



Private sector initiatives in slum upgrading

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The unmet needs for basic services and housing in rapidly growing slums presents an enormous development challenge. Yet it also presents a significant market opportunity for private entrepreneurs. This paper reviews current experiences of private sector initiatives in slum upgrading activities with an aim to identify challenges, good practice, and opportunities for scaling up such efforts. Approaches such as the mobilization of private sector finance by community groups, direct marketing to the urban poor by microfinance institutions or for incremental housing construction by a cement producer in Mexico, and the use of innovative land-use management techniques such as “transferable development rights” have been effective and viable business models, while delivering much needed services to poor communities. A framework for exploring these experiences is presented in the paper, as well as examples of how the development community can innovate to encourage further private sector participation in slum upgrading activities.