

Land Readjustment: Solving Urban Problems Through Innovative Approach

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Participatory and Inclusive Land Readjustment in Huambo, Angola

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After a protracted civil war, Angola has been reconstructing its social and physical infrastructure and developing new policies and legislation to address the chronic poverty that many families live in. Four decades of war were characterized by forced removals, resettlement, and massive internal displacement of rural and urban populations. Urban expansion became uncontrolled, and informal land transactions flourished with few legal tools and little financial and human resources to manage land properly. Land has emerged as a critical point of potential conflicts, and a recent research has demonstrated that, after the civil war, thriving land markets have come to exist in Angola; however, they are largely unregulated, and informal real estate transactions are the norm and are considered legitimate (Development Workshop 2005; 2012). Most settlement and housing-plot acquisition has been through this informal land market, and only a small percentage of urban residents have acquired full legal title to the land they occupy. Lack of tenure security in the form of “title” seriously undermines the wellbeing of poor families, and puts at risk their principal assets if expropriated. This is because only titleholders are eligible to receive compensation when land is expropriated for public development projects. The poor are thus at risk of losing their land and housing, even if purchased and occupied in good faith after demolitions and relocations.

In the Huambo municipality, the local administration had made provision for the distribution of land for self-help housing for those on a housing waiting list. The provincial government, which was struggling with the response to the high number of requests for housing sites, invited Development Workshop to coordinate the implementation of two participatory urban planning projects. Development Workshop suggested that a modified land readjustment or land-sharing model was appropriated to the context of Angola’s current urban crisis. As a result, two projects were implemented during a three-year period (2006–2008) when important decentralization reforms were underway through the creation of municipal administrations that were assigned new powers for managing land. These two projects, illustrating Angola’s first-ever experience of land readjustment, one successful and the other not, provided lessons on how this approach can be adapted for future public land and settlement policies.

The first project demonstrated how the land readjustment model could reduce land conflicts by regularizing tenure status, thus incorporating an informal settlement into

the formally planned urban part of the city (see Table 3.2 and Figures 3.3-3.4 for Sassonde and Camussamba project). It showed how market mechanisms created land value that benefitted former occupants, new owner-builders, and the State, thereby providing the incentive to these parties to work together. It also demonstrated the crucial role of social mobilization by Development Workshop, and the need for government buy-in to secure the success of the project. The process of building social inclusiveness involved convincing land occupants to participate in the project and proved to be onerous and time-consuming. Existing land-occupiers, whose land would be affected in the readjustment process, were registered and their land boundaries mapped using hand-held geoprocessing equipment. A compensation process was developed which foresaw that each land-occupier would receive plots in the newly urbanized area in accordance with the size of the land he or she lost, as a form of land readjustment. The overall distribution was crucial in this case: 30% of the land was reserved for infrastructure, including roads; 35% for redistribution to original local land occupants; and 35% for sale with the objective of covering basic infrastructure costs.

Under the auspices of the provincial government, all owners of the redistributed parcels (including previous land occupants and new residents) were issued with “provisional tenure licenses” (*licença de arrematação*), and given two-year renewable leases before having the right to apply for a full land title. The project sold the remaining 35% of the plots to private individuals and families who had registered themselves on the government’s housing waiting list. With the funds acquired from the sale of land parcels, investments were made in layout planning, clearing roadways, and installing boreholes for drinking water. Without doubt, one important factor contributing to the relatively successful completion of the pilot project was the vibrant land market that facilitated the immediate sale of the land parcels for the creation of the infrastructure fund. The leading agency and one member of the management group jointly managed the infrastructure fund. It proved that such arrangements could be made without a legal or institutional framework for this purpose.

Huambo’s first land readjustment project contributed to create a socially diverse neighborhood (*bairro*), with a population consisting of different income groups, ranging from the poor to the middle class. No conflict was noted between social classes or ethnic groups who occupied the *bairro*. The inclusion of the poor was achieved through a compensation process with the allocation of redeveloped land parcels rather than a monetary compensation. The project was perceived to be successful by all participants in the process, as evidenced by the families who acquired secure land tenure and who financially benefited from the increased value of their land and income gained from the sale of the plots created through the process of readjustment. The sub-division and registry of plots by the government was a primary factor that unlocked land value.

This land redevelopment increased market value that benefitted former occupants, new owner-builders, financial intermediaries, and the State.

After the success of the pilot project the Huambo municipal administration asked Development Workshop to implement a second project. The same overall approach was used, initiating a process of registering and mapping of the developed, informal area and implementing a readjustment scheme at the periphery of the peri-urban area. The second case, however, demonstrated that the project did not generate sufficient resources to sustain itself, because it lost the essential ingredient of financial control and the opportunity to take advantage of the booming land market to create value. It was launched shortly after the publication of the new decentralization law in 2007. However, the municipal administration failed to take up opportunities that the new law had opened up. The decentralization law gave municipalities the responsibility to manage land under 1,000 square meters, at a domestic/housing scale, and gave them the rights to levy fees for local services and collect fees. A shortcoming of the decentralization law obliged all income raised locally by the municipal administrations from taxes and fees to revert to the central government's account. The only local investment funds made available to municipalities were allocated through their annual budgets. Municipal authorities therefore had no incentive to create surplus income from local sources. Locally generated income was not left for them to manage locally. Instead of selling land plots to create an infrastructure development fund, the municipal administration distributed the parcels for free to individuals who were on the municipality's long waiting list for land for housing. Without cost-recovery, there were no funds to invest in basic infrastructure.

It is recommended that a major effort be invested in the capacity building of municipalities in managing land and in fiscal responsibilities that they must now assume. Municipalities must also be given the possibility to generate their own financial resources through transaction fees and taxes. Income from the regularization of land tenure can be one of the ways that municipalities can sustain themselves in the future, at least until all informal land has been converted, after which time new forms of value capture will need to be devised. The fact that urban development projects can be both self-financing and create secure tenure rights for informal land occupants is probably the most powerful argument for replicating the pilot projects. The economic aspect has obvious appeal to government institutions. Given budget constraints under which many municipal administrations operate, this provides a valid and interesting approach to manage urban expansion and improve conditions of slums.

While the authors are strong proponents of Angola's administrative decentralization program, they conclude that the devolution of land-management responsibilities to a

newly appointed municipal administration that did not have sufficient financial autonomy to capture and deploy income from the increased value of land they developed, led to the failure of the second pilot project. It became evident that a major effort must be invested in the building of the capacity of municipalities to manage land and the other responsibilities that they must now assume, such as the supply of basic services including water and sanitation. Municipalities must be given the possibility to generate and retain their own sources of revenue through transaction fees and taxes. Income from the regularization of land tenure may be one of the ways that municipalities can sustain themselves in the future.

The two Huambo land readjustment case studies demonstrated that *de facto* recognition of the good faith occupation rights of existing land owners-occupiers is important for the functioning of an inclusive land market. The recognition of occupants' rights allows them to benefit economically, along with all the other actors in the market at the time of legalization and regularization of tenure through a process of participatory land readjustment. However, the current land legislation will need to be revised to accommodate the principle of occupation in good faith. Bylaws and regulations will need to define the proofs that can be used to validate this occupation and the procedures that will be used to register these claims. Once these rights are defined legally, mechanisms will also need to be established to adjudicate conflicting claims. The strengthening of municipal Courts to deal with local land claims will be essential.

The experience shows that despite a rather challenging environment, land readjustment in Angola has the potential to become an important tool for urban planning (Cain 2010; Cain, Weber, and Festo 2013). It shows that, while there is still no legal framework for land readjustment and a very limited culture of participation in urban planning processes, growing land markets and the cooperation between land occupants and public and private investors can make land readjustment a viable option for local governments. If land readjustment is to be an effective tool for urban development in Angola, the lessons from these case studies need to be understood by urban policy makers and facilitating legislation enacted, allowing land value capture and its reinvestment by municipalities. The capacity of municipalities to plan and manage such projects on a much larger scale must be built. Land readjustment provides a win-win mechanism for all involved parties to regularize peri-urban settlements, providing sustainable infrastructure and access to services, while at the same time strengthening the rights of tenure and protection of assets of the poor. If municipal fiscal rules were to be reformed, land readjustment could also provide local government with an opportunity to capture some of the added land value as cities grow.

Table 3.2. The Sassonde and Camussamba Land Readjustment Project in Huambo, Angola

Name of the project:		Sassonde and Camussamba Land Readjustment Project
Location of the project:		Huambo, Angola
Name of the implementation agency:		Development Workshop Angola
Project period:		2006-2008
Implementation of the project period:		2006-2008
Area of the project:		60 hectares
Rights holders:	Nº of landowners:	62 originally, 597 at end of the project.
	Nº of leaseholders:	-
Land evaluation, contribution ratio:	Decrease for public facilities:	30%
	Decrease for reserved land:	35%
	Total ratio of decrease:	65%
Implementation plan, stages:		Project completed in 2008.
Total built-up area of the project:		42 hectares
Density involved before and after the project:		Before the project: 7 inhabitants/hectare. After the project: 100 inhabitants/ hectare.
Reserved land and additional built area:		Approximately 20 hectares.
Land evaluation:		Approximately USD 1,000/ hectare before the project. Land price after: USD 13,300/ hectare. Land price today: USD 186,700/ hectare.
Real estate market evaluation:		No real estate market evaluation implemented.
Benefits to the local government:		Training for local government staff. Demonstration of a model to address urban development. USD 80,000 in infrastructure funded.
Benefits to the landowners (and/or leaseholders):		Full compensation & legal regularization of land holdings.
Benefits to the investors:		Promotion of effective and sustainable land readjustment model for the Angolan context.
Principal and eventual conflicts (site/landowners):		No conflicts found.
Finance of the project:		-
Total cost of the project:		Around USD 200,000.
Features of the project:		1. Participatory urban planning project to stem informal growth at the urban periphery and to provide access to legal land. 2. Emphasis of government and civil society organization and institutional partnership. 3. Land readjustment allowing full compensation and creation of an infrastructure fund. 4. Principle of value capture from land markets using land tenure regularization. 5. Effective mitigation of any land related conflicts.

▼ Figure 3.3. Sassonde and Camussamba land readjustment pilot project (2007)

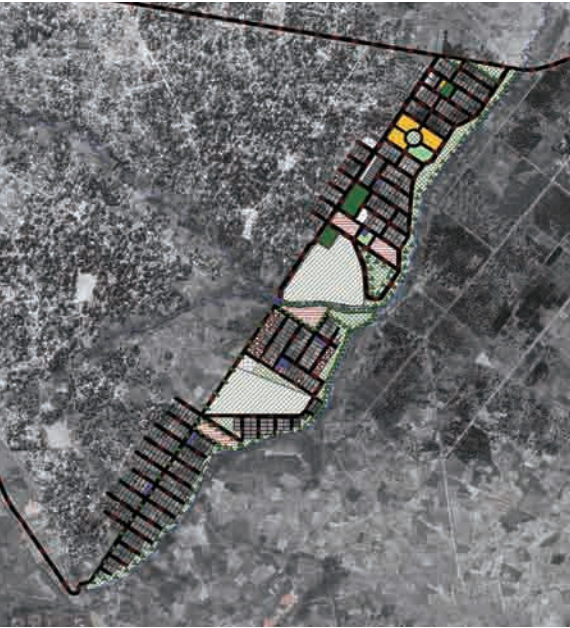


Figure 3.4. Official occupation licenses distributed to new landowners (2007) ▲

Land Readjustment, an Urban Planning Tool in Bhutan

Tashi Wangmo

Bhutan is a small country located in the Himalayas. It has a rich but ecologically fragile environment with a very difficult terrain, in which just a very small land percentage is used for agriculture and human settlements. Despite the country's rapid urbanization, most of its population, about 70% of 635,000, lives in rural areas (Population and Housing Census of Bhutan 2005). The Bhutanese society, therefore, is still very agricultural with strong social and cultural values, and religion often plays a central role in people's daily lives. The Bhutanese had always learnt to live and work with nature, often as per the tenets of religious texts, and the socio-cultural belief system has not only helped Bhutan to sustain its strong cultural traditions and community values but also helped to protect its natural environment (MoWHS 2008). It is famously recognized that Bhutan adopted and pursued the development philosophy of "Gross National Happiness" (GNH).