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In Hindi, SPARC Samudaya Nirman Sahayak translates as “SPARC’s assistance to collective construction.” Referred to as “Nirman”, SPARC Samudaya Nirman Sahayak is a not-for profit company which uses innovative strategies to support and assist construction activities of informal settlements and their communities.

Nirman began in 1998 as a partner to the grassroots support work in which the NGO, Society for the Promotion of Area Resource Centers (SPARC), an organization founded in 1984, was involved.

Both Nirman and SPARC work to reduce the risks involved in exploring affordable construction for the poor in urban centers. They seek to secure housing and infrastructure, which includes water, sanitation and pathways.

C. K. Prahlad of the University of Michigan, Ann Arbor, frequently speaks on the idea of “co-creation” which enlists the partnership of communities in creating solutions to their problems.

He refers to this concept of “co-creation” as “next practice,” as opposed to “best practice,” when it comes to providing support to poor communities. Although Prof. Prahlad came up with these terms independent of any interaction with SPARC or Nirman, his concepts quite accurately describe our objectives.

The poor in cities develop housing stock using their own resources and initiative. They do this despite the hostility of the government at local and state levels. They create these assets and protect them at all costs.

Jockin Arputham (NSDF President) and Celine D’Cruz (Associate Director, SPARC) with Mahila Milan in the Byculla Center in Mumbai. The Byculla Mahila Milan were the first to dream that the poor could design, construct and manage their own housing solutions. This is the process that Nirman (SSNS) seeks to support.
Challenges Ahead

Nirman is a new member of the Indian alliance and has to develop its own worth and identity in the context of facilitating construction. Based on discussions and reflections, Nirman plans to undertake the following activities and actions related to the challenges and tasks set out initially.

### Tasks and Challenges

- Become a trusted member of the alliance of SPARC, Mahila Milan and NSDF.
- Strengthen the federation’s risk taking and risk mitigation strategies through strategic management of precedent setting projects that Nirman takes on with communities.
- Champion the development of innovative community driven construction practices, thereby scaling up community managed construction projects.
- Engage government agencies, municipalities, financial institutions and donors to understand and support such activities, processes and projects.
- Strategic communication of all activities being undertaken by the federations, especially construction, for monitoring, evaluation and dialogue with other stakeholders involved in these issues.

### Proposed Activities and Actions

- Assist SPARC, Mahila Milan and NSDF to expand the numbers of communities exploring projects, so that as the base widens, the number of projects also scales up.
- Provide improved technical assistance at early stages to refine the documentation needed for various legal and permission related actions.
- Develop a management information system about all aspects of portfolio management that will assist both internal management as well as communication with external audiences.
- Ensure staff induction and training to enhance Nirman’s capacity to work in partnership with the federation.
- Initiate innovative, workable and realistic management and institutional development strategies so that communities can own and scale up the process of slum upgrading.
- Study the nature of risks that communities and the Alliance take on and develop improved capacity to identify these risks and mitigate them.
- Explore the possibility of developing resources that assist in hedging the risks that Nirman faces over time.
- Facilitate the articulation and communication of precedent-setting activities and their implications to other stakeholders and ensure their support and participation.
- Create capacity to absorb financial loss if the process itself will produce scalable impact and policy change.
- Engage external agencies on procurement issues that presently seem fair but actually exclude the poor.
- Facilitate community leadership’s capacities to design, manage and execute construction projects.
- Strengthen the capacity of the alliance to explore such projects through technical and managerial assistance.
- Maintain a deep commitment to developing innovative and workable project development and management strategies that work for the poor, and begin to gain acceptance from those who finance such developments in state and non-state institutions.
- Mediate between and set up dialogue with various stakeholders to help them understand and undertake this process with the intent to increase the resource base available to the federations to expand their project portfolio.
- Change policies which presently restrict the entry of slum communities into such activities as well restrict the resources that they can access, through dialogue with various national and international agencies.
- Set up a database that captures all activities and processes to allow for Monitoring and Evaluation internally and externally.
- Initiate a communication strategy that allows for stakeholders to keep in close contact which what is happening on the ground.
- Create an adequate multimedia strategy for communication purposes.
- Plan interaction with all stakeholders to develop long term partnerships with the alliance.
- Study the nature of risks that communities and the Alliance take on and develop improved capacity to identify these risks and mitigate them.
- Explore the possibility of developing resources that assist in hedging the risks that Nirman faces over time.
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**CHALLENGES AHEAD**
In the absence of planned housing for the poor, communities make do with whatever material they can find and they locate their dwellings wherever they can. Through Nirman and Community Led Infrastructure Finance Facility (CLIFF), we seek to assist organised groups of slum dwellers to work together and take on housing and other construction activities that will integrate these neighborhoods into the cityscape.
Soon after setting up Nirman, it became evident to the alliance that unless there was a demonstration of what the poor could do with Nirman, government institutions and financial agencies would not explore the possibility of working in partnership with the poor.

Many of the Northern NGOs working to assist SPARC began to provide funds to assist communities to kick-start projects. For example, Cordaid, an NGO from Netherlands, Selavip from Belgium and Misereor from Germany, made contributions to start-up funds available to poor communities. Between 1994 and 2000, these funds allowed communities to demonstrate what they could construct.

In 2000, the study “Bridging the Finance Gap” undertaken by Homeless International (a UK-based housing charity) and Shack Dwellers International (SDI), a global network of slum dwellers organisations, showed that only when communities and NGOs demonstrated that they could start a project, would state agencies and banks begin to show any inclination to support it. That meant that unless there were some start-up capital or bridge-funds available, innovative community driven projects would never take off. The study recommended that international development assistance should support original community initiatives and thus the concept of CLIFF (Community Led Infrastructure Financing Facility) originated.

Two bilateral agencies, DFID (UK) and Sida (Sweden) set up this facility, which they located in Cities Alliance, a Washington DC based organization managed by the World Bank and UNHABITAT that supports a Cities Without Slums agenda. Homeless International, a UK-based charity, was entrusted with managing this facility globally. Nirman was the first institution to host a local CLIFF.

What CLIFF provides is the start-up capital to projects developed by communities to demonstrate that such bottom-up processes are possible.

CLIFF also supports Nirman to obtain loans from domestic financial institutions. Only projects that demonstrate full financial recovery are taken up by CLIFF, which shares risks with local agencies in the initiation of innovative strategies. Funds lent to the projects by CLIFF are then repaid to central “bridging fund” which is revolved to support other projects.

**What is CLIFF?**

CLIFF is a financial mechanism that provides organisations of the urban poor direct access to the venture capital that they need to develop creative and sustainable solutions to the problem of slums. The aim is to support and strengthen community-led initiatives. These approaches are, almost by definition, experimental. They take ideas tested on a small level, and seek to scale them up, so that large numbers of people can benefit. The point is for cities to begin planning on the basis of long-term pragmatic solutions rather than short-term isolated pilot projects.

**The Key Objectives of CLIFF:**

- To develop a financing mechanism that will assist organisations of the urban poor to carry out successful community-driven infrastructure, housing initiatives at the city level, in conjunction with municipalities and the private sector.
- To develop a sustainable financing vehicle (CLIFF1) in India to continue the provision of specialist financial services to the urban poor, after the conclusion of the project stage.
- To develop a sustainable in-country financing vehicle (CLIFF2) in at least one other country to replicate the concept in a different institutional context. If further funds can be attracted, additional communities/cities will also be focused on.
# Project Portfolio: Housing and Sanitation

The total construction portfolio is Rs 97.36 crores or 973 Million

<table>
<thead>
<tr>
<th>Project</th>
<th>Project Cost</th>
<th>Start up date of project</th>
<th>Type of construction</th>
<th>Construction up to March 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TDR Housing Rs 51.13 crores or 513 million</strong></td>
<td></td>
<td></td>
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<tr>
<td>Rajiv Indira-Suryodaya, Dharavi, Mumbai</td>
<td>Rs 9.8 crores or 98 million</td>
<td>1997/1998</td>
<td>5 multi-storey buildings 209 rehab units (@ 225 sq. ft.) 36 sale units (@ 484 sq. ft)</td>
<td>1 building where people have come to stay, 2 complete, 1 almost complete, 1 yet to be started</td>
</tr>
<tr>
<td>Bharat Janata Dharavi, Mumbai.</td>
<td>Rs 6.93 crores or 69.3 million</td>
<td>2003</td>
<td>5 multi-storey buildings 147 rehab units 347 sale units</td>
<td>1 building complete, 1 almost complete, 1 in early stages of construction, 2 yet to be started</td>
</tr>
<tr>
<td>Milan Nagar, Mankurd, Mumbai.</td>
<td>Rs 10.34 crores or 103.4 million</td>
<td>2001</td>
<td>5 multi-storey buildings 347 Units</td>
<td>1 building almost complete, 4 yet to be started</td>
</tr>
<tr>
<td>Oshiwara I, Mumbai.</td>
<td>Rs 23.9 crores or 239 million</td>
<td>2003</td>
<td>5 multi-storey buildings 780 rehab units 38 sale units</td>
<td>4 building complete, 1 building almost complete</td>
</tr>
</tbody>
</table>

**Subsidy Housing Rs 12.8 crores or 128 million**

<table>
<thead>
<tr>
<th>Project</th>
<th>Project Cost</th>
<th>Start up date of project</th>
<th>Type of construction</th>
<th>Construction up to March 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunnuduguddu, Bangalore Karnataka</td>
<td>Rs 1.18 crores or 11.8 million</td>
<td>1999/2000</td>
<td>7 Ground + 2 floor bldgs 74 rehab units 11 sale units</td>
<td>3 buildings completed, 1 almost complete, 3 yet to be started</td>
</tr>
<tr>
<td>Bidi workers housing, Sholapur, Maharashtra</td>
<td>Rs 6.36 crores or 63.6 million</td>
<td>2000-2001</td>
<td>Ground floor structures 501 rehab units 4552 sq. mts for sale</td>
<td>501 structures ready</td>
</tr>
<tr>
<td>Hadapsar, Pune, Maharashtra</td>
<td>Rs 5.29 crores or 52.9 million</td>
<td>2000/2001</td>
<td>32 Ground + two Buildings 713 Units</td>
<td>125 units completed, 206 units almost complete, 382 units in early stages of construction</td>
</tr>
</tbody>
</table>

**Sanitation Rs 33.40 crores or 334 million**

<table>
<thead>
<tr>
<th>Project</th>
<th>Project Cost</th>
<th>Start up date of project</th>
<th>Type of construction</th>
<th>Construction up to March 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pune sanitation - Phase IV</td>
<td>Rs 1.18 crores or 11.8 million</td>
<td>2004</td>
<td>23 community toilet blocks</td>
<td>18 almost complete, 4 in early stages of construction, 1 yet to be started</td>
</tr>
<tr>
<td>MSDP</td>
<td>Rs 32.21 crores or 322 million</td>
<td>2001</td>
<td>211 community toilet blocks</td>
<td>184 completed, 22 in progress</td>
</tr>
</tbody>
</table>
TDR Housing in MUMBAI

Understanding the Slum Rehabilitation Act (1995) of the Government of Maharashtra

This policy of the Maharashtra government states that all slum houses and pavement dwellings that have been built prior to January 1, 1995, will receive protection by the state from evictions. It gives slum dwellers the right to a “free house” in lieu of the present dwelling, either on the same site if possible, or at an alternative site, if the present location is needed for a public project or considered dangerous for habitat.

Slums are upgraded by constructing apartments at a density of 400-500 tenements of 225 sq feet per hectare. The land that is freed up is then used either to build additional houses for sale on the open market, or to generate a market instrument known as Transferable Development Rights (TDR). Both these financing mechanisms subsidise free houses constructed for the poor.

Before slum upgrading schemes can begin, 70% of eligible slum households (i.e. those having proof of residence prior to 1.1.1995) need to agree to the scheme. Slum communities and NGOs, while encouraged to take on construction by the SRA policy, are unable to secure the large start-up funds needed for such schemes. This is because of their lack of credibility with financial institutions, who are themselves unfamiliar with this strata of potential borrowers. As a result, hardly any lending takes place and the NGO sector finds it difficult to take up construction.

Nirman works in partnership with communities recommended by NSDF, Mahila Milan and SPARC to demonstrate that communities can take on such projects.

How the “Market” is Supposed to Finance Slum Projects

Briefly, the TDR is an incentive given to developers to take on slum construction. The developer of the project gets a TDR certificate, which is equivalent to having virtual land. This is sold off to other developers in the city (it can only be sold and used only north of the existing plot) who need additional floor space for their construction projects.

The Slum Rehabilitation Authority (SRA) and the Mumbai Metropolitan Development Authority (MMRDA) are the planning authorities that oversee these construction projects. The Municipal Corporation of Greater Mumbai issues the TDR certificates.

In this report we present four SRA schemes which community federations are undertaking along with Nirman.

Slum settlements in Mankhurd, Mumbai against the backdrop of newly constructed apartment buildings to re-house Project Affected Persons.
Project Description

In 1997, the alliance embarked on the first ever attempt by an NGO to construct apartment buildings for poor households in Dharavi, Asia’s largest slum, under the new Slum Rehabilitation Authority (SRA) scheme.

By 1999 the project had grown to include two neighbouring community groups as well - the Suryodaya Housing Society and the Ganga Housing Society. Five apartment blocks are now being built and each tenement will be constructed at a minimum size of 225 sq. ft. Three buildings will be used to house community members and the other two buildings will be sold in the market to cover these costs and generate profits. In 2000, Citibank approved a loan towards the financing of this project. Homeless International, stood as the guarantor for this loan.

In 2003, 53 members of Rajeev Indira and 23 members of Ganga society moved into the first building.

Project Information

- Start date: 1998
- Anticipated end date: 2005-6
- No of rehab units: 209
- No of sale units: 36
- Total project cost: Rs. 8.6 crores
- Funding Sources: Bank Loan from Citibank and International guarantee to Citibank from Homeless International (UK)

Learning from Rajeev Indira-Suryodaya

Communities in Mumbai now have the experience of managing documentation for society formation. They are familiar with the process of society registration, the creation of lists of members with necessary proof of residence, and the process of formalising agreements within communities to start such projects.

SPARC and Nirman have developed skills and confidence to dialogue with banks and technical professionals and to facilitate communities to manage projects. A wide spectrum of risks and ways of dealing with these risks have emerged through the life of this project. This has provided the experience and basis for some changes in policy as well as in practices of project management for communities and Nirman.

Together Nirman and the alliance of SPARC, MM and NSDF learned to negotiate for bank loans and to manage finances.
Bharat Janata, Dharavi

Project Description

This project was initiated when the Bharat Janata Housing Society saw the work and progress of the Rajiv Indira Housing Society, and decided to undertake a similar slum redevelopment project. Also based in Dharavi, this SRA scheme comprises five apartment buildings for 147 slum families. The land belongs to the government of Maharashtra and is managed by the Collector of Mumbai.

In terms of city-wide solutions to slum upgradation, the Bharat Janata project is important because it reflects the challenges that most poor localities face. This settlement is in the “middle” of Dharavi, and has none of the special roadside “edge” advantages of Rajiv Indira/Suryodaya. This project tests the alliance’s hypothesis that Dharavi has a “market” within itself and that such projects are profitable.

Currently, three of the five buildings are nearing completion and it is expected that the project will be completed by mid 2006. In an unprecedented move, the National Housing Bank has financed the Bharat Janata Housing Project, lending directly for the first time, to a non-profit’s housing construction project.

Learning from Bharat Janta

Bharat Janata demonstrates how communities can manage projects and how the success of one project widens the base and enthusiasm for more communities to undertake similar work.

Project Information

Start Date: 2003
Anticipated end date: 2006
No of rehab units : 147
No of sale units: 50
Total project cost: INR 6.13 crores
Funding sources: Bridging loan from SPARC, Revolving funds CLIFF, Bank loan from National Housing Bank and Guarantee to NHB from Homeless International UK

Based on the experience of Rajeev Indira, in this project, SPARC and Nirman initiated dialogue with banks well in advance. This project also inaugurated the involvement of community contractors in taking up housing projects.

Bharat Janata internally managed the issue of transit housing by helping some families get access to rented houses outside their locality, and constructing transit houses on half the plot for those who needed to stay on-site. Once the first three buildings are complete, the families on-site will move in and the next two buildings will be constructed.

Together Nirman and the alliance of SPARC, MM and NSDF have formulated deeper rituals for supervision and management in collaboration with communities.

On the left, members of the housing society supervise the activities of the community contractors with the help of technical advice from Nirman. Above is an image of the project under construction.
The image below is of the first building in the Milan Nagar project. This building has split level houses and community toilets on every floor.

Milan Nagar, Mankhurd

Project Information
Start Date: 2000
Anticipated end date: 2007
No of rehab units: 327 (+20 NGO)
Total project cost: INR 9.66 crores
Funding sources: Bridging loan from Revolving funds CLIFF

Project Description:

The 1997 Slum Rehabilitation Act (SRA) of Maharashtra was the first legal provision that included pavement dwellers in state relocation schemes. It envisaged that pavement dwellers and slum dwellers living on land required for public infrastructure needed to be relocated.

Milan Nagar is the first resettlement project under SRA for pavement dwellers in the city of Mumbai. The land for this project has been provided by Maharashtra Area Development Authority (MHADA). This project will set a precedent for similar constructions in the future. It involves building homes for the oldest leaders of the Alliance – 327 households who live in Byculla, one of the most crowded wards in Mumbai. These women pioneered the Alliance’s rituals of enumeration, daily savings and loans, house model exhibitions, and dialogue with local authorities.

Learning from Milan Nagar

Milan Nagar residents have designed a number of unique features in this project such as split level houses with 14 foot ceilings and community toilets on every floor. This project demonstrates to the city and other pavement dwellers that relocation can be driven by women.

Since this is the first project for pavement dwellers, dealing with land issues and other formalities have been complex and have needed fortitude and patience.

Together, Nirman and the alliance of SPARC, MM and NSDF have learnt to support the 11 member Mahila Milan team who supervises the project and trains others to do so.
Using the SRA for Rehabilitation Projects

One of the clauses of the SRA policy (Section 3.11) offers a solution to provide alternate housing to families who need to be relocated because of public development projects. Mumbai Metropolitan Regional Development Authority (MMRDA) undertakes such projects by inviting land owners to surrender their land to the state for the construction of tenements. The land owner would get an FSI (Floor space Index) of 1 for the land, and the developer gets 2.5 FSI for the constructed tenements.

Making The Most of an Opportunity

MMRDA was seeking tenements for the Mumbai Urban Infrastructure Project (MUIP). A land owner, who owned a plot of land encroached by 56 households in Oshiwara, was willing to offer this plot for the scheme. However, he did not want to take on the construction of the tenements and therefore, explored this jointly with the alliance of SPARC, MM and NSDF.

This project was almost entirely financed by the sale of TDR. Since Nirman had access to CLIFF funds, it seemed the opportune moment to build on the learning of the earlier projects and enter into this partnership.

Future residents of the Oshiwara 1 project visit their soon-to-be homes.
Oshiwara 1, contd.

Project Description

Oshiwara 1 was a much larger project that any attempted by the alliance in the past, and had a shorter time frame within which it had to be completed. The plot was divided into three segments, with different civil contractors responsible for construction work in each segment.

This project also has a deeper sense of partnership with the three civil work contractors who agreed to invest almost 20% of the initial costs. Another aspect of this partnership was that they hired community contractors for smaller works such as painting, plastering and brick laying.

Several other land owners and developers are constructing such rehabilitation tenements. Many of them do not have simple but crucial elements needed for rehousing the poor. By taking on a project of this size, the alliance sought to set benchmarks of how construction needs to be sensitive to the various concerns of poor households.

Some features of Oshiwara 1 are:
- Focus on light and ventilation.
- Passages and stairs which are wide.
- Larger tanks for water as more people live per tenement.
- Large landing spaces on every floor for women and children to meet and socialize
- Public space between buildings for recreation.

Learning from Oshiwara

This is the first project in which the future occupants of the project were not part of the design and planning specifically. However having facilitated the relocation of 15,000 households in other similar projects, the NSDF and Mahila Milan have standard features that can be included in such projects. This was undertaken successfully and at a larger scale in this project.

For this project, SPARC and Nirman were able to improve management and efficiency. Overall there was better supervision, coordination between technical supervisors and civil contractors, and improved financial management.

Together Nirman and the alliance of SPARC, MM and NSDF have improved their ability to collaborate and have developed complementary supervision skills.

This will be the first project to be completed amongst the Mumbai projects although it was the last to start.

This image on the left shows a model of the proposed Oshiwara project with inner roads and open spaces. The image above is one of the completed buildings.
Today, communities that are linked to the NSDF cannot afford to purchase land. In almost all instances, their homes have been constructed incrementally over decades as no form of financing is available to them. Nirman has therefore sought to develop a standard dwelling unit of 180-250 sq feet, which is either a ground floor unit or a ground plus one unit, or two at the most. Here, the blending of subsides (either by state or the market), and some contribution by communities in cash and sweat equity can produce a house.

Only in cities like Mumbai, TDR financed housing is viable, and even under this scheme, at some point, communities will have to start contributing to the construction of their housing. However, the greater the number of floors the building has, the greater the cost. Yet in Mumbai, the alliance and Nirman participate in SRA housing as the choice basically is between moving up or moving out of the city. Nirman works with the alliance in other cities to explore other housing options.

Unlike in Mumbai, in other cities and towns, the potential for ground floor units or ground plus one units exists. Here Nirman has blended subsides from various government schemes and leased land from the city to produce a core house with basic infrastructure. By and large, even the aggregated amount of the subsidy does not cover the cost of housing, and past schemes have faced problems of repayment of loans that were needed to top up the subsidy to cover the cost of the total house.

Today the paradox is that while the existing subsides are not enough to cover the population in need of them, they remain unused or misused. Almost no subsidy comes directly to communities, and most subsides are routed through state agencies that are also expected to deliver the housing stock. Federated communities of the urban poor linked to NSDF and MM have begun to explore possibilities for demanding access to these subsides while negotiating for land with their municipalities and state governments.

Many economists and housing specialists argue that subsidies are inefficient and that they are too few to cover the population that need housing. While this debate continues, the reality is that today there are very few systems of construction that deliver affordable housing to the poor. Nirman’s position on this is that the access to unused subsides can help kick start the standardisation of project costs and delivery and produce sustainable cooperation between state agencies, the communities of the poor, and financing agencies.

In the present process Nirman in partnership with the alliance of SPARC NSDF and MM seeks to standardise the following:
- Develop a core house design and cost acceptable to the community and city authorities.
- Locate the existing subsidy structure, and lobby with government to allow communities to access these subsidies.
- Develop a financing plan to pre-finance the construction, as most subsidies are released after the houses are completed.
- Communities will start their savings processes so that they can repay top-up costs of construction, as in almost all cases the core house costs more than the subsidy.

Where it is acceptable to the government agency concerned, Nirman has also sought to demonstrate that if communities are allowed to construct additional units for residential and commercial purposes, these can then be sold to cross-subsidise the segment of the costs that communities cannot pay.

Nirman believes that when banks and governments see such demonstrations, they will begin to provide access to long-term low-interest loan finance for the poor. Over time, as savings products are possible in partnership with banks, more and more slum communities can take on larger long-term loans to pay for the construction costs of houses even where no housing subsidy exists.

So far three such projects have begun in three cities, and in the long run we hope that this segment of our portfolio expands exponentially.
Project Description

Sholapur in Maharashtra is an industrial town with a large population of textile and bidi (indigenous Indian cigarettes) workers. In 1987-88, pavement dwellers from Byculla, originally from Sholapur, went back to Sholapur to explore how they could work in the slums there. As they began to visit informal settlements, their stories about self-constructed houses caught the imagination of bidi workers who presently live in rented houses.

All bidi workers are part of trade unions, and have a range of schemes intended for their welfare and protection. One such scheme is the housing subsidy scheme, which gives each union member Rs. 20,000 from the central government and a matching amount from the state government, provided members have access to land.

During these discussions, a union called the Ma Saheb Bidi Workers Union sought a loan from SPARC of Rs. 6,00,000 to purchase a piece of land. Next came the design and construction of the houses. Each house is designed to include an enclosed verandah which can be used for bidi-rolling. The houses have a total carpet area of about 270 square feet.

Each individual housing unit was estimated at Rs. 58,000 of which Rs. 40,000 would come from the subsidy and the rest would come from the savings of the member families, collected during the period of construction.

Initially, the land purchased by the Ma Saheb Bidi Workers Union was intended for 2000 dwellings, of which 800 houses were planned for the first phase. Finally, however, 501 houses are being constructed and will be completed by the end of 2005.

Learning from the Bidi Workers Project

A number of rival trade unions of bidi workers, who were aligned to other political parties, put pressure on their leadership to begin construction of houses with government subsidies. Today, 18,000 housing units are under construction. This project highlights how central and state government subsidies had been lying unutilized for years and are now accessed.

Informal worker unions have begun to manage savings schemes and have started purchasing additional land for more houses.

SPARC and Nirman had to negotiate design and cost issues with the community and state agencies in this project. The access to state and central subsidies is a lengthy and unfamiliar process and one in which many new skills to negotiate with offices in Nagpur and Delhi responsible for these subsidies needed to be developed.

Together, Nirman and the alliance of SPARC, MM and NSDF have learned to provide support from a distance to local federations and to deal with technical and quality issues long distance.

The Sholapur subsidy-based houses are designed as ground floor tenements with attached verandahs for rolling bidis.
Once societies are registered, financial institutions will take over the group loan portfolio, initiating a means of future financing in which bank loans will pre-finance such projects.

After recovery of the VAMBAY subsidy amount, the rest of the money will be repaid by the households to the bank through their cooperatives.

All the construction at Hadapsar is being done by Mahila Milan collectives, though RCC works and other items that they could do themselves have been outsourced.

Learning from the Vambay Housing Project

Demonstration to others: Persuading the municipality to examine a new solution itself took three years of dialogue and negotiations. Yet, the relocation strategy in Mumbai helped the claim of the Pune federations in their discussions with the city. The VAMBAY subsidies were earlier provided to individual households and did not improve neighbourhoods. However, with this project, now a block of households can get the subsidy and collectively improve their neighbourhoods. As a result, in many parts of Pune, politicians and local community leaders are taking on such projects in slum upgrading.

For SPARC and Nirman, managing access to subsidy delivery and working with community contractors has needed different support strategies. We are working with banking institutions to examine group loans to housing cooperatives of the poor.
Project Description

In 1996, the alliance held a housing exhibition in Hyderabad. The Bangalore Federation attended this exhibition and brought senior members of the Karnataka Slum Clearance Board (KSCB) for it as well.

On returning to Bangalore, members of the KSCB contacted the Bangalore Federation with a proposition. If the Federation could assist a particular community that was facing eviction to build their houses, they would acquire the land from the private landowner. This was at a location called Sunnuduguddu. The state provided the land on condition that houses there would be built by communities.

The project began with communities agreeing after several discussions to demolish their homes. Some went on to stay at other locations while others lived in transit houses built on-site. Many events delayed this project. Some were completely out of the control of the alliance, such as when the land owner contested the boundaries drawn in the acquisition process and took the city to court. In other instances, the questions of who would stay where and how to plan stage-wise construction needed a great deal of internal negotiation.

The financial innovation of this project has been to construct additional shops. This would partially subside the cost of the houses, while communities would repay the remaining amount by taking on loans. Initially a contractor was hired to undertake the civil works.

However, his quality and cost escalation demands created an opportunity for the communities to take on the construction as an informal collective. They were supervised and supported by local and national federation teams.

Learning from Sunnuduguddu

In this project, the community benefiting were not members of the Federation. However, they were being saved from eviction through this project.

The risks of projects are often not mitigated by a clear MOU with the Municipality. This was evident when the boundary linked litigation between the land owner and municipality put a stop to construction for several months.

This will be the first project in Bangalore for the alliance and a learning lab for many other communities in Karnataka. Together Nirman and the alliance of SPARC, MM and NSDF have learnt to provide support from a distance to local federations and deal with technical and quality issues long distance.

Project Information

Start Date: 1997
Anticipated end date: 2005
No of rehab units: 74
No of sale units: 11
Total project cost: Rs 1.04 crores
Funding Sources: Revolving funds CLIFF

Padma, a senior NSDF leader is shown here at the Sunnudugudu project site in discussion with community members.
Cities in India, like a number of cities in the global south, do not provide basic amenities to the poor. One of the biggest casualties is the lack of sanitation facilities for the poor. Open defecation spells a lack of privacy and dignity for all, which particularly affects women, and causes health hazards, due to infections, especially for women and children.

Mahila Milan has been seeking to address the sanitation issue for a number of years. In 1998, the first opportunity to undertake construction of community toilet blocks at scale arose when the Pune Municipality asked the alliance to build 114 toilet blocks in the city. Although that project is now long over, but soon after, Mumbai, influenced by the project’s success, embarked on a city-wide slum sanitation project along very similar lines, and contracted SPARC to built 4000 community toilet seats. In the community sanitation model advocated by the alliance, the capital cost of construction for these toilet blocks is borne by the Municipality. They provide access to water and electricity, and communities construct, manage and maintain the toilet blocks. This reduces the burden on the Municipality which no longer has to bear ongoing maintenance costs.

The alliance constructed separate toilets for children, especially younger children, to help ease the rush for scarce toilets. Other features are a caretaker’s room and, if possible, a community hall on top of the toilet to make the facility a community location for gathering and not a smelly place to be avoided. Construction of toilet blocks by community contractors is also seen as a livelihood opportunity for many slum dwellers, who have worked in construction previously, but never managed construction or developed skills to obtain higher wages.

The alliance is a strong champion of community sanitation and has taken up a national campaign called the ‘Zero Open Defecation” in all Indian cities. Mumbai and Pune are the cities that demonstrate a city wide approach.

Working with community collectives and helping them compete for tenders and obtain finance to take on construction, as well as provide technical skills, is the task at hand for Nirman. Getting banks to provide loans, guarantees and financial assistance to such projects undertaken by community groups is another goal.

### Table: Nirman Sanitation Portfolio

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<th>Households served</th>
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<th>Total cost (in crores)</th>
<th>% of total Nirman portfolio</th>
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Sanitation in Mumbai

Project Description

In the early 90s, a survey in over 185 slums in Mumbai covering a population of 100,000 people found that where there should have been 20,000 toilet seats, there were only 3500 seats, most of which were not functional. It was under these circumstances that the federation strategy of working on community sanitation by developing a partnership between poor settlements and local municipal authorities got actualised in the form of the Mumbai Sewage Disposal Project (MSDP). In the federation's sanitation model, the municipality would provide land and capital costs for toilet construction along with access to water and electricity. Communities would design, construct and maintain the toilet blocks. The project has been written about in great detail and today a second phase for another 250 toilet blocks is being planned by the Mumbai Municipal Corporation.

There have been huge delays in the completion of this project mainly because a number of strategies and practices that were introduced were opposed by local political leaders who sought to and sometimes succeeded in subverting the process.

An article in the Times of India discusses the State government's plan to adopt the Slum Sanitation Programme under the MSDP.

Today the Government of Maharashtra is considering adopting this strategy for state wide replication.

Learning from Sanitation in Mumbai

From this project, we have learned that if you can do it in Mumbai, then you can do it in any other city!

No other project has challenged the Alliance to deal with scale and technical issues as much as this one. UTI Bank, which issued a performance guarantee on behalf of the alliance to the Municipality, helped the alliance leadership understand how banks view risks and seek their mitigation.

Together Nirman and the alliance of SPARC, MM and NSDF have had to deal with a wide spectrum of opposition to this scheme. Over 400 communities were in dialogue with the alliance before the toilets were finally constructed in 200+ locations.
Sanitation in Pune

Project Description

By the third phase of the Pune Sanitation Project (1998-2004), the alliance had built more than a 100 community toilet blocks across the city. In the 4th phase of the Pune project, most of the toilets were awarded to commercial contractors and only 23 were awarded to Pune Mahila Milan.

Mahila Milan members from Pune and Mumbai have taken on the construction contracts for these toilet blocks. This represents an achievement for community contracting and also reflects a process where MM is now seen as equal players in the construction field.

However, Mahila Milan face a great deal of opposition from local politicians and the construction businesses and have had to deal with the fear (and sometimes, instances) of theft and aggression.

It is essential to see this work as an opportunity for the consolidation of skill building and refinement both of project management and technical supervisory skills.

Learning from Sanitation in Pune

More people/groups visit this project than any other project in the alliance’s portfolio.

For SPARC and Nirman, managing finances and the quality of construction have been the main learnings in this project

Together Nirman and the alliance of SPARC, MM and NSDF have had to deal with a wide spectrum of opposition to this scheme. The MM Pune have played a major role in the supervision of this project.

An example of a toilet block in Pune where a second floor is constructed to be used as a community space.

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Project Information

Start date: 2003
End date: 2005
No of sanitation blocks: 23
Total project cost: INR 1.11 crores
Funding sources:
SPARC /NIRMAN (SSNS) Bridging Loan from CLIFF

Children’s toilet block at Siddharth Nagar Pune.
Types of Projects

Today we have three types of projects in the Nirman portfolio. In Mumbai we have TDR based housing, where the residents at present don’t pay for the cost of the house, but have to agree to demolish their present homes to allow reconstruction or agree to relocate to houses built elsewhere under the scheme.

In three other cities - Pune, Bangalore and Sholapur - we have ground or ground plus two storey houses which are a blend of subsidies, topped up by a personal loan paid through the housing cooperative, that will eventually be registered as a legal entity.

Finally, in two cities we have sanitation contracts taken by community federations to provide sanitation to slums.

Servicing Non- Federation Members

Except for the three housing projects of Rajeev Indira, Milan Nagar and Bharat Janata, all the other projects have been taken up by the federations for the larger slum constituency and not for its members alone.

Those assisted to access sanitation or housing may become federation members subsequently. However, presently the NSDF and MM seek to create strategies to assist a larger population of the urban poor. What this indicates is that while projects are selected where community, social and political risk management is taken up by the alliance, its end beneficiaries are poor slum dwellers in the city.

It suggests a model of delivery where the choice of project emerges from its relevance to helping communities of the poor getting access to improved habitat and sanitation.

Examining How the Portfolio Will Grow

It is clear that while the volume of financing required for TDR housing is high and may grow exponentially, Nirman also hopes that the projects which are in other smaller cities and towns in housing and sanitation will grow. The potential for policy work in these areas is the challenge for federations and Nirman.
Response from the State

Government agencies are clearly not accustomed to dealing with community organisations seeking construction contracts. Frequently, procedures for awarding contracts have to be changed to make such a process possible.

Often, while undertaking the projects, there are strategies used by communities to replace existing procedures, but this requires a level of risk-taking by the alliance and Nirman. In many instances this has been very successful, as in Pune. Here the VAMBAY housing subsidy was usually awarded to only to individuals below the poverty line selected by a specific committee appointed for this task. However, the alliance’s involvement changed these procedures and, as a result of discussions with MHADA, it’s now possible for community groups to seek the subsidy collectively and for NGOs/CBOs to register as community contractors.

Response from Banks

In the last two years, many Indian and foreign banks have expressed interest in lending to Micro Finance Institutions (MFIs). Increasingly banks have started bulk lending to these agencies especially for short term income-generation loans and today there are a large number of MFIs that absorb what the banking sector can lend to the poor.
Creating Projects while Negotiating

On one hand the alliance is constantly negotiating for land and habitat security and on the other hand, access to basic infrastructure. However, rarely do opportunities that communities seek actually proceed as planned. Instead, while negotiating for one particular project, another possibility emerges. Seizing that option and helping those who stand to benefit from the outcome, is the way in which projects are chosen. However, by developing a strategy which in the future will assist the group that the federation started out to help is the manner in which this process proceeds and develops.

Take the instance of the VAMBAY housing project in Hadapsar, Pune, Maharashtra. Mahila Milan Pune went to meet the Municipal Commissioner about municipal land that they had located to start a housing project for those member communities who could not get tenure of the land on which they lived. While this issue was being explored, many poor houses faced demolition due to road widening projects that were taking place in the city. The Pune MM got involved and sought to prevent the demolitions. Out of this second dialogue, the idea of re-housing the slums affected by road widening emerged.

Rather than walk away disappointed because their initial demands for land tenure were not being met, the Pune MM seized the existing opportunity with three ideas in mind. Firstly, they would help households facing demolitions reach an alternative. Secondly, if their project became an established practice, they would be able to help others explore similar options. Thirdly, by learning to construct houses and blend loans and subsidies, a new financing and construction delivery model could be developed, which would help all the urban poor families in the city.

Categorising Projects

Initially Nirman’s two project categories were housing and sanitation. Gradually the distinct sub-categories within the housing projects began to emerge. It is clear that the choice of project takes place first and categorisation takes place subsequently. This categorisation also helps to develop internal systems whereby projects can be managed differently and to articulate the financial and management needs separately.

External and Internal Structures for Review

The most important aspect has been to develop and refine initiatives taken up by communities without reducing or distorting what communities and their leadership can do to drive this process. In the last few years it has become clear that while the communities evolve and develop processes as they go along, external and established systems use the opposite method. In mainstream methodology, pre-planning is key and as many of the details as possible, as well as the risks, problems and solutions are worked out in advance.

For most of the year Nirman has had to function in ways that tie these formal and informal processes together— a process that is fraught with many difficulties. However, some alignment is demonstrating that these two seemingly separate worlds do and can meet and align. For instance, all of the projects prior to CLIFF were started without written permissions in place, although discussions with the authorities had been initiated. Gradually as the systems developed, statutory requirements, contractual agreements and other rituals are now undertaken by the federation leadership associated with various projects and the technical support staff.

Producing a Procurement Policy

A classic example is the development of a procurement policy. Initially when housing projects were started, and a tender was circulated to find a contractor to start the construction of Rajeev Indira Cooperative Housing Society, contractors wanted a guarantee from the community and the organisation, instead of SPARC and the federations seeking this guarantee from the contractors. In those instance the relationships were oral, based on trust and
day-to-day supervision. However, there have been regular meetings between procurement experts, Nirman and the federation leadership over the last two years. As a result, a dynamic and evolving procurement policy has begun to develop and has produced processes and systems that have the full agreement and backing of all participants. The evolution of this procurement manual represents the merging of internal and external requirements and expectations.

**Urgency to Produce Scale:**

From a global and national perspective, nothing that Nirman does can ever seek to address the scale of transformation that is required. However, through CLIFF and other networking practices, there is an attempt to make everything that the organisation does produce change on at least three levels:

First, providing slum communities the ability and legitimacy to explore new modes of participation. Second, creating the potential for dialogue with government and land owners to produce policies that take time to emerge, but whose impact can be of benefit to others. Third, building linkages and systems with bankers which will push this process forward and mainstream housing finance to the urban poor.

What remains critical is to create the institutional systems that are driven by community aspirations and to bridge the distance between this and the formal exclusionary legal and financial systems that the poor are currently unable to access.

**Mitigating Financial risks: Guarantees**

To date, the guarantees needed to leverage project finance from banks have come from external sources. Guarantees by international agencies have value in initiating banks to lend to community-driven projects. Clearly, this is not a sustainable and scalable solution and domestic and robust alternatives need to be developed.

Two possibilities come to the mind for those examining this process along with communities. One is to see whether the state can develop some mechanism whereby guarantees are available to organisations domestically. Another option to be explored, is creation a mechanism whereby community contributions by federation members form a collective guarantee. As in the past, the ideas and dreams of the federations to take charge of their own lives have to be tested against laws and regulations.

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**Emerging Trends & Practices contd.**

Pune Mahila Milan was instrumental in managing the construction at Hadapsar. Here are a few of its members on site.
Misereor contributes to a revolving fund for Nirman (SSNS)

Revolving funds play a vital role in financing projects that SSNS takes on. Long before Nirman (SSNS) was set up, many of SPARC's donors began to give grants to SPARC to set up revolving funds to assist the federations to demonstrate projects that they could take up. CLIFF, the capital fund that Nirman (SSNS) now manages, was set up on the basis of understanding how such modest revolving funds initiated housing projects and how scaling such funds can lead to federations of the poor taking up innovative construction projects.

Two years ago, the possibility of taking on subsidy-based housing for slum dwellers was being explored, and it was clear that communities would begin to experiment with top-up loans so that their homes would be completed with funds from the subsidy and a loan. This fund would help the banks understand how the federations set up such projects, so that in the next round of projects, community members could receive a loan from the banks, especially for projects at scale.

The Misereor Funds originally intended for the Orissa project which got shelved due to various reasons, have been used in the Hadapsar Vambay housing project in Pune. While CLIFF will be refunded, when MHADA pays for the subsidy component (see pg 15 on Hadapsar), community members who have borrowed between Rs. 15,000- Rs. 25,000 will repay the Misereor fund.

Revolving funds transferred from SPARC

In almost all instances, projects emerge after a long negotiation with land owning authorities or the state institutions, and can fall through unless work on construction begins almost immediately. Most funds, including the funds from CLIFF require permissions and third party scrutiny before they can be used for the project. Flexible Funds provided by various agencies to the alliance are used in such circumstances.
Acknowledgements: This photograph and others in this report were taken by SPARC/SSNS staff, as well as a number of friends and well wishers of NSDF and Mahila Milan. We especially would like to thank the staff of Homeless International for their contributions to our collection.

African members who are part of the SDI network help out with construction at the Hadapsar site in Pune.