Slum Upgrading and Housing Finance
Framing the Debate

This paper provides an overview of the key issues related to slum upgrading and housing finance. Part 1 summarises urbanisation and the challenge it poses for affordable housing finance (additional data are available in Annex 1). Part 2 reviews the evolution of, and lessons learned from, various policy responses to informal settlements (additional information is provided in Annex 2). Part 3 examines why affordable housing finance has been so elusive, yet Part 4 highlights some successful initiatives (more detailed examples are provided in Annex 3). Part 5 proposes several questions for further research.

1. The context: the urbanisation of poverty and the growth of slums

The world is experiencing an unprecedented rate of urbanisation. From 2008, for the first time in human history the majority of the world’s population will live in urban areas. Some 95% of this growth, however, will occur in precisely those cities least equipped to manage this “urban transition” – the secondary cities of Africa and Asia. The result, if unchecked, will be the increasing urbanisation of poverty. In 2003, there were an estimated 1 billion slum dwellers; by 2020, this figure may double to 2 billion people.

...will create tremendous demand for affordable housing finance

As a result of the Millennium Declaration and the adoption of a relatively modest “slum target” (to improve the lives of 100 million slum dwellers by 2020), a costing exercise was carried out in 2005 to determine the scale of resources required to meet the full needs of the projected slum growth (see Annex 1 for graphic). It was estimated that some US$ 300 billion would be required over a 15 year period, or some US$ 25 billion per year. The report went on to state that “successful models have demonstrated that, when appropriately supported by local and central governments, local residents can provide about 80 per cent of the required resources. This would leave 20 per cent to be provided by international aid, i.e. roughly US$5 billion a year.”

There are three significant implications from this costing exercise. First, the demand for affordable housing will be significant in the coming decades. Second, affordable housing finance will play a key role as part of the overall package of “appropriate support” to the urban poor. Third, as the total international assistance for urban development is some US$ 2 billion per year, the role of international finance must be extremely targeted to be effective.

2. Experience and Lessons-Learned from Slum Upgrading Experience

Thirty years of experience...

Over the last 30 years, there has been a significant evolution in policy responses to the slums challenge (see Annex 2 for more details). From the 1950s to mid-1970s, developing countries tried to meet the housing crisis through public housing with the net result that an estimated 100,000 dwellings were built during that period. Slum clearance and relocation

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were the common response based on a predominantly negative view of informal settlements. The inability of Government to provide alternative housing simply pushed evictees to the urban fringes where the poor built new informal settlements (UN-HABITAT 2003:124).

From the mid-1970s, **assisted self-help housing** became the dominant housing delivery approach. Based on the concept of incremental housing three variants emerged: (i) site and services schemes - provision of vacant land with basic services for residents to construct their own dwellings; (ii) embryonic or core housing units; (iii) squatter settlement regularization and **in situ** upgrading (non-relocation).

The **“Enabling Approach”** emerged in 1988 and shifted the role of governments from housing provider to “facilitator”. Governments were expected to remove obstacles and constraints that blocked people’s access to housing and land, such as inflexible housing finance systems and inappropriate planning regulations, while people were expected to build and finance their own housing.

From the late 1990s, three trends are discernable. First, **Community-driven solutions** have emerged. Recognizing that the urban poor play a key role in improving their living conditions, recent successful examples give organized communities of the urban poor a lead role in the design, financing and implementation of upgrading programs. Nevertheless, **Government-led housing programmes** continued to be favoured in countries such as Egypt, Morocco and Tunisia, demonstrating that top-down planning and implementation by strong central institutions can achieve significant results (UN-HABITAT 2006: 172). During the same period, **slum prevention** has emerged as an important priority, bringing together access to land and security of tenure, access to credit, and provision of basic infrastructure within a simplified physical planning framework (Cities Alliance 2003).

... has generated valuable lessons regarding upgrading

- Holistic, in situ, approaches combining mobilized communities, security of tenure, access to affordable housing finance, access to livelihoods opportunities, affordable infrastructure and services based on effective demand are broadly preferred
- The urban poor’s ‘incremental approach’ to housing – and, more broadly, the growth of cities – must be recognized, supported and minimally guided
- Catering for all segments of the land and housing market, particularly renters, is crucial to avoid downward raiding by more well-off individuals
- High building standards and physical planning requirements are unaffordable and ignored
- Cost-recovery for infrastructure is always a major challenge
- Scaling-up successful projects (or effective slum prevention) has rarely been achieved due to systemic constraints in access to capital at scale and in the legal, regulatory and institutional framework for urban management, often manifested by complicated administrative procedures, overlapping mandates, and inflexible professionals
- Enhancing the fiscal capacity of local governments, including through fiscal decentralization is vital to achieving impact at scale, but often requires capacity support
- Political will is fundamental to success, yet can be elusive

3. **Affordable housing finance: fundamental challenge for slum upgrading & prevention**

*Conventional housing finance is not reaching the urban poor...*

It is widely acknowledged that an inadequate supply of affordable housing finance remains a major barrier to improving living conditions for the urban poor. There are several major
reasons for this. The first reason is **affordability**: low- and even middle-income households usually cannot afford the debt-service required to finance even a minimum core unit. The gap between the payment to income ratio for the urban poor versus conventional mortgage finance institutions is too great, even under stable macro-economic and finance conditions (Ferguson 1999: 186). Second, standard **loan conditions** are not pro-poor. Low-income households are often self-employed, often in the informal sector, and are vulnerable to shocks. Moreover, traditional mortgages often require full legal title as a security, while the urban poor live in a condition of insecure tenure, or with intermediate forms of tenure (UN-HABITAT 2003b). Finally, financial institutions perceive **few incentives** to lend to the poor. Small loan amounts, high transaction costs, extra work in verifying creditworthiness all militate against innovation to reach the urban poor. In addition, there are **additional risks** associated with the incremental approach to shelter, including potential ‘illegality’ in terms of non-compliance with building/planning regulations. As a result, low and even middle-income households adopt finance strategies based on individual savings, family loans and remittances, neighbourhood savings, and when nothing else is available, money lenders or pawn brokers. A very common alternative to home ownership, however, is the rental market, with its attendant benefits and insecurities (see UN-HABITAT 2003c).

... while international housing lending has paradoxically moved ‘up-market’

The experience of the World Bank in shelter lending over the past 30 years reflects these realities. While shelter lending has evolved to embrace the private sector more fully, it has also moved away from the poverty orientation, both in terms of lending to low-income countries, as well as a shift in focus away from support to low-income housing, slum upgrading and sites-and-service projects. Moreover, many countries in which formal housing finance is available do not have policy, legal and regulatory frameworks conducive to the development of finance. (Buckley et al 2006)

4. Innovative Approaches

*Two major alternative sources of finance...*

In response to this situation, two main approaches to providing affordable housing finance have emerged: (a) shelter micro-finance; (b) community funds. In many cases, micro-credit institutions in the South started out providing loans for micro-enterprise, but evolved to including house improvement loan products. Similarly, many community-funds evolved from a community empowerment and advocacy agenda to emphasize access to land and shelter.

... with different approaches

While the **objectives** of shelter micro-finance are oriented towards house improvement, community funds enable the poor to access shelter assets, particularly land and infrastructure. Micro-finance **borrowers** are therefore of more moderate income, usually those with land who want to improve their dwelling, while community funds often target the very poor, those without security of tenure or adequate housing. Community funds usually require **savings**, while micro-finance does not always; the role of the **community group** is essential for repayment, while micro-finance may sometimes use the community as a guarantor. **Loan sizes** vary, from between US$100 to US$5,000 for shelter micro-finance and generally under

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2 See Ferguson 1999, UN-HABITAT 2003a and UN-HABITAT 2005

3 In the period 1972-86, 3 per cent of World Bank support to the shelter sector was for housing policy support, while 49 percent was for sites and services. From 1987-2005, the figures inverted: 49 percent of shelter sector lending went to housing policy support, while 11 percent went to sites and services (Buckley et al. 2006: 17).


US$1,000 for community funds. Both approaches may, however, use a graduated process of building repayment experience and capacity through a series of small loans. Community funds usually set their interest rates at inflation plus administration, while micro-finance institutions charge inflation plus costs of 10-20%. In addition, shelter micro-finance can charge higher rates for enterprise loans to cross subsidize housing loans. Collateral or security for shelter micro-finance often includes personal guarantees, household assets, co-signers or mortgage, while for community funds it is essentially the collective loan management that is essential (though title deeds from land may be used). Sustainability or commercial viability is desired for shelter micro-finance products, while community funds often depend on Government provision of land and services (as a subsidy) to reach lower income families. Institutionally, therefore, shelter micro-finance providers are linked to other financial institutions and may involve municipalities in upgrading, while community funds are often linked to both national and local governments. In terms of impact at scale, some community funds have demonstrated a greater capacity to expand their coverage (Baan Mankong, Thailand).

...nevertheless some key challenges remain

- **Access to capital** is a universal and persistent challenge for both shelter micro-finance and community funds. Some estimates suggest that only 5-10 of the effective demand for shelter micro-finance is currently being met. Despite the creation of apex micro-finance institutions, the ability to accept deposits, accessing international support or seeking private sector finance, access to capital, especially for medium- and long-term capital, remains a challenge (see Kuyasa, South Africa; PROA, Bolivia). In addition, domestic institutions remain risk averse and have difficulty in adapting their systems to the needs of the informal sector. The shelter micro-finance sector is highly fragmented.

- **Targeting** of the more vulnerable is has long been recognized as a challenge for shelter micro-finance due to the need to give out larger loans and secure high repayment rates. Reaching some of the most vulnerable groups – such as illegal migrants who are not part of a resident community or tenants or women who may be vulnerable because they do not have shared tenure – is also a challenge for community funds.

- **Relating to the State** is a primary challenge for community funds as they try to balance achieving impact at scale with maintaining a community-driven process. Three common models exist: become a state agency (UDCO became CODI in Thailand); remain an independent agency, but receive state contributions in a central fund; and, finally, become an independent agency with state contributions to local activities supported by the fund.

5. **Areas for further research**

- Innovative ways to tap domestic capital markets, including credit enhancements
- Linking intermediate tenure solutions (certificates, occupancy permits, etc.) with appropriate corresponding finance options
- Identifying strategies to improve the functioning of peri-urban & informal land markets
- Bundling housing loans with other financial services, including insurance
- Technology – taking advantage of bank machines, fingerprint readers, cellular phones, etc. to enable the poor to more effectively service their loans
- Identification of innovative solutions for the rental market and tenants
- Strengthening the links between home improvement and livelihoods, especially home-based enterprises run by women
Annex 1: Urbanisation Trends and Conditions at a Glance

**Figure 1.1.1: Proportion of Urban Population by Region, 1950-2030**

- **Source:** United Nations, World Urbanisation Prospects: The 2003 Revision.


- **Source:** UN-HABITAT, Global Urban Observatory 2006 (projection)

**Target 11 and Slum Population of the World (in millions)**

- **Source:** UN-HABITAT and the Goal of the Millennium Declaration on slums (2005), updated based on preliminary version of UN-HABITAT, State of the World’s Cities Report 2006

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<table>
<thead>
<tr>
<th>Year</th>
<th>Original Target (improvement of existing 100 million)</th>
<th>Modified Target (reducing proportion of slum dwellers by 50%)</th>
<th>Urban slum population if no policy change (estimated)</th>
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<td>706</td>
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Annex 2: Evolution of Slum Upgrading Approaches

Most **site and services schemes**, often provided in the context of slum clearance to re-house squatters, proved to be unviable for due to poor cost recovery and exclusion of the lowest income groups due to clienteles-based allocation or a lack of affordability, notably absence of appropriate housing finance mechanisms.

**In situ slum upgrading projects** usually include provision of basic services, as well as legalizing and regularizing the properties in situations of insecure or unclear tenure. Physical upgrading customarily includes a package of improvements through access roads, streets, footpaths, drainage, electricity, water supply, solid waste collection, and street lights. Usually, upgrading does not include home construction as this is done by the residents in self-help, but it may offer optional loans for home improvements (UN-HABITAT 2003a). The advantages compared to clearance and relocation are: 10 times less costly and minimization of to social and economic life of the community. Disadvantages: inadequate levels of community participation (“top-down approach”), poor cost recovery, and inappropriately high building standards and regulations (World Bank 2002b: 4), leading to insufficient maintenance of infrastructure; replication or scaling-up of pilot projects to city-wide or national upgrading programs was hardly ever been achieved.

The “Enabling Approach”, developed in 1988 as part of the **Global Strategy for Shelter (GSS) to the Year 2000**, advocated an “enabling strategy” that shifted the role of governments from provider to “facilitator”. Governments were expected to remove obstacles and constraints that blocked people’s access to housing and land, such as inflexible housing finance systems and inappropriate planning regulations, while people were expected to build and finance their own housing. The World Bank’s Policy Paper “Enabling Housing Markets to Work” (1993), generally in line with the GSS, places more faith in markets to deliver both efficiency and equity goal. GSS places central importance on capacity-building for improved urban management, institutional reform (especially in the public sector), and ”local ownership” over policy decisions. A key role is awarded to NGOs and other civil society groups in the housing process. It recognises the critical role of government, not only creating the "enabling institutional environment", to facilitate the actions of the non-governmental actors, but indeed to also provide investments and facilities which the private and other non-governmental sectors cannot adequately provide - such as trunk and other important infrastructure. The GSS also accorded a fundamental role to the private sector in shelter delivery; it was based on a sectoral approach that aimed to introduce innovations in building technology, new construction methods and affordable building materials.

Today, **participatory or community-driven in situ slum upgrading**, with *de facto* tenure security, is recognized as best practice. Based on the recognition of the key role the poor play in improving their own living conditions, participation in decision-making is more and more seen as a right and an instrument in achieving greater effectiveness in the implementation of public policies (UN-HABITAT 2003). Recent successful upgrading cases based on community participation involve the poor in formulation, financing and implementation of upgrading programs and build on their own innovative solutions and formally recognize CBOs. As UN-Habitat asserts, the inclusion of “those traditionally responsible for providing slum housing”, i.e. informal sector landlords, land owners and the investing middle class, are essential in order to encourage investment in low-income housing, maximize security of tenure, and minimize financial exploitation of the urban poor. Government’s role thereby is to initiate the upgrading process, to maintain financial accountability and adherence to quality norms (UN-Habitat 2003a, 189). Generally, the key to a more sustainable approach lies in the right design of the community’s responsibility and participation in the upgrading process as this can generate “ownership” that is increasingly recognized as prerequisite for sustainable urban development projects (UN-HABITAT 2003).

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6 This section is summarized from “Shelter for all: The potential of housing policy in the implementation of the Habitat Agenda” (HS/488/97 E), UN-HABITAT, 1997
7 [http://web.mit.edu/urbanupgrading](http://web.mit.edu/urbanupgrading)
8 Although it is the same approach, there are two major streams that differ in approach: The organizations of the UN system (UNDP, UN-Habitat) have put emphasis on socially oriented policies - improved access to services, security of land tenure - through an improvement of planning tools and participatory processes. The World Bank has emphasized macro-economic approaches, with two main objectives: liberalizing of markets and improving economic performance of the urban economy as a whole (World Bank 1993).
Annex 3: Innovative Approaches to Affordable Housing

Global Initiatives

1. Community-led Infrastructure Financing Facility (CLIFF)
The CLIFF is an urban poor fund capitalized by donors that has been designed to act as a catalyst in slum upgrading through providing strategic support for community-initiated housing and infrastructure projects that have the potential for scaling-up. The goal is to increase the access of urban poor communities to commercial and public sector finance for medium to large-scale infrastructure and housing initiatives. It does this through a variety of means including: providing bridging loans, guarantees and technical assistance; undertaking medium-scale rehabilitation projects; seeking to attract commercial, local and public sector finance for further schemes.

2. Slum Upgrading Facility (SUF)
The central objective of SUF is to assist developing countries to mobilise domestic capital for their own slum and urban upgrading and prevention activities. The focus of SUF is on: facilitating links among local actors and help prepare local projects for potential investment by international donors and financial institutions, and, potentially, investors in the global capital markets – with the specific intent of leveraging further domestic capital for slum upgrading. SUF’s key clients are municipal authorities, civil and non-governmental organizations, central government departments, as well as the local, private sector, including retail banks, property developers, housing finance institutions, service providers, micro-finance institutions, and utility companies. SUF is designed to work with governments, slum dwellers and local financial institutions. Its objective is to develop, test and apply new and innovative means of financing pro-poor urban development with a strong emphasis on the mobilization of domestic capital. With funding of USD 18.83 million9, SUF has initiated field projects in Ghana, Indonesia, Sri Lanka and Tanzania, to be implemented during its Pilot Phase

Micro-finance based Initiatives

3. Local Development Programme (PRODEL), Nicaragua
The Programa Desarrollo Local (PRODEL) provides the following types of support to the poor in Nicaragua: support for small-scale community infrastructure projects; housing improvement loans (US$200 to $1400); financial assistance to micro-enterprises with small short-term loans of between US$300 and $1500). By 2003, more than 11,000 loans were given out for housing, with its annual disbursement in 2003 of US$2.5 million. Seventy percent of the participating families have a monthly income equivalent to US$200 or less, with many under even US$100 per month.

4. Mibanco, Peru
Mibanco is one of Latin America’s largest MFIs, with 70,000 active borrowers. Mibanco started as an NGO, but became a commercial bank in 1998. The conversion into a deposit-taking institution gave it the funding necessary to expand from micro-enterprise lending into other areas. Micasa, its housing product, was developed in 2000. After 12 months of operation, Micasa had 3000 clients, with portfolio-at-risk greater than 30 days of 0.6 percent and a return on loan portfolio of 7-9 percent (as opposed to its overall return on loan portfolio of 3-4%). Loan size ranges from US$ 250 to $4,000 and averaged US$916. Interest rates were 50 to 70% per annum, less than the rates charged on micro-enterprise loans. Loan periods were up to 36 months, but most households preferred loans of 6 to 12 months, with the average period at 11 months. Mibanco uses its analysis of repayment potential and household assets to guarantee most loans. Mortgage liens are sometimes taken, but only on loans above US$4,000 if the client has a clear title. Mortgage liens, in total, secure only 7 percent of Mibanco’s home loans. Mibanco expected housing loans to represent half of its portfolio within 3 years.

5. Kuyusa Fund, South Africa
Kuyusa is a non-profit micro-finance institution based in Cape Town. Since 2001, it has reached more than 2643 clients with US$1.8 million of housing loans. Portfolio at risk is 15% and write-offs are 5 percent of cumulative disbursements. Women constitute the vast majority of borrowers at 72 percent and account for 70 percent of the value of loans taken. Kuyusa, however, depends on donor sources for

9 from the Governments of the United Kingdom, Norway and Sweden.
wholesale equity and start-up grants. It has not been able to obtain any loan equity locally, as formal financial institutions are unwilling to partner due to perceived “high risk,” despite the fact that its lending performance is better than mortgage providers operating in the same market.

6. Grameen Bank, Bangladesh
Grameen Bank has delivered some 600,000 housing loans since it was established. Its philosophy is that loans for shelter are productive investments. For example, a more permanent home reduces the need for annual repairs following the monsoon and it brings with it attendant benefits in terms of health and well-being. The model also relies on a four year testing period during which its clients build their understanding of the loan system and demonstrate their ability to repay, thereby lowering the risk perception of shelter micro-finance organizations.

7. Self-employed Women’s Association (SEWA) interest rates for housing, India
When the Self-employed Women’s Association (SEWA) first started lending for housing in India, it did not differentiate between housing and enterprise loans (in practice, the housing loans were bigger and were often the third or fourth loan that was taken). However, due to the size of housing loans (and the fact that they did not necessarily generate an instant higher income flow), they have been differentiated as a separate loan product since 1999, since which time they attract a lower interest rate of 14.5 per cent. Income generation loans – which typically account for 50 per cent of SEWA Bank’s total loan portfolio and are usually of a lower loan amount and generate faster returns, charge interest at 17 per cent, thus partially crosssubsidizing the housing loan portfolio. SEWA’s average cost of capital is 8 per cent and this primarily reflects the interest that it pays on members’ savings. To secure housing loans, clients must have a regular savings record of at least one year. SEWA’s experience is that a strong savings record correlates to good repayments and the regularity of payments is more important than the amount. Source, Biswas, 2003.

8. Community Mortgage Programme (CMP), the Philippines
The Community Mortgage Programme (CMP) is a housing finance programme in the Philippines that allows poor families and households living on public and private lands without security of tenure to have access to affordable housing. Between 1989 and 2003, it assisted 140,650 poor families in securing housing and tenure in 1126 communities, with a total loan volume of 4.404 billion Philippine pesos and an average loan size of 31,000 Philippine pesos.

Lending is for residents at risk of eviction who have organized themselves into a community association. Each group has an ‘originator,’ generally a non-governmental organization (NGO) or local government that is responsible for assisting with the development of the land. The average loan size in 2001 was US$665 per household. The repayment period is 25 years and the (state-subsidized) interest rate is 6 per cent. While originally conceived of as a housing loan programme for groups of the urban poor, the high price of land (especially in Manila) means that many groups borrow only for land purchase. In these circumstances, residents and community associations use multiple strategies to secure infrastructure and improve their homes. Source: Porio et al, 2004; CMP Bulletin, 2004.

9. Low-income land development industry, El Salvador
In El Salvador, shelter micro-finance loans for home improvement are combined with land development through one of some 200 firms. After developing the area and selling the household a serviced plot, many developers offer a small loan (often US$1000) to build an initial core unit. Results suggest that has improved security of tenure and, with greater supply, has lowered real estate prices in real terms. Issues regarding the adequacy of the housing quality may exist.

Community Funds

10. Baan Mankong, Thailand
There are approximately 8 million people living in low-quality, often insecure housing conditions in Thailand. 70-80 percent of people cannot afford conventional housing, either through the market or through government housing programs. In 2003, the Thai government introduced the Baan Mankong or “secure housing,” program intended to improve living conditions for 300,000 families by 2008. Implemented by an independent government agency called the Community Organizations Development
Institute (CODI), its strategy for delivering low-income housing on the required scale is to channel funds to community-based organizations that plan and carry out projects themselves. Two types of funding are available: a per-household subsidy for non-housing infrastructure, and subsidized loans for housing. Slum upgrading approaches, rather than construction of new homes, are supported wherever possible in recognition of the large investments poor people have already made in their homes.

11. Supporting and Incremental Housing Strategy, Saiban, Pakistan
Saiban distinguishes itself by adopting a strategy to explicitly support the incremental housing and urban development process of the poor. It identifies and finances the purchase of vacant, unserviced land and leaves the housing to be developed incrementally as each household accumulates the money to pay for the next stage of development. Saiban also supports a process of community mobilization to enable the neighbourhood residents to effectively negotiate with the government. It is reported that security in Saiban settlements is higher, that the cost of living is lower and that services are connected much earlier than in comparable settlements outside.

12. The Urban Poor Development Fund, Cambodia
Development and investment in Phnom Penh have escalated significantly. As a consequence, commercial and public development agendas have collided with the needs of the poor within the city; the poor have been struggling to secure a place in the city in the face of aggressive commercialization of land markets. In 1998, the Urban Poor Development Fund was formed. The fund is a collaboration between the Squatter and Urban Poor Federation (SUPF), the municipality and local nongovernmental organizations (NGOs). The fund was initially intended for shelter loans for a community relocated in an inner-city development, but has diversified into other areas in response to community needs. Between 1998 and 2003, more than 18 relocations of low income communities took place, with great variance in the viability of the new sites. The development of the fund has had to respond to such needs. Relocation was the only option offered to communities facing eviction. Frustrated with the lack of alternatives, several organizations considered a new City Development Strategy. Building on the relationships within the fund, this emerged as a joint programme of the Municipality of Phnom Penh (MPP), the United Nations Human Settlements Programme (UN-Habitat) and the Asian Coalition for Housing Rights (ACHR), the SUPF and the Urban Resource Centre, a local NGO. The organizations initiating the strategy believed that developing a shared vision of the city’s development between various stakeholders was essential. Preparatory studies for the strategy led to a consensus that in situ upgrading needed to be an option. The fund used its fifth anniversary event (24–26 May 2003) to promote the strategy of on-site community improvement. The approaching national election provided added incentive for the government to launch the pro-poor upgrading initiative. Prime Minister Hun Sen gave the opening speech, in which he announced his policy for the upgrading of 100 settlements in one year in Phnom Penh with 500 settlements in five years. Source: ACHR, 2004.

Other Upgrading Initiatives

13. Parivartan (Slum Networking), Ahmedabad, India
The Slum Networking Project, referred to as Parivartan, provides basic services in the city’s slums. Municipal budget allocations and national transfers and grants could only cover the cost of the secondary and tertiary infrastructure required. The cost of house connections was divided in three equal parts to be covered respectively by the households, the municipality and private donations. The municipality designates the slums for upgrading and regularizes tenure. All participating households are provided with written documents ensuring security of land tenure for a minimum renewable period of ten years. Participation is optional but conditional on a commitment to pay their share of the program’s costs: US$ 48 towards the infrastructure package and US$ 2.3 towards the cost of its maintenance.

Within 5 years, Parivartan reached 9,435 families with 56,610 people in over 40 slums. It is being expanded to include 59 more slums reaching an additional 15,431 households. Death rates in the upgraded slums have declined from 6.9 per 1000 to 3.7 per 1000. The proportion of children immunized against disease rose from 31.25 per cent to 51.35 per cent and include 100 per cent of newborns. General illness incidence has been lowered from 24.4 per cent to 16.5 per cent, reducing health related expenditures by 4.4 per cent. The program has enhanced the ability of families to generate income and increase their monthly expenditures by 33 per cent. Literacy rates have also increased from 30 per cent to 45 per cent.