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THE NEW  
URBAN AGENDA  
IN THE PACIFIC

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# PRESENTATIONS PSUP TRAINING



## TRAINING Financing Citywide Informal Settlements Upgrading Strategy

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**PACIFIC ISLANDS  
FORUM SECRETARIAT**

**rise**  
REVITALISING INFORMAL  
SETTLEMENTS AND  
THEIR ENVIRONMENTS



## TRAINING:

### Financing Citywide Informal Settlements Upgrading Strategy

Days, 1,2,3 & 4 (1-4 July, 2019. Nadi, Republic of Fiji).

Organized by: United Nations Human Settlements Programme (UN-Habitat)

Expert speaker: Mr. Emrah Engindeniz, Regional Programme Advisor Slum Upgrading Unit, Housing and Slum Upgrading Branch, UN-Habitat

The demand by countries for innovative financing strategies for slum upgrading at global, national, city, and community levels is well understood by the Participatory Slum Upgrading Programme (PSUP). Participatory Citywide Slum Upgrading (CWSU) is an alternative to top-down, piecemeal, project-based slum improvement. It promotes strategic, incremental, and a participatory and programmatic way to address the challenge of slums and informal settlements. It takes the entire city as the planning unit, such that upgrading is not limited to a few slum communities but becomes a programmatic process encompassing all slums of the city.

By approaching slum upgrading at citywide scale, the PSUP implementing cities can achieve participation of broad stakeholder representation to prioritize slum upgrading interventions in an incremental manner and at the same time integrate slum upgrading into the national and city development frameworks.

PSUP implementing countries will develop, review and integrate the Citywide Slum Upgrading (CWSU) strategy, with complementary financing strategies to mobilize resources towards transformative slum upgrading programmes.

PSUP aims at aiding countries to develop these financing strategies for up-scaling participatory slum upgrading at the city wide and/or national level. This requires exploration of innovative financing partnerships at regional and country scales and consultations with international financial institutions with a purpose of facilitating investments into basic infrastructure and slum upgrading.

To this end, the Slum Upgrading Unit in the Housing and Slum Upgrading Branch of UN-Habitat, within the 3rd cycle of PSUP, has developed a Financial Strategy Toolkit for Upscaling Participatory Slum Upgrading to assist countries in developing realistic and innovative finance mobilization models that can be used to fund citywide slum upgrading strategies.

The Financial Strategy Toolkit is designed to provide guidance on how to structure interventions that can address the full magnitude of the need for slum improvement and prevention at the city and/or national level. It further equates the interventions against the resources available locally and leveraged internationally.

## INTRODUCTION

Mr. Emrah Engindeniz, Regional Programme Advisor Slum Upgrading Unit, Housing and Slum Upgrading Branch, UN-Habitat

### Implementing SDGs and NUA in informal settlements

"To improve access to adequate and sustainable housing, improve the standard of living in slums and curb the growth of new slums in an inclusive manner."



#### Target 11.1:

"By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums"



#### Principle:

"Leaving No One Behind"

#### Commitment:

"Sustainable Urban Development for Social Inclusion and Ending Poverty"

but also:











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### SDG 11.1.1 Indicator

- Slum definition
- Inadequate housing definition

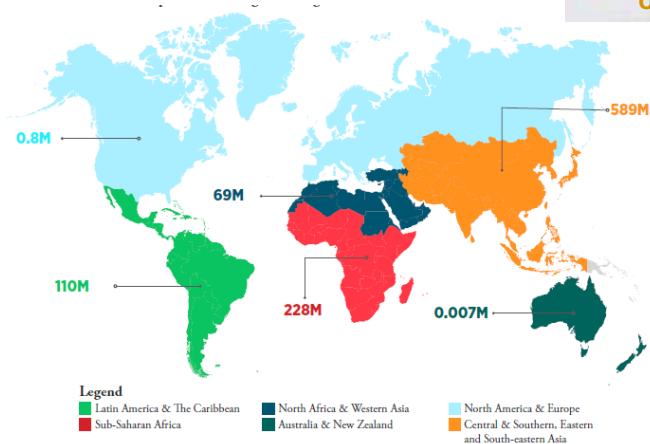


## Defining slums, informal settlements and inadequate housing

		Slums	Informal settlements	Inadequate housing
1	 Access to water	✓	✓	✓
2	 Access to sanitation	✓	✓	✓
3	 Sufficient living area, overcrowding	✓		✓
4	 Structural quality, durability and location	✓	✓	✓
5	 Security of tenure	✓	✓	✓
6	 Affordability			✓
7	 Accessibility			✓
8	 Cultural adequacy			✓

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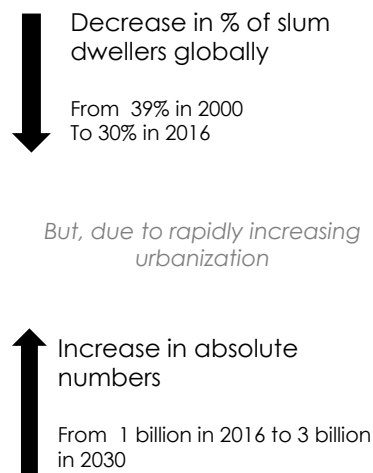
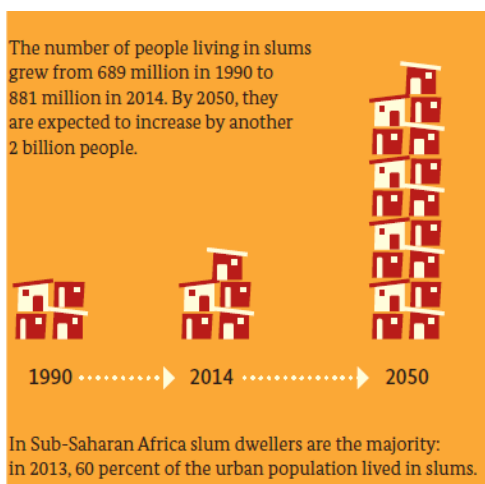
## 1 billion people



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## The challenge of slums and informal settlements



## Transforming urban poverty and inequality

### INFORMAL SETTLEMENT UPGRADING

- Elevates the quality of life of communities and the city as a whole
- Increased safety and security
- Providing more citizenship



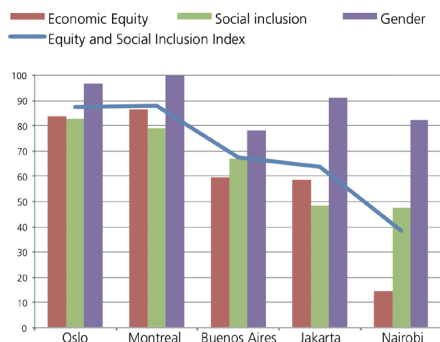
### REDUCED INEQUALITIES

- systematic re-distribution of the economic benefits of growth or development
- legal frameworks ensuring a 'level playing field'
- institutions protecting the rights of the poor, minorities and vulnerable groups.



### CITY PROSPERITY

No city can claim to be prosperous when large segments of the population live in abject poverty and deprivation.



Source: UN-Habitat, 2015 Global City Report

## Trends in the Pacific



- Over 80 percent of the total population in the Pacific live in the Melanesia sub-region PNG, Fiji, SLs and Vanuatu,

- Annual urban growth rates is over 2% ;

**two key consequences**

- i) growing urban poverty
- ii) the increasing number of informal settlements,
  - both of which are linked and caused by the marginalization of formal land and housing supply systems.
  - squatter settlements now cater for much of the population growth ; i.e. PNG, SLs, 35-50% of residents in informal settlements.

## PARTICIPATORY SLUM UPGRADING



INITIATED BY THE SECRETARIAT  
OF AFRICAN, CARIBBEAN AND  
THE PACIFIC (ACP) GROUP OF  
STATES,  
FINANCED BY THE EUROPEAN  
COMMISSION AND

IMPLEMENTED BY UN-HABITAT

Phase I	Phase II	Phase III
2008-2011	2012-2016	2017-2021
25 countries	35 Countries	40 countries



## Providing a vision for strategic engagement



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## Global outlook, Principles



<https://www.youtube.com/watch?v=hFcJKXjwCC0&feature=youtu.be>

Online Platform : <https://www.mypsup.org/>

## UN-Habitat's flagship programme

### Participatory Slum Upgrading Programme:

- 40 countries
- 190 cities
- 5 million slum dwellers

Engaging at multi-governance level and providing capacity development, tools and action-oriented solutions for all urban actors;

### PARTICIPATORY SLUM UPGRADING



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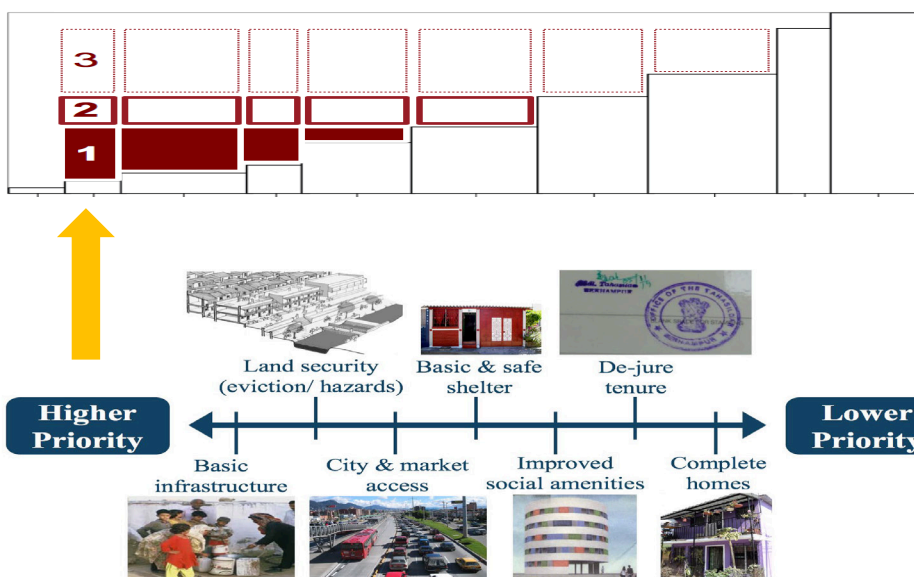


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## An integrated approach to upgrading

UN-Habitat approach to Slum Upgrading	Other approaches
Including the socio-economic and livelihoods components	<b>VS</b> Approach only focused in infrastructural issues
Integrated at city level	<b>VS</b> Localised and punctual interventions
Aligned with bigger frameworks and strategies at local, national and regional levels	<b>VS</b> Non strategic investments
Multi-governance framework and coordination	<b>VS</b> Engaging only with one group of stakeholders.
Enabling environment and institutionalization of the approach	<b>VS</b> No anchoring of the approach
Increased political commitment and visibility of the actions for higher resource allocation and impact	<b>VS</b> Reliance on external support and non integration of slums in budgets and other interventions

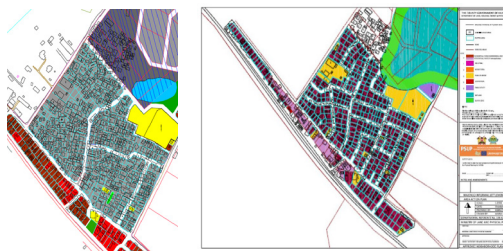
## Incremental, Participatory & Strategic @ City-wide



## Diverse entry-points to upgrading



Basic urban services and infrastructure  
Local economic development and job creation  
Human rights and gender equality – women and youth  
Climate change and environment  
Public space  
Health and security  
Participation, social integration and cohesion  
Governance and land questions  
Capacity development and institutional strengthening



## SCALING UP TO MEET THE TARGET



- **WHAT ARE OPPORTUNITIES OF DIVERSIFICATION?**
- **HOW CAN WE INVEST STRATEGICALLY TODAY TO ATTRACT INVESTMENT TOMORROW BY:**
  - Diverse government partners
  - Private sector
  - People themselves
- **HOW CAN WE REDUCE COSTS:**
  - Legislation and standards
  - Innovative solutions
  - Contribution by the people
  - Localize actions
- **HOW CAN WE DIVERSIFY INVESTMENT TOOLS AND DELIVER COORDINATED?**

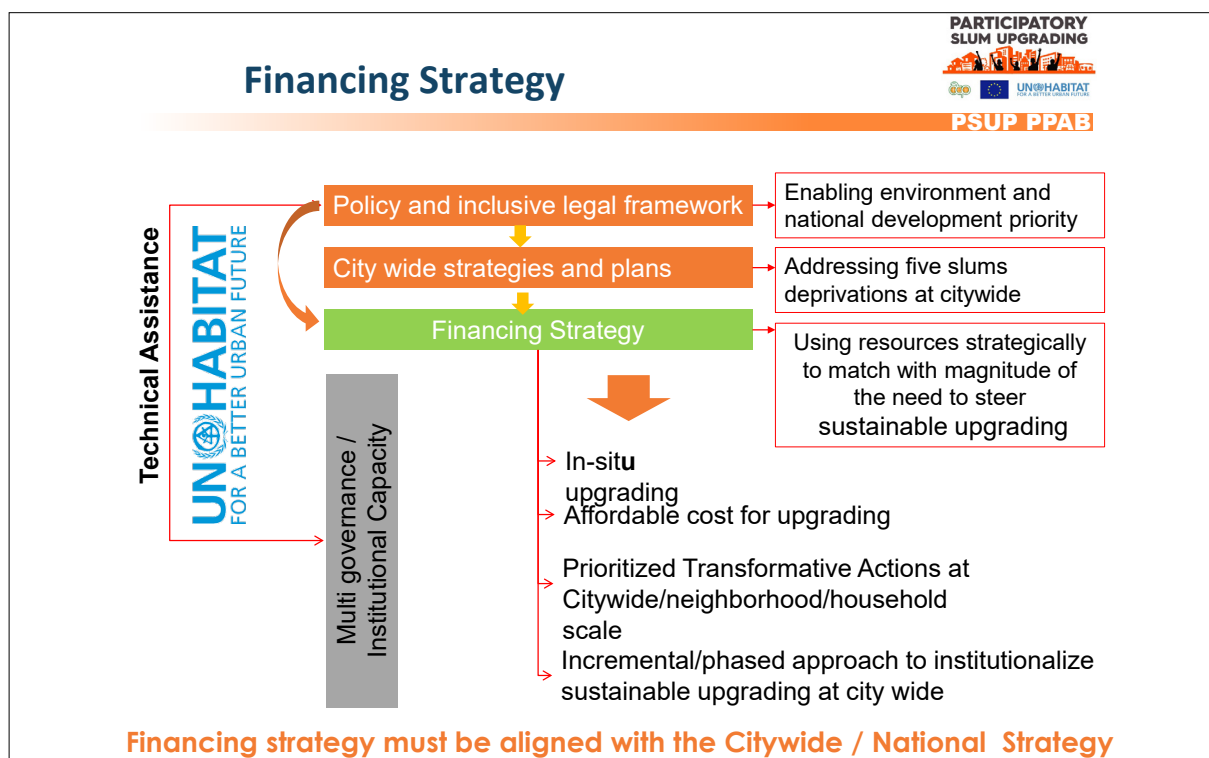
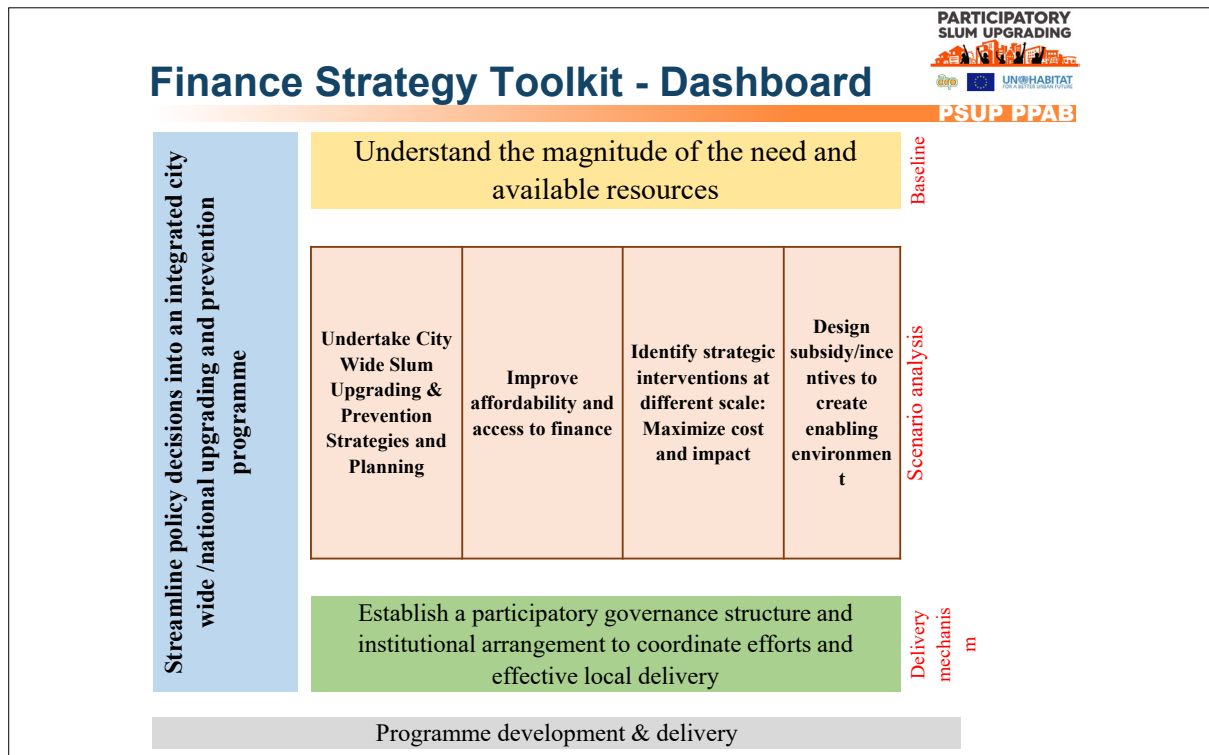
**HOW DO WE PLANT THE SEEDS TODAY FOR TOMORROW'S SUSTAINABLE TRANSFORMATION FOR PROSPERITY FOR ALL**

## GOING TO SCALE



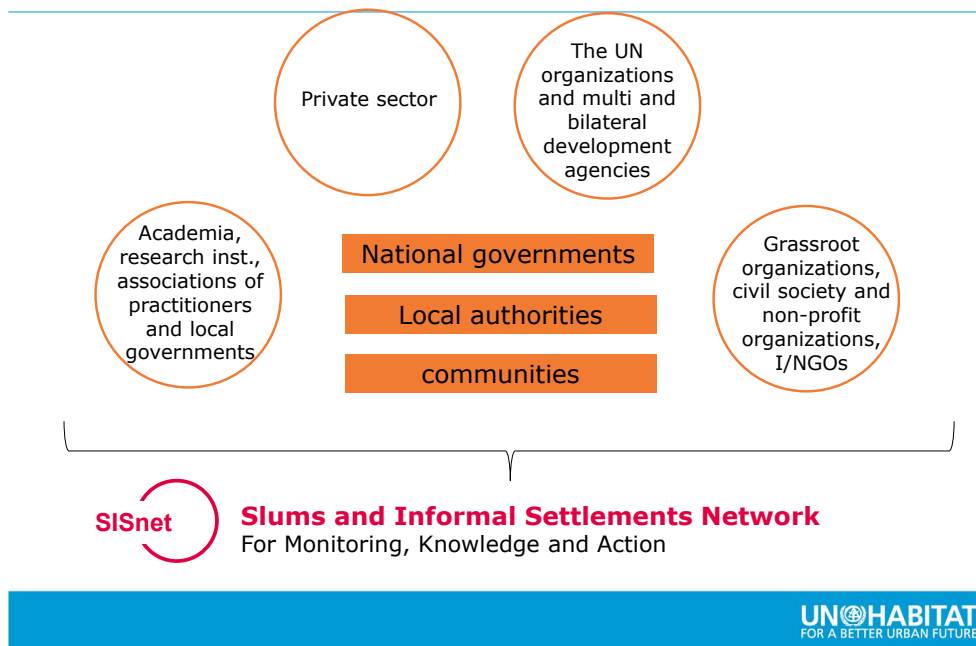
**INTEGRATION OF FINANCE IN ALL OUR THINKING AND THE WHOLE APPROACH**

**National strategy**  
**Legislation, guidelines and standards**  
**Citywide strategy**  
**Neighbourhood planning**





## Roles and partnerships



**VISIT OUR E-LEARNING**

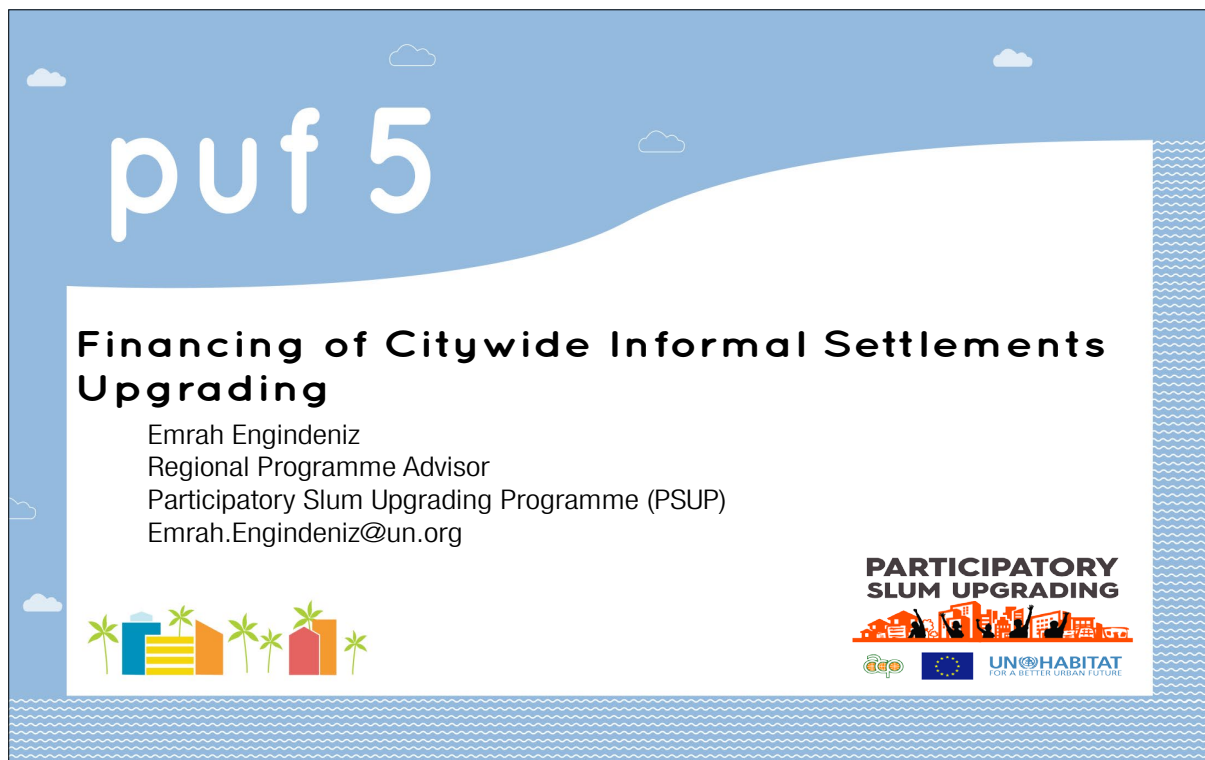


**<https://elearning.mypsup.org/home>**

**Thank you!**

DAY 1

Mr. Emrah Engindeniz, Regional Programme Advisor Slum Upgrading Unit, Housing and Slum Upgrading Branch, UN-Habitat



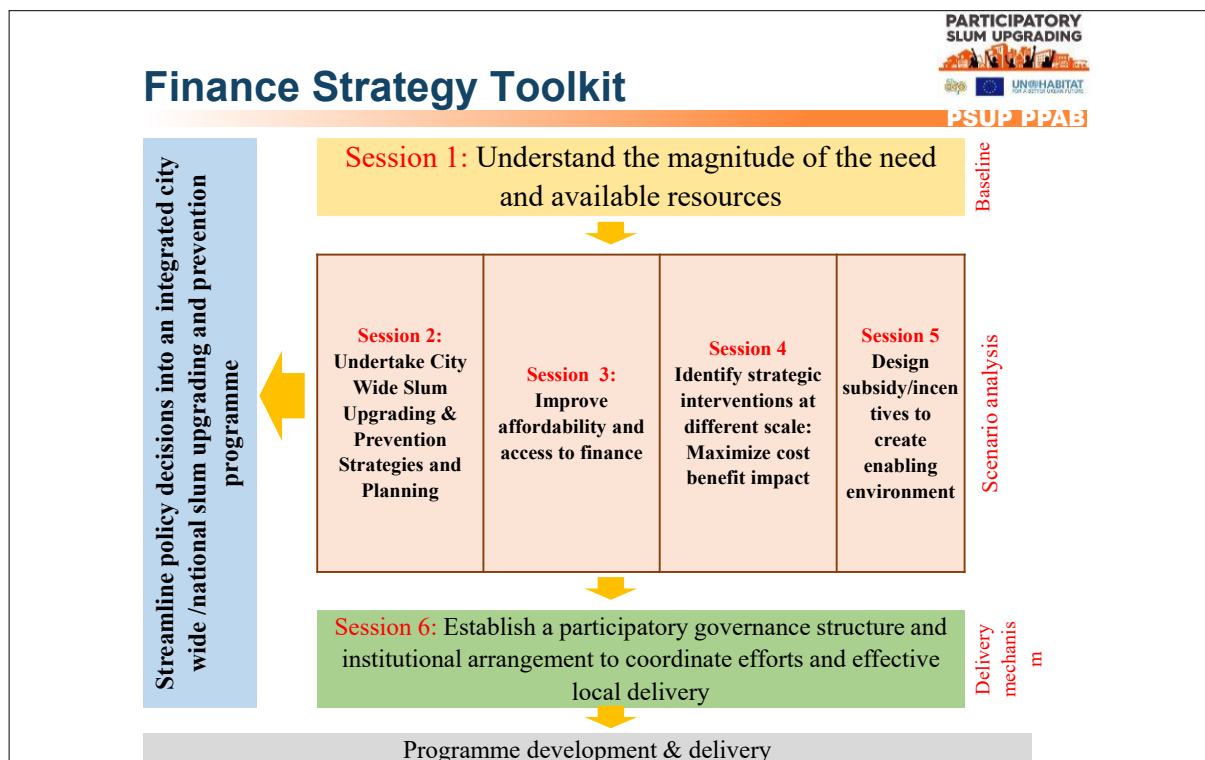
**puf 5**

## Financing of Citywide Informal Settlements Upgrading

Emrah Engindeniz  
Regional Programme Advisor  
Participatory Slum Upgrading Programme (PSUP)  
Emrah.Engindeniz@un.org

**PARTICIPATORY SLUM UPGRADING**

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## Training on Financing Citywide Informal Settlements Upgrading Strategy

### Day 1: July 1st, 2019

**16:30-17:00: Session 0**, Introduction to UN-Habitat approach to Informal Settlements Upgrading and a Financing Strategy Toolkit- Key principles and the methodology framework

#### **17:00-18:00: Session 1, Understand the Magnitude of the Need and Available Resources**

- i) Undertake citywide /national assessment of slums and informal settlements upgrading including, policy and legislation; capacity building need for stakeholders; affordable housing sector; finance assessment including subsidies, incentive community savings, available private and public financing; governance; urban profiling and vulnerability assessment.
- ii) Establish standards and targets to incrementally address the needs of slum dwellers.



## Training on Financing Citywide Informal Settlements Upgrading Strategy

### Day 2: July 2nd, 2019

**08:00-08:45: Session 2**, Undertake City Wide Slum Upgrading and Prevention Strategies and Planning

- i) in-situ upgrading, ii) land sharing and iii) relocation for slum improvement; iv) new settlements, and v) infill/densification for prevention.

#### □ **Group Exercise**

**08:45-09:30: Session 3**, Identify Strategic Interventions at Different Scale: Maximize Cost benefit Impact

- i) City scale: Trunk infrastructure to connect slums in cities and improve connectivity to life-affirming jobs & amenities; (ii) Neighbourhood scale: Branch infrastructure and public space to improve access and livelihood opportunity within slum neighbourhoods; iii) Community/cluster scale: enable access to local infrastructure in semi-private space; (iv) Household scale: support progressive investment towards adequate housing, livelihood improvement.



## Training on Financing Citywide Informal Settlements Upgrading Strategy Day 3: July 3<sup>rd</sup> 2019

**11:00-11:45: Session 3, Identify Strategic Interventions at Different Scale: Maximize Cost and Impact**

- Case 1: Planning Scenarios for Majengo, Kenya
- Case 2: Incremental Housing, ciudad Bachue, Colombia
- **Group Exercise**

**11:45-12:30: Session 4, Improve affordability and access to finance**

- i) Improve supply by reducing supply cost to attract public and private sector engagements; ii) Strengthen livelihood of community to contribute in and benefit from; iii) Strengthen local and national government capacity to access low cost international finance, including mobilizing local resources and designing finance products available for different income groups to access and benefit from.
- **Group Exercise**



## Training on Financing Citywide Informal Settlements Upgrading Strategy Day 4: July 4<sup>th</sup> 2019

**09:00-09:30: Session 4, Improve affordability and access to finance**

- Case 3: Improving Livelihoods through Community managed Funds (PSUP) , Ghana,
- Case 4: Improving Livelihood through supporting SMEs (PRRA), Cabo Verde

**09:30-10:30: Session 5, Design subsidy/incentives to create enabling environment**

- i) Strategically allocate public resources to create a basic enabling environment; incremental approach for housing, infrastructure provision, tenure security, private sector engagement.
- (ii) Blend public and private resources, including community savings and donor funding to support city wide and networked local delivery.

□ **Group Exercise**

**10:30-11:30: Case 5 : An enabling environment to support large scale affordable housing and slum upgrading in Brazil,**

**Case 6 : Land Readjustment (PILAR), Colombia**

**11:30-11:45: Coffee Break**



## Training on Financing Citywide Informal Settlements Upgrading Strategy

### Day 4: July 4<sup>th</sup> 2019

**11:45-12:15: Session 6**, Establish a participatory governance structure and institutional arrangement to coordinate efforts and effective local delivery

- i) Arrange permissions (regulatory and political arrangement) for funding and cooperation ii) Establish special delivery mechanisms (institution) responsible for delivery, coordination and management of slum upgrading programme

□ **Group Exercise**

**12:15-12:45: Case 7**: Institutional Setup and PPPs for urban regeneration, Tunisia

**12:45-14:00: Lunch break**

**14:00-15:00: Session 7**: Integrated Programme and Finance

- Case 8: Parivartan Slum Upgrading Programme, India
- Case 9: Solanda Affordable Housing Programme, Ecuador

**15:00-15:45: Session 8**, Working with Excel Model of Financing Strategy Toolkit

□ **Group Exercise**

**15:45-16:15: Q&A**

**16:15-16:30: Recap and Closing Remarks and Reflecting**



## Session 0

**16:30-17:00: Session 0**, Introduction to UN-Habitat approach to Informal Settlements Upgrading and a Financing Strategy Toolkit - Key principles and the methodology framework



## Implementing SDGs and NUA in informal settlements



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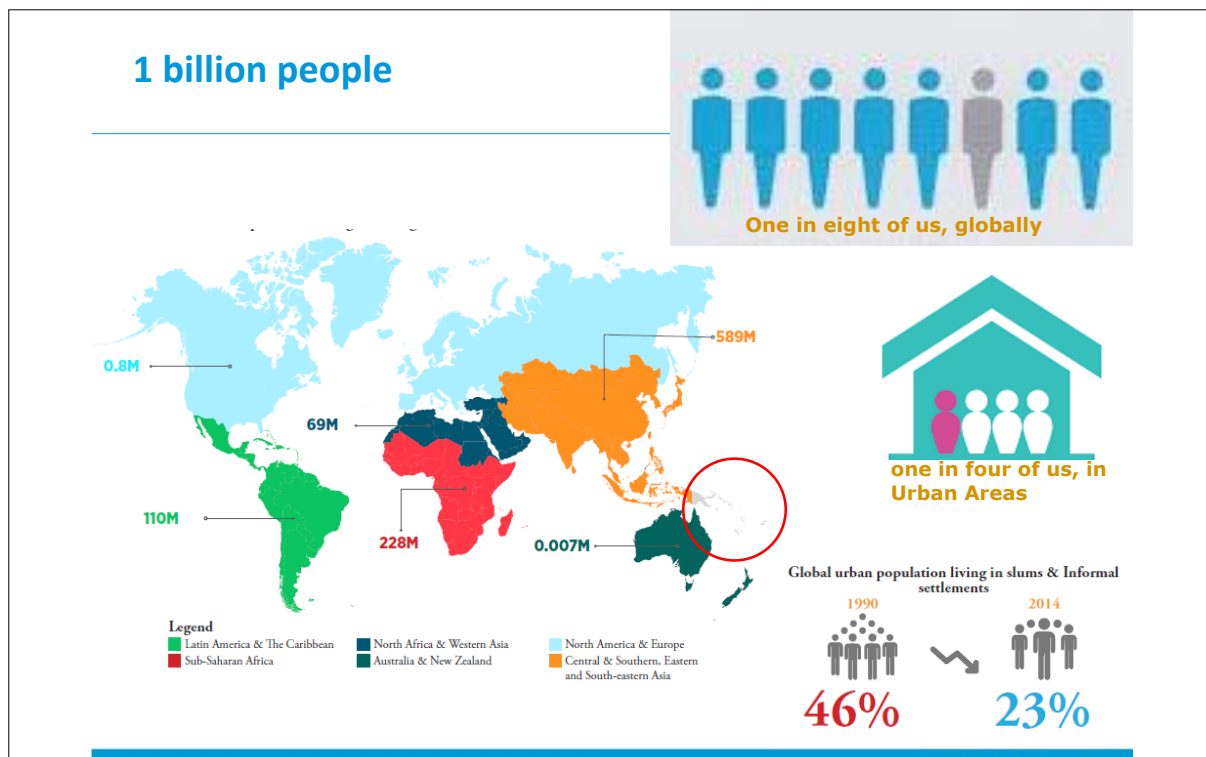
but also:



## Defining slums, informal settlements and inadequate housing (MDG/SDG Definition)



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6	Affordability			✓
7	Accessibility			✓
8	Cultural adequacy			✓



## Trends in the Pacific

**Over 80 percent of the total population in the Pacific live in the Melanesia sub-region; PNG, Fiji, SLs and Vanuatu,**

**Annual urban growth rates is over 2% ;**

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# PARTICIPATORY SLUM UPGRADING



INITIATED BY THE SECRETARIAT  
OF AFRICAN, CARIBBEAN AND  
THE PACIFIC (ACP) GROUP OF  
STATES,  
FINANCED BY THE EUROPEAN  
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Phase I  
2008-2011  
25 countries

Phase II  
2012-2016  
35 Countries

Phase III  
2017-2021  
40 countries



40 countries, 190 cities



PSUP PPAB

Angola, Benin, Botswana, Burkina Faso,  
Cameroon, Cape Verde, Cote d'Ivoire, D.R.  
Congo, **Fiji**, Ghana, Guinea Conakry, Guyana,  
Haiti, Jamaica, Kenya, **Kiribati**, Lesotho,  
Madagascar, Mali, Mauritania, Mauritius,  
Mozambique, Namibia, Niger, Nigeria,  
**Papua New Guinea**, Rep. of Congo, Rwanda,  
Senegal, Sierra Leone, **Solomon Islands**,  
Somalia, St. Vincent and the Grenadines, Sudan,  
The Gambia, Togo, Trinidad and Tobago,  
Uganda, **Vanuatu** and Zambia.

# MyPSUP.ORG

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SLUM UPGRADING**

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## UN-Habitat Approach

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PSUP PPAB

- Addressing Five Slum Deprivations through Citywide Integrated Approach that is people centered, right based, gender sensitive, and climate competitive

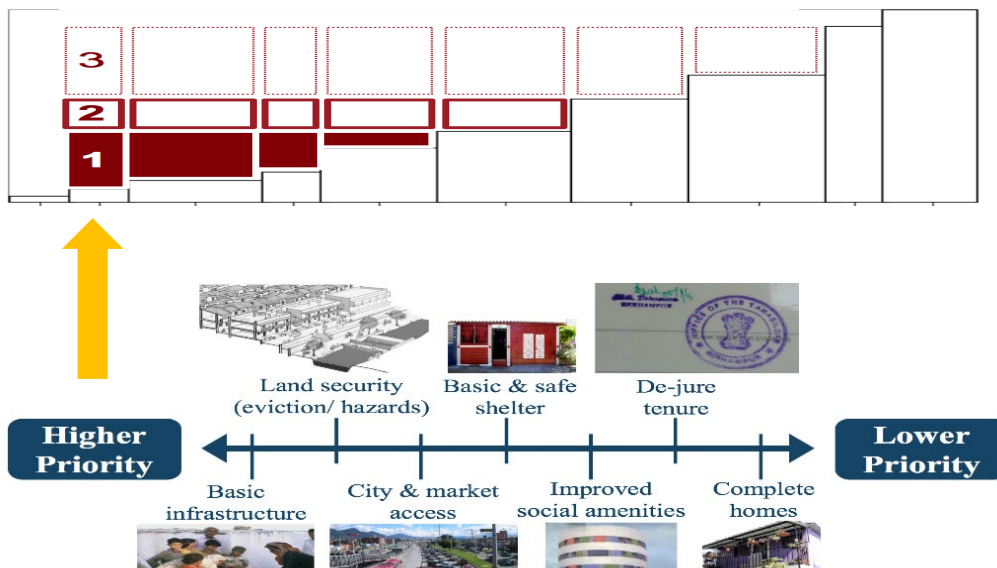


### Principles

- Create and enforce enabling environment
- Introduce incremental and sustainable upgrading at city scale
- Promote people-centered participatory approach
- Empower and build partnership (community, governments, private sector)
- Promote in-situ and climate resilient upgrading
- Facilitate scaling up and transferability
- Make use of data for evidence based policies and decisions



## Incremental, Participatory & Strategic @ City-wide



## Addressing urban poverty and inequality

### INFORMAL SETTLEMENT UPGRADING

- Elevates the quality of life of communities and the city as a whole
- Increased safety and security
- Providing more citizenship



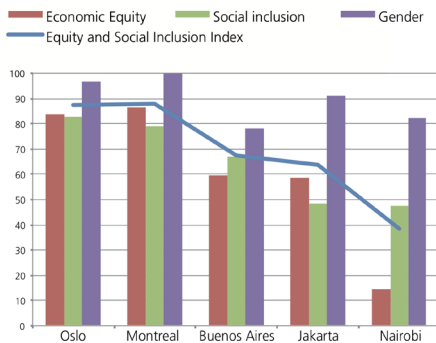
### REDUCED INEQUALITIES

- systematic re-distribution of the economic benefits of growth or development
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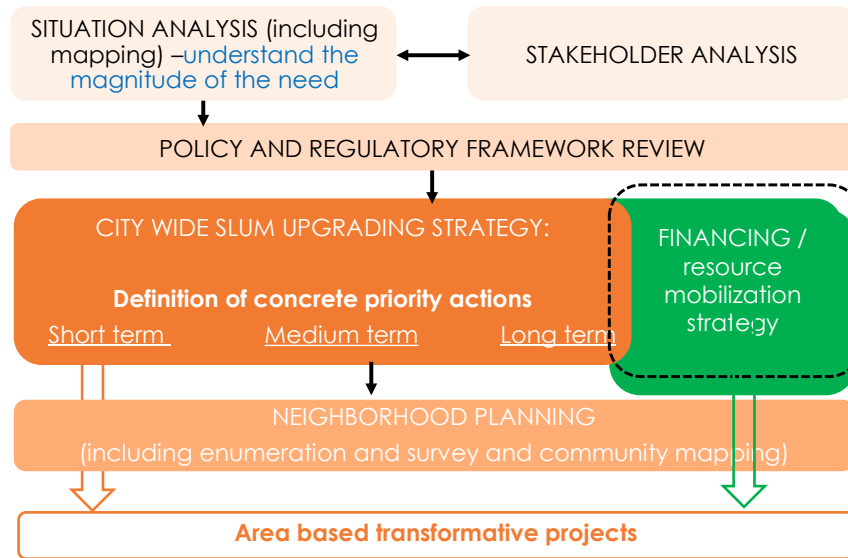
### CITY PROSPERITY

No city can claim to be prosperous when large segments of the population live in abject poverty and deprivation.

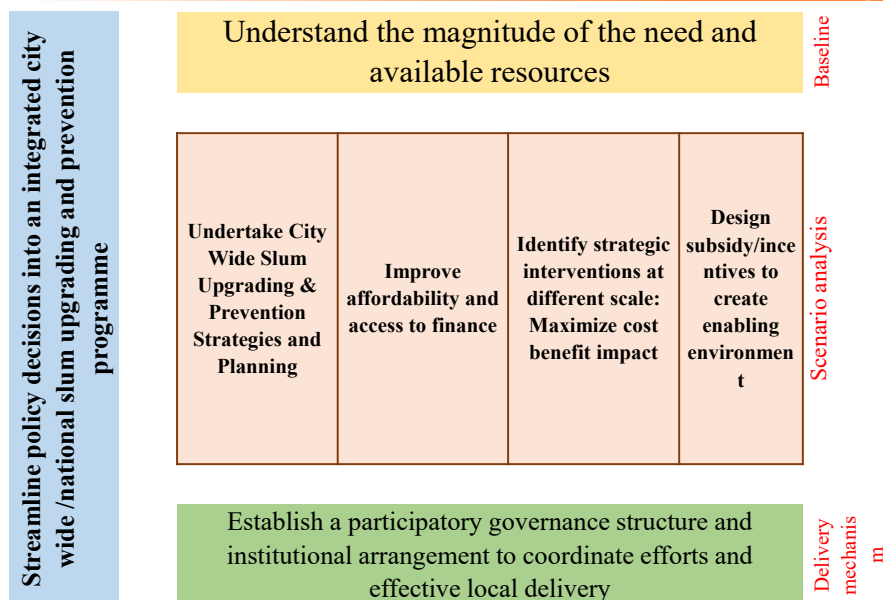


Source: UN-Habitat, 2015 Global City Report

## Citywide Informal Settlements Upgrading Strategy



## Finance Strategy Toolkit



## Session 1

**17:00-18:00: Session 1, Understand the Magnitude of the Need and Available Resources**

- i) Undertake citywide /national assessment of slums and informal settlements upgrading including, policy and legislation; capacity building need for stakeholders; affordable housing sector; finance assessment including subsidies, incentive community savings, available private and public financing; governance; urban profiling and vulnerability assessment.
- ii) Establish standards and targets to incrementally address the needs of slum dwellers.

*to establish adequate baselines and determine if currently available resources are sufficient for addressing the slum challenge at a meaningful scale and/or if an increase in resource allocation to meet the full magnitude would be fiscally viable with the current strategy.*



## Understand the magnitude of the need



### The Context

**“The increase of the urban population of 2.8 billion people between 2010 and 2050 is forecast to be higher than the total population of the world of 2.5 billion in 1950”.** (UN Secretary-General, 2012)

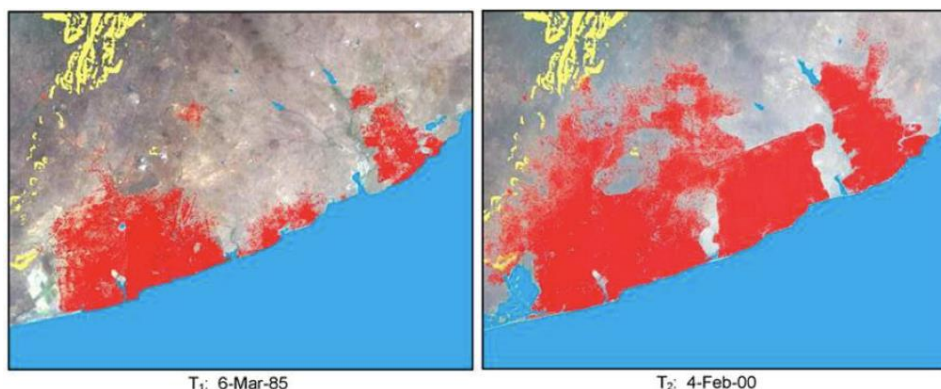
**“Double population—triple area: the urban built-up area is expected to triple between 2000 and 2030”** (World Bank, 2005)

**“3 billion people could be living in urban slums by 2030.”** (UN-Habitat)





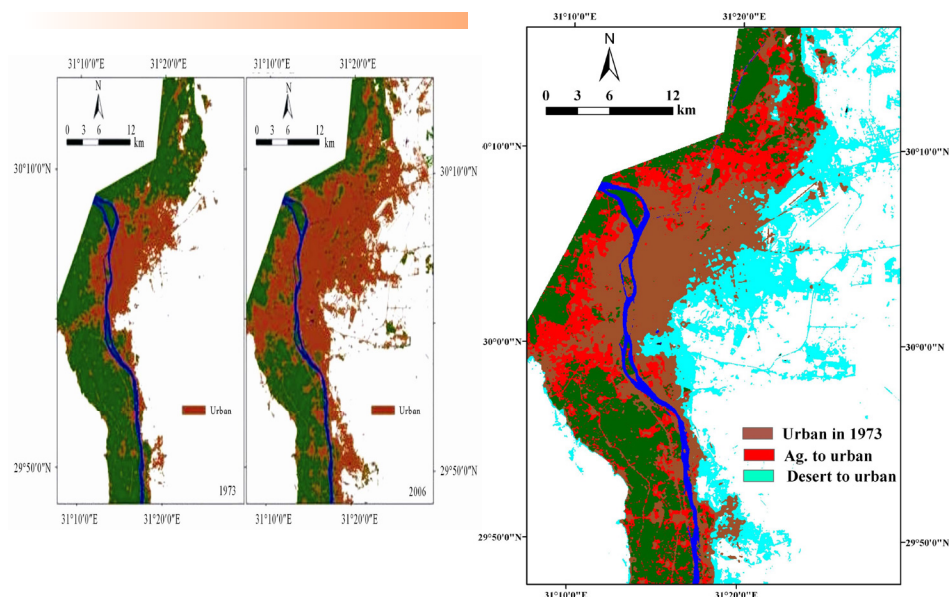
## Rapid Urbanization: Double Population, Triple Area – Accra, Ghana



(Accra, Ghana: Source: Angel et al, 2005)

Measure	T <sub>1</sub>	T <sub>2</sub>	Annual % Change
Population	1,882,990	2,789,380	2.67%
Built-Up Area (sq km)	133.35	344.26	6.56%
Average Density (persons / sq km)	14,120.39	8,102.64	-3.66%
Built-Up Area per Person (sq m)	70.82	123.42	3.79%

## Cairo Sprawl....



M. E. Hereher / Natural Science 4 (2012) 355-361

The land cover map of Cairo showing the exchange between agricultural land, bare desert and urban area between 1973 and 2006.

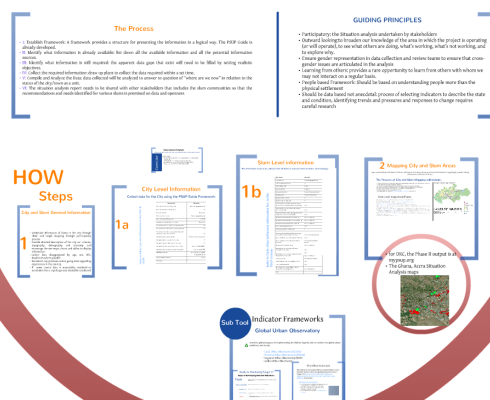
## Situation Analysis and Slum Characterization



PSUP PPAB

TOOL

### SLUM SITUATION ANALYSIS



#### Involves....

- ✓ Urban Profiling
- ✓ Identification of different Slums/Informal settlements in the city (how are they related the city frame)
- ✓ Mapping of informal settlements/Slums (structure, tenure, location, population)
- ✓ Evaluation of slums that are 'upgradable'
- ✓ Includes Stakeholder Mapping/Analysis

#### Example : City Level Information for Banjul, Kanifing and Brikama



PSUP PPAB

NO	VARIABLES	BANJUL City	KANIFING Municipality	BRIKAMA Town
01	Total city population (including slums)	31,301.0	382,096.0	102,093.0
02	Total city population (disaggregated by sex): female male:	14,347.0 16,954.0	189,679.0 192,417.0	-
03	Total city land area (including slums) (ha)	1,200.0	7,500.0	1,612.9
04	Population density (pers/ha)	26.1	50.9	63.3
05	Total population in slums (pers)	6,291.0	10,052.0	2,957.0
06	Total land area covered by slums (ha)	27.6	93.7	43.4
07	Average population density in slum areas (pers/ha)	227.9	107.3	68.1
08	Total number of slum settlements or pockets	1.0	2.0	1.0
09	Households sharing dwellings (%)	-	31.5	29.4
10	Slums with prevalent overcrowding (%)	-	-	66.7
11	Available vacant public land	<b>Typologies</b>		
12	Available vacant private land			
13	Available vacant land for housing	<b>Informal settlement/area</b>		
14	Average household size at city level			
15	Average residential plot size	<b>Slum and informal settlement/area</b>		
16	Average living area in dwellings			
17	Average construction cost of housing	<b>Squatter area</b>		
18	Average monthly income per household			
19	HIV/AIDS prevalence (%)	<b>Unplanned area</b>		
20	Percent of female headed households			
		<b>Deprived area</b>		
		<b>Refugee camp</b>		
		<b>Sub-standard area</b>		
		<b>Informal homesteading</b>		
		<b>Informal and unplanned settlement</b>		
		<b>Migrant and informal housing</b>		
		<b>Total</b>		
			<b>87</b>	<b>100</b>



## Toolkit: Urban profiling questionnaire

**WHAT:** Tool covering 12 themes to assess the urban situation in relation to slum upgrading.

- HOW?**
1. A general background of the urban sector in the city/country based on the findings of the assessment report and the desk study, as well as on the interviews and consultations held.
  2. A synthesis of the main thematic areas in terms of **institutional set-up, regulatory framework, resource mobilization, and performance**. This section also highlights participatory identified priorities.
  3. A SWOT analysis for each urban theme. An action-oriented analysis for the prioritisation of needs and the development of project proposals.

**Theme 1:** Urban Demographics  
**Theme 2:** Urban Governance  
**Theme 3:** Urban Planning and Design  
**Theme 4:** Urban Economy  
**Theme 5:** Land and Property Rights  
**Theme 6:** Basic Urban Services  
**Theme 7:** Housing  
**Theme 8:** Social Facilities  
**Theme 9:** Climate Change and Risk Reduction  
**Theme 10:** Crime and Safety  
**Theme 11:** Culture and Heritage  
**Theme 12:** Slums and Slum Living Conditions

**Crosscutting issues:** Gender, Human Rights and climate Change, integrated in all the themes.

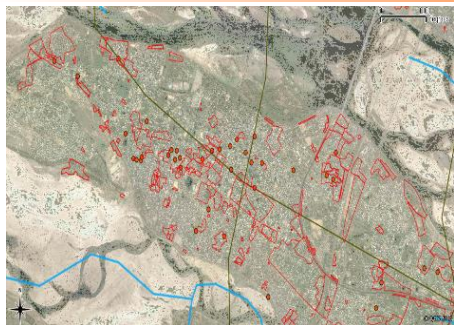
## General City Profile Data



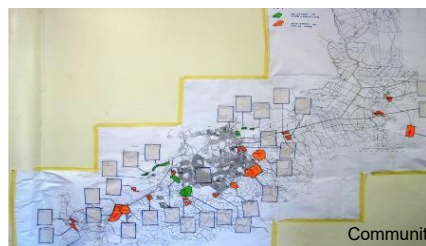
Data required	Information
Total city population (including slums)	Persons disaggregated by sex
Total city land area (including slums)	Ha
Population density	Persons/ha
Total population in slums	Persons segregated by sex
Total land area covered by slums	ha and %
Average population density in slum areas	Persons/ha
Available vacant <u>public</u> land for housing and services	Ha
Available vacant <u>private</u> land for housing and services	Ha
Available vacant land for housing and services under <u>customary or other informal tenure</u>	Ha
Average household size at city level	Number of persons/household
Average residential plot size in formal areas	m <sup>2</sup>
Average living area in dwellings in formal areas	m <sup>2</sup>
Average construction cost of house in formal areas	Local currency & USD/m <sup>2</sup>
Average monthly income per household at city level	Local currency & USD
HIV/AIDS prevalence	% or # of persons infected, disaggregated by sex
Female headed households	% or #
More data...	

- Normally already available
- Gives an understanding of the scope
- Sometimes consensus is required in absence of authenticated data

## Mapping City Slum Areas



Cheaply available resources (GE)



- Identify slum areas using available tools
- Overlay this with other maps
- Calculate the area occupied by informal settlements
- Communities/community groups should be involved in identifying extents of settlements
- Ranges from....Simple Techniques



Community Mapping (participation) –Fiji Islands - Pacific

## Example: Implementation in Fiji



the communities show each other their ideas for change



## Example: Implementation in Fiji

### Identifying who can help..

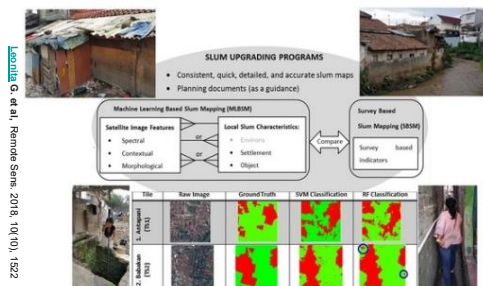
PEOPLE MAPPING:  
COMMUNITY: Natabun Seaside

NAME	SKILL/TALENT/RESOURCE
Setuatai Temu	Carpenter
Savenaca Kavunisea	Carpenter
Piniagi	Plumber
Jolame	Plumber
Biligi	Painter
Eronesi	Handyman
Petero Badrokadroka	Civil Construction, Driver, Mechanical Work
Isaa Vunivalu	Handyman
Matai Augustine	Handyman
Matai Chongoue	Engineer
Peter Chongoue	Civil Engineer, Journalist, Accountant
Sani Rokobu	Handyman
Kalera Rokobu	Domestic
Vasemace Badrokadroka	Fundraising, Organizer
Ameha Bai	Flower Gardener
Marica Kavunisea	Handcraft
Omeri Temu	Handcraft
Laise Vunivalu	Matweaving
Kerika Chongoue	Matweaving

### Starting to make change..



## More techie and advanced



### To complex processes (AI based)

Machine Learning can be used to predict population patterns, urban-rural distribution and poverty levels.

Aerial photography has become cheaper. Drone mapping of Zanzibar Island-EA





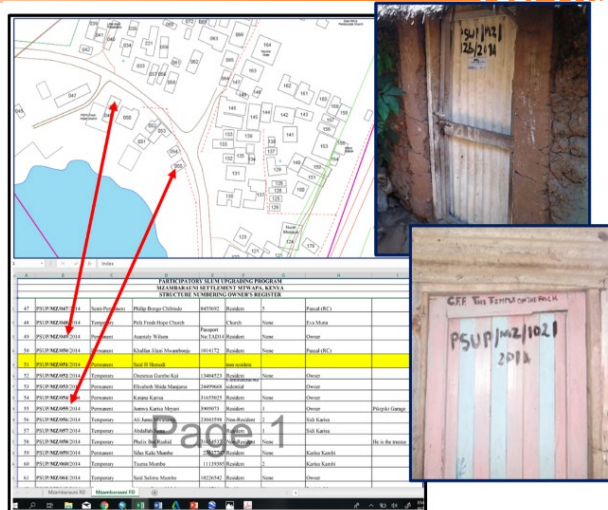
## Slum Mapping ... Building GIS Databases



**CREATING A DATA BASE:** The enumeration permits to create the building owners' **database**/ and numbering including the following information:

- ✓ Name of the structure owners
- ✓ Identification details: Identity card/passport number
- ✓ Structure owners' address
- ✓ Condition of Structure

Consider the tools used for enumeration (GIS, GPS, printed maps, etc.) so they are accessible and participatory



"It is important for **policy makers** to remember that the focus should **remain on people, organizations and processes** rather than the *technologies themselves*".

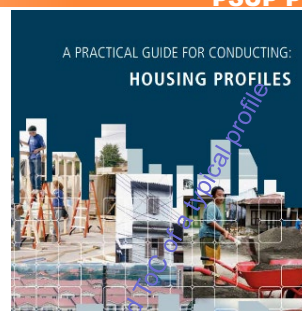
## Housing Profiling



In addition to the data collected on Housing through the Urban Profiling, if further data and information on housing is required for decision-making, a housing profile may be commissioned.

The Housing Profile is a diagnostic tool that provides governments and other stakeholders with a **systematic analysis of housing delivery systems at city and national level**, helping to disclose bottlenecks, identify gaps and opportunities in the housing sector that prevent the **housing market from working properly**.

Housing Profiles help to identify critical constraints that **prevent the provision of diversified housing opportunities** and support the formulation of appropriate recommendations and policy responses.

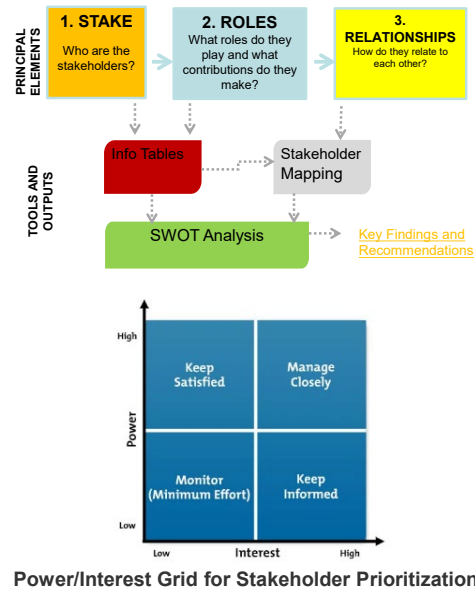


Part Two: Guidelines for Preparing a Housing Profile

- 2.1 Introduction
- 2.2 Fundamental Steps in the Implementation of A Housing Profile Study
- 2.3 Thematic Areas of Housing Component Analysis With Key Questions
  - 2.3.1 Component 1: Institutional and Policy Framework
  - 2.3.2 Component 2: Housing Needs and Demand
  - 2.3.3 Component 3: Housing Supply
  - 2.3.4 Component 4: Legal and Regulatory Frameworks
  - 2.3.5 Component 5: Urban Land Supply for Housing
  - 2.3.6 Component 6: Basic Infrastructure Provision for Housing
  - 2.3.7 Component 7: Building Materials, Construction Industry & Employment
  - 2.3.8 Component 8: Housing Finance
  - 2.3.9 Cross-cutting Themes: Housing Rights
  - 2.3.10 Cross-cutting Themes: Gender
  - 2.3.11 Cross-cutting Themes: HIV/AIDS
  - 2.3.12 Cross-cutting Themes: Youth
  - 2.3.13 Cross-cutting Themes: Slums/Informal Settlements

## Toolkit: Stakeholder mapping and analysis tool

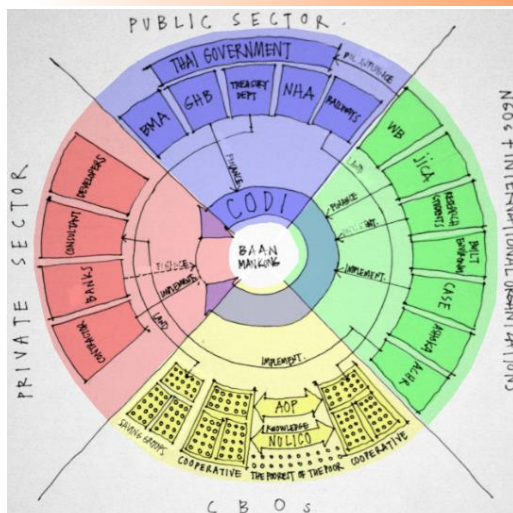
- WHAT:** Tool to identify stakeholders and their respective roles and responsibilities at the different levels, including community organizations; ministries of national government; municipalities and local government; academia; external support agencies; and the private sector and enables to understand the institutional framework for slum upgrading.
- WHY?** The full participation of stakeholders in both programme planning and implementation:
- is key for impact and for identifying the issues and solutions;
  - ensures sustainability as it generates ownership;
  - Builds capacity and enhances responsibility



## Stakeholder Capacity Assessment



**PSUP PPAB**



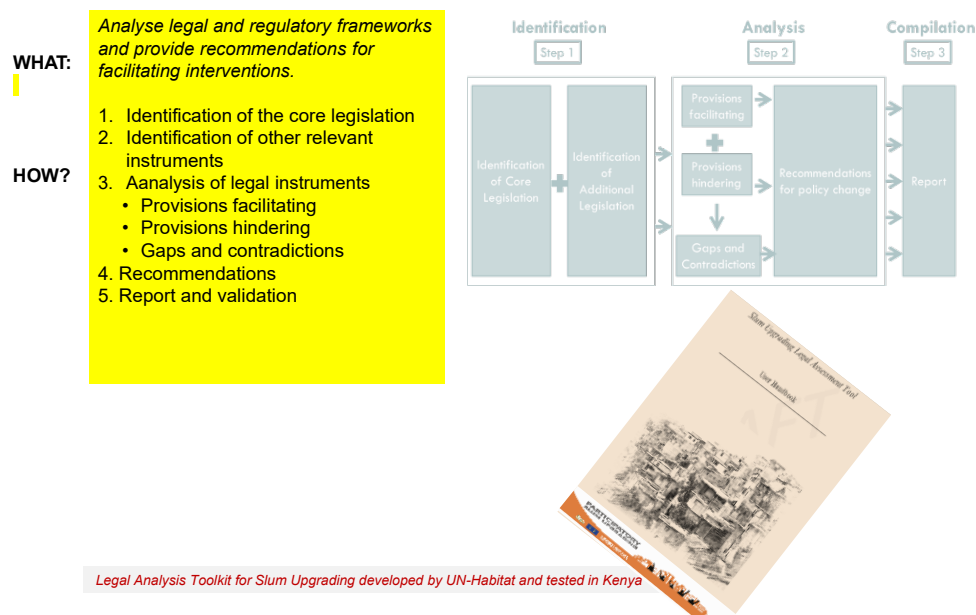
It is essential to assess the **capacities of different stakeholders** to identify the **strengths and gaps** that need to be harnessed and addressed.

Capacity assessment refers to identifying capacity on three levels; **individual, organizational and enabling environment**. It looks at the interrelations between each of these levels of capacity.

Training needs assessment **looks specifically at the skills, knowledge and attitudes** of potential trainees



## Toolkit: Legal framework analysis and review tool



## Regulatory Framework SWOT Example



PSUP PPAB

Intervention area: REGULATORY FRAMEWORK AND INSTITUTIONAL SET-UP OF HOUSING		
	Helpful	Harmful
Internal	STRENGTHS	WEAKNESSES
	<ul style="list-style-type: none"> <li>The Housing (Statutory and Improvement Areas) Act deals with squatter settlements</li> <li>Council works in partnership with community organizations and NGOs in the development of unplanned settlements.</li> </ul>	<ul style="list-style-type: none"> <li>The act only grants the developer ownership of the improvements made on a piece of land while the council retains ownership of the land.</li> <li>Council lacks capacity to effectively implement development policies and enforce building regulations.</li> </ul>
External	OPPORTUNITIES	THREATS
	<ul style="list-style-type: none"> <li>Review of the act in order to make it responsive to development issues such as provision of secure tenure through land ownership</li> <li>Donor support for development of regularized unplanned settlements.</li> </ul>	<ul style="list-style-type: none"> <li>Political interference cadres in enforcement of the act and unchecked illegal land allocations in unplanned settlements by political cadres affect development in legalized informal settlements.</li> <li>External support is not sustainable.</li> </ul>

## DAY 2

Mr. Emrah Engindeniz, Regional Programme Advisor Slum Upgrading Unit, Housing and Slum Upgrading Branch, UN-Habitat

### 5<sup>TH</sup> PACIFIC URBAN FORUM: Training on Financing Citywide Informal Settlements Upgrading Strategy

Day 2: July 2nd, 2019

**08:00-08:45: Session 2**, Undertake City Wide Slum Upgrading and Prevention Strategies and Planning

- i) in-situ upgrading, ii) land sharing and iii) relocation for slum improvement; iv) new settlements, and v) infill/densification for prevention.
- **Group Exercise**

**08:45-09:30: Session 3**, Identify Strategic Interventions at Different Scale: Maximize Cost benefit Impact

- i) City scale: Trunk infrastructure to connect slums in cities and improve connectivity to life-affirming jobs & amenities; (ii) Neighbourhood scale: Branch infrastructure and public space to improve access and livelihood opportunity within slum neighbourhoods; iii) Community/cluster scale: enable access to local infrastructure in semi-private space; (iv) Household scale: support progressive investment towards adequate housing, livelihood improvement.



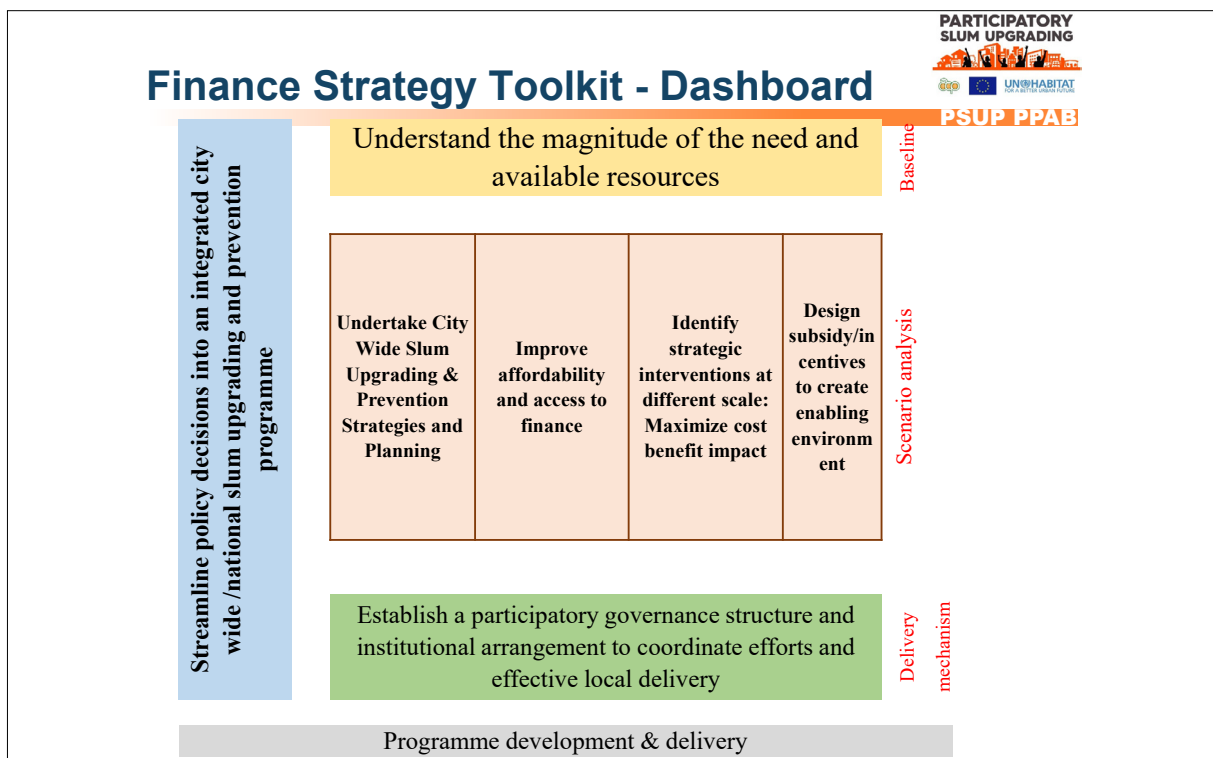
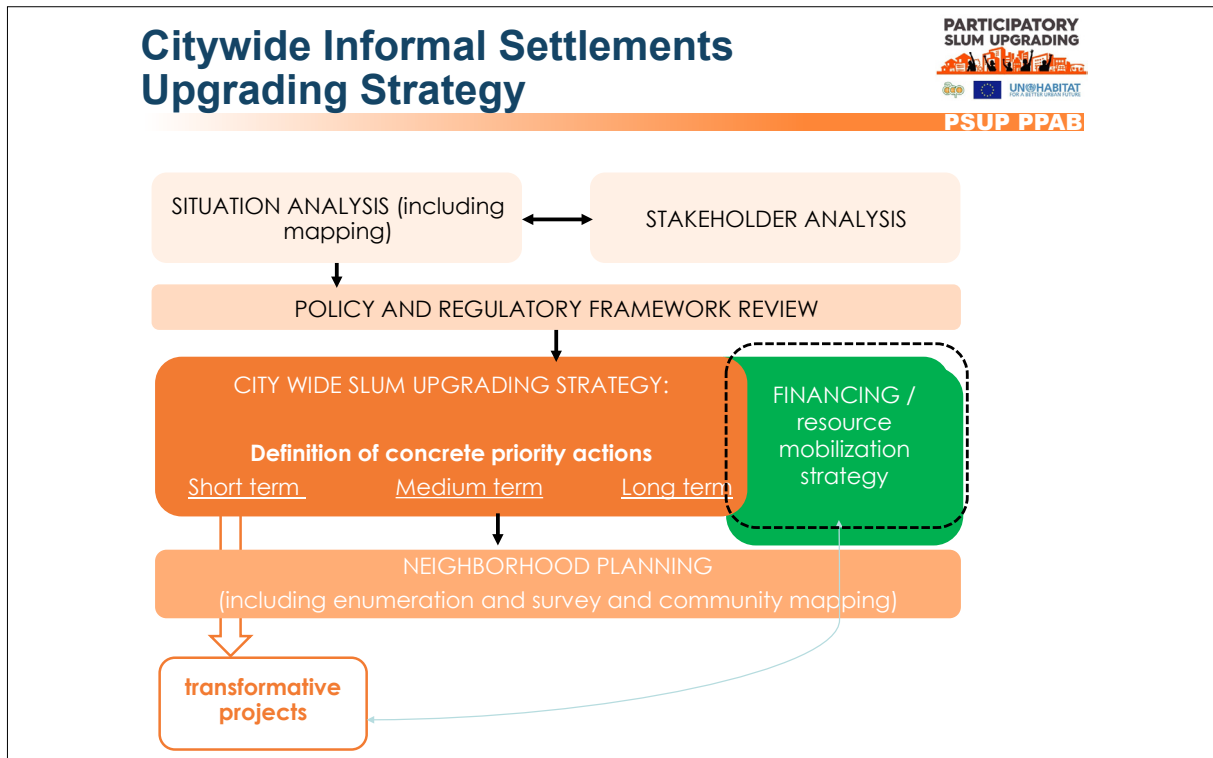
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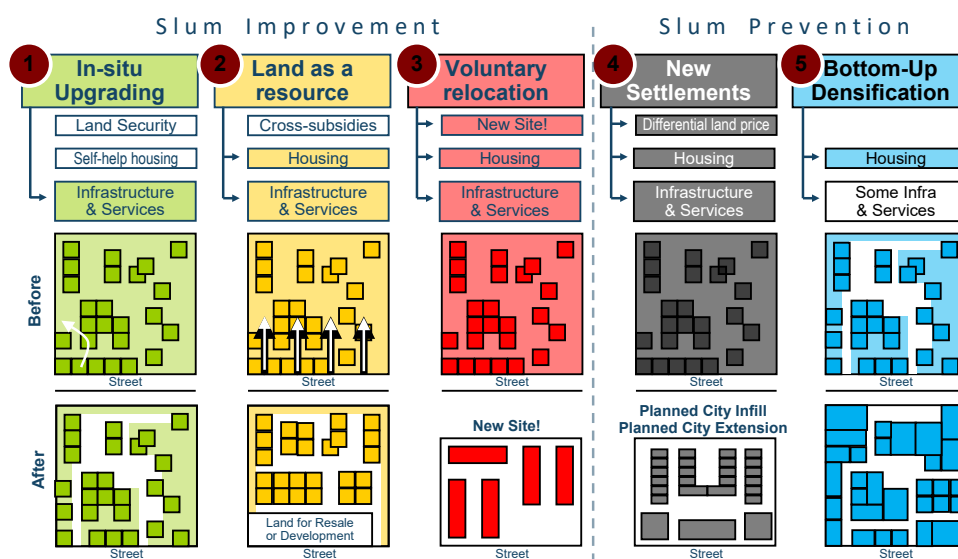




## Neighbourhood Planning Principles

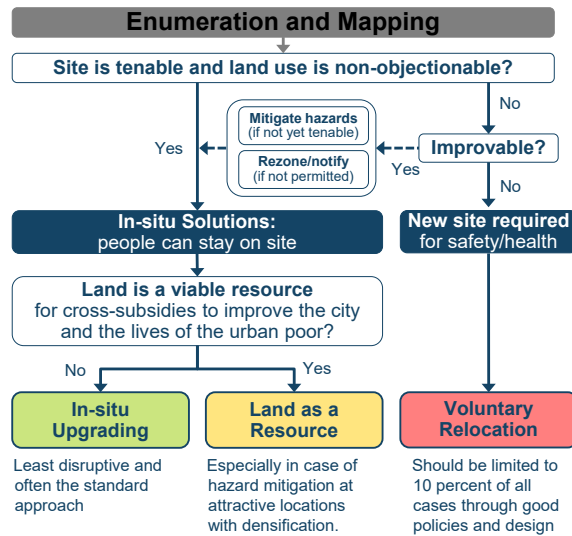
- Provide (public/common good) multi-use space for socio-economic development (for livelihoods, cultural expression and social networks) and mobility
- Ensure equitable and efficient multi-level density and compactness
- Preserve/promote social mixed use and land use including the informal economy activities
- Ensure adequate blocks and preserve multiple land use
- Climate compatible slum upgrading and prevention

## Neighborhood Planning : Approaches to slum improvement & prevention

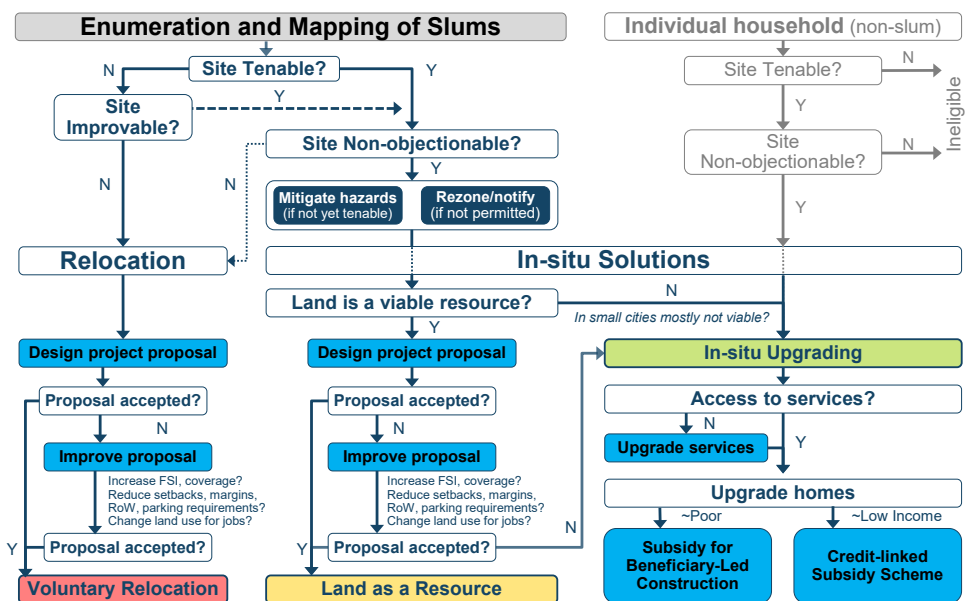


All approaches COMPLEMENT: Often any program will have mixed of them

## Indication of the likely best-suited approach to slum improvement



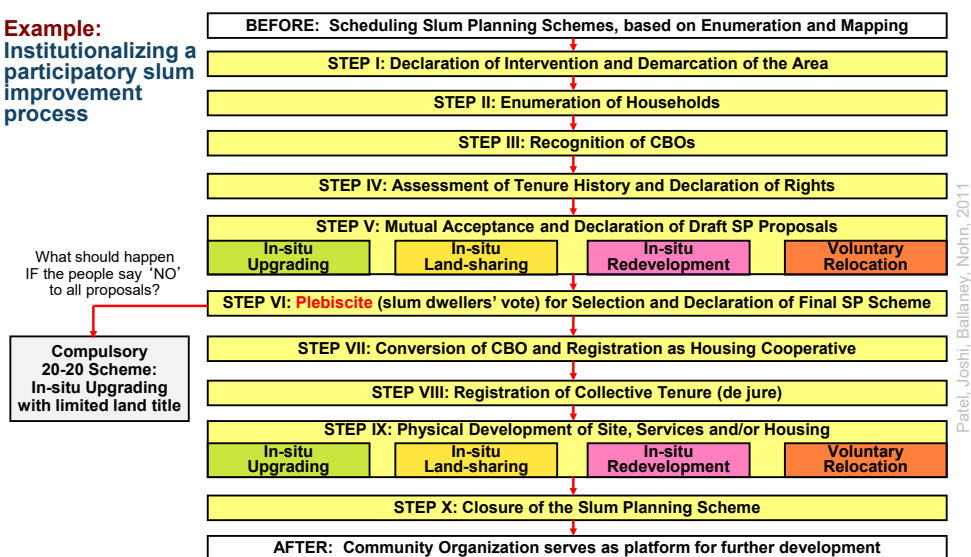
## Decision Making Matrix (Example in India)



## Participatory Selection of the Slum Improvement Approach



**Example:**  
Institutionalizing a participatory slum improvement process



## Differentiating implications



All approaches are **COMPLEMENTS**: any program would consider mixed of them  
Slum Improvement      Slum Prevention

Slum Improvement				Slum Prevention			
In-situ Upgrading	Land as a resource	Voluntary relocation		New Settlements		Bottom-Up Densification	
Land Security Incremental Housing Infrastructure & Services	Cross-subsidies Some Housing Infrastructure & Services	New Site! New Housing Infrastructure & Services		Differential land price Housing Infrastructure & Services		Housing Some Infra & Services	
1,355,900				1,409,534			
Simple Upgrading	Land as a resource	Voluntary Relocation		New Settlements		Bottom-Up Densification	
50%	40%	10%		60%		40%	
677,950	542,360	135,590		845,721		563,814	
		Relocation due to public purpose project	Relocation due to non-mitigable hazard	Planned City Infill (more central)	Planned City Extension (more peripheral)		
		10%	90%	50%	50%		
677,950	542,360	13,559	122,031	422,860	422,860	563,814	

**Each approach has specific implications**  
in regard to planning, resource/finance (cost and revenue)  
and socioeconomic development!

## YOUR TURN... DEBATE



### Approaches:

1. What are the pros and cons of each approach?
2. Which approaches are known in your environment?
3. Which approaches are formally supported in public programs?
4. Which approaches are followed by private sector and/or communities?

### Resources:

1. Which resources are required for realizing any of the approaches?
2. ...and which resources are available?
3. How could any resource gap be mobilized for any of the approaches?

### Policy implications:

1. Which approaches would you suggest to consider where and when?
2. What is the best way for delivering them, who should be involved, how to coordinate?

**Discuss in small groups. Then report back to the forum.**

## Session 3

**08:45-09:30: Session 3, Identify Strategic Interventions at Different Scale: Maximize Cost and Impact**

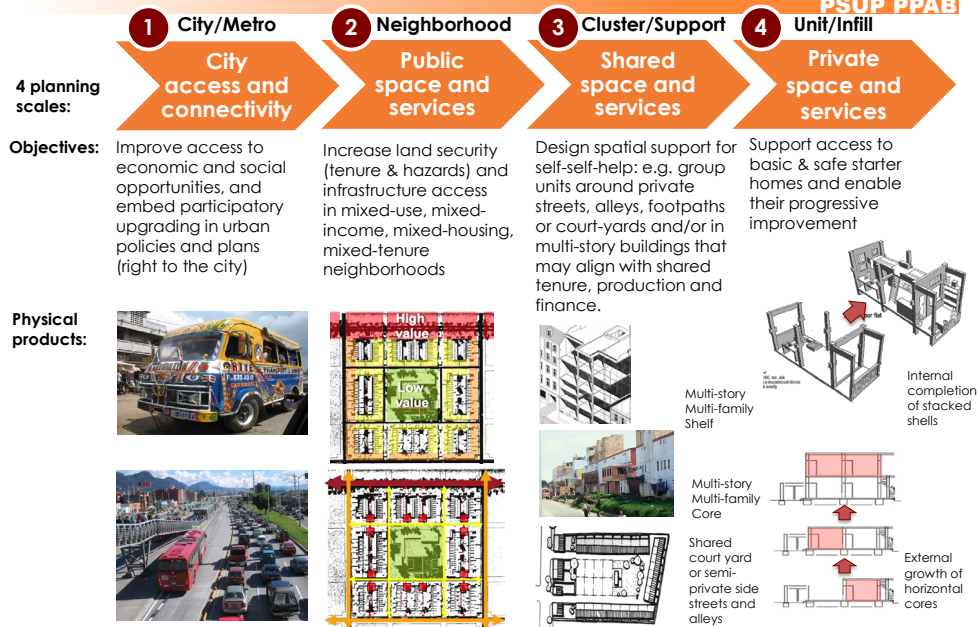
- i) City scale: Trunk infrastructure to connect slums in cities and improve connectivity to life-affirming jobs & amenities; (ii) Neighbourhood scale: Branch infrastructure and public space to improve access and livelihood opportunity within slum neighbourhoods; (iii) Community/cluster scale: enable access to local infrastructure in semi-private space; (iv) Household scale: support progressive investment towards adequate housing, livelihood improvement.



## Identify Strategic Interventions : maximise benefit

**PARTICIPATORY  
SLUM UPGRADING**

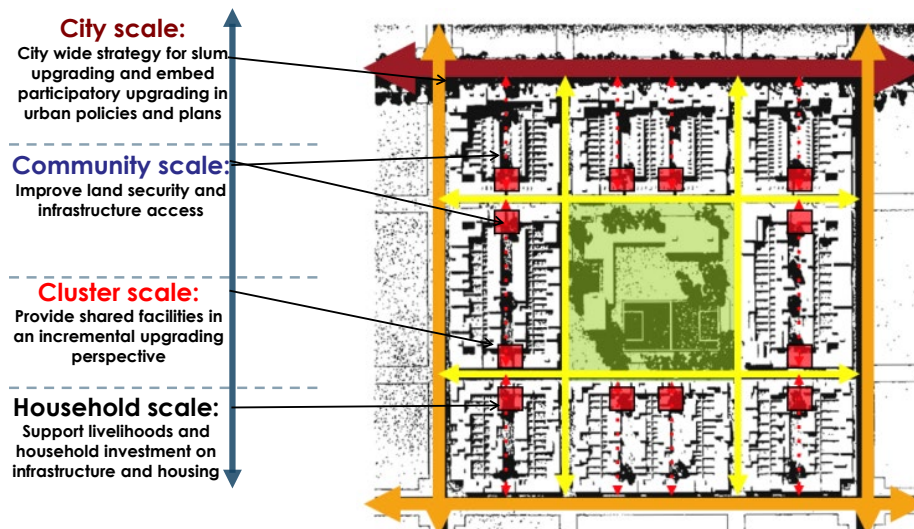
PSUP PPAB



## Identify Strategic Interventions : maximise benefit

**PARTICIPATORY  
SLUM UPGRADING**

PSUP PPAB





## Identify Strategic Interventions : maximise cost-benefit



### 1 City/Metro

#### City access and connectivity

#### 4 planning scales:

**Objectives:** Improve access to economic and social opportunities, and embed participatory upgrading in urban policies and plans

#### Physical products:



### Trunk Infrastructure

- Critical for developing an enabling environment for local development
- City wide development strategies and plans
- Relevant for participatory governance beyond the community level –central policy decisions
- Typically funded from other sources
- Social, economic and environmental impacts

## Identify Strategic Interventions : maximise cost-benefit



### 2 Neighborhood

#### Public space and services

#### 4 planning scales:

**Objectives:** Increase land security (tenure & hazards) and infrastructure access in mixed-use, mixed-income, mixed-housing, mixed-tenure neighborhoods

#### Physical products:



### Branch Infrastructure

- critical for infrastructure access and land security, thus for public health and de-risking of private investments
- water, sanitation, solid waste, storm water drains, street paving, street lights, electricity, landscaping, health, education
- two slum deprivations: access to water and sanitation
- promotes community involvement through participatory planning and labour-intensive infrastructure construction
- Key determinant for infrastructure cost-project cost
- Community contribution
- land value capture

# Neighbourhood Planning Principles

Planning in informal settlements requires flexibility to maximize on limited space, relocation and maximize on provision of infrastructure

## THE FIVE PRINCIPLES ARE:

- Adequate space for streets and an efficient street network.** The street network should occupy at least 30 per cent of the land and at least 18 km of street length per km².
- High density.** At least 15,000 people per km², that is 150 people/ha or 61 people/acre.
- Mixed land-use.** At least 40 per cent of floor space should be allocated for economic use in any neighbourhood.
- Social mix.** The availability of houses in different price ranges and tenures in any given neighbourhood to accommodate different incomes; 20 to 50 per cent of the residential floor area should be for low cost housing, and each tenure type should be not more than 50 per cent of the total.
- Limited land-use specialization.** This is to limit single function blocks or neighbourhoods; single function blocks should cover less than 10 per cent of any neighbourhood.

## A NEW STRATEGY OF SUSTAINABLE NEIGHBOURHOOD PLANNING: FIVE PRINCIPLES

UN-Habitat supports countries to develop urban planning methods and systems to address current urbanization challenges such as population growth, urban sprawl, poverty, inequality, pollution, congestion, as well as urban biodiversity, urban mobility and energy.

In recent decades, the landscape of cities has changed significantly because of rapid urban population growth. A

Cities of the future should build a different type of urban structure and space, where city life thrives and the

## Original Proposal

All public roads, small urban blocks

Infrastructure network

Land use



## Cluster alternative

Semi-private clusters mimic larger blocks

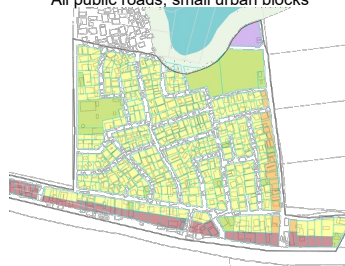


# Scenario Planning Original proposal versus cluster

## Original Proposal

All public roads, small urban blocks

Land use



Land use distribution

Land use	Area	Share	cost per m2
Large public roads, arteries and secondaries (only half)	5,905 m2	5.2%	
Small public roads, local	23,048 m2	20.3%	
<b>Public roads, subtotal</b>	<b>28,953 m2</b>	<b>25.5%</b>	
other public space	13,054 m2	11.5%	
<b>Public space, subtotal</b>	<b>42,007 m2</b>	<b>37.0%</b>	
Private plots			
...on public roads	71,426 m2	63.0%	\$55/m2
...in collective blocks	0 m2	0.0%	n/a
<b>Private plots, subtotal</b>	<b>71,426 m2</b>	<b>63.0%</b>	<b>\$55/m2</b>
Private roads	0 m2	0.0%	
<b>Private space, subtotal</b>	<b>71,426 m2</b>	<b>63.0%</b>	<b>\$55/m2</b>
<b>Total area</b>	<b>113,433 m2</b>	<b>100.0%</b>	<b>\$34/m2</b>

## Cluster alternative

Semi-private clusters mimic larger blocks



Land use	Area	Share	cost per m2
Large public roads, arteries and secondaries (only half)	4,290 m2	3.8%	
Small public roads, local	10,956 m2	9.7%	
<b>Public roads, subtotal</b>	<b>15,246 m2</b>	<b>13.4%</b>	
other public space	13,054 m2	11.5%	
<b>Public space, subtotal</b>	<b>28,300 m2</b>	<b>24.9%</b>	
Private plots			
...on public roads	45,432 m2	40.1%	\$31/m2
...in collective blocks	33,924 m2	29.9%	\$5/m2
<b>Private plots, subtotal</b>	<b>79,356 m2</b>	<b>70.0%</b>	<b>\$18/m2</b>
Private roads	5,777 m2	5.1%	
<b>Private space, subtotal</b>	<b>85,133 m2</b>	<b>75.1%</b>	<b>\$17/m2</b>
<b>Total area</b>	<b>113,433 m2</b>	<b>100.0%</b>	<b>\$12/m2</b>

**Per private area served, the original proposal costs 2 to 12 times the cost of clusters. Reason: too narrow blocks and too dense spacing of public**

## Identify Strategic Interventions : maximise cost-benefit



### 3 Cluster/Support

#### Shared space and services

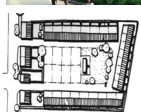
Design special support for self-self-help: e.g. group units around private streets, alleys, footpaths or court-yards and/or in multi-story buildings that may align with shared tenure, production and finance.



Multi-story Multi-family Shelf



Multi-story Multi-family Core



Shared court yard or semi-private side streets and alleys

- allows to strategically reduce (public) infrastructure cost
  - Clusters of housing units around private streets, footpaths or court-yards allow to mimic larger lots with more efficient (larger) urban block patterns
  - Breaks dilemma : affordable, smaller lots (for low-income housing) result in expensive urban layouts
- allows to strategically design special support for self-help
  - incremental construction of shared infrastructure and/or individual homes
  - Can be financed by community savings
  - Allows for land tenure security through a shared lease

## Identify Strategic Interventions : maximise cost-benefit



### 3 Cluster/Support

#### Shared space and services

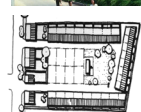
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## Some criteria for allocation of scarce public resources

1. Severely constrained public resources (especially budgets, possibly capacity)
2. Unprecedented magnitude of need (rapid urbanization and urbanization of poverty)
3. Market failures to be corrected (externalities and collective action problems)



© Nohn, Rapid Urbanism. Right: Image credit to Sparc, Goethert, Folha de São Paulo, ITDP, Salban

## YOUR TURN... GROUP WORK

### Scales and objectives:

1. Which interventions at which scale would you prioritize and why?
2. What is the principle sphere of action (scale) of slum upgrading in your environment? And, what is it for slum prevention / adequate housing?

### Resource mobilization:

1. How do the typical budget items for each of the four scales get funded in your case (e.g. trunk infrastructure, basic services, home improvement or starter housing)?
2. What is the role of government, private sector (e.g. PPP), and communities in financing?

### Resource gap:

1. Which resource gaps do you face when scaling up integrated urban development now?
2. Revisiting your answer to the previous group exercise: did the gap increase or decrease, and by how much, and why?

### Closing the gap:

1. How could the (updated) gap be addressed within a national/domestic strategy?

Discuss in a group. Then report back to the forum.

## DAY 3

Mr. Emrah Engindeniz, Regional Programme Advisor Slum Upgrading Unit, Housing and Slum Upgrading Branch, UN-Habitat

## 5<sup>TH</sup> PACIFIC URBAN FORUM: Training on Financing Citywide Informal Settlements Upgrading Strategy

Day 3: July 3rd, 2019

**11:00-11:45: Session 3**, Identify Strategic Interventions at Different Scale: Maximize Cost and Impact

- Case 1: Planning Scenarios for Majengo, Kenya
- Case 2: Incremental Housing, ciudad Bachue, Colombia
- **Group Exercise**

**11:45-12:30: Session 4**, Improve affordability and access to finance

- i) Improve supply by reducing supply cost to attract public and private sector engagements; ii) Strengthen livelihood of community to contribute in and benefit from; iii) Strengthen local and national government capacity to access low cost international finance, including mobilizing local resources and designing finance products available for different income groups to access and benefit from.
- **Group Exercise**



## Session 3

**11:00-11:45: Session 3**, Identify Strategic Interventions at Different Scale: Maximize Cost and Impact

- Case 1: Planning Scenarios for Majengo, Kenya
- Case 2: Incremental Housing, ciudad Bachue, Colombia
- **Group Exercise**

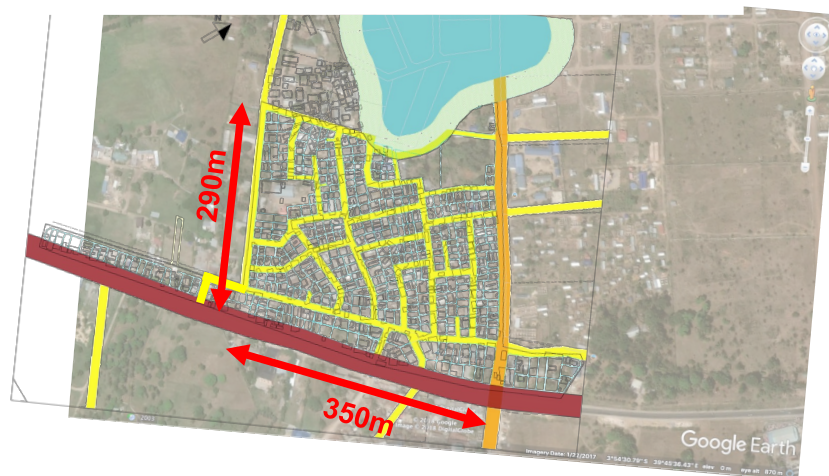




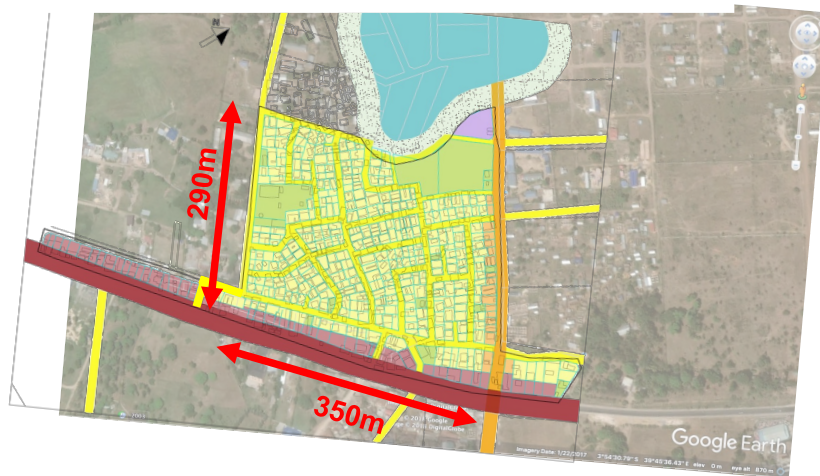
## Current situation Majengo settlement



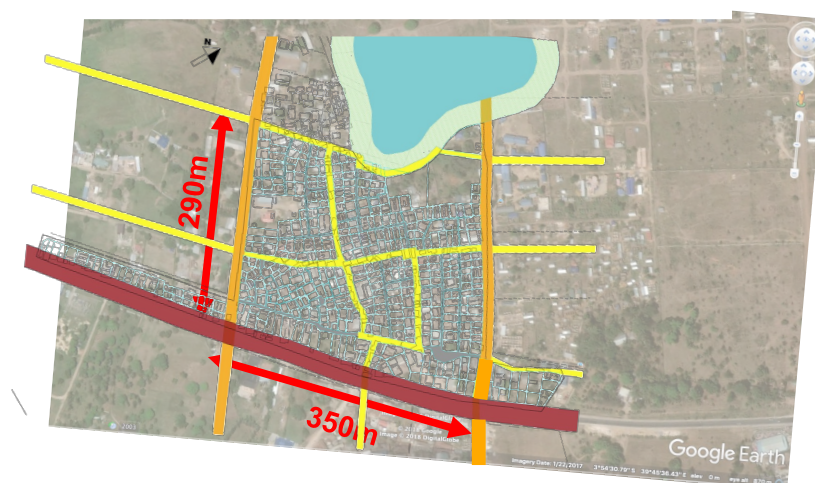
## Original proposal all plots are on public 9m road



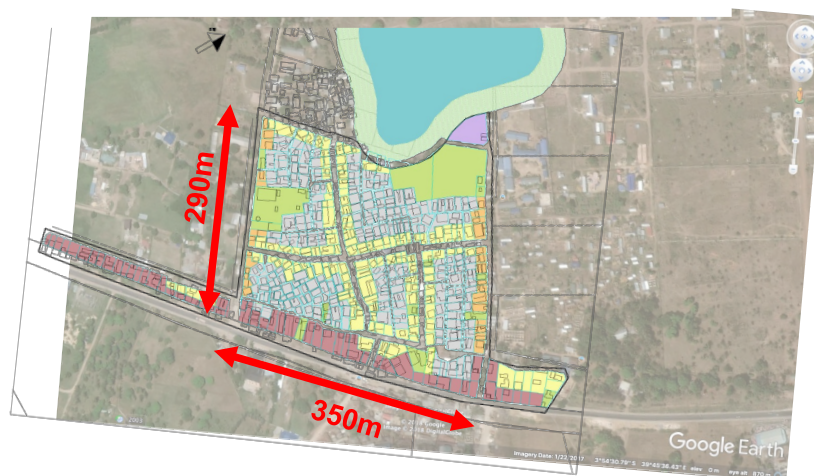




## Proposed Alternative clusters mimic larger blocks

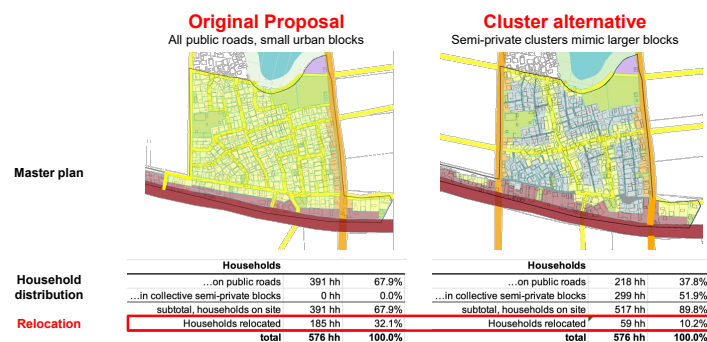


## Proposed Alternative clusters mimic larger blocks



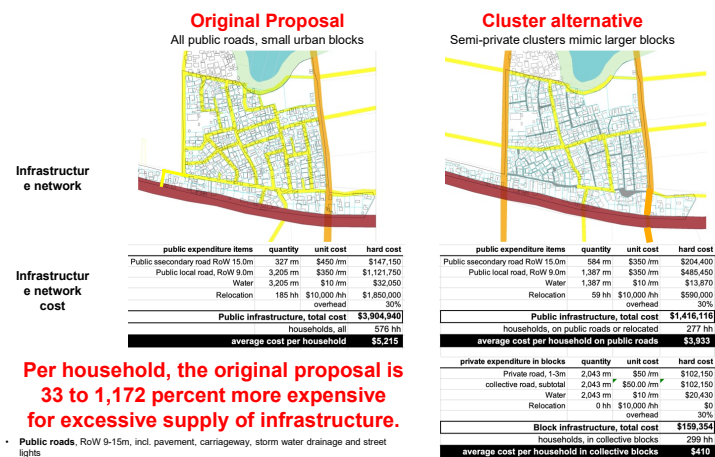


## Scenario Planning Original proposal versus cluster



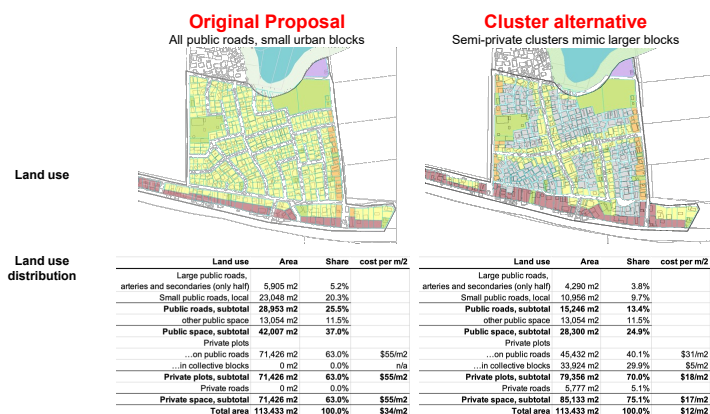
**Original proposal requires relocation of 185 households (32%).  
Cluster alternative reduces relocation to 59 households only (10%).**

## Scenario Planning Original proposal versus cluster



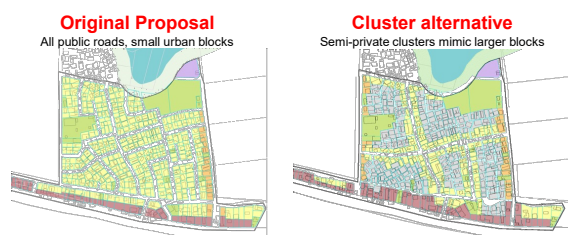


## Scenario Planning Original proposal versus cluster



**Per private area served, the original proposal costs 2 to 12 times the cost of clusters. Reason: too narrow blocks and too dense spacing of public roads.**

## Scenario Planning Original proposal versus cluster



### Conclusion – the advantages of clusters mirroring larger blocks:

- Less public network length = lower *starter* cost
- Less households relocated = less disruption + lower cost.
- Less public road space = more private land = higher private wealth = higher public revenues.

**Clusters impose lower cost, generate more private land and increase flexibility for self-governed blocks and provide the option of collective block tenure.**

## Concluding remarks



### Benefits of clusters

- Public infrastructure network length and cost is significantly reduced.
- The land use share of private residential land is significantly increased.
- Consequently, a lower number of households needs to be relocated.
- The larger share of private land will eventually also lead to larger private assets and higher public revenue.
- All infrastructure can be phased according to available resources and preferences. This is especially true for semi-private clusters where community facilities or individual services may be provided.
- Differentiating the road hierarchy and width as well as service provision creates heterogeneity, enabling socioeconomic inclusion and reducing market pressures.

## Concluding remarks



### Alignment with land management – shared tenure

- Block titles permit deviation of private infrastructure standards (right of way) and therefore allow to accommodate more households within the existing fabric.
- Block titles can be aligned with community development models (e.g. community based enterprise to operate shared facilities), community savings, joint liability group, collective production, etc.

### Balancing / managing risks:

- Individual titles and higher infrastructure standards may be preferred by community members, especially households unaware of relocation risks or households not needing to pay for the cost increment of the original proposal.
- Community facilities require different management model.
- Community needs technical assistance and access to finance to ensure timely and quality development.



### CASE STUDY: Incremental housing strategies in Ciudad Bachué, Colombia 1/3

The Ciudad Bachué incremental housing project in Bogotá, Colombia: focusing subsidy and intervention in starter homes.

2 starter units provided adapted to different land costs:

- **Single-story starter core row houses on narrow lanes**, which are expanded vertically. This approach may be suitable for areas with low and medium land costs.
- **Multi-story core buildings** stack starter apartments on top of each other, which can be safely expanded with local technology and labour. The structural core is designed to support up to 5 floors. The multi-story buildings and improved finishings provide an attractive modern image for a neighborhood. This approach could be adapted in locations with high land cost.

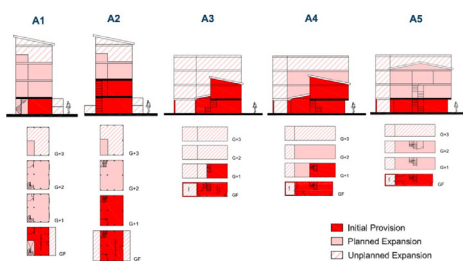


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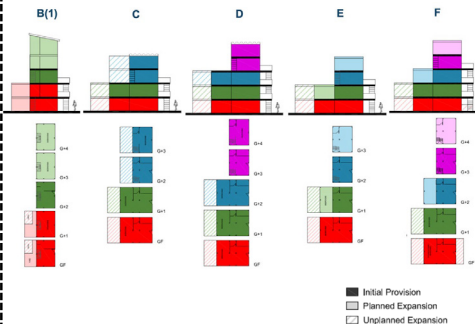
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### CASE STUDY: Incremental housing strategies in in Ciudad Bachué, Colombia 2/3

#### Single-story starter core row houses



#### Multi-story core buildings



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## CASE STUDY: Incremental housing strategies in in Ciudad Bachué, Colombia 3/3

### Lessons learnt:

- **Combining the two approaches** on a single site, differentiating between locations with higher and lower land values, for example on larger access roads and smaller side lanes (multi-story development pools land cost).
- Incremental construction reduces initial construction cost and enable **affordable housing projects**.
- Households have realized the planned but also unplanned expansions, exceeding the expectations for incremental development. Owner driven expansions correct urban planning presumptions, by occupying excessive open spaces – **thus improving property values and land use efficiency**.

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## YOUR TURN... GROUP WORK



### Scales and objectives:

1. Which interventions at which scale would you prioritize and why?
2. What is the principle sphere of action (scale) of slum upgrading in your environment? And, what is it for slum prevention / adequate housing?

### Resource mobilization:

1. How do the typical budget items for each of the four scales get funded in your case (e.g. trunk infrastructure, basic services, home improvement or starter housing)?
2. What is the role of government, private sector (e.g. PPP), and communities in financing?

### Resource gap:

1. Which resource gaps do you face when scaling up integrated urban development now?
2. Revisiting your answer to the previous group exercise: did the gap increase or decrease, and by how much, and why?

### Closing the gap:

1. How could the (updated) gap be addressed within a national/domestic strategy?

**Discuss in a group. Then report back to the forum.**

## Session 4

**11:45-12:30: Session 4**, Improve affordability and access to finance

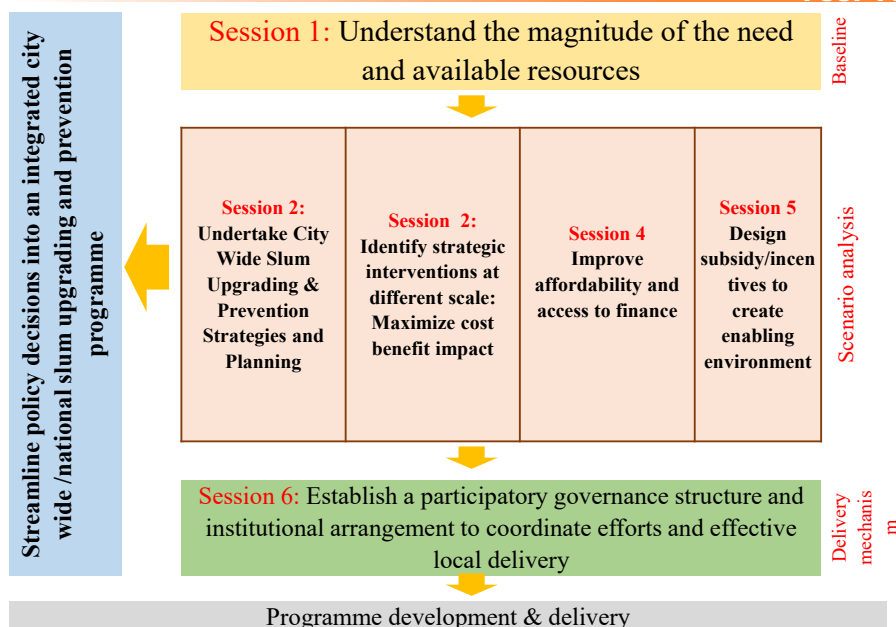
- i) Improve supply by reducing supply cost to attract public and private sector engagements; ii) Strengthen livelihood of community to contribute in and benefit from; iii) Strengthen local and national government capacity to access low cost international finance, including mobilizing local resources and designing finance products available for different income groups to access and benefit from.
- **Group Exercise**



## Finance Strategy Toolkit



PSUP PPAB



## Affordability as a function of supply, demand, finance and governance

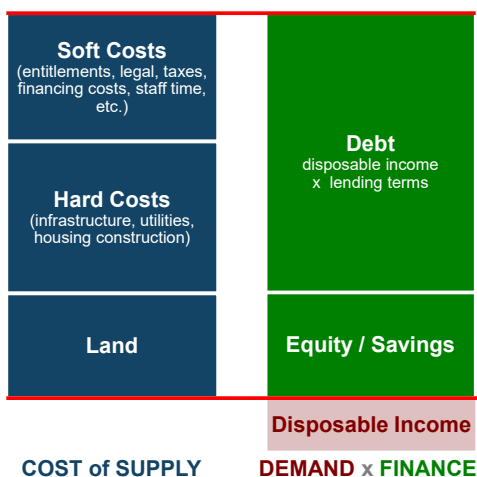
AFFORDABILITY <i>before</i> innovation and subsidies										
Social Group	Monthly income	Rent Capacity	Term	Rate	Credit	Downpayment	Supply: affordable price, housing option			
High income D10	\$1,200	40%	15	10%	44,668	25%	\$11,167	\$55,834	Formal dwelling unit by developer (>\$20k)	
D9	\$600	30%	15	10%	16,750	25%	\$4,188	\$20,938		
Upper middle income D8	\$450	28%	8	15%	6,896	25%	\$1,724	\$8,620	Incremental (fast) Co-habitation	
D7	\$350	25%	8	15%	4,876	25%	\$1,219	\$6,095		
Lower middle income D6	\$300	23%	5	20%	2,548	25%	\$637	\$3,185	Incremental (slow) Overcrowding	
D5	\$260	20%	5	20%	1,963	25%	\$491	\$2,453		
Low income D4	\$220	18%	3	40%	800	25%	\$200	\$1,000	Informal rental	
D3	\$180	15%	3	40%	561	25%	\$140	\$702		
Poor & Vulnerable D2	\$140	13%	1	100%	130	25%	\$32	\$162	Public housing	
D1	\$100	10%	1	100%	74	25%	\$19	\$93		
Factor (D10/D1)	12x	4x	15x	10x	600x	600x	600x	600x	—	

Please mind the differences ....

From monthly income to affordable house in the market

## Affordability equation

### Market-driven debt structure



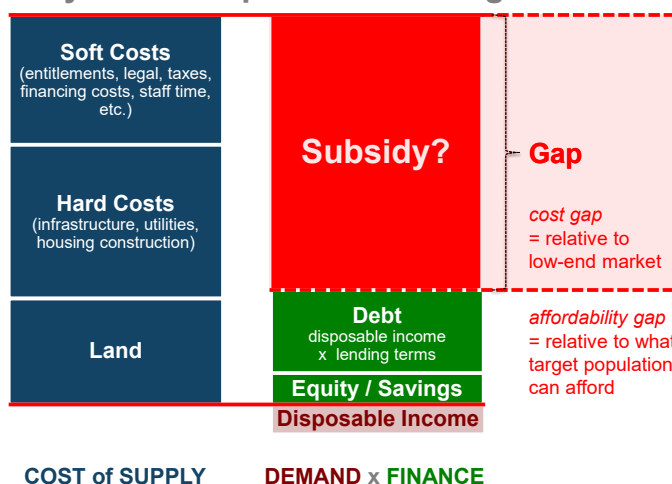
## Balancing public interventions to improve affordability



### Reality: the ever-present challenge

**Please mind the gap...**

...and there is ALWAYS a gap between what the market will produce in **whole home** solutions and what lowest-income families can afford



Nohn, Rapid Urbanism. Adapted from Schmidt in Goethert, Schmidt, Nohn, 2014

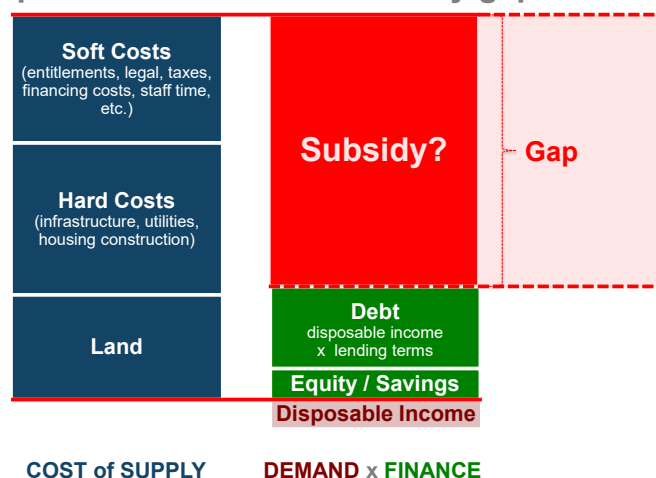
## Balancing public interventions to improve affordability



### How to respond to the cost/affordability gap?

**Think outside of the subsidy box...**

**Introduce measures to improve the affordability!**



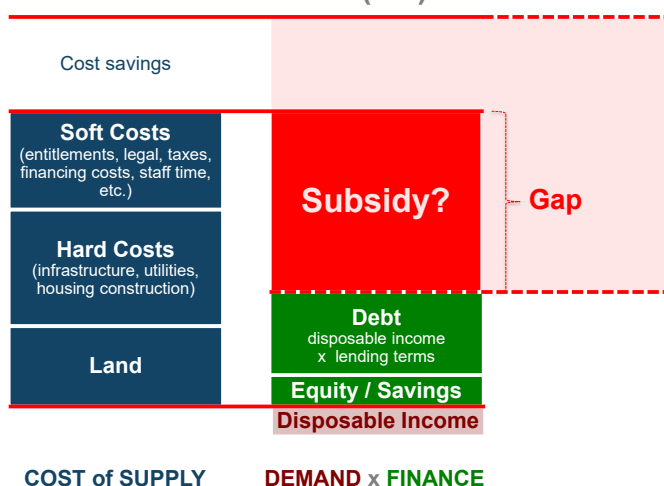
Nohn, Rapid Urbanism. Adapted from Schmidt in Goethert, Schmidt, Nohn, 2014

## Balancing public interventions to improve affordability

### Ideal combination (1/4)

#### 1 Reduce supply costs

- Efficient land use and infrastructure
- Incremental development
- Cost-effective technology
- Process engineering
- Acceptable standards
- Partnership for supply of infra, housing, land and finance, social services
- Restructuring contracts



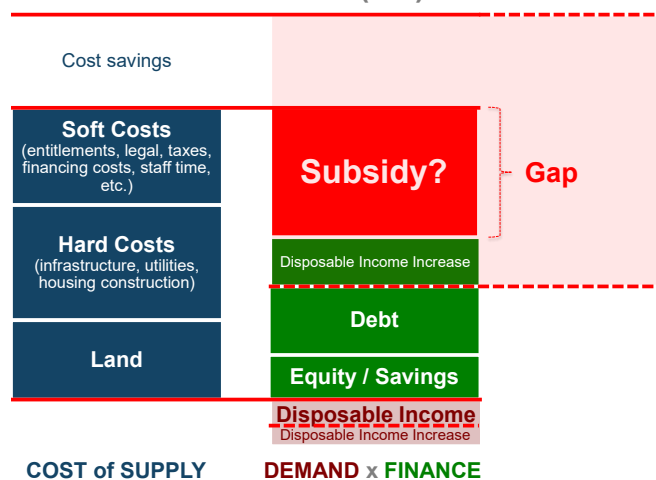
Nohn, Rapid Urbanism. Adapted from Schmidt in Goethert, Schmidt, Nohn, 2014

## Balancing public interventions to improve affordability

### Ideal combination (2/4)

#### 2 Strengthen demand

- Increase payment capacity
  - ✓ Livelihoods
  - ✓ Safety nets
- Provision of basic services
- Community participation, capacity building



Nohn, Rapid Urbanism. Adapted from Schmidt in Goethert, Schmidt, Nohn, 2014



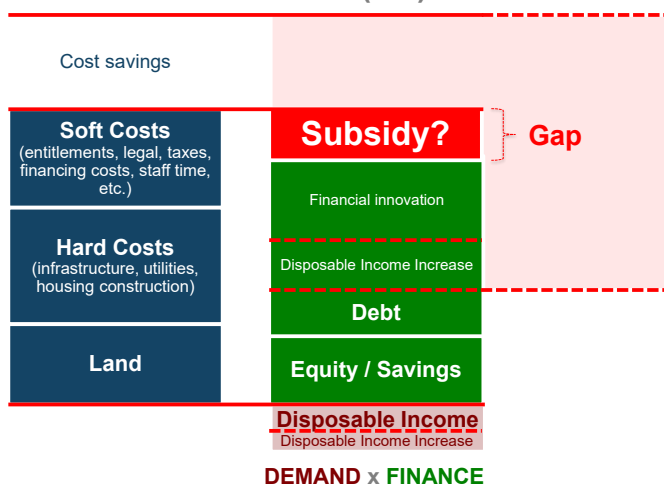
## Balancing public interventions to improve affordability



### Ideal combination (3/4)

#### 3 Deepen Financial Access

- Lower interest rates and long term
- Diversified housing finance products
- Alternative loans
- Liquidity facility
- Guarantees
- Blending finance



## Balancing public interventions to improve affordability

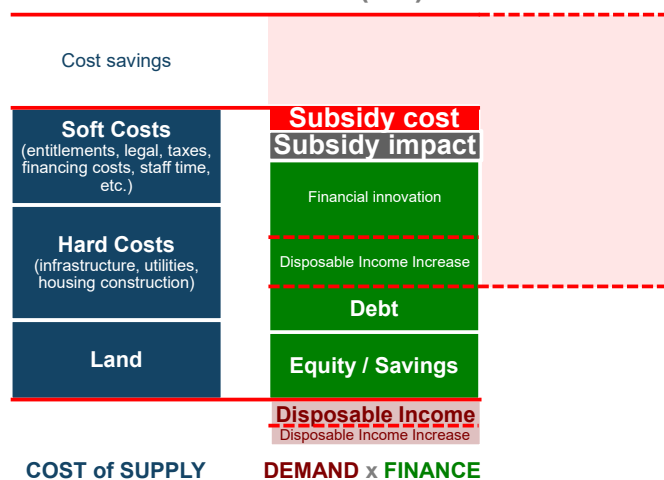


### Ideal combination (4/4)

#### 3a Optimize the subsidy

#### 4 Governance

- A multi-level governance model
- Regulations
- Policy
- Incentives
- Subsidy
- Incentives – duty, tax exemptions etc



Nohn, Rapid Urbanism: Adapted from Schmidt in Goethert, Schmidt, Nohn, 2014

# YOUR TURN... GROUP WORK

**PARTICIPATORY  
SLUM UPGRADING**



**PSUP PPAB**

## **Reducing the cost of supply:**

1. How do you reduce land cost / improve access to adequate land?
2. How do you reduce hard costs / enable access to adequate infrastructure and housing?
3. How do you reduce soft costs (e.g. profits, taxes, finance, overhead)?

## **Increasing the capacity to pay/disable income:**

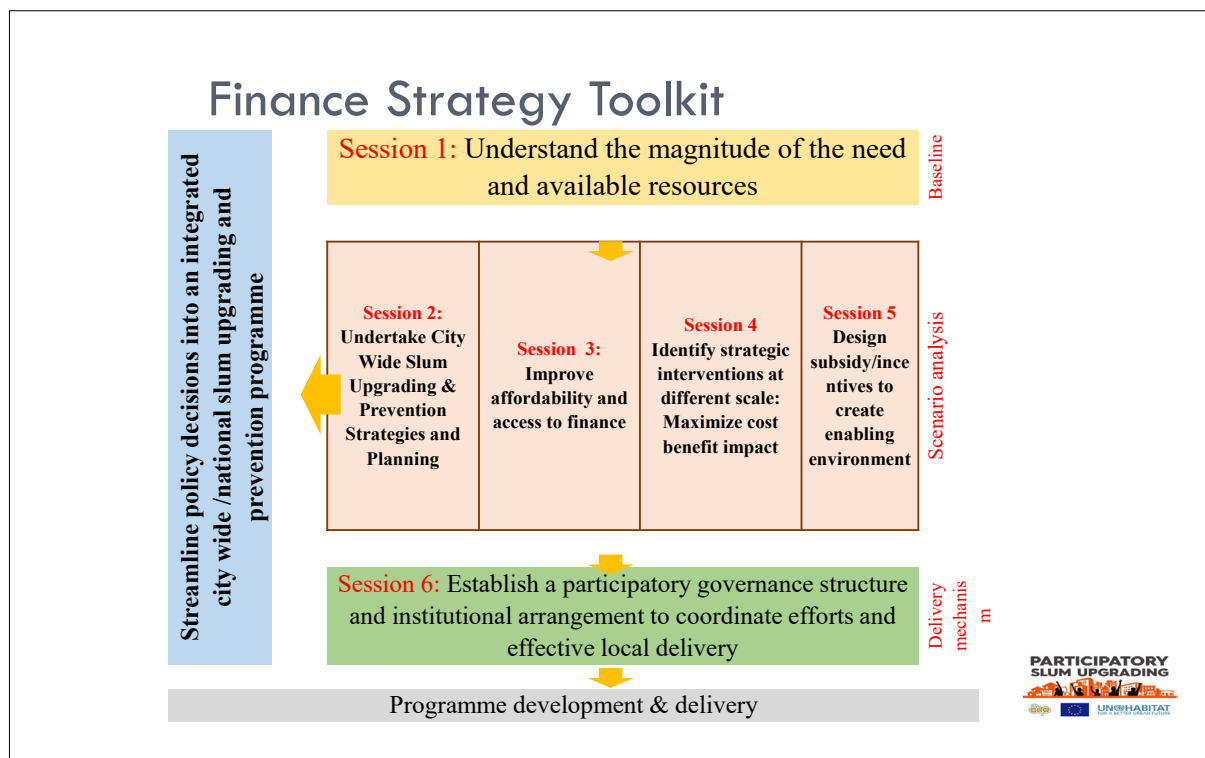
1. How do you strengthen access to life-affirming livelihoods (on site and off site)?
2. How do you reduce household costs (e.g. services or transport)?
3. How do you help to manage household risks (e.g. income and expenditure shocks)?

## **Improving access to finance:**

1. How do you address/mitigate major lending costs and risks?
2. How can you remove eligibility barriers (e.g. formal tenure, formal income)?
  - ...to enable access to longer-term loans?
  - ...to aid in reducing interest rates?

## DAY 4

Mr. Emrah Engindeniz, Regional Programme Advisor Slum Upgrading Unit, Housing and Slum Upgrading Branch, UN-Habitat



## 5<sup>TH</sup> PACIFIC URBAN FORUM: Training on Financing Citywide Informal Settlements Upgrading Strategy

Day 4: July 4th, 2019

09:00-09:30: Session 4, Improve affordability and access to finance

- Case 3: Improving Livelihoods through Community managed Funds (PSUP) , Ghana,
- Case 4: Improving Livelihood through supporting SMEs (PRRA), Cabo Verde

09:30-10:30: Session 5, Design subsidy/incentives to create enabling environment

- i) Strategically allocate public resources to create a basic enabling environment; incremental approach for housing, infrastructure provision, tenure security, private sector engagement.
- (ii) Blend public and private resources, including community savings and donor funding to support city wide and networked local delivery.
- **Group Exercise**

10:30-11:30: Case 5, An enabling environment to support large scale affordable housing and slum upgrading in Brazil,

- Case 6: Land Readjustment (PILAR), Colombia

11:30-11:45: Coffee Break

## 5<sup>TH</sup> PACIFIC URBAN FORUM: Training on Financing Citywide Informal Settlements Upgrading Strategy

Day 4: July 4th, 2019

11:45-12:15: **Session 6**, Establish a participatory governance structure and institutional arrangement to coordinate efforts and effective local delivery

- i) Arrange permissions (regulatory and political arrangement) for funding and cooperation ii) Establish special delivery mechanisms (institution) responsible for delivery, coordination and management of slum upgrading programme

□ **Group Exercise**

12:15-12:45: Case 7: Institutional Setup and PPPs for urban regeneration, Tunisia

12:45-14:00: **Lunch break**

14:00-15:00: **Session 7**, Integrated Programme and Finance

- Case 8: Parivartan Slum Upgrading Programme, India
- Case 9: Solanda Affordable Housing Programme, Ecuador

15:00-15:45: **Session 8**, Working with Excel Model of Financing Strategy Toolkit

□ **Group Exercise**

15:45-16:15: Q&A

16:15-16:30: **Recap and Closing Remarks and Reflecting**

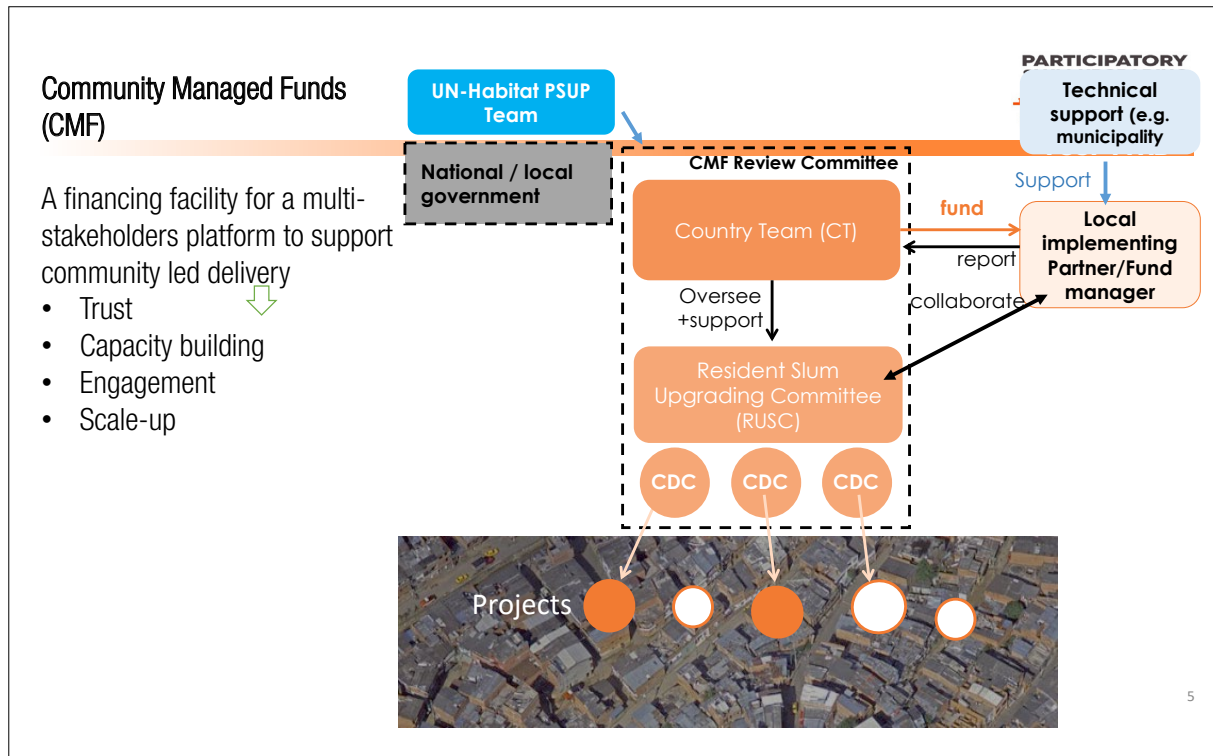


## Session 4

09:00-09:30: **Session 4**, Improve affordability and access to finance

- Case 3: Improving Livelihoods through Community managed Funds (PSUP), Ghana,
- Case 4: Improving Livelihood through supporting SMEs (PRRA), Cabo Verde





## Community Managed Funds (PSUP)

**PARTICIPATORY SLUM UPGRADING**

**PSUP PPAB**

CMF implemented in 9 African Countries

- Kenya, Ghana, Senegal, Niger, Burkina-Faso, Cameroon, Malawi, Mozambique and DRC

**GHANA:** the Accra Municipal Assembly (AMA) + National Ministry and UN-Habitat.

- Gha-Mashia Development Community (GDC)
- CMF becomes a revolving funds to lending for small scale entrepreneurs to develop livelihood (small business development) while financing for community led physical projects to upgrade the neighborhood

*Community fund*

*Local labour for priority interventions*

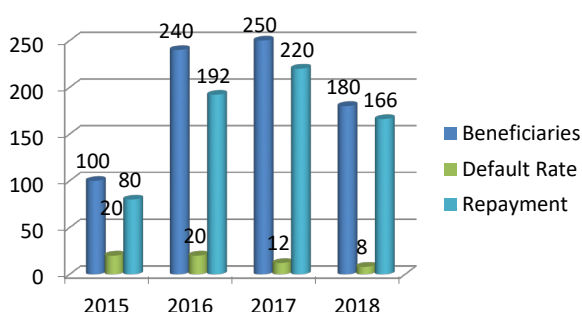
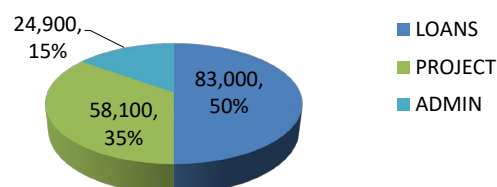
## CASE STUDY: Community Managed Funds for livelihood generation in Ghana (PSUP) 1/2.

Small and medium enterprises within Ghana's informal sector find it increasingly **difficult to access from traditional financial institutions** as interest rates are high and robust collateral is required. The **fund operated by a Community Development Committee (GDC) gave over 800 loans with 4000** indirect beneficiaries of the lending facility.

- Interest charged: 20% flat rate
- Method of Repayment: daily or weekly
- Repayment schedule: 4 to 6 months

**GN Bank was selected to partner** the GDC to manage the CMF for:

- Technical back stopping
- To open a branch within the Ga-mashie community
- To recruit community members to collect monies on behalf of the GDC



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## CASE STUDY: Community Managed Funds for livelihood generation in Ghana (2/2)



### Challenges:

- Poor administration start up
- Funding – out of every 10 applicants 3 beneficiaries are served.
- The demand for the loan has increased hence without an increased in the funds.
- Over reliance on the Bank for technical support
- Poor record keeping by loan beneficiaries

### Measures taken:

- An administration set up have been established with 3 permanent employees working on the micro credit services
- The GDC has acquired license from the central bank to operate micro credit services.

### Lessons learnt:

- Community engagement was mainstreamed across the intervention and enabled **value for money of interventions.**
- **Revolving fund for promotion of livelihood generating activities** created at neighborhood level with the partnership of a local bank (micro-loans).
- **Community facilities** (community center, youth center, sport fields) integrated as priority interventions of the project.

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## CASE STUDY: Supporting SMEs in Cabo Verde through the PRRA 1/3



### Reinforcing SMEs through the PRRA, Program for Regeneration, Rehabilitation and Accessibility.

The PRRA is a Programme led over the last 10 years by the government of Cabo Verde for the renewal and integration of neighborhoods in all the country. Programme managed by the central government in coordination with Local Authorities to ensure that interventions are aligned to city strategies.



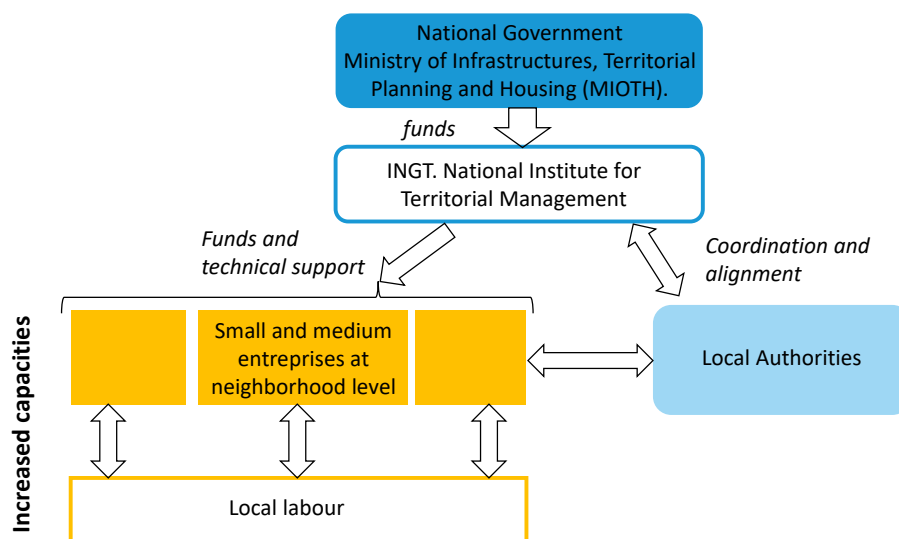
before



after

9

## CASE STUDY: Supporting SMEs in Cabo Verde through the PRRA 2/3



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## CASE STUDY: Supporting SMEs in Cabo Verde through the PRRA 3/3



### Lessons learnt:

- Infrastructure development is done through public contests and call for proposals opened to small and mid-size enterprises from the area.
- Infrastructure interventions promote local economic activities as they employ local workforce and reinforce the existing SME's fabric and capacities which will later impact in the dynamism of the economic activities of the area.
- Such programmes can be implemented with a capacity building component
- The government is studying the proposal to create a revolving fund at community level for facilitating the access to finance to enable investment in housing upgrading by the families.

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## Session 5

### **09:30-10:30: Session 5, Design subsidy/incentives to create enabling environment**

- i) Strategically allocate public resources to create a basic enabling environment; incremental approach for housing, infrastructure provision, tenure security, private sector engagement.
- (ii) Blend public and private resources, including community savings and donor funding to support city wide and networked local delivery.
- **Group Exercise**

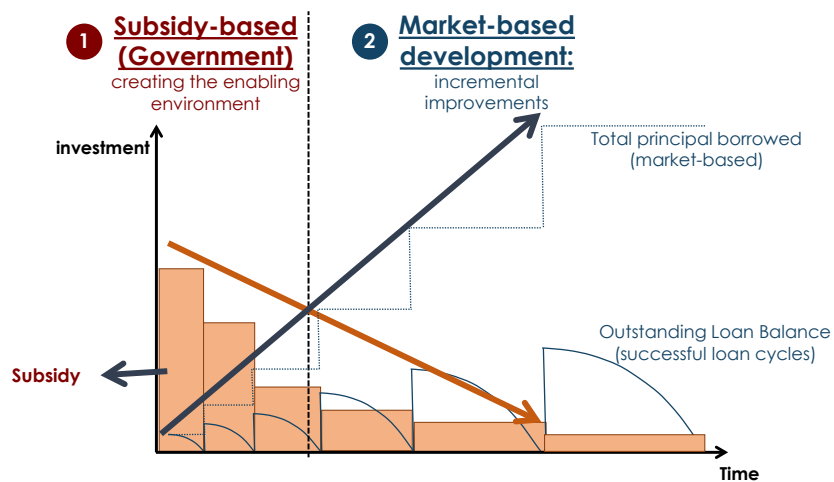


## Design subsidy/incentives to create Enabling Environment



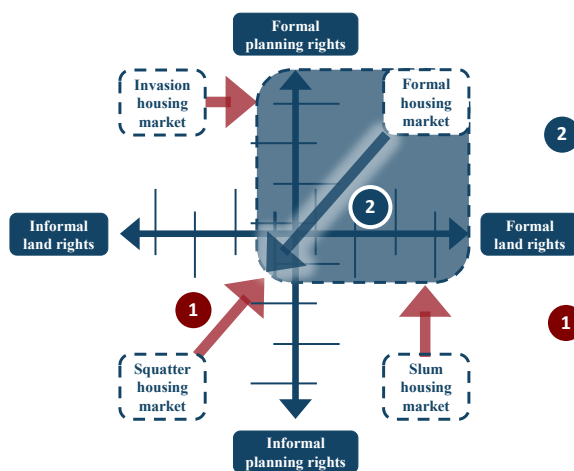
- **Strategically allocate public resources to create a basic enabling environment –**  
 - incremental approach for housing, infrastructure, tenure security, private sector engagement..

## Design subsidy/incentives to create Enabling Environment



## How to restructure the formal market: Include – don't formalize!

How much can the government afford? How much can the community afford?

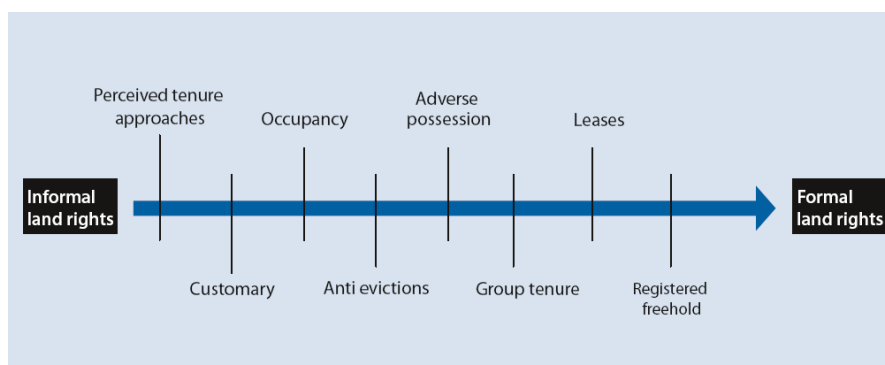


**Both sides need  
to change!**

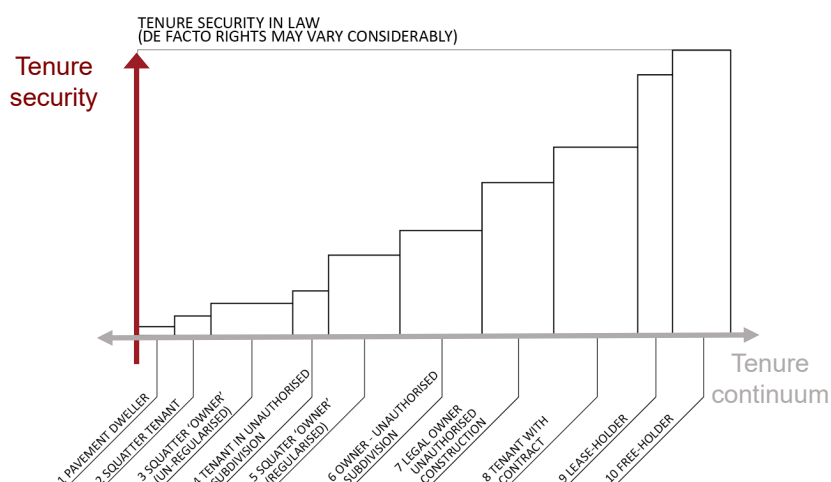
**2** The city needs to enable more affordable solutions (e.g. re-regulate to improve de-facto land and planning/building rights).

**1** Slums need to become more formal, supported with strategic subsidies (e.g. to improve public health with access to safe water and sanitation through public investments, incl. subsidies).

## Continuum/range of land rights

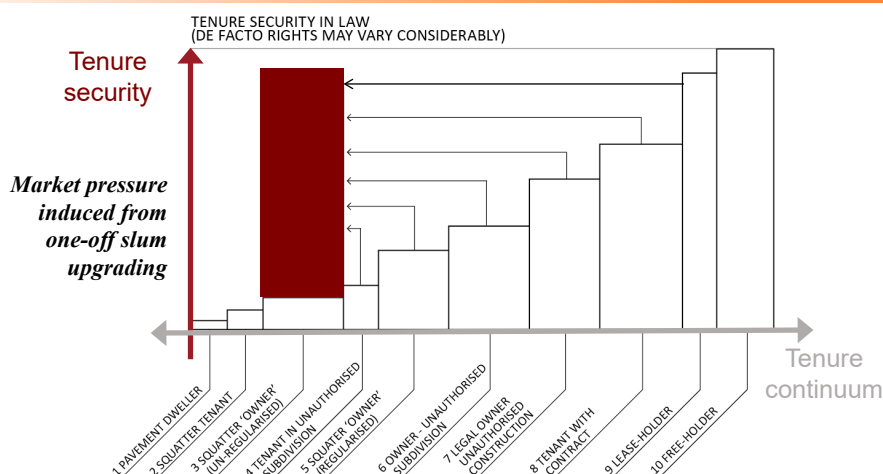


## To create Enabling Environment (Land Tenure)



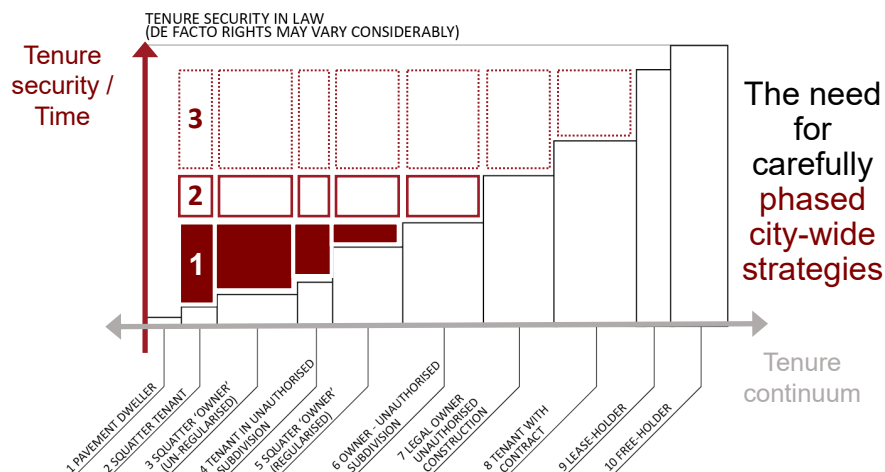
The tenure continuum (or ladder)

## To create Enabling Environment (Land Tenure)



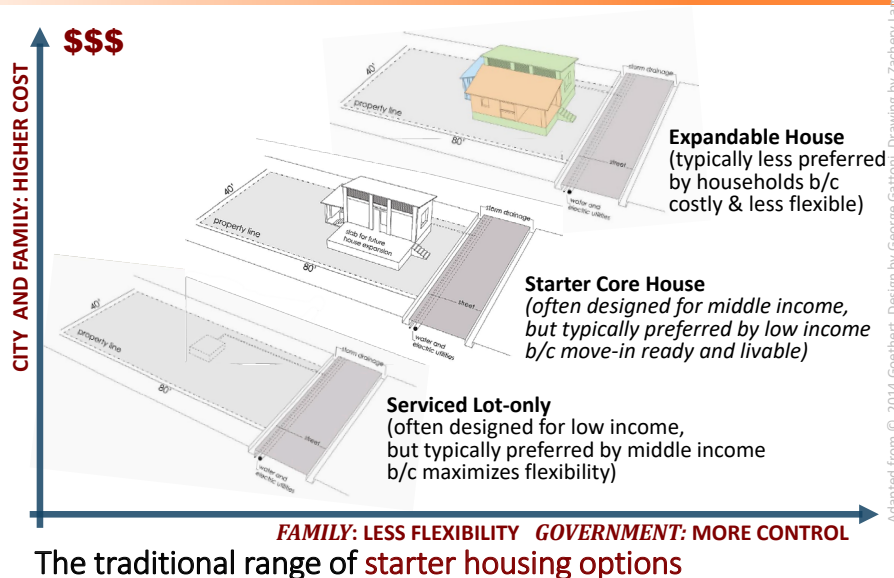
The provision of full, formal tenure status, and/or of full infrastructure access, raises commercial property value. Therefore, it likely reduces tenure security for the most vulnerable groups, such as squatter tenants. It also creates new or intensifies existing land and property market distortions..

## To create Enabling Environment (Land Tenure)



- Remove gradually slum deprivations in all settlements city-wide
- Reduce market distortion and policy failures, avoid gentrification
- Promote social equity : wide and (initially) shallow programmes instead of narrow and deep interventions

## To create Enabling Environment (Housing)

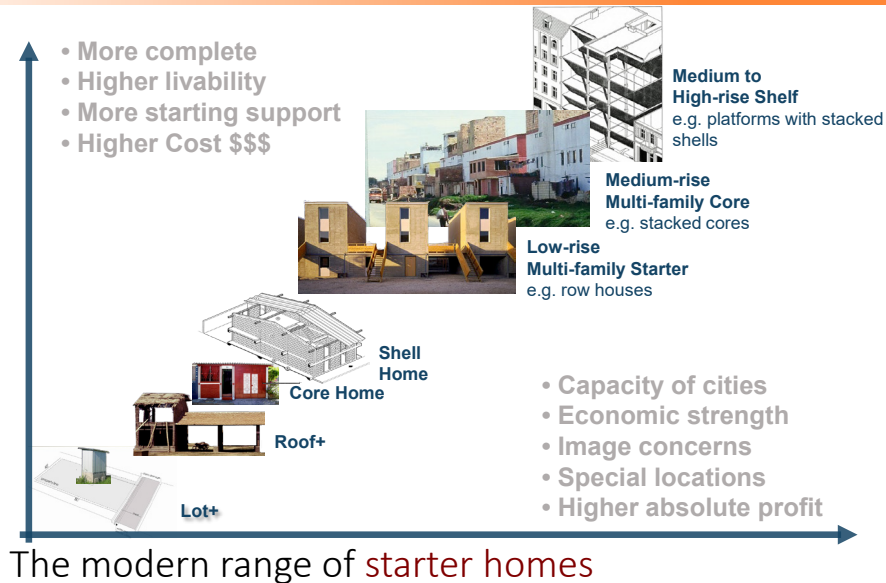


Adapted from © 2014 Goethert, Design by George Gattoni, Drawing by Zachery La



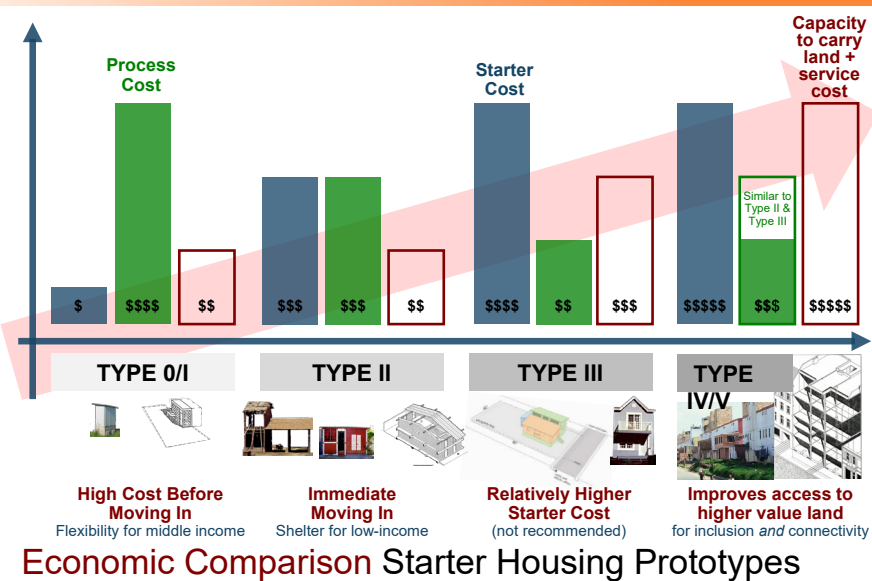
## To create Enabling Environment (Housing)

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## To create Enabling Environment (Housing)

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PSUP PPAB



## To create Enabling Environment (Planning Infrastructure)

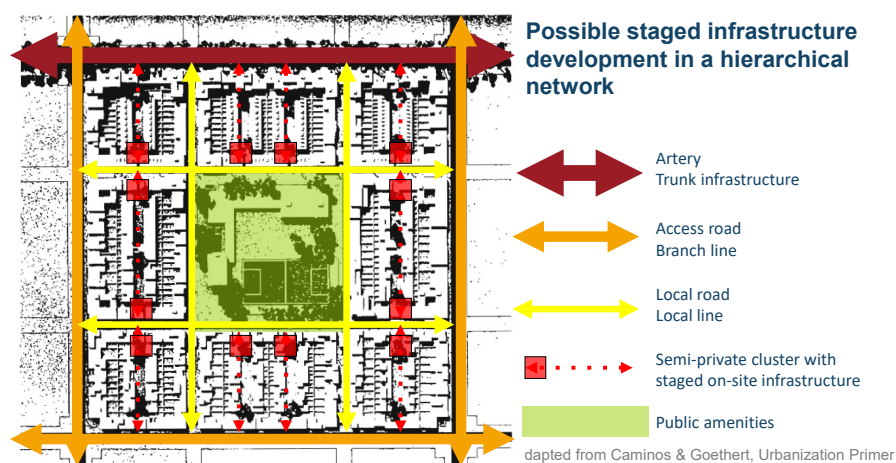
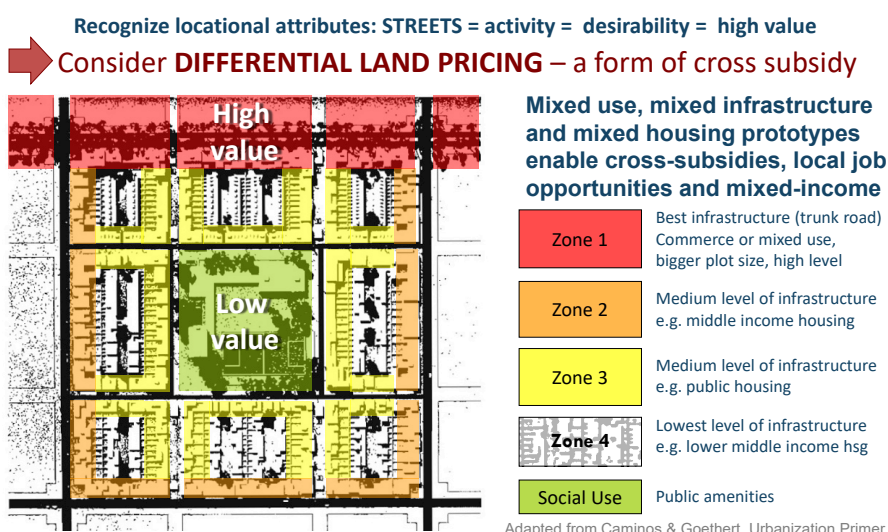


Figure 2: SATURATED PHASE OF DEVELOPMENT AT 600 PEOPLE/HA

Consider staged infrastructure to reduce entry cost

## To create Enabling Environment (Planning)



Recognize locational attributes for Cross-subsidies & Social Inclusion

## To create Enabling Environment (Land value sharing)



### Tools:

- **Betterment contributions**
- **Land Pooling & Readjustment**
- **Exactions**
  - Social housing or community benefits
  - Donation of land for public facilities
  - Charges/auctions for building rights



Infrastructure financed with auctions of development rights mobilized over USD 2 billion in São Paulo, BR

Understanding windfalls: scenario	Productive land size and value			Increment	Windfall
Agricultural land	160000sqm	\$2/sqm	\$320,000	—	—
Non-agricultural permit	160000sqm	\$10/sqm	\$1,600,000	+ 400%	1,280,000
Informal, unserviced subdivisions	120000sqm	\$20/sqm	\$2,400,000	+ 50%	> 0
20% subtracted for streets				adjusted of surveying/marketing cost	
Formal peripheral residential land	104000sqm	\$50/sqm	\$5,200,000	+ 117%	> 0
35% subtracted for streets and amenities; FAR=1.0				adjusted of infrastructure cost	
Increasing the FAR to 2.0	104000sqm	\$80/sqm	\$8,320,000	+ 60%	3,120,000
Changing land use to commercial	104000sqm	\$200/sqm	\$20,800,000	+ 150%	12,480,000
Access to Bus Rapid Transit	104000sqm	\$240/sqm	\$24,960,000	+ 20%	4,160,000
Increasing the FAR to 5.0	104000sqm	\$480/sqm	\$49,920,000	+ 100%	24,960,000
<b>Total Windfall</b>				<b>approx. 144x</b>	<b>\$46,000,000</b>

Share unearned income from publicly driven urbanization.

Image/text source: Martin Smolka (2013). Implementing Value Capture in Latin America, Lincoln Institute of Land Policy.

## Design subsidy/incentives to **Leverage Enabling Environment**

- Blend public and private finance resources, including community savings and donor funding to support city wide and networked local delivery,



- **Leveraging enabling environment** through access to affordable finance on the demand-side (households and firms) for incremental investments (inter alia addressing especially dwelling material and size but also microloans for livelihoods) that sustain inclusive local economic development.



## Design subsidy/incentives to **Leverage** Enabling Environment



### A. Domestic resource mobilization

#### Government allocations .

To co-finance the enabling environment at community, cluster and household scales consider:

- **Cross subsidies from 'land as a resource'** at the project level (e.g. 'land sharing' or 'differential land pricing')
- **Private/community investments for progressive physical development** (e.g. micro savings or microcredit), possibly community labour and other in-kind contributions.
- **Private/community contributions in exchange for tenure security** – in addition to any cross-subsidies from unlocked land value. (e.g. acquire the land in exchange for the community's lease payments).
- **Local taxes and user fees** (e.g. for land value or water),
- **Pegged cesses** could be introduced and piggy back on any existing levies in order to finance large scale programme.

To finance access to the city, consider other resources to minimize charges to poor communities:

- **Land value capture** (land pooling and readjustment along approach roads).
- **User fees** in case of economic activities (e.g. vending permits or leases for markets).
- **Allocations** of other government lines, especially if the previous options are unavailable.

## Design subsidy/incentives to **Leverage** Enabling Environment



### B: International resource mobilization addressing costs and risks

- **Reduction of severe urban poverty,**  
focusing subsidies at the bottom 40 percent of the income distribution (SDG10)  
while supporting middle-income through market-making
- **Environmental gains / protection of the commons**  
soil, air, water health through basic services (water, sanitation, solid waste)
- **Climate change adaptation**  
addressing hazardous sites (e.g. flood mitigation) & strengthening the durability of dwellings
- **Correction of market failures**  
(e.g. lack of basic infrastructure provision, due to collective action problems)
- **Market-making for new technologies through de-risking**  
(e.g. incremental shelter finance, starter homes, tenure security, credit history)
- **Local Economic Development and productivity growth**  
(e.g. labor-intensive job creation, development of new businesses; electrification)
- **Increase in tax revenues from improved neighborhoods**
- **Size and timing of public program**

**Envisage additionalities to mobilize international support**

## Design subsidy/incentives to **Leverage** Enabling Environment



### **B: International resource mobilization** Financial Cooperation Instruments

#### **1. Technical Assistance Grant**

Tailored assistance to improve the design and implementation of projects, including ex-ante market scooping, sector assessment, pre-feasibility.

#### **2. Direct Investment Grant**

Directly reduce cost for users through co-financing.  
Used for projects with high economic returns but low financial profitability.  
Allows to address challenges in regard to debt sustainability.

#### **3. Interest Rate Subsidy Grant**

Indirectly reduce cost on end users by lowering financing cost.  
Also used to relax IMF debt ceiling.

#### **4. Risk Capital**

Addresses perceived high risk by providing funding which absorbs a portion thereof to lower investors' risk perception (often to mobilize private capital).

#### **5. Guarantees**

Addresses perceived high risks by partly guaranteeing certain types of investments (often to mobilize private capital).

## Design subsidy/incentives to **Leverage** Enabling Environment



### **B: International resource mobilization** Financial Cooperation Instruments

- **European Delegations**
- **Development Banks**, including inter alia the World Bank, the European Investment Bank (EIB as a sister organization of the EC), other European Financial Institutions (EFIs, such as KfW), regional development banks, such as IDB, ADB, AfDB, CAF.
- **Bilateral organizations**, such as DFID, SIDA or USAID may be able to provide funds or technical assistance (e.g. GIZ).
- **The European Commission**
- **Climate Finance** (Adaptation Fund, Green Climate Fund, The Global Environment Facility)
- **The International Finance Corporation (IFC)**
- **The Consultative Group to Assist the Poor (CGAP)** is the World Bank's microfinance wing
- **The Government Pension Fund Global**, e.g. Norway, Japan, etc
- **Philanthropy**, e.g. Soros' Open Society Foundation, Rockefeller, Dell, Gates
- **Private equity and hedge funds**

## Design subsidy/incentives to Leverage Enabling Environment : Blending Finance

Programme components	Domestic financial strategy	International cooperation
<ul style="list-style-type: none"> <li><b>Supply of basic infrastructure:</b> water and sanitation, but also electricity, street lights and paving, etc.</li> <li><b>Land security through hazard mitigation:</b> e.g. drainage against flooding in climate-change-vulnerable communities; terracing and retention walls on slopes</li> <li><b>Land security through de-facto tenure:</b> e.g. no eviction guarantee.</li> <li><b>Livelihood generation</b> through labour-intensive construction</li> </ul>	<ul style="list-style-type: none"> <li><b>Government allocations</b> to subsidize the affordability/cost gap</li> <li><b>Utility fees</b> (e.g. for water)</li> <li><b>Taxes</b> (e.g. on land value)</li> </ul>	<ul style="list-style-type: none"> <li>Focus on budget support</li> <li><b>Technical assistance</b> for programme development</li> <li><b>Capital grants and concessional debt</b> : for directly reducing the cost to end-users/ beneficiaries and/or enabling governments to reach a larger target with the same national allocation.</li> </ul>
<p>Subsidy-based Market-based</p>		
<p>All of the above components plus:</p> <ul style="list-style-type: none"> <li><b>Incremental private investments</b> to improve basic infrastructure (e.g. individual water and sanitation), dwellings (e.g. durable materials and expansion of living area).</li> <li><b>De-jure tenure security</b> (e.g. through long-term lease or lease-to-own).</li> <li><b>Livelihood generation</b> through labour-intensive incremental construction and operation and maintenance of community facilities (e.g. water kiosk); support to MSMEs (e.g. street vendors, waste pickers, small-scale construction firms, material vendors).</li> <li><b>Linked city-scale projects</b> improving the connectivity of low-income settlements (e.g. supply of trunk infrastructure)</li> </ul>	<p>All of the above plus:</p> <ul style="list-style-type: none"> <li><b>Cross-subsidies</b> through land value sharing: e.g. 'land as a resource' and 'differential land pricing'.</li> <li><b>Private investments</b> (co-payment or full payment) by households and firms financed through financial intermediaries refinanced by a SPV (liquidity facility)</li> <li><b>De-jure tenure security</b> through legal-financial instruments (e.g. long-term lease, lease-to-own).</li> <li><b>Economic permits</b> (e.g. vending permits in markets)</li> </ul>	<p>Focus on liquidity for LED.</p> <p>All of the above plus:</p> <ul style="list-style-type: none"> <li><b>Technical assistance</b> also for business development</li> <li><b>Capital grants</b> also for de-risking of private investments.</li> <li><b>Concessional debt</b> also to refinance longer-term loans of end-users</li> <li><b>Risk capital</b> e.g. to incubate liquidity facilities and to mobilize respective private investments for refinancing the demand for housing investments and of microenterprises</li> <li><b>Guarantees</b> to partially hedge against risks (e.g. individual loan or portfolio losses)</li> </ul>

## Subsidies to Leverage across spatial scales and development phases

Development phase		Subsidy-based aid: creating the enabling environment			Market-based development: incremental improvements		
Spatial scales		Community	Government	Project	Community	Government	Project
City	Trunk infrastructure	Simple approach road & trunk lines	Optional Recoverable taxes + user fees	~100% Land readjustment Betterment levies	0% Public obligation	Optional Recoverable taxes + user fees	~100% Densification Betterment levies
	Local Economic Development (LED) / Employment	Bus stop, shade, services, storage	Optional Recoverable taxes + user fees	~100% Long-term lease + vending permits	0% Public obligation	Optional Recoverable taxes + user fees	~100% Long-term lease + vending permits
Community	Land security (hazard / tenure)	Optional Public obligation	Optional Recoverable taxes + user fees	~100% Long-term lease + vending permits	25% Betterment charges	75% Recoverable taxes for nonviable LVS	Optional land value sharing, differential pricing
	Basic services	25% Lease payments	75% Opportunity cost of public land	Optional Land sharing or differential pricing	50-75% Recoverable taxes + user fees	25-50% Recoverable taxes + user fees	Optional land sharing or differential pricing
	LED / Employment	50-75% early savings and loan cycles	25-50% recover subsidy through taxes	0% Vocational training, TA & microfinance for micro-enterprises / alternative safety nets	100% business expansion	0% business expansion	0% business expansion
Household	Decent shelter	50-75% early savings and loan cycles	25-50% recover subsidy through taxes	0% Vocational training, TA & microfinance for micro-enterprises / alternative safety nets	100% business expansion	0% business expansion	0% business expansion
	LED / Employment	90% savings and loans	10% TA + safety nets	0% business expansion	100% business expansion	0% business expansion	0% business expansion



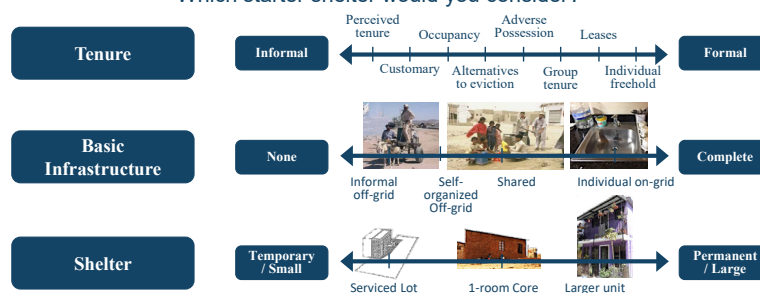
## YOUR TURN... DEBATE

**The starter environment helps to reduce the cost of supply  
while it also needs to strengthen demand and enable access to finance:**

Which starter land tenure would you consider?

Which starter infrastructure would you consider?

Which starter shelter would you consider?



### □ Which alternatives are adequate and affordable?

...meaning culturally and financially viable for both households and government?  
What do they cost and who will pay which share of the cost (and how)? Any subsidies?

□ Discuss in small groups. Then report back to the forum.

## Session 5

**10:30-11:30: Session 5, Design subsidy/incentives to create enabling environment**

- Case 5: An enabling environment to support large scale affordable housing and slum upgrading in Brazil,
- Case 6: Land Readjustment (PILAR), Colombia

## CASE STUDY: An enabling environment to support large scale housing and slum upgrading in Brazil 1/5

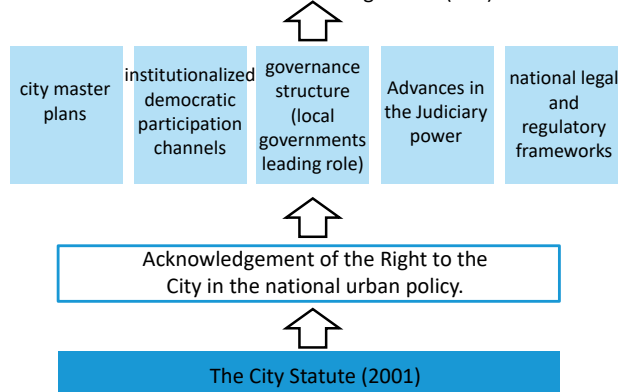
### Brazil: building an enabling environment for housing delivery and urban renewal at scale.

The principles of the **City Statute (2001)** guided a significant part of housing investments in Brazil and effectively enabled the housing policy where precarious settlement regularization and upgrading are concerned.

The focus on **serving segments with the lowest income in the country**, aims to enable, in practice and in people's daily life, the **Right to the City** guiding principle of the City statute and led to the establishment of a **robust urban policy framework which enhanced the impact of investments**.

### housing and land tenure regularization programs at scale (targeting low income):

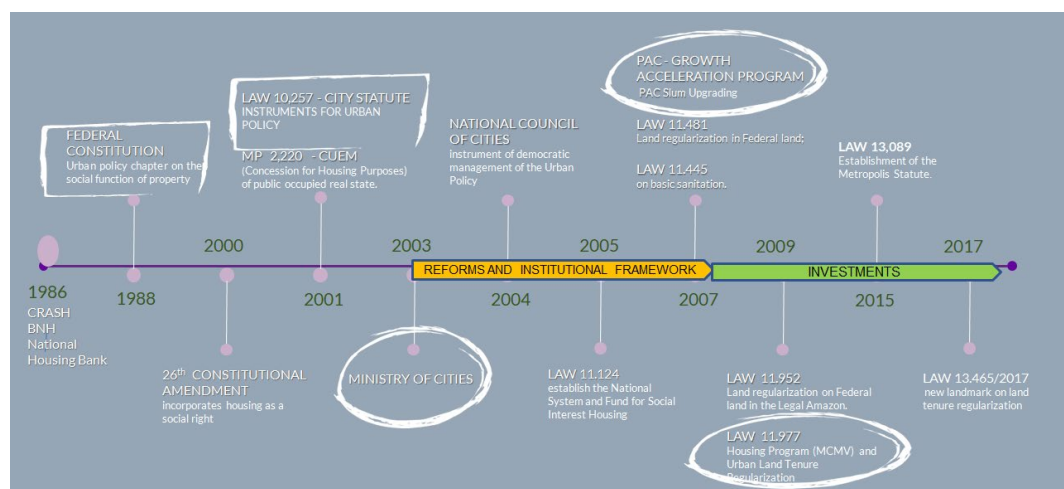
Minha Casa, Minha Vida programme (MCMV)  
Growth Acceleration Programme (PAC)



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## CASE STUDY: An enabling environment to support large scale housing and slum upgrading in Brazil 2/5



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## CASE STUDY: An enabling environment to support large scale housing and slum upgrading in Brazil 3/5

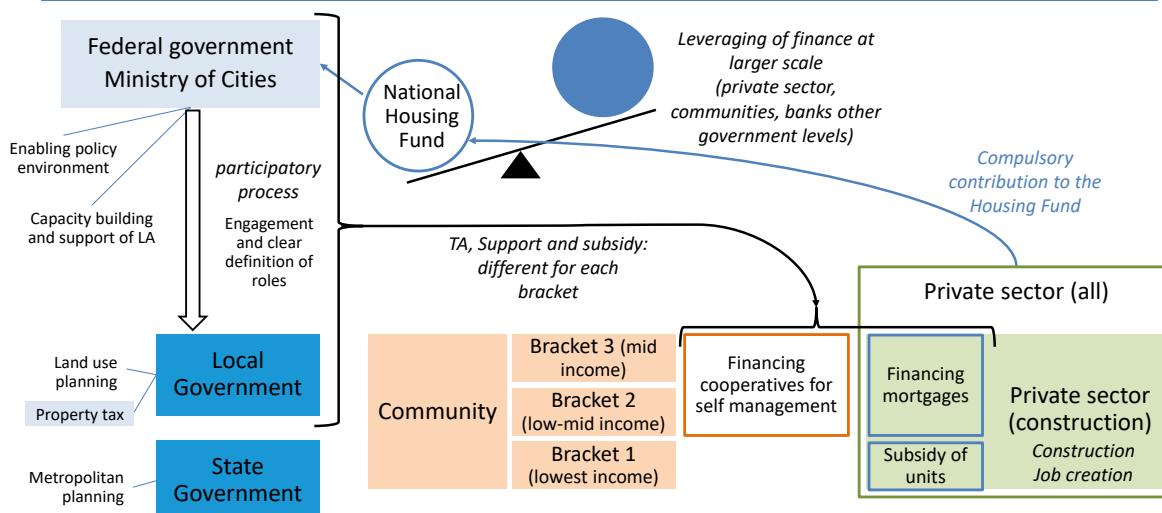
### Lessons learnt on the legal framework:

- Brazil, recognized the **Right to the City**, motivated and stimulated social movements which led a bottom up process to build a **national urban legal framework**.
- The **framework guided the investments**. Furthermore, before the investment in the upgrading several policy and regulatory measures were taken to ensure the success of the programmes. Amongst these the review of the building codes but also the increase of the minimum salaries to ensure investment capacity of the targeted populations.
- **Participation was mainstreamed** in frameworks.

### Lessons learnt on the implementation set up:

- **Diversified housing solutions** for different target groups according to socio-economic profiles.
- **Diversified implementation mechanisms** adapted to each of the housing solutions and socioeconomic groups with different subsidy levels and mechanism and including the **participation of other stakeholders in the process** such as **private sector, NGOs, housing cooperatives, etc.**

## CASE STUDY: An enabling environment to support large scale housing and slum upgrading in Brazil 4/5



## CASE STUDY: An enabling environment to support large scale housing and slum upgrading in Brazil 5/5

### Lessons learnt on the implementation set up:

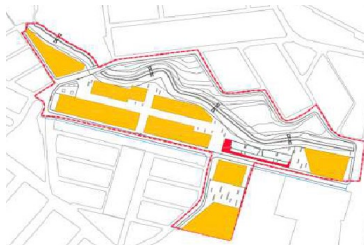
- **Diversified housing solutions** for different target groups according to socio-economic profiles.
- **Diversified implementation mechanisms** adapted to each of the housing solutions and socioeconomic groups with different subsidy levels and mechanism and including the **participation of other stakeholders in the process** such as private sector, NGOs, housing cooperatives, etc.

## CASE STUDY: Enabling environment for investment through land tenure. PILAR 1/3

### Participatory and Inclusive Land Readjustment (PILaR), La Candelaria, Medellín, Colombia.

The project proposed an innovative **financing mechanism for urban renewal** by achieving a **balance between cost for development and the expected revenue** from the sale of the new buildings acknowledging that **land tenure is the basis for investment and development**.

PILaR developed a **methodology for land management** through an inclusive and participatory process. It proposed a re-allotment solution based in a system of equitable sharing of benefits and burdens involving current owners and tenants respecting their preferences: to sell and receive compensation for their houses or to remain in the neighbourhood by exchanging their dwellings by other properties of new construction.



## CASE STUDY: Enabling environment for investment through land tenure. PILAR 2/3

### **Regularizing land to leverage its value:**

The neighbors do not have the means to invest financially in the re-allotment operation. By considering their current housing as their participation, PILaR enables them to **enter in the market and formal economy**, enhancing and **regularizing their homes, by leveraging the high cost of land**.

### **Enabling investment:**

In the negotiation process, the whole community - including house **owners and tenants**- was considered as an equal partner in the investment for the neighbourhood upgrading ensuring the non-exclusion of the most vulnerable members of the population.

- 1 *Engagement of the community*
- 2 *Participatory planning and design of future structure*
- 3 *Negotiation process with tenants and land owners*
- 4 *Mobilisation of investment (public or private)*
- 5 *Reconstruction (in phases and relocating in-situ gradually if possible)*
- 6 *Re-allocation of housing*

## CASE STUDY: Enabling environment for investment through land tenure. PILAR 3/3

### **Lessons learnt on the legal framework:**

PILaR's model of considering neighbours as equal partners in the investment for urban renewal -instead of the expropriation or purchase of the land- has 2 main benefits:

- *Financially*, it makes the investment capital needed smaller and paid later since it avoids compensations to the families who exchange the current house for a future home.
- *Socially*, this system fosters a participative and inclusive model respecting the existing social fabric.



Planning session with the community.  
Source: @UN-Habitat

## Session 6

**11:45-12:15: Session 6,** Establish a participatory governance structure and institutional arrangement to coordinate efforts and effective local delivery

- i) Arrange permissions (regulatory and political arrangement) for funding and cooperation ii) Establish special delivery mechanisms (institution) responsible for delivery, coordination and management of slum upgrading programme
- **Group Exercise**



- REDUCING COSTS FOR EFFICIENT USE OF RESOURCES AND AFFORDABILITY
- MANAGING OF THE DEMAND
- UNLOCKING ADEQUATE SUPPLY

**MAXIMISING THE COST BENEFIT**



## Challenges



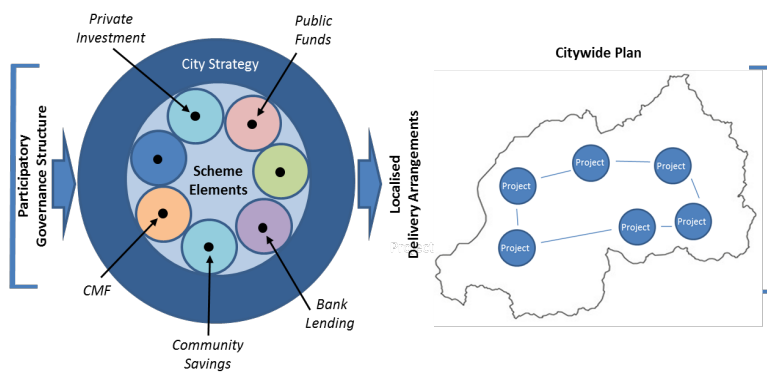
- Large number of weakly capacitated local authorities
- Asymmetrical decentralization
- Retrenchment of central transfers
- Weakness of local revenue sources
- Lack of strong domestic capital markets
- Development of municipal credit institutions
- Weak public finance management at local and national levels
- Lack of mechanisms to finance urban investments
- Lack of funds for maintaining existing assets

## Institutions/Governance



- ☐ Enables implementation of integrated inclusive policies
- ☐ Aligns with citywide strategies and approaches away from projects
- ☐ Targets the lowest income groups for social coherence and sustainable affordable transformation
- ☐ Expands partnerships and leverages maximum inputs
- ☐ Builds opportunities for new markets and economic transformation
- ☐ Facilitates the implementation at the smallest scale following the principle of subsidiarity
- ☐ Facilitates efficient delivery
- ☐ Allows for diversity and diverse solutions to minimize risk
- ☐ Facilitates enforcement and accountability
- ☐ Guides socio-economic transformation
- ☐ Ensures maintenance
- **INCREASE THE AREA OF INFLUENCE**

## Citywide Upgrading Management Model



- Blended funding, crowding in , not one institutions job
- Local control – the great strength of community-led approaches to delivery is the in-depth engagement and interaction by neighbourhood residents in designing, managing and delivering slum upgrading.
- Infrastructure investment – in addition to improvements to specific settlements the citywide approach allows for public agencies (city and national government plus utilities companies or transport operators) to inform investment in infrastructure.

## CASE STUDY: An enabling environment to support large scale housing and slum upgrading in Brazil 5/5

### Lessons learnt on the implementation set up:

- **Diversified housing solutions** for different target groups according to socio-economic profiles.
- **Diversified implementation mechanisms** adapted to each of the housing solutions and socioeconomic groups with different subsidy levels and mechanism and including the **participation of other stakeholders in the process such as private sector, NGOs, housing cooperatives, etc.**

## Community Organization Development Institute (CODI) – Thailand



- In January 2003, one million poor households within five years. Two programs

**1. Baan Ua Arthorn Program** ("We care" in Thai), the **National Housing Authority** designs, constructs and sells ready-to-occupy flats and houses at subsidized rates to lower-income applicants on a "rent-to-own" basis.

**2. Baan Mankong Collective Housing Program** ("Secure housing" in Thai), **channels government funds, in the form of infrastructure subsidies and soft housing loans, directly to poor communities.** Through local collaborations for land tenure security negotiations and arrangements, communities plan and carry out improvements to their housing, infrastructure, and environment, and manage their finances collectively for all aspects of development.

- encourages existing slum communities to form cooperatives to develop collective housing;
- a collective land title.
- discourage speculators from buying off individual housing units from the poor and selling them out to higher income groups.
- Collective housing provides the security for low-income families so that they can have access to jobs in the city - usually as day laborers and street vendors - and where they can have the opportunity to get out of poverty.
- Commitment of the central government to allow people to be the core actors and to decentralize the solution-finding process to cities.

## THAILAND CASE OF UP-SCALING



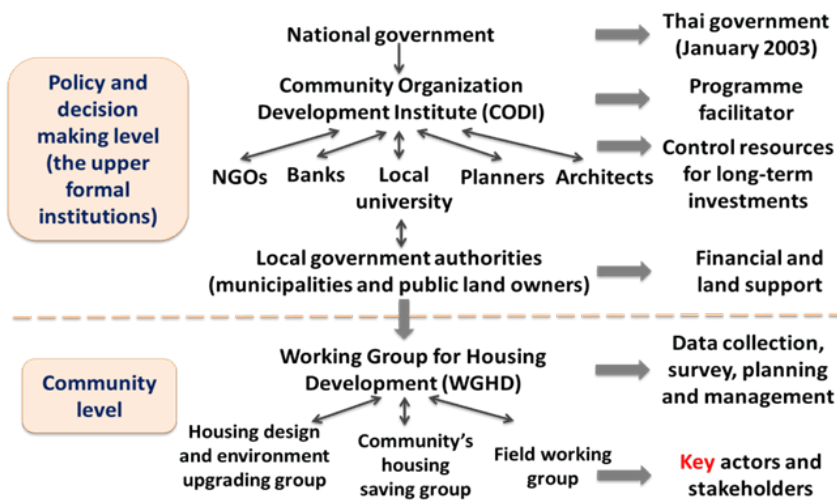
- Public organization – flexibility, wider linkages, expanded possibilities for collaboration, application to annual government budget, loans and other financing;
- CODI scaled up by organizing communities to connect to housing finance, welfare funds and savings groups;
- CODI was active in both rural and urban settings – neighbourhood, city and national strategies became guiding principles



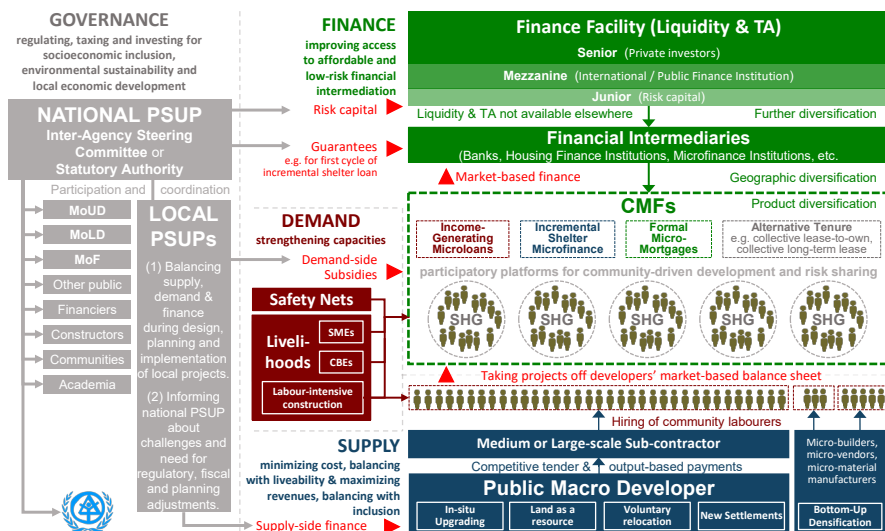
## THAILAND - CODI



### Administrative Structure



### Integrated Financial and Institutional Structure (Example)



## Session 6

**12:15-12:45: Session 6**, Establish a participatory governance structure and institutional arrangement to coordinate efforts and effective local delivery

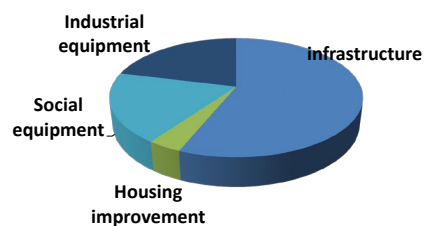
- **Case 7**, Institutional Setup and PPPs for urban regeneration, Tunisia



### CASE STUDY: An enabling institutional set up for urban regeneration in Tunisia 1/3.

Tunisia's Government Program (PRIQH) for urban renewal in several cities, aiming at the regeneration and integration of neighborhoods in decay.

- Programme led by national government through a dedicated institution for urban renewal.
- Important part of the funding was dedicated to social facilities and to industrial facilities to promote employment at neighborhood level.



*before*



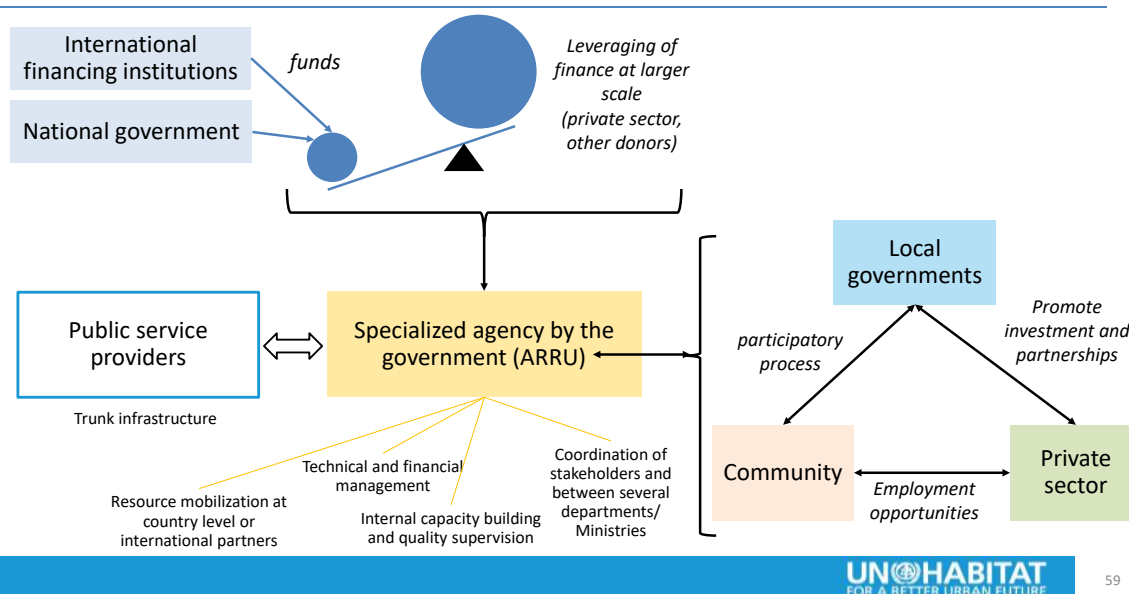
*after*

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### CASE STUDY: An enabling institutional set up for urban regeneration in Tunisia 2/3.



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### CASE STUDY: An enabling institutional set up for urban regeneration in Tunisia 3/3.

#### Lessons learnt:

- Urban renewal management is **centralized by one institution** at national level which ensure **coordination** and the set up of a framework for participation of different stakeholders.
- **High investment in social facilities such as community centers vs. reduced cost of infrastructure** and very little investment in housing considering **families' investments** for the improvement of the existing housing stock as part of the financial contribution to the urban renewal as a whole.
- **Partnerships with private sector** for job creation at neighborhood level though the leasing of the soft industrial facilities compatible with residential use in exchange of employment of the community in the area and promoting mixed use neighborhoods.



Industrial facility

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## Session 7

### 14:00-15:00: Session 7, Integrated Programme and Finance

- Case 8: Parivartan Slum Upgrading Programme, India
- Case 9: Solanda Affordable Housing Programme, Ecuador



### CASE STUDY: Financing strategy: Parivartan, India 1/6

#### Context and scale

The Parivartan Slum Networking Programme established a model that worked at scale and benefitted more than 14,000 households.

Intervention for **slum upgrading and housing improvement**, developed in partnership between the **Local Government service provider (AMC)** which provides basic services and subsidizes basic housing and the **NGO MHT** which provides social, financial and technical services in the community in order to ensure the proper use of funds and to enhance construction quality.

*before*



*after*



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## CASE STUDY: Financing strategy: Parivartan, India 2/6

### Identify strategic interventions at different scale: Maximize cost and impact

#### Government subsidizes:

- the cost of infrastructure construction,
- facilitates access to trunk infrastructure and
- provides de-facto tenure security through a verbal 10-year no-eviction guarantee.

*Neighborhood  
scale and  
basic needs*

#### The households' contribute with:

- nominal co-payment for basic infrastructure which ensures buy-in
- home improvement through loans.

*Household  
scale and  
incremental  
improvements*

## CASE STUDY: Financing strategy: Parivartan, India 3/6

### Improve affordability

#### Key elements of the approach ensuing affordability:

- LABOUR INTENSIVE techniques
- TRAINING (Further, MHT has founded the Karmika School for Women Construction Workers to train its low-income women members in construction trades. The women then execute the work, and many women continue working as construction labourers.)
- INCREMENTAL improvement.



*Two women trained in Karmika construct an individual toilet block.*

## CASE STUDY: Financing strategy: Parivartan, India 4/6

### Improve Access to Finance:

Key elements of the approach ensuring **access to finance**:

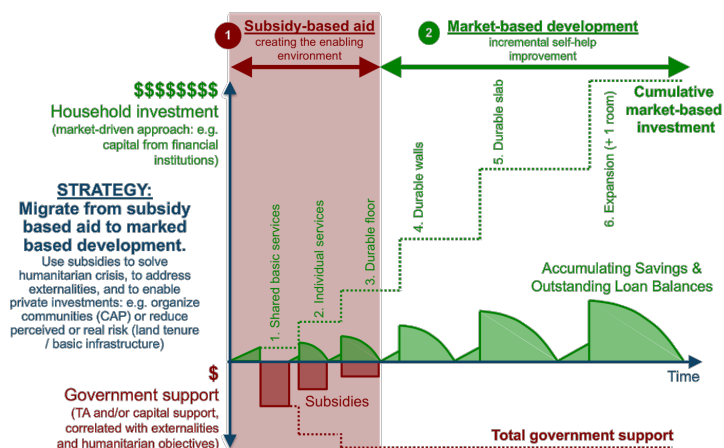
- **SAVING GROUPS:** The community is mobilized and organized around community savings for the 10% down payment of infrastructure costs. The savings and the meetings that take place around the ritual empower the community who starts to believe that change is possible and engages around development projects.
- **INCREMENTAL LOAN CYCLES:** Successive home improvement loans are provided to the families, increasingly high amounts which enable to build a credit history, reducing the risk as only successful clients graduate to the next product cycle.



Slum dwellers mobilize and organize around community savings and participatory action planning.

## CASE STUDY: Financing strategy: Parivartan, India 5/6

### Design subsidy and incentives to create an enabling environment:



#### Phase I. Allocating subsidies strategically to create an enabling environment

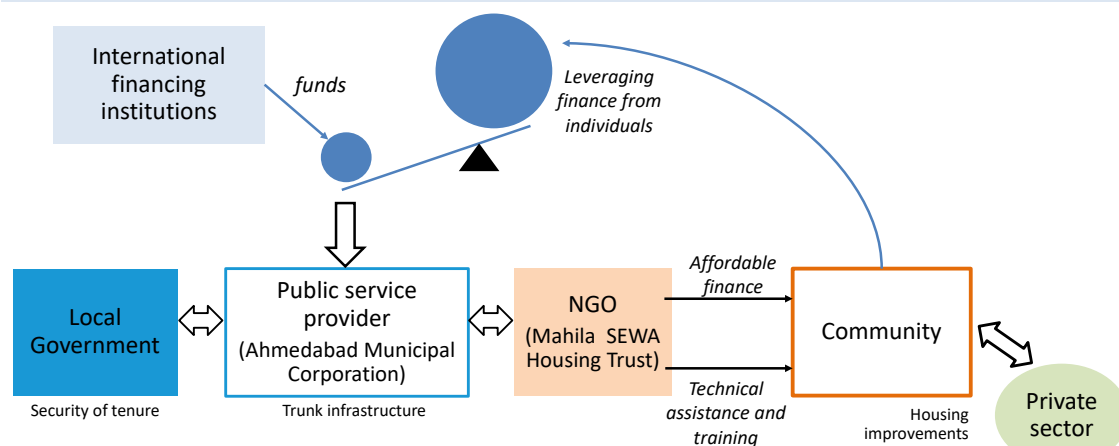
- Investment Cycle 1 (USD 30): **basic services and tenure security.**
- Cycle 2 (typical loan of USD 75): individual toilet block construction (USD 150, still 50%-subsidized through a complementary public scheme)
- Cycle 3 (typical loan of USD 150): small home improvement (e.g. floor tiling, possibly still partially subsidized).

#### Phase II. Leveraging the enabling environment for market-based self-help.

- Cycle 4 (typical USD 250): medium home improvement (e.g. wall repair)
- Cycle 5 (typical USD 400): large home improvement (e.g. roof or slab)
- Cycle 6 (typical USD 800): home extension (e.g. additional room on slab)

## CASE STUDY: Financing strategy: Parivartan, India 6/6

### Governance structure and institutional set up:



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## CASE STUDY: Incremental housing strategies in Solanda, Ecuador 1/5

### Context

The Solanda Project was developed as an alternative to the growth of informal settlements in Quito, Ecuador. The Project was the Ecuadorian government's first effort to construct low-income housing with cost recovery.

Initial stage



Final stage



Photo Credit: Gabriel Muñoz Moreno in Vidal & Goyes, 2016

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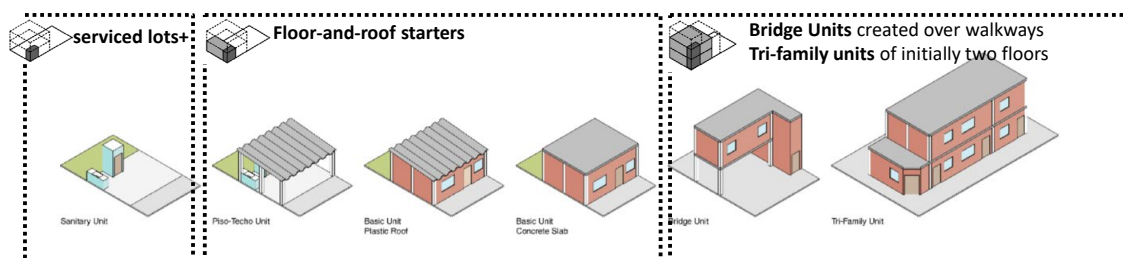
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## CASE STUDY: Incremental housing strategies in Solanda, Ecuador 2/5

### Identify strategic interventions at different scale: Maximize cost and impact

The Solanda Project was originally programmed to build 4,500 “housing units”, but eventually built 6,211 incrementally expandable “shelter solutions” of various prototypes on lots ranging from 60 to 123m<sup>2</sup>.

The project’s aim for affordability resulted in a broad array of incremental “solutions”, all of which required residents to upgrade and expand through self-help.



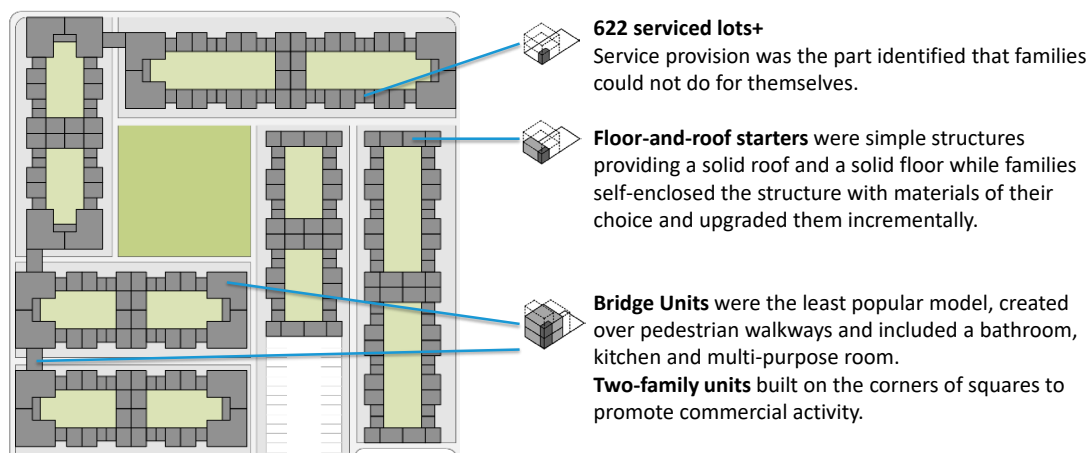
Source: Nohn/Rapid Urbanism. Photo credit: Francis Goyes, SIGUS, MIT

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## CASE STUDY: Incremental housing strategies in Solanda, Ecuador 3/5

### Improve affordability and access to finance: Different locations with different typologies



Source: adapted from Goyes in Vidal & Goyes, 2016

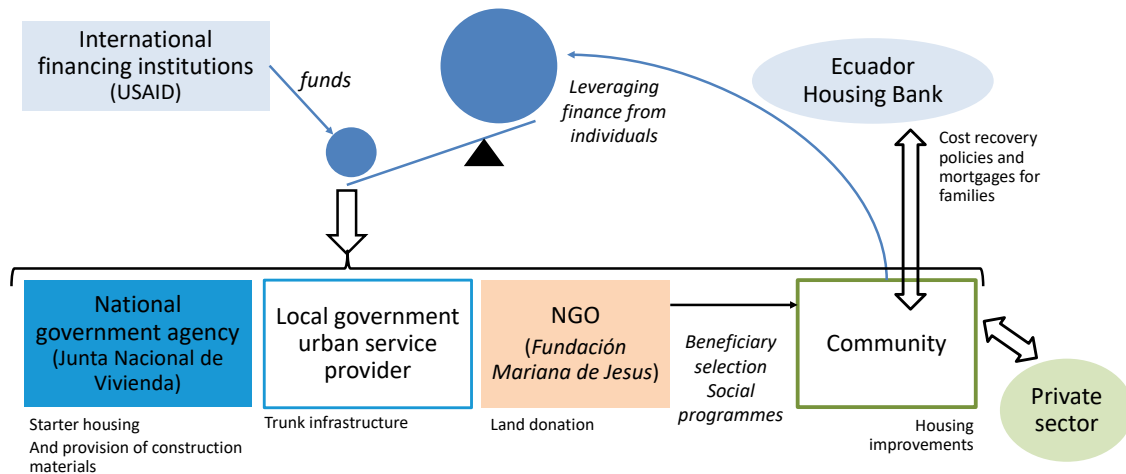
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## CASE STUDY: Incremental housing strategies in Solanda, Ecuador 5/5

### Governance structure and institutional set up:



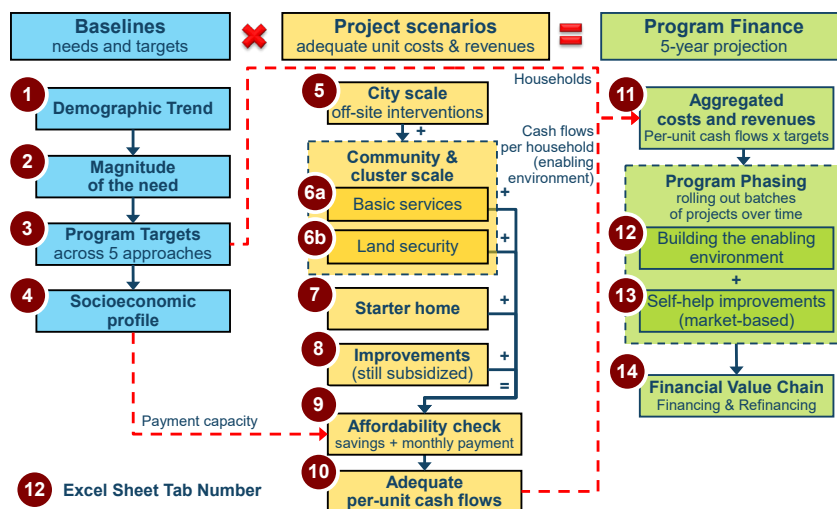
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## Financial model



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<http://www.fukuoka.unhabitat.org/info/news/puf.html>

