

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC340

Project Name	Pro-Poor Slums Integration Project (P130710)
Region	SOUTH ASIA
Country	Bangladesh
Sector(s)	Public administration- Other social services (25%), Housing finance (75%)
Lending Instrument	Specific Investment Loan
Project ID	P130710
Borrower(s)	Economic Relations Division, Ministry of Finance
Implementing Agency	National Housing Authority
Environmental Category	A-Full Assessment
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Concept Review Decision	

I. Introduction and Context

Country Context

When Bangladesh became independent in 1971, the country had a very low level of urbanization and its economy was dependent on agriculture. Less than eight percent of the country's population could be identified as 'urban' and the urban sector contributed less than 25 percent to the national GDP. Today, the scenario is quite different: over a quarter of the nation's population is urban and the urban sector contributes to over 70 percent of national GDP. This shift has translated into rapid migration to urban areas; urban centers have sustained population growth rates of 4-5 percent over the past several decades, as compared with national averages of 2-3 percent. Dhaka's urban growth rate has been consistently between 5-7 percent, and is today ranked the ninth largest city in the world.

Rapid urbanization, coupled with limited financial and physical capacity, has put significant strain on cities and towns of Bangladesh. Around one million new people arrive in urban areas annually in Bangladesh, and the lack of adequate planning and development of cities has resulted in an inability to accommodate this influx of migrants, most notably in terms of the provision of adequate shelter.

Slums and informal settlements provide most of the shelter solutions of Bangladesh's urban poor. A 2010 study estimates that in Bangladesh's 29 largest pourashavas and city corporations, there are close to 50,000 informal settlements, with around 5,000 of those in Dhaka city alone. These informal settlements are characterized by tenure insecurity, poor housing materials, limited access to public services, and densely crowded and unsanitary living conditions. These settlements are also characterized by informal networks or economies with local middlemen (mastaans) collecting rents and payments for services and security on behalf of a host of landlords or powerful local leaders. As a result, the poor pay high per unit costs for poor quality housing, experience tenure insecurity, and have mostly illegal connections to public services. In turn, lack of tenure means there is little incentive for the urban poor to improve living conditions.

To date, the Government of Bangladesh (GoB) has mostly ignored the growth of slums and informal settlements in urban areas, or reacted by evicting squatters in existing informal settlements. But with the country's shift from an agriculture-based economy to one based on industry and services, attention to urbanization and the resulting development priorities has increased. In this context, and to help the urban poor secure tenure and improve informal settlements and slums, the GoB has requested World Bank assistance and financing to pilot new approaches to urban slums. Following on international good practice and building on the strong NGO presence in slums, the proposed project would test several types of community driven solutions to addressing land tenure and related slum issues in five selected towns or city corporations of Bangladesh.

Sectoral and Institutional Context

Rapid urbanization, poor management and lack of planning has left Bangladesh's urban spaces underserved by critical infrastructure and basic services, and has led to sprawling, overcrowded, and impoverished informal settlements. Estimates suggest that nearly 60 percent of Bangladesh's urban population lives in informal settlements or slums, and this number rises to nearly 100 percent of the urban poor. Poor public land management exacerbates the issue, with unused land being concentrated among key public agencies with unclear plans for urban development. Lack of effective and reliable transportation options within cities and between city centers and the periphery make living in the peri-urban and fringe areas—where the housing prices are more affordable—very difficult due to the cost and time for commuting to work. Thus, the predominant tenure status of the urban poor lies in informal arrangements located within illegal settlements or slums that are relatively close to labor markets.

Throughout the world, slums upgrading is often done through investments in neighborhood improvements that results in de facto security of tenure for the urban poor. This in turn allows families to incrementally improve their shelter conditions, thereby improving human capital, and leading to synergies in savings, employment and poverty reduction, and gradually incorporating informal settlements into city development. In Bangladesh, several programs over the past decade have mobilized slum communities into local organizations, introduced minor infrastructure upgrades, such as footpaths, lighting and water and sanitation, and introduced training and job skills programs, as well as financial literacy programs, and savings and credit schemes.

Land Tenure Insecurity. In Bangladesh, however, tenure security has been a significant impediment to the continued development of informal settlements and slum areas. Lack of tenure prevents the installation of essential public services, and discourages people from making improvements to their homes and the local neighborhood. For informal settlements or squatters, the predicament

inevitably leads to a ‘Catch 22’ scenario: without security of tenure, informal residents see little reason to save or obtain a loan (as their future is unknown), thus leading these areas to mushroom in a downward spiral of poverty.

Inadequate Legal Framework for Land. No special arrangements exist for the management of urban land in Bangladesh despite the clear differences between the urban and rural context. The GoB has released policy statements recognizing the need for new laws on urban land matters, however, these laws focus more on urban planning and improving the operation of the land market and do not touch on the development of any specific legal framework for urban land management or for upgrading or regularizing slums and squatter settlements. Outdated urban land laws and prohibitive costs of ownership, coupled with rising urban land prices and speculation have combined to exclude a growing number of the urban poor and incoming migrants from formalized shelter and given way to complex tenure arrangements.

Threats of Eviction. Without secure tenure, slums and informal settlements are considered illegal and are in constant threat of eviction. In addition to outright evictions, slum dwellers also face encroaching development (where small areas are cleared and developed) or the threat of slum fires, which serve as an alternative method to clearing unwanted settlements from land to be developed. While not systematic and widespread, evictions serve to perpetuate the fear that investments, both at the household and the community levels, risk being wiped out, leading to limits in investments for housing, services, and other community amenities. These fears fuel the perception of insecurity; a 2007 study found that the threat of evictions ranked as one of the top concerns for the urban poor living in informal settlements and slums.

Globally, evicting households was a method used by many governments in Latin America and Asia in the 1970s and 80s to clear illegal settlements, but the experience showed that this strategy to be incompatible with inclusive poverty reduction and comprehensive urban planning. In almost any eviction, the poor are the greatest losers: they lose the houses and often lose their jobs, their belongings, their building materials, their social support systems and their investments in the form of life time savings and borrowings. Plus, evicting informal settlements reduces the city’s stock of affordable shelter and instead of solving the problem simply moves it elsewhere, at very high social, economic and political costs. Global best practice is for local and central government to take proactive measures to plan for the upcoming urban flow, increase the supply of urbanized or serviced land with adequate access to basic services, and enable the adequate functioning of land markets, while promoting the upgrading of existing slums in a consistent and orderly fashion.

Alternatives to Slum Evictions. Experience indicates that there are three main alternatives to address security of tenure and related shelter issues in urban areas:

- a. Securing tenure in situ for upgrading and reblocking;
- b. land-sharing; and
- c. voluntary relocation.

Allowing squatters to stay on, lease, or purchase land they currently occupy and transferring occupancy rights to them is the most cost effective alternative to eviction. However, given land shortages affecting many rapidly growing urban centers in Bangladesh, land occupied by slums is often of great commercial value and is needed for the efficient development of the urban grid. The option of formalizing land tenure of slums close to the urban center is, therefore, not always

feasible. The second alternative of land-sharing, or mixed development, encourages slum dwellers and private developers to partner in the development of a given site, with developers being given some benefits from the government as an incentive to include all or part of slum dwellers in a portion of the new plots to be developed. This alternative has garnered considerable interest in Bangladesh, especially in rapidly urbanizing areas, as a potentially viable solution that would allow for a part of the land to be cleared for critical infrastructure and urban development priorities, while at the same time promoting affordable housing options for the urban poor. Finally, where slums are located on environmentally risky land, or where there are no options to secure tenure on site, voluntary relocation and rehabilitation of slum dwellers is an alternative to eviction.

Engaging Communities to Address Slum Issues. Global experiences show that all the aforementioned alternatives require strong engagement from urban poor communities for a number of reasons. First, slums and informal settlements are dynamic and variable, representing an agglomeration of different social and occupational groups, vastly different population dynamics, and unique geographical and geo-spatial realities. As a result, no single alternative option is suitable for all social groups or all situations in slums. Thus, the engagement of urban slum communities is essential in the identification, design, and even implementation of any proposed solution in order that it remain locally relevant and contextually appropriate. Second, government delivery or private sector engagement has been shown to crowd out the poor. A community-based approach has therefore proven to be a better mechanism to ensure that those involved in designing and implementing slum improvement solutions are also the beneficiaries. And finally, where governments are slow to address urban improvements for slums, community-based approaches are often the only alternative. Extensive examples from Asian countries, such as Cambodia, Thailand, the Philippines and India, among others, has produced encouraging results in terms of ownership, sustainability and replicability of community-based approaches in slum upgrading and shelter improvement.

Institutional Context

Bangladesh does not have a focal ministry for urban development or urban poverty. Rather, several agencies with different mandates and responsibilities operate in urban spaces. Moreover, public land is often owned by two or three different agencies and ministries, which have been endowed the land for future development projects. Allocation of public urban lands thus involves a multitude of agencies and departments to legalize and formalize slum settlements.

As for shelter, the National Housing Authority (NHA) is tasked with building housing units for the lower income group, but demand exceeds supply. The NHA is only able to supply less than 0.5 percent of the demand for affordable and secure housing in Bangladesh; between 2008-2010, NHA constructed 1,000 units of 60-120 square feet, for which there were nearly 200,000 applicants via a lottery system. Currently, it is estimated that Bangladesh faces a deficit of five million housing units, with an estimated one million units needed annually to keep up with migration rates. Consistent with international experience, the GoB has now realized that the provision of public housing by the NHA fall woefully short of systematically addressing the shelter needs of the poor.

Bangladesh also has longstanding experience with community-based urban poverty programs. Most notably the Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives has partnered with UNDP, DfID and UN-Habitat in the Urban Partnerships for Poverty Reduction (UPPR) program. Initiated in 2000, and active in 29 towns nationwide, UPPR

identifies poor communities, organizes them into savings and credit groups, and helps them set up Community Development Committees (CDCs). These CDCs then undertake a variety of community development activities on a “community contract” basis with UPPR funds. CDCs in turn are organized into “clusters” and federations of clusters at a city level, like a community network. Under this approach, clusters of Primary Groups (around 10-15 households) are federated into councils that consist of ward authorities, local executive engineers, and elected representatives from the community. Each CDC covers around 300-500 households. This program has made significant steps in organizing slum communities, and building partnerships with local governments, but has fallen short of securing tenure and improving shelter conditions for the urban poor.

Building on the experiences of community-based urban poverty programs, the GoB is proposing a pilot community-based project to facilitate security of tenure and assist with neighborhood improvements that would ultimately result in improved shelter. The proposed project would complement and build on existing institutional arrangements and bring in the Ministry of Housing and Public Works, which has been largely absent from programs to address slum improvement. In addition, the proposed project would begin to expand the role of the NHA from that of housing supplier, to an enabler and facilitator of community-driven solutions to improved and secure developments. This would test an approach to flexible and locally driven solutions to secure tenure, undertake relevant neighborhood improvements and access financing (through private credit and possible cross subsidization through private-public partnerships) for different types of tenure arrangements, such as (i) in situ upgrading and re-blocking; (ii) land sharing; and (iii) voluntary relocation solutions that are best suited to local community needs and conditions. A pilot approach is proposed with a view to allowing the NHA to build on the longstanding community engagement that would test different community-based alternatives in the context of the country.

Relationship to CAS

The proposed project is fully in line with the Bank’s Country Assistance Strategy (CAS) for Bangladesh (FY11-15). Specifically, this program contributes to Outcome 4.3 “Increased effectiveness of public service delivery at the local level” under the objective of Pillar 4 to “Enhance Accountability and Promote Inclusion.” The proposed project draws from and builds on the Horizontal Learning Program promoted by WSP. Finally, this project drew on the work completed under a Non-Lending Technical Assistance entitled “Land Acquisition and Pro-poor Resettlement” to better build country capacity on resettlement activities, as well as to explore alternatives to resettlement for poor communities.

In addition, this proposed project is fully in line with Bangladesh’s NSAPR II, in that aligns with strategies to (i) ensure participation, social inclusion, and empowerment; (ii) promote good governance; and (iii) ensure efficient delivery of public services. Specific priorities of housing development are: (i) create an enabling environment for adequate and affordable housing for different income groups, especially low-income and extreme poor and vulnerable groups; (ii) provide housing for rural and urban homeless, landless and vulnerable groups; (iii) ensure maximum utilization of land in rural areas through developing “growth centre” centric housing in every union and sub-district (upazilla) and housing with modern amenities in urban areas; and (iv) facilitate private sector house building and house building by NGOs and CBOs. The government’s goal is to provide housing for all by 2015

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed Project Development Objective to pilot a community based approach to improve living conditions in informal settlements in selected municipalities in Bangladesh. This will be achieved by enhancing security of tenure, improving infrastructure, and facilitating access to credit.

Key Results (From PCN)

The key results expected to measure the PDO are:

- a) Number of urban poor communities with secured occupancy in selected informal settlements; and
- b) Number of households provided with integrated slum improvement services

III. Preliminary Description

Concept Description

A pilot approach. Addressing urbanization and the resultant infrastructure deficits is a longer term objective that will necessitate significant investments and institutional shifts in Bangladesh. In light of this, a pilot approach to introduce a community-based approach for urban improvements could serve as a first step towards addressing the growing number of slums and informal settlements. A demonstration of the effectiveness of community-based solutions could continue to galvanize support for and attention to the growing issues of shelter for the urban poor.

To this end, the project will select around five pourashavas or city corporations where longstanding community engagement and local government support have created conditions to resolve land and shelter issues for the urban poor. Within each of these cities, participatory town-level planning will be undertaken to identify communities that meet measures of readiness to pilot different arrangements to secure tenure and to plan for a neighborhood improvements. It is expected that once tenure is secured, and investments in public services and neighborhood improvements are undertaken, individual households will be able to secure micro-credit for incremental shelter improvements. Technical assistance to community groups will help to facilitate access to finance and to plan for improved shelter. The selection of towns and communities, as well as the approaches to be piloted will be further refined during project preparation. Project preparation is currently being funded by an advance from the Project Preparation Facility (PPF).

During project preparation, an economic analysis will be undertaken to determine the economic costs and benefits to each of the project sites, as well as the overall rate of return for the project. It is expected that this will be undertaken early in project preparation so as to determine the economic implications of the project components.

The proposed project will consist of four components, as described below.

Component 1: Community Mobilization and Planning

This component will finance technical assistance to organized community groups to: (i) assist in securing tenure through negotiated leases, purchases or right of stay for the community; and (ii) prepare a Community Upgrading Plan (CUP) that will set the layout and detailed design of the infrastructure investments, and also describes the participation process, the community management structures, alternatives considered for upgrading, costs, and cost recovery arrangements. The CUPs will include layout and design for housing, and provide technical assistance to community members to access financing from the private sector and existing micro-finance organizations, if needed.

This component will also finance the preparation of Environmental and Social Management Plans of selected sites that identify potential impacts and propose mitigating measures to minimize negative impacts on local populations, as well as the costs associated with implementing these plans, and will ensure all compliance with World Bank guidelines.

Component 2: Urban Community Development Grants

This component will finance block grants to community groups for the implementation of Community Upgrading Plans. In each area, a multi-sectoral package of tertiary infrastructure and service improvements will be provided. This includes a combination of water supply, drainage, paved access, electricity, sanitation services and solid waste management in a single package of upgrading works, depending on the expressed demands of the specific communities. If relevant, the component will finance costs associated with land filling. This component will also finance costs associated with inspection and supervision of the construction in order to ensure that the works implemented and goods supplied are in accordance with the designs, specifications and terms and conditions of the relevant contracts and standards, if needed.

Component 3: M&E, Horizontal Learning and Supervision

This component will support independent M&E and learning activities. This will include continuous and ongoing M&E of project results, as well as an impact evaluation of the project's interventions that will collect independent baseline information through surveys. It will also include measures for third party monitoring that will independently verify and monitor project progress. As such, it would provide continuous feedback to the GoB, the Project Steering Committee (PSC), the Ministry of Housing and Public Works (MoHPW), and the National Housing Authority (NHA), as to the project progress, results, and lessons learned through implementation that could be integrated into an improved project design. In addition, this component will finance ongoing learning activities, such as peer-to-peer learning programs between community groups, and strengthening community networks at the town level. Finally, funds under this component would also be used for the supervision of the Environment and Social Management Plans, if and when applicable, to ensure compliance with World Bank guidelines. For the implementation of this component, an independent consultant or consultant team would be recruited, so as to mitigate any conflict of interest.

Component 4: Project Management, TA & Strategic Studies

This component will include financing for costs associated with capacity building, technical assistance and training. This will include institutional capacity building for the NHA to better engage with communities and to improve outreach, communication and consultation practices for housing, as well as improved understanding of the role of social mobilization in housing programs. This could also include building links with regional partnerships on slum improvement and housing programs. In addition, the component would finance costs associated with project management, including incremental staff, audits, and expenditures incurred by the NHA in implementation of the project, as well as for additional costs in implementing the Governance and Accountability Action Plan (GAAP), if applicable.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		

Natural Habitats OP/BP 4.04			x
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11			x
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Tentative financing

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	80.00
Total	80.00

VI. Contact point

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