

The Challenge of Squatters

An Assessment of Housing Provision in the Philippines in the Context of Decentralisation

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Supervisor: Steen Fryba Christensen

Pernille Hattmann Olesen

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Abbreviations

CCAGG	The Concerned Citizens of Abra for Good Governance
CMP	Community Mortgage Program
LDC	Local Development Council
HRG	Housing and Resettlement Group
IMF	International Monetary Found
IRA	Internal Revenue Allotment
LGC	Local Government Code
LGU	Local Government Unit
NGA	National Government Agency
NGO	Non-Governmental Organisation
PO	Peoples' Organisation
UDHA	Urban Development and Housing Act
UDHCC	Urban Development and Housing Coordinating Council
UN-Habitat	United Nations Human Settlement Program

Abstract

This thesis takes a point of departure in the rising problem of slum dwellers in world. It is estimated that 1 billion people live as slum dwellers today and that this number, if not addressed, will rise to 3 billion in 2050. The problem is especially prevalent in Asia, which accounts for 60 percent of the world's total slum population. This study seeks to assess Philippine development effort in providing adequate and legal housing for slum dwellers and squatters, who constitute approximately 44 percent of the urban population.

Within the debate of housing provision there has been an increasing attention towards state withdrawal and decentralisation of responsibilities. Furthermore, the debate has focussed on deregulation and the involvement of the private sector in housing for the urban poor. There are, however, others in the debate that point to a lack of resources and management locally. Furthermore, scholars argue that the private sector is not suitable to take on the responsibility of socialised housing, as its main focus is on profits, thus making socialised housing unattainable for squatters and slum dwellers. The study positions Philippine housing provision within this debate.

Furthermore, there has been a growing literature on participatory practices and the involvement of civil society in promoting adequate and legal housing for slum dwellers. Increasingly, the involvement of civil society is seen as an important component in furthering local governance and housing initiatives. Thus, this study also seeks to assess civil society's mandate in local governance and its ability to further housing initiatives in the Philippines.

In 1991, after overthrowing the dictatorship of the Marcos regime, the Philippines initiated a decentralisation process through the Local Government Code in which it devolved housing responsibilities to local government units and focussed to a greater extent on private sector involvement in housing. The analysis concludes that the Philippine government has not devolved enough resources to local government units, and that while Community Mortgage Programs have been successful, funding, land administration and high land prices have prevented their implementation on a larger scale. The study further concludes that while government has sought to implement private investments in socialised housing this has not proven successful because socialised housing programs have not suited private investments and because regulations have not been enforced. The study argues though, that the Urban

Development and housing Act, under the Local Government Code, has promoted squatters rights, in terms of fewer evictions without adequate compensation or relocation. Furthermore, participation in slum upgrading efforts is increasingly part of housing programs.

The analysis of civil society participation concludes that the Philippines have a very active civil society and that the Local Government Code has sought to promote its participation in local governance. It, nevertheless, argues that it has not been fully implemented in terms of securing participation and transparency in decision-making processes in most local governments, which means that it may be difficult for civil society to promote pro-poor initiatives that will further socialised housing. The analysis suggests that additional legislation should be made to secure its implementation.

Ultimately the analysis argues that there is a gap between the legal and institutional framework, and how it is being implemented on the ground.

Part I

1.0 Introduction

While some scholars advocate that the economic globalisation of developing countries has led to a decrease in poverty it is, nevertheless, a fact that 1 billion people live as slum dwellers in the world today (UN-Habitat, 2008a). According to UN-Habitat, the share of the world's population living in cities has increased from one-third to one-half from the 1950s to 2000, and this number is increasing with great speed (Ibid). Asian countries in particular feel this pressure. 60 percent of the world's total slum population is found in Asia and it is estimated that “[...] 60% of the increase in the world's urban population over the next three decades [...]” will take place in Asia (Ooi & Phua, 2007: 28-29).

With increasing economic activity in Asian countries, millions have sought to the cities hoping to take part in prosperous times. This development also holds true in the case of the Philippines, where drought and low farming productivity have led rural populations to migrate to the cities (Ibid). However, many of these people are left in poverty in the outskirts of cities with no housing or security of tenure. The most recent statistical numbers suggest that 44 percent of the urban Philippine population live in slum settlements (UN-Habitat, 2008b). In the Philippines, poor urban people squat on government and private property because they cannot afford their own housing. They face an uncertain future, as it may only be a matter of time before they are evicted. It is, however, not simply the lack of secure tenure that constitutes a problem, but also the many environmental, social and economic factors related to squatter settlements. The lack of tenure indicates a general inequality in Philippine society.

Adequate housing and living is stated as a human right under article 25 of the Human Rights Declaration. Despite being a human right, the right to adequate housing is yet to be implemented by the Philippine government. It is, nevertheless, too simple to dismiss the government as being irresponsible or inattentive to the poor conditions, as the problems of inadequate housing is challenge and complex. According to UN-Habitat, the urbanisation process of the world's cities is one of the greatest challenges in the 21st century, which is also why the improvement of slums is part of the Millennium Development Goals (UN-Habitat, 2003). The target is “*to have achieved a significant improvement in the lives of at least 100 million slum dwellers*” by 2020 (UN-Habitat, 2003). It is estimated that if nothing is done to meet the challenge of slums by the year 2050, there will be an increase in the world's slum

population from one billion to three billion people why it is now, more than ever, important to act.

1.1 Target of study

With previous experience in the form of an internship and a project report about squatters who lived as scavengers in a dumpsite in Cebu City in the Philippines, it is the intention to take the issue of squatters one step further. Since the 80s developing countries have been encouraged to liberalise their market economy in order to secure investments and economic increase. This development has increasingly required state withdrawal in slum upgrading efforts in exchange with a focus on self-help and private investments in housing provision. Further, in several countries political responsibility has been decentralised to local governments in an effort to combat corruptive practices and further participation by civil society and the urban poor in slum upgrading initiatives. Within this decentralised framework, the focus of civil society participation in the political realm has gained much attention from scholars within the last two decades. There are several successful examples of initiatives that have furthered civil society participation, and thus access to decision-making. It is within this setting that the study seeks to analyse Philippine efforts in providing legal and adequate housing for its population. This report seeks to assess the steps taken by the Philippine government in providing adequate housing for its slum population, and to uncover to which extent these have been effective. The analysis will place itself in the context of decentralisation in Philippines in the form of the Local Government Code of 1991. It is, further, the intention to analyse what opportunities are offered in the Local Government Code for civil society participation in local governance, and what solutions may be offered within this framework to further housing for squatters.

The theoretical framework will be based on considerations of state withdrawal and decentralisation in housing policies and on participatory slum upgrading efforts as promoted by various international agencies. Additionally, the theory will look to civil society participation in local governance, by illustration of practises from other developing countries. It is the intention to use this framework in an analysis of civil society participation in local governance in the Philippines and to discuss what solutions such a framework may offer in the promotion of adequate housing for squatters and slum dwellers. The analysis will be based partly on empirical findings, used in the aforementioned previous study from Cebu City in the

Philippines, and partly on scholarly literature and secondary empirical findings from cases and studies within the slum/squatter field.

1.2 Problem formulation

With a point of departure in the above outline, this project seeks to investigate the following questions:

In the context of the Local Government Code, which initiatives have the Philippine government taken to face the challenge of inadequate shelter for poor communities and are these initiatives effective?

Based on a participatory approach to local governance, how has this been implemented in the Philippines and what sort of reforms/solutions can be implemented to improve participation and thereby further the current housing situation?

1.3 Project Design

The project is divided into five main parts. Part II contains brief background information on Philippine history and political system. As corruption is prevalent in Philippine Society, it is found useful to provide information of its historical roots in Philippine society. Further, the political units of the Philippines are presented to provide an overview of the different levels of operation. This is done to provide a context to the different cases presented in the study. Further, part II provides the context of economic conditions and the migration forces that have contributed to slum formation and squatting. Part III contains two theoretical frameworks. The first part focuses on state withdrawal and decentralisation in terms of housing. The second part focuses on civil society and participation in local governance in terms of providing access to housing. Part IV contains two analytical frameworks that follow the theoretical structure in analysing state withdrawal and decentralisation in the Philippines in terms of housing provision and, furthermore, civil society and its mandate to further housing provision in local government Units (LGUs). Part V contains a conclusion, that will

hopefully illuminate constraints and opportunities to further housing for squatters and slum dwellers in the Philippines.

1.4 Defining Concepts

In the following section, a few concepts of importance will be defined to clarify their usage in this study.

Slum

Define a slum is not a clear-cut case, as the term is used to cover many different aspects of a living situation. According to UN-Habitat, there is no agreed upon definition, why it is also difficult to monitor slums through national and international survey apparatus. In their 2003 report on human settlements, UN-Habitat suggests that a generic definition of a slum is:

“[a] contiguous settlement where the inhabitants are characterized as having inadequate housing and basic services. A slum is often not recognized and addressed by the public authorities as an integral part of the city” (UN-Habitat, 2003: 11).

In the Cities Alliance action plan from 1999, slums are characterized as:

“[...] neglected parts of cities where housing and living conditions are appallingly poor. Slums range from high density, squalid central city tenements to spontaneous squatter settlements without legal recognition or rights, sprawling at the edge of cities. Some are more than fifty years old, some are land invasions just underway. Slums have various names, *Favelas*, *Kampungs*, *Bidonvilles*, *Tugurios*, yet share the same miserable living conditions” (Cities Alliance, 1999: 1).

In the Philippines, slums are defined as:

“Buildings or areas that are deteriorated, hazardous, insanitary or lacking in standard conveniences. Slums are also defined by the squalid, crowded or insanitary conditions under which people live, irrespective of the physical state of the building or area” (UN-Habitat, 2003: 216).

The above definitions are similar in terms of pointing to the distinguishing lack of basic services in slums. For the purpose of this study, the most suitable definition, though, is the one presented by Cities Alliance, as it captures the lack of legal recognition characterising many slums.

Slum dweller

In the Philippines slum dwellers are defined as:

“Urban poor: individuals or families residing in urban or urbanizable areas whose incomes or combined household income falls below the poverty threshold” (Ibid).

Thus, at least in a Philippine context, slum dwellers are those citizens that are very poor. Living in a slum community, however, does not necessarily make one a slum dweller if one's income does not fall below the poverty threshold. Slums are often referred to as squatter settlements. This term refers to the illegal status of tenure of people living in settlements, and therefore not the insanitary or hazardous living conditions. A slum settlement may therefore be entirely legal, and squatter settlement may be sanitary and in good condition. More often, though, the two conditions are interlinked, so that people with relatively little money live in slums and illegally occupy land because they cannot afford to buy it. Squatters, according to UN-Habitat, are defined as:

“people who occupy land or buildings without the explicit permission of the owner. They often differ from other informal settlements only in this particular. Thus squatter settlements are settlements established by people who have illegally occupied an area of land and built their houses upon it, usually through self-help processes” (Ibid: 82).

While the term slum does not directly refer to any illegal status, I will in this study take the liberty, when referring to the illegal and poor living conditions, to apply the term slum, as these are often interlinked.

Civil Society

As this study also seeks to analyse civil society and its capacity to interact with government, it is apt to define the term and its applicability in this study. According to Hauge et al.:

“Civil Society consists of those groups which are ‘above’ the personal realm of the family but ‘beneath’ the state. The term covers public organizations such as labour unions, interest groups and, on some definitions, recreational bodies. However, firms are usually excluded because they are not voluntary bodies emerging from society” (Hauge et al., 2004: 127)

In applying the term civil society this study will refer to the above definition, but the main bodies of interest will be NGOs and People's Organisations (Pos), which will be further defined in the study. Carothers et al. explain civil society's role in the following way:

“These are organisations that specifically seeks interaction with the state, whether to advocate interests of the citizens, to oppose non- democratic behaviour of the state or to hold states accountable to citizens for their actions” (Carothers et al., 2000: 11)

In the context of this study the role of civil society will be explored in terms of its ability to advocate housing interests in LGUs and thus relying largely on the above definition.

2.0 Methodology

2.1 Approach to Study

Realising that slum formation is a result of widespread poverty, and that poverty is a result of a wide range of conditions in a given country, understanding and offering solutions to housing in low-income countries would ideally require a holistic approach to all of the dimensions that affect slum formation within a given country. This approach is, however, not realistic given the time and space available. Thus, in terms of clarifying the focus of this paper it may be useful to apply Gullestrup's definition of the management and decision segment of a given society, which he defines as "*the processes which regulate who controls what and whom. In the broadest sense it is culture's political process*" (Gullestrup, 2006: 68). In respect to the present study an important addition to Gullestrup's definition would be "*the processes which regulate who controls what [...] whom **[and how]***". Thus, in terms of squatters and slum dwellers in the Philippines, this paper captures the political process in the form of decentralisation of housing responsibilities, and how socialised housing is being managed locally.

As already mentioned, the study draws on two theoretical frameworks within the development field. One seeks to facilitate considerations of state withdrawal and decentralisation in housing provision in urbanised developing countries. This approach is chosen as a tool to analyse and discuss the Philippine development approach to housing, which is characterised by these strategies. The analysis will seek to unveil what implications a decentralised strategy, in the form of the Local Government Code and Acts under it, has meant for housing of squatters and slum dwellers in the Philippines. Thus this paper captures the management and the legislative framework of housing and its implications on the ground. By doing so the study neglects other factors of importance, such as poor health in low-income communities and lack of education. It is, however, the conviction that access to housing if successfully implemented may offer squatters and slum dwellers the opportunity to improve these factors and their overall living situation.

The second theoretical framework focuses on civil society participation in local governance within a decentralised environment. This is in light of the growing literature on participatory methods that may offer opportunities for civil society to further urban poor agendas, among

which housing is one. It will be presented in the form of theoretical considerations of different forms of participation by civil society - in and outside local governance structure - and through demonstration of specific cases of participation from India and Brazil. The intention is to apply this framework in an analysis of civil society participation in the Philippines, and to evaluate its impact in gaining influence on local government decisions affecting the housing situation of squatters. This will be done through an analysis of the Local Government Code and its prescription of civil society participation, and through an analysis of cases from different cities. It is not the intention to suggest that frameworks from India and Brazil can be transferred to the Philippines, as their successfulness necessarily depends on local political and historical contexts. However, the cases may serve as a source of knowledge on what may further civil society participation in local governance, hence, furthering housing programs in the Philippines.

Case Study Focus

The case studies from the Philippines will focus primarily on the cities. While the political process takes place on various levels, with the lowest level being the barangays, it is difficult to obtain data from barangay levels. With the exception of Abra Province, the cases are thus from cities. The case studies are from, Manila, Talisay City, Abra Province, Cebu City and Naga City. The locations are situated as pointed out in the map of the Philippines. As the Philippines



Map of the Philippines, 2008

is an archipelago of over 7000 islands, the cases will not do just to the full picture of initiatives towards better housing. It is the intention to draw some general findings through other data sources, but these will again not present the full picture, because of limitations in data, space and time.

2.2 Secondary Data

This study draws on various empirical sources. Most of the study is based on secondary data retrieved from scholarly cases in the field of housing. Other data is based on government documents, statistics and reports from international organisations. Using already processed data imposes some restrictions on what sort of information can be obtained. Further, some of the data may serve to further a specific agenda. The study therefore seeks to relate critically to the data applied and to point out opposing accounts when found. In some cases, such as the local government of Cebu City, accounts of strategies for housing and number of squatters were not available. Despite several attempts to contact the local government of Cebu City, it was not possible to get in contact with them and retrieve the data. Thus, the fact that most of the study is based on secondary data has also served as a constraint, as data that could be important in examining and validating potential problems are not obtainable. These are, however, the conditions, and one might argue, especially in developing countries where statistical data is often not available. While there are drawbacks to using processed data, there are also great advantages. Using secondary data allows for a further development of arguments, which would not be possible if the study was based solely on primary data. As there is already several data in the field of squatting, decentralisation and participatory practices in the Philippines, it is of course reasonable to make use of this knowledge to develop the debate of squatters and housing in the Philippines. Furthermore, using secondary data allows the study to consider several aspects of the poor housing situation in the Philippines. Because of the time constraints and enormous complexity that makes up the various data, this would not be feasible had the study relied only on primary data.

2.3 Primary Data

The analysis will also draw on primary data, which has been obtained through a previous study on squatters' living conditions in Inayawan dumpsite in the periphery of Cebu City in

the Philippines. The study was conducted in 2008 and is based on qualitative interviews with 18 respondents from the dumpsite. It, furthermore, covers an interview with a priest from a children's nursery in the dumpsite and an interview with a project manager currently involved in a relocation project, which among others include families from Inayawan dumpsite. This study will primarily use the data from an interview with the project manager, Marj Margarita, involved in the relocation project, San Pio Village. This study will be used in reference to participation in slum upgrading projects. Additionally, a few statements from the priest, Father John, and squatters will be applied as argumentation of certain constraints to slum upgrading in the Philippines. The use of primary data is, however, limited, as the study primarily seeks to analyse the general approach to socialised housing in the Philippines¹.

¹ As the primary data relates to a different study I will refer to the Project "Poverty Reduction through Relocation" to be found on the webpage www.projekter.aau.dk. For more information on the methodology applied in interviews I will refer to the appendix.

Part II Context

3.0 Historical and Political Context

The Philippines has a history marked by two colonial periods. First, it was colonised by Spain from 1521 to 1896, and later it was colonised by America from 1898 to 1946 (Kelly, 2000: 17). Philippine cultural identity and society is to this day marked by the two periods of foreign occupation. Many would argue that the country's mixture of Spanish and American cultures has confused the Philippine people to the extent that they are unable to identify their own identity. Spanish colonisation was marked by an expansion of trade, primarily serving Spanish merchants, Chinese traders, and landholders who took control of trade and markets. This was done primarily through working the systems of clan networks, which pre-colonial Philippine society was based upon (Ibid: 23). Further, Spanish policies encouraged the entrenchment of political elites by basing the local colonial government on the existing social hierarchy in Philippine society. Thus, local elites welcomed colonisation, as it consolidated existing social hierarchies, while at the same time expanded local power to regional, national and global levels. This was done through municipalities, provinces and the throne of Spain (Ibid: 24). To this day, local elites possess great influence on politics. In 1896 the Philippine revolution against Spain began and culminated two years later with independence and the first Philippine Republic.

Nevertheless, at the end of the Spanish-American war the Treaty of Paris transferred control of the Philippines to America. The initial conflicts ended in 1902, as Philippine leaders started to accept American presence. Colonialism was characterised by the establishment of an economic partnership between the Philippines and America. A mutual partnership of duty free export and import was established, but the partnership was still based on the economic elite, as was the case under Spanish colonisation (Kelly, 2000: 26). As such, America did little to change the basic structure of the economy in the Philippines. The economic partnership harmed Philippine export in the long run because of its over dependence on a few exports to America, and the profits mainly ending up with the elite of society. Based on the class structure that already existed in Philippine society, America recruited government officials from the upper strata of society. This meant that it was primarily the voices of the ruling elite that formed the basis of policy changes (Ibid: 28). Election was implemented in 1907, but the

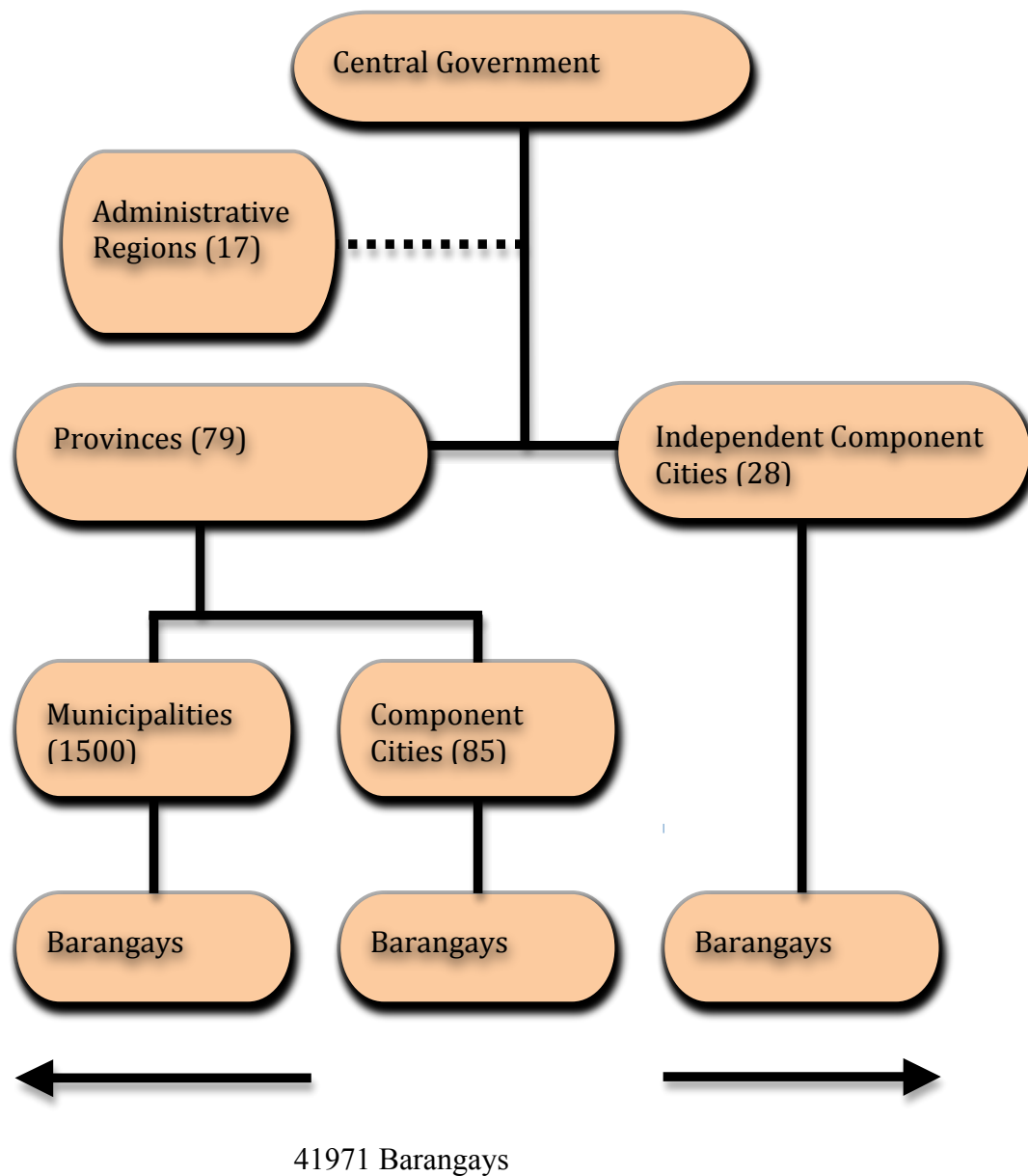
electorate constituted 1.4 percent of the total population and was conditioned upon property, literacy and only a male privilege (Hedman et al., 2000: 15). Over the years, though, the electorate expanded and female participation was also granted, but by the end of American colonisation only 14 percent of the population constituted the electorate (Ibid). Democracy was primarily restricted to the elites of society and, one may argue, the democratisation of Philippine society served as a justification of existing elite controls. It was not until its independence that suffrage dramatically increased. One of the main implications of American presence was the implementation of an educational system. While there are differing opinions as to the indoctrination of American values in the school system, the free access and the building of public schools across the country no doubt furthered development and education of the people in general.

In 1946 the Philippines became an independent republic. However, many presidencies since have been characterised by corruption. In the aftermath of independence Ferdinand Marcos held the most profound presidency. He was elected president in 1965, representing the Nacionalista Party, which was one of the two parties dominating Philippine politics during the democratic era from 1946-1972. The other party was the Liberals. Marcos was elected president in a time when the economy was slow, unemployment was high and urbanisation was increasing without adequate infrastructure. Not least, corruption was thriving at every level of the political system. Based on these conditions, labour unions, students and peasants started to demand change in Philippine society, and Marcos ran as the man who would support such changes (Steinberg, 1994: 117). In the early years of his presidency, Marcos invested in public works programs through expansion of government development initiatives and increased tax collections. However, Marcos himself was building his own patron-client relationship, and engaged in corrupt practices that went far beyond what had previously been witnessed (Ibid: 120). He gradually took control of the army by appointing family and friends to top positions (Thompson, 1995: 35). Political opposition mounted during his second term of re-election in 1969 as a response to social injustice and the unprofessional organisation of the army (Ibid: 7). However, although running a large budget deficit, Marcos spent an enormous amount of money on his election in order to buy local officials support. Furthermore, his election was more violent than any previous elections, which eventually brought him the votes to win. Upheavals were severe, especially among the Muslims in southern Mindanao, who were fighting for independence, and a group of students who formed

The New People's Army in an attempt to revive a communist-led revolt. The oppositional party further supported these upheavals. After winning the local and senatorial elections in 1971, the Liberals were convinced that they would win the presidential election in 1973 (Ibid: 33). Even though the constitution only allowed for two terms, Marcos was determined to stay president. Consequently, he declared Martial Law in 1972. As such, the dictatorship was established and Marcos overtook all powers of government. Marcos defended his totalitarian leadership with the necessity of restoring law and order in Philippine Society, and his position was supported by America. Critics were arrested and some tortured, congress was abolished, free press was limited, labour unions were prohibited and people were deprived of the right to peaceful assembly (Steinberg, 1994: 122). In the beginning of martial law the economy grew and many excused Marcos dictatorship as not being as fierce as other dictatorships. It, nevertheless, became increasingly obvious that martial law was the tool used by Marcos to accumulate power and wealth for himself and his close allies. To allow for his further control beyond martial law, Marcos changed the 1935 constitution to his favour. Among other privileges, the new amendments gave him the right to stay in office after his second term. Furthermore, in 1980 he called for a new constitution that would make the president rule through a prime minister, but allow him to serve without any limit of term. However, under the new constitution the president had to be at least 50 years old, which disqualified the oppositional leader Benigno Aquino from taking office. In 1981 Marcos called for election, but it was boycotted by the opposition, as their leader would not be able to run (Steinberg, 1994: 135). In this manner Marcos was able to secure his election for another 5 years. Throughout his continued dictatorship opposition continued to mount, and during extensive fraud in the 1986 election he was overthrown and president Aquino restored democracy.

While the Philippines have had several corruption scandals since the time of Marcos, none is comparable to his authoritarian rule. Currently, the Philippines is a presidential republic with a two-chamber legislature. More or less 20 departments and agencies operate under central government. Regional offices under central government are located in 17 regions, but these do not hold any political power. The political units in the Philippines are subdivided into provinces, cities, municipalities and barangays. This can be demonstrated by the following figure.

Fig. 1 *Political Units in the Philippines*



Balisacan et al., 2007:13

The second level of governance consists of local government units, which further comprise three seams of governance. The first consists of provinces, headed by governors, the second consists of municipalities and component cities, headed by mayors, and the third consists of barangays, headed by captains. The independent component cities operate at the same level as provinces, and are directly broken into barangays. Governors, mayors and captains are all

democratically elected (Ibid: 14). Each level of local governance is considered an autonomous unit, but the hierarchic order, as displayed in figure 1, means that lower levels of governance are to some extent overseen by higher levels of governance (Ibid). Each official is elected for a three-year term, and can be re-elected for three terms. As stated in the Methodology, the case studies of this study will primarily focus on city levels. Moreover though, the decentralisation process as captured in figure 1 will be of scrutiny.

4.0 Context of Slum Formation: Migration Process and Economic Development

In the following section an attempt to cover two interlinked explanations to slum creations in the city will be presented. This is done to facilitate an analysis of some of the challenges the Philippine government is faced with in housing provision of its urban population. Several factors contribute to the challenges. Not only is slum formation and inadequate housing a symptom of poverty and vice versa, but like poverty it also has its origins in economic, social and political tendencies. The two factors of scrutiny here will be rural-urban migration and economic conditions. While many other factors, such as political and cultural environment, may serve as explanations it is the intention in this first phase to sketch general mechanisms contributing to slum formation. Rural-urban migration and economic trends will be addressed in the context of Asian development and will respectively be addressed in a Philippine context, hopefully providing an understanding of some of the challenges faced by the Philippine government.

4.1 Rural-Urban Migration

Cities have for centuries attracted people because of their innovation and productivity and, as such, migration is not a new phenomenon. What is new, especially in the case of developing countries, is that economic growth in cities has not been able to keep up with growing flows of migration (UN-Habitat, 2003: 25). Looking at migration, one operates with *push* and *pull* factors when describing what *pushes* people from rural areas and what *pulls* them into the cities. According to UN-Habitat, among the *push* factors are land degradation, which means that cropland after years of productivity is exhausted, forcing people off the land. In the face of these challenges new modern technologies have been introduced, which have increased productivity and thereby supported the overall production of foods by more efficient production means. These initiatives, however, do not support the average farm holder, as the improvements do not support sharecropping and subdivision. Thereby, labour demand decreases and causes widespread poverty among farmers who in turn look to the cities in search of better opportunities (Ibid: 26). Nicholas You puts forward the argument that most

governments and international agencies have falsely assumed that investments in agricultural and rural areas, in the form of education and more efficient productivity, would put urbanisation to a halt, while in fact it might have *pushed* educated rural populations into the city with opportunities suiting their educational level (You, 2007: 215). According to Deshingkar, income inequality is not necessarily the only incentive for rural-urban migration, based on the fact that income inequality may be relatively low and migration rates high. He lists other inequalities such as gender and ethnicity, which can force migration flows in an Asian context (Deshingkar, 2006: 4). In terms of ethnicity, local conflicts between different ethnic groups may *push* people from rural areas into the cities. There are, nevertheless, many indicators that rural-urban migration in Asian countries is often *pushed* by income inequality. Seeing as there are often no jobs and that prospects for shelter are often restricted to slums in the cities of developing countries, the *pull* factors in the rural-urban migration process are less evident. UN-Habitat refers to the 'bright lights' syndrome, which is the image of the city as a dynamic place full of opportunities, in contrast to the slow pace and nature of the rural areas. Even though jobs are often few in the cities, there seems to be a greater optimism and better opportunities for the creation of new jobs in the city, especially in the informal economy of developing countries (UN-Habitat, 2003: 26). According to You, within the development field there has been a tendency to assume that rural poor live under worse conditions than urban poor. This notion stems from an idea that might resemble the formerly mentioned 'bright lights' syndrome where urban poor, because of their location in cities, are thought to be surrounded by and to have better access to remedies to tackle poverty (You, 2007: 215). Recent studies, nevertheless, disclose that squatters and slum dwellers in the city have just as poor living conditions, and sometimes even worse living conditions than that of rural areas. It necessarily depends on how one defines and measures poor conditions. According to the 2006 state of the world's cities report, conditions such as HIV, crime, drugs, insanitary conditions, sexual abuse, flooding, landslides, fire hazards and reliance on money for food mean that urban poor are often worse off than rural poor (State of the world's cities, 2006/7). Several of these conditions are less likely to occur in rural areas, and while rural populations may be poor financially, they are more likely to grow their own crops and thereby be able to feed themselves.

4.1.1 Rural-Urban Migration and Slum Formation in the Philippines

Migration is widespread in the Philippines and it is estimated that 80 percent of Manila residents are migrants. Poor urban households are most likely to have migrated from rural areas where they have lower educational levels because they cannot afford schooling and need the labour of their children. Generally, the rural population in the Philippines is very poor. According to official income based methodology poverty in the country has been reduced from 49 percent in 1985 to 32 percent in 1997 (Krinks, 2002: 81). From 2000 to 2006 the poverty rate has been nearly steady, decreasing slightly from 33 percent to 32,9 percent (NSCB, 2006). Most often the poverty threshold is estimated based on what is necessary to support basic nutrition and a few other needs (Krinks, 2002: 81). Three out of four poor families are to be found in rural areas (Ibid). It is thus predictable that many rural residents migrate to the cities in search of better job opportunities. Income poverty in rural areas is extensive and can be contributed to several factors. Firstly, land distribution is very unequal in rural areas; consequently income varies extensively across landholders (Ibid: 79). Secondly, compared to other East Asian countries, Philippine farming productivity is low when considering how many people depend on it (Ibid). Thirdly, nearly half of all rural families are landless labourers. According to Krinks:

Well over three –quarters of them fall below the poverty threshold, particularly those working in sugarcane, coconut, maize and rice farms and in fishing or forestry. Most employers in those industries have low capacity to pay higher wages, but even those who could do so - as in the sugar and forestry industries - can avoid it simply because of the large numbers desperate for paid work (Krinks, 2002: 83).

A general situation of income poverty has therefore been among the *push* factors in the migration process from rural to urban areas in the Philippines. This poverty should also be seen as a result of economic and social policies that have generally tended to favour city and metropolitan areas of the country (Schmidt, 1998: 49). Though many migrants find these better opportunities in the cities, several have to reside in slum areas in the cities or on the outskirts of cities. The hard living conditions in slums, such as environmentally poor conditions in terms of poor water accessibility, air pollution, flooding and inadequate infrastructure, may as well qualify as measurements of poverty. It is thus problematic to assess poverty simply on income earnings. Even as the capital has the lowest level of income

poverty, a large portion of migrants end up in informal housing in slum areas, where they squat on government and private property. This indicates that squatting is not necessarily confined to people falling below income poverty thresholds, and that poverty indicators are inadequate in their measurements. Poor housing conditions, bad health, insanitary environments and access to basic services fail to be included in such measurements, and it may therefore be asserted that income poverty measurements are incomplete in understanding the full extent of poverty in the Philippines.

Moreover, far from all migrants make it out of income poverty. This is evident from interviews from a previous study from 2007 in Inayawan dumpsite, found on the fringes of Cebu City. Here many of the residents were migrants from the surrounding regions and Islands and moved

to the dumpsite because of hardships in their home areas. As absurd as it may seem, there were many interviewees, who found that their current living as scavengers, petty traders, and tricycle drivers, presented better opportunities



Picture 1 Inayawan dumpsite, Cebu

than the jobs in their home regions. Here some had been involved in fishing in the Island of Bohol, construction in nearby uplands of Cebu, and others fled from chaotic conditions in the politically and religiously unstable region of Mindanao in the South. However, their financial capital in the dumpsite was very low, and far from adequate in supporting basic nutrition of the family. Thus, they had been poor in their previous lives in other regions and this was still the case (Olesen, 2008).

4.2 Economic Trends Prompting Slum Formation

During the 80s and 90s Asian economies opened up for international investment and trade, and the region was generally characterised by growth increase in income and lower poverty rates (UN-Habitat, 2003: 36). As pointed out by Rigg, even though there were “*many negative ramifications connected with this extraordinary period of economic expansion*”, several Asian countries experienced what has been termed the “Asian Miracle”, “*the most rapid and sustained period of economic growth in human history*” (Rigg, 2002:137). Douglass further points to the fact that “*basic-needs-poverty - especially in regard to food, primary education and basic health care*” has largely been alleviated (Douglass, 2000: 2328). Some scholars argue that a capitalist growth model because of these improvements and a break with communism initially held a good promise for development (Carter et al., 1993; Kapuscinski, 1994 in Low et al., 2000: 6). Nevertheless, this growth model has not been able to cope with other forms of poverty, in the form of proper housing, sewages, draining, electricity and so forth (Douglass, 2000: 2329). The “Asian miracle” was largely identified as being successful, based on what is termed the “Washington Consensus” model. This model, however, does not account for the increasing inequality to be found in the cities, in terms of income and living conditions. It could be argued that these inequalities are a consequence of a capitalist grow model.

In 1997, the “Miracle” was substituted with the “Asian crisis”, when Thailand after failed attempts could no longer support the bath and it subsequently collapsed. From here the crisis spread to other Asian countries and turned into a wider economic crisis (Rigg, 2002: 140). The crisis took everyone by surprise. With reference to a growing GDP (Growth Domestic Product) in the period, some argue that not all Asian countries suffered to the same extent (Ibid: 138). Nevertheless, as mentioned above, other scholars point out that there are still extensive inequalities to be found among and within Asian countries in terms of access to housing, land and basic services. Furthermore, income inequality has increased, as wages have not followed the increase in prices for land (Douglass, 2000: 2329-30). Thus it is agued that despite the generation of economic activity through Asian integration in global trade, those who have benefitted the most are those who have actively participated in the global economy, and those who have been fortunate enough to receive “trickling down effects” (UN-Habitat, 2003: 40). Several scholars argue that Asian economic prosperity has created more

inequality (Rigg, 2002: 137; Ali, 2007: 2). It is an inequality, which is caused by an uneven growth between regions, urban and rural areas, and between households. It is argued that it is an inequality that presents a real threat to sustainable development in Asia (Ibid: 6, 2). The inequality is for instance visible in the form of slums around and within cities because people cannot afford the rising prices of tenure and are displaced by the many commercial centres that have dominated global economic development (Douglass, 2000:2327). In the intensified competition among cities and nations to attract investments from foreign investors, cities avoid setting up environmental constraints and costs that may scare of investors (Ibid: 2328), which eventually end up destroying possibilities of tenure security for a wide spectra of the population.

4.2.1 Economic Conditions Prompting Slum Formation in The Philippines

The Philippines have engaged in international trade since colonial times, but it was not until the 1960s that it became incorporated in the global economy through export manufacturing (Shatkin, 2004: 2473). Years of corruption and political instability in the 1980s, nevertheless, meant that economic growth declined (Ibid). With a weak domestic economy the country introduced new policies that would open the economy to attract foreign investments in industries that had previously been dominated by state enterprises (Krinks, 2002:63). Because of a high foreign debt created during the corrupt dictatorship of President Marcos, the Philippines was dependent on foreign investments and emergency assistance by the International Monetary Fund (IMF) to grow the economy. Its dependence on the IMF conditioned a liberalisation of the economy and a deregulation of state activities (Ibid: 62). While investments increased during the 1990s, because of deregulation and debt payments the state was not able to provide and maintain services for its population (Ibid). Nevertheless, through liberalised trade agreements the Philippine economy steadily increased and created more jobs up until 1997, when the Asian financial crisis struck the country. Furthermore, public and private investments in infrastructure helped to speed up the industrialisation process (Ibid). From 1980 until 1990 the Philippines had a GDP growth rate of 1 percent. From 1990 till 1995 it averaged 2.3 percent (Rigg, 2002: 138). In the chart below the growth and decline of the GDP can be traced from 1996 until 2005.

Table 1 *Growth and decline in East Asia*

<u>GDP Growth, 1996-2005</u>										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Philippines	5.8	5	-0.6	3.4	4.4	4.5	4.4	3.7	6.2	5
Indonesia	7.8	4.7	-13.1	0.8	4.9	3.8	4.3	4.8	5.1	5.6
Thailand	5.9	-1.4	-10.5	4.4	4.8	2.2	5.3	7	6.2	4.5
Malaysia	10	7.3	-7.4	6.1	8.9	0.3	4.4	5.5	7.2	5.2

Santosh, 2008: 18

While, the financial crisis certainly struck the country, compared to the other East Asian countries, the Philippines did not suffer to the same extent. It was able to extend its financial deficit through a standby agreement with the IMF (Riggs, 2002: 140) and it got a loan of billions of dollars through Japanese development assistance (Krinks, 2002: 57). Nevertheless, the economy suffered both from the financial crisis, in terms of a decline in export, many lay-offs in the manufacturing industry, and a devaluation of the peso (Philippine currency), but also through a decline of farm output, because of the typhoons and drought that hit the country in this period (ADB, 2005, Chap 6: 86). Despite the slump in the economy, the Philippines was one of the first countries to start recovery after the crisis, but because of high debts and declining tax revenues it was difficult for the government to stimulate further growth in society. Further, poverty levels, which had actually decreased during the mid 90s, increased because of high inflation and only minimal wage increases (Ibid). Nine out of teen people in the labour forces are employed according to the National Statistics Office in the Philippines, the labour force participation rate is, however, only rated to 63,7 percent (NSO, 2008). There is, nevertheless, an indication that poverty is not simply related to unemployment. According to Krinks, nine out of every teen poor household heads are economically active and over one third relies on wages (Krinks, 2002: 81). Krinks in 2002 argued that wages had been “*at best static for a generation*” (Ibid: 84). Thus this indicates

that wages have not been able to keep up with economic growth and have thereby kept more people in poverty.

The economic growth witnessed since the 80s has mainly benefitted the middle class and the elites of society and have taken place in the larger cities. But even in the cities great inequalities have emerged (Schmidt, 1998: 45). Among other things, these inequalities are reflected in poor housing and social services in the urban arena (Ibid). While, income poverty estimates show a stark contrast between rural and urban areas, it may unfortunately have the effect of neglecting a growing urban problem, both in terms of poverty increases and in terms of the many social inequalities to be found in the areas of housing and tenure security. According to the Asian Development Bank, between 1997 and 2000, the urban poor population grew by 10 percent and in some places of the National Capital Region it grew as much as 165 percent (ADB, 2005, Chap 3: 23).

Taking Manila as an example, the government has pursued an aggressive strategy to attract investments in the city, which has increased property values enormously. Corporate headquarters and businesses combined with an aggressive infrastructure development has resulted in the displacement of several informal communities and meant that housing has become unattainable for low-income groups (Shatkin, 2004: 2474). The displacement has actually meant an out-migration from metro-manila to the fringes of the city. Despite the fact that legal housing has become more attainable in the surrounding regions of Manila, the expansion of industries in these areas has meant that rural populations have migrated into metro Manila in search of work (Ibid: 2475). The housing deficit in Manila may serve as an example of the disproportions in the economic growth in the Philippines. According to Shatkin unequal growth in Manila presents a real threat to communities that live in informal and slum areas, as they constantly risk being evicted or displaced by the government. He explains this inequality with reference to inner-city land price increases of “*25 percent annually in the early and mid 1990s*” (Ibid: 2474). It may be asserted that all big cities are characterised by high land prices, and that Manila as such is no different. However, the difficulty for slum dwellers is that they are occupying illegal land and are therefore particularly sensitive to increasing land prices in cities.

Examples of up-scaled property booms at the expense of affordable socialised housing programs also characterise Cebu City, the second most populated city in the Philippines.

While expensive residential property booms have taken place since the late 1980s, these have primarily been allocated to upper classes. The process has been characterised by a highly speculative environment, which has in return forced up property values so that not even the lower-middle class can afford its own houses, which it could before the 1990s (Sajor, 2003: 724). Between 1998 and 2000, 20 percent of land was allocated for socialised housing, while 80 percent was allocated for the open market (Ibid: 722-723). There are no recent estimates as to the percentage of housing allocated to socialised housing. Big corporations mainly interested in making high profit has dominated the market, and thus the issue of affordable housing for lower income groups has been neglected in Cebu. Local economic growth has resulted in high in-migration and a population increase of 34,5 percent between the 1980s and the 1990s (Flieger, 1994: 13). Many poor people have resettled in the city, which have created a serious housing deficit, with poor people occupying private and government properties on dangerous lands such as for instance the dumpsites and in the harbour areas. As property values have increased, the number of illegal settlers that have been displaced from private properties has increased steadily (Sajor, 2003: 727), presenting a big problem in terms of affordable housing for poor and low-income people. Cebu City is thus another case in point, when understanding the problem of housing for the poor and low-income segment during otherwise prosperous economic times.

Part III Theoretical Approaches

In the following, theories and trends that have dominated the moves towards housing agendas will be approached. The theory will be divided into two main frameworks. The first framework is primarily focussing on theories of state withdrawal and decentralisation in the form of the “enablement approach”. This focus is applied because Philippine development strategy has been characterised by this approach, and thus the framework will provide a tool to further understand what has been done in housing provision. Furthermore, a framework of theories and cases of different forms of participation, in terms of participatory slum upgrading, and participation in local governance are investigated. This is with the aim of investigating solutions to housing in a participatory civil society. It is found that a combination of the two frameworks can be mutual supportive in analysing and offering solutions to the current problems of slums in the Philippines.

5.0 State Withdrawal in Housing Provision

It is a commonly held conviction that the expansion of slums exploded during the 80s as a result of a neo-liberal agenda being put forward in developing countries (Smith, 2003: 156). The neo-liberal approach to development in developing countries advocates the market, rather than the government, as being a more effective deliverer of prosperity. This approach has several implications for public housing. Through structural adjustment programs public welfare expenditures were cut, because governments were seen as inefficient in furthering the development agenda and because of the public deficits in developing countries. Structural adjustment programs were implemented through conditional loans from the World Bank and the IMF with the purpose of removing inefficient government enterprises and corruption. This was to allow the free flow of market forces by removing restrictions and regulation (UN-Habitat, 2003: 43, 126). It was believed that a liberalized economy would benefit all, as economic progress would eventually “trickle down” through all strata of society (Ibid: 40). Removing regulations was supposed to have the effect of opening up developing countries to the global economy and thereby furthering development. Even though the liberalization of market economy may have furthered some economies, UN-Habitat argues that it has also furthered inequality (Ibid: 44). According to Smith, structural adjustment programs removed the already limited welfare provided by government in housing, while urban populations continued to grow and squatter settlements increased (Smith, 2003: 156). In the face of the

expanding housing problem in the 1970s and 1980s international organisations such as the World Bank launched aided self-help programs for the urban poor based on the assumption that poor people should contribute to their own development and that projects had to consider the specific nature of individual communities. The programs were implemented with minimum governmental investment and mostly supported by international agencies as the World Bank, but they were extremely low priced compare to previous public housing schemes (Ibid: 157). The programs aimed at providing basic services and security of tenure for communities. Initially the programs were highly successful in improving several slum dwellers' lives. However, after projects ended communities and governments were not successful in maintaining the good conditions (UN-Habitat, 2003: 130). UN-Habitat argues that the programs were simply too cheap and governments and communities were not integrated in the projects to follow through with maintenance and upgrading facilities. Further reasons for the program failure is attributed to poor governance and the low priority of slum upgrading on the government agenda at the time.

In the face of these failures the World Bank introduced the “enabling approach”, which became the dominant model for slum upgrading from the mid 80s culminating in the mid 90s (Ibid, 131). This approach is also highly dominant in today's development agenda. The idea is to not only involve communities in the construction of slum upgrading but also in the decision making process, in order to foster more support and initiative in the communities. Furthermore, the state is to withdraw from housing delivery and services and give way for local decision-making and action. Accordingly:

Enabling policies are based on the principles of subsidiarity and they recognize that, to be efficient, decisions concerning the investment of resources in domestic economy, social and physical development have to be taken at the lowest effective level (Ibid: 131).

The lowest effective level involves the communities and assistance is to be provided in the form of training, managerial and financial help. It is the governments' role to provide assistance to communities through local governments, or agencies, which can take the form of NGOs, civil society organisations or government (Ibid 131). The enablement approach necessitates collaboration between state agencies, NGOs, markets, and individual community members and some have been successful through this approach (Pugh 1995: 68). Pugh in his account of the enablement approach argues that it involves government to a greater extent

than previously (Ibid). Nevertheless, as put forward by Smith, *“This new global shelter strategy is, of course, to be at the expense of direct construction by the state, whether national or local”* (Smith, 2003: 164). Hesselberg further argues, *“the basic philosophy is that the poor shall be assisted to help themselves”* and that *“the initiative for shelter provision shall spring out of a more free and efficient market”* (Hesselberg, 1995: 158). In this sense, the enablement approach is still a neo-liberal approach to shelter as the previous self-help programs. In his book, *“Housing policy matters”*, Angel argues that it is necessary for housing policies to turn to a market-oriented approach, and that fortunately most policies have. He argues of enabling housing policies that:

“Instead of ignoring markets and proceeding to produce or allocate housing subsidies without regard to and outside housing markets, they allow markets to produce and allocate housing, while insuring that they do so in an efficient and equitable manner. Enabling, in this sense, is enabling markets to work and protecting them from failure” (Angel, 2000: 14).

Angel does recognise that markets sometimes fail in housing policy, but argues that this is exactly what justifies the enablement approach, as it seeks to correct such failures of the market (Ibid: 15). Other scholars argue that the enablement approach may leave the poor and destitute of society behind, as they do not have the capacity to mobilise and take action under these conditions (Smith, 2003: 164). Enablement policies can be highly complex to implement, as they prerequisite that local government practises and bureaucracies are not undermined by the political requirements of deregulation. (UN-Habitat, 2003: 131). In general, the enablement approach works within a framework of decentralisation, which gives more autonomy to local governments, NGOs and market forces. As we will turn to next, decentralisation is, nevertheless, a process that has been subject of much scrutiny in terms of better housing policies.

5.1 Decentralisation of Housing Responsibilities

The neoliberal policy that has dominated many development agendas, especially in the form of conditional loans, has required a state withdrawal in housing provision. The restructuring of government in an attempt to provide good governance is largely characterised by decentralisation (UN-Habitat, 2003: 43). The enablement approach in housing is therefore

part of a larger policy implementation, which seeks to localise decision-making and open up housing provision to local and market forces. Decentralisation has been carried forward in a promotion of good governance, in terms of local autonomy, more participation and accountability of local officials. Some scholars and organisations, though, point to several problems with decentralisation. On the one hand, it is argued that while opening up for local autonomy, local municipalities do not have the resources to further development goals (UN-Habitat, 2003:44). Montgomery et al. put forward this argument in terms of fiscal resources:

In spite of this general assignment of greater powers and responsibilities to municipalities in many countries, revenue has not kept pace with expenditure requirements. Not only are most local authorities dependent for up to one-third of their revenue on other levels of government, but their own resources are inadequate. One important reason for this inadequacy of own-resource revenue is that it is usually based on fees for services and property taxes rather than more lucrative and collectable taxes (such as gasoline and income taxes) (Montgomery et al., 2004: 373).

In the lack of financial resources within cities, an increasing competition of resources often takes place in order to attract foreign investments and high-income earners. This process, however, may sometimes involve the demolition of low-income households and squatters without consultation or re-housing initiatives (Angel, 2000:31). Some scholars therefore argue that decentralisation and its market orientation may increase competition in terms of who can present the most beautiful and up-scale city environment by attracting investments, but that it may not necessarily give more voice to the poor in their search of better housing, as they may not fit in the picture. Montgomery argues that decentralisation has furthered participation in local economic systems some places, where local officials have started large collective enterprises and used the profits for the common good. He also argues, though, that local officials may be corrupt and take advantage of the enterprises for their own benefit (Montgomery et al., 2004: 376). Smith also makes the case that centralised governance does not necessarily have a monopoly on corruption and patron-client relationships. He asserts that while it is true that much corruption have existed in central governments in third world countries, this also happens in municipalities.

Mayors are still too often appointed by national executives, while municipal authorities are rarely elected on the open, broadly franchised lines recommended for national governments. It is in this context that the 'partnerships' so favoured by recent urban development strategies

need to be placed, since weak and unrepresentative municipal authorities can easily engage in the corruption or cronyism that continues to favour limited groups within society and business (Smith, 2003: 178).

In this environment some fear that state withdrawal and decentralisation will, among other things, harm poor communities in shelter provision. Mitlin explains that the primary problem of many government programs is the lack of subsidies, which exclude the poorest groups from programs and end out benefitting higher income groups instead (Mitlin, 2003: 396). Higher income groups have a greater chance of taking on loans and paying back the money, while lower income groups might not afford to take a loan.

Difficulties within decentralised structures are not only confined to financial resources but also human and managerial recourses. In the process of decentralisation few governments have been given the remedies and tools to tackle the problems of slums (You, 2007: 219). Further, old planning laws and building codes restrict innovative approaches to slum upgrading. As homes of slum dwellers are not recognised as houses, they hold no value and therefore there is no incentive for improvements. You argues that improvements and upgrading of slums would require a more relaxed set of rules in special planning zones where public authorities, service providers and slum dwellers could work under less constrictions to improve the living environment (Ibid). It could, however, also be asserted that rules may not necessarily have to be relaxed, but that they should rather be adapted to suit the poor housing conditions in many developing countries.

5.2 Decentralisation and Participation

While drawbacks to decentralisation can be argued in terms of financial, human and managerial resources there is a general consensus that the way forward in housing poor communities in decentralised countries must be found through participation and in improvement of urban governance. According to Carolini et al. this does not imply a state withdrawal but *“the close involvement of national and local governments and communities”* (Carolini et al., 2005: 46). The concept of participation has been applied in development efforts in the last thirty years and can be located at several levels, from participatory slum upgrading in communities to active citizenships and civil society organisations.

5.2.1 Participatory Slum Upgrading

The recognition of the importance of participation has generated the current best practice of participatory slum upgrading. As squatter problems are often closely related to social problems and poverty, they can often not be addressed outside this context. Slum and squatter settlements are almost invariably connected to poverty and inequality, whether it is income-inequality or other inequalities in a society. To address the wider context of housing problems, current best practice models involve participatory slum improvement (UN-Habitat, 2003: 132). In the past few decades there has been a recognition that development must start from a bottom-up approach because communities often are better equipped to understand and managing their own resources (Davis, 2006:11). The participatory approach demands a great deal of cooperation on the part of communities, local governments, NGOs and grassroots organisations, where government carries a facilitative role and is often accountable for the financial aspects of programs (UN-Habitat, 2003: 132). Mitlin explains that participatory approaches and partnerships with grassroots organisations in community development are partly a response to the lack of money on the part of municipalities (Mitlin, 2003: 396). Participatory slum improvements involve to varied degrees the participation of residents themselves in improving their living situation (Imparato et al., 2003: 23). Accordingly, it is the intention of project facilitators to facilitate commitment and responsibility on the part of residents, and to foster autonomy and leadership in poor communities (Ibid: 18). To be fully integrated in the participatory process and the responsibilities that they need to comply with, it is generally considered important that communities are involved in the initial stages of projects. According to UN-Habitat, the best approaches are *“holistic approaches to neighbourhood improvement, taking into account health, education, housing, livelihood and gender”* (UN-Habitat, 2003: 132). In this respect, slum upgrading does not always simply imply adequate housing, but the many aspects related to poverty that prevent people from having a satisfying living situation. Applying a holistic approach to slum upgrading invariably implies a very comprehensive upgrading effort on the part of all stakeholders, which is also why UN-Habitat argues that *“It remains to be seen whether they (the projects) are replicable on a wider scale”* (Ibid).

The World Bank widely adopts participation in its slum upgrading programs around the world and is likely also the organisation that has foremost promoted the practise in literature,

working papers and through practise pointers. What characterises its practises in participation is the concept of capacity building. In order for communities to be influential in project design and practise they must gain the capabilities and skills required for participating in “*organizational, administrative and technical development of a community*” (World Bank, 1996: 154). These skills will typically be provided through NGOs or other organisations. By acquiring the necessary capabilities to mobilise development it is the experience and hope that communities will be prepared to ensure a sustainable development when project facilitators withdraw from projects, so as to conserve the improvements that have been made and to further improve the communities in the future (Imparato et al., 2003: 43). The process of participatory slum upgrading is very complex and requires highly motivated community beneficiaries and project facilitators. The complexity of the projects means that they demand commitment on the part of all stakeholders and as such it may be difficult for them to succeed. Before actual project implementation, there are several critical preparations, in the form of knowledge about community culture and how to organise it (World Bank, 1996: 146, 152). The more destitute or marginalised a community is, the more participation and collaboration is needed in participatory slum upgrading projects (Un-Habitat, 2003: 132). Participatory slum upgrading efforts are, nevertheless, difficult to implement in extremely poor communities. Imparato et al. explain:

“Extreme poverty, or indigence, is a different matter. It entails a total lack of access to opportunities over an extended length of time, and it brings about severe psychological and social damage, frequently leading to the desocialization of the persons or groups involved. This involves not only a lack of capacity for organization or self-help, but also means that significant and long-term assistance must first be given to mitigate the situation before these groups may be expected to develop capabilities for self-help” (Imparato et al. 2003: 38).

Thus, in terms of capacity, the poorest communities may be out of reach in these programs. While there have been several successful participatory upgrading schemes, their success depends on the motivation, willingness and hard work of stakeholders and is therefore not easily implemented.

While Davis sees it as a great improvement that development efforts increasingly are focusing on the participation of urban squatters themselves, he argues that participation is insufficient without the financial resources to back up slum upgrading efforts (Davis, 2006: 11).

According to his accounts, redistribution of wealth is necessary if countries really want to help its urban dwellers. Smith also points to the pitfalls of the enablement environment that such slum-upgrading efforts operate in. He states:

“Enablement and partnership must not be seen as an excuse for public authorities to abandon their responsibilities in the field of housing provision, as many have been wanting to do for many years in order to favour economic investments (Smith, 2003: 164).”

Accordingly, slum-upgrading efforts at community level can be successful, but some scholars like Smith, argue that financial capacity may be a constraint, as the most destitute may not have the capacity to lift themselves out of poverty, and that there is further a risk that governments cease the opportunity of slum upgrading programs to discard their responsibility of communities’ wellbeing. Moreover, it could be asserted that a critical drawback to slum-upgrading programs might be that they are difficult to bring up to scale, as they involve local communities and are thus adjusted to community circumstances. They therefore do not hold the means to solve wider deficiencies in the housing sector and in society in general.

A more recent approach to participation may be more effective in terms of bringing housing initiatives up to scale. Increasingly, participation in development has shifted from being a concept constrained to slum upgrading schemes to encompass active citizenship and democratic governance. Thus, the concept of participation has moved from being applied in project participation to being applied in political participation, where individuals and organised groups interact and negotiate with the state (Gaventa et al., 99: 2). Improving urban governance involves not just local and central government, but also citizens and civil society in the form of community organisations representing squatters and urban poor (Carolini et al., 2005: 36). It is argued that the involvement of civil society in political decision-making will improve urban governance, and thereby improve the lives of poor urban slum residents. Additionally, it is the conviction that integration of civil society in decision-making processes will allow for more transparent policy frameworks and thereby lessen corruptive practises and give more voice to poor communities (Ibid).

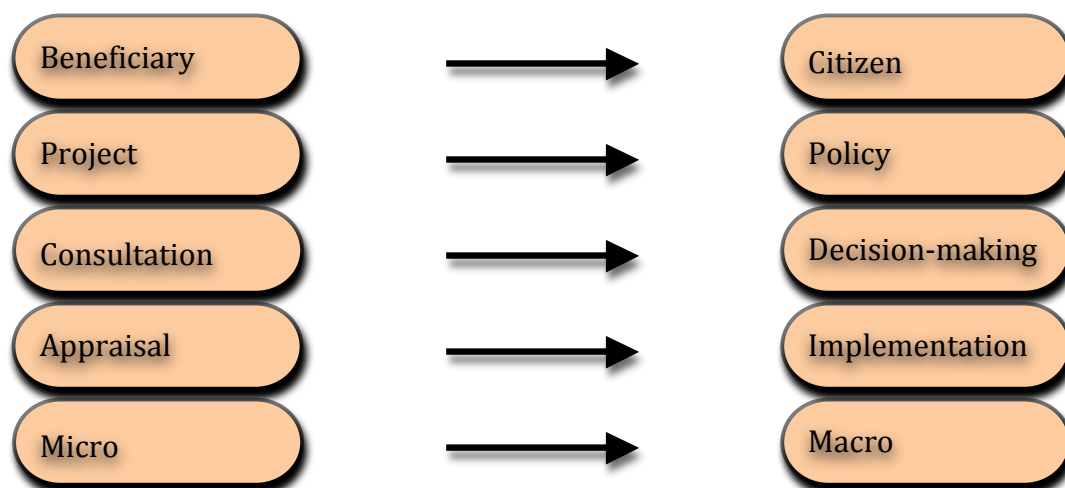
6.0 Civil Society and Participation

While many countries have sought to allocate more power to local governments and communities in the last two decades, they widely differ in their successfulness in improving urban poverty and housing. According to the “State of the world’s cities report 2006/7”, countries from both Latin America and Asia have attempted to promote policies that would improve slum dwellers’ lives through reforms of decentralisation, but Latin American countries have generally proven more successful (Warah et al., 2006: 169). Brazil is put forward as a prime example and its success is explained by a participatory approach to local development through participatory governance and budgeting, *“an innovative mechanism in representative democracy that allows community-led city councils to decide on health, education and other policies and on the allocation of municipality budgets”* (Ibid: 168). These initiatives have spurred more activity on the part of civil society and furthered the inclusion of representatives from poor communities in municipal decision-making (Ibid). Policy implementations have contributed to important improvements in the lives of people living in slums. The State of the World’s cities report puts forward several examples where decentralisation has contributed to pro-poor policies, among which one finds, Brazil, Mexico, and Colombia. An important point put forward, is that decentralisation does not in itself carry forward development. As mentioned previously there is the risk of power simply being handed over to local elites, and resources being inadequate (Ibid: 171). For decentralisation to bear fruit it has to go hand in hand with well-targeted policies, administrative reforms and resource allocation to pro-poor slum upgrading. The success of some countries in their decentralisation policies may also be contributed to lower urban population growth, better economic development and better policies, which cannot generally be contributed to decentralisation efforts (Ibid). Furthermore, centralised governments have also proven successful in developing pro-poor policies among which Cuba has been highly successful in upgrading its slum population. Decentralisation of power is therefore not enough to ensure slum improvements. It is argued that while Asian Countries are generally stabilising their slum-growth, they have been less successful than the Latin American counterparts in translating policies into practise. Legislation, human and financial resources, participation and inclusion of civil society as well as political will are all important components in improving housing in the city (Ibid: 169).

6.1 Improving Local Governance through Participation

Traditionally, political participation has been seen mainly as a tool of advocacy, voting and protest aiming at influencing representatives in government (Gaventa et al., 1999: 3). Increasingly though, in an attempt to scale up projects at community level, governments have been recommended to apply participatory mechanisms in their policies. Political participation is therefore being redefined to encompass more direct participation in local governance (Ibid: 3). In order for housing projects and participation to be scaled up, it is the conviction that those involved should gain more influence on urban governance. In the recognition of this, it becomes increasingly important for civil society to participate in the political process of governance. This of course also requires the will and interest on the part of local governments and the state, and it requires a vibrant civil society. The shift from previous participation on specific community projects towards more direct participation and democratisation in cities is increasingly advocated by scholars in urban governance and can be demonstrated in the following figure prepared by Gaventa et al.

Fig. 2 *Shift in Participation*



Gaventa et al., 1999: 5

According to Gaventa et al., the new form of participation in development is increasingly an issue of involving citizens in governance. Thus in terms of poor squatters, the fig. 2 illustrates that these should participate as citizens, rather than project beneficiaries. Participation in community projects should move towards participation in policies involving communities.

Squatters should participate in decision-making processes, rather than merely being consulted. Participation in project appraisals should move towards participation in implementation of projects. Finally, participation should be scaled up from micro to macro levels. On the one hand, one could of course argue that participation in the new approach actually moves from macro to micro level, in the sense that decisions previously pertaining to public officials and politicians to a greater extent involve micro levels of society in the form of civil society. On the other hand, it could also be interpreted as scaling up participation in projects to involve participation in governance, thus moving from micro participation to macro participation.

In line with this approach to participation, Carolini et al. argue that an improvement of poor urban communities calls for a redefinition of the political relationship between government and citizens, and that improvements should be sought in a closer collaboration and negotiation between citizens, in the form of urban organisations and government (Carolini et al., 2005: 43). Accordingly, it is argued that governments should recognise the rights of its citizens and acknowledge the organisations representing these people. Influence in urban governance can be applied in several ways, but what defines good urban governance according to Carolini et al. is

Involving organizations of urban poor as equal partners in urban political and economic life, including budgeting decisions, financing practises and the participatory upgrading, planning and, design of basic public services (Carolini et al., 2005: 57).

McGee points to four levels of participation, ranging from “*information sharing, consultation, joint decision making and initiation and control by stakeholders*” (McGee, 2003: 11). Hence, the more control stakeholders hold over government activities, the more effective participation is, as this would involve more power over government activities and allocation of resources.

Different approaches to participation within civil society will be explored in the following cases. The first case illustrates the approach of savings programs, which involves participation exerted outside government influence, but aimed at gaining influence through information sharing and consultation with public officials. The second case involves participatory budgeting, where stakeholder participation is exerted through decision-making on resource allocation within local governance.

6.1.1 Savings Programs

Savings and credit programs around the world are examples that verify communities' ability to take action themselves when they cannot receive any substantial help in upgrading and housing from the government. Savings programs illustrate communities' ability to pull their resources together to further their own development. Initially programs have started at community level but have joined forces with other communities within country borders, thereby creating the force to attract the attention of governments. Furthermore, the joining of forces means that communities are able to increase savings and thereby raise more capital to improve their housing situation. Some saving groups increasingly collaborate with government in creating large scale upgrading and improved services for poor people (Carolini et al., 2005: 24).

Box 1 Saving Program in India

“In India the Alliance of the National Slum Dwellers Federation and Mahila Milan (savings and credit groups formed by women slum and pavement dwellers) has more than 750,000 member households. With the support of a local NGO (the Society for the Promotion of Area Resource Centres [SPARC]), they work in more than 50 cities. In Mumbai more than 90 housing projects have been built or are underway, providing houses to more than 35,000 households. More than 20,000 of these households had lived beside the railway tracks. The project demonstrated how community-managed relocation was possible. Smaller scale new housing and upgrading programs are underway in many other urban centers. The Alliance also designed, built, and manages about 500 toilet blocks, which serve hundreds of thousands of slum households in Pune and Mumbai. It is developing comparable programs in several other cities.”

Carolini et al., 2005: 24

One of the big problems with slum dwellers is the difficulty in acquiring land. In this aspect, federations from around the world have taken the job upon them, by mapping out vacant land plots that could be used for housing, thus demonstrating to government officials that it is possible to find solutions to housing (Ibid: 30). Further, several federations have created housing models, which means that officials are more likely to listen and engage with

communities when they can actually see the results in real life (Ibid: 27). Among other examples, after long negotiations a savings group in Zimbabwe in this manner were allocated 565 land plots in 2000 (Ibid: 30) Carolini et al. argue that the point of such federations is not to work outside government, but to attract attention and put pressure on government initiatives for slum dwellers, and to create partnership with governments (Ibid: 23). By setting an example and inviting officials to see the results, officials are more likely to adopt better solutions for squatters and slum dwellers. According to Carolini et al., a further benefit of such programs is that housing units are less expensive than government-housing units would be, as credit groups are often more efficient in locating materials and using their own sweat equity (their own labour) to build houses (Ibid: 22). Initially these programs start out at community level, but gradually, if successful, they enter the political domain and can thus be defined as approaching political participation. The participation by civil society in slum upgrading initiatives can eventually open up for housing policies that are more sensitive to the needs of poor communities.

6.1.2 Participatory Budgeting

Box 2 *Participatory Budgeting Porto Alegre, Brazil*

“At the end of 1989, the newly elected mayor of Porto Alegre, Brazil, Olivio Dutra, found himself confronted with a seemingly impossible task. Ninety-eight percent of the municipal budget had been earmarked for salaries—one of the last acts of the outgoing administration. No resources were left for the improvements in infrastructure and housing that were expected by the city’s low-income population as a result of the political change brought about by the new election. The mayor’s first decision was to tell the population what the state of municipal resources was. He indicated that efforts would be made to mobilize new resources with which to improve the living conditions of the poor and upgrade basic services citywide, and he promised that decisions on the use of these resources would be made by the people themselves” (Carolini et al., 2006: 38).

“In Porto Alegre the participatory structure is a pyramid of three levels; the micro-local, the ‘regional’ (i.e. the 16 sectors into which the city is divided), and the municipal or city-wide level. Meetings are organised at the micro-level of the street, the apartment block, the neighbourhood. These meetings are self-organised, not organised by the municipality. The

city is divided into 16 geographical 'regions'. Each region has three types of PB [participatory budgeting] structure - a regional popular assembly, open to all, sub-regional assemblies, covering a number of neighbourhoods, and a Regional Forum, meeting monthly, to which each popular assembly elects delegates. In addition to this territorially-based structure there is a parallel process based on six specific service sectors or 'themes', of which education is one. The city-wide Participatory Budget Council (Conselho do Orçamento Participativo - COP), consisting mainly of councillors elected by the regional and thematic assemblies, is the main participatory institution, the site of the dialogue between the popular movement and the city administration. It meets once or twice a week during the PB process. It defines criteria for prioritisation and resource allocation, defends the priorities of regions and themes, discusses revenue and expenditure, drafts the detailed Investment Plan, and votes on the budget proposal presented by the executive" (Hatcher, 2002: 3).

"The number of citizens engaged in the participatory budgeting process has grown steadily in Porto Alegre. The results go beyond the more effective use of resources. Though the city was one of the fastest growing in the world over the past 40 years, life expectancy is 74 years— 7 years longer than the national average in Brazil. What is most important is that poor people, many of them previously accustomed to occasional handouts, showcase projects, and paternalistic procedures, develop a permanent identification with their city, an essential change in their transition from resident to citizen. Participatory budgeting has been replicated in many Brazilian cities as well as elsewhere in Latin America and all over the world. It is an exemplary practice of the globalization of good urban governance" (Carolini et al., 2006: 38).

The story of Porto Alegre demonstrates that rewarding solutions can be accomplished through participatory practice at the local level. These practices contribute to a more direct democracy, more transparency and real influence. Participatory budgeting thus takes a bottom-up approach, giving communities the opportunity to prioritise resource allocation through various meetings and popular assemblies. While not all resources are up for participatory practices a substantial part of the budget is. The issue of fiscal recourses will, nevertheless, always be a constraint. However, in the case of Porto Alegre the mayor raised local taxes thereby alleviating some financial problems. The participatory nature of the case illustrates a change in perception of the population. The population has changed from being

beneficiaries to being agents or citizens. In the intersection of civil society and government there is a platform for mutual exchange of challenges and knowledge, which may create a better basis for finding solutions for slum and squatter populations and their housing problems. It must, however, be added that the historical and political context of Brazil most likely has had a great deal of influence on the implementation of participatory budgeting in Brazil. The Workers Party was the main force to promote Participatory Budgeting (Hatcher, 2002). As such its implementation cannot simply be replicated. It can, however, serve as inspiration for other cities

The level of participation exerted in the example of Porto Alegre is a case of high participation executed by civil society in budgeting. The level of participation in local government is necessarily also dependent on the constitutional and legal frameworks within countries, and as such not easily implemented. However, constitutional and legal frameworks cannot stand alone. According to McGee, while the constitutional and legal frameworks for participation may be in place, it does not necessarily translate into real practises at local levels (McGee, 2003). The successfulness of participation, and the level of participation, is therefore also dependent on the willingness of public officials to engage civil society in decision-making processes, and a willingness to implement pro-poor projects at the local level.

6.2 Theoretical Findings

There are many points of consideration in securing a successful slum upgrading policy framework. Scholarly considerations point out that state withdrawal and decentralisation of government activities can create the room for more autonomy and a better environment for civil society and housing initiatives. State withdrawal is advocated in terms of scaling up slum upgrading efforts, as the state is by some scholars seen as an inefficient services deliverer. Accordingly, private developers are promoted as the best sector in providing housing for squatters. Other scholarly considerations point to the pitfalls of decentralisation, which may be found in a lack of government resources in terms of administrative and financial resources, which may be far from sufficient to cope with the challenge of slums. These resources are very important in terms of implementing policy efforts. Additionally, concerns of state withdrawal relate to the problem of securing housing for the less fortunate of society, such as

slum dwellers. Moreover, while decentralisation is advocated in the promotion of more transparency, some scholars argue that corrupt practices may still prevail locally. Theoretical considerations and examples from real life indicate that initiatives promoting participatory approaches to local governance, where squatters are being approached as active agents and equal citizens of society, are successful. These point to the importance of securing transparency, and to further the exchange of knowledge between communities and local government units (LGUs). Accordingly, a prerequisite for implementation is an active civil society to raise the concerns of slum communities as well as the willingness of public officials to engage with civil society. There are several successful examples of slum upgrading initiatives, but in order for these initiatives to be scaled up there has to be a citywide strategy of mapping out vacant and appropriate land for upgrading and socialised housing. Lastly, the legal and institutional framework for implementing pro-poor slum upgrading policies must be in place to provide a platform for local governments and civil society to cooperate, such as for instance having mandatory participation on local boards, which can serve the interest of slum communities.

From the two theoretical frameworks the primary points of consideration in providing adequate housing can be stipulated as follows:

- Financial and administrative resources
- A positive legal and institutional framework for squatters
- Vacant land to be settled on
- Participation by slum dwellers and squatters in upgrading efforts
- An active civil society that can further the agenda of slums
- Willingness of public officials

It is now the intention to see if these points are present in the Philippine context and if they are effective.

Part IV Analysis

As put forward in the theoretical section there are several criteria that are advantageous in improving the housing situation of squatters and slum dwellers. These are as follows; financial and administrative resources, a positive legal and institutional framework for squatters, vacant land to be settled on, participation by slum dwellers in upgrading efforts, an active civil society that can further the agenda of slums and the willingness of public officials. In the following an analysis will focus on to what extent these points are present in the Philippine housing efforts and what may hinder their existence. First, the current housing situation in the Philippines will be illuminated. The analysis will then consider the Philippine approach to socialised housing since 1991, through state withdrawal and decentralisation. This will be addressed through the Local Government Code and socialised housing initiatives, primarily focusing on Community Mortgage Programs offered by the state. Subsequently, participatory practices will be analysed through cases studies, both in terms of consultation and financing. These are cases of the squatters in Pasig river in Manila and rent-to-own program in San Pio Village in Cebu. Finally, the second part of the analysis will attend to the state of civil society activism in order to investigate its legal and institutional emphasis and what has been done to further participation in local governance and thus in housing initiatives. This analysis will be provided through a case study of a savings program in the Philippines and cases of participation from Abra Province, Cebu City, and Naga City. These cases will be put into a broader framework of civil society participation in local governance in the Philippines in an attempt to make a general assessment.

7.0 Slum Formation in the Philippines

According UN-Habitat, in 2001 the Philippines had population of 77 million people of which 59 percent are urban residents (UN-Habitat, 2008b). These estimates were somewhat lower according to the Asian Development Bank, who listed urban population to be 52 percent with an estimated rise to 60 percent in 2010 (Webster, 2004: 12). Of the urban residents, it was calculated that 44 percent lived in slums (UN-Habitat, 2008b). Thus, nearly half of the urban population lived in slum settlements. Today the Philippine population has risen to approximately 89 million (NSO, 2008: Official Population Count). There are no estimates as

to the current urban population. The most recent estimates of urban slum population are from 2005 and rate it to be 40.7 percent (Warah, 2006: 41). Based on slow economic development compared to other East Asian countries, the annual urban population growth, which is approximately 4 percent, is considered high in the Philippines (UN-Habitat, Webster, 2004:12). The rising urbanisation is contributed to both rural-urban migration and urban natural increase (Webster, 2004: 12). It is therefore not simply migration forces that has increased urbanisation rates but also a general growth of the population in the cities. Job generation, housing and land markets in the Philippines have not been able to keep up with the urban population increase, hence influencing the prevalence of slums and inadequate housing (Ibid, Lindfield et al., 2003).

The “State of the World’s Cities Report” prepared on behalf of UN-Habitat has categorised countries around the world according to their performance in slum growth rates. Depending on how countries perform they have been divided into off track, at risk, stabilising and on track. According to the tables, the Philippines is in the stabilising category, with an annual slum growth rate at 1,9 percent and an urban slum population that has gone from 54 percent in 1990 to 40,7 percent in 2005. Despite the lower percentage in 2005, the slum population increased from 16, 346 million to 21,792 million. Thus, the lower percentage is merely an indication of general population increase (Warah, 2006: 41). In the following tables, the slum growth rate is illustrated (Table 2) as well as future predictions of slum growth in the Philippines, if nothing is done to challenges it (Table 3).

Table 2 Philippine Slum Growth Rate

Slum Annual Growth Rate	% Slum 1990	% Slum 2005	Slum Pop. 1990 (000s)	Slum Pop. 2005 (000s)
1,9	54,9	40,7	16,346	21,792

State of the World’s cities 2006/7, 2006: 41

Table 3 *Philippine Slum Population projections 1990-2020 (in Thousand)*

1990	2001	2005	2010	2015	2020
16,346	20,183	21,792	23,984	26,397	29,053

State of the World's cities 2006/7, 2006: 191

7.1 State Withdrawal in Housing Provision in the Philippines

In line with the development approach promoted by the World Bank and the IMF, the Philippine government has tried to adopt an enabling strategy in housing the urban poor. Having previously been focused on the direct production of housing units the Philippine government, under the Aquino administration in the early 1990s, moved towards enabling urban poor to access financing for housing through mortgage financing (Porio et al., 2004: 55). At the same time access to housing became increasingly dependent on market forces in terms of housing credit, price and availability of land (Ibid). This move has been led by the conviction that the enormous housing need could not be met under the direct production by the state. Liberalisation of the market and opening up to foreign investments were meant to create prosperity that would eventually ‘trickle down’ and, furthermore, promote incentives for private market investments in housing. Encouraged by organisations such as the World Bank, the Philippine government has cut spending on socialised housing and focussed its resources on infrastructural projects to attract investments (Shatkin, 2004: 2479). This new policy agenda has been promoted in a criticism of the previous place based intervention by government. These were said to be inefficient, as they ran the risk of corrupt practices. Further, the previous approach was criticised for its inability to bring housing up to scale, and being too expensive (Ibid: 2476). Thus on the one hand, the state is now involved in the direct financing of low cost housing and, on the other hand, they have retreated from direct production and moved towards private market investments. An analysis of this strategy will be provided in section 7.3. First, an analysis of the decentralisation process that was part of this strategy will be scrutinised.

7.2 Decentralisation: the Local Government Code

As described previously in the paper, Philippine history is filled with corruption and clientelism. After two decades of dictatorship, democracy was restored in the Philippines in 1986, when the Marcos regime was overthrown. In 1991, under the Aquino administration, the Local Government Code (LGC) was passed. The code was to give more power to the people by devolving several functions, which had previously been undertaken centrally, to provinces and municipalities (Krinks, 2002: 47). Among these were, education, social welfare, health, housing and others. The declaration states:

It is hereby declared the policy of the state that the territorial and political subdivisions of the State shall enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. Toward this end, the State shall provide for a more responsive and accountable local government structure instituted through a system of decentralization whereby local government units shall be given more powers, authority, responsibilities, and resources. The process of decentralization shall proceed from the national government to the local government units (Sec. 2 (a), Local Government Code, 1991).

NGOs and a few politicians had for long pushed for the code, but as Congress was not noted for being progressive, the motives behind the code were unclear. Local governments share of Internal Revenue Allotment (IRA) were doubled to 40 percent and as such the code seemed genuine. Local units were also permitted to raise the ceiling on taxes, which could serve to further redistribution locally. According to Gera, when compared to the total of the national budget, IRA barely accounts for an average of 15 percent of national budgets between 1992 and 2007. Thus the IRA for LGUs constitute 2,6 percent of the total budget in 1992 (Gera, 2008: 12) and 6,5 percent in 2007. It is therefore important not to readily assume that 40 percent of IRA adequately equips local governments to undertake development efforts. There are also other funds for local development, but these are undertaken centrally. The biggest of these funds is the Priority Development Assistance Fund (Ibid, de Dios, 2007: 191). This fund

can only be used in projects approved by Congress and it is the National Government Agencies (NGAs) who implement projects. Gera argues:

In policy, NGAs have full control of the planning, costing as well as selection of a contractor/supplier. In practice, bureaucratic officials would assert that lawmakers have complete control of project implementation. They pointed out that most of the time, the projects proposed by engineers/consultants based on feasibility studies are not the ones being implemented. The whole line of bureaucratic process for project identification, site selection, and regional development consultations are easily dismissed and vetoed according to the desire of these Congressmen (Gera, 2008: 16).

The allocation of fiscal resources from the Priority Development Assistance Fund may, thus, largely be out of the hands of local governments, unless these have good connection to influential members of the Congress. Shatkin contributes the “*the current shelter crisis*”, to a “*decline in resources dedicated to housing and community development*” (Shatkin, 2004: 2480). Accordingly, he argues that the Philippine development approach has increasingly taken the form of neo-liberalism by focusing on private sector investments. Thus there is an indication that financial resources may be inadequate in LGUs. The LGC also devolved personnel to LGUs. There are, however, several scholars that point to the insufficient human resources in local governments. In terms of resources for housing Shatkin argues:

Decentralisation has meant that local governments must rely increasingly on revenue generated through local property taxes and localities that lack commercial and office facilities therefore often lack the fiscal capacity to address housing issues. In the city of Navotas—for example, one of Metro Manila’s most resource-poor local governments has devoted only one half-time staff member to the concerns of the municipality’s 80 000 informal settlers (Shatkin, 2004: 2480).

That insufficient resources have been devolved to local governments is also supported by Gera. He argues that of the total 870,050 National Government Agency personnel, LGUs only took share of 8 percent in 1992. He points out though, “*Latest figures (2004) would show that LGU bureaucratic personnel constitute only 25 percent of the total civil service employees in the country*” (Gera, 2008: 12). Still he holds that this number is relatively low. These statements indicate that LGUs are not adequately equipped to undertake the many

responsibilities that have been devolved to them.

There are also arguments that indicate that Local governments are not equipped to manage resources locally. In relation to local revenue collection, de Dios puts forward that the decentralization of spending has fostered local responsibility in some communities, but that it is a problem that there is no relation between the share of local revenues and local governments' own revenue collection. The problem, he argues, lies in the missing incentive for local governments to increase revenues and to use them efficiently (de Dios, 2007: 196). If there are no requirements to local governments on their spending and furthermore no requirements on own tax collections, the local governments may be inefficient in furthering local development. De Dios points out that *"the quality of spending by local governments is also highly uneven to say the least: [...] because no palpable connection exists between taxation and its results"*. Based on these considerations there is an indication that while local governments' spending resources have augmented with the LGC, there is little, if any regulation on the spending and further no regulation on local government's own revenue collection. According to de Dios:

"Assured revenue transfers [...] have not weaned local politicians away from the imperative of securing additional resources through typical networks of patronage and vertical transactions with the centre. The patronage system remains intact (de Dios, 2007: 196)."

One could argue that had there been more regulations on local tax collections, the imperative of engaging in a patronage system, would be less attractive. Shatkin also points to a missing incentive for increasing tax collection by stating *"politicians themselves frequently have personal economic and political interests that are in conflict with their role in the social provision of housing"* (Shatkin, 2004: 77). The lack of regulation may have great consequences in terms of furthering local housing responsibilities as it may compromise the importance of resources, both administrative and fiscal, in advance housing initiatives locally. An analysis of the initiatives of socialised housing under the code, in the form of the Urban Development and Housing Act, will now be presented.

7.2.1 Urban Development and Housing Act

Under the LGC the Urban Development and Housing Act (UDHA) devolved housing responsibilities to local governments. The code legally mandated local governments with housing responsibilities and further represented a shift in which government moved away from providing housing, through sites and service programs and through slum upgrading initiatives to assisting through mortgage financing and promoting private investments in socialised housing (Porio, 2003: 175). The Act also presented a shift from eviction and relocation towards implementing housing needs and participation by urban poor in land use planning locally (Porio et al., 2004: 55). Local governments were to put up local housing boards and finally they were to require private developers to devote 20 percent of project cost to socialised housing (UDHA sec. 18). While the code devolved some responsibilities to local governments, central government have not devolved all responsibilities under the Act. Thus, development permits for subdivisions have been devolved to local governments, but permits for socialised housing have not (Ballesteros, 2002: 11). The most successful low-cost housing scheme under this new framework has been the Community Mortgage Program. The Program is financed by the state but implemented and managed by LGUs in collaboration with private developers, NGOs and communities.

7.2.2 Community Mortgage Programs

The most popular scheme for urban poor is the Community Mortgage Program (CMP). This program is a loan type in which poor families can obtain loans with low interest rates payable over a long-term period. The CMP targets squatter communities that have settled on private or government property. The loan has the following characteristics:

- Squatters organise themselves in community organisations
- The organised communities can acquire a loan to buy land and land development
- An NGO, local government unit or the national housing agency must be responsible as originator of the loan, in order to make sure that requirements of documentation are in compliance and mortgages are paid off

- Loans are 30.000 pesos for undeveloped land, 45.000 pesos for developed land and 80.000 for house and land. Loans have a 6 percent annual interest rate and a loan term of 25 years
- The origination fee is 500 pesos or 2 percent, depending on which is higher

Porio et al., 2004: 57

The CMP has presented many successful stories across the country of communities able to obtain security of tenure and thus no longer facing the insecurity of eviction. Typically communities either buy the land they squat on or they buy land off-site, depending on which solution is attainable. Compared to other loan types there is a high collection rate under the CMP (Ibid: 57). This can be ascribed to several factors. Firstly, state policy requires communities to organise, which means that families are more inclined to repay loans. Secondly, NGOs stand behind individual families, which also means that they are more inclined to work hard to obtain the money for amortisation. Thirdly, families may find new opportunities of generating income, through new investments, such as for instance renting out space on their new land (Ibid). Most important though, the accomplishments may serve as a boost of confidence for residents to climb up the income ladder.

7.3 Limited Outreach of Socialised Housing

The CMP has proven successful in many instances but it has had a limited outreach compared to the tremendous need for socialised housing. Central Government has proven more open to provide loans to low and middle-income groups through other mortgage programs (Porio, 2003: 176). This priority is noticeable in the unfulfilled housing targets stipulated from 2001 to 2004. Here the targets for socialised housing was set to 880.000 but only reached 493.496, while low-cost housing, which is for low and middle-income groups, was set to 320.000 and reached 389.327 units.

Insufficient local resources and poor management of land

One of the reasons for the small scale of project implementations is owed to the high land prices in the city which makes it difficult for poor slum dwellers to acquire land through

mortgage programs (Shatkin, 2004: 2480). As stated previously, an important aspect in successful housing programs is availability of land, but land for squatters is not easily attainable in the Philippines. In turn, this implicates that housing programs are often located away from city centres where people have their daily work to attend to. Under the UDHA local governments were mandated with the responsibility of preparing a land-use-plan and to register land available for socialised housing. Further, they had to identify the urban poor and possible beneficiaries for socialised housing (Porio et al., 2004: 61). However, many local governments have not complied with these requirements, and most have only complied with some of the preparations. This again is owed to insufficient managerial and financial resources that are necessary to prepare land-use plans locally. In addition, central government does not sanction the violation of requirements (Ibid). While the legislative framework is in place, thus actually fulfilling the criterion of a legal framework that can support housing for squatters, it is not always effective. The Peruvian economist Hernando de Soto in 2000 raised the issue of what he termed “dead capital” in the Philippines. According to de Soto’s research, poor communities invested massive capital in their own slum dwellings, but this capital was essentially dead as it was part of the informal market (Laquian, 2005: 102). Based on these findings, the current Arroyo administration launched an “assets formation campaign” and put down a taskforce in charge of offering solutions on how to formalise informal tenure, through land sales and land leases. This was to be done by mapping out actual transferable land parcels by surveying and computerising land registers. Furthermore, a simplification of the administrative process of land registration was to be pursued. By doing so the task force hoped to be able to transform dead capital into active assets (Ibid). However, the strategy has not been put into action. According to Laquian the failure is owed to the fact that:

The proponents of the assets-formation campaign have grossly underestimated the difficulties and costs of surveying, titling, and registering land. They also seem to have neglected to consider the considerable effects of corruption in the legalisation of land ownership (Ibid: 102)

The difficulties as pointed out by Laquian point to a lack not only of financial capacity, but also of technical and managerial capabilities. It does, nevertheless, seem that the components of the assets formation campaign are necessary for the improvement of squatters’ housing situation.

It could further be asserted that the devolution of responsibilities to local governments has provided central government with an excuse not to interfere in socialised housing. This may be the reason why local responsibilities, such as land use planning, are not being enforced. On the other hand, Ballesteros argue that while the UDHA devolved responsibilities there remains confusion as to the division of responsibilities between central and local governments. According to Ballesteros, *while the legal mandate for the local government's role in housing is in place, functional responsibilities between the central and local government have not been clearly defined in some areas of housing development* (Ballesteros, 2002: 11). Local and central government may undertake services in terms of housing simultaneously or central government may interfere. This can have the unfortunate effect that local constituents may have a difficulty in holding local governments accountable, as local governments may place responsibilities on central government. This is not to say that collaboration should be avoided, but merely that roles and responsibilities should be clearly defined.

Private investments in socialised housing

While private developers previously were not involved with socialised housing because of the uncertainties of profit, the new enabling strategy offered opportunities for complete cost recovery because developers could sell their loan mortgages to the National Home Mortgage Finance Corporation (NHMFC) (Porio, 2003: 176). According to Porio, this solution, however, has offered problems of repayment. She states:

In this system, developers and originating banks do not need to scrutinize the paying capacity of borrowers too scrupulously because the responsibility for collecting repayments falls on the government through the NHMFC. This has led to a large deficit in collection and repayment rates because the government housing bureaucracy did not have the institutional capacity to do it (Ibid)

Despite the high collection rate of CMPs, at 85 percent compared to other loan programs for low-cost housing, the bad collection rate in other programs meant that funding was withheld for the CMPs (Ibid). Thus especially socialised housing suffered, because developers had no real interest in securing successful management of programs. As put forward administrative

and financial resources are important in advancing housing locally. The case of socialised housing programs points to insufficient funding recourses as a consequence of a lack of managerial resources. Furthermore, while private developers are required to build 20 percent socialised housing under the UDHA, local and state governments have not effectively implemented this requirement. Many private developers either do not comply with the requirements or build outside the city where basic infrastructure or services are absent (Sajor, 2003: 735). Despite these violations private real estate agents are not sanctioned, which indicates that corrupt practices may sometimes be involved, hampering a balanced development in cities.

The government's move towards more private investment in housing has specifically been pointed out in the Medium Term Development plan for shelter, which states to:

- Create a viable and sustainable source of housing finance through the establishment of an active and liquid secondary mortgage market;
- Redesign the subsidy mechanism to increase transparency and efficiency by phasing out interest rate subsidies;
- Increase the role of private financial institutions in financing housing through credit at market-based interest rates;
- Pursue strategic linkages with client/sectoral groups, private developers for joint venture arrangements, and private banking sector.

(Medium Term Plan Philippine Development Plan on Shelter 2004-2010 p. 4)

Private developers have build much housing in the Philippines in the past 20 years, but they have not been very active in providing socialised housing for poor families. Even as private developers under the UDHA are exempted from paying specific taxes under socialised housing programs, the high land prices in cities make low-cost housing difficult to obtain. The creation of a secondary mortgage market for housing is also constrained, as the low interest rate under CMP gives no real incentive for commercial home lending (Porio et al. 2004: 59). Furthermore, it is also important to note that, especially in a country like the Philippines where land based elites have much control, there are several risks of land speculation and corruption, providing poor households with little opportunity for housing.

Corruption

According to 2008 estimates the Philippines were ranked 141 out of 180 countries on corruption (Transparency International, 2008). Many private developers and big corporate speculators can be traced back to local elites. What makes this reality damaging for socialised housing is that these elites are often involved in local politics, and therefore have the power to circumvent legislation, hence deeming housing policies ineffective, and to some extent merely a shield for misconduct. As put forward, it is important that there is a political will to further squatters' housing situation, but in the Philippines corruptive practices often obscure this feature. The motives of some local officials may therefore be questioned as to the genuine interest of serve housing interests of the poor.

An example of this elitist system is the Osmeña clan, which has a long history of dominating Philippine politics from seats in the Senate to local political posts. Thomas Osmeña, serving as the third generation of the clan has been the Mayor of Cebu City from 1988 to 1995 and from 2001 until presently (Hedman et al., 2000: 107). Besides their tremendous influence in national and local politics, the family is engaged in extensive real estate operations and other business ventures, and it has through client-patron relationships served the interests of Cebu City's elite in buying land with minimum restrictions (Ibid: 106). The property boom witnessed in Cebu City clearly demonstrated that there was little interest from local elites in providing affordable housing for poor residents, when they themselves profited from escalating land prices. Furthermore, while decentralisation of housing responsibilities may seem to support transparency, responsibility, efficiency and accountability to civil society, it may in this case have the opposite effect. In the case of the Osmeña family and their network of allies, the LGC may be a welcomed opportunity to extend corruptive practises. In exchange of friendship and political support, elites have been offered access to government financing and gracious regulation in promotion of their business ventures (Ibid). Under the property boom in Cebu City in the 90s empty lots for housing were found in many areas, waiting for profits to multiply (Sajor, 2003: 725).

Thus, while the LGC provided local governments with 40 percent share of internal revenue and permitted them to raise the ceiling of local taxes, this may not necessarily have promoted the housing situation, as corruptive practices are often involved. It is of course not only corruption that make local governments reluctant to increase taxes, as a tax increase may

prevent the ability of attracting capital through investments that serve the overall economic development of cities (Shatkin, 2004: 2477). Thus, local governments are also facing a dilemma of increasing taxes and securing investments. In the light of these activities it looks as if the UDHA and other legislations may be insufficient in raising the capital needed in the promotion of pro-poor policies for housing. As stated, there have been several successful housing programs under the CMP, which has been effective in affording security of tenure for the poor groups of people, but the cut in funding to this program, and the lack of available land nevertheless limits its outreach.

7.4 Decentralisation and Participation in Housing Programs

The UDHA of 1992 also presented a shift away from eviction and relocation towards participatory and needs based strategies in housing (Porio et al, 2004: 55). This indicated a clear change in the perception of informal and slum housing, which had previously been characterised by mass evictions and disrespect of the urban poor. Section 28 of the UDHA states that eviction shall be discouraged. However, if necessary, LGUs have to have a court order and provide adequate relocation for the affected squatters. Sec. 28 states:

“Adequate relocation, whether temporary or permanent: Provided, however, that in cases of eviction and demolition pursuant to a court order involving underprivileged and homeless citizens, relocation shall be undertaken by the local government unit concerned and the National Housing Authority with the assistance of other government agencies within forty-five (45) days from service of notice of final judgment by the court, after which period the said order shall be executed: Provided, further, that should relocation not be possible within the said period, financial assistance in the amount equivalent to the prevailing minimum daily wage multiplied by sixty (60) days shall be extended to the affected families by the local government unit concerned (UDHA, 1992: sec. 28 (8))”.

The new act states several prerequisites in terms of demolition. Firstly, consultation with squatters is required and it is further the government's responsibility to find adequate relocation sites for the affected communities (UDHA sec. 28). While this law has certainly advanced the rights of squatters, to this day local governments are not always enforcing it. Father John, a local priest, accounts for this. He states:

“See what our beloved mayor does is if he wants an abortion of road and there are squatters he just tells them “get out”, without any alternatives. They just bulldoze them, they’ve got nowhere to go. When was it, during the Asian summit, the reclamation area there, there was these people there, 2000 of them on the road, they decided to put up a better road (...) This is off the record”.

Father John did not want to have his further statements on the subject recorded; clearly he was afraid that his account would be publicly known. Nevertheless, his accounts of these demolitions are valid as provided by the report, ‘Forced Evictions-Towards Solutions’ undertaken by an advisory group of UN-Habitat in 2007. Under the Asian summit in 2006, 3,210 (642 families) people had their homes demolished in the preparation of a parking lot and other infrastructural services for those attending the Asian Summit. Only 100 of the 642 families were allocated temporary relocation sites (Forced Evictions-Towards Solutions, 2007: 44). According to the advisory group, the number of evictions in the Philippines has risen extensively since 2005, mainly due to infrastructural improvements. While the law clearly states that consultation and adequate relocation sites must be provided or, worst-case scenario, adequate compensation must be given, local governments are not always complying this with. The problem is that these violations are not being sanctioned, and thus there is no consequence for local governments. Thus again, while there is a legal framework advancing squatters’ rights, the criterion of a legal framework supporting squatters’ rights, as put forward in the theoretical section, is not always being enforced.

Despite these violations, there is a clear indication that demolitions and evictions without adequate relocation are less prevalent than previously. Previously, evictions were easy to justify by government, as the conviction was that people were illegally occupying government and private property and that they therefore held no rights. Thus the UDHA represents a shift in the perception of squatters and slum dwellers. In the Act squatters are recognised as right holders. As well as the act represents a shift towards the recognition of slum dwellers it also emphasises participation by beneficiaries in housing initiatives:

Participation of Beneficiaries. — The local government units, in coordination with the Presidential Commission for the Urban Poor and concerned government agencies, shall afford Program beneficiaries or their duly designated representatives an opportunity to be heard and to participate in the decision-making process over matters involving the protection and promotion of their legitimate collective interest which shall include

appropriate documentation and feedback mechanisms. They shall also be encouraged to organize themselves and undertake self-help cooperative housing and other livelihood activities (Sec. 23, UDHA).

This Act has promoted a clear shift towards participation in the Philippines. It is evident from various cases that participation as an important component in better housing has been integrated in many housing projects. Some participatory efforts have been more successful than others, though. Let us now consider specific attempts towards more participation in practice. The cases of squatters in Pasig River in Manila, and the San Pio Village Program in Talisay City, Cebu, will be presented in the following boxes.

Box 3 *Resettlement of Pasig River Squatters, Manila*

The Pasig river relocation project in part illustrates the participatory approach that project facilitators have sought to adopt. On the riverbanks, and on stilts in the water, 10,000 squatters had for long occupied government property, and the government's approach has previously been eviction and demolition. In 1999, however, new initiatives were taken and a Housing and Resettlement Group (HRG) was established, which include representatives of the affected communities, NGOs and the local governments involved (David, 2001: 236). The HRG represented a shift from demolition towards participation by the residents. The HRG came up with several innovative agreements. First and foremost relocation should be voluntary, further in-city and near city relocation sites were to be identified. Basic facilities, schools, employment, health clinics had to be present at the location and a lease-purchase scheme, starting at 10 \$ a month, was identified as a suitable payment for families (Ibid: 237). Within 6 months the first 2000 families had relocated.

After this things, nevertheless, seemed to fall apart, as schools were not ready for the next 2000 families. The processing of funds from the Asian Development Bank meant that capital would only be available from the year 2000, which meant that communities became impatient. Further, those communities that had been resettled still lacked the facilities promised. The HRG group was dissolved, which meant that communities no longer had access to the decision makers. In addition to this, the sites identified for communities had been given to other evicted squatters, and they therefore no longer had any influence on the place of relocation (Ibid: 238).

The example above illustrates that while the project started out as participatory, several factors had not been accounted for. First of all, funding is naturally indispensable, and thus the project's dependence on foreign aid makes it vulnerable to the formal procedures of these institutions. Furthermore, the program lacked a long-term plan for implementation. As the program was initiated under the former Estrada administration, it seemed that the President himself was in a hurry to see the project fulfilled so that he could take credit for it (Ibid: 238). This nevertheless compromised the participatory approach, as communities were suddenly without influence. Further, it compromised the quality and the facilities that had originally been intended for the project. As such, the project became a media stunt and the ones affected mostly by the failure of the project were the poor. Additionally, an important consequence of the failure is the break of trust from communities that had finally put their faith in local governments.

An example of a project similar to CMP programs is the San Pio Village Project in Talisay City just outside Cebu City, a project still under construction and implementation in 2008. The project differs from the CMP programs in that it is not state financed but funded by three organisations, the lead funder being Bethlehem Communities Australia. Father John, a Priest from Australia who has resided in Cebu for many years, initiated the project on behalf of the Bethlehem Day Care Center Foundation (See Appendix, San Pio Village). Father John has run a day care at a nearby dumpsite, serving 150 pre-school children (Olesen, 2008). On his initiative, the San Pio Village Project is implemented in collaboration between local government agencies and several NGOs functioning as development partners. Thus the project is a civil society initiative, that has gained the attention of various other national and international NGOs and local government.

Box 4 *Rent-to-Own Program: San Pio Village, Talisay City, Cebu*

The San Pio Village project is intended as an off-site, rent-to-own housing project aimed at different groups of poor squatters. The target families are from three different dumpsites, fisher folks and urban poor from Talisay, community development workers, and a local cooperative. By integrating diverse communities with different low-income statuses, it is the intention that people with little or no skills can learn from others. The criterion of participation, as to promote successful upgrading of squatters, is thereby countered.

Requirements

On the one hand, there are several requirements in order to enter the project and on the other hand, the process of planning is participatory. First, recruiting partners (the faith based NGOs; JPIC, and the Bethlehem Charismatic Community) preselect families under certain criteria:

- They have to sign up as members of JPIC community group in Inayawan (close by)
- They have to have a savings started
- They must be urban poor
- They have to be residents of Talisay City

(Olesen, 2008)

Further requirements are that beneficiaries have to be married, have at least two children and the children have to be baptised and so forth. These are, however, not strict requirements and are considered from case to case. To make sure that families are in fact poor, they have to present valid papers that they have no land title and the recruiting partners of the project also make a home visit in order to check the tenure status of families. According to these evaluations they make a scorecard, as explained by the project manager Marj:

“So you have a grade sheet here; husband 55 years old, occupation and all, so what does this mean? This means that they are qualified 30 percent. Now you get 15 points if your area today is in a hazardous area. So that’s more points. Then the ownership; if you only have a share area, and are not a renter that’s higher points. If the structure is complete then that’s small, only 1 point. But if the structure is bad; if there is no kitchen then that’s more points. If the material is made of light material then that’s more points. So what is the capacity to stay, and on and on. All in all we have 100 points, so in the end we said you have 71 points, and our passing was 60 points” (Ibid)

There are two types of houses in San Pio Village. One costs 65.000 pesos, payable over a 15-year period and another costs 85.000, payable over 15 years. By then families have only paid for their house and can further decide if they want to buy the land. Families have to sign papers that they will pay a monthly rent. Initially the families have to make pledge a savings of 2500 pesos for power connection before moving in, and they further have to agree to 600 hours of sweat equity. Thus they are contributing to building the community themselves, and are thereby given a lot of responsibility by the various implementing partners. Again, the

criterion of participation is implemented both economically and through labour activities (See appendix, San Pio Village).

Participation

Picture 2 Housing Units, San Pio Village

In terms of real influence on project implementations the families have to attend meetings about the project. This is done through a homeowners' organisation, which have to identify what sort of livelihood projects



they would like to engage in. Some of the immediate needs targeted was to provide funding for children's education and to start a livelihood project of raising goats. Thus, before moving in, the first batch had started to discuss possible opportunities for revenue collection (Olesen, 2008).

As San Pio Village was still under construction during the time of visit, it is difficult to evaluate its success. Several houses were completed though, and ready for the families. There were several crucial elements in terms of generation livelihood opportunities for families. The project manager told of many different proposals from families involved in the project such as English courses, an IT building with a call centre, jewellery making and garbage composting programs for those with experience as scavengers (Ibid). While there are several demands on

the part of families, they also participate in the decisions that should form their future community. It is the intention that this should help the community to become self-sustainable.

While the above analysis is constrained to two cases, these represent a clear trend in the Philippines towards participation in project implementation. This is emphasised by the UDHA, and also in the annual Cities Alliance report from 2008. The Cities Alliance is an international coalition of cities. In its Public Policy Forum held in Manila in 2007 it recommended *the continuation of [civil societies'] role as catalysts in conducting meaningful and productive dialogues among stakeholders* (Cities Alliance, 2008: 53). Thus indicating that local governments through NGOs and other organizations focus, and should continue to focus on participation in housing projects.

7.5 Reaching the Poorest Segment in Socialised Housing Programs

The rent-to-own program of San Pio Village represents a good opportunity for poor families to get security of tenure. Furthermore, the fact that the community have to organise in order to enter into the program gives the program the participatory nature, which has long been recognised as paving the way to success. This participation is often owed to the various NGOs initiating the programs. Nevertheless, this type of program, despite its low financing seems to be unable in reaching the poorest segment of squatters. This is also the case of CMP programs. The San Pio Village project had difficulties in attracting people from the dumpsite, and at the time of interviewing only 10 families, out of a target of 150, had signed up for the project. According to the project manager it was difficult to find a livelihood project that could compete with the average income of families from the dumpsite:

this is our challenge; to compete with the daily income at the dumpsite, they have about 250 pesos daily income there. You know that's why they never want to leave the place. That is why the children don't go to school, because they can earn about 40-50 pesos a day, so they don't send them to school. You know easily a family there, I know, I just can't document it can earn 500 pesos a day (Olesen, 2008)

Interviews from the dumpsite nevertheless indicated that the problem in fact is that families do not earn enough money to even consider entering into the program. One Interviewee 3

explains that her family is “*squatting, but (...) are also renting*” (Ibid). This means that the proposed “owner” of the land is actually occupying it illegally, and renting it out to her family. This is a widespread problem of squatting syndicates taken place across the Philippines. The interviewee’s family pays p500 (10 dollars) a month in rent but cannot afford it; “*we have not paid last month and this month. The owner has asked us already but we are still looking for money*”. A lot of the families talk about how they share food and other necessities with the neighbours, often food found in the garbage. Interviewee 2 says, “*Yes sometimes we share garbage, some garbage is still okay to eat, sometimes we share just to satisfy our hunger*”(Ibid). When asked about their incomes most interviewees stated an income of 80-90 pesos a day for the whole family. Which is approximately 1.7 dollars a day. Overall the families seemed in a struggle to serve basic needs of food supply. Interviewee 16 stated, “*I’m telling my children to help me earn for a living. I have 10 children, and I’m the only one earning, there are no one helping me. I have children who are teenagers; they are not interested in scavenging (...). I’m just concerned about feeding my children*”(Ibid).

There are several indications that those families in the poorest segment of Philippine society cannot benefit from the rent-to-own project or the CMP programs and other socialised housing initiatives requiring self-financing. They simply cannot afford the government financed programs or the programs financed by NGOs, as they have to pay monthly payments beyond their capacity. It could also be argued that the really poor families have more immediate concerns in terms of day-to-day survival, and thus not the capacity to engage and participate in projects requiring a lot of work. Thus, really poor groups need alternative solutions to further their living situation and status of tenure. These groups require real subsidies from the state, and investments in organising the communities and generating alternative livelihood opportunities.

7.6 Preliminary Findings

The analysis of Philippine decentralisation with reference to the Local Government Code and its implementation in terms of better housing opportunities points to several findings. The CMP, as developed under the UDHA, has proven successful by allowing poor communities access to housing. The program has nevertheless had a limited outreach, because funding has

been withheld. The programs also seem to be unable to reach the poorest segment of society because of self-financing. The analysis points to the difficulty of finding land for socialised housing because of insufficient land-use plans by local governments. This points to a lack of management locally and also a lack of financial resources to undertake such implementations. The integration of the private sector has also proven difficult because of escalating land prices making it difficult for these to undertake housing for the urban poor. Furthermore, a secondary mortgage system is generally not attractive for the private sector, as it does not serve real profits. While private developers are compelled by law to build 20 percent socialised housing it is difficult to find affordable low cost land in the cities, thus placing communities outside cities with a long commute to work and lack of services. Furthermore, it is a problem that not all private developers follow the law of 20 percent socialised housing, and that this is not sanctioned. The analysis therefore indicates that corruption is also preventing squatters from obtaining land for housing. Furthermore, there is an indication that fiscal resources are scarce locally. While the LGC has provided an increase of financial resources to local governments, this should necessarily also reflect the responsibility put on LGUs. The cut in bureaucratic personnel devolved to local governments indicates that these have limited resources to undertake housing responsibilities. Even though local governments have the opportunity to raise their tax revenues locally many are reluctant to do so, which may be owed to the fact that it will interfere with corrupt practices or compromise economic investments locally.

The code has promoted squatters' rights through the UDHA, and while evictions and demolitions, without adequate relocation or compensation, still occur, these are much less prevalent than previously. Furthermore, the cases presented in terms of participation in housing initiatives for squatters indicate a move towards participation in project implementations. While some are more successful than others, there have been improvements of participation after the implementation of the Local Government Code and the UDHA.

8.0 Civil Society and Participation in the Philippines

8.1 Improving Local governance: The Local Government Code

The LGC besides decentralising many responsibilities also furthered local participatory practices by civil society organisations. One of its hallmarks is the following statement:

It is likewise the policy of the State to require all national agencies and offices to conduct periodic consultations with appropriate local government units, non-governmental and people's organizations, and other concerned sectors of the community before any project or program is implemented in their respective jurisdictions (Sec. 2 (c)).

While it is unclear what is meant in terms of consultation, participation is made explicit on the city and municipal development councils, which among others should be composed of:

Representatives of nongovernmental organizations operating in the city or municipality, as the case may be, who shall constitute not less than one-fourth (1/4) of the members of the fully organized council (Sec 107 (b) 4).

This section of the code is perhaps the most important part in terms of participation, as it prescribes that NGOs should make up at least $\frac{1}{4}$ of seats of in Local Development Councils (LDC). The role of LDCs is to formulate socio-economic development plans, formulate local investments and monitor and evaluate plans and projects. The plans have to be approved by the Sanggunian, which is the legislative council operating at every level of governance. The legal framework for participatory practices is thus promoting participatory practices at the level of LGUs, thus promoting a positive legal framework as set forward in the theoretical section.

The process towards more participation in local governance is a result of a very active civil society primarily composed of People's Organisations (PO) and NGOs. According to the Philippine Department of Social Welfare a PO is defined as:

A bona fide association of citizens with demonstrated capacity to promote the public interest and with identifiable leadership, membership and structure (ADB, 2007: 12)

POs are grassroots organisations, whose members most often comprise people with certain disadvantages working voluntarily to promote their status. In the case of squatters, these organisations would encompass people with no legal tenure status. NGOs, on the other hand, besides having voluntary workers also have employees, and their primary task is to function as intermediaries between the state, or local governments and the POs (ADB, 2007: 3). They advocate the causes of POs and often also finance POs to improve their mobilisation. The mobilisation of NGOs and POs is a result of resistance during the dictatorship of the Marcos regime until 1986 (ADB, 2007: 3). Activism on the part of civil society eventually contributed to the people power revolution that overthrew the Marcos dictatorship in 1986. During the dictatorship many NGOs had formed bonds with poor communities and thus these NGOs became part of future governments' partnerships in terms of service delivery (Ibid). The LGC (and the UDHA) and its recognition of NGO participation is thus a result of an active civil society history promoting transparency and pro-poor policies. The number of development oriented NGOs is estimated to be somewhere between 3000 and 5000, while the total number of civil society organisations are registered to be more than 58.000 (Laquian, 2005: 105). Only a small part of these are registered as NGOs and POs. Compared to other development countries, the Philippines is therefore viewed as having a vibrant and active civil society (ADB, 2007: 4). NGO agendas are typically, housing for the poor, better health services and actions against corruption, drugs and prostitution (Laquian, 2005: 118). Decentralisation through the LGC offers better opportunities for NGOs to take action at local levels in collaboration with POs and local government, but what is interesting to look into is what sort of participatory practises is practised and what opportunities and limitations these present in terms of better housing for poor communities. Four different cases of participation by civil society in the Philippines are presented in the following sections. Each differs in approach, but all are considered progressive in the Philippines.

8.1.1 Savings Program: The Homeless People's Federation

Box 5 *The Homeless People's Federation*

The Homeless People's Federation (HPF) brings together community organisations from around the Philippines in an attempt to find solutions to poor squatter communities and their access to housing and land (VMSDFI, 2001). Communities have been engaged in savings programs for some years, but in an attempt to scale up the process and capital, and with inspiration from, among others, the savings program in India communities joined forces. In 2000 the organisation incorporated 20.000 people. Today it incorporates 70.000 people in 25 cities and towns throughout the Philippines and has thus risen dramatically over the past years (Homeless International, 2008).

Like the National Slum Dwellers Federation in India the HPF is based on savings and credit programs for squatter communities allowing access to land, housing and livelihood projects. While, the main building block of the federation is savings, they also engage in identifying sites for land acquisition, negotiating with private landholders and government in obtaining land (VMSDFI, 2001). One of the great advantages of the organisation is that communities from around the Philippines can share good and bad experience in their attempt to acquire land and housing. This strategy validates poor communities' capability of taking action and offering solutions to squatter communities. The association has furthermore presented showcases of affordable housing models, which have attracted the attention of several thousand people from poor communities and state official (Ibid). The message of the federation is that squatters can actually build their own houses, but what they need is land. In an exhibition of housing showcases, the federation invited the secretary of the Urban Development and Housing Coordinating Council (UDHCC), which presented a breakthrough in collaboration with the government (Ibid: 82). Community leaders are now working together with UDHCC in identifying government land in cities across the Philippines. The federation thus presents a successful step towards raising the concerns of squatters around the country and to establish collaboration between government and civil society. What still remains a problem, though, are the high land prices in cities, and the difficulty of identifying land titles, which is a tedious process in the Philippines (ibid: 78). It has not been possible to find any records of how many people have gained access to housing through the Federation, but it is acknowledged for its efforts in providing housing by, among others, Carolini et al.

8.1.2 Participation outside Local Government: Abra Province

Box 6 *Abra Province*

Abra province in Northern Luzon in the Philippines illustrates the active participation by a local NGO called The Concerned Citizens of Abra for Good Governance (CCAGG) formed in 1986 (Shah, 2007: 171). The NGO received training from the National Economic Development Authority in project monitoring. At one point The Ministry of Public Works and Highways stated that it had completed 27 projects in Abra province, but through monitoring the NGO was able to point to fraud in these announcements. By visiting the alleged project sites, talking to local residents, and taking pictures they were able to find evidence that the projects had not been completed. This evidence was then forwarded to the national government and the officials were charged with corruption and subsequently suspended (Ibid).

The monitoring procedure of CCAGG has revealed several corrupt practices since and is thus an effective participatory tool for civil society in promoting transparency of project implementations. The level of participation is constrained to overseeing and does therefore not have any direct influence on local governance. This does not mean that it is ineffective, but that it may serve as a remedy for local politicians and contractors to live up to their words and to follow through their promised project implementations. It does not offer any participation on local politics though, such as the next example from Cebu City exemplifies.

8.1.3 Participation in Local Governance in Cebu: Form or Substance?

Like most big cities in the Philippines, Cebu City has a vibrant civil society and as such the basis for interacting with local government. NGOs and POs organise various rallies, campaigns and other advocacy activities and meet on planning bodies. In 1998 a peoples' congress laid down an agenda for what they wanted local politicians to address, among which was provision of housing as mandated through the UDHA and access to credit for livelihood purposes. NGOs through various attempts have thus tried to influence and lobby for the interests of the poor. According to Estimadi,

The declaration of a policy agenda for the urban poor, backed by policy legislation and with corresponding budgetary support for structures and processes, has earned Cebu City

the distinction of being the first, or one of the best, LGUs in the Philippines in many respects. Achievements include setting up the City Commission for the Urban Poor, receiving UNDP [United Nations Development Program] acknowledgement for best practice in GO [Government Organisations]–NGO partnership in service delivery [...and] ranking top in social housing implementation (Estimadi, 2004: 92).

It has however, not been possible to confirm UNDP's acknowledgement through any official documents, neither to track the date of this acknowledgement. It is however clear that housing of urban poor has been provided through the efforts of NGO and government collaboration. Between 1990 and 2003 the government spent approximately \$ 5 million on lot acquisition for the urban poor benefitting 41.570 households. This clearly indicates that action has been taken in improving the housing situation in Cebu. It is, however, unclear how many households are actually without housing in Cebu, as no such estimates are to be found. What can be accounted for is that 28,2 percent of Cebu's population were poor in 2006 making up 1.077.492 (NSCB, 2006). There are however no city estimates, which makes poverty estimates difficult to account for.

As provided by law, NGOs constitute $\frac{1}{4}$ of the seats on the city development council. However, according to NGOs the council rarely meets and when it does meet it is often merely for approval, because planning of projects have already taken place. Thus it seems that their representation on the council is without any real influence. While the government undertakes housing programs with NGOs and collaborates with them on various issues, NGOs do not have any influence on overall decision-making (Estimadi, 2004: 92). While the Community development Council allocates 9 percent of local development funds to NGOs, NGOs would like to participate on the allocation of resources on the remaining part of development funds (Ibid: 86).

NGOs in Cebu have come a long way in setting the agenda for politicians, but in the end they most often serve as service deliverers of housing projects. This is not necessarily a problem, but in terms of making a real influence on pro-poor strategies NGOs should ideally have more influence within LGUs. This may point to an overall problem; that Cebu City has still not provided a comprehensive shelter plan for the city, thus projects are implemented but not scaled up. Estimadi agrees *“Since the NGOs and the city government have not arrived at a*

common vision, collaboration is at best activity or project based, not programmatic” (Ibid: Ibid). NGO coalitions have for long lobbied for a master plan for the city, but this has not been implemented yet (Ibid: 87).

There is also reason to believe that patron-client relationships form the basis of housing projects. According to Kampen and Naerssen, Thomas Osmeña, the mayor of Cebu is only supportive to communities casting their vote on him, therefore projects are only implemented in communities that have sold their votes to him (Kampen & Naerssen, 2007: 950). Estimadi further supports this claim referring to the prevalence of vote buying still widely practiced during elections (Estimadi, 2004: 84). The coalition of NGOs that has been the prime advancer of pro-poor policies in Cebu is Kabaag. It composes 12 NGOs promoting different pro-poor agendas. According to Kampen & Naerssen, Kabaag only reaches approximately 20 percent of the urban poor population in Cebu City, which indicates that many communities are not represented, and thus do not have their specific concerns promoted. They argue that Kabaag’s small representation is owed to patron-client relationships between NGOs and mayor, Thomas Osmeña (Ibid). It is, however, difficult to get an understanding of the true extent of these corrupt practices, as these are of course not publicly announced. But it is the impression, also through own experience from Cebu, that vote buying is part of political elections in Cebu and probably in most Philippine cities.

While NGOs have come a long way in setting agendas in local government in Cebu, it seems that they lack real influence in order to make a clear strategy of housing for the poor. Thus, while housing projects are being implemented, there is no clear strategy of putting these up to scale. On the part of the local government, there is an indication that while NGOs are represented on various councils, when it comes down to formulating strategies and taking decisions they have little interest in giving more power to NGOs.

8.1.4 Participation in Local Governance in Naga City

In an attempt to further national legislation on participation, the local government of Naga City provided further legislation in the form of a city ordinance. The ordinance was implemented to put national legislation in to practice. The ordinance states that *“the will of the people shall always reign supreme”* and that it is the duty of government that their will is

carried out. Recognition that governance is best carried out in collaboration with the people, it proposes participation on all levels of government (Ordinance No. 95-092). The national legislation already requires representation on city bodies, but in an attempt to promote participation in decision-making, Naga City in addition promotes representation on a Peoples Council, where representatives from NGOs, citizens and businesses also serve all bodies of governance such as the Local decision board and the local legislation board (Ibid).

Civil society is present at all levels of governance, which is also evident from the government website. Housing projects and other pro-poor projects are clearly listed for every one to see and check, which is far from evident on other local government websites. Civil society has real influence on the allocation of resources and legal framework and can thereby promote pro-poor housing initiatives. The city holds citywide referendums on local issues, such as local housing projects, and it holds comprehensive consultations on priorities for development (Ibid). The city has thus taken participation very serious and it has a framework for countering corruptive practises within the local political system because citizens participation and NGOs are represented at all levels of governance and are part of a multilevel consultation process. This framework presents an opportunity for squatter communities to raise their concerns and actually be heard and consulted on issues of housing.

Naga City already started a comprehensive shelter strategy for its urban poor population in 1989. The city has created the Urban Development and Housing Board, which among others are represented by two representatives from POs and three representatives from NGOs. The board has several responsibilities among which they have to review existing land-use plans undertaking by the government and private sector. They, furthermore, recommend land for expropriation to the city government and recommend land for socialised housing for underprivileged and homeless people, while taking into consideration the availability of services there and the proximity to work and other economic opportunities (Ordinance No. 93-057, 1993). The local government has implemented guidelines for humane relocation of people living in dangerous areas. The guidelines for the Urban Development and Housing board are very pro-poor. In the various ordinances developed under the board it is clear that it adopts a holistic approach to socialised housing. Firstly, it recognises that participatory practices in slum upgrading are important and that housing must often be complemented by

livelihood strategies. Furthermore, it stipulates that to provide for the rational use of land it is important to promote *“equitable utilization and disposition of residential lands, with particular attention to the needs and requirements of the urban poor sector and not merely on the basis of market forces”* (Ibid). In 2005 the city through innovative approaches had provided housing for 30 percent of the urban poor and are continuing its efforts to provide housing for the rest of its poor residents (Robredo, 2006: 2). The cities shelter strategy is based on organising communities in the city and NGOs have played an active role in this process. Furthermore, the city has made use of a tri-part system in which, city government, private landholders, and squatters meet and negotiate for agreements that can support the squatters’ housing situation. This strategy has been very important in finding alternatives for evictions and alleviating disputes between landholders and squatters (Ibid). It supports the criteria of an active civil society in promoting housing for poor communities.

Most importantly, the mayor is taking a leadership in the cities housing initiatives by declaring that the government adopts a pro-poor bias in its undertakings. The importance of political will, as laid out in the theoretical section, is thus a great part of the success in Naga City. Mayor Robredo has undoubtedly been key to the successfulness of Naga City, not merely in terms of implementing better housing for the poor. Through a holistic approach to development and an inclusive government apparatus the city ranks top in many pro-poor initiatives. An important aspect of these improvements has been the mayor’s opposition to clientelism and patronage. In 1988 he ran as a candidate of Villafuerte's Lakas ng Bansa. Villafuerte was related by blood with Robredo and became his political guardian in the Centre party of Lakas ng Bansa. When Robredo was elected as mayor, Villafuerte assumed that he had control over the city mayorship, but actually Villafuerte became the biggest opponent of Robredo, when Robredo did not want to support his policies and endorse his family candidates for local government (Mayor Robredo, 2002). After this, he gained the support of another Centre party, Lakas-NUCD. Despite dissatisfaction from local elites, land owners and business capitalists, Robredo raised the local tax base, which is usually very difficult for Philippine mayors to do, especially if involved with corrupt practices (Naga City government, 2002).

8.2 An Assessment of Civil Society Inclusiveness in the Philippines

The various cases introduced are all examples of increased participation in local governance in the Philippines, and they serve as some of the prime examples of participation in the country. Where Abra province and the savings program of the HPF are examples of successful participation primarily operating outside local governance, Cebu City and Naga City are example of participation within local governments. Cebu City and Naga City are both examples illustrating some form of inclusive governance in the Philippines and as such they may not be representative of local participation in the Philippines in general. According to a countrywide survey conducted in 2001 among members and non-members of the LDCs at provincial, city and municipality levels, there are several points to be addressed in terms of inclusive governance (Barns, 2003: 6). The analysis will here be limited to the city level.

While this survey was conducted in 2001, and thus is fairly old, with reference to the case of Cebu, there may be some indication that the full implementation of LDCs is yet to be realised. As stipulated in the table 4, the survey indicated that there were too few meetings in the councils and that members did not feel fully integrated in the decisions taken on the councils. This points to lack of participation. Furthermore, despite the allocation of 40 percent of internal revenue under the LGC, it seems that the LDCs did not feel that they had the funds to do anything meaningful. This of course is a problem pertaining to all development countries, but it, nevertheless, remains an important component in the overall objective of development and, in this case, in the objective of buying up land for housing locally. It is also important to note that the survey indicates that the role of members and their role in LDCs are not clearly defined and thus it is difficult to see how the full potential of the council can be realised.

Table 4 *A Study on People's Participation on Local Development Councils*

Subdivision	LDC members	Non Members
City	<ul style="list-style-type: none"> • Lack of information about the role of LDC members and their powers • Difficulty of accrediting of NGOs • Lack of participation by 	<ul style="list-style-type: none"> • Lack of information about LDC activities • Non-functioning of LDC's • Local chief executives determines which NGOs are invited to participate, political interference, lack of

	<p>some NGO members</p> <ul style="list-style-type: none"> • Lack of funds to do anything • Membership too large to be effective • Weak collaboration between LGO and members from local government • Too few meetings 	<p>transparency in accreditation</p> <ul style="list-style-type: none"> • Difficulty in being accredited • No consultation with people on LDC projects • Lack of transparency on city budget
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Barns, 2003: 7

When looking at the non-members of the council, there seems to be a gap between the council and the civil population. While the LGC prescribes the consultation with people's organisation, NGOs, and affected communities on project implementation the survey indicates that consultation is missing. Moreover, there seems to be a missing link between the council and the rest of the city in the form of information and knowledge about the LDC. Thus, some feel that they are being neglected in the participatory process of consultation. In the example from Porto Aelgre in Brazil in the context of participatory budgeting, there seems to be more correlation between problems identified on neighbourhood and community level and in popular assemblies, to what is actually prioritised on the participatory budgeting council. The survey from the Philippines indicates that communities are not really aware of the activities on the LDC and therefore not really part of identifying and prioritising projects. While the LDC operates at lower levels of governance; at the municipality and barangay levels, the survey undertaken at these levels indicates that NGO representation is lacking because of limited NGO financial resources and that there is a poor prioritisation of projects for implementation because of the lack of knowledge and consultation with communities. LDCs are identifying and recommending projects to be undertaken but they seem to lack a partnership with those standing outside the Councils. Thus the survey points to less inclusiveness compared to Porto Alegre, where project identification is already taking place among people at the neighbourhood level. Further, while the LDCs are authorised to assist the Sanggunian (legislative council) on development priorities, it is the Sanggunian that approves projects for action. This is with the exception of Naga City though, which have set a prime example of allowing representation from NGOs and POs on the legislative council. According to Shah, there may be some problems in the separation of planning and budgeting:

Citizen involvement in the budget process often involves identifying priorities rather than allocating resources to those priorities; budgeting is still the domain of government officials. Where strong mechanisms link planning and budgeting, this is of little consequence. Where planning and budgeting are separated, however, the impact of citizen participation is much less evident. In the Philippines, for example, planning and budgeting at the local level are still separated. This may mean that the impact of participation mechanisms on entrenched systems of patronage and on corruption and abuse of power is limited, because it is through the budget process that these factors come into play (Shah, 2007: 184).

The lack of transparency on the budget is also indicated in the survey undertaken in terms of non-members on the LDC. This problem seem to have been alleviated in the case of Naga City, as the city budget is thoroughly listed and accounted for on the city webpage. However, Naga City seems to be the exception to the rule. Thus participation may be compromised in terms of real transparency. It would thus indicate that more LGUs should implement transparency mechanisms as demonstrated by the various documents of government activities on Naga City's website. Moreover, one could argue that additional legislative measures be made to secure inclusiveness of civil society on all levels of local governance and inside and outside local councils, like demonstrated in Naga City. The legislative measures will, nevertheless, not do it alone, as it is also the political leadership that will determine the successful outcome of housing initiatives and inclusiveness. Mechanisms such as project monitoring by CCAGG in Abra province demonstrate what can be done to secure transparency locally and hopefully help to further responsibility locally. While the survey of people's participation is generally only pointing out problems in LDC, the presence of the body should of course be acknowledged, as it is a great step in the right direction that LDC have been institutionalised. The analysis nevertheless indicates that they can be greatly improved.

V - Findings

9.0 Findings

In the following section the findings of the analysis will be summed up. This will be done with a basis in the points laid out in the theoretical section. As all of the points are interlinked they will coincide with one another. The points were:

- Financial and administrative resources
- A positive legal and institutional framework for squatters
- Vacant land to be settled on
- Participation by slum dwellers and squatters in upgrading efforts
- An active civil society that can further the agenda further the agenda of slums in local governments
- Willingness of public officials

In terms of financial and administrative resources there are several indications that while personnel and fiscal resources were devolved to LGUs under the local government code, these have not been adequate in meeting the demands of socialised housing. This is especially evident in reference to CMPs that has otherwise turned out successful in terms of giving poor families the opportunity to take on loans. From central government, financial resources have been suspended largely due to a lack of management of mortgage programs in general, thus pointing to a lack of administrative resources. Furthermore, while local governments have been devolved taxing responsibilities, there are indications that they are reluctant to increase own revenue collection, either because they are involved in corrupt patron-client relationships or because they may feel that it will compromise local economic activities. Generally, attempts to involve the private sector in socialised housing has failed, because private developers and banks did not have an incentive of responsibly carrying out loans for mortgage programs, thus turning out a deficit in loan repayments. The consequence has been

that funding was cut for CMPs, which is a shame, as they have proven successful for many poor families. Interviews from Inayawan dumpsite in Cebu suggest, though, that some families would not be able to afford current socialised housing programs such as the CMPs and rent-to-own programs, as they barely have enough money to survive as it is. The poorest segment of society, have more immediate concerns than their housing situation. Nevertheless, eviction is a constant threat. Thus, it seems that the only way for this segment to get security of tenure is through subsidies.

Generally, the Philippines have come a long way in securing a positive legal and institutional framework for slum dwellers and squatters through the LGC of 1991. Yet, one thing is what is written in the law, another thing is how it is implemented. While private developers are obligated to build 20 percent housing for low-income families, some circumvent the law and others build outside city areas, where basic services are not available and where families have to commute long distances to work, which they might not be able to afford. This is largely due to the escalating land prices in the cities as result of land speculation and general economic activity. Thus while the legal framework is in place its implementation is not feasible, and it is furthermore not always enforced by authorities. The problem of finding housing for low-income families is also due to the lack of available land. While, the UDHA has required LGUs to map out vacant land, many have yet to do so. The issue of land administration is crucial for the housing situation in the Philippines, not only in terms of finding available land, but also in terms of turning the so-called “dead capital” of squatter settlements into real capital. As long as so many people are squatting, thus occupying land illegally, they are afraid to invest in their housing, which hinders the upgrading of slums. While land administration is a complex, and tremendously difficult and costly, affair it is crucial for the improvement of housing, not to mention economic growth.

In terms of participation in slum upgrading efforts findings suggest that the LGC has provided the legal framework in terms of integrating participation in slum upgrading efforts. It is also the impression that squatters are increasingly part of the decision making process in upgrading activities as suggested by the case studies from Pasig River in Manila and Talisay City in Cebu. However, the Pasig River case illustrate that efforts of participation also fail when long term planning is not implemented, compromising successful upgrading and the trust of communities. Moreover though, participation is increasingly part of project

implementations and squatter's rights have generally been improved in terms of fewer evictions, without adequate compensation or relocation.

The study has also found that the Philippines have a very active civil society, which is seeking to improve social issues, among which housing is one. Like the National Slum Dwellers Federation in Mahila Milan in India, the Homeless People's Federation in the Philippines have been active in creating savings for household to obtain legal and adequate tenure. Furthermore, they have gained the attention of public officials and proved by demonstration that they can offer solutions to housing. The federation has also been successful in establishing a relationship with the government, so that they are now collaborating in identifying lands available for housing. The case of Abra Province demonstrates the efficiency of transparency mechanisms, which is very important when corruption takes place in developing efforts. This suggests that an improvement of local governance structures could be found in an adoption of more transparency mechanisms. The LGC also provides the institutional basis to further participation of NGOs in LDCs. By demonstration of the two cases from Cebu City and Naga City there are, however, differences as to the inclusiveness of civil society in local governance. Both have been complemented for their good governance approach, but civil society is to a greater extent integrated in the decision-making process in Naga City. This is owed to several reasons. Naga city has gone to greater length in stretching participation at the local level, by adding legislative means that secures inclusiveness at all levels of governance. It has implemented a holistic approach in housing, through its Urban Development and Housing Board, which is represented by POs and NGOs. It has, furthermore, been innovative in mediating between squatters and landholders in order to obtain land. It is clear that the inclusiveness and transparency of the local government is largely owed to the leadership of Mayor, Jesse Robredo, who unlike most Philippine leaders have adopted a pro-poor approach in governance, thus demonstrating the importance of the willingness of mayors in furthering housing for squatters.

In general, an overall assessment of inclusiveness in local development councils suggests that while the institutional framework for governance participation is available, non-members and members of councils point to several deficiencies in terms of transparency, influence and knowledge of the roles of members in the council. These are areas in which Naga City has proven successful by stimulating inclusiveness at all levels of governance thereby furthering

participation and thus enhancing the opportunity of squatters' concerns to be part of an overall development strategy.

9.1 Conclusion

This study set out to investigate the following questions:

In the context of the Local Government Code, which initiatives have the Philippine government taken to face the challenge of inadequate shelter for poor communities and are these initiatives effective?

Based on a participatory approach to local governance, how has this been implemented in the Philippines and what sort of reforms/solutions can be implemented to improve participation and thereby further the current housing situation?

In the context of the local government code, housing responsibilities have been decentralised in the Philippines since 1991. There are several good intentions in both the Local Government Code the Urban Development and Housing Act implemented under the code. Several legislative measures though, are not successful in their implementation on the ground and thus not effective. This is evident both in terms of the involvement of the private sector and in terms of responsibilities put on LGUs. Currently, private sector involvement in socialised housing does not seem feasible because of high land prices in the cities, which means that investments have primarily been focussed on high- and middle-income housing. Requirements of 20 percent socialised housing is thus not always enforced or it is implemented far away from city centres and services. The Community Mortgage Programs financed by the state and implemented by local governments have been successful and, thus, effective. Interviews from squatters suggest, though, that the poorest segment of society cannot afford the mortgages and other housing programs that requires self-financing. Furthermore, CMPs are also restricted in their coverage because of cuts in funding. Restrictions to the implementation of socialised housing are to be found again in the high land prices and in the lack of land use plans locally. Despite the requirement of providing land-use plans for socialised housing, these have not been implemented which points to a lack of resources locally, and naturally the complex process of such land conversion. While the code has devolved resources locally, the findings suggest that they are insufficient to further housing developments. While the code has also allocated taxing responsibilities to local governments there is no clear incentive for governments to raise taxes, and thereby increase revenues for socialised housing. Such incentives could be promoted from central government

by rewarding tax increases or social housing initiatives. Thus there are several initiatives under the code that are ineffective, because of the complexity of interconnected obstacles standing in the way of implementation on the ground. Generally, corrupt practices seem to distort development efforts, thus making several initiatives to promote socialised housing ineffective.

One of the prominent initiatives under the Local Government Code is its recognition of squatters' rights, which have decreased the number of evictions of squatters by prohibiting evictions without alternative housing or compensation. While evictions still happen they are not as customary as previously. Consultation and participation has also gained a footing in slum upgrading efforts, while some may be more successful than others there is a clear tendency towards involving squatters in decision-making processes, thereby increasing the likelihood of effective development and sustainability.

The Local Government Code has also promoted participation in local governance. Findings show that the Philippines have a very active civil society, which brings a lot of hope to the future of housing in the Philippines. The case of CCAGG in Abra province demonstrates civil society's ability to create transparency mechanisms, which is important to counter corruption and promote good governance locally. The Homeless People's Federation also show the ability of squatters to take action and create awareness whereby it has established collaboration with government institutions in the search of available land. Participation has been implemented in local institutions, such as local development councils. The cases, though, demonstrate that while the Philippines have a vibrant civil society, its influence in local governance is not self-evident. Influence of civil society on decisions of housing requires more than what has been proscribed by the code. While the Local Government Code has promoted civil society participation in local governance, the success of Naga City is more so a result of additional local legislation and innovation. A possible suggestion could be to provide additional legislation from central government on civil society participation in local councils, which might would further pro-poor agendas such as housing. The case of Naga city points to the importance of political leadership and responsibility in bringing about innovative solutions to governance and housing solutions. Thus, as Naga City's success may to a large extent be owed to the mayorship of Jesse Robredo, it may be difficult for most cities to replicate the success without additional legislation. Aside from the legal framework, it is

important that civil society introduce more monitoring mechanisms, such as demonstrated in Abra province, as these will help to further responsibility and leadership in cities where squatters' living situation is not properly addressed.

There have been some constraints to the scope of the study. As the study set out to provide some general findings, the case studies arguably have not done justice to the full picture of the Local Government Code and its implementation in terms of better housing and participation in local governance. The study has sought to draw some general findings, but as the Philippines is an archipelago of over 7000 islands and has a population of more than 88 million people the effectiveness of the Local Government Code is bound to differ across cities.

The study has also been constrained by a lack of statistical data, which makes it difficult to estimate local poverty and squatter populations. It has not been possible to find data on squatter populations in Cebu City. From a previous study in Cebu City it is, nevertheless, clear that squatter settlements alter the look of the city. In general, more specific data on squatters would have been very valuable, not only to this study but for the implementation of development efforts in housing in the Philippines. More studies and statistical data should be conducted in field of squatters in the Philippines in order to illuminate living conditions and numbers locally. Studies should be conducted on the relation between income and squatter populations in order to determine capital assets. Currently, only data on total poverty estimates is available, which makes it difficult to assess capital assets within the squatter population and, thus, the ability to enter into mortgage programs. It is also necessary to conduct further surveys on participation in local governance as some things may have changed since the 2001 survey conducted on people's participation. This could help to evaluate the implementation of participation locally and to promote mechanisms to further participation and inclusiveness.

It is the conviction that a transformation from informal housing to legal housing will help many people out of poverty because they will in this manner be able to transform "dead capital" into real capital and thus have a basis for furthering their living situation. Currently many squatters stand outside the formal market, which constrains their access to services and retain them in poverty. As mentioned in the introduction more than 1 billion people live as squatters today. It is thus important that more studies and statistical data is made in the field

of squatting not simply in the Philippines but around the world, so that we can be better equipped to face the great challenge ahead.

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11.0 Appendix

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