



The World Bank



UNCHS (Habitat)

**Special Summary  
Edition**



# Cities Alliance for

# Cities Without Slums

Action Plan for Moving Slums  
Upgrading to Scale...



*Working together to change faces of poverty...*

*...working together to change lives.*

**Your comments and contributions to this dialogue on a global Action Plan for moving slum upgrading to scale are welcome. Please contact:**

**CitiesAlliance@worldbank.org**

**Fax: 202 522-2125**

**Tel: 202-473-0409**

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## I. The Challenge

Hundreds of millions of urban poor in the developing and transitional world have few options but to live in squalid, unsafe environments where they face multiple threats to their health and security. Slums and squatter settlements lack the most basic infrastructure and services. Their populations are marginalized and largely disenfranchised. They are exposed to disease, crime and vulnerable to natural disasters. Slum and squatter settlements are growing at alarming rates, projected to double in 25 years.

Slums are the products of failed policies, bad governance, corruption, inappropriate regulation, dysfunctional land markets, unresponsive financial systems, and a fundamental lack of political will. Each of these failures adds to the toll on people already deeply burdened by poverty and constrains the enormous opportunity for human development that urban life offers.

This Action Plan would improve the lives of 100 million slum dwellers by 2020. Its success will rest on the assumption that the international development community is prepared to create a new coherence of effort focused on improving the living conditions and livelihoods of the urban poor. It builds upon successful community-based upgrading programs, while addressing the broader policy and institutional issues which have often constrained their sustainability. By supporting those national and local authorities that are prepared to develop city-wide and nation-wide upgrading programs, the Plan promises to set in motion a global movement which would transform the lives of the most vulnerable and marginalized urban residents.

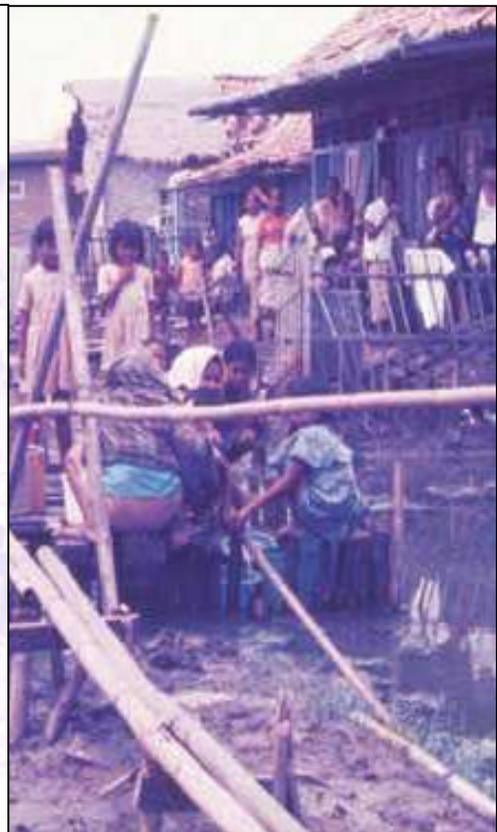
**Slums are** neglected parts of cities where housing and living conditions are appallingly poor. Slums range from high density, squalid central city tenements to spontaneous squatter settlements without legal recognition or rights, sprawling at the edge of cities. Some are more than fifty years old, some are land invasions just underway. Slums have various names, *Favelas*, *Kampungs*, *Bidonvilles*, *Tugurios*, yet share the same miserable living conditions.

**Slums do not have:**

- basic municipal services—water, sanitation, waste collection, storm drainage, street lighting, paved footpaths, roads for emergency access
- schools and clinics within easy reach, safe areas for children to play
- places for the community to meet and socialize

**Slums are worsening:**

- while the average age of city populations is increasing, the average age of slum dwellers is decreasing, so youths and children suffer most
  - visible disparities between slums and better-off neighborhoods increase the social tensions in poorer areas
  - unplanned growth of settlements makes conventional service provision complicated and costly



## Rationale

This **Slum Upgrading Action Plan** addresses the urban side of the world community's poverty reduction mission to ensure a better quality of life for individuals—one that permits them to realize their human potential. While many urban poor live among better-off residents, the greatest spatial concentrations of the poor are found in slums and squatter settlements within cities and on the peri-urban fringes outside administrative boundaries.



These cities-within-cities are wellsprings of entrepreneurial energy, yet their brutal physical conditions limit residents' ability to realize welfare improvements from their own efforts alone. The contribution of these individuals to the broader economy is considerable, as they constitute the core of the urban labor force and have the potential to produce a significant share of domestic capital formation through self-built housing—yet their lives are made insecure by the absence of key public interventions that would catalyze and facilitate private investment.



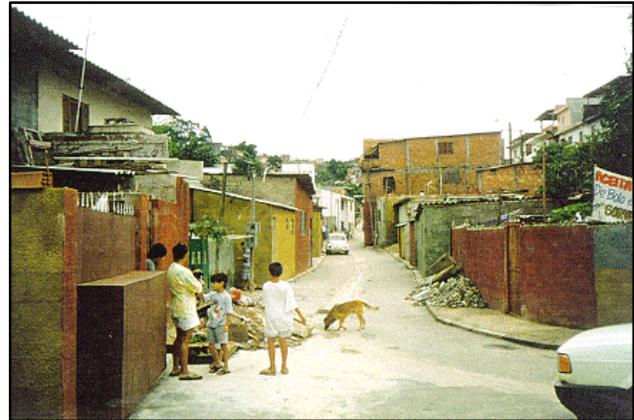
**Slum Upgrading** consists of physical, social, economic, organizational and environmental improvements undertaken cooperatively and locally among citizens, community groups, businesses and local authorities. Actions typically include:

- Installing or improving basic infrastructure, e.g., water reticulation, sanitation/waste collection, rehabilitation of circulation, storm drainage and flood prevention, electricity, security lighting, and public telephones
- removal or mitigation of environmental hazards
- providing incentives for community management and maintenance
- constructing or rehabilitating community facilities such as nurseries, health posts, community open space
- regularizing security of tenure
- home improvement
- relocation/compensation for the small number of residents dislocated by the improvements
- improving access to health care and education as well as social support programs to address issues of security, violence, substance abuse, etc.
- enhancement of income-earning opportunities through training and micro-credit
- building social capital and the institutional framework to sustain improvements.

**A typical slum...**



**...transformed in Brazil.**



Upgrading of unserviced settlements is justified as the *centerpiece* of a global strategy for improving the living conditions of the urban poor because:

- **Upgrading makes a highly visible, immediate, and large difference in the quality of life of the urban poor**—for example by correcting sources of communicable disease which impose a particular hardship on inhabitants of slums and squatter settlements. Thirty new infectious diseases have emerged over the last 20 years with disproportionate incidences in the urban areas of Africa, Asia and Latin America. Children in particular face constant threats to their lives in slums and squatter communities due to overall unhygienic conditions. Infant deaths in Manila’s squatter settlements are three times the level of serviced, legal settlements.
- **Investment in local public goods through upgrading catalyzes private investment by residents, unleashing their vast productive energy and leveraging private capital.** Past World Bank-supported upgrading projects have yielded rates of return of up to 25 percent. Households have invested \$7 of their own in housing improvements for every \$1 in public upgrading investments, particularly where tenure has been made secure, thus reducing the risks of eviction. Serviced plots acquire a value premium that can be ten times greater than that of comparable unserviced plots. To ensure that the poor residents, including tenants, enjoy these benefits and are not simply edged out into newer slums, upgrading efforts need to extend beyond a few favored sites to address all unserviced areas of a city—that is, scaled-up citywide.
- **The international community has successful experience supporting upgrading.** Upgrading not only has significant benefits, it is also a community-based strategy that development agencies know how to support. Experience has taught us that the problem of getting basic services to slums can be solved at very reasonable costs if done properly. Indonesia, for instance, has had twenty-five years of experience with its local government-initiated urban Kampung Improvement Program (KIP). From its beginnings in Jakarta, the Bank-supported share of KIP reached nearly 5 million people in fifteen years (the total program reached 15 million over 30 years). Through KIP, 300 local government units across Indonesia provided water, sanitation, shelter and roads. Similar efforts have been undertaken in Brazil, India, Jordan, Tunisia and the Philippines, among others. Such programs are feasible, technically and financially. What is essential to their success is political commitment to bottom-up community-based strategies—commitment at the top and commitment over time.



**While it should be the linchpin of an urban poverty strategy, upgrading needs to be complemented by other measures to reduce urban poverty.**

Upgrading addresses directly some of the most egregious *manifestations* of urban policy and institutional failures, but these also have to be confronted by complementary efforts to correct these failures and to build positive channels for improving the economic prospects of the poor. Important complementary components of an urban poverty strategy are:

- **Sectoral reforms.** Reforming regulatory and policy regimes for housing, land and infrastructure markets should remove obstacles and disincentives to access for the poor. Pro-poor regulatory frameworks will eliminate inappropriate standards of provision that raise costs, encourage entry of new technologies and small-scale and other competing suppliers, make subsidy policies more effective and better targeted, establish more equitable tariff and cost recovery systems, and facilitate active partnerships among private investors and utilities, community groups, NGOs and local governments to create practical solutions responsive to the needs of the urban poor ;
- **Finance.** Engaging private financial institutions leads to institution-based strategies that extend access to credit to the poor for housing, services, and business development, especially financing for developers and infrastructure providers, and micro-credit for households;
- **Jobs.** Measures to support small-scale enterprise and remove regulatory or other obstacles to the growth of the informal sector will increase employment, productivity and private investment among the urban poor ;
- **Governance.** Improved governance and management of cities at all levels should make local governments more responsive to the issues facing the poor;
- **Social capital and knowledge.** Measures to facilitate and strengthen the organizational capacities of citizens groups and local governments will increase access to information, and guidance on solutions to slum communities. Upgrading programs have in fact proven a highly effective forum for community action in many cases, helping members negotiate with city hall and utility companies to define solutions that meet their demands. There is also evidence of broad social benefits for the community, such as reductions in violence.
- **Other targeted activities.** Other traditional measures to fight poverty, including social safety nets, public works employment, and promotion of health care, training and educational opportunities, also have an important place in an urban poverty program. Particular attention in the urban context also needs to be given to child care for working parents, activities for vulnerable youth (including street children), and efforts to combat crime and violence.

**Upgrading also needs to be complemented by policies to forestall the growth of future slums.**

Upgrading of existing slum and squatter settlements addresses the backlog of urban neglect, but many cities especially in Africa and Asia will face an onslaught of new urban residents over the next several decades. Without significant improvements in the capacities of local government and the private sector to provide services for new residents, many of whom will be poor, the problems of current slum and squatter settlements will pale by comparison. In former Soviet Union and some former Eastern Bloc countries, years of poor quality state apartment construction and neglected infrastructure maintenance coupled with severe environmental hazards and recent economic collapse portend spiraling populations of urban poor and vertical slums. Despite advances and improvements in city management, most developing and transitional economy countries' cities cannot keep pace with their phenomenal growth and/or the increasing number of urban poor.

**Improved performance of the local government is needed in managing future urban population growth**—in particular, by:

- **Effectively carrying out basic land use planning.** For example, setting aside basic rights-of-way for primary infrastructure reduces the costs of extending networks. Revising regulatory policies discourages sprawl and settlement of unsafe or environmentally fragile areas.
- **More effectively mobilizing local resources.** Cities with slums often have significant fiscal resources at their disposal, opportunities to mobilize private investment, technical knowledge and indigenous entrepreneurial talents. In the slums themselves, there is both nascent and active organizational dynamism and powerful self-interest coupled with unrecognized or under-utilized talent. Meeting the future growth in demand for services will require significant strengthening of urban management and financial performance, coupled with more effective partnerships with the private sector and the communities themselves.



### **Moment of opportunity**

Consistent with global trends of democratization and decentralization, local governments worldwide are now more directly accountable for the quality of life in cities. At the same time, with the rise of a dynamic private sector, government is no longer seen as the sole or even main provider of services. These developments, and the rise of democracy and civil society, have led to a dramatic shift in the ability of the urban poor to influence political action. The turn of the century therefore represents a moment of opportunity for the World Bank and the United Nations to challenge the international development community to create a new coherence of effort with central and local governments, the private sector and slum communities themselves—to enable the urban poor to realize their true potential.

### **Meeting the challenge**

As urbanization proceeds at an unprecedented rate, it will be the lives of the disenfranchised citizens - the children, growing up in poverty and forced to drift between the city and its fringes - that will characterize the face of global poverty. Urban growth makes the challenge more urgent every year, and unless the squalid legacy of past neglect is rapidly addressed, the slums and squatter settlements in cities of the developing world are set to proliferate over the next 25 years in staggering dimensions - doubling in population by the year 2025.



**This upgrading initiative therefore needs to be reinforced with redoubled efforts by the World Bank and the wider international community to support the comprehensive urban development agenda of cities where sustainable success as livable, manageable, competitive, and bankable cities will depend foremost on their ability to address the growing numbers and needs of urban poor.**

**Indonesia's KIP...**



**...improved 15 million lives.**



## II. The Slum Upgrading Action Plan

This critical Action Plan aims at improved basic municipal services for 100 million people over the next twenty years. The Plan focuses on upgrading the most squalid, unhealthy, unserved and vulnerable urban slums and squatter settlements which are found worldwide. This plan would commit interested parties in the international community to an ambitious, yet highly targeted effort to change the lives of slum dwellers worldwide. It calls for long-term commitment, a ratcheting up of



resources and a coherence of priorities, programs and organizational arrangements within each international development organization, as well as engaging committed local and national partners willing to make a concerted, results-driven attack on the slum problem.

### The Action Plan calls for:

- challenging donors, governments and slum communities to improve the lives of 5–10 million slum dwellers by 2005 and 100 million by 2020;
- increasing Bank investments aimed at provision of basic services to the urban poor as a central thrust of its new Global Urban and Local Government Strategy;
- leading a worldwide effort to move from pilot projects to upgrading city-wide and nationwide and to generate the required resources to do so; and,
- investing in global knowledge, learning and capacity in slum upgrading, and for reducing the growth of new slums.

Achieving this goal will require powerful leadership, resolute political commitments, and ownership at the local level, coupled with broad-based partnerships at all levels—local, national and international. The Bank and UNCHS (Habitat) have taken a first step to create a framework for these global partnerships by initiating the **Cities Alliance**—a major global alliance of cities and their development partners “to make unprecedented improvements in the living conditions of the urban poor.” Partners in this Alliance will also need to include regional development banks; other UN agencies such as UNDP, UNICEF, and ILO; international NGOs; and business leaders as well as national and local partners. The credibility and resources required for success will depend on a highly targeted effort of all partners to support the provision of basic services for the urban poor within the framework of country and city development strategies for the new millennium.

## The Action Plan

Six key actions are necessary to meet the goal:

1. **Strengthening In-Country Capacity** by: restructuring policy, regulatory, operating frameworks, and legal/ technical constraints to upgrading at scale; overcoming institutional bottlenecks; encouraging local commitment and resolve, including political understanding and buy-in; and, strengthening learning and training.
2. **Preparing National/City Upgrading Programs** by helping committed countries design upgrading programs to scale.
3. **Supporting Regional and Global Knowledge and Learning** that capture and share the varied approaches and local practices to get the job done better with the full involvement of the affected communities; organizing networks of practice; fielding specialists to help countries and cities move to scale.
4. **Investing in Slums** with appropriate basic infrastructure and municipal services identified, implemented and operated with the community.
5. **Strengthening Partner Capacity** to focus attention on the task, with emphasis on the resources, knowledge and tools to help governments and communities do the job well and at scale.
6. **Leadership and Political Buy-in** by the partners of the Alliance to prioritize slum upgrading.

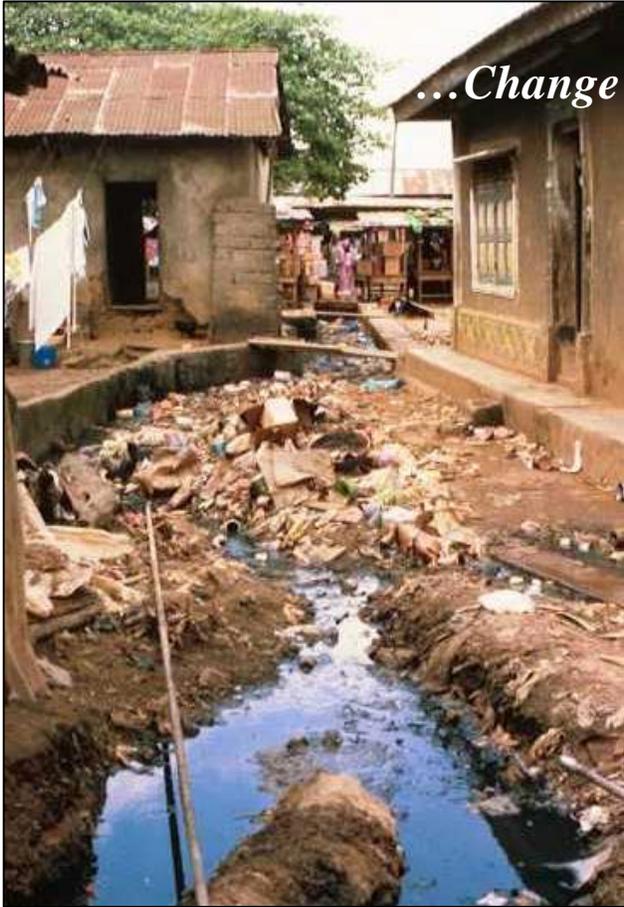
### Summary of the Action Plan

Year	2000	2001 - 2005	2006 - 2020
Actions	mobilize global political and financial commitments to slum upgrading and gear up the capacity to support large-scale actions	20 citywide and/or nationwide programs underway in five regions changing the lives of five million urban poor	50 nation-wide programs launched with slum improvements a central element of urban development strategies in most countries; 100 million slum residents with basic services; and slum formation stopped
Support in Grants <sup>1</sup>	\$ 4 million	\$ 111 million	\$ 180 million
Urban budget increment <sup>2</sup>	\$ 3.5 million	\$ 35 million	\$ 100 million
Upgrading investments <sup>3</sup>	\$ 200 million	\$ 2,300 million	\$ 47,500 million

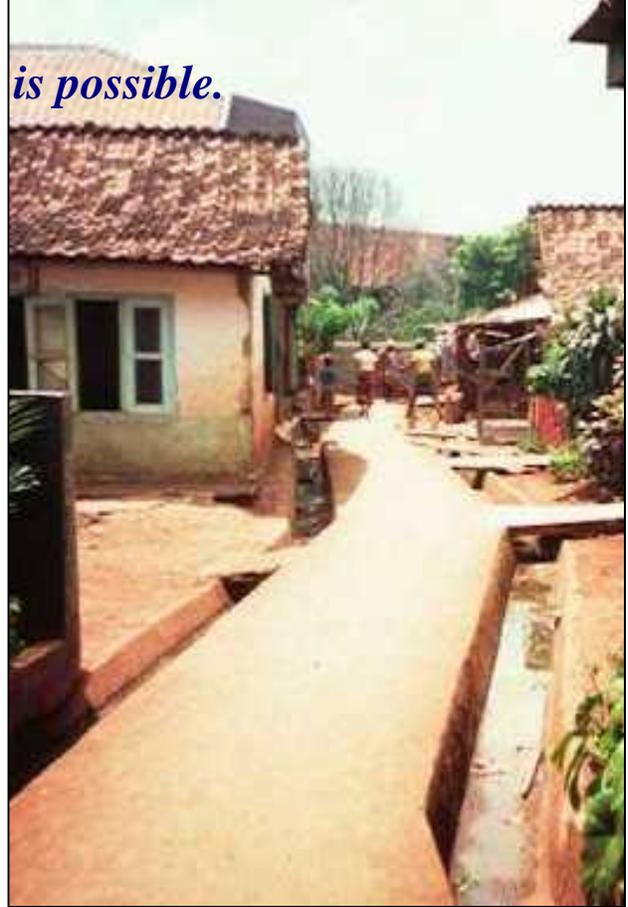
<sup>1</sup> Grants for country capacity-building and program preparation.

<sup>2</sup> Increase in World Bank's urban budget to strengthen upgrading capacity and ensure phased implementation of complementary components of Bank's new urban strategy.

<sup>3</sup> Total cost of upgrading, funded by governments, private sources, and upgraded community; supported by development bank lending and bilateral cofinancing. World Bank share estimated to be about 25% of total.



*...Change is possible.*



<p><b>Fundamentals for Scaling Up</b></p> <ul style="list-style-type: none"> <li>• Vigorous leadership and political will</li> <li>• Reversing slum eradication and “urban renewal” policies</li> <li>• Strengthened government and voluntary institutions operating in tandem with clear policies, assigned roles, and cooperation</li> <li>• Well managed, fiscally sound and organized city governments</li> </ul>		<ul style="list-style-type: none"> <li>• Central commitment, role, ownership and responsibility and participation of the slum residents and community in the full process of upgrading</li> <li>• Provision of an appropriate “package” of affordable basic services that substantially improve the living conditions of the community</li> <li>• A systematized capturing and sharing of knowledge on slum upgrading</li> </ul>
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### III. Action Plan Linkages to the Development Framework

The World Bank, the regional development banks, the United Nations (Habitat, UNICEF, UNDP and ILO, in particular), most bilateral donors, and thousands of NGOs and community groups have gained immense experience over the last 25 years in implementing projects designed to upgrade slums worldwide. A large number of these projects have successfully demonstrated that slums and the lives of their residents can be improved. Considerable knowledge has been gained as to what works best, but very few of these projects have been scaled-up to citywide or nationwide programs. In fact urban slum conditions are qualitatively and quantitatively worsening worldwide.

The lessons from this experience make it clear that moving from pilot slum upgrading projects to citywide and nationwide scales of action is absolutely necessary. But that will require tackling the following critical development issues head on:

- **Good Governance** – the capacity of local governments must be strengthened to carry out their responsibility for the equitable provision of infrastructure and services to all urban residents while planning for future growth. The capacity of provincial, state and national authorities must be strengthened to ensure their critical normative roles, to establish facilitating policy environments, and to rid corruption from land markets and the provision of public services.
- **Legal System** – property rights and security of tenure are critical to sustainable approaches to upgrading. Most residents of urban slums live without any form of secure tenure, under constant threat of eviction, which vitiates their ability to access credit and constrains their motivation to improve their homes and neighborhoods.
- **Financial System** – coupled with security of tenure, access to credit is key to unleashing the vast potential of the urban poor to improve their living and working environments and livelihoods. Micro-credit and other facilities to expand access to credit to the poor can provide critical elements of institutional support in creating financially self-supporting and sustainable urban upgrading programs.
- **Social Framework** – community participation in the conception, development, financing, upgrading and maintenance of infrastructure and services is a critical element of sustainable programs. Experience has shown that the most successful programs address community priorities. Communities must be enfranchised through knowledge-sharing and security of their civil rights.

*“We have seen a dramatic decrease in violence in Favelas that have been upgraded.”*

- Dirceu Yamayaki,  
Coordinator of Guarapiranga project, Brazil



## IV. A Local Client and Partner Response

Ms. Mirai Chatterjee responds to the Slum Upgrading Action Plan for the Self employed Women's Association (SEWA) of Ahmedabad, India in a letter to the World Bank's Urban Leader for East Asia and Pacific Region. SEWA is a well known local union and now NGO which runs an all-woman bank, the SEWA Bank. SEWA is currently playing a significant role in "scaling up" upgrading of slum communities in the City of Ahmedabad through an on-going program, Slum Networking Project, which is jointly financed by the City of Ahmedabad, slum community residents, the World Bank and UNDP. The success of the program known locally as **Parivartan** (which means 'transformation,') in five slums and its rapid spread to other slum communities illustrates the affordable and doable nature of slum upgrading on a progressive city-wide scale. (See Annex: Ahmedabad Parivartan)

Date: August 30, 1999

It was a pleasure to meet you in Ahmedabad recently and learn of your ideas and approach to housing and slum upgradation for poor families. As you are aware, this is also a matter of deep concern for us at SEWA, as is the general issue of growing urban poverty. We are also already working actively on slum upgradation with Mahila Housing Trust implementing the 'Parivartan' programme and SEWA Bank co-financing it.

With regard to our recent discussions in Ahmedabad, we would like to raise some issues for your kind consideration:

1) Slum upgradation is poverty alleviation. For a poor family in a slum, their home is a productive asset – it is their workplace. Hence if their home and its environs are upgraded and secured, it is a major contribution to their employment. The latter is because, as you are aware, large members of the urban poor are self employed like vendors or home-based workers. Their homes are also their workplaces and warehouses. Any effort like slum upgradation, which enhances their productivity, strengthens their employment and hence helps them come out of poverty. Therefore, we would strongly argue that slum upgradation is poverty alleviation.

2) Slum upgradation should result in provision of basic amenities and services including water supply, sanitation, toilets, garbage collection, paving of all side and main streets, flood proofing, lighting, landscaping including tree-planting where possible and local services like health care, child care and communication like telephones.

3) At our meeting, you had suggested certain essential components of an urban poverty strategy, including: sectoral reforms, finance, jobs, governance, social capital and other targeted activities. We have a few suggestions regarding these:

- *Sectoral reforms*: while changing regulation and policies for housing, land and infrastructure markets, measures should be included which ensure that land is earmarked for the poor, as they can not afford to buy land at market rates. This land should be made available to them through special schemes and in women's names or at least joint titles.
- *Finance*: finance for infrastructure development should be made available to micro-finance institutions.

- *Jobs*: as the vast majority of slum residents are self-employed, strategies should be undertaken which enhance, protect and promote their work and income security and increase their productivity. These should include security of tenure, and space for vending in the case of street vendors.
- *Governance*: decentralization of all programmes and delegation of these to slum residents and their own local organizations must be undertaken, It has been widely experienced that slum upgradation and local governance programmes are successful only when they are owned, managed, controlled and used by local people - the poor slum residents themselves. With appropriate and adequate capacity building efforts, local people's, especially women's, leadership develops often rapidly. Further, the poor and their own membership-based organizations should have representation on boards, committees for planning implementation, monitoring and evaluation.
- *Social Capital*: as mentioned above, intensive capacity-building programmes based on local people's needs should be undertaken so as to build the leadership of local people (slum residents) and help them develop their own viable organizations.
- *Other targeted activities*: we would stress the need for social security, namely at least health care, child care, insurance and housing services as part of an urban anti-poverty strategy.

4) When we discussed the Action Plan for Slum Upgradation, you had mentioned six key actions, namely, strengthening in-country capacity, preparing national city upgrading programmes, supporting regional and global knowledge and learning, investing in slums, strengthening World Bank and partner capacity and leadership and political buy-in.

We would like to add a few more to your list of key actions:

- Representation of the poor and their organizations in slum planning boards and urban planning;
- Capacity building of local people and promoting their leadership so that they can run their own local organizations;
- Decentralization and delegation of slum upgradation and community development programmes with resources and decision-making powers to local slum dwellers and other people's organizations;
- Infrastructure-related finance should be made available to micro-finance institutions.

We would be glad to remain in touch with you and exchange ideas and experiences on slum upgradation.

With best wishes,

Sincerely,

Mirai Chatterjee  
SEWA

## V. Launching the Cities Alliance

**Objectives:** The Cities Alliance was launched in May 1999 by the World Bank and UNCHS (Habitat) as a multi-donor partnership with cities and their development partners to make unprecedented improvements in the living conditions of the urban poor. The Alliance marshals the experience and knowledge of its partners to focus on two key priorities:

- (i) mobilize commitment and resources for city-wide or nation-wide programs to upgrade the squalid, unhealthy and often vulnerable living conditions of the urban poor living in slums and squatter settlements in cities of the developing world; and
- (ii) facilitating participatory processes by which local stakeholders design City Development Strategies that define their vision for their city, analyze its economic prospects, and identify priorities for action and investment follow-up.

The Cities Alliance as a global partnership aims to:

- improve the quality of urban development cooperation and lending,
- strengthen the impact of grant-funded urban development cooperation;
- expand the level of resources reaching the urban poor by increasing the coherence of effort of existing programs and sharpening the focus on scaling up successful approaches; and
- provide a structured vehicle for advancing collective know-how.

The Cities Alliance is not developing separate implementation capacity, but rather drawing upon the existing capacity of its partners. In-country work is managed through the regional operational units of the Bank, Habitat, and other bilateral and multilateral partners, as well as through existing global and regional partnership programs.

**Activities and Achievements:** During 1999 the Cities Alliance has developed a global action plan for scaling-up slum upgrading that is central to the Bank's poverty-reduction mission and urban development strategy, and to Habitat's new campaigns on secure land tenure and urban governance. It has also funded City Development Strategies and activities to scale up slum upgrading in more than a dozen countries, and has worked with partners to develop the governance arrangements of the Alliance and criteria for submission, screening, evaluation and approval of funding proposals. Grant funds will be made available through the Cities Alliance Trust and through other funding arrangements of partners. Partnerships are also being developed with associations of local authorities and with the private sector.

The Cities Alliance will fund country-specific activities, typically proposed by local authorities and sponsored by country or regional staff of one or more Cities Alliance partners. Its regional and global activities will be designed to raise awareness, increase learning and disseminate good practices.

### **Slum Upgrading activities:**

- identify and prepare citywide and nationwide slum upgrading programs;
- help selected cities and countries strengthen their policy framework as a necessary foundation for scaling up community-based upgrading programs;
- establish consensus with local stakeholders, create alliances, and mobilize resources to implement programs; and
- promote activities that raise awareness, disseminate information, and create a global base of knowledge on “best practices” in scaling up slum upgrading programs.

### **City Development Strategy activities:**

- support city-based consensus-building process to establish priorities, strategies, and actions for development;
- assess the city’s economic growth prospects linked to employment and to regional and national development;
- assist local authorities in outlining financing and investment strategies, taking into account city-based resources and revenues, as well as private sector investors and partners;
- build capacity and share the lessons and knowledge acquired in formulating and implementing city development strategies.

**Partnerships:** The Cities Alliance is a global partnership of UNCHS (Habitat) and the World Bank with other UN agencies, regional development banks, bilateral agencies, local authority associations, NGOs and the business community.

Partnership linkages between the World Bank and Habitat have been reinforced with **Development Grant Facility (DGF) grants** to two Habitat-administered programs—the **Urban Management Programme (UMP)** and the **Global Urban Indicators Programme (UIP)**. The grant to the UMP is helping to develop its capacity for providing assistance to cities for the formulation of City Development Strategies. The grant to the UIP is helping to build in-country capacity to generate the supply of urban indicators data to better inform urban policy-makers and Cities Alliance partners about urban conditions and trends. Complementarities with other on-going activities of participating donors will be built upon the *international development goals* focusing on those contained in the Habitat Agenda endorsed at the second United Nations Conference on Human Settlements held in Istanbul in 1996.

By drawing on the existing capacity of its partners to support the City Development Strategies and city-wide and nation-wide slum upgrading, the Alliance aims to create a new coherence of effort in urban development cooperation. While existing urban programs would not lose their own identity, the Alliance will help catalyze partners' actions in ways that go beyond their individual actions.

## **VI. World Bank Questions and Answers on Slum Upgrading**

### ***What is urban upgrading?***

Upgrading involves the provision of the most basic services: i.e., water and sanitation, drainage, roads, footpaths, often accompanied by community facilities and security of tenure. These projects do not involve house construction since the residents can do this themselves, but often include optional loans for house improvement.

### ***What has the experience been of past slum upgrading projects?***

Evaluations of past World Bank upgrading projects show that these projects have been more successful than the average development project. Experience has shown that slum upgrading projects are associated with social and economic benefits that are particularly high. For example in a recently upgraded area of El Mezquital, Guatemala, infant mortality rates fell by 90 percent and crime by 43 percent. Regularization of land tenure results in significant private investment in these communities—US\$7 private investment for \$1 of public funds. These results are consistent with results in other projects.

### ***What lessons have been learned over the past 25 years of upgrading?***

There are a number of lessons that have been learned and which are being incorporated into recent projects:

- Upgrading of slums and settlements is a viable and effective way to help the urban poor solve their need for shelter and a clean, safe and healthy living environment.
- *Local participation* is critical. Projects need to be designed from the bottom up working with communities so that the communities decide what levels of service they receive.
- Sustainability requires that consideration be given to the costs involved and *to designing a level of service that is affordable* to the community and to the local government.
- Programs must be derived from the city level and *country strategies* to achieve synergies with other supporting interventions addressing poverty in the country.
- Upgrading programs are most effective when led by the municipal authority and implemented at the community level through a broad set of intermediaries including community based organizations, NGO's, and UN agencies such as UNICEF and Habitat.

### ***Why the strong interest now in slum upgrading projects?***

The World Bank's mission statement clearly states it has to refocus its efforts toward helping the poor—increasing numbers of whom are urban poor. Surveys of Bank clients undertaken as part of the preparation for the Bank's new Global Urban and Local Government Strategy indicated a high level of demand and strong support for urban upgrading. In many countries there has been a dramatic shift in governance with local governments taking greater responsibility for the provision of municipal services. With democratization, local governments are able to respond more effectively to the needs of their population. Local government has more power and is more interested in what happens in slums given the increasing voting power of poor communities. A strong NGO sector is now in place and

works more effectively with government. Slum communities are often politically mature and able and willing to pay for services. It is also clear that with economic growth, in many economies, the disparities between the haves and the have-nots is increasing. The lack of basic environmental services in rapidly growing, dense urban and peri-urban settlements has resulted in public health and safety hazards. Programs to enfranchise the urban poor have high social priority.

***Why were only a few projects city-wide or national in scope?***

Countries as diverse as Jordan, Tunisia and Indonesia have successfully implemented nationwide programs. Programs of significant scale are underway in Ghana, Venezuela, Brazil, India, Morocco and the Philippines.

National programs of upgrading require active political will and an ability to deal with thorny problems such as land regulations, land ownership, changes in zoning or planning standards, and policies and institutions governing housing and infrastructure provision. Also, government turnover, lack of knowledge about what can be done among local officials, lack of voice on the part of slum dwellers, lack of consistent advice and support from the donor community have all been factors that affected scaling up. Early projects were designed test the concept, not to upgrade at a large scale. Because of this, most bilateral and multilateral institutions have very good experience with individual slum upgrading projects. The time is right for the international development community to move from pilot projects to a coordinated program approach where countries develop their own long term strategy which the international community can support.

***What is the demand for slum upgrading?***

Although figures vary depending on the definition, hundreds of millions of slum dwellers exist world-wide, and the numbers are growing at unprecedented rates. Slum areas are the locus for most serious waterborne diseases which result in high levels of infant mortality; crime rates are high; and their residents have the highest vulnerability to natural disasters. Limited access to assets, in particular secure land tenure, means that economic investment is stultified. Borrowing for improvement to property is not possible. These are problems that can be alleviated through sensible programs of upgrading, coupled with supportive policies and programs such as micro-credit to improve the economic prospects of the poor. Sustainable programs to provide the poor with essential services at an affordable cost and forestall the growth of future slums must be linked with land market and other policy and regulatory reforms that encourage the entry of new technologies and remove disincentives to partnerships among private investors and utilities, community groups and local governments to meet the growing demands of the urban poor. These in turn require strengthening the capacity of local authorities to provide good urban governance which is more responsive to the issues facing the urban poor.

### ***Have other donors been involved with upgrading?***

Bilaterals that have had extensive experience with urban upgrading include CIDA, DFID, French development cooperation, GTZ, SIDA, Italian aid, USAID; multilateral institutions include IDB, ADB, Habitat, UNICEF, ILO and UNDP. Numerous international and local NGOs have successfully carried out upgrading throughout the world.

### ***What are the costs involved? Is it sustainable?***

The key to financial sustainability is to design these programs in a way that is affordable based on the income of the community and the city and country in which they are operating. Standards need to be flexible and designs need to conform to the affordable budget envelope. It's clear that the poor in these communities currently pay higher prices for services such as water than they would if they received it through formal mechanisms. They are willing to pay for service access and land ownership. Experience of the Bank and other donor agencies points to affordable models in every region of the world in the poorest countries and neighborhoods. Back of the envelope calculation based on actual project costs in countries in each region indicate that when spread over a 20 year period, programs of upgrading that would provide services to all slum areas of developing countries could be implemented at a total cost of approximately 0.2 and 0.5 percent of GDP. Including the costs of incremental bulk infrastructure investment, O&M, land acquisition and necessary institutional support could place annualized costs in the range of 1-2 percent of GDP. In most countries this could be financed in part by the residents and in part by a reallocation of expenditures at the local and national level. The point is that financial affordability is not the main constraint— institutional capacity and political will are.

### ***What are the benefits of upgrading?***

The benefits of upgrading are simply that people obtain an improved, healthy and secure living environment without being displaced. The investments they have already made to their properties remain and are enhanced—this is significantly better than removing them to costlier alternatives that are less acceptable to them. Recognizing title and security of tenure makes a positive contribution both to the economic prospects of the poor, as well as to the national economy.

### ***How does upgrading link to the Cities Alliance?***

The Cities Alliance is a multi-donor alliance of cities and their development partners. Its objective is to make unprecedented improvements in the living conditions of the urban poor through city development strategies and scaling-up slum upgrading programs citywide and nationwide. Launched by the World Bank and UNCHS (Habitat) in May 1999, the Cities Alliance seeks to be the key donor financing vehicle for the preparation and design of these initiatives and its Consultative Group to achieve a new coherence of effort among bilateral and multilateral partners and cities in support of implementation.

## **ANNEX**

### **A Current Example of Scaling-Up of Slum Upgrading**

**Parivartan Slum Networking Project  
City of Ahmedabad, India**



UNDP-  
World Bank  
**Water and  
Sanitation  
Program –  
South Asia**

# Ahmedabad Parivartan

**P**arivartan, meaning 'transformation', is the objective of an ongoing program in the city of Ahmedabad in Gujarat. Ahmedabad Parivartan (also known as the Slum Networking Project) brings basic infrastructure services, including water and sanitation, in an affordable and sustainable way to the slums and chawls of the city. Led by the Ahmedabad Municipal Corporation (AMC), the project motivates and facilitates the target communities, local non-governmental organizations and the private sector to work together in a unique partnership. UNDP-World Bank Water and Sanitation Program - South Asia (WSP-SA) provided conceptual design support. Parivartan was developed in response to an earlier joint initiative of the private sector (Arvind Mills) and the AMC, to provide basic services to urban poor people living in a slum community called **Sanjaynagar**.

Thanks to efforts made by the Municipal Corporation, the city's



*Sinheshwari Nagar before Parivartan*

finances have been turned around to provide a firm base for sustaining investments and services. This has been achieved through improved urban management and through forging of partnerships with the wider civil society of the city. In the

process, the Corporation no longer perceives itself as a sole provider of services but a key player and facilitator as well. Parivartan is one amongst a number of innovative programs which are changing the face of the city today.

## Parivartan

1029 slums (informal settlements) and 1,383 *chawls* (tenements) in the city, house approximately 300,000 families – 40 per cent of the city population – many of whom have little or no access to basic urban services. In the past, investments in services for the slums and *chawls* were generally norms driven and limited in their coverage. Services experienced rapid deterioration leading to breakdown in many cases.

Parivartan is based on the

premise that services should only be provided when there is a clear demand for them. Accordingly, Parivartan recognizes that the community are the client or market and that the community are also the main actors in the program. The design of the program has been kept flexible and adaptable, leaving room for change in the institutional, social and technical approaches to respond to experience and changing circumstances during the course of the program.

Fundamentally, Parivartan

offers a range of services with realistic 'price tags' attached, enabling communities to make informed choices about the size and nature of investments to be made.

Ahmedabad Parivartan provides complete linkages with the existing conditions and services in the city. The program is available to any slum which wishes to participate, and services are fully connected to existing city networks. The institutional arrangements evolve from within the existing structures in the city.

### Rules

After long and careful deliberations, AMC and its partners devised a set of 'first cut' rules which attempted to combine the ambitious objectives of the project with the need for simplicity and clarity.

#### Costs and Cost Sharing:

Based on the designs for services developed for the slums, including Sanjaynagar, the Corporation has calculated that on average, the on-site upgradation cost is Rs 6,000 per dwelling. Of this, in a cost ratio of one-third each, the Ahmedabad Municipal Corporation, private

industry and each community household are making a contribution of Rs 2,000 each. In addition, each household is also contributing an extra Rs 100 towards the initial maintenance cost of the services. On-site operation and future maintenance of the services will be fully managed by the community. The infrastructural services provided by the Parivartan Program are:

- Roads and paving
- Water supply to individual households
- Underground sewerage link for individual households
- Storm water drainage

- Street lighting
- Solid Waste Management
- Landscaping

In addition to the cost of providing the above services to each household within a slum, the average cost of connecting the services to the main city piped water and sewage lines is Rs 4,000 per dwelling. This has recently increased to Rs 5,000 due to rising costs. The cost of linking with city services is to be borne by the AMC, as part of its overall responsibility of providing municipal services throughout the city.

One of the key features of this ongoing project is that communities are not mute



*Sinheshwari Nagar after Parivartan*

witnesses to the process of change but express choice and gain a meaningful stake in the project through a substantial payment for services. Another key feature is that besides the provision of infrastructural services to the slum dwellers, Parivartan also extends to upgrading the overall quality of life of the community, once the services are in place. This is achieved through on-going community development programs, initiated by the NGO partners of Parivartan.

In the first phase of the project, households pay a proportion of the total cost of services. A household

receiving all services, will pay Rs 2,000. Discounts are offered for those already in receipt of some services.

**Eligibility:** All slums and *chawls* will ultimately be eligible to be part of the project, but there are rules governing what a community must do to access services under Parivartan. To participate in the project, a community must form an association and indicate its commitment by payment of the fixed contribution of Rs 2,000 per household, plus Rs 100 towards initial maintenance expenses.

## Sanjaynagar

*The inspiration for Parivartan*



he pilot scheme in Sanjaynagar, a slum community of 181 households, is

complete. The implementation of this pilot scheme was carried out by a Trust, called 'Sharada', created specially for this purpose<sup>1</sup>. The Trust was financed by Arvind Mills (a major local industrial group). The Ahmedabad Municipal Corporation provided technical and financial inputs with the local investments secured and handled by SEWA Bank – an all-women bank being run by the Self Employed Women's Association, a well-known union based in Ahmedabad. Community development was undertaken by SAATH, a local NGO.

<sup>1</sup> The concept and the designs were prepared by noted local architect, Himanshu Parikh.

## Expansion



iven the success of the pilot project in Sanjaynagar, many slums are now

participating in Parivartan. The AMC has prepared a further set of 18 slums for implementation as part of the second phase of the program. Currently, a second slum, **Sinheshwari Nagar**, has been completely upgraded. The slum comprises 43 families, all of whom have now been provided with individual water, sewerage and sanitation facilities, along



**The proud owner of a new toilet**

with internal paved roads, storm water drainage and streetlights. As of March 31, 1999, the upgradation of another four slums is nearing completion. In each case, the motivation work being done by the NGO partner (Mahila Housing SEWA Trust) has resulted in 100 per cent of community members agreeing to contribute their share of the total

## Future

Efforts are now underway to identify and establish a satisfactory institutional structure that can deliver services to all eligible slums (300,000 families) over a period of five to seven years. Having played a major role in the establishment of the project rules and in developing collaboration between AMC and its non-governmental partners, WSP-SA is planning to provide technical assistance for developing a new institutional mechanism for the project (including capacity building) through its New Delhi Office.

A positive feature of the Parivartan Program is that it has proved to be a very effective medium through which linkages to government subsidy schemes may be efficiently made. Due to the basic requirement of Parivartan, to organize entire slums and document the socio-economic details of each household, it lends itself very well to accessing government schemes for service provision in an organized way. Currently, the state government toilet subsidy scheme (which provides Rs 4,500 per household) has been collectively linked to the slums involved in Parivartan. It is envisaged that more such government schemes will be linked to communities' own efforts through Parivartan.

cost, with 90 per cent of the money already deposited with SEWA Bank.

A number of donors have also shown an interest in Parivartan. External funds, it is felt, may be used as a substitute for private sector contributions in some cases or could be channeled into

the provision of trunk services that will enable Parivartan to reach currently unserved areas of the city. A progressive scaling up is required to achieve the ultimate objective of Parivartan or change, for the city of Ahmedabad, by the year 2003.

*For further information, please contact:*

UNDP-World Bank Water and Sanitation Program - South Asia  
55 Lodi Estate, New Delhi 110 001, INDIA  
Tel: (91)-(0)11-469 0488/9; fax: (91)-(0)11-462 8250

Ahmedabad Municipal Corporation  
(Slum Networking Project)  
Sardar Patel Bhawan, Danapith,  
Ahmedabad 380 001, INDIA  
Tel: (91)-(0)79-5353 611; fax: (91)-(0)79-5350 926  
Email: mctiger@ad1.vsnl.net.in