Fourth OACPS/EC/UN-Habitat International Tripartite Conference

‘Slum Upgrading and Prevention in the Decade of Action’

ROUNDTABLE:
Scaling innovative solutions and financing mechanisms for city-wide transformation of slums and informal settlements

8th July 2021
Brussels Time (CEST) 13:00 – 14:45
East Africa Time (EAT) 14:00 – 15:45
Venue: Online

About the Fourth OACPS/EC/UN-Habitat International Tripartite Conference
The three-day Fourth OACPS/EC/UN-Habitat International Tripartite Conference on Slum Upgrading and Prevention in the Decade of Action has been organized within the framework of the global policy dialogue of the Participatory Slum Upgrading Programme (PSUP). PSUP was initiated by the Organisation of African, Caribbean and Pacific States (OACPS) and has been implemented by UN-Habitat in 190 cities in 40 ACP countries since its inception in 2008, with funding from the European Commission (EC). The Tripartite Conference seeks to take stock of progress made in transforming living conditions in informal settlements and slums, and examine the lessons learnt, recommendations, commitments and next steps needed to meet the scale and implement the SDG and the New Urban Agenda (NUA).

Background
The challenges of rapid urbanization that cities are facing globally are expressed in the growing proliferation of unplanned, informal settlements in urban areas. Today, one billion people live in slums worldwide, and this population is expected to increase by another 2 billion by 2050, rapidly fuelled by high urbanization rates. It is estimated that approx. 80% of this population lives in slums and informal settlements in Eastern and South-Eastern Asia, Sub-Saharan Africa and Central and Southern Asia, with approx. 25% in Sub-Saharan Africa. Approx. 60% of Sub-Saharan Africa’s urban population lives in slums, representing a significantly larger share than the average 34% in other developing countries.

Provision of affordable and environmentally sustainable housing and basic services for the urban poor remains a key challenge. Despite the progress in improving slums and preventing their formation – represented by a decrease from 39 per cent to 30 per cent of the urban population living in slums in
developing countries between 2000 and 2014 – absolute numbers continue to grow, and the slum challenge remains critical. For decades, residents of slums and informal settlements have been marginalized from the urban fabric, resulting in widespread poverty and vulnerabilities engendered by numerous deprivations including poor housing, insecure tenure, lack of potable water and basic infrastructure, and limited access to employment opportunities, affordable financing and clean energy solutions.

The chronic lack of access to basic infrastructure and services, means also numerous opportunities for partnership and financing exist globally. However, many governments have struggled to attract enough development finance and investment to meet the access challenges in key sectors due to legal, political, institutional and economic limitations, that have remained unresolved for decades. The magnitude of this challenge has been recognized globally and included as part of the international development agenda. Target 11.1 of Sustainable Development Goal (SDG) #11 commits states and their development partners to ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums by 2030. This global goal guides countries towards sustainable urbanization that involves improving living conditions of slum dwellers by improving access to affordable housing and upgrading slums.

While COVID-19 pandemic has caused significant negative impacts across all economic sectors globally, reversing the advances made against poverty and inequality, it also presents numerous development financing opportunities not only for governments but also for all other development partners. Even as the pandemic changes the global profile of poverty, it is stimulating innovation, accelerating the adoption of digital and novel technologies for housing and service delivery in key sectors.

Description of the Roundtable

**Making cities ready for investment - Financing frameworks**

A financing framework is a programmatic approach for financing citywide slum upgrading strategies and programmes. The PSUP has developed the Strategic Financing Framework to guide the planning and financing of slum improvement and prevention interventions at city and/or national levels towards achieving Sustainable Development Goal (SDG) Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums. It provides a strategic methodological approach to mobilize resources, both domestic and international, for city-wide and nation-wide slum upgrading and prevention.
The Strategic Financing Framework aims also to promote policy dialogue and establishment of partnerships between key stakeholders — in particular, the piloting People-Public-Private partnerships (PPPPs) in slums will be discussed and

Using Cape Verde as an example, the session will discuss how local housing and development plans and a strategic financing framework can be linked with policy and delivery and serve as a platform for investment into housing. Further, how development plans and legal frameworks can attract investment for the delivery of city-wide slum upgrading.

A pilot tool will be showcased how to operationalize a financing framework for a city using an online platform to support planning and investment on housing and slum upgrading projects.

**Rolling out innovative solutions and its financing**

Recognizing the key role played by the private sector in all areas of development, engaging the business community is critical to the realization of the SDGs. Even though approx. 60% of urban populations in Africa live in informal settlements, the economic importance of the informal market remains untapped, yet it offers vast opportunities for innovation and for lucrative business. But companies and investors lack the enabling environment needed to develop business cases for modern solutions and affordable innovations for informal urban areas.

The roundtable will discuss the challenges and opportunities available for the application of innovations and best practices to forestall further economic downturn brought about by the Covid-19 pandemic, barriers to entry and investment and take stock of pro-poor innovations worthy of commercial investment.

**Innovative housing development at city-scale in Rwanda**

Provision of durable, affordable and environmentally sustainable housing for low-income households remains a key challenge for many African countries. The players in this industry are too few and there is minimal interest of private sector housing developers to provide low-income housing units. The sector is driven by the much higher profitability and demand of the middle- and high-income housing market, leading to a huge shortfall in supply of affordable, low-income formal housing for the urban poorest.

The cost of production and the opportunity cost to the developer’s aren’t attractive enough to serve the lower market segments. Provision of low-cost housing to lower income groups is also hugely affected by the cost of land and lack of finance for infrastructure investments by governments.
The motivating factors for developers venturing into the lower market segment are few, while appropriate housing models and solutions are limited.

The session will present and discuss the needs of communities, government priorities, the challenges, opportunities, innovations and trends in the affordable housing sector and the requirements cities can feasibly address to meet the housing shortfall.

During the session a best practise from Rwanda on innovative housing development at city-scale will be presented and discussed offering a novel model for financing low-cost housing development.

Innovative partnerships and solutions from the private sector for financing service delivery in slums in Kenya

The session will also discuss the needs of communities, government priorities, the challenges, opportunities innovations and trends in the sanitation and waste management sector. **Innovative partnerships and solutions for financing service delivery in slums in Kenya will be presented and discussed offering a novel model for involvement of the private sector for financing waste management in slums and informal settlements through the establishment of Public Private People Partnerships (PPPPs).**

**Guiding Questions**

✓ How can we successfully address the affordability challenge (housing finance) for residents of informal settlements and slums?
✓ What are the key barriers to private sector entry into the affordable housing sector in developing cities? What are some of the actions that governments need to take to eliminate these barriers?
✓ What measures can governments implement to address the informality of the low-cost housing market?
✓ What are some of the key innovations in the affordable housing and construction sector that are worth taking note?
✓ How are innovations and disruptive technologies being harnessed to addressing development challenges in key sectors (financing, housing, water, sanitation, waste management i.e.)?
✓ What are some of the innovative partnership models that have been successful in stimulating the application of innovations and solutions for social good and how can these be replicated?
✓ What are the opportunities for partnership between governments and investors with investable innovative solutions and models?
✓ What opportunities (financing, incubation) are available to innovators seeking to develop affordable innovative solutions for low-income market segments in developing countries?
What are the strategic win-win partnerships that can be pursued between investors, governments and development partners to support and finance the implementation of innovative solutions?

What measures can governments implement to incentivize or reduce the risks to investors venturing into the low-income markets and innovators willing to develop low-cost development innovations?

How can cities successfully link innovative solutions and best practices with public and private investment and revenue for housing and services delivery?

Which commitments can be proposed, i.e. co-financing, policies and sector reforms to accelerate the realization of investments in informal settlements?

**Expected Outcomes**

The roundtable will contribute to inclusion of best practices for ACP countries to design adaptable strategies to foster private sector innovations and innovative financing mechanisms. It will develop recommendations for integrating innovative financing mechanisms, partnerships and instruments and for scaling innovative solutions and best practices into the conference’s action declaration framework.