

Building resilient urban slums

Catalytic pathways for philanthropists and changemakers

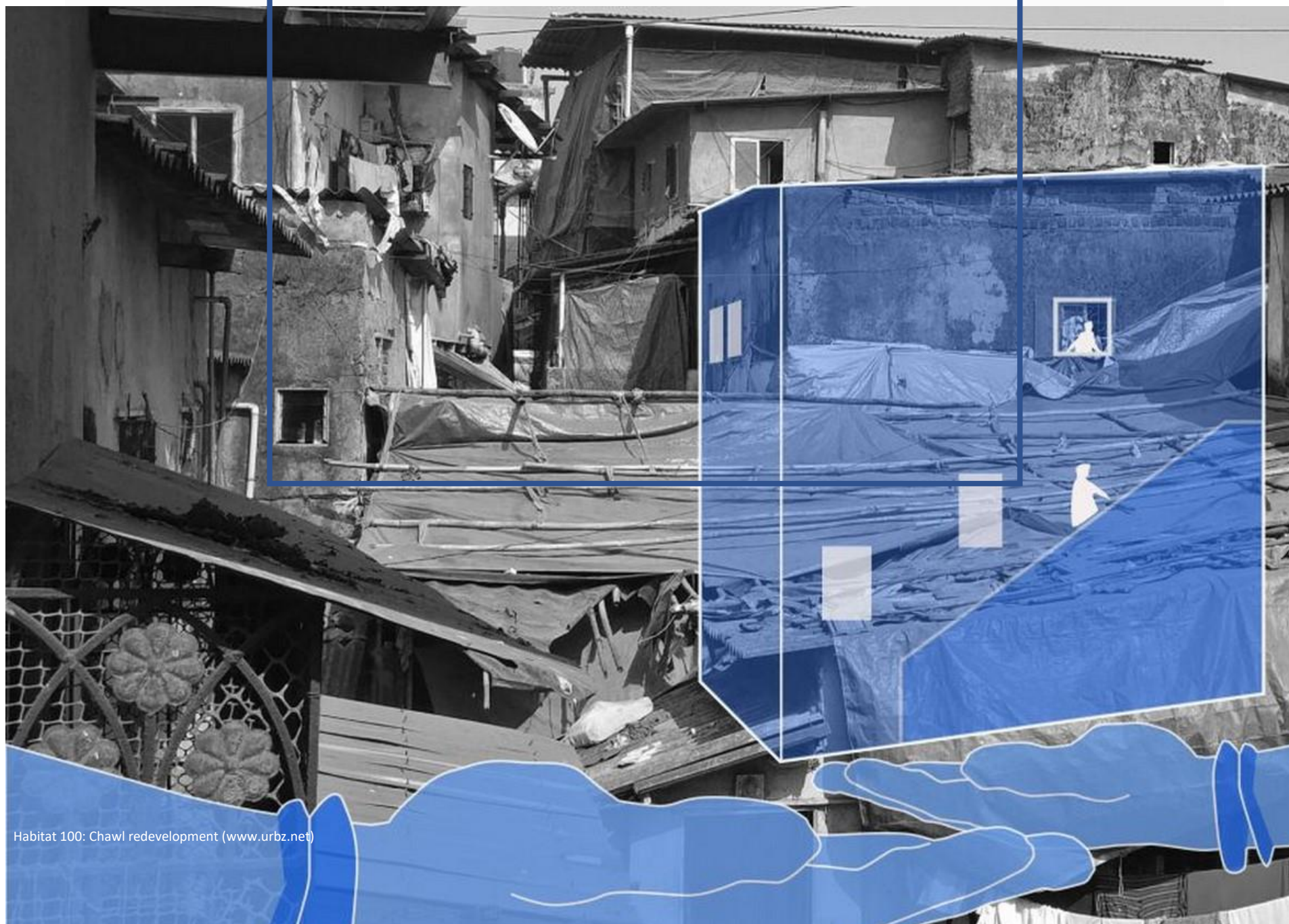


Table of Contents

INTRODUCTION	3
EXECUTIVE SUMMARY	5

INTRODUCTION

Our world is changing at an unprecedented pace. Worsening climate and economic crises, coupled with current population growth, urbanization and governance means that more people will be living in slums in the future. The recent Covid-19 pandemic has magnified the deficiencies of how we manage our cities but has also given us a unique chance to rethink, replan and redesign these.

Slums are compact ecosystems of thriving social communities that are integral to our cities. However, slum dwellers must deal with inadequate living conditions and constant tenure insecurity which affect the quality of life they experience. This impacts the capacity of slum dwellers to respond to the complex challenges our cities face despite the strength of their community bonds. As slums are tied closely to cities, they affect the whole city's ability to deal with external shocks.

Slum resilience is a key component of, and leads to, city resilience which is defined as “the ability to absorb, recover and prepare for future shocks (economic, environmental, social, or institutional).” Resilient cities promote sustainable development, well-being, and inclusive growth for all. This includes resilience for the large population living in urban slums.

The purpose of this document is to enhance the understanding of what slum resilience means and provide the mechanisms for private capital and philanthropies to transform slums for generational impact. The document bridges gaps in the existing discourse, which limits slum resilience to primarily building physical housing infrastructure for existing slum dwellers. Available data and evidence demonstrate the need to incorporate broader resilience drivers not only for better housing outcomes but also for the transformative impact across several sustainable developmental goals (SDGs). The current context with increasing risk of shocks, due to climate or economic crises, poses a serious threat to urban resilience, in metros as well as in tier 2 and tier 3 cities in India. With limited public finances, the role of private philanthropy and private capital is even more crucial and there is a distinct opportunity to create a step change and significantly transform slum resilience across urban India.

The document is divided into three parts to provide a comprehensive overview and assist you in your efforts towards slum resilience. The first part aims to provide a clear understanding of slum resilience, its impact on individuals, and deep interlinkages with broader society and several SDGs. The second part identifies an evolving framework to address slum resilience and identifies challenges and areas that need additional support across the two main prongs — prevention and rehabilitation. Finally, the last part highlights the unique roles of private philanthropic funding and private capital and tools in collaborating to overcome the challenges of urban slums.

However, the document does have some limitations. Slum resilience is a huge challenge, both in India and globally, and far too complex to explore from every angle in one guide. Slum housing and resilience is a complex social, political, and economic issue that requires considerable research. Our analysis for this report is limited to current interventions and solutions that can work under the existing policy guidelines. While the information in this document is based on extensive secondary research and conversations with key experts in India, we found substantial gaps in the availability of data specifically for slum resilience, including limitation and variations in the definition of the term itself. These gaps limit not only our knowledge and understanding of the problem but also efforts for practical solutions. Our estimates in this report should be treated as directional indicators on the scale and financial implications of slums and slum resilience. While the estimates are underpinned by credible evidence available today and based using conservative figures that are backed by robust evidence, it nonetheless relies heavily on several

assumptions about the scale and impact of slums on individuals and societies. Our detailed methodology and assumptions are available in the annexure, and we would be pleased to share additional data or details upon request.

EXECUTIVE SUMMARY

According to official estimates, ~1 in 6 people living in urban cities in India live in slums or slum-like conditions, dwellings that are ‘unfit for human habitation’. All urban cities in India are marked by the presence of slums, most of which are the result of misguided urban planning efforts. For some larger cities such as Mumbai, slum households make up 30–40% of all households.¹ Across cities and towns in India, the presence of slums has increased by 25% in the decade from 2001 to 2011.² Recent estimates from the World Bank suggest that almost half of all urban population in India already lives in slums.³ There is significant variation within slums in terms of the quality of living and with diverse groups of people with varied interests, means and backgrounds.

The number of people living in urban slums is expected to increase, due to worsening climate and economic crises, coupled with current population growth, urbanization, and governance. 80% of India’s population lives in districts highly vulnerable to extreme weather events⁴ and 50% work in agriculture or climate-sensitive sectors.⁵ Climate challenge is expected to result in food insecurity and increased frequency of disease outbreaks, directly contributing to the increase in urban migration and subsequently, slums.

Slum communities not only bear a disproportionate impact of poor city resilience but are also significant drivers of resilience. The impact of limited public services on the living conditions of slum dwellers creates an inherent inequity between them and ‘the rest of the city’ when dealing with external shocks. At the same time, the close-knit relationship between slum neighborhoods and city vitality means that quality of life outcomes in slums impact the quality of life of the city overall. Slum dwellers can comprise as much as 90% of the informal urban workforce in key cities,⁶ are important stakeholders for governance, and are significant contributors to — but also victims of — concentrated air pollution. Poor city and slum resilience not only impact individual and communities’ well-being but also results in larger ecosystems breakdowns. It negatively affects the health and wellbeing of individuals and households, affects community harmony, and can cost ecosystems losses of millions of dollars each day.

Conservative estimates suggest that investing in slum resilience could result in 4x social returns, while unleashing exponential intangible benefits for society. Estimates suggest that interventions designed for holistic slum rehabilitation (costing ~\$7500 per household) could have a potential impact of \$1.3 trillion in India.⁷ Adequate and affordable housing and slum community development acts as a direct or indirect enabler for achieving multiple SDGs. Building slum resilience in India can enable millions to join the workforce and finish education while saving billions of dollars in healthcare costs and bridging gender gaps. The process of housing is often a ladder out of poverty for families and creates a sense of space and dignity, building social cohesion, directly reducing inequality.

In recent years public policies have moved away from negative measures such as forced relocation to more positive ‘in-situ’ rehabilitation, but outcomes remain uneven and focus predominantly on housing. Based on the failure of past policies and subsequent “rebound effect” where households from public housing moved back to slums, policies broadly follow a slum upgradation model on existing infrastructure. However, existing policies focus on a small portion of slum residents who already own land or have adequate paperwork with economically weaker sections getting left behind. Further, policies generally have a narrow focus on housing for individuals alone as a solution to slum rehabilitation, without taking into consideration broader

¹ The San Diego Union Tribune, Census: 1 in 6 India city residents lives in slums, 2013

² PRIA, Contribution of Urban Informal Settlement Dwellers to Urban Economy in India, 2013

³ World Bank, Population living in slums (% of urban population), 2020

⁴ CEEW, Mapping India’s Climate Vulnerability, 2021

⁵ Department of Agriculture, Cooperation and Farmer’s Welfare, Annual Report, 2021

⁶ Rockefeller Foundation, Constrained Opportunities in Slum Economies, 2013

⁷ Dalberg Analysis (See Annexure B for detailed calculations)

needs such as building community resilience or climate sustainability. Complexities around land acquisition, implementation challenges, conflicting goals of actors involved, and capacity challenges exacerbate problems for effective governance.

Slum resilience needs to not only look beyond physical infrastructure for housing but also incorporate crucial interventions that can stem the formation of slums. We propose a twin-track framework focusing on prevention and rehabilitation, undermined by four cross-cutting principles to build slum resilience. Prevention refers to measures taken to prevent or minimize the formation of slums or slum-like conditions, while rehabilitation of existing slum dwellers refers to measures taken to ensure settlers have not only access to adequate housing but also basic services and conditions that improve the quality of their lives. Four principles of data centrality, community participation, especially women, climate consciousness, and sustainability define the foundational best practices that should be followed to ensure resilience as an outcome. While policy also forms a key component of an overarching framework, with more than a 40% funding gap, current financial allocation and capacity is grossly insufficient to stem the formation of slums. We focus on prevention and rehabilitation efforts within the existing policy guidelines to increase funding from private players and philanthropists.

Private and philanthropic players can invest in data and technologies that can act as the bedrock for effective prevention interventions as well as broader developmental agendas. Existing prevention efforts need to look beyond neglecting (e.g., slums remain unofficial or “non-notified” to limit access to basic services) and stemming migration to shift attitudes and build capacity for robust and holistic urban planning. A major roadblock in housing and slum resilience has its genesis in the absence of authenticated data related to beneficiaries requiring rehabilitation, compounded by changing social fabric and individual preferences. Geospatial data, smart infrastructure, and community mapping can result in robust, reliable data that can not only be used for and result in slum resilience but can also act as the basis for intersectional developmental goals such as gender, climate, clean water, and sanitation amongst others.

Supported by strong partnerships, private players can leverage innovations in financing, technologies, and operational efficiency to address the challenges of building sustainable rehabilitation models. Evidence strongly indicates that rehabilitation interventions need to create quality physical infrastructure and incorporate crucial social, environmental, and economic dynamics for better outcomes and acceptance. Dwellings that are built for and incorporate community preferences (e.g., those with communal spaces), using materials and design that are sustainable and climate resilient (e.g., natural ventilation and sunlight or indigenous materials and design techniques that are resilient to adverse climate) and that result in the creation of assets (e.g., using housing as a means for financial inclusion or property rights) have proven to be most successful. Combining interventions for the creation of consumer or green financing mechanisms such as cash or network-based financing to bridge resource gaps and utilizing new low-cost sustainable technologies to reduce construction costs, private and philanthropic players can forge strong partnerships with community and public officials for effective outcomes.

Across the board, there is a need to shift mindsets, develop robust evaluation frameworks for blended finance, and expand the evidence base — from community land trust models to innovative holistic interventions that can address underlying drivers. Systemic and holistic approaches to slum resilience, such as those that encourage livelihood assets (e.g., housing) or address spatial inequalities to address underlying reasons for the proliferation of slums, are needed. Innovations in slum resilience, such as community land trust models or mentorships models to scale, need further exploration. For all, comprehensive monitoring and evaluation frameworks to incorporate resilience dimensions are imperative. As more players invest in outcome measurement and evidence, there is potential to use blended finance instruments, especially results-based financing instruments, to drive synergies between commercial and social value. Lastly, shifting the mindset from a problem-focused approach to a more holistic approach can improve the lives of slum dwellers and promote their participation in the rehabilitation process.

Finally, philanthropic organizations are well-placed to mainstream gender sensitivity and inclusiveness in sustainable urban development and resilience. Evidence indicates that women’s leadership and equal participation in planning and decision-making is crucial for positive rehabilitation outcomes and sustained resilience. Sex-disaggregated data and impact metrics, as well as women’s participation can lead to a greater understanding of informal settlements’ gender profiles. Philanthropic organizations are already playing a key role in addressing root causes of inequity such as gender norms. They can further use blended finance and private capital to facilitate the direct lending of finance to women or invest in sex-disaggregated data gathering for slum resilience.

To ensure slum resilience, private players and philanthropy need to play a crucial role – in partnership with public and community stakeholders to coordinate actions for successful catalytic outcomes. Foundations, corporations, High Net-Worth Individuals, and grass-root organizations all have a unique opportunity to contribute – from ensuring community, specifically women’s empowerment, and robust data to holistic and viable models for effective rehabilitation. With the increasing climate crisis, it is urgent and imperative for stakeholders to work together to drive synergies and co-create catalytic solutions using new tools, such as blended finance instruments, to ensure effective resilience for all.

DEBUNKING COMMON MYTHS ABOUT SLUMS

Myth #1: All slums are illegal and slum dwellers are illegal communities.

Reality: Nearly 41% of all slums in urban India are notified by the government and house 63% of all slum-dwelling households.⁸ The government recognizes the right of these slum dwellers to the land they inhabit and are protected from eviction. Further, about 18% of non-notified slums⁹ have also benefitted from government schemes such as Rajiv Awas Yojna and the Jawaharlal Nehru National Urban Renewal Mission.

Myth #2: Slums habitation is transient and slum dwellers migrate away from the city every year making investment in slum resilience a waste of philanthropic money.

Reality: Residents of slums are generally not transient migrants and have lived in their households for many years. A study by the Centre for Good Governance of the slums in Andhra Pradesh in 2013 found that nearly a third of the slum households had lived in their current homes for over 5 years.¹⁰ A similar study by the Omidyar Network about slums in Bengaluru found that, on average, survey respondents had lived in their current homes for 20 years.¹¹

Myth #3: If the government builds enough houses, then we will no longer have slums.

Reality: Building slum resilience is not just about building the physical infrastructure of the house – they need to be affordable and conducive to people’s broader lifestyles and broader needs. This is evidenced by the re-bound effect of public housing in India, where past residents have moved back to slums. Further, an estimated ~11 million houses remain vacant across India, including in cities such as Mumbai and Gurgaon, which see high slum populations.

Myth #4: Investing in slum resilience is a drain on public finances since slum dwellers are getting new houses and services for free.

Reality: Slums and slum dwellers contribute significantly to the urban economy as both producers and consumers. They are integral to the city, and so, building slum resilience is an important step toward building city resilience. Several slum resilience efforts have seen slum residents’ willingness and ability to pay for housing and services. Contributing to the process financially upholds the dignity of the community and gives them a greater say in dictating the process and outcomes of building resilience.

Myth #5: Building houses for slum dwellers requires massive investment and is too risky to finance.

Reality: Building resilience is about more than just building a house - it is a multistage process that has many avenues for involvement besides construction. For instance, generating a databank of slum dwellers and their demographic information is a vital step in designing a successful program that can be financially profitable. There have also been successful cases in India and abroad where innovative financing mechanisms have allowed private and philanthropic capital to de-risk their investment and participate in scaling existing efforts in this sector. Finally, building slum resilience does not require construction expertise or significant capital outlay. Community mobilization programs, capacity building, or shifting mindsets require funding similar to or less than those for other development sectors.

⁸ Press Information Bureau, Key Indicators of Urban Slums in India, 2013

⁹ Ibid.

¹⁰ Ministry of Housing and Urban Poverty Alleviation, Slums in India: A Statistical Compendium, 2013

¹¹ Rains, E. & Krishna, A., A Continuum of Living Conditions and Property Rights in Indian Slums, 2022