MAKING URBAN LAND MARKETS WORK FOR THE POOR:
POLICY, PRACTICE AND POSSIBILITY

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Summary:

This article engages with the question; what does ‘making urban land markets work for the poor’ mean in policy terms? The article argues that the contribution of urban land markets towards poverty alleviation has not been optimised due in part to inadequate or inappropriate policy. The article attributes this to conceptual and methodological weaknesses arising from the traditional neoclassical analysis of urban land markets, ambivalence to the idea that freer markets in land are a good thing for the urban poor and insufficient knowledge about how these markets function. The article proposes an alternative framework for the analysis of urban land markets which is likely to yield more appropriate policy for the leveraging of these markets for poverty alleviation.

Key Words: Urban land markets, Poverty alleviation, Policy
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1. INTRODUCTION

It is understood that poverty is the result of economic, political and social processes that interact with and reinforce each other in ways that promote impoverishment (World Bank, 2001). The World Bank (ibid.) point to meagre assets, inaccessible markets, and scarce job opportunities as key explanatory variables. Assets - human, social, physical and natural - play a central role in the contemporary discourse on poverty. Lack of assets is argued to be both a cause and an outcome of poverty. And more importantly these assets are also seen to lie at the core of whether an individual, households or groups lives in poverty or escapes it. As the World Bank (ibid.) puts it, these assets interact with market and social opportunities to generate income, a better quality of life, and a sense of psychological well being. In addition assets are also central to coping with shocks and reducing the vulnerability that is a constant feature of poverty.

Markets clearly play a prominent role in the World Bank’s current thinking about fighting poverty. Thus ‘making markets work for the poor’ is the cornerstone of the new anti-poverty strategy, a mantra around which much contemporary discussion and action revolves. In this context, this paper addresses the question; what does ‘making markets work for the poor’ mean in the case of urban land? As Alston et al. (1999) point out, land is frequently the single most valuable asset held by the urban poor. Thus urban land markets have potentially a pivotal contribution to make in the struggle to better the lives of millions of people in the world currently living in poverty.

In dealing with the question of how urban land markets may be an efficacious tool for poverty alleviation, this paper focuses on extant policy and practice as espoused by the leading development agencies. The paper concludes that the potential contribution of urban land markets to poverty alleviation has not been optimised so far. The reasons for this are argued to lie in conceptual and methodological weaknesses in traditional urban land market research informing policy, ideological opposition by some to free markets and ignorance about key aspects of how these markets actually function.

This paper is organised into six sections. The next section briefly reviews salient conceptual and theoretical perspectives on (urban) poverty. This sets a background against which broad policy responses to the problem of urban poverty are described in section 3. Drawing on the previous sections, section 4 is a critical examination of the link between urban poverty and land markets, as well as the policy and practical response by leading international development agencies. Section 5 attempts to chart a way forward by considering what it would require, in policy terms, to make urban land markets work for the poor. Conclusions follow in the penultimate section.
2. POVERTY: SOME CONCEPTUAL AND THEORETICAL ISSUES

2.1 The Meaning and Causes of Poverty

An appropriate definition of poverty is important because it affects not only who is defined as poor but how their deprivation is understood, and thus the methodologies used to quantify and understand it and the nature of the interventions designed to alleviate it (Rakodi, 1999). There has been a shift from conceptualising poverty in quantitative terms, based either on income or expenditure thresholds, towards contemporary multidimensional perspectives which put household assets at centre stage. Thus in its landmark *2001 World Development Report* the World Bank argues that people may be poor not just because of low incomes but their poverty may derive from an inadequate, unstable or risky asset base needed as a cushion to carry them through hard times (World Bank, 2001).

The *2001 World Development Report* clearly sees poverty as more than inadequate income or human development but also as vulnerability and a lack of voice, power and representation (World Bank, 2001). Thus poverty is seen to have several dimensions. These dimensions have been described as follows (UN-Habitat, 2003, p. 29)

- **Low income** - consisting of those who are unable to participate in labour markets and lack other means of support, and those whose wage income is so low that they are below a nominal poverty line.
- **Low human capital** – resulting from low education and health.
- **Low social capital** – resulting from a shortage of networks to protect households from shock, weak patronage on the labour market, labelling and exclusion.
- **Low financial capital** – due to a lack of productive assets, *such as land*, that might be used to generate income or avoid paying costs.

These assets are conventionally described as household capital, leading to what has been called ‘the Capital Assets Framework’ for conceptualisation of poverty (we return to examine this framework in detail in the following section).

Contemporary definitions of poverty stress the dynamic concept of vulnerability of households arising from an inadequate command of assets or capital. Vulnerability is therefore closely linked to asset ownership (Moser, 1998). The more assets people have, the less vulnerable they are and vice versa. It is thus suggested that the reverse of poverty is not wealth but security arising from command over adequate assets to be a guard against contingencies and freedom from debt, both of which are linked to independence and self respect (Rakodi, 1995). The idea of development (i.e. reduced impoverishment) as synonymous with increasing the freedoms of the poor can of course be traced to the seminal work of the Nobel laureate Amartya Sen.

The causes of poverty can easily be inferred from the previous discussion. The World Bank (2001, p. 34) identifies three causes of poverty

- Lack of income and assets to attain basic necessities - food, health, shelter, clothing and acceptable levels of health and education.
- Sense of voicelessness and powerlessness in the institutions of state and society
- Vulnerability to adverse shocks, linked to an inability to cope with them.

Of the three causes listed above, inadequate assets lie at the heart of two. Lack of assets is both a cause and an outcome of poverty. And more importantly these assets lie at the core of whether an individual, households or groups lives in poverty or escapes it (World Bank, 2001). As the World Bank (ibid.) puts it, these assets interact with market and social opportunities to generate income, a better quality of life, and a sense of psychological well being. In addition assets are also central to coping with shocks and reducing the vulnerability that is a constant feature of poverty.

Given the centrality of assets in both the definition and causes of poverty, it follows that efforts at poverty alleviation should direct attention at enhancing the productivity of assets of the poor. The World Bank (2001) calls for systematic attention to the types of assets poor people have, the returns to these assets and the volatility of these returns. According to the World Bank

The returns to these assets depend on access to markets and all the global, national and local influences on returns in these markets. But returns depend not just on the behaviour of markets, but also on the performance of institutions of state and society. Underlying asset ownership and returns to assets are not only economic but also fundamental political and social forces. Access to assets depends on the legal structure that defines and enforces private property rights or customary norms that define common property resources… And both access to assets and returns to assets are affected by public policy and state interventions, which are shaped by the political influence of different groups (Word Bank, 2001, p. 34).

2.2 The Capital Asset Framework

The Capital Asset Framework and its taxonomic variants represent current best practice in the conceptualisation of both the causes of poverty and how it may be alleviated. The framework is an attempt to overcome the limitations of income/consumption based definitions of poverty. The framework takes a dynamic view of poverty, drawing attention to how households respond to the condition of poverty and the processes and mechanisms by which improved well being is effected. As Rakodi (1995) notes, while the poor are often deprived in many respects, they are not merely passive victims of impoverishment. Attempts to understand the response of poor people to their deprivation have been conceptualised in terms of household strategies (ibid.). The Capital Asset Framework is therefore a conceptual framework that seeks to explain both the condition of poverty and the strategies that poor households employ in response.

Under the Capital Asset Framework poverty is seen as vulnerability to insecurity, impoverishment and reduced self-respect of households which lack assets that they can mobilise and manage in the face of hardship (Rakodi, 1999; Moser, 1998). Poor households are seen as managers of portfolios of assets, which constitute a stock of capital which can be stored, accumulated, exchanged or depleted and put to work to generate a flow of income or other benefits (Rakodi, 1999).
While there are differences in taxonomy and emphasis between different authors it is possible to identify a core set of assets available to the urban poor. Rakodi (1999, p. 316) for example identifies the following types:

- **Natural capital** - made up of the natural resource, including land, water and other environmental resources.
- **Physical or produced capital** - basic infrastructure and the production equipment and means (including housing).
- **Financial Capital** - financial resources including savings, credit, remittances and pensions
- **Human Capital** - Both the quantity and quality of labour resources available to households.
- **Social capital** - comprising social relations at household, community and societal levels.
- **Political capital** - based on access to decision-making.

Moser (1998, p. 4) has a slightly different list and discusses household assets in the following terms:

- **Labour** - identified as the most important asset of poor people.
- **Human capital** - health status, which determines people’s capacity to work, and skills and education, which determine the return to their labour.
- **Productive assets** - for poor urban households the most important is often housing.
- **Household relations** - a mechanism for pooling income and sharing consumption.
- **Social capital** - reciprocity within communities and between households based on trust deriving from social ties.

The Capital Asset Framework focuses attention on what assets poor household have and sees the returns to those assets as key in explaining their poverty. According to Rakodi (1999) the crucial determinants of households’ ability to achieve increased well-being are access to these capital assets and the effects of external conditioning variables which constrain or encourage the productive use and accumulation of such assets. These variables include institutional arrangements and transaction costs in various markets.

The policy implications of the Capital Asset Framework are that poverty alleviation efforts must seek to enhance the assets of the poor as well as increasing the returns to these assets. Operationally this means interventions to promote opportunities, as well as removing obstacles, to ensure the urban poor use their assets productively (Moser, 1998). Interventions may focus on enabling households to take advantage of opportunities by increasing their capabilities, removing constraints and assisting them to accumulate assets (Rakodi, 1999). This is the context in which the World Bank (2001) sees the building of assets and increasing returns to those assets as key to fighting poverty.

### 3. EVOLUTION OF URBAN POLICY FRAMEWORKS

It is appropriate at this stage to briefly review the evolution of policy towards urban areas, poverty alleviation in general and informal settlements. This will put into
context the discussion which follows, examining the policy response attempting to leverage urban land markets in the fight against poverty. The problem of informal settlements or ‘slums’ are central to this discussion. Slums represent the most obvious indicator of urban poverty. As UN-Habitat puts it, they represent a physical and spatial manifestation of urban poverty and intra-city inequality (UN-Habitat, 2003). Thus if urban land markets are to be made to work for the poor, the ‘action arena’ will almost certainly have to be in the context of these settlements.

The scale of the slum problem, and by implication the underlying urban poverty, is immense. An enumeration based on an ‘operational’ definition of slums (UNDP, 2005, p. 12) has generated a global figure of 924 million people currently living in slums. Thus about one of three urban dwellers- one of every six people worldwide-lives in a slum (ibid.). Overall, 43 % of the urban population in the developing regions live in slums, with the figure rising as high as 78 % in the case of urban residents of the poorest countries. The largest absolute numbers of slum dwellers are found in Asia with the largest cluster found in the two largest countries in the region, China and India (UNDP, 2005, p. 12, citing UN-Habitat 2003; see Figure 1). Sub-Saharan Africa on the other hand has the highest proportion of slum dwellers at over 70 % (Figures 2 and 3), reflecting the region’s status as the poorest in the world.

**Figure 1: Slum Population by Region**

![Slum Population by Region](source: UN-Habitat 2003, 14)
**Figure 2: Slum Population as a Percentage of Urban Population by Region, 2001**

Source: UN-Habitat 2003, 15

**Figure 3 Proportion of Slum Dwellers in Urban Population by Region, 2001**

Source: UN-Habitat 2003, 15
Even with current efforts and numerous initiatives to try and deal with the problem, the prognosis is not good. For instance, the UNDP (2005) argues that even if the percentage of slum dwellers in urban areas remains the same, by 2030 almost 1.7 billion of the expected 3.9 billion urban dwellers in low and middle income countries will be living in slums.

It is recognised that the formation of slums responds to a similar logic - namely rapid urban and population growth, a context of little or no public housing supply and low state support for other low income housing opportunities (UN-Habitat, 2003). Figure 4 illustrates the factors which account for the growth of informal settlements. It is important to note the centrality of poverty in determining the growth of these settlements. As the UN-Habitat (2003) put it, poverty and slums are closely related and mutually reinforcing. Thus poverty is at once both a cause and a consequence of slum formation.

This observation has important implications for the design of appropriate policy interventions. It places the alleviation of poverty at the centre of any attempts to solve the problem of informal settlements. Figure 4 suggests that robust economic growth and the reduction of income inequality are key to reducing poverty and, ultimately, the growth of informal settlements. It is instructive to note that those countries that have made the most progress in dealing with slums, mostly in East Asia, have enjoyed sustained high rates of economic growth.

*Figure 4 Inequality, Poverty and Slum Formation*

*Source: UN-Habitat 2003, 17*
3.1 Evolution of Urban Policy

There has been a significant change in the way urban informal settlements are perceived in the last 50 years. This evolution in turn reflects broad changes in overall urban policies, particularly as espoused by the World Bank (See Table 1). Much of the early thinking saw urban areas essentially in negative terms as drains on economic development. In contrast to rural areas, cities were often associated with wasteful subsidies, a point of view given great prominence by Michael Lipton in his urban bias theory. Lipton argued that urban bias involved either an allocation, to persons or organizations located in towns, of shares of resources so large as to be inefficient and inequitable, or a disposition among the powerful to allocate resources in this way (Corbridge and Jones, n.d., citing Lipton, 2005). It was argued that the effect of urban bias, especially in Africa, was that rural areas received too little expenditure on education and health-care relative to their population size and need, and that government imposed price distortions favouring urban centres over rural development. The corollary to that view was that overall poverty reduction would only be achieved if resources were directed away from urban areas and into the countryside. This view has had a profound influence on a generation of policy makers.

Urban areas nowadays are seen in much more positive light as ‘engines of economic growth’, and as ‘centres of technological and cultural creativity’ (Zanetta, 2001; Rakodi, 1997). Many rural migrants work in urban labour markets, contributing to economic growth and poverty reduction across both rural and urban areas (Corbridge and Jones, n.d.). Corbridge and Jones further argue that successful urban areas stimulate agricultural growth, and that they are the location for markets and services used by rural people. Successful urban areas are therefore increasingly seen as crucial for poverty reduction both within their immediate environs and in surrounding rural hinterlands.

Superimposed on this debate about the relative roles of town and country has been contested and shifting perspectives on the relative roles of 'state' and 'market'. The state (i.e. the public sector in Zanetta’s analysis) has alternately been perceived either as part of the problem or the solution to various urban problems. In the 1970s it was fashionable to arrogate to the state direct responsibility for the provision of many urban services, including housing, perhaps reflecting the Keynesian ethos of the period. Disillusionment with the performance of the state resulted in the pendulum swinging completely the other way during the 1980s, and the elevation of markets to centre stage. Growing recognition of the limitations of markets has brought the state back, but in more nuanced role.

The contemporary view is that the state must create and sustain ‘enabling’ environments for the efficient working of markets. This positive view of the state acknowledges the existence of market failure, placing upon the state a responsibility to intervene in these circumstances. Further, direct state intervention order to effect redistribution of resources in favour of the poor is no longer anathema.
### Table 1 Successive Stages of World Bank Urban Policies

<table>
<thead>
<tr>
<th>Stage</th>
<th>Role of Cities</th>
<th>Role of the Public Sector</th>
<th>Role of the Bank</th>
<th>Approach to Poverty</th>
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<tbody>
<tr>
<td>1st Stage: Urban Projects (1970s)</td>
<td>Cities as receptacles; drain of investment and subsidies</td>
<td>Responsible for the direct provision of housing and urban services</td>
<td>Focus on a “project-to-project” approach, including sites-and services and slum upgrading</td>
<td>Direct targeting: Poverty is central to the Bank’s agenda; urban projects are directly targeted to the poor, as in sites-and-services and slum upgrading projects</td>
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<td></td>
<td>Important from a poverty alleviation perspective, given the large number of poor urban residents</td>
<td>Demonstration of affordable and replicable solutions</td>
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<tr>
<td>2nd Stage: Institutional Strengthening (1980s)</td>
<td>An increasing recognition of the complexity of the urban sector with a myriad of interrelated components- i.e. housing, land and transportation</td>
<td>Public institutions as playing a central role in ensuring the sustainability of urban development</td>
<td>Broad urban programmes aimed at addressing the complexities of the urban sector.</td>
<td>Poverty alleviation is one among various objectives of World Bank policies</td>
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<td></td>
<td>Emphasis on improving urban management. Development of financial intermediaries</td>
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<tr>
<td>3rd Stage: Urban Productivity (1990s)</td>
<td>Recognition of the role of cities as centres of production with important macro-economic linkages</td>
<td>The role of the public sector is to “enable” markets to work.</td>
<td>Emphasis on policies and systems of incentives conducive to sound fiscal behaviour (important for macroeconomic stability) and improved efficiency in the provision of public services (important for productivity)</td>
<td>Indirect targeting (if at all). The rationale is that the poor depend more on publicly provided services; thus improvements from increased efficiency are expected to benefit them most.</td>
</tr>
<tr>
<td></td>
<td>Politicians and bureaucrats are seen as narrowly pursuing their self</td>
<td>Increased private sector participation in urban financing</td>
<td>Added growth from well-functioning economies and</td>
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4th Stage: The Emerging Paradigm (2000s?)

Cities at the forefront of the new development strategy aimed at addressing economic and social objectives. Holistic views of cities in which sustainability, livableness and governance coexist on seemingly equal basis with competitiveness, sound management and fiscal responsibility.

Market imperfections are pointed out, together with opportunities for government interventions. A more positive view of the public sector with recognition of redistribution functions.

Emphasis on policies that are at the same time consistent with macroeconomic stability and equity and poverty alleviation. The challenge will be to translate this broad conceptual model into effective lending operations.

It is recognised that the poor have suffered the most from cuts in public spending and they have not participated on the economic gains. The poor are targeted directly in a framework of fiscal responsibility in an attempt to alleviate long-term poverty. Continued emphasis on safety nets to address short-term poverty.

interest. Alternatively, market mechanisms are now paramount and in the delivery of services (i.e. privatisations and concessions) savings from more efficient public sectors is expected to eventually benefit the poor.

Source: Zanetta, 2001 p. 520

3.2 Dealing with Urban Poverty

The approach to reducing poverty has similarly evolved over the past 50 years in response to deepening understanding of the complexity of development (World Bank, 2001). According to the World Bank (ibid.), in the 1950s and 1960s many viewed large investments in physical capital and infrastructure as the primary means of development and therefore poverty alleviation. This was the era of direct state intervention and public housing programmes. It soon became clear to policy makers and development practitioners that physical capital was not enough to ensure development and poverty reduction. Thus in the 1970s attention began to be placed on matters of health and education for the poor (World Bank 2001).

The 1980s was a decade in which the idea that markets were the primary mechanism for effecting economic development reached its zenith. This ascendency of markets in development thinking has waxed and waned, in the light of experience. It however still remains the dominant paradigm up to the present, albeit in a more nuanced fashion.

The 1980s was a period of ‘Structural Adjustment Programmes’ and ‘policy based lending’ by which the World Bank and the IMF encouraged free market reforms in
crisis ridden developing economies. The policy prescriptions (‘the Washington Consensus’) encouraged economic deregulation and liberalisation, widespread privatisation and fiscal austerity. There are many who hold the view that these programmes did more harm than good and that they exacerbated poverty in developing countries (for critical reviews see Sachs, 2005; Stiglitz, 2002). Thus by the 1990s a reappraisal, based on lessons of experience resulted, into a shift. Issues of governance and institutions moved towards centre stage - as did issues of vulnerability at the local and national levels (World Bank, 2001).

The 2000/2001 World Development report is the latest major World Bank publication devoted specifically to poverty. The report proposes a three pronged strategy for attacking poverty, namely promoting opportunity, facilitating empowerment, and enhancing security (World Bank, 2001). Promoting opportunity is described as expanding economic opportunities for poor people, by stimulating overall economic growth and by building up their assets and increasing the returns on those assets, through a combination of market and non market action. Facilitating empowerment refers to making state institutions more accountable and responsive to poor people, strengthening the participation of poor people in political processes and local decision making, and removing discrimination. Finally enhancing security involves reducing poor people’s vulnerability to ill health, economic shocks, policy induced dislocations, natural disasters and violence as well as helping them to deal with adverse shocks when they occur. (World Bank, 2001)

It has to be said in conclusion that overall economic growth provides the fundamental basis for sustained poverty alleviation. Economic growth itself results from a complex interaction of a range of policies, activities and circumstances at international, national and local levels. Within the overall context set by national economic growth, however, there is scope for ‘micro-level’ strategies that could improve the livelihoods of the poor. The Capital Assets Framework suggests that strategies aimed at building the assets of the poor and increasing returns to those assets should have a salutary effect on poverty. This in turn is contingent on well functioning market and non-markets institutions which creates the necessary opportunities, incentives and regulation.

3.3 Dealing with Informal Settlements

Turning to the specific problems of informal settlements, national approaches to slums, and to informal settlements, have generally shifted from negative policies such as forced evictions, benign neglect and involuntary resettlement, to more positive policies such as self-help and in situ upgrading, ‘enabling’ and ‘rights’ based approaches. Informal settlements are therefore increasingly being seen by policy makers as part of the solution to the problem of urban poverty (UN-Habitat, 2003).

It is possible to identify a number of phases in the evolution of policy and practice towards these settlements. There is a voluminous literature on the subject and it would be appropriate for this paper to repeat it. Briefly, the ‘Public Housing’ era of the 1950s and 1960s, gave way to the “Sites and Services” approach in the 1970s, which in turn was succeeded by the ‘upgrading’ ethos in the 1980s.
By the late 1980s and early 1990s it had become apparent that informal settlement upgrading programmes were not delivering sufficient and sustainable outcomes (UN-Habitat, 2003). Arising from the Habitat Agenda of 1996 the ‘enabling approach’ to informal settlement improvement was widely adopted as the best way forward. The enabling approach is based on ‘neo-liberal’ principles of the withdrawal of government to a broadly facilitative role and the fostering of efficient markets. The approach advocates for the involvement of slum dwellers not only in the construction process, but also in the decision-making and design process that establish priorities for action and support for implementation.

The enabling approach resulted from a reappraisal of the relative roles of government, the private sector and the residents of informal settlements, and their representative organisations. The central argument was that, faced with the realities of insufficient government funding and capacity, the resources of the private sector and the people themselves needed to be mobilised. The role of the government would then be to remove bureaucratic obstacles, provide plans and advice, and generally facilitate the process (UN-Habitat, 2003). As the UN-Habitat (ibid.) further points out, the enabling approach is still official policy for many agencies and countries.

The prevailing orthodoxy, according to Ward et. al. (2004) is that, wherever possible, markets should provide. Thus the primary task of policy makers is effectively to 'prime' the market, or at the very least to make it work more equitably, by generating jobs, cutting out red tape that frustrates entrepreneurial spirit, engaging the private sector in home building programmes for the lower end of market and providing serviced plots at affordable levels (ibid.). Compared to the 1980s however there is a greater awareness of the limitations of markets and more willingness to countenance state intervention in certain cases. The state is seen to have particular responsibility for effective regulation and improved administration that would reduce waste, enhance cost recovery and provide greater incentives for the poor to become a part of the market place and be better placed to fend for themselves (ibid.)

Despite shifting policy perspectives and numerous interventions, a review of the results of more than thirty years of global efforts to deal with informal settlements indicates that the problems are intractable. It is widely acknowledged that many countries have not only failed to contain the growth of informal settlements but that the problem is in fact getting worse. Efforts at settlement improvement have been beset by insufficient scale, and lack of replicability and sustainability. UN-Habitat (2003) attributes this failure to inadequate allocation of resources and ineffective cost recovery strategies. While these factors are clearly significant, the truth is probably much more complex.

UN-Habitat (ibid.) provides useful insights for the way forward. As has been pointed out before, informal settlements are to a large extent a physical and spatial manifestation of urban poverty. This fundamental fact should inform policy responses to the problem of informal settlements. Thus UN-Habitat (ibid.) argues that urban development policies should more vigorously deal with the issue of the livelihoods of slum dwellers and urban poverty in general, thus going beyond traditional approaches that have tended to concentrate either on the physical eradication or the upgrading of informal settlements. UN-Habitat is making the important point that future policies
should go beyond the physical dimension of slums by addressing problems underlying urban poverty.

4. URBAN LAND MARKETS AND POVERTY ALLEVIATION: POLICY AND PRACTICE

The previous discussion has examined the evolution of attitudes and thinking towards urban areas, informal settlements and poverty. We have seen how urban areas are nowadays seen to be engines of innovation and economic growth. Informal settlements for their part represent a physical manifestation of urban poverty. Almost fifty years of largely ineffectual policies and programmes have resulted into an emerging view that future policies on informal settlements should be focussing on tackling the underlying poverty rather than its physical manifestations. We have also seen how the conceptualisation of poverty as inadequate command of assets by the poor has resulted into the contemporary policy orientation towards poverty alleviation, which seeks to build these assets and increase their productivity.

There is clearly a broad convergence in the thinking and policy prescriptions in the areas of urban governance, informal settlements and poverty alleviation. This convergence of ideas reflects, in part, changing perceptions about the relative roles of the state and markets. As has been pointed out, the prevailing orthodoxy is that markets should be the primary vehicle for effecting a wide variety of socio-economic outcomes. The state’s responsibility is seen to lie in the creation of ‘enabling environments’ for markets to function efficiently, and to intervene in cases of market failure and in the interest of equity. In this regard there is a growing recognition that a great deal of improvements can result from simply eliminating regulations and policies that act against the interests of poor people (UN-Habitat, 2003).

Given this broad context, what has been the policy response in respect of urban land markets and poverty alleviation? Land as real estate is often the major, if not only, asset held by the poor (Alston et al., 1999). It thus provides an important and natural entry point for strategies aimed at fighting urban poverty. The following discussion critically reviews extant policy and practice, highlighting weaknesses that may be standing in the way of effectiveness. This sets the background from which new directions in policy and practice are proposed.

Reference in the literature to real estate as an asset is usually in the context of housing. The value of housing to the poor is commonly expressed in terms of its potential to generate rental income and as a location for home-based enterprises. In the urban context, housing is clearly an important asset that generates income through renting rooms and the use of space for a wide variety of business activities (Rakodi, 1999; Tipple, 1999). Traditionally the focus for policy intervention in this area has been on trying to provide ‘security of tenure’ usually through ‘titling’ programmes.

The conventional argument is that lack of security of tenure creates ‘an extreme sense of vulnerability’ for poor households. Poverty alleviation strategies centred on housing have therefore tended to emphasise tenure security. As Rakodi (1999) puts it, tenure security and legal title give households the incentive to invest in upgrading their homes and the security to use this asset productively. Thus Rakodi (ibid.) argues that a strategy centred on housing as an asset helps some move out of poverty and
prevents others from slipping deeper into poverty. Moser (1998) sums up the argument succinctly thus

In those urban contexts where the poor are systematically excluded from formal sector jobs, and the capacity of macroeconomic growth strategies to generate additional jobs is limited, the removal of tenure-insecurity related obstacles that prevent or constrain households from using their housing effectively as a productive asset is possibly the single most critical poverty reduction intervention (Moser, 1998, p.11).

Conventional economic theory holds that secure property rights to land, especially individual rights, are a prerequisite for land development and economic growth (Miceli et al., 2001). Gains from property rights are seen in terms of three things; (1) security of tenure encourages investment (2) security of tenure makes access to formal credit easier (encouraging investment as a result of increased demand as well as lower interest rates), and (3) secure tenure makes enables market expansion, thereby facilitating gains from trade (Besley, 1995).

Consequently property titling has increasingly been considered an effective form of government intervention for targeting the poor and encouraging economic growth in urban areas (Field, 2003). The conventional view is that secure tenure works to reduce poverty by increasing the security of households against eviction and increasing their access to credit markets using their property as collateral. This view has in recent times been given great prominence by the writings and work of Hernando de Soto (see de Soto, 1989; de Soto, 2000).

There is no doubt that security of tenure in important for the material well being of many households who constantly face the threat of eviction. However the efficacy of titling programmes per se in poverty alleviation can be over emphasised. Numerous studies have shown that the poor in most cases already have secure de facto tenure and that security of tenure is frequently not their main priority. Thus in many cases property titling programmes can deliver only modest, if any, improvements in perceptions of security.

In similar fashion many studies have shown that the demand for formal credit by the poor for purposes other than consumption is low (Ward et al, 2004; Smith, 2003; Ward, 2003; Gilbert, 2002; Varley, 2002). Access to credit by itself is therefore unlikely to be a catalyst for capital accumulation in contexts characterised by lack of investment opportunities, widespread risk aversion and high interest rates. Indeed the high degree of failure of small businesses, the likely destination for any credit, makes for an unacceptably high degree of risk for many of the poor.

Of the three areas mentioned by Besley (1995) and highlighted above, the potential to derive gains from trade in land markets appears not to have received appropriate attention in policy. Yet it is precisely this area which lies at the core of whether urban land markets can be made to work for the poor. There appears to be general unwillingness or inability to follow through with appropriate policy interventions to encourage market development. On the contrary, there is a great deal of ambivalence, even hostility, to the idea that more efficient land markets are efficacious and should therefore be encouraged for the urban poor. Official attitudes to land markets usually
find expression in warnings about the dangers of ‘commodification’ (UN-Habitat, 2003) and ‘gentrification’ (World Bank, 2001). The former word, which in essence refers to increased commercialisation of real estate, has in fact become a pejorative word.

As the leading international development agency in this area, it is instructive to review World Bank policy towards urban land markets. The Bank’s traditional perception of the ‘problem’ with urban land markets can perhaps be usefully summarised by the phrase “not enough land in the right location at the right price” (Dowall, 1995, p.2). Thus urban land markets have been seen mostly as a supply problem. Given the obvious high levels of demand, the conventional argument has been that prices are high because there are supply bottlenecks in land delivery systems. These constraints are argued to be the result of restrictive land use regulations, inadequate network infrastructure to support urban land development, unclear property ownership and titling records, and speculative behaviour by landowners (Serra et al. 2005). Policy interventions have therefore focussed on attempts to improve land supply, particularly for the urban poor.

There is no doubt that the supply of land to the urban poor merits attention but questions have to asked about the extent to which this should be a priority and aids in poverty alleviation. The reality in many cases is that the poor already have inexpensive land at the right place, at least from their point of view. As Jones and Ward (1994b) observes, urban land is quiet freely available, albeit illegally acquired, and at affordable prices. The key policy question therefore appears to be how to leverage that which the poor already have.

It is argued here that the Bank’s preoccupation with ‘prices’ and ‘quantities’ in land markets represents a particular conceptual view of markets, a view rooted in neoclassical economic theory. The neoclassical approach certainly appears to have been the dominant paradigm in World Bank thinking about urban land markets. Evidence of this can be clearly seen in the prominence given to, and sponsorship of, the ‘Land Market Assessment’ (LMA) (Dowall, 1995). Touted as a new tool for urban land management and apparently created for the World Bank/UNDP/UN-Habitat’s ‘New Urban Management Programme’ (see Jones and Ward, 1994a; 1994b), it is firmly rooted in the neoclassical tradition.

Neoclassical tools like the LMA have been criticised as largely inappropriate to deal with the sort of questions arising from an ‘actor centred’ view of the operations of land markets. In the words of Jones and Ward (1994b) it is unhelpful to diagnose the land problem in the rather simplistic terms of supply and demand or to formulate policy interventions that do not begin to address the underlying causes but which only touch the effects. Criticisms of neoclassical economic theory has of course been around for a while but appears not to have filtered through to influence Bank thinking and policy in urban land markets in any significant manner. It is telling that the ‘Urban Poverty’ chapter in the World Bank Poverty Reduction Strategies Sourcebook (Baharoglu and Kessides, n.d.) makes no reference to transaction costs in urban land markets.

Key questions about urban land markets from a poverty alleviation perspective are not about prices and quantities as in neoclassical analysis. Providing land in any quantity
to the urban poor will not solve the underlying cause of informal settlements, which is poverty. Rather focus should be on processes and mechanisms by which poor people acquire and exchange land, and the resultant socio-economic effects. The fundamental policy question remains whether more formal land markets are beneficial or harmful to the urban poor. The fact that it remains unanswered is partly on account of the past approaches to the study of these markets. The World Bank has in effect been asking the wrong questions with respect to urban land markets, resulting in inappropriate or inadequate policy response. The conceptual and methodological problems arising from the neo-classical approach to the analysis of urban land markets can therefore be argued to have stood in the way of optimising the contribution of these markets to poverty alleviation.

The second problem with regard to policy is a lack of consistency resulting from the ambivalence with which land markets are held. For example security of tenure is encouraged and is seen to be important for enhancing the collateral value of real estate, thus making credit markets possible. In the same breath however policy makers worry about freer markets, seemingly oblivious to the fact that real estate cannot have collateral value if it cannot be freely traded. The value of property for collateral purposes is created in, and presupposes the existence of, an actively traded market. Similarly no lender will advance credit if the market in which to trade the property, should foreclosure becomes necessary, does not function well.

This obvious point notwithstanding, one frequently encounters hostility towards the ‘commodification’ of land markets among many policy makers and researchers. This in turn may or may not be related to a fundamental ideological hostility to capitalism. Thus some have taken issue with the ‘Judeo-Christian’ view of property as secular and marketable, arguing that in certain cultural contexts the introduction of capitalistic attitudes to land and housing is likely to destroy vital social safety nets. A fear is often expressed that more efficient markets will entice the poor to sell their property, thereby increasing their deprivation. Some have argued that freer markets in land would result in higher land values and gentrification, again with negative consequences for the poor.

It is thus common to find official restrictions on the operations of land markets, particularly for beneficiaries of land reform programmes in informal settlements. These usually take the form of restrictions on land ownership or use (ownership ceilings) or on land sales and rentals (Deininger and Binswanger, 1999). As the authors point out, these restrictions are quite common in urban informal settlements and may be motivated in part by equity considerations. Thus Governments may be seeking to prevent rapid accumulation of land by a small elite or speculative behaviour or distress sales. Both these could result in landlessness (ibid.).

These fears are of course valid. They do however lack unequivocal empirical support. There are no reasons a priori why commodification of land, higher land values and gentrification should be detrimental to the poor. In a context where a significant proportion, in some cases up to 80 %, of urban land is held by poor people, it is inconceivable that a small elite would appropriate all these benefits at the expense of the indigent. On the contrary, higher land values represent increased wealth which could be tapped to fight poverty. Further, the fear that the poor will sell out and become worse off once their properties have become more marketable is paternalistic
and in fact not borne out by empirical evidence. In fact and according to Deininger and Binswanger (1999) the available evidence suggests that many of the restrictions on real estate markets have not achieved their intended objectives. On the contrary, they argue, restrictions on property rights have been found to be costly to enforce and have tended to spawn corruption and other ‘rent seeking’ behaviour in addition to damaging economic incentives. Royston (2006) cites numerous examples from South Africa where low income housing built with state subsidies have been sold at far below their subsidy value despite a moratorium for sales being in place.

The above discussion is indicative of the third problem in policy making with respect to informal land markets and poverty alleviation, that of insufficient research. There are many questions that need to be settled empirically before it can be established whether these markets can be a tool for poverty alleviation and, if so, under what conditions (see Mooya and Cloete, 2007, p.160). While the theoretical case has been made to suggest that more efficient markets could aid capital accumulation (ibid.) the empirical evidence is much more tenuous.

5. MAKING URBAN LAND MARKETS WORK FOR THE POOR: NEW DIRECTIONS

Economic theory holds that well-functioning markets that support competition and lower the cost of doing business provides incentives for trade and investment, thereby promoting growth and poverty reduction (DfID, 2005). In this context the ‘making markets work for the poor’ (‘M4P’) approach represents recent thinking about how to use market systems to meet the needs of the poor (ibid.). This approach is largely based on the work of New Institutional Economics (NIE). The NIE emphasises the role of transaction costs in the efficient functioning of markets. According to this approach markets fail or do not work well if the cost of transaction is too high.

The guiding principle in the NIE is that institutions, such as property rights, emerge to reduce transaction costs (Furubotn and Richter, 1998; D’Arcy and Keogh, 1996; Eggertsson, 1990). By limiting the choice-set of actors in complex or uncertain situations, discretionary action is constrained and human interaction is structured into predictable and manageable ways. Institutions, however, do much more than constrain behaviour. They also provide incentives and therefore potentially provide a powerful tool to explain a wide range of economic and social outcomes (Mooya and Cloete, 2007).

There have been a number of attempts to try and ‘operationalise’ the M4P approach. DfID (2005), for example, start from the premise that before a market can work for the poor, it must first be able to work at all. DfID (ibid.) assert that a working market has four components, namely, consumers, producers, infrastructure and services, and institutions. The first two represent the ‘core market’ (i.e. demand and supply) and are argued to be a necessary and sometimes sufficient condition for markets. Infrastructure and services provide the physical and service requirements of the market- such as communications, transport, finance etc. These are seen to be critical for the efficient functioning of markets. Institutions, described as formal and informal ‘rules of the game’ are similarly identified as having a crucial role.
Taking an obvious cue from Amartya Sen, DfID (2005) argues that a market which works for the poor is one which expands the choices available to them and produces outcomes that benefit them. According to the DfID (ibid., p.19)) important criteria in assessing outcomes are improvements in (1) access to important markets and overcoming forms of exclusion, (2) affordability for purchasers (3) returns for sellers (4) choice, and (5) risk reduction.

The DfID’s attempt at making the M4P framework operational is useful but suffers from a number of weaknesses, particularly in relation to potential application to urban land markets. The first problem is that the framework is too generic. This is not surprising as the intention is clearly to make it relevant to a wide range of markets. It does however mean that the framework is not immediately useful in the analysis of urban land markets. A second related problem is that the framework is a largely descriptive, if not commonsense, account of the structure of any market, whether pro-poor or not. It does not provide obvious ‘handles’ or points of entry for policy intervention. Crucially the framework does not articulate the mechanisms by which markets could aid poverty alleviation, other than via their effect on the rate and pattern of overall economic growth.

Recent theoretical developments in institutional analysis provide a firmer basis from which we can begin to operationalise the M4P framework. One of the most significant of these is Elinor Ostrom’s Institutional Analysis and Development (IAD) framework (Ostrom, 2005). Drawing on the foundations of many disciplines, the IAD framework provides a tool that, it is argued, can be used to analyse any type of institutional arrangement (Ostrom ibid.). The IAD framework brings conceptual clarity to the analysis of urban land markets, as well as highlighting areas where policy levers could usefully be deployed.

Ostrom (2005) begins her exposition of the IAD framework by asserting that there are universal components, or structural variables, present in all markets and hierarchies. She argues that a framework for analysis should identify the major types of structural variables present to some extent in all institutional arrangements, but whose values differ from one type of institutional arrangement to another.

At the heart of the IAD framework is a conceptual unit called the action arena that can be utilised to analyse, predict and explain behaviour within institutional arrangements (ibid.). Ostrom defines the action arena as the social space where individuals interact, exchange goods and services, solve problems (ibid., p. 829). By this definition, urban land markets can easily be conceived as action arenas.

Ostrom presents action arenas as an amalgamation of action situations and actors in that situation. Action situations can be characterised by seven clusters of variables (Ostrom 2005, p. 828): (1) participants (2) positions (3) outcomes (4) action-outcome linkages (5) the control that participants exercise (6) information and (7) the costs and benefits assigned to outcomes. These clusters of variables provide a good framework for a descriptive analysis of urban land markets.

Urban land markets are of course characterised by numerous participants, occupying various positions such as buyer, seller, broker, regulator etc. These markets produce a range of outcomes related to specific actions undertaken by participants. The ability
of participants to achieve certain outcomes in turn depends on their agency i.e. the extent to which they as individuals are free to determine courses of action in the face of structural constraints. The information set available in the market determines the choices that participants must make. Finally the costs and benefits assigned to specific outcomes sets the incentive structure of the market, influencing what actions will or will not be undertaken.

Perhaps of more significance from a policy perspective is that action arenas, such as urban land markets, are viewed as a set of dependent variables. Three clusters of independent variables are seen as jointly affecting the structure of action arenas - by affecting the types of actions that individuals can take, the benefits and costs they attribute to these actions and the likely outcomes achieved. These clusters of variables, which provide a good entry point for policy analysis and intervention, are (Ostrom, 2005):

- The rules and norms used by participants to order their relationship.
- Physical and material conditions obtaining in the relevant community.
- The attributes of the community within which any particular arena is placed

*Rules and norms* refer to formal and informal constraints devised to structure the interaction of actors along predictable paths. They are thus analogous to ‘institutions’ as defined in earlier chapters. *Physical and material conditions* affect what actions are physically possible, what outcomes can be produced, how actions are linked to outcomes and what is contained in the actor’s information set. Physical and material conditions also imply recognition of the specific attributes of the goods being exchanged i.e. whether they are excludable, easily divisible and transferable, and internalised by those who participate in the exchange (Ostrom, 2005). Real estate of course has certain well known unique attributes which define how it may be traded.

Finally, *attributes of community* includes the norms of behaviour generally accepted in the community, the level of common understanding potential participants share about the structure of particular types of action arenas, the extent of homogeneity in the preferences of those living in a community and the distribution of resources among those affected (Ostrom, 2005). As Ostrom goes on to add, the term *culture* is frequently applied to this bundle of variables.

Conceiving urban land markets as action arenas within the IAD framework represents a methodological quantum leap. The concept of action arena captures the dynamic, transactional nature of these markets. It draws attention to the fact that real estate markets are dependent on, among others, institutional arrangements for their structure and functioning. By making provision for the explicit recognition of the specific attributes of real estate as a tradable good, the concept introduces more realism to the analysis of real estate markets. Finally, the concept elevates the profile of market participants, making them a focal point of analysis. All in all, the concept of real estate markets as action arenas is a significant improvement in perspective over the traditional neoclassical approach. As we have seen in earlier chapters, the latter tend to focus on prices and quantities, and ignores or assumes away both institutional strictures and the defining characteristics of real estate.
What then does it mean to ‘make urban land markets work for the poor’? As a starting point it is perhaps important to reiterate that markets are mechanisms of exchange. In the context of real estate, markets represent aggregations of transactions in the sales (capital), rental and development sectors. The potential contribution of land markets to poverty alleviation must clearly lie in, or result from, the exchange process. Making urban land markets work for the poor means leveraging the exchange process so that it can become a tool for capital accumulation. This in turn requires that informal land markets work better (i.e. more efficiently). The role of institutions, by their effects on transaction costs and economic incentives, is clearly important.

Mooya and Cloete (2007) propose a conceptual framework that links informal urban land markets and poverty alleviation. The conceptual framework brings together institutional arrangements, property rights and transaction costs as determinants of land market liquidity. Market liquidity is argued as being important in the realisation of the latent value of property, which in turn helps in the accumulation of capital for the poor. Mooya and Cloete (ibid., p. 155) argue that urban land markets will need the following attributes if they are to be a tool for poverty alleviation:

- Well defined, secure and enforced property rights.
- Liquidity i.e. frequent numbers of impersonal transactions.
- Low levels of uncertainty with regard to individual transactions.
- Low levels of transaction specific investment.
- Facilitative regulatory framework/institutional arrangements.
The policy implications of this argument is that exchange in informal urban land markets must be facilitated. Policy interventions must seek to increase the volume of transactions in these markets. It is only under these circumstances that one can conceive of markets being a tool for poverty alleviation. If the contrary were true land markets could not possibly work for the poor. This is counter-intuitive, as these markets are pervasive and real estate is a significant asset for the urban poor.

The three clusters of independent variables affecting urban land markets under the IAD framework (i.e. institutions, physical/material conditions and attributes of community) provide a basis for policy intervention. Three ‘variables’ in particular should be the focus of policy attention. These are property rights, physical infrastructure and culture. It is argued that each of these is the most critical in their respective cluster and therefore likely to generate the most ‘bang’ in policy terms.

The overall policy objective in urban land markets must be to reduce transaction costs, thereby encouraging market expansion. These market transaction costs are categorised into search and information costs, bargaining and decision costs and supervision and enforcement costs (Furubotn and Richter, 1998; see also Mooya and Cloete, 2007 for application to real estate).

Policy should seek to encourage the development of secure property rights in urban areas. Well-defined, secure and well-enforced property rights reduce transaction costs- by clarifying property boundaries, validating ownership rights and making those rights easily transferable (Lanjouw and Levy, 2002). The need for extensive search of ownership is thus obviated (Pamuk, 2000). Similarly, resources spent on private enforcement are reduced (Field, 2003).

In a M4P framework, however, property rights must not be seen primarily as a means of encouraging credit. Rather the focus should be on the way property rights support the expansion of sale, rental and development markets in urban land. This means that the system of property rights should be capable of easily and cheaply validating ownership and property boundaries. While the current state of knowledge does not permit a prescription about the precise nature of these rights (i.e. whether ‘formal’ or ‘informal’), they must be easily tradable in an impersonal market.

To support such a system of property rights will require the development of local community property offices (CPOs). These offices could play a range of roles to facilitate market expansion. They could act as property registries, issuing certificates of title and keeping a record of transactions. They could help bring buyers and sellers together in a central place by providing property listings. They could assist parties to transact by validating ownership documents and helping them to complete contract forms. Where disputes occur, they could facilitate resolution using local mechanisms.

To keep costs low for the users, the CPOs will almost certainly have to be subsidised by governments. It is contended that the long term benefits will out-weigh these costs. However costs could be kept relatively low by using a number of devices. Firstly the CPOs should be located in close proximity to where the poor live, to reduce transport costs. Secondly by using less skilled ‘paraprofessionals’ these offices could provide services currently provided by lawyers, valuers, estate agents and land surveyors at a
fraction of their cost. Thirdly the use of standard-form contracts will simplify administrative procedures, reducing skills requirement and making the system user friendly. Finally the use, for record keeping, of inexpensive but widely available database systems held on personal computers could be another way of enhancing efficiency and reducing cost.

A system of appropriate property rights combined with the device of CPOs could probably have the greatest impact on market activity. This is because together they have the potential to significantly reduce all the three categories of transaction costs in urban land markets. They thus form the cornerstone of the information infrastructure required to support increased market activity.

The second important area for policy intervention is the provision of physical infrastructure, especially roads, transport systems and telecommunications. Infrastructure does of course have an immediate positive impact on land values. Equally important however is that good transport and communication systems aid the diffusion of market information as well as the mobility of participants in markets. This reduces search and information costs.

The final area of policy intervention, that of culture, is probably the least tractable of the three but is important nonetheless. The ‘embedded’ nature of culture means that it is not malleable and therefore not easily amenable to policy intervention. However greater policy attention must be placed on the extent to which culture determines economic outcomes. This is an area fraught with ethical landmines but there is an understanding that successful market systems require participants who have common values, and who place a premium on ‘keeping one’s word’. A degree of shared understanding and community trust is a necessary condition for the functioning of impersonal exchange systems. These reduce bargaining and decision costs as well as supervision and enforcement costs. Communities that exhibit high degrees of shared understanding and trust need relatively less of the costly formal institutions to structure market activity.

Policy should therefore aim at strengthening social capital in urban communities. This requires measures to build and strengthen social networks and forums. The role of non-governmental organisations (NGOs) and community based organisations (CBOs) is crucial in this regard.

Appropriate policy intervention in the areas of property rights, physical infrastructure and culture should have the effect of bringing about the market liquidity argued by Mooya and Cloete (2007) to be necessary for the leveraging of urban land markets for poverty alleviation. A key indicator would be the extent to which increased trading activity has resulted in increased incomes and assets for the poor. This is expected to be a long term outcome. In the short term Royston (2006, p. 12) has suggested a useful list of intermediate outcomes which could be used as leading indicators of the extent to which urban land markets are working for the poor. According to Royston pro-poor outcomes would be that

- Tenure security is increasing.
- Access to livelihoods is increasing.
- Access to broader opportunities is increasing.
• The scale of supply is increasing.
• The risks and costs of exchange are decreasing.
• Equity is increasing.
• Disputes are being resolved.

6. CONCLUDING SUMMARY

With the 2015 target date set for halving the number of very poor set by the Millennium Developments Goals (MDGs) rapidly approaching, there is increased pressure to explore ways of accelerating poverty alleviation. Recent approaches to fighting poverty as encapsulated by the M4P framework focuses on changing the structure and characteristics of markets to increase participation by the poor on terms that are of benefit to them (DfID, 2005). Urban land markets potentially provide a particularly efficacious tool for poverty alleviation as land is often the significant asset held by the poor.

To ground the analysis in the appropriate context, this article has reviewed the evolution of urban policy in general, as well as policy towards informal settlements and poverty. The overall conclusion is that while there has been a great deal of convergence in policy prescriptions in these areas, there has been inadequate follow through in urban land markets. Thus the potential contribution of these markets to poverty alleviation has been insufficiently or inappropriately articulated in policy and practice. There is a good deal of ambivalence and contradictions in policy towards urban land markets.

The article argues there are three main reasons the contribution of urban land markets to poverty alleviation has not been optimised. Firstly there are conceptual and methodological problems arising from the traditional neoclassical analysis of land markets. This approach to the study of land markets has meant that many of the questions relevant to the leveraging of these markets for poverty alleviation have remained unasked. Policy has therefore been largely based on inappropriate premises. Secondly there is widespread ambivalence, if not outright hostility, to the idea that freer markets in land are a good thing for the urban poor. A number of policy makers and researchers hold the view that freer markets would exacerbate poverty. It has been argued that many of these views lack unequivocal empirical support. Many are motivated by antipathy towards capitalism or paternalistic views of the poor. Lastly the state of knowledge about how informal markets actually operate is insufficient. Thus we cannot say with confidence whether or not informal real estate markets can be an efficacious tool for poverty alleviation, and if so, under what conditions.

Recent theoretical developments in institutional analysis provide a basis from which we can begin to operationalise the M4P framework in the context of urban land. This new thinking suggests that increased market activity, arising out of decreased transaction costs, is the key to leveraging urban land markets for poverty alleviation. Key areas of policy intervention lie in the creation of appropriate property rights systems, expansion of physical infrastructure and the building of shared understanding and trust in urban communities.
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