

Coping with informality and illegality in Human Settlements in Developing Countries
(10. Does the legalisation/regularisation of the illegal settlements constitute an effective means of fighting poverty?)

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Coping in Costa Rica

Background

The paper presents a housing programme that proved to be a successful method of poverty alleviation. The programme led to an improved housing standard and quality of life for the families involved. An NGO works as a capaciator between the formal and informal sector, training people to help themselves and to act together in groups to enter the formal sector. The housing programme received the UNCHS Best Practices Award in 2000.

FUPROVI (Fundación Promotora de Vivienda) a Costa Rican NGO developed a self-help housing construction scheme that has been implemented in numerous urban settlements during the last 15 years. Their work is based on the belief that families with few economic resources *can and should* actively participate in the identification and the solution of their own problems. FUPROVI encourages low-income families to contribute their own time and energy to gain access to the formal sector of society – governmental housing subsidies and services of commercial banks. One of the first steps in this process is either legalization of the existing land area occupied by the community or, as is more often the case, helping the community to find and purchase legal land for new housing construction. This is both preceded and followed by capacity building in organizational and legal matters, as well as in self-help construction. Support is provided to groups in society with no other possibility of accessing legal housing. Priority is given to low-income, often women-headed, households who are willing to take part in organized self-help construction and have the possibility to repay credits received.

Sida/Asdi (Swedish International Development Cooperation Agency) initially supported the FUPROVI programme which is now self-financed. In 1994 Sida

made an important contribution to FUPROVI's revolving fund, which is now economically sustainable and does not receive any foreign support. Organised self-help construction is one way of solving housing problems that has received attention through these projects, not only in Costa Rica, but also in other countries where Sida supports the housing sector.

HDM (Housing Development and Management, Lund University) had the opportunity to follow the work and the development of FUPROVI from its start in 1988. Evaluations of FUPROVI confirm their good results, and they have reached the target groups in spite of many difficulties.

Costa Rica

Costa Rica is a small, comparatively prosperous, republic in Central America with 4 million inhabitants. Due to political instability and natural disasters, economic crises have had a negative repercussion on the national standard of living during the last 10–15 years. Illegal settlements have increased dramatically since squatting has become almost the only possibility for low-income families to find housing.

The central region of the country that holds the majority of the population is the GAM (the greater metropolitan area), a 12000–15000 km² large area that has 60% of the total population, 80% of the total transport activity and 60% of the total economic activity.

Since 1990 over half the population lives in urban areas throughout the country. The annual population growth rate is 3,2% per year.

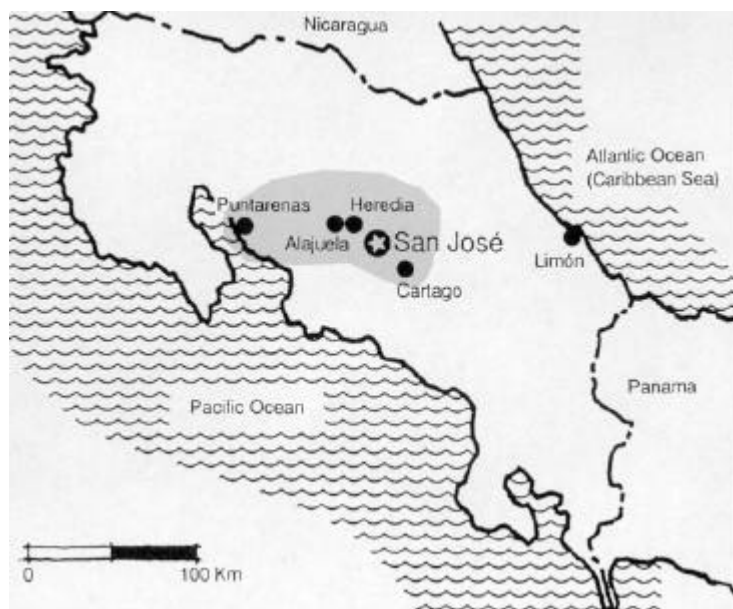


Figure: Costa Rica with the GAM area

The Housing Situation for Low-income People

Housing

In 1968 the National Institute of Housing and Urbanism INVU (Instituto Nacional de Vivienda y Urbanismo) was founded. The institute had three major responsibilities.

- 1 To create an urban development plan for the whole country.
- 2 To develop a specific urban plan for the GAM area.
- 3 To supply housing for the poorest.

Housing for the poorest came to be the main priority for the INVU and, until today, overshadowed general issues of urbanism. The urban plan for the GAM area was created in 1982, but was criticized for not reflecting reality. Urban management and governance has become more and more complicated in the GAM area with conflicts and competition between different levels of government and little, or no, coordination between the 31 different municipalities. As a consequence the country has problems with providing housing and infrastructure and dealing with waste management and pollution.

Housing Subsidies

A political and financial infrastructure for housing subsidies to low-income families was created along with the foundation of the INVU. The Housing Mortgage Bank BANVI (Banco Hipotecario para la Vivienda) obtains and administers loans and subsidies to low-income families. The subsidy, in the form of a “Bono”, can be used to buy or construct a house and is proportional to the family’s economic capacity. The bono can only be given to a family once, connecting them to a property – a specific lot or house. The authorities do, however, demand legal property ownership (deeds) to grant loans and subsidies.

Illegal Settlements

The economic crises in Costa Rica led to a dramatic increase of families living in “poor conditions” in illegal settlements, today about 28–30% of the total housing stock. In the middle of the 1980s the total accumulated deficit of housing units was estimated to 25.5%. During that period INVU started buying land in different parts of the GAM-area to construct new low-income housing. The current illegal settlements are found in these areas, that were initially meant for low-cost housing, but since the families have not applied for/or been granted all the different permissions from various authorities –such as the electricity and phone company, the municipality, etc. –the settlements are seen as illegal and have no access to infrastructure and urban services.

Illegality in this case is mostly a question of an extremely complicated and time-consuming administration, that is almost impossible for low-income families to access.

The Future

Today the amount of illegal housing is steadily increasing, but there is a lot of work going on to establish a well-defined framework with clear rules to form a New Urban Development Plan. A secretary for coordination was established to coordinate actors such as INVU, the municipality and the central government.

Since the GAM area is bounded by mountains and volcanoes, it is the only existing space to construct new housing. The new plan for the area proposes multi-function urban areas and projects with in-town housing, public transport and new infrastructure.

FUPROVI

Fundación Promotora de Vivienda FUPROVI is a privately funded, non-profit organisation founded in 1987 with a mission to support the improvement in the quality of life of low-income families. FUPROVI's working model starts with the assumption that low-income sectors can and should be involved, in an active and organized way, in the identification and solution of their housing and community problems. For this purpose FUPROVI has organised programmes and projects based on self-help and assisted self-help construction to promote participatory processes in the areas of housing and income generation. Most programmes that have been carried out by the foundation include components such as technical assistance, training and advice to the families before and during the process, depending on the area being developed. The target population is low-income families. Special attention is given to highly vulnerable groups such as woman-headed families, the elderly, families affected by natural disasters and also some families of refugees.

FUPROVI has set three objectives for their work:

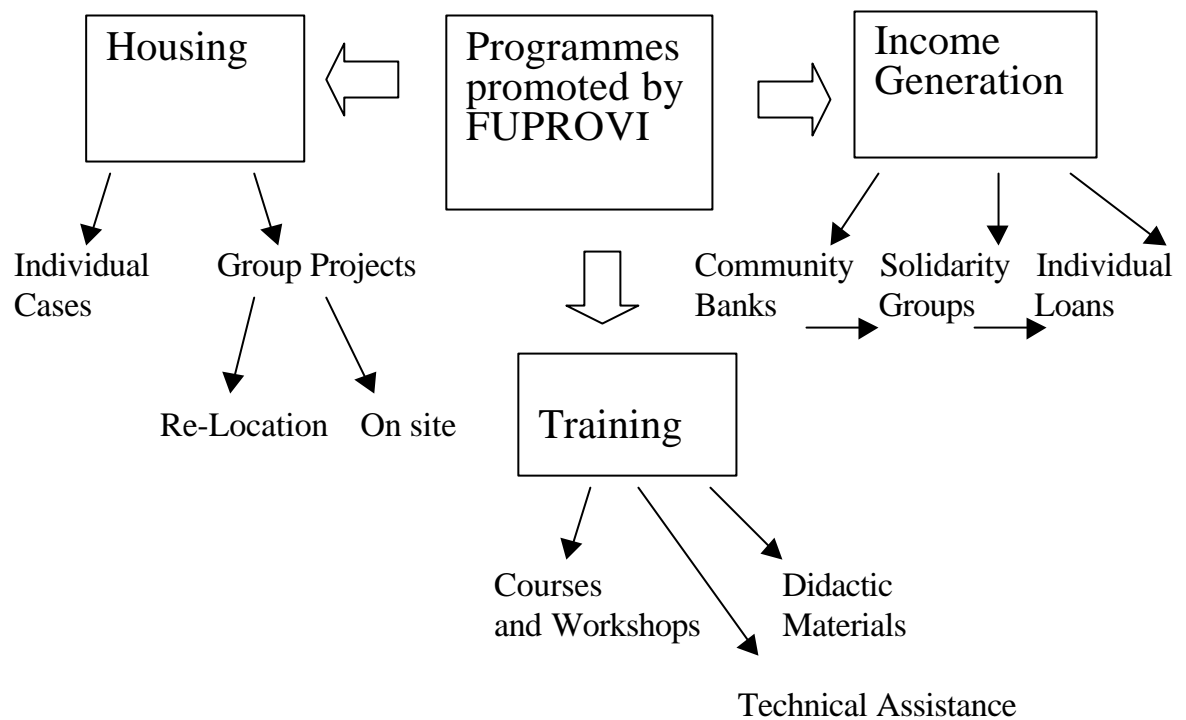
- To promote the development of housing programs through assisted self-help construction, mutual help and self-effort.
- To promote the improvement of economic conditions of the families, by increasing their ability to generate income.
- To bring about a greater degree of organisation, participation and involvement in the community and to encourage participation in the making of local policies to democratise the policy-making processes.

Fuprovi is today a well-established NGO in Costa Rica, organising the construction of 1000 houses per year. Their work has resulted in not only in improving the quality of life of thousands of Costa Ricans across the country, but also empowerment, business training and community leadership programs. They are also actively involved in forming policies and long-term strategies in conjunction with the housing and Residential Development sector of Costa Rica.

Fuprovi's Programs

FUPROVI has three main programs concerning housing, training and income generation that all aim at improving the living conditions for low-income groups. The foundation sees their programs as mainly a social work moving around housing as the central problem.

Improve the Quality of Life



General Housing Programme

Fuprovi supports low-income families so that they can construct, improve and expand their homes and/or living environment. This programme receives national support through housing subsidies and is usually implemented as a "concentrated project" – groups of more than one family working together as a community. The community initiates the housing project and is also responsible for planning, administering and executing the entire social-constructive process, with support from FUPROVI. FUPROVI acts as a mediator between the families and the authorities, working together with the families to finance the purchase of land and to negotiate with authorities to legalize the settlement.

All settlements are built through organised self-help construction and are overseen by a technical team comprised of an engineer or architect, a social coordinator, a technical instructor and an administrative instructor. The community organizes itself so that each family contributes labour, about 30 hours per family per week. Since there are many (30% in 1990) woman-headed families involved in self-help construction, 60% of the labour is done by women.

The families build all the houses together, not knowing from the start which house will be theirs. During the construction process the families are ranked, and the ones contributing the most are given the chance to be the first to choose their house.

Capacity building is important at all stages of the process. Training is essential to strengthen the community's ability to work with everything from self-management to ordering building materials and negotiating with the authorities – and in the end, to complete a legal housing settlement.

Financing

When contacted by a community, FUPROVI analyses the families' economic situation and does an individual credit approval based on the paying capacity of each participating family. This initial credit comes from FUPROVI's revolving fund and is an intermediate loan during the construction process. The community starts the process of legalising their settlement along with the construction, and when the settlement is complete and legal the families are eligible for the government subsidy and for a mortgage from a government approved financing institute. The credit from FUPROVI is paid back, plus a fee for the foundations work, equivalent to 12% of the total construction cost. The total cost of a house is 60–65% of an equivalent house produced by the private sector, since the cost of labour is reduced through the families' participation during the whole process.

Income Generation Programme

This is a financing programme aimed at low-income families that work within the informal sector, in business activities, and in production of goods and services. It is made up of three progressive stages. Through these stages families can increase their income, thus achieving a sustained growth-level.

Training

This programme seeks to systematize the work experience acquired by FUPROVI, so that NGOs and state institutions will be able to train groups and organized communities effectively and efficiently. It also has an objective to train families, and especially project leaders, so that they can efficiently develop the organization and implement a social and construction project. The programme plans the design and organization of courses, seminars, assistantship roles, advisory projects, technical assistance and publications in areas that are important to the work of the foundation and the communities.

Description of a Typical Project

When a community contacts FUPROVI the work is divided into three phases.

Pre-construction Phase

In this first phase FUPROVI's engagement is crucial since it is difficult for a layman to understand the complicated administration of buying and legalising land.

The community organization is the basis for all the work within the project. The families involved form an association that is the legal party in all contracts between the community and other actors in the process. The association has a board of directors of five persons, elected for two years at a time. They are not members of the community, but are elected from other self-help housing projects organized by FUPROVI, contributing their experience and knowledge of the process. All the contracts of the construction phase, as well as the association's contract with FUPROVI, must be approved by the board.

Social, administrative and construction training for the community starts in the pre-construction phase but continues all through the process including after the construction. All the families are also involved in the project design and budget processing, as well as in programming the coming work and agreeing on the work method. The community's general paying capacity is assessed and taken into consideration when the project design and budget are discussed, as the workload of the community can be lightened if the budget allows contracting construction workers for parts of the construction of the settlement.

Construction Phase

During the construction phase the community receives further training and is involved in both infrastructure and housing construction. Contractors are used in specialized construction tasks such as water treatment facilities. Didactic material concerning everything from technical to administrative and economic issues was developed by FUPROVI and is used during training. The community also attends periodic coordination meetings where progress is monitored and possible problems are discussed. It is also possible to make changes in the work methodology should the need arise. During this phase a lot of administrative work is carried out concerning all the legal and bureaucratic steps that need to be taken.

Post-construction Phase

The activities during the post-construction phase include wrapping up the project with final reports, the application for the bono and mortgage and also further social training of the community. It is now that they have to prepare to take over the future administration of the new housing area with all the benefits and problems that follow.



*Aquitava housing project outside Carthago,
photo by I. Figueroa Martinez.*

Conclusion

Costa Rica is one of the less troubled countries in Central-America, but in spite of this has problems with poverty and illegal housing.

FUPROVI's housing programmes have been small-scale, but over years they have had a great impact on thousands of Costa Ricans, partly through giving people the means to access legal housing and also through capacity building. Initially the foundation had problems convincing people not only to borrow money but also to actually build their own homes, since it was generally accepted that housing should be provided from the government. As time passed, more and more people came to realize that the government did not have the time and/or capability to solve the housing problem and so organized self-help construction became an interesting alternative.

When FUPROVI started their housing program their houses were more expensive than those produced in the private sector, due to initial problems with the administration and organization of a totally new concept. Today the situation is the opposite and their housing projects are well established. The fact that the foundation is economically independent adds to their credibility when dealing with authorities and commercial banks.

FUPROVI is a good example of how an NGO can work as a mediator and capaciator between groups of illegal settlers and the authorities' demand for legality. Through participating in the housing project many people are trained in skills that give them a better opportunity to find a job within the legal market.

Their housing programmes constitute a method of poverty alleviation in a broad sense since they not only improve the actual housing conditions of poor families, but they also advance the people's ability to have an impact in society, demanding legal and human rights.

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Interview with Israel Figueroa Martinez, project engineer at FUPROVI