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# Financial Strategy Toolkit for Upscaling Participatory Slum Upgrading

Housing and Slum Upgrading Branch, Slum Upgrading Unit

8-11 April 2019

## Background

The United Nations Human Settlements Programme (UN-Habitat), is the UN agency for human settlements. It is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all.

UN-Habitat is implementing a tripartite partnership programme, the Participatory Slum Upgrading Programme (PSUP) in 190 cities of 40 countries in Africa, Caribbean and the Pacific (ACP) since 2008. The PSUP is initiated by the secretariat of ACP group of states and funded by European Commission (EC). To date, the programme has provided the necessary enabling framework for improving the lives of at least 2 million slum dwellers. The PSUP's approach is grounded on its emphasis on integrating slum dwellers into the broader urban fabric and adopting a positive stance towards slum dwellers and in-situ slum upgrading, using city-wide participatory planning methods.

Since the inception of its first phase in 2008, it has mobilized significant number of policy makers with local, regional and national governments, communities and civil society organizations to change mindset in policy prioritization for slum dwellers needs to provide access to water and sanitation and effectively reduce the number of slum dwellers and move ahead with more feasible strategies for meeting the SDG 11 Target 1: ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums" as well as SDG 1, SDG 5, SDG 6, SDG 7, SDG 10, SDG 16, and SDG 17. The Programme further responds to the framework established under New Urban Agenda (NUA) demonstrating through actions because indeed it is possible to transform the lives of the people living in slums, thus motivating countries to further dedicate efforts and resources to upgrade slums and prevent their formation, aiming at solving this dire problem over the period covered by the 2030 Agenda.



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*In Egypt:*

Since the 1970s and '80s, there have been attempts to regularize informal development by adopting several laws, statutes and decrees. Pilot examples of formal housing communities, such as Haram City in the Sixth of October, or provision of planned, subdivided and serviced land by the Government for guided land development in the same area demonstrate that such alternatives are not attractive to everyone. The formal turn-key development is only affordable to the lower middle class and up; the government land for development is allocated in remote desert areas away from the economic opportunities. On the contrary, the informally developed areas, despite their shortcomings in living standards, have proven to create an inclusive, vibrant economic environment.

In line with UN-Habitat global programme approach UN-Habitat Egypt Programme is currently implementing the Participatory Citywide Urban Upgrading Programme (PCWUP) in cooperation with Ministry of Housing, Utilities, and Urban Communities (MoHUC) and a funding from Informal Settlement Development Fund (ISDF). The objective of the programme is to support ISDF to set up an integrated and inclusive strategy for urban upgrading and development in informal areas by surveying to classify informal settlements typologies and identify adequate upgrading strategies for various types of informal settlements in Egypt.

## **Financial Strategy Toolkit for Upscaling Participatory Slum Upgrading**

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). Further, the overall city wide and/or national informal settlements strategy and the financial strategy needs to be aligned, rather than being two complementary items.

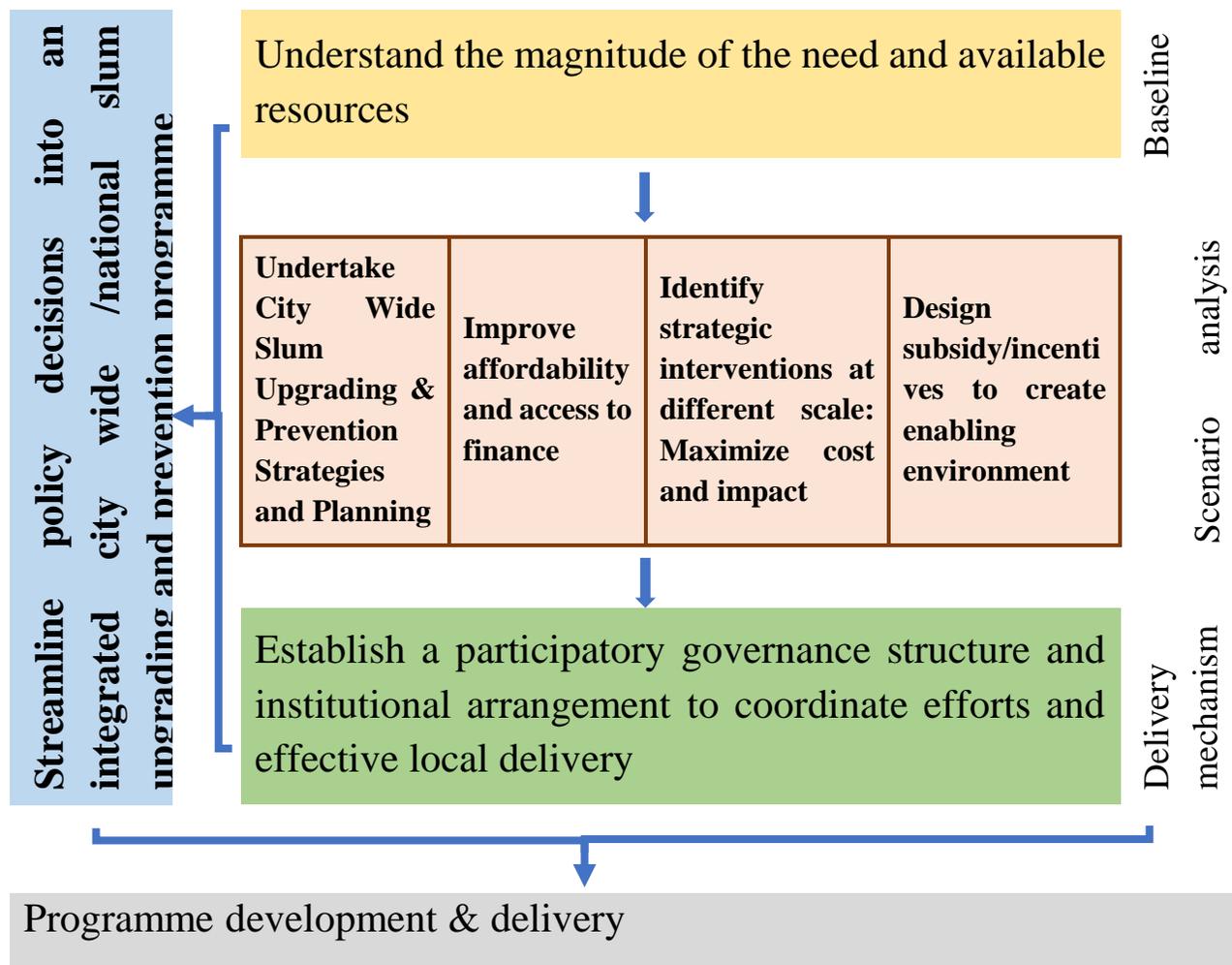
PSUP aims at aiding countries to develop financing strategies for up-scaling participatory slum upgrading at city wide and/or national level. This requires exploration of innovative financing partnerships at regional and country scales and consultations with international financial institutions with 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 toolkit has been developed considering inputs from a thematic taskforce within UN-Habitat, three workshops in Kenya, Cameroun and Tunisia, as well as from a training session during the 9<sup>th</sup> World Urban Forum, in Kuala Lumpur, Malaysia and online Expert Group Meeting in September 2018.



The Financial Strategy Toolkit (see table below) 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 city and/or national level. It further equates the interventions against the resources available locally and leveraged internationally. The Toolkit is structured on three pillars i) Baseline that starts with detailed assessment of slum situation in a city or a country including data collection, policy legal review and establishing standards as baseline; ii) Scenario Analysis which will put lance on various issues of slum upgrading that will have a cost implication based on preferred decision or option. This ranges from planning approach to affordability, strategic intervention to subsidy design. Scenario Analysis will guide policy makers and technical team to think through those various issues of slums and informal settlements upgrading to understand the implication of a policy decision and choice on finance requirement, which will inform designing a sustainable slums and informal settlements upgrading programme. iii) Delivery Mechanism will require reform in institutional set-up and intersectoral coordination and collaboration, without which the delivery of a large scale and integrated, multi stakeholders programme will not be possible. The Dashboard presents key areas of concerns to explain the finance implications.

### Finance Strategy Toolkit Dashboard





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## Objective of Training

There are three broader learning objectives of this training that are;

- i) to give a broad and complete overview of issues related to slums and informal settlements upgrading, such as city wide approach, participation, affordability, institutional setups, subsidy, planning, etc to understand the implication of a policy decision and choice on finance requirement;
- ii) to work with a data to quantify some of policy decisions to demonstrate financial requirement for a participatory slum upgrading in Egypt, which will help participants to understand better how to build financial scenario to aid decision making process and budgeting
- iii) to present international case studies to explain informal settlements upgrading approach(s) elsewhere to create learning

## Training Methodology:

The training will be a classroom/workshop based with a combination of group exercises, and discussions along with inputs from participants.

**By Who:** The Training will be conducted by a pool of experts from UN-Habitat Slum Upgrading Unit



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## Draft Agenda: Financial Strategy Toolkit for Upscaling Participatory Slum Upgrading

Time	Session Name/Activity	Learning objective	Tools
<b>Day 1: April 8<sup>th</sup>, 2019</b>			
9:30- 10:00	Welcoming and Morning Coffee break		
10:00-10:30	Introducing Informal Settlements Situation in Egypt, by the Government		
10:30-11:00	Session 0: Introduction to UN-Habitat approach to Informal Settlements Upgrading and a Financing Strategy Toolkit- key principles and the methodology framework		
11:00-12:00	<p><b>Session 1: Understand the magnitude of the need and available resources</b></p> <p>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, incentives community savings, available private and public financing; governance; urban profiling and vulnerability assessment</p> <p>ii) Establish standards and targets to address incrementally the needs of slum dwellers</p>	Establishing Baseline	1. Urban profiling tool 2. Stakeholder mapping tool 3. Legal analysis review tool Financing strategy toolkit: Excel Model
12:00-15:00	Field Visit by bus, housing projects in 6 <sup>th</sup> of October city		
15:00- 15:30	Lunch and reflection on the field visit		
<b>Day 2: April 9<sup>th</sup>, 2019</b>			
9:30- 10:00	Recap from Day 1		
10:00-10:30	<p><b>Session 2: Undertake City Wide Slum Upgrading and Prevention Strategies and Planning</b></p> <p>i) in-situ upgrading, ii) land sharing and iii) relocation for slum improvement; iv) new settlements, and v) infill/densification for prevention.</p>	Building Scenario analysis	1. Citywide slum upgrading strategy tool
10:30-11:30	<p><b>Session 3: Identify strategic interventions at different scale: Maximize cost and impact</b></p> <p>(i) city scale: Trunk infrastructure to connect slums in cities and improve connectivity to life-affirming jobs &amp; amenities; (ii) Neighbourhood scale: Branch infrastructure and public space to improve access and</p>		1. Financing strategy toolkit: Excel Model



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	<p>livelihood opportunity within slum neighbourhood; iii) community/cluster scale: enable access to local infrastructure in semi-private space; (iv) household scale: support progressive investment towards adequate housing, livelihood improvement.</p> <p>Case 1: Planning Scenarios for Majengo, Kenya Case 2: Incremental Housing, ciudad Bachue, Colombia</p>		
<b>11:30-12:15</b>	<p><b>Session 4: Improve affordability and access to finance</b></p> <p>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</p>		1. Financing strategy toolkit: Excel Model
<b>12:15-12:30</b>	<b>Coffee Break</b>		
<b>12:30-13:00</b>	<p>Case 3: Improving Livelihoods through Community managed Funds (PSUP) , Ghana, Case 4: Improving Livelihood through supporting SMEs (PRRA), Cabo Verde</p>		
<b>13:00-14:00</b>	<p><b>Session 5: Design subsidy/incentives to create enabling environment</b></p> <p>(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</p>		1. Financing strategy toolkit: Excel Model
<b>14:00-15:00</b>	<p>Case 5 : An enabling environment to support large scale affordable housing and slum upgrading in Brazil, Case 6: Land Readjustment (PILAR), Colombia</p>		
<b>15:00-15:30</b>	<b>Lunch</b>		
<b>15:30-16:00</b>	<p><b>Session 6: Establish a participatory governance structure and institutional arrangement to coordinate efforts and effective local delivery</b></p> <p>i) Arrange permissions (regulatory and political arrangement) for funding and cooperation Establish special delivery mechanism(institution) responsible for delivery, coordination and management of slum upgrading programme</p>	<b>Delivery Mechanism</b>	
<b>16:00-16:30</b>	Case 7: Institutional Setup and PPPs for urban regeneration, Tunisia		



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### Day 3: April 10th, 2019

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9:30- 10:00	Recap from Day 2		
10:00-11:00	<b>Session 7: Integrated Programme and Finance</b> Case 8: Parivartan Slum Upgrading Programme, India Case 9: Solanda Affordable Housing Programme, Ecuador	Learning from Case studies	
11:00-12:00	<b>Session 8: Working with Excel Model of Financing Strategy Toolkit</b>	Quantifying Policy Decisions	
12:00-12:30	Coffee Break		
12:30-13:00	<b>Session 8: Working with Excel Model of Financing Strategy Toolkit (cont.)</b>		
13:00-14:45	Final Recap and Closing Remarks		
14:45-15:15	Lunch and reflecting		