

The case of  
**Lima, Peru**

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## I. INTRODUCTION

### A THE URBAN CONTEXT. LIMA: A COASTAL CITY IN A MOUNTAINOUS COUNTRY

#### 1. Introduction to the City

Peru is divided in two by the Andes Cordillera, with an arid fringe to the west of almost 2,000 km, on the shores of the Pacific Ocean. To the east of this are the Andes, and beyond, the Amazon Jungle. In the 1940s, 60 per cent of the population of the country lived in the rural Andean regions. Now 73 per cent of the population lives in the cities, the majority of them on the coast. Even so, not only the country's climate, but its geographic potential as well, are determined by the Andes. To travel from the coast to the jungle it is necessary to cross the Andes, always on difficult roads. Communications between north and south are always made along the coast. There are no adequate roadways travelling the length of the country either in the mountains or in the jungle, where rivers are the main form of communication.

The products of the agriculturally rich high forest rarely reach the markets, as they have to cross the Andes to get there, or they must travel to the Atlantic Coast after a long journey on the Amazon. The production of minerals in the mountains goes directly to the coastal ports. The coastal agro-industry was and is oriented towards export, but it can barely compete with countries closer to the northern markets.

Before their encounter with the West, the Incas developed an agrarian civilisation with a sophisticated irrigation technology, whose axis was the Andes. With the arrival of the Spaniards, the country changed to mining. In the 20th century, Peru was able to enrich itself with the export of minerals and a wide range of agro-industrial products, cotton and sugar being the outstanding examples. After the Second World War came the import substitution development model, the vertiginous growth of the cities, and the destruction of traditional agricultural production

**Table 1. Peru, Population**

National Population			
Year	Men	Women	Total
1993	10,958,400	11,092,000	22,048,400
2000	xxx	xxx	26,347,000
2001	xxx	xxx	26,749,000

Source: INEI 2002

At the beginning of the 21st century, the enormous city of Lima' had reached the end of the process of demographic transition. It is generally held that the city's growth rate today is below 2 per cent per annum, a tremendous difference from the vertiginous growth of the 50s and 60s. The 1993 census also notes that natural population growth is responsible for 70 per cent of the total, and that immigration has reduced from 70 to 30 per cent in the last 30 years. Despite its huge size, the city is no longer growing in the explosive fashion that characterised it in the 50s and 60s.

## 2. The History of Lima

Lima is the capital of Peru, and the largest city in the country. Since its founding in 1535, it was the capital of the Spanish Empire in South America, and until the 1950s it maintained an aristocratic and elitist character. During the Spanish colonial period, Lima was the political and administrative centre of South America, and had in its neighbour Callao the most important port in the Pacific. The primacy of the city was not a serious problem in the past, as it is today. Despite its political importance, the capital was not the only economic force in the country. With the post World War II economic development, Lima began to concentrate economic power at the cost of the rest of the country. The last national census (1993) indicated that Lima was 10 times larger than Arequipa, the country's second city in population and economic importance. More than 40 per cent of the urban growth in the period 1983-1993 was concentrated in this city, in a country in which 73 per cent of the population lives in cities. As can be imagined, 33 per cent of the country's urban poverty is also to be found in Lima. A further 30 per cent of poverty is to be found in the coastal cities, 29 per cent in the mountains, and 8 per cent of the urban poor live in the few cities in the jungle.

## 3. The Physical City

The Peruvian coast is a desert crossed by 52 rivers which bring water from the Andes, but only in the summer months. The city is situated on the banks of the Rímac River, near its mouth in the Pacific Ocean, and

less than 100km from the Andean Cordillera. Originally it was a valley cultivated by the Incas. The proximity of the Humboldt Current prevents the formation of rain clouds, for which reason the city has a temperate marine climate throughout the year. The temperatures oscillate between 14 and 20° C in winter, and between 18 and 30°C in summer. Lima's climate is characterised by its very high relative humidity, the absence of rain and wind. Lima's infrastructure and housing are not designed for the rains which every few years are caused by the El Niño Current. Builders have to take into account the fact that the city is built in an area of important tectonic activity.

The land on which the city is built is basically flat. Lima has grown both north and south, taking in the small valleys of the Chillón and Lurín Rivers. Towards the east, in the gentle slopes of the Andean foothills, were founded the *pueblos jóvenes*, which now are climbing towards the higher parts of the hills, with greater slope and worse living conditions. Towards the west, Lima merges into the city of Callao.

Due to the presence of important swathes of desert between the rivers to the north and south, land has been cheap, and has constituted a sort of land bank, used by the state since the 1960s, for housing for low-income families. This phenomenon, as well as the informal urbanisation process, which reached its apogee from the 1960s, explains the low density of the city, and its large extension.

## 4. Demography

See **Figure 1**.

## 5. The Urban Economy

The contribution of the city to Peru's Gross Domestic Product (GDP) is 46.3 per cent, this figure having tripled in the last 50 years<sup>2</sup>. Part of the GDP of the rest of the country is based on mineral production and petroleum, which means that the majority of national manufacturing production and services are concentrated in Lima. The financial system is concentrated in this city to such an extent that the savings of the whole country are only lent in Lima. The port of Callao is also the most impor-

Table 2. Peru, Growth Rate

Period	Rate
1940-1961	1.9
1961-1972	2.8
1972-1981	2.6
1981-1993	2.0
1993-2002	1.7

Source: INEI. 2002

Table 3. Lima, Growth Rates

	POPULATION	ANNUAL INTERCENSAL GROWTH			GROWTH RATE		
		1993	1961-72	1972-81	1981-93	1961-72	1972-81
Metropolitan Lima	6,345,856	140,766	135,739	151,856	5.94	3.57	2.86
AREQUIPA	629,064	13,039	15,021	15,519	5.9	4.14	2.97

Source: INEI. National Censuses

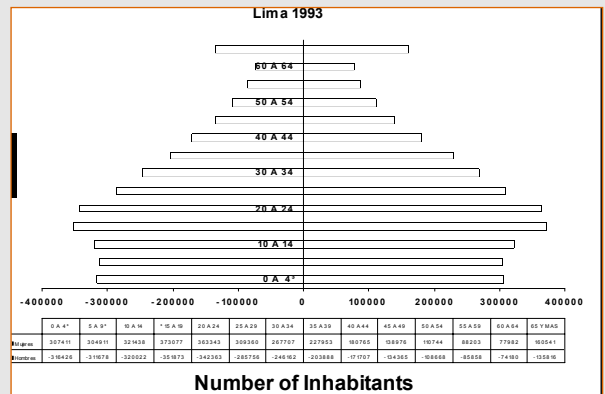
tant in the country in all respects except for the export of primary materials (minerals and agricultural products). The Lima Chamber of Commerce estimates that 7.4 per cent of the Economically Active Population (EAP) is unemployed, and that 46.3 per cent is under-employed, which gives an important indicator of poverty in the city.

### 6. The Political Structure of Peru

The country is divided into 24 departments (*departamentos*), 156 provinces (*provincias*), the Constitutional Province of Callao (Lima's port) and 2,010 districts (*distritos*). Each province and district elects a mayor through direct and universal suffrage on the same day. The mayors of provinces and districts are relatively autonomous, and there is little co-ordination between them, despite the fact that the provincial mayor has control of the budget, and greater self-generated income than the district municipalities. The metropolis of Lima includes two provinces - Lima and Callao - and 49 districts, without any mechanism of co-ordination or municipal planning. Peru is in a process of regionalisation, with few clear answers as yet to the questions of the Lima Region, or any special treatment of the city which is both the capital and the largest in the Republic of Peru. The regionalisation law at present under debate establishes that each department will have the status region, and that Lima - the capital city - will have a special arrangement, run by the city's mayor.

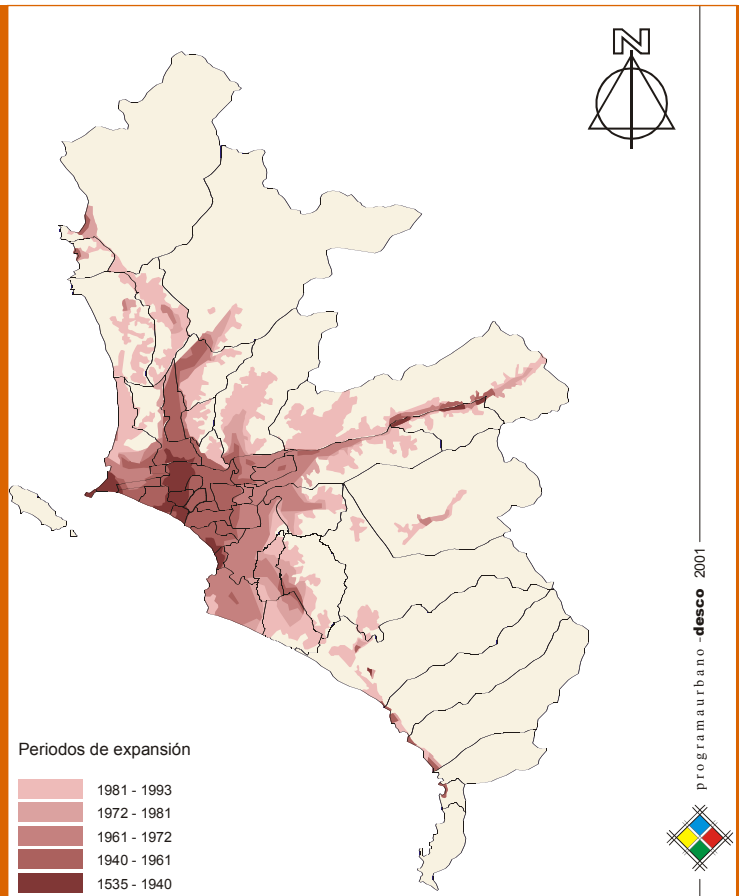
The lack of planning co-ordination amongst the authorities of this great city constitutes one of its principal problems. In the context of low municipal income and the lack of organised municipal administration, the problems of transport, already important given the size of the city and its incipient poles of urban deconcentration, are growing more serious. In general the municipalities have only paid attention to the need for urbanisable land, but not to the provision of services and equipment, such as housing production, issues which are principally in the hands of the central government.

Figure 1. Lima Age Distribution of the Population



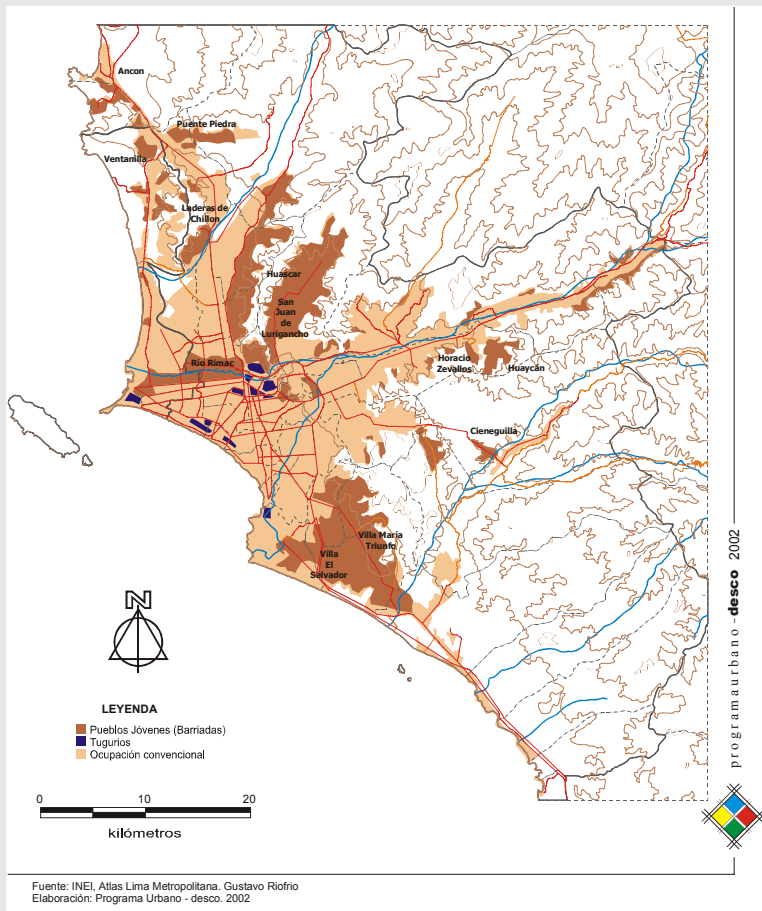
Metropolitan Lima: In a global sense the problems of the city no longer consist of providing services for children, since the infrastructure has already been created for the preceding generations. The boom of young people now requires employment, higher education and housing for the new families. The improvement in quality of life gives rise to an increase in older adults who demand specialised services which range from public spaces to health care. The city is beginning to attain demographic stability, but that does not mean that its problems are coming an end, but that they are changing. Source: INEI, created by Desco.

Map 1. Growth of Metropolitan Lima



Source: Instituto Nacional de Estadística e Informática 1997  
Produced by: Programa Urbano-desco 1999

Map 2. Shantytowns and Slums, Metropolitan Lima 2002



Source: INIE, Atlas Lima Metropolitana, Gustavo Riofrio  
Produced by: Programa Urbano-desco, 2002

A distinction can be made between three types of buildings with conditions of physical deterioration and social overcrowding:

- Tenements (or tugurios) in the historical areas of the city
- Tenements in areas not considered historical or monumental
- Modern buildings with severe overcrowding. Buildings of this type are rare, but increasing in number

Slum zones are important in a few cities in Peru, and Lima is one of them. There are no definite figures on the number of slums in Lima, but it can be estimated that between 20 and 30 per cent of the population lives not just in tenements in poor conditions, but in deteriorated areas with tenements in poor conditions.

### 1.2 Pueblos Jóvenes and Similar Forms

The new low-income settlements, in which people first live, then construct, then install services, were known in Peru as *barriadas* (settlements or shantytowns) in the 1950s, *pueblos jóvenes* (young towns) from the 1970s on, and have been referred to as *asentamientos humanos* (human settlements) since the 1990s<sup>3</sup>. These settlements

have concentrated the bulk of the low-income immigrant population who began to arrive in the 1950s. At present they house low-income families born in the same settlements or in other parts of the city.

The city's population growth since the 1960s has been concentrated in this type of settlement. The *barriadas* housed 10 per cent of the population of Lima in 1955, 25 per cent in 1970, and probably house 35 per cent of the population today.

Three types of progressive settlements can be distinguished:

- The *barriadas asistidas* (assisted shanty towns), in which an urban layout and spaces reserved for roads and urban equipment exist. The whole urban development process is carried out on the basis of an initial distribution of the population on lands originally at a great distance from the central city, but which has appropriate environmental and soil conditions. Either at the beginning of the settlement process, or very close to that time, the authorities or the population draw out an urban structure compatible with the national urban planning regulations. It is estimated that 60 per cent of the population of the shantytowns lives in this sort of settlement.

## II. NEIGHBOURHOODS AND POVERTY

### B. DIFFERENT TYPES OF SLUMS AND THEIR CHARACTERISTICS

#### 1. Types

We can point to two principal types of popular housing in the city, which each have various subtypes.

##### 1.1 Tugurios

The old and deteriorated parts of the city are referred to with the derogative name of *áreas tugurizadas* (slum zones) and the buildings in a state of overcrowding and decay as *tugurios* (slum tenements). The official term, accepted by the residents, is *solares* (tenements), rather than *tugurios*.

Official mention is made of the "historic centre" of the city, thereby confusing the non-deteriorated historic part with the deteriorated areas which might not be historical. The first planning documents on these areas use, however, the term *tugurio*, and that is how they are known to the public at large.

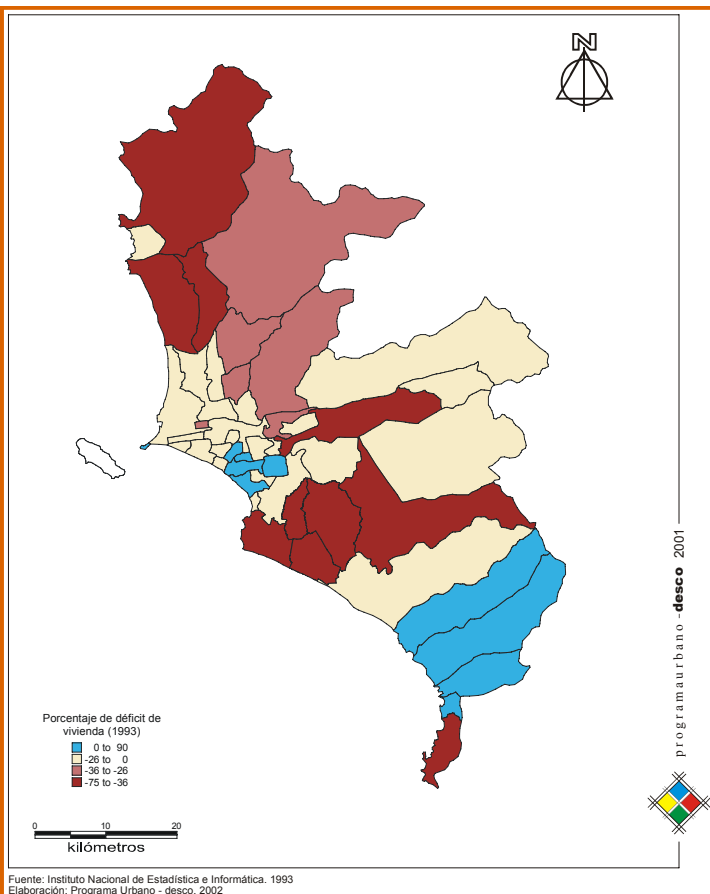
■ The *barriadas convencionales* (conventional shantytowns) are spontaneous settlements in which there is no regular urban layout of plots and roads. There is also no reserve of land for equipment. These are pre-1960 shantytowns, and others which are post-1990. They are characterised by occupying marginal lands, either close to, or far from the urban core. Around 20 per cent of the population of shantytowns lives in this type of settlement. This type of shantytown is growing, due to the shortage of lands for settlements of the first type.

■ Many co-operatives or housing associations are also settlements in which the inhabitants began to live before the urbanisation process was complete, or before they had finished building their houses. The difference with the first case is that these settlements acquire the land before beginning to occupy it. These represent about 20 per cent of the population in the shantytowns, but this proportion is decreasing.

Scientific literature calls these three types of "human settlements" *pueblos jóvenes* y similares, (young towns and similar), while recognising that they have specific physical, historical and legal contexts, within the same progressive approach to creating settlements and housing.

The presence of assisted shantytowns is a factor of primary importance for understanding the characteristics and functioning of the city of Lima. During the most important 30 years of the explosive growth of the city, settlement has been carried out on lands which are peripheral but not marginal, in which land ownership in the desert zones was assigned to the state in a 1961 law. In contrast to the Brazilian "*favelas*" and other similar settlements in Latin America, more than 30 per cent of the poor population occupies 30 per cent of the city's space, rather than a smaller space.

The age of the population which lives in the shantytowns is on average lower than that in the city as a whole. The effort of obtaining land from the state, building a house and connecting it to the urban fabric begins from a young age. Nevertheless, the ageing of the population is notorious. The evolutionary tendency of the age pyramids shows that children are forming a smaller proportion, and youths are increasing. With the ageing of the population new demands appear: the increase in the number of youths requires new efforts at housing provision. The increase in the number of older adults also requires equipment which had not been previously envisaged.



Map 3. Percentage of Housing deficit

Source: Instituto Nacional de Estadística e Informática 1993  
Produced by: Programa Urbano-desco 2002

## C. OFFICIAL DEFINITION

### 1. The Slums

The studies carried out by the *Oficina del Plan Metropolitano de Lima* (Lima Metropolitan Planning Office - PLANDEMET) in 1968 distinguished various types of slum housing (deteriorated housing, *callejón*, *corralón*...) which were analysed in specific areas of the city in which they were concentrated. In the last 15 years, the problem of slum areas in the urban fabric has ceased to be a public policy issue. The preoccupation of the municipalities is expressed more in the "recovery of the historic centre" of the city than with the process of de-slumming overcrowded urban areas.

The urban policies aimed at slums were established, in the 1990s, as processes in which actions are taken in isolated tenements, and not in decayed urban areas. In the housing plans of the 1960s and 70s, by contrast, it was understood that there were areas which were considered officially "urban renovation zones". Both in texts and in the practice of municipal and government authorities over the last 15 years - regardless of their political affiliation at a national level - the process of slum eradication has occurred without any previous identification of a deteriorated urban area as an urban renewal zone.

As well as questions of understanding, there is also the problem that the Metropolitan Lima Municipality has only set up renovation projects in historic tenements. Using a base of two NGOs, the Metropolitan Lima Metropolis has set up two projects with different characteristics in two deteriorated tenements which do not have historical importance. These projects have not yet been carried out.

### 2. Pueblos Jóvenes and Similar Forms

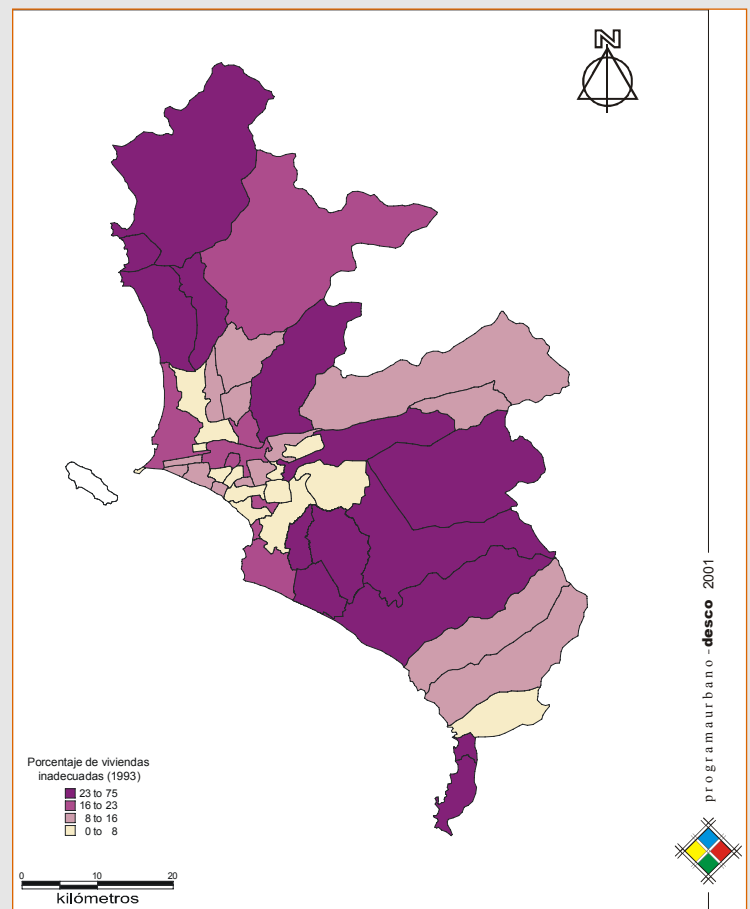
With regard to the new settlements, the official name of *pueblo joven* has given way to "human settlement", this term being accepted by the public in general and by the inhabitants. There are no policies for integral improvements in neighbourhoods of progressive development, either in urban aspects or with regard to housing.

With regard to urban issues, the municipalities and the organised settlements take charge of managing the services, rather than the numerous, dispersed authorities, which have no common plans for this type of settlement, except for legalisation of land occupation.

In the last few years, the responsibility for land regularisation in the shantytowns has moved to central government, which has a programme of regularisation and public registration of property titles in the numerous settlements located in inaccessible zones with potential environmental risks, although the neighbourhoods with the highest degree of risk have not been regularised.

In the southern zone of Lima, for example, there are approximately 33,250 plots built up between 1992 and 2001, in very steep areas, with great problems for construction. About 60 per cent of these already have property titles. However, the percentage of plots with potable water is less than 5 per cent. There are no holistic plans on the part of the municipal authorities or the water and sewage bodies, nor by any other public authority to bring water to this settlement.

Map 4. Percentage of Inadequate housing



Source: Instituto Nacional de Estadística e Informática 1993  
Produced by: Programa Urbano-desco 2002

## D. UNOFFICIAL DEFINITION

The terms *tugurio* and *pueblo joven* are the ones most commonly used by most actors in the city. For the middle classes and the press, the names of certain poor districts on the outskirts of Lima and some neighbourhoods in the historic centre and Callao are associated with poverty and crime. For the young people who live in *pueblos jóvenes*, it is often convenient not to identify the district where they live when they are looking for work in the rich parts of the city.

While the shantytowns are growing and being serviced, families tend to avoid mentioning that they live in a shantytown, alluding to the fact that the neighbourhood has progressed, and is "no longer a shantytown". The term *asentamiento humano* has more neutral overtones than *pueblo joven*. The inhabitants of self-built neighbourhoods from the moment of buying the land (rather than the public grant or invasion) strongly reject being considered as inhabitants of a *pueblo joven* and consider their neighbourhood a "settlement" or "popular settlement". Many young people looking for formal employment prefer to get their id card in central districts

of Lima in order to avoid an additional source of employment discrimination.

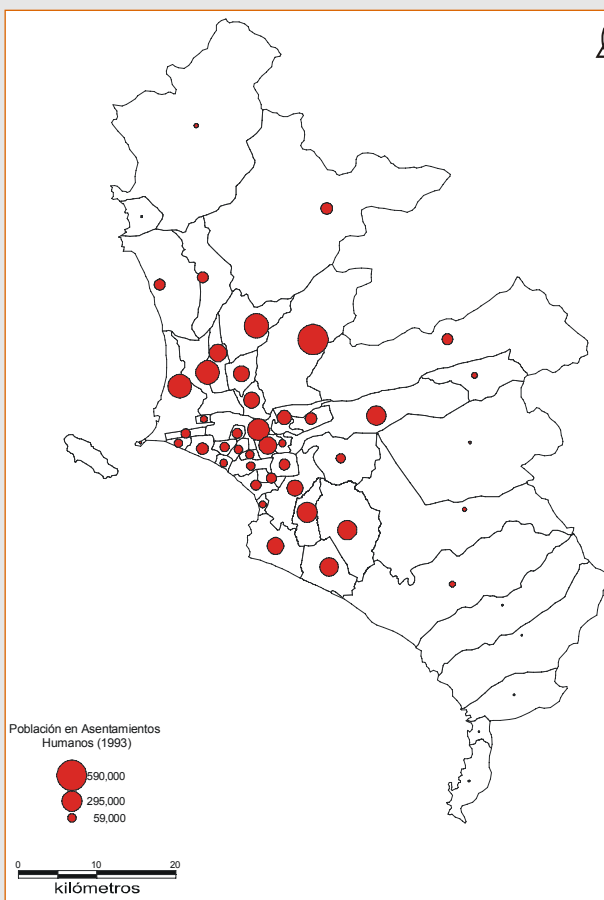
The media tend to give a mistaken image of the city's *pueblos jóvenes*. This is a vision which corresponds to the reality of the 60s and 70s, sharing the mistaken criteria of that time. For the majority of journalists, the *pueblos jóvenes* are not consolidated (the majority are), the population is immigrant (the majority are children of immigrants), the land is private (the majority is public), and finally, the occupation of the land occurred only through invasion (the largest settlements at all stages have been formed by the authorities).

## E. DEFINITIONS OF POVERTY

### 1. Conceptual Aspects

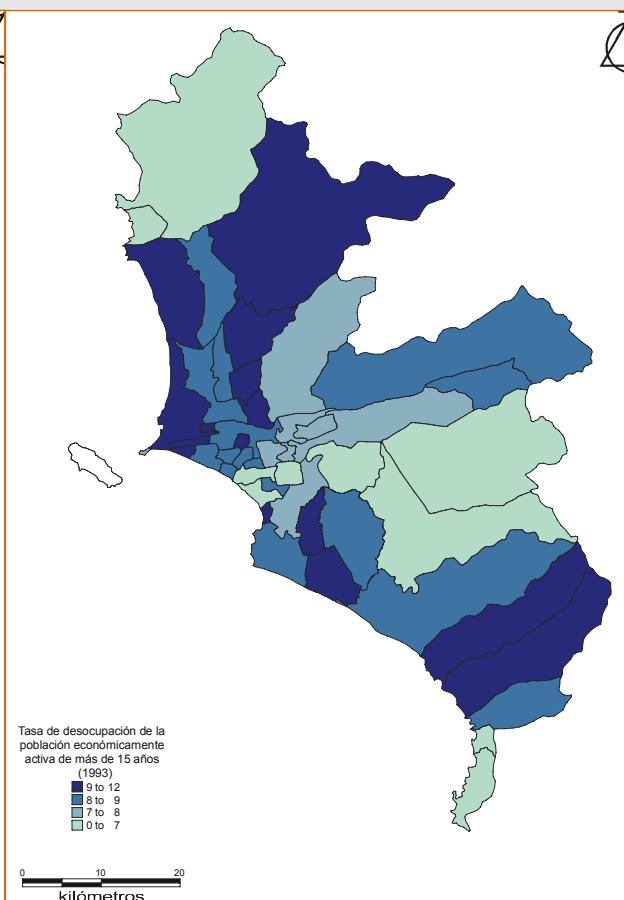
The concept of poverty used in the present work is based on the definition of absolute poverty, according to which poverty is a state of lack of requirements for living. This condition prevents the individual or house-

Map 5. Total Population in low income settlements



Source: Instituto Nacional de Estadística e Informática 1993  
Produced by: Programa Urbano-desco 2002

Map 6. Population Density 1993



Source: Instituto Nacional de Estadística e Informática 1993  
Produced by: Programa Urbano-desco 2002

hold from participating fully in social life, since they are obliged to satisfy only certain needs sacrificing others which are equally important.

There are three methods for measuring poverty:

- a) The Poverty Line Method, or indirect method,
- b) The Basic Unsatisfied Needs Method (*necesidades básicas insatisfechas* - NBI) or direct method and,
- c) The Integrated Method which combines the other two.

The poverty line can be considered to be an indirect indicator of minimum levels for the satisfaction of basic needs. In this sense, poverty is represented by a single indicator which can be income or expenditure.

The basic needs method of measuring poverty is a direct method which can capture the availability and access to basic services offered outside the market.

For the present work, the methodological aspects have been co-ordinated with those used by the Ministry of the Presidency, the Ministry of Work and Social Promotion, and the Fund for Compensation and Social Development (FONCODES), thus determining the use of the Poverty Line method.

The following is a transcript of the concepts defined by the *Instituto Nacional de Estadística e Informática* (National Statistical and Informational Institute - INEI) (*Banco de publicaciones electrónicas, colección de estadísticas sociodemográficas* CD ROM, Lima 2002).

### 1.1 The Unsatisfied Basic Needs Method (*Necesidades Básicas Insatisfechas* - NBI)

This is the direct poverty measurement method, on the basis of basic needs. For this method, it is necessary to define the indispensable needs of a household or family, in terms of education, health, living conditions, adequate employment, housing services, etc.

Once the basic needs have been defined, the minimum limits for satisfaction are established. Then, on the basis of the definition of the needs and limits, the households in the population whose effective consumption is below these levels are identified.

This method, applied to the information obtained from the Population and Housing Census, has the advantage of quantifying and identifying poverty in small areas.

The indicators which are generally used for this method are, among others, the following:

- a) Inadequate housing, in terms of materials
- b) Critical crowding levels
- c) Lack of services to remove excreta
- d) Non-assistance at primary school by children, and
- e) The economic capacity of the household, associating the educational level of the household head with the degree of economic dependence

The basic unsatisfied needs index changes with the constant and persistent deterioration of household incomes and their effects on the population's living conditions.

### 1.2 The Poverty Line Method (PL)

This is an indirect method for measuring poverty, given that it is carried out by means of income which evaluates a minimum consumption of alimentary and non-alimentary goods, to deduce the potential for the satisfaction of basic needs.

The NBI, or direct method is more efficient in measuring poverty than the poverty line method, since it is based not on supposed particularities of consumption behaviour, but on effective consumption.

## F. ORIGINS OF THE DIFFERENT TYPES OF SUB-STANDARD SETTLEMENT

### 1. *Pueblos Jóvenes*, Housing and the City

The massive spontaneous and sub-standard settlement of land is a phenomenon of the 1950s, as in the majority of South American cities. Two elements differentiate the phenomenon in Lima from that in other cities on the continent.

- The state made a greater investment in housing for the poorest families than in other cities on the subcontinent, for which reason the demand for urbanisable land has been greater.
- In 1961 a land reserve process was set up for new settlements, based on plots with services, and improvements to sub-standard settlements, which was a pioneer programme on the continent. The new settlements were scarce, but the land held in reserve for them - relatively flat, on the outskirts of the city - was occupied by low-income families in an orderly manner, although not free from violence at the beginning.

As such, while in Caracas super-blocks were being built, in Lima, assisted shantytowns were formed in large numbers, and with a high level of acceptance both by the low-income population (who obtained secure land for building) and by the authorities, who only had to invest in the provision of non-urbanised land, rather than settlements and low cost housing.

In the 1960s and the beginnings of the 70s, the suburban lands reserved for future "social interest popular settlements" (UPIS) were occupied. Later, similar lands were occupied, although they had not been reserved for that end by the state.

In the 1970s, the central and later the municipal authorities, subdivided large extensions of land to be



used as surplus areas to provide, in an orderly way, for unsatisfied housing demand.

In the last 20 years, the areas available for building *pueblos jóvenes* have become more scarce, while the demand for land has never ceased. The policy of handing out land according to need is no longer easy to keep up. The low-income families today oscillate between two activities: subdividing and building in already occupied *pueblos jóvenes*, and occupying lands on hillsides and marginal areas, although the likelihood of urbanising these areas is more limited than it was for their parents in past decades.

## 2. Living in a *Pueblo Joven*

The sub-standard settlements in Peru have always had the necessary security of tenure, which has favoured investment in the development of the settlement and the housing. The size of the plots has been sufficient to build single family housing, which has now been converted into multi-family housing. The inhabitants of these neighbourhoods, reflected by official society in the 1960s, have acquired with the land not only the security necessary for the development of their activities, but also the citizenship necessary to make them feel like owners and constructors of a piece of the capital city.

The fact that the majority of the *pueblos jóvenes* have land set aside for services and equipment, means that these neighbourhoods, although incomplete, provide the residents with opportunities for their own initiatives. This situation is different in the settlements being formed since the 90s, since these occupy marginal, often small, parcels of land.

The organisation of the inhabitants has been historically carried out by the real estate developer, who has also been the only intermediary with the authorities. Community action has been an important mechanism for the socialisation of the immigrants and their integration into urban life. The tradition of organisation has provided a safety net for low-income families. By focussing exclusively on the poor, and not on the social structure, the poverty focalisation policies and authoritarianism of the 90s have resulted in the weakening of

the links which traditionally existed between the poor and the very poor.

## G INFORMATION AVAILABLE LOW-INCOME SETTLEMENTS IN THE CITY

### 1. Critique of the Sources

It is very difficult to gain access to precise information on the low-income neighbourhoods, as a result of the way in which official sources deal with the information. This makes it hard to present adequate information for this study. The census data makes no distinctions between the different urban structures (*pueblo joven* and slum area for example), which might exist in different districts. As such, it is not possible to differentiate between information on conventional urban areas and the sub-standard areas. Some studies have been carried out with the aim of making this distinction, but they are not up to date, or they have used incomplete criteria. While there is information available for each district, it is necessary to make a more detailed study to obtain aggregated information on the different types of urban area. As such, the information presented is the result of field studies to correct the existing bibliography.

In the case of Villa El Salvador, for which the most complete statistics will be shown, practically 100 per cent of the district is made up of shantytowns, for which reason the national census data can be used.

The information on the socio-economic conditions of the country comes from the *Encuestas Nacionales sobre Niveles de Vida* (National Quality of Life Surveys - ENNIV). The difficulty which this approach presents is that the sample of this study is representative of the whole city of Lima, and not just its districts, for which reason the differences between rich and poor neighbourhoods cannot be appreciated.

For this reason, much of the information on the low-income settlements consists of selections from the official information bases or studies made by the authors, which do not cover the whole city (see **Table 4**).

**Table 4. Metropolitan Lima: Population in Shantytowns 1981 - 1988**

Year	Total Population	Total Population of Shantytowns	%
1981	460,801	1,329,000	29
1993	6,345,858	2,188,445	35
1998	6,853,487 (1)	2,420,569 (2)	35 (2)

(1) INEI - Population projections to the year 2015

(2) Estimates by CIDAP

Source: Comisión Hábitat, 1998, on the basis of: INEI, Censos Nacionales / Encuestas de municipalidades, Tendencias de Crecimiento Urbano de Lima al 2015 M.L.M., Dirección General de AA.HH.

**Table 5. Metropolitan Lima: Population in Sectors 1998**

Sector	No. of Districts	No. of Shantytowns (1)
East	19	860
North	8	442
South	16	474
Callao	5	174
Total	48	1,950

Produced by CIDAP  
(1) Estimate  
Source: Comisión Hábitat, 1998, based on: INEI, Censos Nacionales / Encuestas de municipalidades, Dirección General de AA.HH. 1996 Cuánto, Perú en Números 1996

### III. THE INHABITANTS OF THE SHANTY TOWN: YESTERDAY & TODAY

The *pueblos jóvenes*, in contrast to the inner city slums, have provided a development option for the families which arrived in the city from all over the country. In the 60s and 70s, a type of natural selection occurred, since the people with most initiative chose to start new settlements from nothing, but with the promise of ample urban and family space for the future.

In the 60s and 70s, families founded neighbourhoods with the aim of escaping from the terrible rental conditions of the slums in the city centre, or to gain independence from households of families or friends who had put them up. This initiative was generally taken when a new family had been formed, with children. Often the need for independence, or for more space, was voiced by the woman in the household. When the population occupied unauthorised public lands, the tense negotiations which followed were generally in favour of the families. One requisite for this was that the occupied area possessed an urban plan which respected the urban norms and with space left for streets and urban equipment.

Other families, with more initiatives and resources, preferred to look for lodging in the same settlement where they had grown up and formed their families. They rented rooms in houses in the process of consolidation, or lived with family members, or finally looked for a piece of land or a house in the same area.

Communal work to urbanise the settlements required, and requires effort by all the residents. The organisation of settlers has thus required help from all household heads for the taking of decisions. For this reason the

participation of female heads of household has been required and accepted. Already in the 1980s there were women in important positions in the community. The women also play an important role in the social life of the communities, especially in organising demands to the authorities.

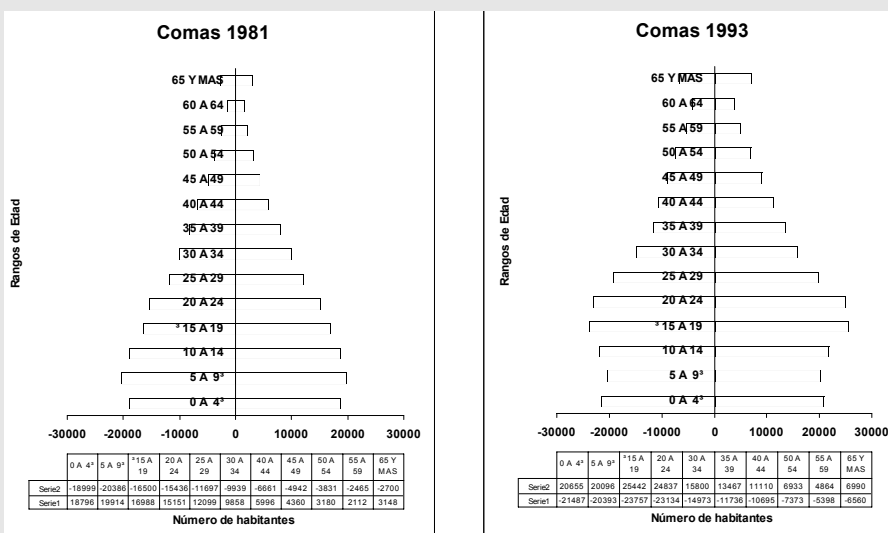
The new generations, born in the settlements, have different behavioural patterns. The young women feel that their priority is not to develop the settlement, nor to construct a house, but to find the means to survive. As from the 90s, since when macroeconomic policies have brought growth without redistribution, the initiative by families has not consisted in founding new settlements, but simply in looking for a space to camp. The new settlements are not only in less suitable places than the earlier ones, but are formed by families with fewer hopes in the outcome of their initiatives. It is estimated that in the last 5 years there have been 200 illegal occupations of unsuitable zones in Lima. The authorities do not show a great deal of interest in conditioning these settlements, and the inhabitants now have less time and dedication to invest in the development of their settlements.

It is more and more common for the families to choose to build on lands very close to areas which have already been developed, given that this facilitates the access to the social networks of the settlements and to existing services, including transport. In certain cases these are lands that were set aside for equipment, or undeveloped private lands in areas where conflicts are important. In order to avoid conflict, the majority have opted for invading lands on the side of hills, in gullies with disaster risks, or in any other lands which have not previously been occupied because of complications, and cost. In contrast to earlier years, the new settlements occupy lands which as well as being marginal, are quite small. The inhabitants do not form pressure groups, and their organisations are weak, given that poverty and lack of time are concentrated in these areas.

#### New Demography and New Problems

Comparing the age charts for low-income settlements allows the reader to appreciate the evolution in the composition and needs of the population. Below is a comparison of the ages of men and women in the two last censuses, in a district in which the majority of the population lives in *pueblos jóvenes*. The neighbourhood of Comas has

Figure 2. Age Charts for Comas District, 1981 and 1993



Comas: example of a low-income district in the north of Lima, housing the poor population from the 1970s Source: INEI, elaboración Desco

**Table 6. Socio-Economic Data for a District with a High Proportion of Pueblos Jóvenes**

VILLA EL SALVADOR DISTRICT			INDICATOR	DATUM	TYPE
<b>Population. Households</b>					
% Rural population - Census 1993	0.7	%			
Total population - Census 1993	58,239	A			
Total households - Census 1993	56,097	A			
Total population in households - Census 1993	254,323	A			
<b>Demographic Growth</b>					
Population growth rate (1981-1993) - Census 1993	4.8	Growth rate			
<b>Household heads</b>					
% Women household heads - Census 1993	22	%			
<b>Distribution by age and sex</b>					
Women 15 to 49 years - Census 1993	73,448	A			
% Population under 15 years - Census 1993	36	%			
<b>Maternity</b>					
% Mothers 15 to 49 years with 4 or more children - Census 1993	20.4	%			
% Single mothers 15 to 49 years - Census 1993	13.2	%			
<b>Malnutrition</b>					
% Children in 1st year of primary education with chronic malnutrition - Census 1993	27.7	%			
<b>Poverty</b>					
% Population with NBI* - Census 1993	48.6	%			
Total population with NBI - Census 1993	123,532	A			
<b>Physical Conditions of Housing</b>					
% Population in households with NBI in houses with inadequate physical characteristics - Rural - Census 1993	8.3	%			
% Households with NBI in houses with inadequate physical characteristics - Urban - Census 1993	29.6	%			
% Households with NBI in houses with inadequate physical characteristics - Census 1993	29.4	%			
<b>Access to services</b>					
% Households in private houses with water from network or well - Census 1993	25.7	%			
% Households with NBI* in houses without drainage - Census 1993	16	%			
% Households in private houses without water or drainage or public lighting - Census 1993	8.6	%			
% Households with NBI in houses with inadequate physical characteristics - Census 1993	29.4	%			
<b>Crowding</b>					
Total households with NBI in houses with crowding - Rural - Census 1993	75	A			
Total households with NBI in houses with crowding - Urban - Census 1993	10,012	A			
Total households with NBI in houses with crowding - Census 1993	10,087	A			
% Population in households with NBI in houses with crowding - Urban - Census 1993	24.2	%			
<b>Access to electrical goods</b>					
%houses without electrical appliances - Census 1993	10.9	%			
<b>Education</b>					
Average years of study, population 15 years and more - Census 1993	8.8	A			
% Household heads with incomplete primary education - Census 1993	16.9	%			
% Population of 15 and over, feminine, with secondary education - Census 1993	40.1	%			
% Population of 15 and over, with incomplete primary education or less - Census 1993	15.1	%			
<b>School Assistance</b>					
Total population in households with NBI with children who do not attend school - Census 1993	15,070	A			
% Households with NBI with children who do not attend school - Urban - Census 1993	4.5	%			
% Households with NBI with children who do not attend school - Rural - Census 1993	11.6	%			
% Households with NBI with children who do not attend school - Census 1993	4.5	%			
<b>Illiteracy</b>					
Proportion of population illiterate 15 and over - Census 1993	4.5	Rate			
Female illiteracy rate, 15 and over - Census 1993	7.1	Rate			
Proportion of population illiterate 15 and over - Census 1993	4.5	Rate			
Female illiteracy rate, 15 and over - Census 1993	7.1	Rate			
<b>Economic dependency</b>					
Economic dependency rate - Census 1993	208.2	Rate			
% Population in households with NBI with high economic dependency - Rural - Census 1993	8.1	%			
% Population in households with NBI with high economic dependency - Urban - Census 1993	6	%			
% Population in households with NBI with high economic dependency - Census 1993	6	%			
Rate of economic activity of the EAP, 6 to 14 years - Census 1993	2	Rate			
Rate of economic activity of the EAP 15 and over - Census 1993	54.8	Rate			
Rate of economic activity of the EAP, female, 15 and over - Census 1993	34	Rate			
<b>Occupation</b>					
% Population 15 and over, occupied in services - Census 1993	69.5	%			
% Population 15 and over, occupied with unremunerated family labour - Census 1993	4.3	%			
Population 15 and over, occupied, salaried - Census 1993	57.7	%			
% Population 15 and over, occupied in agriculture - Census 1993	1.1	%			
% Population 15 and over, occupied in establishments with fewer than 5 workers - Census 1993	60.8	%			

Sources: INEI, Censur Nacional 1993 y Encuesta Nacional de Municipalidades 1994. Elaboración DESCO

\*NBI: Necesidades Básicas Insatisfechas - Unsatisfied Basic Needs

reached a level of demographic stability. The city can now attend, without too many problems, the needs of children, given that public equipment and management systems were designed to serve the foregoing generations. The problems that require resolving now originate in the wave of youths who require higher education,

#### Transport (Southern Zone)

Destination	Travel time	Price	Means of Transport
To the urban sub centre	35 minutes (15 km)	S/. 1.00	microbus
To the centre of Lima	1 hour 45 minutes (30 km)	S/. 1.30	microbus
To the centre of Lima	1 hour	S/. 2.50	collective taxi
Within neighbourhood	3 to 10 minutes	S/ 1.00	mototaxi
Within neighbourhood	1 to 2 minutes	S/ 1.00	mototaxi

#### Water (Villa El Salvador)

System	Minimum price	from distribution lorry	Equivalent water from public network
SBarrel 150 lt.		S/. 0.57	S/. 1.00
Barrel 200 lt.		S/. 0.70	S/. 1.50 - 4.50

#### Plot of Land

Characteristics	Price	Price m <sup>2</sup>
Plot 140 m <sup>2</sup> with water, drainage and electricity, main avenue	S/. 27,600	S/. 197
Plot of 100 m <sup>2</sup> without services, marginal zone	S/. 3,500	S/. 35

#### Medical Attention in Health Centre

Characteristics	price
Access ticket for basic public medical centre	S/. 3
Access to attention in a higher quality religious-centre	S/. 5

#### Rental

Rental for a room with shared bathroom in the settlement (Prices vary according to location and characteristics. Unfurnished)	S/. 50 - S/. 100 per month
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employment and housing. In the same way, improvements in the life expectancy and quality mean that these districts have a significant proportion of elderly adults, who require specialised services.

Another important demographic change is related to the origins of the population. The fathers or grandfathers of the new generations emigrated from an impor-

tant place of reference to the city. The migrants and the most ambitious poor inhabitants of Lima founded the *pueblos jóvenes* and "ruralised" the city (Matos 1985). Their children, however, are children of the city, and do not have the world of the small city or rural area as their most important reference. The new generations of the poor, who are urban by birth, find themselves in the city more as consumers than as creators.

The foregoing considerations add new dimensions to the problems of governability and management that already exist in Lima.

## H. THE COST OF LIVING IN SETTLEMENTS

These costs have been estimated by the authors using information for the southern zone of Lima, controlled against information for the rest of the city (US\$1 = 3.45S).

### 1. The Poor's Assets

#### 1.1 Social Capital

The organisation of families provides their principal social capital. As well as this, there are two main types of organisations:

- Neighbourhood organisations which group together the householders in a community. These are very important at the outset of the settlement process, for the legalisation of land tenure, elaboration of settlement plans, and building and management of schools and health centres, as well as for obtaining electricity and potable water.

- Among the functional organisations there are many interest groups: from traders and micro-enterprises to nutritional and sporting organisations. Women lead many of these organisations, for which reason they are often known as "women's organisations". Because of their important activities, the leaders of these organisations are always selected to take part in the activities organised by the neighbourhood organisations, by the municipality, and by the various public institutions. The most important organisations at present are two: the various groups who prepare food for their associates, receiving limited state funds, and known as comedores populares (popular eating houses), and the "Glass of Milk Committees", which prepare and distribute milk to more than 80 per cent of children under 5 in Lima. This activity is co-managed by the local municipalities. The magnitude of the *pueblo joven* phenomenon, and the permissiveness of the authorities with regard to family social organisation, has brought two important consequences: a) the organisations not only are important in demanding improvements, but also in the management

of community business, and b) the community organisations are very broad and socially accepted within the low-income community, and not only include the very poor, but all the inhabitants of urban settlements.

In the last decade the funds spent by the state on the very poor have increased. Compensation policies have not recognised the existence of a social fabric in which the poor and very poor interact on a daily basis. On the contrary, it has been considered to be more effective to reach the poor without the mediation of global social organisations. This focus on the poorest has resulted in a weakening of relations between the poor and the very poor, and the isolation of the latter.

### 1.2 Land Tenure Formalisation and Access to Credit

Interest rates in Peru are high in relation to the rest of the continent. Mortgage credit costs 11.5 per cent annually in US dollars. Personal bank credits are above 22 per cent annually in US dollars. Mibanco, an organism which lends to micro-enterprises has rates above 35 per cent annually in US dollars. In Lima there are no municipal Savings Banks or savings and lending systems for housing, which in other cities in Peru lend money at very convenient rates.

The MIVIVIENDA system and associated banks, which finance housing for low-income families, estimate that a house or apartment costing US\$15,000 is not destined to low-income families (consumption levels C, D and E) but to those with medium levels of income (B and C1) given that their incomes cannot pay for the interest rates foreseen.

Peru has a particular situation which should be commented on. In the last 4 years more than 1.5 million plots have been inscribed in the public land registry, most in poor settlements, through an ambitious formalisation programme under the auspices of the World Bank. The *Comisión de Formalización de la Propiedad Informal* (Commission for the Formalisation of Informal Property - COFOPRI) has been very efficient in its tasks in the most important cities in the country, and the formalisation of lands in Peru has been observed attentively by the developing world. The working hypothesis has been that the formalisation of property allows its use as collateral for obtaining loans. It has been affirmed that, once registered, the poor's capital could

be floated on the market (de Soto, 1986). The result - predictable for those who understand the poor's finances - is that the access to property registration does not imply a significant access to credit. The mortgage credit of the *pueblos jóvenes* registered in Lima represents 0.7 per cent of the registered plots, in many cases they are not even mortgage credits, but credits no greater than US\$2,000 for 18 month repayments, which are guaranteed by family members with their properties (Riofrío, 2001). Julio Calderón (2001) has shown that families who have security of tenure (but without being formalised) have the same access to credit as those who have registered their property.

## IV. SETTLEMENTS AND POVERTY: POLICIES AND THEIR IMPACTS

In the last 10 years, government spending on poverty alleviation has increased significantly. This spending has been on temporary employment, small infrastructure programmes, and donations of food. This money, however, has gone principally to the rural areas, despite the majority of the poor living in the cities.

The most significant investments in the city have been on the part of the Ministry of the Presidency, in the following categories:

- The *Fondo Nacional de la Vivienda* (National Housing Fund - FONAVI, dissolved in 1999) has financed the installation of water infrastructure in numerous settlements.
- The *Banco de Materiales* (Materials Bank) has granted between 20,000 and 30,000 loans for housing and equipment per year at the national level.
- The Ministry of Justice has been responsible for a formalisation programme of 1.5 million plots in low-income settlements in the country.
- The Ministry of Education has built numerous schools.

These actions, however, have been carried out without co-ordination with the actions of the municipalities in the cities, and without forming part of a plan for settlements in general. Given that these assets have not significantly reached the population which needs them, it is evident that the character of these actions has been one of seeking political clients.

The municipalities and central government authorities have no master plans for the provision of services and equipment to the sub-standard settlements. Access to water and drainage, as well as road surfacing and other infrastructure is the result of political actions and reactions, and demand and attention, rather than development plans.

Table 7. Results of the Formalisation Process in Peru

	Plots	Titles (June 2001)	Mortgages (2000)	%	%
<b>Lima</b>	710,980	547,683	4,010	0.7	3.9
<b>Peru</b>	1,533,392	1,101,572	12,388	1.1	3.6

Note: the columns cannot be compared as they relate to different dates. Source: PDP / RPU 2001

At present there is no settlement improvement project at a metropolitan or sub-metropolitan level. There are only actions limited in space, time and resources, and carried out by some municipalities in a district, NGOs, and a project developed by the Housing Vice-Minister in around 50 per cent of the poorest part of the north of Callao (*Ciudadela Pachacútec*).

In the housing field, in the last 10 years there has been no housing construction or promotion for under US\$10,000, considered affordable by the higher echelons of the urban poor. In 2002, some formulae have begun to be considered for the massive construction of houses for between US\$10,000 and US\$15,000, but so far the work has not started.

To finance housing, there is a special fund, based on contributions by workers and employers (FONAVI). The MIVIVIENDA fund no longer gets money from obligatory contributions, which will disappear at the end of 2002. Since its creation in 1999 until February 20002, the MIVIVIENDA Fund has only financed 2,272 interventions for a total cost of US\$41.1 million. If it is taken into account that the fund has more than US\$600 million, it can be seen that there is no housing policy capable of using these resources. This is due to the fact that demand for housing is not in the middle or higher strata of the city, but in the low-income sector.

Although the MIVIVIENDA Fund plans to finance 25,000 housing units in the next 3 years, the new government (July 2001) proposes building 25,000 housing units per year in the country. Up until now, no housing units have been initiated for a value of less than US\$15,000.

There have been no housing improvement programmes, or assistance programmes for self-builders - who produce housing for themselves and their families - to produce low-cost high-quality housing. Nor have there been any urban renewal programmes, except for in historic buildings. In these cases (which have not been numerous) there have been no formulae offered of finished housing for the inhabitants of the inner city slums.

Numerous NGOs work in the Lima neighbourhoods. The greatest impact of their actions does not consist in the extent of their activities, which is very limited, but in the fact that they can show that it is possible to obtain important results.

In the social policies aspect, Lima has a system of milk and basic breakfast distribution for children under 5, pregnant women and wet nurses which covers the majority of the population in need. The "Glass of Milk Programme" attends to the population by means of co-management of activities with the municipalities, and more than 16,000 women's organisations in the settlements. Since 1986 this programme has received funds from the Ministry of Economics. Receiving the milk is a right and not a favour on the part of the authorities. ■

## ACRONYMS

<b>COFOPRI</b>	Comisión de Formalización de la Propiedad Informal - Commission for the Formalisation of Informal Property
<b>EAP</b>	Economically Active Population
<b>FONAVI</b>	Fondo Nacional de la Vivienda - National Housing Fund
<b>FONCODES</b>	Fund for Compensation and Social Development
<b>GDP</b>	Gross Domestic Product
<b>INEI</b>	Instituto Nacional de Estadística e Informática - National Statistical and Information Institute
<b>NBI</b>	Necesidades Básicas Insatisfechas - Unsatisfied Basic Needs
<b>NGO</b>	Non-Governmental Organisation
<b>PLANDEMET</b>	Oficina del Plan Metropolitano de Lima - Lima Metropolitan Planning Office
<b>UPIS</b>	Urbanizaciones Populares de Interés Social - Social Interest Popular Settlements

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## SPANISH TERMS

*Pueblo Joven* Literally "young town". Shantytown

*Tugurio* Inner-city slum

*Barriada* Settlement or shantytown

*Asentamiento humano*  
Literally "human settlement" - shantytown

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