

Improving Slum Conditions through Innovative Financing

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Key words: Slums, functioning housing market, role of surveyors.

SUMMARY

Slum is a major challenge for our joint development. Cities are the engines for development and viable cities for the rich must also be cities for the poor. Sustainable cities are a prerequisite for development on the whole - not only for poor countries or poor people. Problems that follow a rapid urbanisation, make cities increasingly subject to dramatic crisis, -problems like unemployment, deterioration of existing infrastructure, environmental degradation and inadequate shelter. One out of six world inhabitants live in slums. Without concerted action by governments and their partners, today's almost 1 billion slum dwellers will be 2 billions by 2030.

Support to slum-upgrading has focused on improved access to land, construction economics and providing basic services. Structural issues of financing and market conditions have often been overlooked. A change is urgent!

Providing efficient financing facilities for slum upgrading and basic infrastructure on a massive scale will be required to meet the Millennium Development Goals. The challenge is filling the gap between the two unintended outcomes of current systems:

Affordable shelter that is inadequate and Adequate shelter that is unaffordable.

Four key themes are selected for further analysis;

1. *Bridging the gap between mortgage market and microfinance* –what could Guarantee funds achieve?
2. Is *Securing tenure* and land titles the key to efficient finance and housing?
3. *Financing schemes for other actors in the sector*, and
4. *Sustainable cities*- focusing on how financing structure and local norms affect the environment, social structure and economy.

The first UN-Habitat global assessment in housing finance conditions and trends of the world shows that a quite limited group of experts is involved today. New perspectives and a broader discussion could add to drivers for further development. The scope and actors need broadening from “just” a donor-poor peoples concern. A seminar to tap the potential for relevant exchange of experience between countries and regions will take place during the FIG working week in Stockholm June 2008. Real-life experience will be added on to by well-prepared future oriented crosscheck surveys and thematic analysis. Interaction between different groups of (also new) actors will be « fostered » both during the preparations and by the design of the seminar itself. Economic development depends on efficacy of financial systems. A window of opportunity exists in creating a sound and sustainable market for low-income housing. FIG can contribute in developing and providing the capacity needed.

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1. SLUMS - A PART OF THE DEVELOPMENT AGENDA

Sustainable cities are a prerequisite for development on the whole - not only for poor countries or poor people. As urbanisation continues, and is especially rapid and visible in countries with a large population, the problems of growth affect all inhabitants and visitors. Unemployment, environmental degradation and lack of urban services, deterioration of existing infrastructure and lack of access to land, finance and adequate shelter are among the main areas of concern.

Burdened with all these problems, cities are increasingly subject to dramatic crisis, especially in developing countries. The development agenda is in all our interest. Today, the growth in the number of slum-dwellers is outpacing urban improvement. In 1990, 660 million people lived in slums in Asia, Africa and Latin America. In 2001, the figure has risen to 860 millions, a growth of almost 30%.

Providing efficient financing facilities for slum upgrading and basic infrastructure on a massive scale will be required to meet the target 11 under the Millennium Development Goal (MDG) 7 Environmental sustainability: *By 2020, to have achieved a significant improvement in the lives of at least 100 million slum-dwellers.*

Recent estimates indicates that more than 2 billion people will be added to the number of around 1 billion urban dwellers in the developing countries over the next 25 years. Without adequate finance resources invested in corresponding development of urban shelter and requisite services, this additional population will also be trapped in urban poverty, insecurity, deplorable housing conditions, poor health and low productivity. A further compounding of the already enormous slum challenge existing today. By 2007 and for the first time in the world's history, the urban population will exceed the number of people living in the rural areas. Drivers to this development are the people's hopes and aspirations for a better future, not the real-life conditions providing them a basic level of livelihood in the cities.

National policies in some countries, the Chinese HuKou for example, and even donor assistance efforts have previously tried to counteract urbanization, but in vain. Today, there is a wide recognition that urbanization is both inevitable and to some extent positive- an engine for economic development. There is though little recognition on slum as a major challenge for our joint development. Roughly one out of six people live in what can be characterized as slums in small and large cities alike. Around 80% of urban citizens in the lowest income countries live in slum conditions already today. This population is expected to double over the next 25 years. Without concerted action by governments and their partners, today's almost 1 billion slum dwellers (924 millions in 2001) will be 2 billions by 2030.

1.1 On the positive side- Today we have , and largely share, a common view

The facts and figures above are mainly summarized from a key report from UN Human Settlements Programme (UN- HABITAT), published in 2005: *Financing Urban Shelter, The Global Report on Human Settlements*. It presents the first global assessment of housing finance systems, describes and analyses housing finance conditions and trends in all regions of the world, including formal housing finance mechanisms, microfinance and community funding highlighting their relevance to the upgrading of slums. Recent shelter finance policy development is discussed at the international and national levels, and directions that could be taken to strengthen shelter finance systems are examined. So there is a baseline, a reality check, to be further tapped and analysed...

Convened by the UN-Habitat and the Government of Canada under the theme of “Sustainable Cities – Turning Ideas into Action,” WUF3 brought together 10,000 participants from over 100 countries, representing governments, UN agencies, non-governmental organizations, urban professionals, local authorities, the private sector and academia. Throughout the week, participants met in plenary, dialogue and special sessions, and attended 13 roundtables and over 160 networking events, which explored various aspects of sustainable urban development. The private sector was represented to a large extent.

The good news is the convergence on a number of suggestions for the way forward, including: the need for all urban players to work harder together; municipal leadership characterized by risk-taking and innovation; inclusive partnerships; and transparency and accountability. It highlights a unity of views between developed and developing countries that sustainability is a major challenge facing the cities.

The WUF 3 Report also identifies several emerging issues, inter alia, the need for:

- planning for rapidly growing urban populations;
- building coalitions that address the needs of the urban poor;
- increasing financial resources for sustainable infrastructure development;
- shifting from reliance on international development finance to local capital markets;
- using planning as a tool for sustainable urban development;
- addressing the gap between governments’ commitments and actions
- adopting strategies that recognize specific needs of women, youth and disabled people.

Finally, the report states that WUF3’s success lay in learning from shared experiences.

So, should the solution be a new seminar? Tired words are all the same... The work is considered done when concluding the talk with some Call for action. No, the solution can not be found in a new seminar, but only in bringing people together. People as in *practitioners*, be they surveyors, finance experts or planners, all with open minds and real life experience. June 2008 leaves room for long term planning. It makes it possible to focus on real life experience. With good preparations, it can be "translated" and presented in a way that enables efficient scaling up, and provides more tangible examples of what should be the necessary adjustment to another cultural context.

The FIG-Habitat Seminar: Improving Slum Conditions through Innovative Financing, will be designed and performed to show that *partnerships* are not an option but a requirement for the development of cities. And for Shaping the Change.

2. SLUM UPGRADING and PREVENTION OF SLUMS

2.1 Affordability rules

Meeting the MDG 7 Target 11 must involve a two-pronged approach– upgrading today’s slums and planning alternatives to slums for the future. The pious hope, that functioning housing and financial markets working well together can prevent slums, must take the poverty agenda on board before it can come true. Slums are a poverty issue.

- The problem in many countries is not that housing is too expensive, but that incomes are too low.

Focus must be both on the cost of urban housing, including more appropriate standards, and on wages, including the issue of unemployment. It also leads to another major finding:

- Low-income housing is mainly incremental, done in small steps upgrading existing facilities.

This points at one of the major reasons for microfinance being the most developed and prosperous financing mechanism for slum upgrading. There is also a well-documented link between finance for income generation and improvements in housing. Without cash, no appropriate building material can be provided, with more proper housing and basic infrastructure, time can be spent on income-generating activities.

2.2 Functioning markets

Sustainable development has three pillars; economical, social, and environmental. Remove one and it all collapses. For urban development strategies in developing countries to be effective, they will need to take account of economic forces, social inclusion and environmental sustainability. It is more important to see how these three go together than to embark from the notion that they have to trade and balance against each other. Surveyors play a key role in linking functioning markets for housing and finance.

Urban Housing, especially for the poor, is always at the top of list of problems that need to be addressed at the municipal level. The public sector response was traditionally focused on direct provision, but this has rarely succeeded in assisting those in need. Rather, a paralyzing effect emerges from the concept to stand in line and wait for your turn to get a home. Private sector need to engage. It is ranked all the way from financial institutions to the local beneficiaries-the poor people. Accountability and openness are key requisites for creating a new business environment and sound competitiveness. Cadastral systems, the bureaucracies that manage them, and the courts that enforce them, are key institutions. Property rights, which can be provided in many ways, and their enforcement is the link to commercial finance. Such business friendly legal and regulatory environment that supports private sector investment and jobs need to be part of the solution.

At WUF3, Katherine Sierra, Vice President and Network Head for Infrastructure at The World Bank made the following remark. "The functioning of the Urban Land Market is arguably the most consistent bottleneck undermining long-term city development."

Many cities have out-of date legislation, and the use of land is a form of political patronage - even outright corruption. Affordable and well-located urban land to accommodate urban expansion should be supplied by the renewed legislation. Appropriate regulations in respect to land-use, zoning, and building as well as enforceable property rights are *key public goods*. Local agencies that manage these public systems are *the key institutions*. Most families find shelter solutions through the market. This requires a sustainable finance system for the housing sector and effective assistance to those unable to look after their own shelter needs. The housing market also requires timely provision of infrastructure and a range of tradable property rights. Policy coordination with land, infrastructure, legal, and financial systems are tasks for *institutions key* to good sector performance.

2.3 Themes to be addressed

This singles out two of the proposed themes for the seminar June 2008:

- **Securing tenure as the key to efficient finance and housing**

The background report to WUF3 points at securing tenure. Access to land and housing and security of tenure are critical if urban poverty worldwide could be alleviated. Security of tenure is generally acknowledged as the critical first step in the social and spatial integration of slums and low-income settlements. When tenure is in question it hampers development. Residents will regard any improvements as high-risk investments, and feel threatened by eviction without compensation. The hands of key institutions will be tied behind their backs since any intervention on the part of government is perceived as a de facto recognition of legal status. The overarching policy and legal climate in the city is paramount for effective planning and management. "Pro-poor enabling legislation and land regularization instruments are critical components of a robust, healthy and integrated city economy and urban society. "

"Secure tenure to slum dwellers transforms their homes into a tangible asset." They can leverage their house to finance their work, they can rent out rooms for income support. Investment in community improvements and urban infrastructure build value into this tangible asset while improving the productivity of home-based enterprises.

There is an ongoing debate that tenure only does not deliver! Even negative effects are spotted. The value of the tenure is sometimes so high that the resident is forced by its own poverty to pass it on and instead find a new informal settlement for himself. An effect of a non-functioning market. The benefits of tenure programs on a broad level need further in-depth analysis to give useful input to the design and policy making. It is a good first step to agree on "pro-poor policies", but then - what do they look like? Innovative thinking around collaterals in general exist and should be further discussed. The social dimension, including the segregating effects, is an area where facts should be sought. To put it short- strike the right balance in the public-private partnerships.

- Sustainable cities ¹

Adequate housing and economic development are interlinked. Adequate financing for shelter development, infrastructure development and community development in low-income parts of the city, creates the foundation for future income generation of the urban poor. Substantial economic forces exist on a local and community based level, but they are not visible on a national level, and therefore not subject to taxation. Sustainable cities shall be seen as an investment in local economic development, employment generation and productivity. In many developing country cities, the informal economy contributes between 50 to 70 percent of local GDP and eight out of every ten new jobs: A large proportion is in the form of home-based enterprises. Making the current situation transparent, including cadastral services, is the basis for formalizing the economy. A just and equitable system will empower the poor.

Two remarks: One: Cadastral services are often considered to be technical issues. In fact they are public goods, and allocation of resources for the much needed capacitation shall focus on delivery. Two: Remember that affordability rules! The only portion of informal economies that can be transferred to taxation is the amount of money that will be more efficiently used for peoples' needs on a society level than on the individual level.

Environmental sustainability depends on efficient land use and efficient infrastructure, transport, energy, provision of water, sanitation and waste management. Financing basic urban services is a formidable challenge for cities dedicated to sustainable futures. As urban populations continue to expand, the demand for these basic services will continue to outpace local government's ability to bring these services online. Densification plays a key role also in the context of efficient infrastructure. Counter-acting the horizontal city is one thing. Encouraging multi-occupied housing development another. Local norms preventing rental and sharing buildings need to be revisited.

The social inclusion needs consideration. Segregation takes place due to financing structure. There are initiatives where exploitation is conditional to a good mix of property rights and tenure. Such conditions set by the public sector might result in lower prices for the land sold, but this common cost is counterbalanced by less costs for unemployment and less expenses to keep the area safe.

The concept of sustainable cities is currently being abused. It shall not be driven by allocating resources for the "Best future city"-competition. Show pieces are good, but not always honest. Some such presentations at WUF3 is more similar to hopes for the future than realistic models serving us today. Sustainable cities are a necessity for all, and will result in genuine development exactly at the same pace as the concept turns into reality. We have to start with realizing where we are today, and from there take the steps we can manage in the right direction. Here and Now.

¹ China puts a lot of emphasis on Sustainable cities. A special Task Force under the China Council is recently set up with the task to provide policy recommendations for necessary change.

3. SLUMS REPRESENT A FINANCIAL MARKET

3.1 Shifting to the Municipal level

The economic activities are not always what and where they seem to be. Macroeconomy is studied on a national level. The commercial financial market is mostly nationally and regionally based, assessing risks and takes a high pay for high risks. Cities throughout the world, are currently exhibiting commonality in municipal finance trends. Whether rich or poor they are all seeking to broaden their revenue base. Property tax, user fees and other traditional sources of locally generated revenues are no longer sufficient to cover for the costs following urbanisation. To meet the demand for costly infrastructure and services needs long-term capital investments. The long-term is especially important since cost-efficiency in the long run many times requires a large initial investment but in return lower operational costs. Long-term investments only take place when a positive economic development is foreseen. Good governance, accountability, willingness to invest in future growth.

The economic activity is there, on a city level, to a large extent not formally recorded, and mostly short sighted. A shift in perspective is needed. Ownership of the issue should be in the right place, and clear to all involved. Self-sourced revenue by cities to invest in the massive infrastructure and housing projects is unthinkable. The fiscal abilities are severely constrained, a common fact for all cities in the world. The city needs to be equipped for executing its ownership and the ownership will no longer mean public provision of goods, but of efficient services for creating a functioning market.

Access to financial markets, both domestic and international, by less developed economy cities are restricted. Many municipalities are not allowed to borrow and even more lack the requisite standards for financial management to comply with long-term debt servicing. Local authorities require knowledge, skills and institutional capacity building to be able to mobilize domestic capital markets practices, to develop commercially viable municipal projects and services, and to strengthen revenue collection and credit worthiness to reimburse loans for larger scale infrastructure investment. Urban management systems need adequate cross-sectoral coordination, and city administrations work their way out of fragmentation. Cities worldwide are also strengthening their local financial planning and management systems.

One necessary condition for external support is accountability. Cities will increasingly need to forge new partnerships with multilateral institutions, bilateral donors, central governments, state or provincial governments and the private sector. This web of partnerships is an essential platform for cities for the development of self-sustaining municipal finance systems.

The World Bank charter makes national government the primary partner. New facilities, like the IFC's Municipal Fund, enable multilaterals to have a more direct relationship with urban governments, but always with the support of the national government. The long-term financial objective is to assist urban governments and their utilities to become credit worthy so that they can access local capital markets to finance major infrastructure. Success in being able to raise commercial finance is the most significant indicator of good urban governance.

3.2 Size of the Market

The “demand” side of 3 billion people needing new housing in the coming 25 years – corresponding to a little less than 100 000 housing units per day! -is translated into financial needs in the UN-Habitat report. The amount is staggering, but we are also talking about 40% of the world’s population. The first important conclusion is that slum upgrading cannot be financed by governmental funds and/or support by donor assistance funds. The weaknesses of the public sector and its inability to mobilize resources for urban development, point at the need to involve private investment. In no countries, other than China and the former Soviet Union block, have the public sector financed more than 15% of the demand for housing². Residents in informal settlements and slums are already making significant private investments in upgrading their housing and communities, particularly when the tenure is considered secure. They have also shown incredible capacity to leverage savings and make gradual improvements to their shelter and basic services according to their own personal or household affordability thresholds. An estimated 70% of housing construction and investment in developing countries occurs through this incremental shelter development process.

On the other end of “private investments” you see the upper market housing, shopping malls and infrastructure facilities in the rich areas. So, the private sector in housing finance is multifaceted. The task force set up to address the MDG slum target, prepared a model for upgrading and planning based on a few successful large programmes for which dates were available for a ten-year period. The model points out shared responsibility for financing, 30% secured through small loans to participating households, 10% contribution by beneficiaries themselves (savings), and 60% provided in the form of subsidies from national and local governments, through a mix of domestic and international resources. The model indicates that the slum target³ can be reached with an average investment of 440 USD per person (beneficiary), or 42 USD per person and year. It is not an unrealizable amount.

Another imaginary calculation of mobilizing finance for improved housing and infrastructure was given at a side-event during WUF3. Taking Argentina as the example, mobilizing USD 5 savings on a local bond market in short term may result in a USD 150 000 fund. Proper management of such a fund, based on external private and accountable investors like Walmarts, Ford; Citibank and IKEA, looking for long-term options, can make a short cut by avoiding strong individual interests in the country and nepotism. The use of municipal bonds is a well-established practice in cities of developed economies where accountability exist. With a proper city-level management the concept works also on a broader scale. The city of Ahmedabad, western India, is one example that has managed to mobilize financial resources by innovative finance and mobilizing local capital markets.

² The Swedish rhetoric on the State providing “folkhemmet” (Housing for all commons) and “miljonprogrammet” (Program for a million households) could lead our thinking in other directions...

³ Task Force 8 also recommends a realigning of the target by adding: “while providing adequate alternatives to new slum formation”

3.3 The Role of Microfinance

Micro-finance and community owned finance mechanisms have grown considerably in recent decades. Grass-roots organizations in many countries are engaged in mobilizing savings and providing micro-credit services to the urban poor. These organisations bring financial markets to those who are excluded from conventional mechanisms for savings and loans. This development is both as result of demand and a result of the failure of conventional financial institutions to cater to the urban poor. The rapid growth of micro-finance agencies in developing country cities is testimony to the ability of the urban poor to direct scarce household funds into various savings schemes and community improvement funds. Despite this ability, public policy reform and reform of the commercial banking sector continue to be needed since many poor households are still not able to access sufficient credit. Establishing qualifying criteria for the poor to access commercial sources of credit remains a critical challenge.

Micro-finance agencies normally concerned with finance for shelter development are increasingly showing interest in micro-finance for more comprehensive slum upgrading programmes. Best practices in this area show such partnerships can be highly effective when a development agency or local government finances improvements in basic infrastructure and services while community-owned micro-finance organisations provide housing improvement loans. Varying experience has been gained in a number of countries, for example with the Slum Networking Project in India and the Local Development Program (PRODEL) in Nicaragua.

3.3.1 Short-term small-scale loans versus long term large value loans favoured by the mortgage markets.

Findings point at USD 500-5000 over one to eight years as being most useful for incremental development. Mortgage market, stretching out for the poorer segments has a thumb rule USD 10 000 and 10 years as a bottom line. Many (at least some and expanding in volume) of the microfinance institutions are basically private, being run as business operations, gives a fairly high rate of return and a high level of payback compared to the formal finance market. In theory there exists a window of opportunity, providing that transaction costs can be kept at a low level. It is important to increase the number of lenders in the housing microfinance sector rather than concentrate efforts only on mortgage finance. There is a need to move away from traditional sources of financing to meet the increasing costs of urban management. To fast-track loans and grants for urban development calls for direct negotiations between international financial institutions and municipalities.

3.3.2 Guarantee funds – part of the solution?

Reducing the risk for microfinance institutions. Establishment of formal guarantee organisations is a strong recommendation. Guarantee funds can act as catalysts for private investments and mobilizing commercial funds. They coincide well with donor interests. But

they have difficulties in lifting off the ground...at least sometimes. Macroeconomic stability is important. Guarantees cannot cover for that...?

Deeper experience, state of art, on *guarantee funding* is to be sought. It is commonly agreed that such a mechanism will provide a useful contribution, but so far projects have difficulties to lift off the ground. Special attention should be paid to similarities and differences compared to the developed countries' context. What within our own experience could be food for thoughts?

3.4 Themes to be Addressed

Again, two themes have been singled out and are proposed for the seminar 2008:

- **Bridging the gap between mortgage market and microfinance**

How can the number of lenders in microfinance for housing be expanded? How can the need for capital be secured? Can guarantees play a role? Lenders should take account of the likelihood of income improvements in the application procedure. Building an extra room for rent out. Mortgage finance has been expanding and many developing countries now have access to market rate housing finance. (Keys to) success of securitization? Domestic savings play a crucial role, banking is local, not global. Design of efficient subsidy schemes. To what extent are subsidies still an important part of housing policy? Market-based mechanisms-also for social housing. CBOs are proven efficient in many cases, but are they also excluding groups?

- **Financing schemes for other actors in the sector**

Healthy liquidity among small-scale contractors and single artisans. Significance of construction industry for economic growth and prosperity. Small-scale landlords working in slum upgrading also need finance. Large-scale developers need financing systems capable of providing bridging loans.

4. THE ROLE OF PRACTITIONERS

"We now are Fed-Up!" was the catchy opening speech by one of the slum-dwellers organisations taking part in WUF3, announcing their new name. Fed-Up as in Federation of the Urban poor. But stick to the initial impression of the acronym. Poor people are fed-up with their situation, the pressure is growing and there is an urgent need for delivery.

The role of practitioners can not be underestimated. Policy work and external financial support reply on people who have real world experience. They know how to translate these ideas into action – our conference theme as well as the theme of WUF3. Land surveyors are practitioners in the area of slum upgrading and slum prevention. The role, educational curricula and professional market vary between countries. Consequently, the "definition" of surveyors also varies, both in reality, and perhaps even more important, in the way they are seen by other group of actors in the field. Issues adressed in this paper encompass FIG commissions 7, 8 and 9. Cadastre & Land management, Spatial Planning & Development and Valuation and the Management of Real Estate. FIG in itself is an excellent network for cross-

sectoral coordination in Urban management systems. By utilizing both formal and informal contacts we can contribute to city administrations working their way out of fragmentation. WUF3 put highlight on the role of Planners. "The planning profession and the planning tools to address sustainable urban development in cities of poorer nations face particular challenges of capacity, and up-front resource commitments in both plan preparation and implementation." There is an information crisis, lack of monitoring structures and timely and reliable data systems. The new era of planning needs good urban governance to define new planning practice. There is a need to know how sustainability drives reform and the planning agenda. "City planners are increasingly concerned with reducing vulnerability to disasters, creating environmentally friendly cities, creating safer cities by re-thinking public space, reducing slum formation and guiding asset creation for pro-poor urban strategies. The issue of land use in cities, and the planning and management of land development in particular, is a highly contested subject."⁴

My personal knowledge of surveying is basically Swedish. Our national history shows a key role for the surveyors in being able to put the holistic perspective of a sustainable use of natural resources into practical use and accountable information and management systems. It has been practiced since 1632, one of our oldest professions in fact, and is said to be a cornerstone for our development. The surveyors were important, (and feared for) executors of quite radical land use policies. The legal basis of Swedish real estate management is built on voluntary agreements between private actors.

To assume that role, skills are needed for balancing conflicting interests. It is critical to address how we might balance potentially conflicting goals such as: risk reduction strategies versus affordability concerns; stricter building standards for safety versus flexible standards for progressive development of shelter by the poor; regularization of tenure versus banning construction in high-risk areas and zones; self help community development of infrastructure versus higher quality standards of water and sanitation services in cities to avert potential risks of contamination; centralized financing of disaster preparedness for essential city services versus decentralized micro-credit and community funds for local community based development of shelter and services. Such examples begin to reveal the need for a deepening of the discussion on these inherent contradictions as part of our quest for sustainable cities. Natural disasters do not differentiate between high and low income areas. However, the urban poor are at higher risk due to weaker structures, more vulnerable locations, and weaker systems .

Governance has become a core development concept. We better understand why efforts fail due to corruption and weak governance. An increasingly widespread democracy at the local level can lead to real accountability between citizens and local government. When risks are better known, become more measurable and are more predictable, individual and corporate citizens will invest. Municipal or sub-national finance, is where sub-sector policies are proactive and institutions can play-out their mandates. Decentralizing responsibility for

⁴ Report ...

services and public goods encompasses a design and structure of the fiscal system that supports each level of government to carry out its mandate.

5. THE MEANING OF PARTNERSHIP

Partnership is a nice word, but really at risk of becoming one that is worn out. The concept was launched and agreed on a broad global scale at the UNCED conference in Rio 1992. To be fully utilized, a partnership means stretching a bit to really reach out, reach each other and join forces. It means something over and above locating the area of common interest and making ones own mind up on bargaining positions.

- **Slum upgrading (especially in cities) is an essential part of the global development agenda.**

A goal in itself is creating broader awareness of the issue, and how it also affects our own development, not to mention our joint sustainable development and the links between the development agenda and the security agenda. It is not an issue for “them”. It’s an issue of ours!

- **Private sector involvement is essential for success.**

The private sector is ranked all the way from financial institutions to the local beneficiaries- the poor people. The people with most insights in the issue currently points at: “How to involve the private sector?” as being the crucial next step. One of many examples: Trade and commerce encompasses private actors with interests at various levels of the issue. They have an interest in the labour force moving into cities, they have an interest in the market for material supply and services to the housing sector, they have an interest in functioning cities, efficient infrastructure and adequate housing for their employees. Public funds will be most efficiently used when steering the various interests from actors in the private sector in the right direction.⁵ Involvement of the private sector is much needed. Locating entry points to this is a vital next step. Insurance companies are major financiers...and disaster-security oriented.

The financial market for housing construction and investment in developing countries is to 70% covered by personal savings and loans from the microfinance sector. Cities assuming their ownership and new role are increasingly recognizing that they must rely on the efforts and savings of their citizens and on community-based solutions. The strategy is build on inclusiveness. A web of relations and partnerships engaging international development assistance, national and local governments and the private sector with the urban poor is required to support the ongoing efforts of low and limited income households and to scale up these efforts.

Global Land Tools Network is part of that web. And a good spider can’t stop weaving.

⁵ FICCI; Federation of Indian Chambers of Commerce and Industry have hosted Cityscapes seminars: Global Convention on Agenda for Urban Infrastructure Reforms.

6. TO ACHIEVE A COMMON AND SHARED TARGET

More than 200 donor assisted projects for slum upgrading exist, some has been ongoing for a long period of time, and they provide useful lessons learned. A global assessment of housing finance systems has recently been made. Findings and future directions need further dissemination, and even more analysis could be beneficial when taking some highlighted issues one level down.

That is where the practitioners come in. They have the insight and understanding, the real life experience, the broad networks and the technical skills.

Exchange of experiences between regions is a resource that still can be more tapped. It is most useful to study and compare the process of transition from public provision to functioning markets. We are all there, more or less, some moving forward, some going back, and some going back and forth. We will find similarities as well as variation, positive as well as negative effects.

Creating broader awareness on the issue is essential. So far, there is quite a limited group of experts involved. New perspectives and a broader discussion could add to drivers for further development.

New actors are needed. The seminar planning phase up to June 2008 will be used to mobilize interest from such actors, broadening the scope from “just” a donor-poor peoples concern. Forerunners within the construction sector, trade and commerce organisations, grass root organisations involved in housing, community based organisations, microfinance institutions, local commercial banks, financial market analysts, together with the urban management and policy people.

With exchange of real-life experience, added on to by well-prepared future oriented crosscheck surveys and thematic analysis, the seminar will gain true interaction, learning and inspiration over and above the project by project level. .

The outcomes and findings of the seminar will be presented at the 4th World Urban Forum in China 2008.

Cities are engines for development. Viable cities for the rich must also be cities for the poor. We seem to know a lot, agree on most and want to move forward. Put the emphasis on the positive development and substantive possible achievements to be made.

7. CALL FOR ACTION

Take the next step and “Give me five”:

- Look into your networks and stretch! To really reach out, reach each other and join forces. Walk the talk together.

- See *how* economic development, social inclusion and a healthy environment also go together.
- Contribute to functioning of the Urban Land Market and cross sectoral coordination of the management, including but not limited to:
Appropriate regulations in respect to land-use, zoning, and building, enforceable property rights, their institutional management, a sustainable finance system for the housing sector and effective assistance to those unable to look after their own shelter needs, timely provision of infrastructure and a range of tradable property rights.
- Contribute to the preparations of FIG/Habitat June 2008 seminar: Improving Slum Conditions through Innovative Financing. Identify aims and content of the future oriented crosscheck surveys and thematic analysis, and key people to perform them.
- Participate and interact in the FIG/Habitat June 2008 seminar: Improving Slum Conditions through Innovative Financing. Bring your open minds and real life experience. Shape the Change.

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BIOGRAPHICAL NOTES

M.Sc. Environmental Engineering (Land Surveyor), Royal Institute of Technology, Stockholm 1980,
Masters education in Development of Democracy Uppsala University 2002-3

Areas of work: Sustainable Development. Policy analysis. Urban environment issues. Environmental Management. Development of Democracy. Water-resources Management. The global Energy sector-prospects and challenges of the future. International Conventions and Agreements in Environment (MEAs) and related issues.
Specializes in Institutional development and Pre- and post project/ programme evaluations.

Worked internationally since 1993 as Senior Adviser Environmental Matters at Sida (Swedish International Development Co-operation Agency) and as Director of International Affairs at IVL Swedish Environmental Research Institute. Own consultancy firm since 2002- energy environment & sustainable development, eesd. Business Concept: Improve international cooperation towards a sustainable and equitable global development

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