

Improving Slum Conditions with Public Private Partnerships

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1 ABSTRACT

As documented by the United Nations and the World Bank, numerous scholars, and professionals of various disciplines, global urbanization poses significant economic, environmental, and social challenges. Among the many implications of urbanization, this paper focuses on the exacerbated issue of urban poverty, and more specifically, urban slum dwellers. The paper uses Ahmedabad, India as a case study for evaluating how public-private partnerships can address the improvement of slum conditions. More specifically, this paper suggests that the complicated nature of slums requires less conventional, and more innovative collaborations that involve not only the public and private sectors, but also voluntary entities, such as NGOS, and those most affected by such efforts, the slum dwellers themselves.

2 THE CHALLENGE OF SLUMS: BEYOND HOUSING

2.1 Slum Dwellers

“If cities do not begin to deal more constructively with poverty, poverty may begin to deal more destructively with cities.”

-Robert McNamara, 1975

World Bank President 1961-1978

According to the UN, approximately 50% of the global urban population can be classified as slum dwellers - individuals who suffer from inadequate access to safe water, sanitation and other infrastructure; poor structural quality of housing; overcrowding; and/ or insecure residential status. In least developed countries, estimates amount to approximately 78% of the urban population (UN Habitat, 2003) – a presence so great that middle to high-income communities are but enclaves amidst a backdrop of poverty and informality. Lack of access to formal employment, credit, education, and proper health care further characterize the plight of slum dwellers. As Cities Alliance aptly observes, slums result from failed policies, bad governance, corruption, inappropriate regulation, dysfunctional land markets, unresponsive financial systems, and a fundamental lack of political will (2000). Thus, while inadequate housing certainly comprises a significant facet of the slum challenge, shelter remains but one component of a larger development problem.

When couched in the larger political economic context, it becomes clear that improving slum conditions necessitates the effort of, not only governments, but also that of community members, entrepreneurs, and slum dwellers themselves. The past 50+ years of international housing finance demonstrated the shortcomings of both the public and private sectors in providing affordable solutions to scale, especially ones that truly target the demographic group in greatest need (Payne, 1999). Innovative collaborations addressing perceived inadequacies from both sides, namely corruption, inefficiency, and inflexibility from the public sector, and greed, opportunism, and self-interest from the private sector, offers hope. Yet, gross overgeneralizations of sectoral shortcomings do not adequately capture the barriers to slum improvement. Public-private collaborations offer an important tool towards arriving at a solution, yet cannot be abstracted from the history, context, and specificity of the situation at hand. As Gulyani and Tulukdar (2008) point out through their research in Nairobi, slum generalizations do not necessarily characterize the project question. Appropriate understanding of slum conditions is crucial to applying the necessary approach, resources, and solutions. One size does not fit all, nor can partnerships be perceived as the panacea for slums.

3 PUBLIC PRIVATE PARTNERSHIPS

Like slums, many variations and, thus, definitions of public private partnerships exist. For the purposes of this paper, however, public private partnerships can be understood as “a voluntary, stable collaborative, effort between two or more public and private autonomous organizations to jointly develop products and services, sharing risks, expenses, and benefits (Ysa, 2007).” The rationale behind engaging in public private partnerships seems quite clear: The private sector typically has access to upfront capital and a track record of delivering products efficiently, while the public sector controls the regulating environment, and at times,

crucial resources needed to implement a project, such as land. This line of thinking has rendered the use of public-private partnerships almost uncritically, as observed by Keating (1993), who noted that partnerships have almost become universal in urban policy and governance, perceived as a tool that could offer low-cost solutions to urgent problems while transcending ideological divides.

While partnerships are not new, primacy of public-private partnerships since the 1980s bespeaks larger political and cultural phenomenon that elevated the perceived efficiency and resourcefulness of the private sector (Rubin & Stanciewicz, 2001). This phenomenon is consistent with Structural Adjustment Programs that were implemented throughout developing countries to privatize, as well as reduce external barriers to the free market. The appeal of partnerships is easily understood, yet, their seeming ubiquity belies the complexity involved in their formation. As demonstrated by partnership experience in transportation infrastructure provision, many preconditions must usually be met before sufficient risks are mitigated to render the venture appealing for the private sector. In the case of infrastructure, a change in law must often times occur, accompanied by feasibility, social and environmental studies, and willingness-to-pay assessments (Queroz, 1996). The private sector must believe a positive return on investment is possible. Thus the public sector role typically involves risk mitigation measures to engender more favorable conditions. This necessitates a rather sophisticated public sector, with a strong legal framework. It becomes no wonder, then, why public-private partnerships have been less prolific in addressing slum conditions. Characterized by rampant poverty, unstable terrain, and at times high instances of crime, slums are simply perceived as too risky. As Chauhan and Lal (1999) suggest, private participation may be best positioned when stemming from “enlightened self interest”, whereby a vested stake in the project exists.

Due to the complexity and multitude of underlying issues presented by slum settlements, conventional public partnerships typically do not adequately address the task at hand. Implementing highways, for example, typically, involve instrumental partnerships (Ysa, 2007), which are competitive, with clearly established roles. The public sector conducts all analysis and studies required to ensure feasibility, and a private investor or concessionaire is competitively solicited to implement the project according to a negotiated project structure (Build-Own-Transfer (BOT), Build-Own-Operate (BOO), Build-Own-Operate-Transfer (BOOT), etc. While the project can benefit from a separate entity that deals with potentially displaced residents, projects typically become implemented through straight forward deals between individual land owners and the subject government agency, or the former and the concessionaire. This rationale seems valid, as highway implementation, though grand in scale, need not involve the more complicated aspects of community and economic development that must persist subsequent to the intervention. The nature of the problem is vastly different and thus requires a different dynamic.

In contrast, partnerships established towards the betterment of slums tend to be more organic in nature, and can be classified as “network partnerships” (Ysa, 2007). These partnerships involve interdependent, adaptable relationships between various actors based on trust (at times in lieu of contracts), and generally include an entity other than government and concessionaire. The latter entity is tasked with facilitating more socially oriented goals, required to integrate the settlement in question into the larger community. Earlier upgrading projects more closely resembled infrastructure implementation projects, whereby said service is implemented without much coordination and/or interaction with the community in question. While such projects may, *prima facie*, improve the site, the livelihoods of dwellers are not necessarily bettered, as the latter require, not only physical infrastructure services, but also opportunities to become integrated citizens of society.

The emergence of network partnerships underscores a larger cultural paradigm shift, recognizing that neither the government, nor the private sector, in some instances even together, adequately addresses social conditions. The multifaceted nature of communities, be they slums, suburbs, or cities, are much more nuanced than simply governance and/or finance, which the public and private sectors respectively represent. Integration of a third sector, comprising of NGOs, CBOS, and community representatives, introduces an element of humanity that can easily be overlooked by the strict instrumentality of the two conventional actors.

4 NETWORK PARTNERSHIPS IN SLUM IMPROVEMENT INTERVENTIONS

As alluded to above, slum conditions and the necessary approaches to their improvement remains contingent upon the social and political-economic context in which they stand. The following section highlights the

case of Ahmedabad, which does not begin to cover the multitude of slums and their variations, however, may begin to offer insight to how a network partnership can help address the challenging task of improving slum conditions.

4.1 Ahmedabad, India

Ahmedabad has a long history spanning over 500 years, one that will not be covered here. What is important in the context of this case, however, is that the city emerged as a commercial stronghold during 19th century, possessing a diversified economy, ranging from textiles to telecom. Since its founding, the City has attracted many migrant workers from other areas of the Gujarat State, in which Ahmedabad exists. The City's attractive economy, consistent with the phenomenon of urbanization more generally, contributes to the high presence of slums. The urban agglomeration of Ahmedabad grew 21% between 1981 and 1991, and 22% between 1991 and 2001 (AMC, 2007). Ahmedabad's population is estimated to be approximately 4.5 million, with a slum population of over 400,000, nearly 10% (AMC, 2007).

4.2 Ahmedabad Slum Networking Program, 1995

Officially incepted in 1995, Ahmedabad's Slum Networking Program commenced as an adaptation of the DFID funded Indore Habitat Project (Gautam, 2008). The program continues to exist as a partnership, though the nature of the partnership has evolved.

In 1995, approximately 3 million people called Ahmedabad home (AMC, 2001), 40% of whom were considered slum dwellers (Chauhan & Lal, 1999). Himanshu Parikh, the sanitation infrastructure engineer of the Indore Habitat Project, garnered the support of Arvind Mills, emerging as a global corporation with headquarters in the city, and the Ahmedabad Municipal Corporation (AMC) to turn the venture into a city-wide pilot project, beginning with the upgradation of 4 slums, 3,300 households, amounting to approximately 22,000 people. Three objectives emerged from the partnership 1) to improve the physical and non-physical infrastructure facilities within selected slum areas; 2) to facilitate the process of community development; and 3) to develop a city level organization for slum networking and infrastructure improvement (Chauhan & Lal, 1999). In addition to the physical upgrading components, which included the implementation of roads and pavers, storm water, waste water, individual water supply, individual toilets and landscaping, the project also included a social component, including the organization of community groups (for woman and children), educational activities for pre-school aged children, and developing linkages to the formal sector via vocational training and access to finance for starting up businesses. SAATH, an NGO that had been working with slums since 1989, developed a strategy with SHARDA Trust, the implementing agency chosen by Arvind for carrying out the social component of the program. Although AMC passed a resolution to formalize the project, the language was extremely vague and written in such a way that most of the burden was placed on Arvind Mills. Further, indicative of the organic nature of this network partnership, no contracts were written between actors.

To avoid the burden falling on any single entity, cost sharing of the pilot was split quite evenly between the public sector, AMC, 40%; the private sector, Arvind Mills, 27%; community members, 27%; and 4% from SAATH who assumed responsibility for the community development component of the program.

Ultimately, the pilot project was scaled down from 3,300 households to only 181, due to the inability of some households in 3 of the 4 slums to raise funds. The project proved successful on several fronts: first, implementation of physical infrastructure (roads, sewage, storm drains, and water supply) occurred in a timely, cost-effective manner, and remained within the budget. Second, largely with the help of SAATH, community involvement occurred at every juncture of this process, from design to payment of contractors. The community even established a "community corpus" of Rs 100 per household fund to ensure maintenance of the infrastructure. Lastly, SHARDA Trust convinced SEWA bank to provide and underwrote all loans taken by project participants who did not possess upfront funds to ensure that the project would for household financing reasons.

Where the project proved less successful was 1) bringing the project to scale – the impact of 181 households is much smaller than that of 3,300 households; 2) administrative delays due to miscommunication at AMC, resulting in a 450 day response time in some cases (Chauhan & Lal, 1999); and 3) community development, seemingly due to mismatched values and expectations between SHARDA Trust and SAATH. Whereas

SHARDA Trust seemed to expect greater skills development training, SAATH focused the majority of community development efforts on public health.

These missed opportunities speak to the challenges faced in maintaining alliances. AMC did not feel it was treated as an equal partner, while SAATH felt that SHARDA Trust was unduly pressuring the organization to achieve results. While the organic nature of this partnership allowed for greater participation amongst various entities, namely the community members and NGOs, lack of clearly delineated roles prohibited more effective action to take place. That no legal agreement existed between the actors essentially ensured mismatched expectations. Clearly AMC's resolution, which relegated the City to a facilitator role, was either miscommunicated or not fully embraced by the many bureaucracies within AMC.

4.3 Ahmedabad Slum Networking Program; Current Efforts

Since the completion of the 1995 project, Ahmedabad's Slum Networking Project (SNP) has evolved to become an infrastructure and public health program (Gautam, 2008), where basic infrastructure projects are coupled with public health training sessions. As of May 2008, 45 slum communities, covering nearly 8,400 households and approximately 39,000 people have benefitted from the project. The cost sharing structure has changed from a 40-30-30 split between public, private, and community to a 80-20 public-community split. While AMC covers 80% of the cost, individual households are required to contribute at least Rs 2,100 as a one-time contribution. Families who do not possess these funds can take out a small loan from SEWA Bank, a micro-finance establishment who serves as a partner in the SNP. SAATH continues to be a key player in the program.

Over 275 health training sessions covering basic health and hygiene have been held, 18,000 children immunized, and 9 child care establishments have been implemented. In effort to ensure sustainability of the program, AMC provides a written assurance that people will not be evicted for 10 years, providing at least some tenure security (Gautam, 2008). Moving forward, the City's SNP plans to expand from 45 to 120 slums, impacting over 24,000 households, and 120,000 people. Vadodra Municipal Corporation, another major city in the State of Gujarat has adopted a similar program, and requires a household contribution of Rs 3,100, increased from Rs 2,100. There is also talk of forming a State Policy, and creating a Special Purpose Vehicle to enable scaling up of the project.

5 LESSONS LEARNED

The longevity of Ahmedabad's Slum Networking Program speaks to the partnership's success – despite its evolution from a tripartite entity of public-private-voluntary to public-voluntary. Arvind Mill's participation in SNP's inaugural project demonstrates the importance of "enlightened self interest", whereby the stakeholder becomes an active investor. The corporation's emerging global presence, and the fact that Ahmedabad served as company headquarters provided corporate incentive for the City's improved image. It may behoove municipalities and partnering NGOs to seek out other private entities who might have similar incentives. Yet, excessive bureaucracy and delayed responses on the part of AMC likely deterred continued collaboration with Arvind Mills - raising flags to governments to remove red tape where possible.

SAATH played a crucial role in convincing slum dwellers to become project stakeholders, rather than beneficiaries. SAATH's longstanding presence in the community further contributes to the project's success. Insisting on a public health focus, rather than skill development with respect to community development reflects the organization's observations of what proved most crucial to the community. As public health continues to be a focus of the project shows that SAATH was apt in its observations.

Ahmedabad's SNP shows the success of network partnerships, ones that are organic, and malleable to projects needs. Less important is the partnership's exact composition (public/ private, public/ voluntary, etc.); rather the focus of partnership creation should be to include the *right* partners – those who can most effectively accomplish the task at hand. After all, the purpose of partnerships is to achieve together what cannot be achieved alone.

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