

The efforts of a federation of slum and shanty dwellers to secure land and improve housing in Moratuwa: from savings groups to citywide strategies

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ABSTRACT In Moratuwa, Sri Lanka, the tsunami disaster of 2004 forced new ways of working on both organizations of the urban poor and local authorities. Building on this experience, an emerging federation of the urban poor (built on community savings groups) has been collaborating with local authorities to secure land and adequate housing in two deprived settlements unaffected by the tsunami. This article examines these recent initiatives and their citywide relevance. The federation (the Women's Development Bank Federation) receives support from a local NGO (Janarukula) and is affiliated with an international confederation (Slum Dwellers International), whose principles are also evident in these improvement efforts. One of the two settlements is located on the periphery of Moratuwa, where land is plentiful and existing plots can be upgraded. The other is a central settlement, where land is scarcer and the federation has opted for multi-storey residences. Securing community control over the multi-storey development has proved difficult and has required far tighter collective action. Success in dense settlements is important, however, if the federation is to meet its goal of creating a citywide strategy.

KEYWORDS community-based organizations / density / federations / informal settlements / land tenure / multi-storey / SDI / slum / Sri Lanka

I. BACKGROUND

a. The challenge of land acquisition and settlement upgrading in Moratuwa

Sri Lanka's recent history has been turbulent. Over the past decade, GDP growth rate has averaged about 5 per cent annually, but was negative in 2001,⁽¹⁾ and growth is once again threatened by the global economic crisis. Although a functioning democracy, Sri Lanka has been plagued since 1980 by a civil conflict involving military action. In late December 2004, the Indian Ocean tsunami hit more than two-thirds of Sri Lanka's coast, killing about 31,000 people, displacing more than 440,000 and adversely affecting between 1 and 2 million.⁽²⁾

Against this tumultuous background, the government has always leaned towards pro-poor policies for housing and has tried not to use evictions as a means of securing land for alternative developments. The positive approach of the government has set the tone for constructive negotiations between deprived urban communities and their government, and offset some of the economic, military and environmental difficulties.

1. Asian Development Bank (2008), *Key Indicators for Asia and the Pacific 2008*, Asian Development Bank, Manila.

2. Yamada, S, R P Gunatilake, T M Roytman, S Gunatilake, T Fernando and L Fernando (2006), "The Sri Lanka tsunami experience", *Disaster Management & Response* Vol 4, No 2, pages 38-48.

This paper examines ongoing attempts by the residents of two settlements to organize, negotiate and work their way out of shelter poverty. The settlements, Dandeniyaawatta and Usaviwatta, are located in Moratuwa, an urban municipality at the southern end of Greater Colombo with a population of about 180,000. Residents of these settlements do not have formal ownership rights to the land they occupy but partial land transfers have been agreed in principle, and the first new residential buildings are now being completed. In both settlements, the improvement efforts are being undertaken by community-based organizations, which have been built up from savings groups and which are members of a larger federation, the Women's Development Bank Federation.

These efforts are locally driven, but they are not isolated. On the part of government, these efforts reflect a new willingness to negotiate with organizations of the urban poor outside of the conventional planning process. On the part of organizations of the urban poor, they reflect an attempt to create a nationally federated association of slum and shanty dwellers,⁽³⁾ linked to Slum Dwellers International (SDI) and capable of developing citywide and even national strategies for addressing shelter poverty.

The leadership of WDBF and its support NGO, Janarukula, have played a critical role in supporting the community organizations. WDBF and Janarukula are affiliated to SDI, an international network of federations of the urban poor that shares certain principles and practices.⁽⁴⁾ A resemblance to SDI-affiliated activities in other countries is evident in, among other aspects, the organizing role of savings groups, the supportive (rather than leading) role of the NGO, and the tactics employed to develop good relations with local government. Government officials, as well as leaders from Janarukula and WDBF, have visited SDI affiliates in Mumbai.⁽⁵⁾ Janarukula and WDBF leaders have also visited SDI affiliates in the Philippines. Moreover, SDI representatives from other countries have been involved in the negotiations over the land being transferred to the communities.

The approaches also reflect the specific circumstances of Sri Lanka and of the two communities. Indeed, quite different approaches are being taken in Dandeniyaawatta and Usaviwatta. In Dandeniyaawatta, where settlement density is low, the development being planned is incremental and mostly on the pre-existing plots. The aspiration of the local community organization is to secure individual tenure for all of the plots. In Usaviwatta, where settlement density was already high, the government was only willing to agree to transfer about three-quarters of the land (on the condition that residents vacate the remaining quarter), and multi-storey residences are planned. Here, the aspiration is to have the property owned and managed collectively by a housing cooperative.

These differences reflect the disparities in local conditions. Even in a small municipality the size of Moratuwa, a citywide approach must be able to accommodate the land sharing and high density development of Usaviwatta as well as the in situ upgrading of Dandeniyaawatta.

Even with these two settlements, there is also what some might consider a politically eclectic mix of approaches. Within the conventional development lexicon, in situ upgrading is associated with participatory improvement programmes. Moving into multi-storey residences was once associated with public housing programmes, and is now more associated with developer-led initiatives. On the other hand, the emphasis on private plots in the in situ upgrading is associated with neoliberal approaches to

3. In Sri Lanka, there is an official distinction between slums (typically built of permanent materials, but old, overcrowded and poorly serviced) and shanties (typically built of impermanent materials and usually without legal rights to the land).

4. D'Cruz, Celine and David Satterthwaite (2005), *Building Homes, Changing Official Approaches: the Work of Urban Poor Federations and their Contributions to Meeting the Millennium Development Goals in Urban Areas*, Human Settlements Poverty Reduction in Urban Areas Series, Working Paper 16, IIED, London, 80 pages; also Mitlin, Diana and David Satterthwaite (editors) (2004), *Empowering Squatter Citizen: Local Government, Civil Society and Urban Poverty Reduction*, Earthscan, London, 313 pages; and Patel, S, S Burra and C D'Cruz (2001), "Slum/Shack Dwellers International (SDI) – foundations to treetops", *Environment and Urbanization* Vol 13, No 2, October, pages 45–59.

5. Patel, Sheela and Diana Mitlin (2002), "Grassroots-driven development: the alliance of SPARC, the National Slum Dwellers Federation and Mahila Milan", in Mitlin and Satterthwaite (editors) (2004), see reference 4 pages 216–241.

6. de Soto, Hernando (2000), *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, Bantam Press, London, 276 pages.

7. UN-Habitat (2003), *The Challenge of Slums: Global Report on Human Settlements 2003*, United Nations Human Settlements Programme, Nairobi, 310 pages.

8. Personal communication with Celine D'Cruz.

9. See Smolka, Martim O and Adriana Larangeira (2008), "Informality and poverty in Latin American urban policies", in George Martine, Gordon McGranahan, Mark Montgomery and Rogelio Fernández-Castilla (editors), *The New Global Frontier: Urbanization, Poverty and Environment in the 21st Century*, Earthscan, London, pages 99–114.

urban poverty alleviation, most strongly expressed in recent years by the Peruvian economist Hernando de Soto.⁽⁶⁾ The collective ownership being adopted with the multi-storey residences is associated with more communitarian approaches. Thus, what would conventionally be viewed as right and left wing approaches are being combined very differently in each settlement, all under the auspices of WDBF.

In situ upgrading involves improving conditions and securing land rights on site, with as little displacement as possible. This has been widely advocated for decades, has been supported by such organizations as the World Bank, and remains part of what is widely considered best practice in "participatory slum improvement".⁽⁷⁾ The direct costs of upgrading tend to be comparatively low. The disruption and inconvenience of re-settlement are avoided. If the programme is government-led, resident participation is comparatively easy to secure, provided the improvements are indeed desirable. Residents who can contribute also make incremental improvements in their own time. In the absence of any collective action on the part of local residents, in situ improvements can be very uneven. When, for example, women pavement dwellers of Mumbai visited a sites and services project in Chennai while preparing for their own upgrading efforts, they were struck by the divide between "permanent" and "impermanent" structures and the fact that the settlement still had a "slum-like" appearance.⁽⁸⁾ In situ improvements can also build on collective action, however, and this is very much the approach that SDI and its affiliates favour.

While the strategy of re-housing "slum" dwellers into multi-storey public housing lost favour decades ago, a similar strategy has re-emerged in the form of public-private partnerships as a means of capturing the rising value of urban land and devoting some of this value to house those without "permanent" dwellings.⁽⁹⁾ For example, if profitable developments are allowed on most of the land, then given high enough property prices, the cost of housing the original residents in multi-storey buildings can be cross-subsidized. Like fully participatory improvement programmes, such cross-subsidies are more often praised in principle than implemented in practice. Indeed, finding better means for using increasing land values to fund solutions to low-income housing problems remains an important challenge.

Unlike conventional in situ upgrading or multi-storey housing, community groups that form part of WDBF are leading the improvements in both Dandeniyawatta and Usaviwatta. These community groups are supported, and at times prodded, by an NGO (Janarukula) and the leadership of WDBF from outside the community. While WDBF has long been involved with savings groups, these are the first settlements where the focus has been on negotiating with the municipal government to secure land transfers. The community groups are trying to use these transfers to radically upgrade their settlements. The aspirations of the NGO/WDBF partnership are even greater than this, however. Their intention is for these early efforts to provide the basis for a citywide strategy, securing land and housing for the still large share of Moratuwa's population currently living in shanties and slums. From this perspective, a narrow approach based on in situ upgrading would clearly be insufficient, and it is critical to determine whether community groups can engage in densification, multi-storey housing and, perhaps, even tap a growing share of the

increasing property values – assuming that the economic crisis does not deflate property values.

Before considering the ongoing improvements in Dandeniyawatta and Usaviwatta in more detail, we provide brief reviews of the changing approaches to upgrading or redeveloping deprived urban settlements, internationally and within Sri Lanka. This helps to provide the context within which to interpret the current initiatives in Dandeniyawatta and Usaviwatta.

b. The international context for “slum” upgrading in Moratuwa

According to UN-Habitat, about a billion people live in slums,⁽¹⁰⁾ defined as homes with some combination of insecure tenure, inadequate water or sanitation, overcrowding and poor quality housing. Although improving these people’s lives is widely recognized as a humanitarian priority, in practice improving conditions in deprived low-income settlements is controversial, especially when there are competing claims on the land and the residents do not have formal rights to the land. Indeed, even the term “slum” is contentious, and to some it conveys the notion that the slums and their inhabitants are a blight or infestation that must be removed.⁽¹¹⁾ The improvement efforts described in this paper are based on the opposing perspective that it is precisely by achieving some sort of permanence that the residents will be able to overcome their shelter deprivations.

What is now typically presented as “best practice” in United Nations documents are participatory approaches where residents of the deprived settlements play a lead role in driving improvements, assisted by government authorities.⁽¹²⁾ This remains comparatively rare, however, and the actions of government authorities still include forced evictions, resettlement and a range of other approaches, sometimes even within a single country at a single point in time. Evictions are more common where land pressures are severe, but even without such pressures, can take place in settlements where land rights or building rights are often not considered legitimate locations for improvement. Globally, the contradictions are stark. Thus, on the one hand, improving the lives of slum dwellers is an explicit part of achieving the Millennium Development Goals,⁽¹³⁾ but on the other hand, the Advisory Group on Forced Evictions is reporting a growing number of urban dwellers being evicted forcibly from their homes.⁽¹⁴⁾

During the twentieth century, most improvement and resettlement of deprived settlements was either informal or government led. As part of globalization, however, recent decades have seen governments giving private developers – including multinationals – a greater role in urban planning. In a growing number of cities, developers are including the resettlement of low-income residents in their plans.⁽¹⁵⁾ This has made it more difficult for organizations of the urban poor to participate proactively in the formal planning processes. However, globalization has also brought internationally networked responses from the grassroots, including those of SDI.

Slum Dwellers International (SDI), now an extensive network of federations of urban poor groups, was created out of a process of exchanges between communities in Asia and Africa.⁽¹⁶⁾ From these exchanges emerged the idea that deprived urban dwellers need more of a voice in their own

10. See reference 7.

11. Gilbert, Alan (2007), “The return of the slum: does language matter?”, *International Journal of Urban and Regional Research* Vol 31, No 4, pages 697–713.

12. See reference 7.

13. Garau, Pietro, Elliott Sclar and Gabriella Y Carolini (2005), *A Home in the City*, Earthscan, London, 224 pages.

14. Centre for Housing Rights and Evictions (2006), *Global Survey on Forced Evictions*, The Centre for Housing Rights and Evictions, Geneva, 144 pages.

15. Hasan, Arif (2007), “The new urban development paradigm and the changing landscape of Asian cities”, *International Society of City and Regional Planners (ISoCaRP) Review* No 3, pages 28–41; also Satterthwaite, David (2005), *Understanding Asian Cities: A Synthesis of the Findings from Eight Case Study Cities*, Asian Coalition for Housing Rights, Bangkok.

16. The city/country level federation structure is made

up of a network of community groups from deprived urban settlements, supported by an NGO. The network of federations comes together internationally as SDI, and the network of their support NGOs in turn supports SDI.

17. See <http://www.sdinet.co.za/>.

18. Mukhija, V (2006), "Property readjustment and a tenants' cooperative in Mumbai: some lessons and questions", *Environment and Planning A* Vol 38, No 11, pages 2157–2171.

19. Angel, S and S Boonyabancha (1988), "Land sharing as an alternative to eviction: the Bangkok experience", *Third World Planning Review* Vol 10, No 2, pages 107–127; also Boonyabancha, S (2005), "Baan Mankong: going to scale with 'slum' and squatter upgrading in Thailand", *Environment and Urbanization* Vol 17, No 1, April, pages 21–46.

20. This section draws heavily on Sevanatha (2003), "Understanding slums: the case of Colombo", accessed 24 October 2008 at http://www.ucl.ac.uk/dpu-projects/Global_Report/cities/colombo.htm.

cities, and that international networking can strengthen local voices – not just for governments and private enterprises but also for the urban poor. Federations negotiate for land, shelter and basic services with their cities, and support each other to change policies and programmes for the urban poor. Today, SDI has federations in 23 countries.⁽¹⁷⁾

Some of the early contacts between Sri Lankan organizations and SDI were with the National Slum Dwellers Federation of India, centred in Mumbai. Mumbai has very limited land area, high land prices and a rapidly growing economy, and there have long been attempts to shift slum dwellers from single-storey dwellings into multi-storey settlements.⁽¹⁸⁾ In Bangkok, where SDI maintains a close collaborative relationship with a government-supported programme of community-based improvement, there has also long been pressure to move slum dwellers into more dense settlements so as to free up valuable land.⁽¹⁹⁾ These and other such experiences not only provide part of the international context for more recent shifts towards multi-storey buildings for the re-housing of slum and shanty dwellers in Colombo, but also provide some of the experiences that SDI has helped to bring to the community-based organizations in Moratuwa.

c. Sri Lanka's shifting approaches to improving conditions for slum and shanty dwellers⁽²⁰⁾

There have been several major changes to the government's approach to low-income urban housing in and around Colombo and these changes have conformed roughly to international trends. The early 1970s were characterized by rent controls, restrictions on multiple home ownership, and a limited quantity of public housing. Over the intervening decades, there have been shifts towards more private sector involvement, but low-income housing has remained a critical policy concern.

In 1977, the liberal UNP government took over from the more left-leaning United Front coalition. An Urban Development Authority with a Slum and Shanty Division was created in 1979, and then in 1985 the Slum and Shanty Division was transferred to the National Housing Development Authority and the Million Houses Programme was applied in urban areas. The intention of the programme was to switch from public housing construction to support for household and community-driven housing construction.

In the second half of the 1990s another major change was instituted, and the government took measures to stimulate private sector participation in the housing sector. As part of this, there was a plan for slum dwellers living on valuable land to be relocated to multi-storey buildings (mostly four- and five-storey walk-ups), to be paid for out of the proceeds from the sale of the original land. As described below, the relocations brought on by the tsunami have further altered the politics of land allocation, helping to create the opportunities for the improvements in Dandeniyawatta and Usaviwatta.

As part of the government programmes first initiated in the late 1970s, community development councils (CDCs) were introduced in the major cities. These councils were set up as registered community-based organizations expected to work within the community, but also to participate in and receive support from the government's improvement

programmes. A review of slums and shanties in Colombo published in 2003 found, however, that "...67 per cent of the urban poor settlements do not have CDCs at present" and that "...only 9 per cent of the settlements do have properly functioning CDCs."⁽²¹⁾ Thus, while Sri Lanka has quite a history of community organizations engaging in upgrading, it is not surprising that neither Dandeniyawatta nor Usaviwatta had functioning CDCs, or the equivalent, when they began to negotiate for land with the help of the Women's Development Bank Federation (WDBF) and Janarukula in the 1990s.

The Sri Lankan government continues to play a central role in addressing the problems in slums and shanties, but it is ad hoc and not sustainable in its present form and design. The government goes from one programme to the next without having a long-term strategy for giving secure tenure to the urban poor. Organizations of the urban poor have also lacked a strong strategic direction, as they are still being consolidated and refining their negotiation skills. On the other hand, there are also considerable opportunities for shaping the land development patterns in the future. Greater Colombo's slum and shanty settlements are not nearly as large in scale or high in density as those of Mumbai, whose slum rehabilitation programme was described briefly above. Neither the land developers nor the banking sector are as well developed. The state and local authorities own large areas of urban land, and the government continues to have an important role to play in giving land to the poor. In many parts of Colombo, it is still possible for communities to look at one- or two-storey options if they are ready to negotiate with city authorities. If the federations of slum and shanty dwellers can develop their skills rapidly, they could be in a comparatively good position to help shape a new strategy for addressing Colombo's urban land question.

II. CHANGING RELATIONSHIPS IN POST-TSUNAMI MORATUWA

Immediately after the tsunami, WDBF and Janarukula helped to provide emergency assistance to the newly homeless. Very soon, the most important question for many of the affected families was about their future home: would they be able to rebuild in the same space, would they be offered an alternative location, or would they simply lose out? Particularly for those without secure land rights, there was the fear that the tsunami would become a convenient excuse to evict people from their homes. The government, for its part, was under pressure both to provide assistance to the homeless and to reduce vulnerability to future hazards. One of the issues complicating resettlement was the changing regulations on the safe distance from the high tide line for reconstructed homes. In some cases, questionable deals were made, confirming people's fears about losing their land.⁽²²⁾ In other cases, however, quick decisions helped to overcome bureaucratic logjams and favoured the landless. This success in circumventing bureaucratic obstacles raised the question of whether other land issues, independent of the tsunami, could also be resolved quickly in ways favourable to the landless.

Discussions between government (represented by the then mayor and the Minister for Urban Development) and WDBF (with support from Janarukula) soon extended to broader issues of slum and shanty upgrading in Moratuwa and other cities. The mayor had been to Mumbai,

21. See reference 20, page 11.

22. Klein, Naomi (2007), *Shock Doctrine: The Rise of Disaster Capitalism*, Metropolitan Books/Henry Holt, New York, 588 pages.

where he had visited the slum redevelopment projects and heard about the role of India's National Slum Dwellers Federation (the counterpart to WDBF and a founding member of SDI) and the Society for Promotion of Area Resource Centre (the counterpart of Janarukula). He had already sought their support and was keen to replicate such projects in Moratuwa. Independently, WDBF and Janarukula had become affiliated with SDI, and while they had not been working on anything like the same scale as the Mumbai affiliates, they were already planning to move beyond their work with credit unions and to build a federation of the poor that could work on issues of urban housing and infrastructure.

a. Using the post-tsunami experience to develop the capacity of Sri Lanka's urban poor federation

For WDBF and Janarukula, the post-tsunami period provided five critical building blocks towards their higher ambitions. These are considered in turn below.

First, the work they undertook with the tsunami-affected settlement of Jaygathpura provided many of the practical experiences needed to work with communities on land issues. Every household in Jaygathpura was surveyed and notice boards were fixed to the sites of their destroyed homes, as visible claims. The names of all the household members and key information on every family, along with a photograph of the household head, were listed on these notice boards. This system was later commended by the Minister for Housing, who requested that the ministry adopt similar procedures. Originally, however, it was designed with the community organization, with support from WDBF and Janarukula, as a means of legitimating land claims. As such, it drew on lessons SDI affiliates in India had learned in their own land claims.

Second, Janarukula and the WDBF helped to start credit and savings groups in a number of Moratuwa's more deprived settlements. An estimated 20 per cent of Moratuwa's population live in 52 settlements designated as slums and shanties. By early 2008, WDBF had affiliates centred on savings groups operating in 32 of these settlements, with over 50,000 (female) members and 250 associate (male) members.

Third, WDBF and Janarukula began to gain an understanding of land politics and policies in Moratuwa, and learned how to negotiate with different government levels and departments. SDI's experience internationally has been that long-term success depends on engaging with local government and not relying on international assistance to sidestep this engagement. WDBF and Janarukula decided that in order to find a long-term solution they too would need to work with the government. This was a difficult decision for the tsunami-affected communities, even more than for WDBF members from other areas, as there were numerous international assistance organizations in Sri Lanka at the time offering various forms of alternative assistance. After a great deal of patience and persistence on the part of the community, government compensation came three and a half years after the tsunami. WDBF and Janarukula believe that this engagement with government will provide a better basis for achieving improvements in other parts of urban Sri Lanka than could have been achieved on the basis of a more opportunistic use of donor funding.

Fourth, responding to the tsunami created solidarity across WDBF, as savings groups from other cities joined to support the affected communities in Moratuwa. This provided WDBF with its first experience in mobilizing the communities around the crisis for land and housing. Central to the process is building the capacity of the Moratuwa Slum Dwellers Federation. Many more community leaders have begun to play a more active role at the city level and are able to see the advantages of coming together as a federation, as opposed to working independently within their own communities.

Fifth, Janarukula began to learn to manage finances and report to external donors and government agencies. This required a change in the business model of WDBF and Janarukula, from managing member savings to managing external funds. It also required scaling up their operations, which was a particular challenge given Janarukula's very small staff (still only 10).

b. Negotiating land for slum and shanty dwellers

While WDBF was working on the tsunami resettlement at Jaygathpura, they kept in close contact with the municipality, and not only engaged with them on Jaygathpura but also began to look into slum and shanty upgrading in other parts of the city. Together with the municipal commissioner in charge of land administration, the federation visited settlements prioritized for redevelopment by the municipality, who saw the continued occupation by urban poor on these lands as an obstacle. The federation was keen to secure land for these communities, and began to understand how the high value of land not only increased the risk of evictions but also created opportunities for resolving land disputes to the benefit of the low-income residents. While the government and low-income residents may have different priorities, both sides benefit when they can negotiate less disruptive, more inclusive and more economic redevelopment.

Looking beyond the tsunami-affected settlements, some form of land sharing, with resident communities giving up some of "their" land in return for security on the remainder, was an obvious option. It was already part of the Sri Lankan government's stalled plans for developed resettlement (see above). It was also a familiar basis for negotiations among some of SDI's other international affiliates. Indeed, the mayor was particularly keen on following the model of the Mumbai Slum Rehabilitation Authority, which involved land sharing.

After some discussions, three settlements were chosen by Moratuwa municipal council for undertaking redevelopment in cooperation with WDBF:

- Allaviwatta – in the city centre, with a market place and high land values.
- Usaviwatta – also in the centre of the city, with quite high land values, originally settled some 60 years ago by municipal workers and still inhabited by many council employees.
- Dandeniawatta – a more peripheral settlement, where families affected by public works and other evictions have been moved to in the past.

Various options for land sharing were proposed over the course of the negotiations and the favoured options changed regularly. One of the suggestions was for Usaviwatta to be redeveloped at a higher density, allowing residents of Allaviwatta to resettle on Usaviwatta land and for all the land in Allaviwatta to be handed over to the council. The idea was to use part of the profits from the sale of Allaviwatta to construct new multi-storey residences in Usaviwatta. This option was eventually rejected after politicians intervened and convinced the residents of Allaviwatta to resist the move. Eventually, separate agreements were arrived at for Usaviwatta and Dandeniyawatta.

The agreements have varied considerably between the remaining two settlements, with important implications for the practicalities of the improvement efforts. For Usaviwatta, about one-third of the land is to be vacated and turned over to the council, while the ownership of the remaining two-thirds is to be formally transferred to the community once all of the procedures have been sorted out. For Dandeniyawatta, no land sharing is envisaged. This means that with the exception of homes on land at risk of flooding or under high tension wires, residents have not had to agree to vacate any of the land. On the other hand, there has not as yet been any agreement to hand over the land to the residents, and negotiations for the land are likely to continue on an incremental basis.

One of the difficulties with the decisions regarding the land transfers in Usaviwatta and Dandeniyawatta has been the absence of clear principles or precedents to refer to when deciding on land sharing arrangements. One could argue that the residents deserve all of the land, on the grounds that it has long been occupied; or none of the land, on the grounds that the occupiers do not own it. One could argue that the residents of Usaviwatta are more deserving as they or their predecessors have been there for more than half a century. Alternatively, one could argue that the residents of Dandeniyawatta are more deserving, as they were moved into the area by the government. Differences of opinion on such matters could easily have derailed the whole process, and it is to the credit of both the municipality and the communities that this was not allowed to happen and the negotiations opened up space for two different models. Looking to the future, however, it is important to consider the alternative logics of the land sharing, as well as reducing the administrative complexities involved in implementing agreements once these have been reached by key representatives from both communities and government.

With land values several times higher in Usaviwatta than in Dandeniyawatta, it is perhaps not surprising that the government is particularly concerned with securing some of the land in Usaviwatta for alternative uses, or that the continued presence of low-income residents should seem particularly unsuitable. Even before land sharing, however, densities in Usaviwatta (167,000 per square kilometre) were considerably higher than in Dandeniyawatta (34,000 per square kilometre). As such, even if all the land were transferred in both communities, then the market value of empty land in Usaviwatta would have to be about five times higher than that in Dandeniyawatta to make the financial values of the land transfers equal (per capita). With land sharing, Dandeniyawatta residents would still be getting considerably more.

Figure 1 illustrates the different nature of the challenges in Usaviwatta and Dandeniyawatta in stark terms. Usaviwatta started out about five times as densely settled as Dandeniyawatta, and is likely to end up about

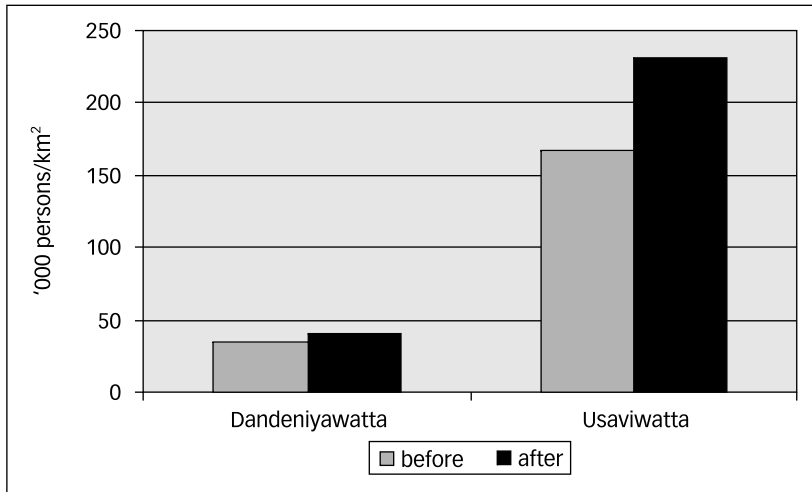


FIGURE 1
Actual settlement densities before redevelopment,
and anticipated settlement densities after redevelopment
in Dandeniawatta and Usaviwatta

SOURCE: Based on figures held by the NGO Janarukula, January 2009.

six times as densely settled even without any change in population. This not only reduces the per capita economic value of the land transfers but, as described in the following sections, raises the costs, disruption and difficulties for the residents of Usaviwatta relative to those of Dandeniawatta.

III. IN SITU UPGRADING IN DANDENIYAWATTA

In the 1980s, Dandeniawatta was privately owned scrubland, much of it regularly flooded by Lake Bolgoda, which constitutes its eastern boundary. There were neither residents nor any access road. The government of Moratuwa acquired the land, which comprised about 27,000 square metres, in 1990. The intention was to use the land to accommodate households being forced to move from other coastal locations in Moratuwa. Provision was originally made for 178 plots and 94 households moved in initially. As of 2008, there were 216 plots with houses and a further nine plots without houses (some with other buildings). Figure 2 illustrates the layout of Dandeniawatta.

Although Dandeniawatta was selected by the government for re-settlement almost 20 years ago, there are still serious obstacles to overcome before it can be considered an acceptable settlement, either in the eyes of the residents or those of government authorities. Only the 94 original plots have been occupied through government deeds, with two having other permits, leaving 120 unauthorized occupations. Also, the plots are not all considered habitable. Roughly 30 inhabited plots are considered to be too close to the high tension wires running through the settlement and another 16 plots are in an area zoned uninhabitable due to the risk of flooding. Similarly, not all the homes are considered habitable: few

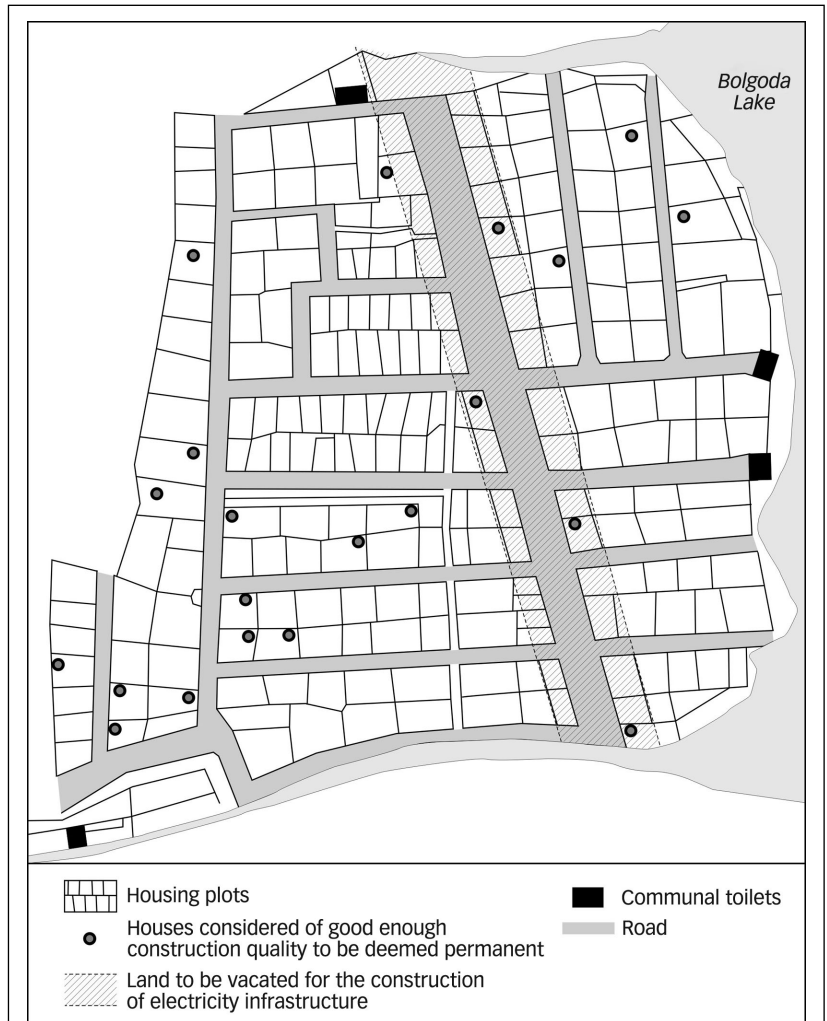


FIGURE 2
Indicative map of existing plots in Dandeniya, location of permanent houses and the electric wire reservation area

SOURCE: Adapted from information and plans held by the NGO Janarukula.

conform to any official standard and only 21 houses were deemed by the residents to be of a quality that justified calling them permanent (Figure 2). Public services are also inadequate. Part of the challenge undoubtedly lies in the lack of economic resources in the relevant government departments or, even more importantly, in the hands of Dandeniya's residents. Even with existing resources, however, the living conditions in Dandeniya could be substantially upgraded.

Given their economic circumstances, cooperation and coordination among the residents of Dandeniya and with the government of Moratuwa are critically important. This does not just apply to logistical

challenges, such as moving people from the areas zoned uninhabitable to other plots. The government is unlikely to transfer land rights to the residents, let alone provide assistance for upgrading, without some assurance that official regulations and prevailing conditions can be brought into conformity. On the other hand, residents are unlikely to invest in upgrading their homes without the assurance that they will have the right to stay, and a sound basis for securing the necessary finance. In the absence of services, such as sewerage connections, there are also a range of environmental challenges that affect the inhabitants as a group and not just individually.

In effect, although the goal for most residents of Dandeniawatta may be to secure their own private plots, the route is blocked by a range of collective action problems and coordination problems that neither the government nor the residents acting individually can be expected to address. In Dandeniawatta, as elsewhere, Janarukula and the WDBF have tried to provide the sort of support that enables residents to work together in a more collective and coordinated fashion. The support also focuses explicitly on overcoming the challenges of acquiring land, building affordable housing and securing support from the government for this. Dandeniawatta's current situation reflects the outcome of conventional resettlement when it proceeds without such support and in the absence of community organization.

At the core of the move towards more collective and coordinated community action are the savings groups, a feature of SDI affiliates in all of the 23 countries where SDI federations are active.⁽²³⁾ While the savings are used mostly for private purposes, the savings groups not only provide a better basis for households to finance the upgrading of their homes but also foster cooperation and trust in the handling of money, and experience and evidence on realistic savings rates. In many instances, federations have also used their present savings to leverage loans and guarantees from banks/finance institutions. In Dandeniawatta there are seven savings groups, with 82 (female) members and five associate (male) members. About 170 households have not yet taken up membership, but are likely to. These members constitute the Dandeniawatta affiliate of WDBF.

Careful enumeration and mapping of the settlement has also been central to achieving more collective and coordinated action. Every household in Dandeniawatta was surveyed in 2005 by a team of residents assisted by WDBF. Information was collected on the number of members, the location (Figure 2), the year the first member moved to Dandeniawatta, and a small selection of other data. This information gives the federation the capacity to negotiate more effectively for land and for planning changes. It also increases the capacity of the federation to plan for the upgrading.

Since most households will be improving their homes in situ, it is possible to start improvement efforts before permits or titles to all of the plots have been transferred to the residents, provided there is sufficient likelihood that the plots in question will eventually be transferred. In recognition of the importance of developing a collective and coordinated strategy, an architect identified by Janarukula worked with the savings groups to come up with three house designs that not only illustrate what can be achieved at different costs, and that willing households wanted to have constructed on their plots, but also can be used to ensure that all of the upgrading will satisfy government regulations. One of these designs is illustrated in Figure 3.

23. See <http://www.sdinet.org/rituals/ritual1.htm>.

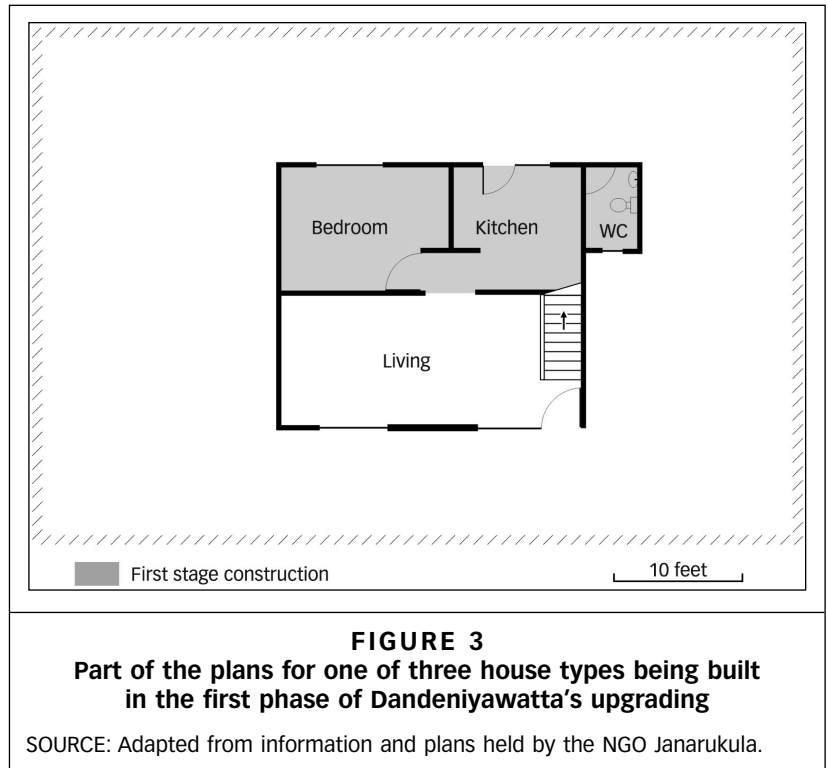


FIGURE 3
Part of the plans for one of three house types being built in the first phase of Dandaniyawatta's upgrading

SOURCE: Adapted from information and plans held by the NGO Janarukula.

Households in Dandaniyawatta typically find it difficult to invest in major home improvements, not only because they have low and (often) irregular incomes but also because they find it difficult to make large payments in one go and do not have access to low interest loans enabling them to spread the costs out over time. Attempts to address this difficulty have been made through the savings groups, affordable housing design and construction and collective efforts to secure low interest loans.

One of the benefits of the savings groups is that they provide people with practical experience with savings. The group can provide a forum for discussing what houses different members can afford, and historic savings rates can provide part of the evidence for this discussion. Having a large chart with monthly savings listed for every member for each month in the past year brings realism to discussions about future savings and the households' abilities to make payments over time.

The house designs are not only low cost but are intended to allow people to build incrementally.⁽²⁴⁾ This is a traditional means of spreading costs out over time and it has some advantages over borrowing since plans can be curtailed in hard times. It also puts more control into the hands of the improvers. As a first stage, three demonstration houses are being built in Dandaniyawatta and even these are being built incrementally. In the house being built according to the design in Figure 3, the family is now crowded into the shaded part of the house and the construction is being extended. In principle, the extension could be allowed to proceed more slowly, but they are also meant to be demonstration houses and delays would interfere with that role.

24. Many of the more successful programmes that address urban poverty in other parts of the world involve incremental improvements, for some of the same reasons incremental approaches have been adopted in Dandaniyawatta. See McGranahan, Gordon, Diana Mitlin and David Satterthwaite (2008), "Land and services for the urban poor in rapidly urbanizing countries", in Martine, McGranahan, Montgomery and Fernández-Castilla (editors) (2008), see reference 9, pages 77–98.

The total cost for the first three houses, including infilling and finishing, is 900,000 Sri Lankan Rupees (~US\$ 7,700).⁽²⁵⁾ WDBF and Janarukula are helping the local federation to secure a grant from the Ministry of Urban Development for 300,000 Sri Lankan Rupees (~US\$ 2,600). With their current savings, and additional savings over the course of the construction, the occupiers are expecting to contribute about 100,000 Sri Lankan Rupees (~US\$ 900). Janarukula and WDBF have taken a loan for the housing cooperative of 500,000 Sri Lankan Rupees (~US\$ 4,300) from the Urban Poor Fund International held by SDI.

Janarukula and WDBF are also trying to facilitate a collective negotiation process between the residents of Dandeniya-watta and the local authorities, to ensure that the government approve of the settlement upgrading and will support it by transferring the land and providing permits for the residences. The three homes are meant to initiate a scaling up of both the home improvements being undertaken by the residents and the land transfers and planning authorizations being granted by the local authorities. While incremental home improvements give more control to the residents, incremental land transfers and planning authorizations typically take control away from the residents and their organizations, particularly when regulations are unclear or subject to negotiation.

Official regulations are rarely suitable to very low-income settlements, and negotiating formal or informal exemptions is time consuming, costly and provides further obstacles to improvement efforts. Sri Lanka is one of the few countries that have experimented with having communities involved in setting their own regulatory guidelines.⁽²⁶⁾ However, such close collaboration between local authorities and communities requires that the communities be well organized. As indicated above, most of the community development committees originally designed to represent community interests to government improvement programmes are now defunct, and none exists in Dandeniya-watta. Thus, one of the goals of community organizing in Dandeniya-watta is to provide a better basis for negotiating with local authorities and to make local authorities live up to their responsibilities.

If things go well in Dandeniya-watta, the improvement plans proposed by the federation will be accepted by the local authorities as a basis for formal occupant-ownership for the whole settlement. All residents will end up owning improved dwellings, most on the same site as their current informal residence. Having become better organized, residents will continue to collaborate collectively on other local improvement efforts. They will also become a model for other communities to learn from. Of course, all is unlikely to go this well. There will be setbacks as well as successes. Critical elements of the approach described here may prove to be flawed. However, partly because of the incremental nature of the improvements, at least some level of success should be forthcoming, barring some new "disaster".

IV. MULTI-STOREY RESIDENCES IN USAVIWATTA

As described above, Usaviwatta has a smaller population than Dandeniya-watta (256 people compared to 912) and an even smaller area available for the upgraded settlements (1,100 square metres in Usaviwatta compared to 22,300 in Dandeniya-watta). It has also had quite a different

25. Based on an exchange rate of 117 Sri Lankan Rupees per US\$, in mid-May 2009.

26. Jayaratne, K A and M Sohail (2005), "People-centred regulations for urban upgrading in developing countries", *ICE Proceedings of the Institution of Civil Engineers, Municipal Engineers* Vol 158, No ME1, pages 53–62.

history and has different living conditions, although there is serious shelter deprivation in both settlements.

In 1942, the Usaviwatta land was used by Morotuwa town council for to construct 28 houses for conservancy labourers. At present, there are 50 houses with 56 families and 256 people, of which 99 are children. They have access to eight common toilets and two water taps. Crowding is severe, with some homes occupying less than 20 square metres. Despite the difficult conditions, residents wish to stay because of good access to employment, services and transport. The community is about 20 years old and has been in dialogue with the municipal commissioner for in situ development for several years. They now recognize that land values are high and do not believe they should lose out as a result.

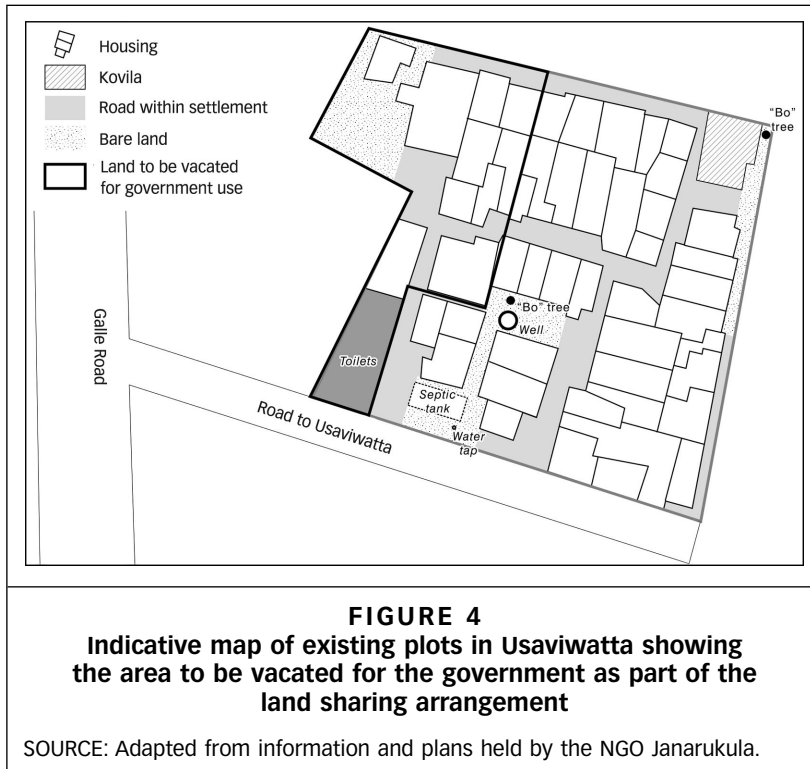
While cooperation and trust are important in Dandenyawatta, they are even more so in Usaviwatta. They need to cooperate and trust each other more in order to take charge of their own upgrading. They also need to collaborate with and trust external institutions more. The physical act of sharing the same (multi-storey) residence requires some degree of co-operation, but greater demands also arise from organizational aspects of securing the land, building the residences and sharing ownership rights and responsibilities. The fact that the residents have chosen to own the buildings as a cooperative is as much a reflection of, as a reason for, the high levels of cooperation. Partly because of the heightened need to cooperate, described in more detail below, all of the households already participate in the five savings groups that form the local affiliate of WDBF. Moreover, 10 men have joined as associate members. Thus, while the ratio of female to male members in the federation as a whole is about 200:1, in Usaviwatta it is only 5:1.

Usaviwatta's current layout is illustrated in Figure 4, with the land that the residents have agreed to vacate lying within the dark bordering line. Given that the residences were already overcrowded, it is not surprising that with less land, the multi-storey option was chosen. The consequences of this decision are considerable, however.

In contrast to Dandenyawatta, the transition towards resident ownership and permission to construct in Usaviwatta must be done collectively. In some ways, this is an advantage as it avoids some of the lengthy incremental negotiations that the federation is trying to avoid in Dandenyawatta. As the first such land transfer, however, the process in Usaviwatta is complex and lengthy. The importance of setting precedents and of developing an efficient way to reach agreement on land sharing is evident. After dismissing even more complicated routes to acquisition, the steps summarized in Box 1 have been identified as necessary.

Not surprisingly, perhaps, although this procedure was initiated in 2006 it is not yet complete. In order to speed up the process, the Housing Development Cooperative Society has started moving ahead with the design, and even the construction, of the residences on the basis of the agreement by senior officials in the Ministry of Housing, the municipal council and the Ministry of Land. This requires a comparatively high level of mutual trust (and trustworthiness), not only between the residents and the government officials but also with the various consultants, creditors and contractors who may not be inclined to trust low-income residents, particularly when they do not own the land they are building on.

After discussions between WBDF leaders (from Usaviwatta as well as from the larger federation), Janarukula and the architect, it was agreed



that three multi-storey building types would be built on the remaining land of Usaviwatta. Part of the plans for one of these buildings is illustrated in Figure 5. While these three buildings, which will house all of the residents, are being built in turn, there is limited scope for adjusting the plans. If, for example, costs have been underestimated (or savings possibilities overestimated), it will be very difficult to adjust the plans. Moreover, the agreement on the design of these buildings was of necessity far more collective than the decisions on the three types of homes being selected by individual households in Dandeniyawatta. They also required more external support to plan and build.

This and many of the other steps involved in developing these multi-storey buildings requires far tighter organization than incremental in situ improvements – of the sort more typically provided by comparatively well-resourced developers, government agencies or NGOs. It also entails higher construction costs per unit of floor area. In this case, the community has set up a cooperative that, with the assistance of WDBF and Janarukula, has been negotiating with the architect, the contractors and the bank. The choice of organizing the residents within a cooperative society imposes its own collective logic. Although the model is similar to one regularly adopted by middle-class apartment-dwelling households in Sri Lanka, this is the first time it has been adopted in multi-storey buildings to be inhabited by low-income residents. The cooperative has yet to decide on how departing members will be compensated, although this is likely to make a significant difference to resident turnover, and on whether the settlement will remain in the hands of low-income households.

BOX 1
Necessary steps to be taken by the Usaviwatta housing cooperative in order to secure land

A request must be forwarded to the Ministry of Housing by the National Housing Development Authority (NHDA), to take the necessary action to acquire the land and transfer ownership to the housing cooperative.

The divisional secretary of Moratuwa must be requested by the Ministry of Housing to send a detailed report on the land and the possibility of vesting the land to the NHDA.

The divisional secretary of Moratuwa must call for a detailed report about the request made by the NHDA and about the land sharing. The government village officer must assist the divisional secretary by giving information on the residing families and the history of the land title.

The divisional secretary must prepare a report based on the report of the government village officer and the municipal commissioner of MMC and forward it to the Ministry of Housing.

The Ministry of Housing must send the above reports to the Ministry of Land of the Western Provincial Council.

The land commissioner of the Western Provincial Council must get the board of ministers' concurrence and then forward his report to the Ministry of Housing.

The Ministry of Housing must forward the necessary documents to the NHDA in order to take the necessary action for vesting the Usaviwatta land to the Housing Development Cooperative Society.

The NHDA must submit the documents to the land commissioner of the Ministry of Land for necessary action.

The land commissioner must forward the documents to the divisional secretary of Moratuwa for necessary action.

The surveyor general of the Survey Department must prepare the survey plan for the Usaviwatta land according to the proposed vesting order, at the request of the Moratuwa divisional officer.

The divisional secretary must forward the necessary documents and forms along with the vesting plan to the land commissioner of the Ministry of Land.

The Ministry of Land must take action to gazette on vesting the Usaviwatta land.

Having received the Ministry of Land's gazette notification and completed other procedures relating to the vesting of Usaviwatta land, the land commissioner must forward it to the divisional secretary of Moratuwa, to take over the land from the municipal council and hand it over to the NHDA.

The NHDA must transfer ownership and hand over the land to the Usaviwatta cooperative society.

The cooperative society must organize the building of the homes they have helped to design.

SOURCE: Taken from notes prepared by Janarukula, and representing their interpretation of the procedures.

In addition to agreeing on the design, the residents have had to decide on the size of the dwelling units and on who is to live where. The accepted wisdom based on SDI's experiences internationally is that unless it is countered, there is a tendency for people to choose dwelling units that they would like but cannot afford, and for the community leaders to get the first choice of location. In Dandeniya, these tendencies are at least somewhat countered by the fact that households are choosing individually which design to build on their plot, and most households will be able to learn from the experiences of the first builders. In Usaviwatta, on the other hand, a large number of households must simultaneously make a decision on the floor space of their dwellings and other features that will affect the cost. There must also be agreement on who lives where within the building.

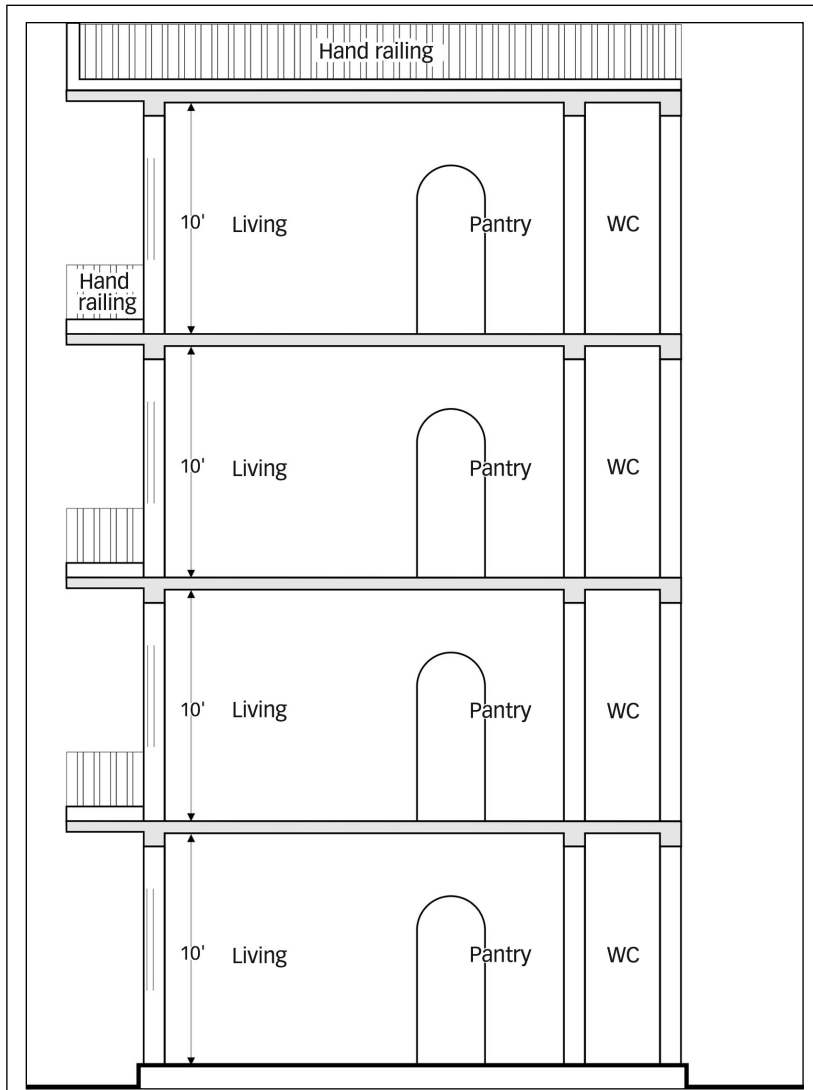


FIGURE 5
Part of the plans for one of three multi-storey dwelling
types being built for the Usaviwatta upgrading

SOURCE: Adapted from information and plans held by the NGO Janarukula.

Another large collective task was that of securing the funds to initiate the construction, and developing a system to ensure that payments to contractors and consultants could be made in a timely fashion and residents' savings schedules could be achieved without imposing undue hardship. The total cost of the first building is estimated at 6.8 million Sri Lankan Rupees (~US\$ 58,000). The Usaviwatta savings groups have contributed about 1.6 million Sri Lankan Rupees (~US\$ 14,000) towards the first stage of construction and the Sanasa Development Bank has provided an initial

loan of 4.5 million Sri Lankan Rupees (~US\$ 38,000). Since the cooperative has no collateral (not owning the land as yet), the Sanasa Development Bank required a cash guarantee. Janarukula and WDBF requested their first guarantee from SDI's Urban Poor Fund International (UPFI) to secure the loan for the cooperative society. Since WDBF is an affiliate of SDI, and since senior SDI staff were closely involved in the early negotiations with the government over the land transfer, SDI agreed to provide a cash guarantee of 5 million Sri Lankan Rupees from its UPFI.⁽²⁷⁾ The community is also expecting a subsidy of up to 125,000 Sri Lankan Rupees (~US\$ 1,300 per family) from the Arunodaya housing programme of the government of Sri Lanka.

The transaction costs of these operations are high, and the larger loans are proving to be a particular challenge. The cash guarantee held by the bank is actually larger than the loan taken out by the cooperative society. Under normal circumstances, this would be difficult to justify. In effect, SDI and its affiliates are paying interest for the privilege of taking their own money out of the bank. The intention, however, was that this would create a working relationship that would provide the basis for future agreements in which other forms of collateral would be employed. Subsequently, UN-Habitat, through the Slum Upgrading Programme, secured (US\$ 40,000) for initiating the Morotuwa Urban Poor Fund. WDBF is considering using this as a guarantee to get its next loan from Sanasa Bank. However, the present negotiations seem to be at a standstill as the Sanasa Bank will, once again, provide a loan that is smaller than the cash guarantee to be deposited.

Reaching agreement with a contractor also required collective agreement, facilitated by WDBF and Janarukula. Again, the contrast with the incremental improvements in Dandeniyawatta is striking. In Dandeniyawatta, one of the women in the first three homes being built is getting a relative to undertake the construction, and all of the householders are building on relations similar to those they rely on in other parts of their lives. In Usaviwatta, on the other hand, the residents have little experience to draw on when negotiating or supervising contracts of this magnitude. The challenge for Janarukula and the senior people in WDBF is to facilitate the negotiations between the cooperative society and the contractor, without dominating the process and without over-extending their own limited experiences with this type of operation.

The costs are such that, while construction has started, the financial strategy is incomplete and it is hoped that new sources of income can be identified. Government subsidies are sometimes made available, but not on a sufficient scale to provide the basis for extending this model to other parts of Moratuwa. Given the high value of the land, one obvious option is for the residents themselves to develop their own land-sharing scheme. For example, by agreeing to have some of the land used for commercial purposes in return for payments to the cooperative society, the cooperative society itself could try to cross-subsidize the construction or maintenance of their buildings. This might seem to go against the spirit of the agreement by which low-income communities secure land from their governments. However, if this is the means by which developers are expected to cross-subsidize low-income housing, why shouldn't the residents themselves have the opportunity to develop a similar mechanism? Indeed, shouldn't one of the principles of land sharing with low-income communities be that they are left with sufficient land to make upgrading affordable?

27. Mitlin, Diana (2008), *Urban Poor Funds: Development by the People for the People*, Human Settlements Poverty Reduction in Urban Areas Series, Working Paper 18, IIED, London, 82 pages.

If all goes well in Usaviwatta, the land will be transferred soon and the three residential buildings and a shop will be built within a year or two. The cooperative society and its savings groups will continue to function indefinitely. Incomes in Usaviwatta will increase, but not because the poorer residents are selling up and moving out. Usaviwatta will provide an alternative model (to Dandeniawatta) for other communities to learn from.

As in Dandeniawatta, problems will be encountered along the way and mistakes will be made, undoubtedly. Unlike Dandeniawatta, however, there is much more interdependence and a significant risk that if failures occur they will undermine the whole enterprise. Again, this makes it all the more important that the residents of Usaviwatta achieve an exceptionally high level of cooperation in order to succeed.

V. CONCLUSIONS

The urban land available to poor groups in Sri Lanka is very limited. There is increasing pressure to make way for "higher value" development by vacating the informal settlements (slums and shanties) where low-income people have managed to carve out a niche but lack formal rights. Many politicians and government officials would much prefer to find a means of upgrading, redeveloping or moving these informal settlements without resorting to evictions. So, of course, would the residents, although their priorities may be different. Conventional solutions, including the developer-led model pioneered in the 1990s, have not proved successful. Successful land negotiations between local authorities and tsunami-affected communities have opened up new possibilities, based on structured negotiations between the authorities and deprived communities in other parts of the city.

The approach currently being developed by WDBF and Janarukula comes out of Sri Lanka's experiences but also draws on international practices shared through Slum Dwellers International. Groups of urban poor organized around savings groups are being helped to form federations and negotiate with the city for long-term solutions, wherein community groups drive the upgrading or redevelopment and expect to receive tenure security. The goal of WDBF is to develop a citywide strategy that local authorities as well as the urban poor groups themselves can view as a significant improvement on the current situation, and over which residents and their community organizations can maintain a significant degree of control. One of the challenges is that in many parts of the city land is so scarce and densities so high, that the only choice would seem to be multi-storey residences, over which it is difficult to retain a significant degree of local control.

Of the first two settlements selected for upgrading/redevelopment, one has been able to opt for in situ upgrading, while the other has had to opt for multi-storey buildings. The community group in the settlement opting for multi-storey construction has had to be much more tightly organized and has had to include all residents in order to retain control over the redevelopment process. The federation in Usaviwatta also felt the need to involve more men, increasing the number of associate members. The need for tighter organization is related to the physical characteristics of the multi-storey option (e.g. it is inherently more difficult to develop most multi-storey buildings incrementally) and the need to

make collective contracts with professional builders, take out collective loans and take collective decisions on a wide range of important issues. In addition to requiring tighter organization, the multi-storey option increased the community's need for support from outside the community and places greater demands on Janarukula, WDBF and even SDI, some of which are difficult to meet.

All other things being equal, in situ upgrading is clearly a better option for WDBF and probably for improving living conditions in deprived low-income settlements generally. However, given the diverse conditions within Moratuwa, a city strategy must encompass a range of different options for the urban poor, including multi-storey buildings. From this perspective, it is striking that the multi-storey redevelopment of Usaviwatta has come as far as it has, and looks set to continue. Indeed, the community organization is moving ahead with the construction without the basis for cross-subsidies that private developers are typically provided with when asked to build low-income housing on part of the land they are developing. Moreover, they are moving ahead despite continued uncertainty over the timing of the land transfer. As a model, the case of Usaviwatta can clearly be improved upon, not least by providing government support more systematically and efficiently. As examples for community groups in other settlements to learn from and draw on, however, Dandeniyawatta and Usaviwatta are both equally valuable.

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