.

In many countries, the gap between public and private sectors is both wide and deep and reflects cultural as well as practical differences. Despite the limitations of public sector projects, many officials still regard themselves as the protectors of the poor against what they consider a regressive market system. Viewed from the other side of this chasm, private sector developers often view the public sector as incompetent, inflexible and corrupt. In most countries, land-owners dread the threat of compulsory purchase orders by local authorities who offer compensation levels well below the potential market value of their land. Official standards and procedures are often so inappropriate to levels of affordability that it is impossible for private developers to meet social needs *and* conform to official requirements. Delays in processing proposals, and the cost of obtaining permissions, erode profit margins, forcing many developers to increase prices to stay in business.

Reasons for current interest in the subject

The impasse resulting from this stalemate has, however, made it clear that neither public nor private sectors on their own are able to address, let alone resolve, the problems of housing increasing urban populations. This recognition is the first step in paving the way for innovative approaches by which the roles and relationships of the two sectors, together with third sector groups, such as NGOs and CBOs, are being radically transformed.

Public/private partnerships are now widely being promoted for several reasons:

- It is now generally recognised throughout the world that direct government supply of urban land and housing has proved ineffective in meeting varied needs at the scale required.
- Increasing globalisation of the world economy reduces public sector options and makes some form of partnership the only viable option for influencing urban land markets. (This may, of course, be considered both positively in the sense of a more effective approach, or negatively as an option of last resort).
- Their incorporation as a central element of the Habitat Agenda.
- The private sector is considered to be more efficient in meeting diverse housing needs than the public sector, partly on the assumption that competition will filter out inefficient or unresponsive suppliers. It is also more efficient in achieving high levels of cost recovery than public sector agencies. Many people see government as having a responsibility to help the less affluent, to the point where many do not consider they have an obligation to repay costs, especially when they see others fail to do so with impunity.

Given this increasing interest, there is a great need for research to monitor innovative approaches in a wide variety of contexts (not just in the South, but wherever relevant examples exist) and to disseminate the results and lessons learned to those working in the field.

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Types of partnership

There are currently a wide range of partnership arrangements in the fields of finance and credit (eg Lloren 1991, Mitlin 1993:148-154, Munjee 1992, UNCHS 1978 and 1993:61-71) and infrastructure provision (eg Gidman et al 1995, Batley 1996). Surprisingly, less attention has been paid to initiatives in the field of land development (UNCHS 1993:60), even though land is a pre-condition for any housing development.

One of the earliest studies concerned a range of public/private partnerships in India by PADCO. This defines partnerships as "programs and/or projects in which both public and private sector entities have financial commitments and exposure to risk" (PADCO 1991:3). The report reviews seven examples. In one, known as the Township Scheme, licenses are given to developers on condition that they contribute towards off-site infrastructure costs or reserve a proportion of the developed land for lower-income plots to develop land by the development authority. In another, the Guided Urban Development model, a joint venture was established between the development authority and private developers to stimulate the supply of affordable land for low-income households. The other examples consist of land readjustment projects and developments by co-operatives and NGOs.

The most comprehensive review is by the United Nations (1993), which states that partnerships can be taken "to mean more than a simple link or interaction between two or more actors in the shelter process". Partnership implies:

- An active and deliberate process, even if the partners are active in not doing something (such as imposing controls on land or rents).
- A process of working together in a mutually-interdependent fashion, often with shared responsibilities... The most successful partnerships are those in which each partner derives something beneficial, and gains access to something that it does not have from the other partner or partners in the relationship.
- A common agenda and goal, even if the interests, benefits and powers of the partners differ.
- A relationship in which accountability and transparency are crucial". (UNCHS 1993:9-10).

The report goes on to say that responsibilities may vary and there is certainly no need for successful partnerships to be "equal" in terms of investment or effort, though they do imply a deliberate goal on the part of the actors involved to contribute something distinctive towards a common goal - adequate shelter for all. The examples reviewed include land sharing, land-pooling and readjustment, allocation of public lands for development by third sector groups, development corporations made up of public and private sector interests and concessions to planning regulations to attract private investment.

Concern over the need to stimulate a partnership approach was also reflected at the Delhi conference on Security of Tenure, held in January 1996. This organised a working group on formal private sector participation, including public/private partnerships, which produced a set of guiding principles including:

- Partnerships based on principles of equity, economy, efficiency, flexibility and participation can lead to better land management and greater access to land and security of tenure.
- Effective partnerships between government and private business and land-owning sectors need to be fostered through facilitating access to land and land development opportunities to these sectors.
- In current forms of such partnerships, redistribution of value added benefits is inequitable and to the advantage of speculators/brokers
- The role of governments should be to inspire, enable and facilitate formal private sector initiative through an appropriate policy framework, rather than to involve themselves in project implementation.
- NGOs are well placed to mediate between communities, governments and private sector actors.
- Capacity building for communities, local governments and CBOs is needed to ensure their effectiveness in land management.
- Mechanisms for formal private sector participation should be designed to ensure that it includes access to land for the urban poor and other disadvantaged sections and partnerships should take cognisance of any impediments affecting women or particular groups.

Partnership initiatives have a long tradition in many industrialised countries. They were part of the New Deal in the United States in 1932 and were established in Canada and the Netherlands by the late

1960's (UNCHS 1993:27-50). They were adopted increasingly in the United Kingdom during the 1980's and examples included the formation of joint enabling agencies with variations in objectives, membership, organisation and resources. Some were the result of initiatives by private development companies taking advantage of new public policies to increase the role of the private sector, while others were initiated by local authorities seeking to protect their interests against central government policies. These initiatives have not all been exhaustively assessed, so there is a great deal of potential for assessing their relevance to present urban problems in the cities of the South.

A study by Jeneleniewski (1997) defines the characteristics of public/private partnerships as:

- Involving one or more public authorities
- and one or more private partners
- working together to fulfil a mutually agreed objective
- in a specific organisational framework set up by the parties involved
- in which each party retains its own identity
- there is an input of resources by the parties concerned and
- parties bear the risks of the project together and share profits, according to their possibilities.

In this context, 'public authorities' include government bodies at central and local levels, sub-municipal bodies and parastatal agencies (quangos). 'Private partners' include commercial developers, private land-owners and informal actors, whose rights may not be officially recognised in conventional urban development, such as customary land-owners, informal/unauthorised developers and community based organisations, and NGOs operating at local or national levels. (ibid)

Each of these reviews provides a good working basis for further analysis, especially in their emphasis upon relationships rather than formal contracts. However, the examples cited are relatively formal, public and, possibly, contractual relationships between the partners. The issue of definition is of more than academic relevance. The evidence contained in the above examples, suggests that formal partnerships to date have been limited in scale and have had only a modest impact on low-income access to land (Edwards 1995, PADCO 1991:32 UNCHS 1993:60-61). However, this may well be because the definitions used have excluded other, less formal, associations, arrangements, partnerships or relationships between public and private sectors.

It has become clear that there are a number of ways in which informal relationships or arrangements have evolved between the public and private sectors, in which both sides are fully aware of the impact of their actions and act for a perceived mutual benefit. For example, officials in local government may find it easier (and more profitable), to relax regulations and official standards than to change them, so that private developers can develop land at standards which people can afford. In other cases, public agencies may turn a blind eye to the unauthorised subdivision and development of land, and eventually provide such settlements with services, knowing that such action is more effective in helping low-income groups than direct state provision.

Such tacit partnerships maintain the fiction of official norms, whilst permitting more realistic responses and, if maintained on a long term basis, could be said to evolve into a form of de-facto partnership. In practice, many of the actions undertaken by the public sector are within the spirit of the Habitat Agenda in that they involve more inclusive, participatory forms of development and management of land to the benefit of all sections of society, but particularly the poor. Whilst these may be stretching the concept of partnership to its limits, it remains true that the conventional relationship between the public and private sectors has been eroded by recent developments which make it difficult to know where to draw the line. It could therefore be claimed that arrangements, or forms of collaboration, between the public and private sectors represent a continuum which needs to be more fully understood.

Examples of such informal partnerships include the guided squatting approach, or incremental development concept, which has been adopted in Hyderabad, Pakistan and Conakry, Guinea (Durand-Lasserve 1996:63). Guided land development has been particularly effective in sub-Saharan Africa, (eg Guinea, Cameroon and Rwanda before 1994), where it has helped overcome the obstacle of developing customary lands. This was achieved by associating customary owners with all phases of the operation, from the choice of site to the development and sale of plots (ibid:65). The approach has also been applied in Lima, Peru. In Mexico, joint ventures between Ejidos and the private sector have been implemented for many years (Varley 1985, Jones and Ward 1998:15). One common practice involved

private developers acquiring ejido land in return for private land of equal value elsewhere. In practice, the valuation of the ejido as "agricultural", even when it was adjacent to an urban area, allowed the developer to acquire large quantities of prime land for less than the market value. Many partnerships have also involved the provision or sale of land held under public sector control, as a means of attracting private sector investment in land development and housing construction.

All this is not to imply that informal partnerships are preferable to formal, transparent ones. The informal sector provides as many examples of exploitation, manipulation and inefficiency as other forms of development. However, it exists largely because the regulatory framework which determines official standards, regulations and administrative procedures are all too often inappropriate to the social, cultural, economic and environmental realities which apply in developing countries. Under such conditions, the inability or refusal to reform such standards, regulations and procedures forces lower income households into the informal sector and leaves a range of informal arrangements or partnerships as the only viable means of assisting them. In cities where the authorities are interested in adopting a partnership approach, research would therefore be desirable to assess the extent to which the regulatory framework was appropriate or needed to be reformed, if only on a trial basis.

Given the variety of public and private sector entities involved in land and housing development and the formal and informal partnerships operating, the question of definition is therefore complex. Whilst partnerships can be defined as an association of partners, a more useful definition in the present context would be an arrangement which addresses the interests of both public and private sectors to develop land for housing. This more inclusive definition enables the present review to include arrangements which, whilst not within the conventional definition of formal, transparent relationships, directly address the needs of low-income groups. This is of particular relevance in that many of the partnerships reviewed in the UNCHS report (1993:60) have made only a marginal impact upon the supply of urban land for housing and that lower income groups have not always been top of the list of beneficiaries.

The essential quality which partnerships embody is that of complementarity, in which the relative strengths and weaknesses of each partner are offset against each other to produce developments which combine the best attributes of each. In practical terms, this could be seen as developments which are economically efficient, socially responsive and environmentally sustainable. However, it is likely that the concept of partnerships means different things to different people. To some, it may be a series of discrete projects and to others a way of doing business. Whilst such variations are possibly necessary in winning support for the concept, it does present problems in defining and assessing examples. These issues can only be resolved by assessing the objectives and outputs of different approaches.

Issues involved in public/private partnerships

Clearly, an approach which involves the redefinition of the role of the state and its relationship with private and third sectors, raises several major issues. A central one concerns the reason why partnerships are adopted. If they are seen by the public sector as representing the only effective means of maintaining an influence over land and housing markets, or by the private sector simply as a means of extending its share of total supply, any partnership is likely to be of limited impact and duration. Such an arrangement would be a marriage of convenience between partners speaking different languages. Whilst self interest is an essential element, partnerships should be seen as offering each party benefits that cannot be achieved when operating independently.

A first step in this process is for actors from each sector to understand and acknowledge the legitimate interests of the others. For the public sector, this involves protecting the wider public interest and particularly the needs of vulnerable groups, such as those unable to gain access to the legal land and housing market. The state is also ultimately responsible for maintaining an effective and appropriate legal, policy and administrative framework within which other actors can operate on equal terms - the famous 'level playing field'. In theory, this means drawing up and monitoring contracts, regulating contractors and preventing monopolies, co-ordinating suppliers and informing consumers and other groups of their rights and responsibilities. In practice, of course, the state is never a disinterested onlooker and invariably favours some groups over others, so that many groups find themselves kicking uphill over bumpy ground.

For the private sector, the primary interest is to maximise returns on investment, whilst minimising costs and risk. For commercial developers, investment will be defined primarily in terms of finance, whilst for NGOs, it may be seen in more social, or political terms.

However, improved understanding is an insufficient basis for partnerships and may even be seen as reinforcing opportunities for control over the other sector, rather than co-operation. The common antipathy between public and private sectors will require a major shift on both sides - for public sector agencies to become more market sensitive and for the private sector to become more socially responsive. Formal private sector developers will have to accept a social responsibility for working in areas which involve lower profit margins and mixed developments which benefit lower income groups. At the same time, public sector staff will need to relate proposals to prevailing market conditions and the resources of their target populations. As Durand-Lasserve (1996:52) notes, this requires a better knowledge of how land markets operate and the changing relationship between needs and supply. Training materials, based on the findings of sound research, can help officials to realise the implications of such factors, whilst examples of successful partnerships can help build confidence in establishing a more productive relationship.

The mechanisms essential for making such adjustments may not yet exist in some countries (Asobur, Fonvi and Proa 1991:318). As Batley (1996:749) has noted, the introduction of market mechanisms may also bring transaction costs in the control and co-ordinating roles which government has to assume and a full assessment of privatisation should take into account the cost to government of undertaking these new roles and its capacity to do so. Research on such transaction costs would help to prepare the ground for new partnerships approaches.

New roles will also require new rules. These will vary from one level of government to another, with central government creating the policy, legal and administrative framework within which local authorities can create a range of partnerships to suit local conditions. Striking the right balance, and adapting it to changing market conditions, will not be easy. Failure to adapt the administrative system would render partnerships more of a public relations exercise than a transformation of government roles in land development. Action at both levels will therefore be vital if experience of the sites and services approach is to be avoided. Instead of signalling a greater role for developers and residents in housing provision, these remained as a series of discrete projects, often undertaken by staff engaged in a separate unit of land development agencies and with minimal impact upon the sectoral operations of urban development authorities. According to Gore (1991:209), the site specific nature of early partnership projects in Britain limited the contribution they were able to make to the overall regeneration of an area. For partnerships to escape this cul-de-sac and permeate institutional corridors will require a greater effort of will at both national and local levels.

Responsible officials and the wider public interest will also need to be reassured that procedures are formulated to ensure a modicum of transparency and accountability. This is difficult enough for elements such as infrastructure provision, where variations in unit costs are relatively small within a given city. However, land is unique in that the value, or market price, varies dramatically from one parcel to another, depending upon location, tenure status and site conditions. The propensity of land to attract substantial investment from the informal economy also provides ample scope for abuse. The task of formulating administrative procedures which are able to provide both consistency and flexibility will therefore challenge the most capable administrators.

Another issue concerns the tendency for local authorities to offer relaxations to official regulations or standards as a contribution in kind towards a partnership approach. This has the attraction of being a cost free means of attracting private investment and increasing public sector leverage over developers and several examples of this approach will be presented in the following pages. However, the scope for such relaxations is proportional to the extent to which such standards and regulations impose requirements (and costs) which conflict with market trends. In this sense, the more unrealistic, complex and expensive the regulatory framework is, the greater the scope for selective relaxations. Under these conditions, relaxations may increase leverage and enable authorities to maintain the fiction of official regulations, though they virtually remove incentives to reform inappropriate regulatory frameworks. Any system which depends upon the perpetuation of outmoded and unrealistic regulations as a front for a series of deals with private sector interests, runs the risk of institutionalising inefficiency and corruption.

In partnerships between the public and formal private sectors, some form of contract will generally be required in order to clarify the roles of each partner and the distribution of investment, risk and benefit. This presents several issues. First, how can contracts follow an administratively manageable form and yet still allow for the uniqueness of different sites and partnership arrangements? Secondly, how can the opposing needs of transparency and commercial confidentiality be met? Thirdly, how can contracts be enforced, when the state itself is one of the interested parties?

Of course, contracts may not be feasible when the partnership is between public agencies and informal sector developers, which are the largest single channel for urban land development in many countries. Since most of these will be operating outside the officially sanctioned norms, it is understandably difficult for agencies to support what are seen as illegal activities or groups. This makes the issues of transparency and accountability even more difficult to resolve, though it does not mean that benefits may not accrue to all parties, including those in need of housing. Research covering the outcomes of different contractual arrangements would help to identify parameters which satisfy the priority interests of key partners.

Whether contracts are applied or not, the ability of partnerships to succeed in areas occupied by, or designated for, low-income groups, presents a major practical problem. The potential for commercially attractive returns will be lower in such areas and will therefore require a greater public sector contribution to ensure viability (Durand-Lasserve 1996:60). Yet these are the main areas in which partnerships are required, since commercially attractive areas can be developed by the private sector groups without external intervention.

To date, the ability of the state to provide the necessary level and types of support at the scale required is, at best, unproven. Even if such investment is available, the value of the final development will have been increased to a level which either puts it out of reach of poorer households, or requires subsidies to ensure access, which in turn add to market distortion. This issue is likely to be of particular relevance in cities where public authorities hold areas of land in, or adjacent to, prime central locations. In such cases, should local authorities sell land at the full market price for private sector development and use the revenue generated for other projects targeted at low income groups, or should it forego such revenue in order to enable poorer households to live in central locations near employment areas? Research should therefore include the costs of any direct and/or indirect subsidies to arrive at a 'true' cost.

Speculation, and the desire to prevent it, is another common objective of public policy in dealing with land markets. Just as subsidies are intended to enable households to obtain land and housing which they would not be able to afford at a market determined price, so attempts to control speculation have sought to reduce market prices to facilitate market access by the poor. Public/private sector partnerships offer a means of avoiding this problem, by encouraging developments which maximise 'added value', but incorporate elements which enable a proportion of this (speculative) increase to accrue to the wider community, or to specific groups defined as deserving by the wider community. Incorporating the potential benefits of this approach will, however, require public sector agencies to reassess planning policies, particularly those relating to development control, and to revise them in ways which can facilitate a partnership approach. Case study research on examples which have succeeded in balancing the needs for commercial viability and low-income accessibility possibly represents the area of greatest potential value to policy makers and partnership project designers.

Another problem with partnerships in land is that they are invariably easier to implement in areas where land prices are high enough to offer reasonable returns, than in areas where returns are limited. However, such areas can usually be developed without using a partnership approach. The areas in which partnerships could be most effective is in facilitating access to land by low-income groups. Unfortunately, the lower returns these provide makes it more difficult to involve land owners or developers, so that such partnerships face major problems, unless subsidies are made available. Yet the inability of the state to provide such subsidies may well explain why public sector agencies introduced partnerships in the first place. It is not enough for the public sector to seek the involvement of the private sector, unless it puts into practice a regulatory framework which facilitates this. Another option is to expand partnerships between the public sector and the so-called 'Third Sector' of NGOs and CBOs which are well established in most cities, even if their scale of operations vary widely. Research on such examples would be of great value.

Finally, partnerships will only flourish if they can demonstrate an ability to satisfy the primary needs and interests of all key stake-holders, especially the potential beneficiaries. Procedures will therefore need to be developed to identify and address these and formulate criteria which can be used in assessing the costs and benefits of each development. This is not a process which should be restricted to either the public agencies or private developers, but would need to include representatives of NGOs and community groups.

Criteria for assessing partnerships:

A recent research project on partnerships in land assessed examples according to the extent they had:

- Increased the supply of urban land for housing
- Improved the efficiency of urban land markets
- Improved access to land for low-income groups and
- Provided the basis for a more productive relationship between public, private and third sectors.

In meeting these criteria, successful partnerships are likely to embody the following:

- An efficient way of identifying different and changing needs
- Adequate trust between the partners
- Clarity concerning the purpose of the partnership and individual roles within it
- Adequate leadership
- The ability of each partner to fulfil their role
- Adequate access by all partners to essential information
- The availability of necessary financial and other resources
- Compatibility within the prevailing political and legal climate
- The potential for wider application.

Inevitably, any partnership development will achieve success in meeting some objectives more than others. The list above should therefore be regarded only as a framework. For example, some partnerships have succeeded in improving land market efficiency, but have resulted in increasing land costs, which in turn reduced low-income access to land (Durand-Lasserve 1996:57).

This suggests that the issue of whether any sectoral activity is best undertaken by the public, private, or other sector, or some partnership between them, should not be determined on the basis of political dogma, so much as on the nature of the activity concerned and the local considerations which apply at the time (Batley 1996). This, in turn, suggests that regular reviews should be undertaken by all agencies in the field of urban development to stimulate a wide range of supply options and assess the costs and benefits of each. The first question that needs to be continually asked is: What is best value? The second question should be: How do we define 'best value'? Each stake-holder will probably have a different definition of what constitutes good value and it is difficult to identify a single set of parameters by which performance, and therefore success or failure, can be measured. Any assessment should therefore attempt to include political, social, cultural and environmental factors as well as financial and economic ones.

The roles of central, regional and local government will need to be identified within this framework, together with other stake-holders, from developers, land-owners, NGOs, CBOs and local residents, and the organisational structure through which the partnership is to operate at each relevant stage.

In essence, partnerships are about collaboration. Successful partnerships will be those which recognise the primary interests of each partner and balance the strengths of one against the limitations of others.

Examples of partnerships in India

Many examples of innovation in the relationship between public and private sectors currently exist in India and some have been operating for many years. These include Town Planning Schemes (TPS) based on British planning practice; Participatory Development Schemes (PDS), by which the private sector is permitted to undertake large scale land developments in return for the provision of a social housing component; land compensation schemes to benefit Project Affected Persons (PAPS);

Transferable Development Rights (TDR), by which private land-owners in areas where development is restricted, are compensated by disassociating the development rights from their existing plots and awarded transferable development right certificates for use in other approved areas. Another example is the Slum Redevelopment Scheme (SRD) recently introduced in Mumbai, whereby the commercial private sector, together with slum co-operatives and NGOs, are offered land-based incentives to upgrade existing slums.

Inevitably, these approaches cannot address, let alone resolve, all the problems facing India's expanding cities. However, they are proving a realistic generally progressive weapon in the armoury of those responsible for regulating market driven urban land and housing markets and seeking ways of enabling low income groups to gain access to land for housing, as well as a range of other benefits for the wider urban community.

I would like to conclude with three examples. In the first, the City and Industrial Development Corporation (CIDCO) established to plan and implement the development of Navi Mumbai, or New Bombay, found an effective way of encouraging the participation of local villagers in the development of the new city using PAPs. Instead of the traditional approach of offering compensation for their agricultural land under terms which have traditionally evoked strong opposition, they offered a combination of cash payments at existing use rates, AND a number of developed plots in the sub-divided urban development, according to the size and value of land acquired. So attractive were the terms offered that some farmers have become rich. The positive aspect is that the principle of the approach has now become very popular - the downside is that expectations have been raised and demands have increased as a result. Managing these expectations is therefore increasingly the critical element in managing the programme.

Second, CIDCO has exploited the popularity of trains as the major means of travel into and out of Mumbai to develop commercial projects above and adjacent to the railway stations and are recovering sufficient funds from selling these to pay for the capital costs of the infrastructure.

Finally, an example of what can be achieved by the Slum Redevelopment Scheme can be seen in central Mumbai where a co-operative has implemented a project with support from a local architect. The squatters were living in basic huts near a main road. Although the land commanded a potentially astronomical value, it could not be developed with the squatters in residence. An agreement was therefore made between the land-owner and the squatters under the programme, by which the local authority granted planning permission for a large commercial housing scheme to be developed along the main frontage, on the understanding that sufficient area would be left to construct blocks of small apartments for the existing squatters, who would then become legal occupants. This basically land sharing project cemented good relations between the parties to the point where residents of newly valuable apartments decided not to en-cash their new-found wealth by selling out, and instead opted to create a community fund to finance the education of children in the settlement. Whilst this example is probably the exception, rather than the rule, it clearly demonstrates some of the potential benefits of a partnership approach.

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