Informal Settlement Upgrading in Sub-Saharan Africa: Retrospective and Lessons Learned

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<tr>
<td>AFVP</td>
<td>Association Française des Volontaires du Progrès (French Association of Volunteers for Progress)</td>
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<td>AFD</td>
<td>Agence Française de Développement (French Development Agency)</td>
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<tr>
<td>AGETIP</td>
<td>Agence d’Exécution de Travaux d’Intérêt Public pour l’Emploi (Public Works Executing Agency, several West African countries)</td>
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<td>CARs</td>
<td>Country Assessment Reports</td>
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<td>CBO</td>
<td>Community-based Organization</td>
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<td>CIP</td>
<td>Community Infrastructure Project (Tanzania)</td>
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<tr>
<td>DfID</td>
<td>Department for International Development (British Aid, formerly ODA)</td>
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<tr>
<td>GTZ</td>
<td>Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)</td>
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<tr>
<td>IDA</td>
<td>International Development Association</td>
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<td>JICA</td>
<td>Japanese International Cooperation Agency</td>
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<tr>
<td>KfW</td>
<td>Kreditanstalt für Wiederaufbau (German Bank for Reconstruction)</td>
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<tr>
<td>NGO</td>
<td>Non-governmental Organization</td>
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<tr>
<td>NTF</td>
<td>Norwegian Trust Fund</td>
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<tr>
<td>PACOM</td>
<td>Programme d’Appui aux Communes (Municipal Support Program, Cote d’Ivoire)</td>
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<tr>
<td>PCU</td>
<td>Project Coordination Unit</td>
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<tr>
<td>PIU</td>
<td>Project Implementation Unit</td>
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<tr>
<td>SIDA</td>
<td>Swedish International Development Agency</td>
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<tr>
<td>UESP</td>
<td>Urban Environment and Sanitation Project (World Bank, Ghana)</td>
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<tr>
<td>UNCHS</td>
<td>United Nations Center for Human Settlements (Habitat)</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<tr>
<td>US AID</td>
<td>United States Agency for International Development</td>
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Preface

The World Bank with the assistance of the Norwegian Trust Fund has begun a reassessment of settlement upgrading as a development activity in Sub-Saharan Africa. The *Africa Regional Urban Upgrading Initiative* is examining and selectively supporting urban upgrading in Sub-Saharan Africa through a variety of interventions.

One part of the initiative focuses on distilling lessons from three decades of upgrading and urban development programs in the region. As part of this process, the World Bank conducted field research to document and assess contemporary settlement upgrading efforts in ten sub-Saharan African countries. These assessments, called Country Assessment Reports (or CARs), provide important data on the nature and diversity of more recent experiences in urban upgrading. Additionally a paper synthesizing these experiences, highlighting key issues in contemporary upgrading, and providing initial research directions has been prepared (Gulyani and Conners, 2002). This paper is the third contribution to this analytical effort.

This paper was written by Ellen M. Bassett, Sumila Gulyani, Catherine Farvarque-Vitkovik, and Sylvie Debomy. Critical feedback was provided by Allan Carroll and Genevieve Connors.
1. Introduction:

In the last thirty years, governments of the developing world with their partners in the donor community have implemented numerous projects or programs aimed at upgrading low quality slum housing areas, known as informal settlements. Interest and activity in informal settlement upgrading by national level governments, local government units, and the donor community has waxed and waned over this period. In the 1970s and 1980s, the World Bank, the U.S. Agency for International Development, and to a lesser extent the area development banks supported numerous project-based upgrading initiatives that attempted to improve urban service delivery, enhance tenure security and facilitate the development of low-cost housing with appropriate standards. The World Bank, for instance, supported some 116 sites and service schemes with complementary upgrading initiatives in 55 countries (Pugh, 1994). Additional experimentation with and support for informal settlement upgrading continued throughout the 1990s with assistance from subsequent donors and the United Nations Center for Human Settlements (Habitat).

Continued growth of informal settlements and the intractable problem of housing and providing services for the urban poor have sparked renewed interest in upgrading. Depending upon the definition of “informal” used, an estimated forty to seventy-percent of urban dwellers in the developing world live in extra-legal settlements (Fernandes and Varley, 1998). Habitat estimates that approximately 1.3 billion people globally live in inadequate housing – housed mostly in slums and squatter settlements in developing countries (UNCHS, 2001).

This paper has two purposes. First, the paper seeks to broaden the inquiry into informal settlement upgrading in Sub-Saharan Africa already underway under the Africa Regional Urban Upgrading Initiative to incorporate previous assessments/analyses of upgrading prepared by practitioners, as well as to incorporate research findings and perspectives emanating out of the academic community. This comprehensive review is intended to provide a solid baseline of information on experiences in upgrading in Africa to date.

Using the insights of these three bodies of literature, the paper’s second purpose is to distill this information into a number of lessons learned that can be used for discussion and debate by practitioners implementing upgrading initiatives in the field. The paper highlights the many achievements that have occurred in settlement upgrading projects; it also illustrates how such projects have changed over time incorporating new perspectives as they emerge or trying out innovative practices in response to recurrent problems. The paper seeks to isolate the main operational lessons from past upgrading experiences so as to provide information that can feedback into more effective project design and implementation. In turn, there are undoubtedly current experiences and experiments that the paper has missed. Thus, it is hoped that the paper will spark practitioners to document and share their experiences so that further learning can take place.

Following this introduction, the paper is organized into three main parts. The first section provides a succinct overview of the evolution of upgrading approaches over time. This section reviews the failure of the state-centered housing production approaches of the 1950s-1960s and summarizes the argument for policies to provide tenure security and support infrastructure
investment and incremental housing development by settlement residents themselves (e.g. Mangin 1967; Abrams 1964; Turner 1972). As is discussed, upgrading projects have evolved in their scope and focus as project-based learning took place. In contrast to early initiatives, which were complex, multi-sectoral projects emphasizing housing production, contemporary upgrading tends to focus on the development of key infrastructure and services. Security of land tenure – important in the early projects – remains a central concern.

In the next section, the literature on the implementation of upgrading projects is reviewed. The review is organized around four key areas of concern in upgrading, namely (1) addressing land tenure security and regularizing land ownership; (2) providing infrastructure and basic services; (3) formulating effective institutional / organizational approaches for upgrading implementation and (4) addressing socio-economic issues in upgrading, such as gender and income generation. As these issues reflect the experiences documented in the CARs and the issues paper, the emphasis here is upon expanding the discussion of issues by pulling in additional insights from the academic literature, as well as presenting some non-African case studies and implementation experiences. Each section provides a quick statement of the chief lessons learned associated with its respective subject.

The final section of the paper turns to the most challenging question surrounding upgrading, namely how to go to scale with infrastructure investment and neighborhood improvement. A key shortcoming of settlement upgrading has been that most initiatives have been project-based approaches that only benefit a few neighborhoods or a minority of city residents. To have an appreciable impact, upgrading must go to scale. To assist in formulating upgrading approaches that can reach greater numbers of urban dwellers, this section distills what are considered the “best practices” in upgrading that can lead to scale impacts. This discussion is centered on four key questions about upgrading, namely (1) What are the key components of upgrading? (2) Should upgrading be a project-based or programmatic initiative? (3) How should upgrading be financed? and (4) What are the best organizational/institutional arrangements for upgrading implementation?

The report has two annexes. The first annex provides a snapshot overview of upgrading experiences in the ten countries that were documented in the World Bank’s Country Assessment Reports (CARs). The annex highlights both World Bank projects as well as select cases highlighted in the CARs. The second annex identifies areas for further research around upgrading. The bibliography lists the sources used for the paper.

2. The Evolution of Upgrading

2.1 Africa’s Urban Transition

In the last several decades, the cities of sub-Saharan Africa have experienced high, sustained rates of urban growth. In the early 1960s – the period in which most African nations gained independence – the continent’s urban population stood at approximately 31 million people. By the year 2000, the number of urban dwellers had swollen to 210 million. An estimated 533 million Africans will live in cities by 2025 (United Nations Population Division, 2002). Put
differently, today approximately 33% of the African population is urbanized; by 2025 an 
estimated 52% of the population will be located in cities (Basti, 2002).

As might be expected from the foregoing discussion, rates of urbanization have been high and 
sustained throughout this period. Zambian urban areas, for instance, grew at an average rate of 
6.7% in the period 1950 through 1990, with the most rapid growth (8.8%) occurring from 1950 
to 1970. In Kenya, the growth rate for the 1950s and 1960s was lower (6.9%), but that country’s 
urbanization accelerated to 8% in the 1970s, a rate sustained throughout the next decade (United 
Nations Population Division, 2002). West African nations also experienced a similar trend, with 
cities in the region growing at an average rate of 5.5% from 1950 to 1990.

In many places, moreover, urbanization has been geographically uneven with capital cities 
absorbing the greatest share of urban growth. The capital city of Dakar in Senegal, for example, 
was home to 29% of the urban population in 1950; by 2000 the city encompassed 46.5% of all 
urban residents (United Nations Population Division, 2002). The source of growth is primarily 
in-migration from the surrounding countryside – as of 1997 an estimated 44% of Dakar’s 
residents were in-migrants in the age range of 25 to 34 years (World Bank, 1997). Although 
capital cities have experienced the most dramatic growth, smaller secondary cities have also 
witnessed an influx of immigrants from rural areas in recent decades. Throughout the 1980s, for 
instance, smaller cities in Kenya grew at rates ranging from 5 to 9% per annum (Republic of 

Rapid urbanization has brought with it a whole host of challenges for local and national 
governments. The most visible challenge is providing adequate urban services and shelter for 
city residents. A rapid influx of people from the rural areas has resulted in an ever-increasing 
demand for basic public services and has placed great stress on existing city infrastructure. New 
residents need potable water and sanitary facilities; they often demand electricity services. New 
settlements require an expanded road network, refuse collection, and a host of services such as 
schools and health centers. Local and national governments in Africa have been ill equipped to 
meet these demands.

2.2 Urban Policy and Informal Settlements: From Demolition to Acceptance

A marked phenomenon of rapid urbanization in Africa has been the proliferation and 
uncontrolled spread of so-called “spontaneous” or “informal settlements” built by immigrants to 
meet their shelter needs. Known as “informal” because they are built outside the legal planning 
framework, informal settlements are generally characterized by high population densities, limited 
or non-existent urban services, and low quality housing stock. As they are often built on 
marginal or environmentally sensitive lands, such as wetlands or steep hillsides, informal 
settlements can have deleterious environmental impacts such as increased soil erosion or 
pollution of water sources by human and solid waste (Bartone, Bernstein et al., 1994).

As informal settlements began to proliferate in African cities, the initial reaction of most 
governments to in-migration and spontaneous settlements was relatively uniform: increased 
regulation and enforcement (Payne, 1989). Informal settlements were seen strictly as slums – 
places of poverty, disease, and criminality. They were an affront to the modernization
orientation of African governments who desired properly planned and developed cities; they threatened property values of formally developed neighborhoods and commercial investments. As such, governments strove to enforce planning regulations, public health acts, and building codes to protect the formally developed areas of their cities; they attempted to discourage immigration and the growth of informal settlements through demolition policies and campaigns of persuasion (Kubale Palmer and Patton, 1988). In the 1970s in Nairobi, Kenya, for instance, the government conducted a campaign called *Turudi mashambani* (“Let’s return to the rural areas”) while it implemented an official policy of slum clearance (Macharia 1992; Ogero, Omwando et al. 1992; Alder 1995; Mittulah and Kibwana 1998).

At the same time, however, many governments attempted to provide new housing accommodation through state-built often high-rise housing, planned, designed and financed by national housing corporations (Okpala, 1986; Stren, 1990; Macoloo, 1994). Government-led housing initiatives soon proved inadequate. Commonly the housing units developed were too high in cost due to the high building standards required under law and often demanded by governmental officials (Temple and Temple, 1980; Gakenheimer and Brando, 1987; Cohen, 2001). The volume of units produced, moreover, was inadequate to meet burgeoning demand (e.g., Okpala 1986; Okoye 1990; Ogu and Ogbozobee 2001). Finally, political interference in the operations of housing corporations or agencies was also widespread. Among other impacts, political interference in allocation resulted in housing units developed for lower income individuals ending up in the hands of upper income elites (Temple and Temple, 1980).

In the 1970s, a shift in attitudes toward informal settlements began to occur. Rather than being seen as eyesores, health hazards, or havens for criminals, the self-built structures of informal settlements were recognized as essentially proactive, intelligent responses to a situation of acute housing scarcity. Planners began to recognize informal settlement residents as industrious self-builders who needed only limited assistance from the state – mainly in the form of secure tenure and basic urban services – in order to improve their circumstances themselves.

Recognition of the positive attributes of informal settlements ultimately led to changes in urban policy. Rather than strive to eliminate informal settlements, an action that many analysts convincingly argued was futile and economically disadvantageous, governments began to formulate ways to accommodate existing informal settlements and to capitalize upon the energies that built the settlements in the first place. Under this new policy direction, governments withdrew from directly producing housing units and instead focused on enabling or facilitating settlement improvement by ensuring the availability of the basic inputs, namely urban infrastructure, land with tenure security, and appropriate financial and technical services, that enable people to improve their living situation themselves (Keare and Parris, 1982). A new generation of urban projects, thus, was born: site and service schemes and in-situ upgrading.

### 2.3 Upgrading: From a Housing Solution to an Infrastructure Strategy

As noted in the introduction, African governments have implemented upgrading projects with the support of the donor community since the 1970s. The earliest upgrading projects in Africa were sponsored by the World Bank and US AID, either as part of or subsequent to site and service schemes (Solo, 1991). These projects took place in either capital cities or the larger
secondary cities as these cities were faced with the most chronic housing shortages. First generation projects, such as most of the First and Second Urban Projects, were expensive, ambitious projects covering large geographic areas and serving large proportions of the target city’s population. The World Bank’s first foray into the urban housing arena in Africa, the Senegal Sites and Services Project, for instance, planned to produce serviced plots for 152,000 people in two Dakar neighborhoods (World Bank, 1974). Zambia’s First Urban Project implemented in the 1970s similarly encompassed 14 settlement areas and affected almost half the city’s population (Bamberger, Sanyal et al., 1982; Keare and Parris, 1982). The budgetary outlays for the projects were also large: the Senegal Sites and Services project represented an investment of 14.2 million dollars spread over nine years of implementation; the Zambia project cost 42 million dollars and lasted for seven years (Keare and Parris, 1982; World Bank, 1983; Rakodi, 1990).

Early projects also tended to be complex, multi-sectoral projects that had physical development as well as community-development and poverty alleviation objectives. The Zambia project referred to above provides a good example, as its structure was similar to other early projects implemented by the World Bank in Senegal, Kenya, Botswana, Ivory Coast, and Tanzania (Solo, 1991). The areas of intervention in the Zambia project included (1) land regularization and titling; (2) provision of roads, water, street lighting, and sewerage; (3) development of community facilities such as health centers, community centers, and schools; (4) facilitation of housing production through organization of construction groups, establishment of materials stores, development of demonstration houses, and provision for materials loans; (5) improved income generation through wage labor in project-related housing and infrastructure construction and through projected “induced” business development due to new commercial and industrial plots with the settlement; and (6) community development/empowerment through community participation in planning and actual construction (Bamberger, Sanyal et al., 1982). One additional objective was building capacity in the host country for on-going upgrading efforts through the establishment of a dedicated unit focused on upgrading, in this case the Housing Project Unit within the Lusaka City Council.

In contrast, the more recent experiences in upgrading can be characterized as having more modest objectives and limited scale, often focusing on one or two interventions and starting with a single neighborhood of limited size. For example, the Community Infrastructure Upgrading Project (CIUP) component of the World Bank-supported Urban Environmental Sanitation Project (UESP) in Ghana, while it works in seven different settlements, focuses solely on the provision of key infrastructure, namely roads, water, and sanitation. The Save Our Neighborhood Program of the District of Bamako Mali, in contrast, focuses on a wide-range of interventions, but has begun on a pilot basis in the 4,000 inhabitant Samé Quarter of Bamako, with the ultimate hope of scaling up to cover all twenty-four quarters of the city (Gulyani, Farvacque-Vitkovic et al., 2002d; Gulyani, Farvacque-Vitkovic et al., 2002e).

A number of recent projects have single sector approaches. The Chipata Community Water Supply Scheme supported by CARE in Zambia only addresses the issue of water supply, which was identified by the community as its highest priority need (Gulyani, Farvacque-Vitkovic et al., 2002j). Neighborhood upgrading efforts (PAQSE) sponsored by the World Bank’s Municipal Support Project (PACOM) in Burkina Faso focus on drainage and potable water facilities only.
The infrastructure investment made in this project must improve the living conditions of the urban poor; communities select their priority infrastructure investment through a participatory planning process facilitated by social intermediation teams (Gulyani, Farvacque-Vitkovic et al., 2002a). Even recent multi-sectoral projects have tended to include fewer interventions than the first generation projects. The upgrading projects of GTZ’s Small Town Development Project in Kenya, for instance, aimed only at providing tenure security, developing a road network and water points, and facilitating housing development through working relationships with Kenya’s National Cooperative Housing Union and Nairobi University’s Housing and Building Research Institute (Bassett, 2001).

While the reason for the smaller scale or more limited range of interventions in part reflects the criticism that earlier projects were overly ambitious, it is also a function of the new diversity of actors involved in settlement upgrading (Campbell, 1990). A significant number of international NGOs, such as Action Aid, Oxfam, CARE, Novib, ENDA, and AFVP are active, as are increasing numbers of local community-based organizations (CBOs) and non-governmental organizations (NGOs) (Solo, 1991; Patel, Burra et al., 2001). While bilateral donors are not entirely eschewing larger projects, they are first building capacity and supporting institutional development and policy reform before attempting to scale up. The GTZ Dalifort Project in Senegal provides a good example (Gulyani, Farvacque-Vitkovic et al., 2002g). Begun as a pilot project affecting 7,000 inhabitants, this project established an autonomous body, the Fondation du Droit a la Ville, to provide technical assistance in upgrading to interested communities. Upgrading under its guidance has begun in the satellite city of South Pikine; this project should assist some 240,000 people.

2.4 Upgrading Impacts: A Mixed Record

In both the first generation projects and the more recent iterations, upgrading projects have been acknowledged to have some specific positive impacts. Projects have increased housing stock and quality (Bamberger, Sanyal et al., 1982). Kenya’s First Urban initiative in Dandora, for example, ultimately provided 6,000 new plots of land for housing in Nairobi; this land has been developed into high standard housing units which by 1988 sheltered 100,000 people (Lee-Smith and Memon, 1988). A five-year evaluation of four different upgrading initiatives implemented by the World Bank calculated that the housing provided was affordable by the majority of the targeted low-income beneficiaries. Available evidence also indicates that expenditure for this improved housing did not come at the expense of other needs, such as food or health services (Keare and Parris, 1982).

Provision of security of tenure, moreover, has been shown to have the predicted positive impacts: in numerous projects enhanced security has been followed by private investment in housing and general neighborhood improvement (Kessides, 1997). In the Mtaani-Kisumu Ndogo settlement in Kilifi, Kenya, for instance, beacon certificates issued by the Survey Department of the Ministry of Lands prompted increased production of houses built with permanent materials (Bassett, 2001). Income levels have also been raised as a result of upgrading, particularly in projects that encouraged the development of extra rooms for rental purposes. Petty landlords who obtained plots through the Self-Help Housing Scheme of Gabarone, Botswana, for example, are able to command rents which easily enable them to meet monthly plot payments and provide...
an important income stream for household survival (Datta, 1995). Finally, provision of infrastructure and key urban services has improved the quality of life for settlement residents (Kessides, 1997). In Chaani, a settlement in Mombasa addressed in the World Bank’s Kenya Second Urban Project, residents’ expenditure on water of “questionable quality” at exorbitant prices has been drastically lowered on a per unit basis through the provision of piped water supply (Macoloo, 1994).

Despite these positive contributions, settlement upgrading as an approach for addressing urban poverty and improving the quality of life of the urban poor is not without its critics. Upgrading has been shown to have a number of shortcomings, both in its implementation at the project level and as a policy approach for addressing low-income housing. In terms of implementation, upgrading projects have had several difficulties and even outright failures. One outright failure has been cost recovery. Virtually every African project reviewed for this paper, regardless of the time period of implementation, has failed to recover even a modicum of costs (e.g., Bamberger, Sanyal et al. 1982; Sanyal 1987; Nimpuno-Parente 1987; Rakodi 1991; Kamete 2000). Without cost recovery, it is difficult to attempt to continue upgrading efforts elsewhere. A second consistent failure has been in the area of operations and maintenance of expensive infrastructure investments. Again, whether in Zambia in the 1970s, Burundi in the 1980s, or Tanzania in the 1990s, recipient communities and governments have failed to repair broken public water points, fill potholes, and collect garbage from collection bins (Bamberger, Sanyal et al. 1982; Rakodi 1991; Solo 1991; Gulyani, Farvacque-Vitkovic et al., 2002). A third main area of difficulty has been in the area of providing land tenure security. Despite attempts to simplify procedures, sorting out issues of land ownership and processing legal documents that define security have consistently complicated and slowed down project implementation and infrastructure investment (e.g., Solo 1991; Bassett 2001; Gulyani, Farvacque-Vitkovic et al., 2002).

As a policy for addressing urban poverty, upgrading has also come in under scrutiny. One key criticism is that upgrading is a bandaid – a piecemeal approach that benefits a lucky few, but does little to address the dynamics underlying squatter settlement development such as inequitable land distribution, dysfunctional institutional frameworks, and structural poverty (Gilbert and Gugler, 1992). The scale of upgrading initiatives, moreover, is inadequate to address continued demand for low-income housing. Keivani and Werna (2001: 191) note that for the ten-year period between 1972 and 1981 “the combined output of such project-based programmes was only 10% of the actual requirement in developing countries.” Significantly, projects premised on the progressive improvement of neighborhood infrastructure and self-help housing construction have been accused of actually hurting the very people they purport to assist. Upgrading and legalization induce market processes that result in a number of negative effects such as escalating land values and rising house rents. These changes serve to price out the poorest settlement residents, which include women and tenants (Peattie, 1982; Johnson, 1987; Kool, Verboom et al., 1989; Rakodi, 1995c; Sanyal, 1996; Payne, 2001).

In response to this critique, the urban agenda for development organizations and national governments changed in the 1980s and 1990s. Urban programs, particularly those supported by the World Bank and US AID, began to systematically assess, strengthen and reform key institutions, including urban land markets, housing finance systems, and local/central government planning processes and development controls. Given this on-going complementary
institutional reform agenda, the opportunity for more widespread and successful upgrading appears stronger. Increasing numbers of governments and donors, thus, are implementing a third generation of upgrading programs across the continent. Support for upgrading stems from the belief that accelerating urban poverty must be addressed and that upgrading remains one of the most viable methods for immediately and tangibly improving the livelihoods of the urban poor.

3. Implementation Experiences in Informal Settlement Upgrading

This section of the paper presents in more detail the debate and evidence around key issues arising in the implementation of settlement upgrading projects. The issues are organized in four main categories. These are issues relating to (1) land tenure security, regularization of ownership and the issuance of land titles; (2) the provision of improved infrastructure and urban services within slums; (3) the institutional context of upgrading, including organizational approaches to project implementation; and (4) the socio-economic aspects of upgrading, such as targeting, income generation, and gender-sensitive planning.

3.1 Land Tenure Security and Legalization

Providing enhanced tenure security for informal settlement residents has been an integral part of most upgrading projects implemented in the last thirty years. It remains an explicit goal of organizations concerned with informal settlements and urban poverty, such as the Cities Alliance, UN Habitat, and Slums/Shack Dwellers International.

Tenure security is deemed of such importance because it is seen as the key precursor to settlement improvement and housing consolidation. As has been persuasively argued by both Turner (1972) and de Soto (1986; 2000), informal settlement residents do not lack resources, skills or social networks. They do, however, generally lack secure tenure and/or recognized rights to reside on and fully develop the land they occupy. In order to mobilize these hidden resources, inhabitants need some assurance that investments made will be recognized by the state and will not be confiscated or demolished. Security of tenure provides this assurance. Once secure, the prediction is that residents will marshal their own resources to invest in better housing and services and this will result in an incremental physical improvement of the settlement.

Security of tenure, moreover, has often been identified as an integral factor for the successful implementation of upgrading projects. Tenure security is seen as aiding project implementation, maintenance, and cost recovery. Recognized rights in land are expected to produce a literal “buy in” into project objectives. Residents will want the project to succeed because they have obtained the right to live there and will benefit directly from project-provided services. Residents will have a pronounced interest in maintaining infrastructure since it affects their livelihoods and property values. Secure tenure is also viewed as an enforcement mechanism for cost recovery, since liens can be placed on titles or land can be threatened with confiscation (Sanyal, 1987).

Tenure security has also been pursued in order to improve the financial base of local government units through the expansion of the property tax-base. With better revenue-generating potential, local government units are expected to provide better services and to even build up the financial
resources to carry on upgrading with their own means (Sanyal, 1996; Bassett and Jacobs, 1997; Cohen, 2001). The emphasis on tenure security is also justified as a mean of addressing urban poverty. Hernando de Soto (2001) argues that legalization (which is only one mechanism for conferring tenure security) will release massive amounts of “dead capital” that will spur income-generating activities. In the case of upgrading, tenure security is seen as important for aiding the development of small-scale rental properties or establishment of home-base enterprises (Sinai, 1998; Kigochie, 2001). Finally, tenure security has been seen as a primary mechanism for increasing formal sector funding for housing investment and economic development. In this case, legalization and titling are pursued in order to provide collateral acceptable to the financial community (e.g., Renaud 1987).

Implementation Experience: Although the provision of security of tenure has been a constant theme of upgrading projects since the beginning, the way different projects have dealt with the mechanics of secure tenure has changed over time. Three approaches are common: (1) formal legalization; (2) simplified procedures for allocation, survey and titling; and (3) de facto provision of secure tenure through infrastructure investment.

a. Formal Legalization: Early upgrading projects in Africa tended to opt for full legalization of tenure in accordance with the existing land titling laws of the respective country. The experience with this approach was generally not positive. Formal land titling exercises became long-drawn out affairs that impeded project progress in other areas such as infrastructure development. Land legalization processes negatively affected virtually all of the World Bank’s First Urban projects; it has been acknowledged as major source of delay in the projects currently being implemented in Senegal (Senegal, 1982; Solo, 1991). Formal land titling also resulted in politicization of some projects as insider elites jockeyed to obtain land in the target area. The worst example of this is probably Nairobi where political interference and misappropriation of plots in the Dandora project led to the dissolution of an elected council and its replacement by a commission of appointed leaders (Lee-Smith and Memon, 1988).

One reason for the length of time required for legalization is the complexity of land relations within informal settlements. Residents often own their houses, but rarely the land upon which their houses sit. In the most beneficial cases, settlements are located on government land that can be expeditiously allocated and regularized for upgrading purposes as done in Burkina Faso (Gulyani, Farvacque-Vitkovic et al., 2002a). It may be, however, that settlements encompass other types of land – including customary and privately owned land. Settlements on private land generally require compensation or land swaps, which raise the cost of and time needed for project implementation. Settlements on customary land can be the most difficult to sort out since claims to ownership, the ability to allocate, and the right to use land there are complicated by group dynamics and cultural rules. While governments may strive to extinguish customary rights through compensation and reclassification of such land, the efficacy of such action is by no means certain.

Even in the case of government land, the situation can be complicated by the fact that many so-called squatters have obtained land access through quasi-official channels (Farvacque and McAuslan, 1992). Settlers often have documents that prove some right to occupy land; these documents include temporary occupancy licenses, public health department certificates, or
building plan approvals (Amis, 1984; Payne, 1997; Bassett, 2001). These instruments, while official government forms, may or may not have been issued with the knowledge of the oversight ministry or local government unit. In terms of settlement upgrading, these instruments can be problematic if they are seen as sufficiently legitimate to require compensation. The large rental properties that characterize parts of Kibera in Nairobi, for instance, have been developed through political patronage with implicit assurance against demolition from the local administration (Amis, 1984). If such quasi-legal claims are recognized, upgrading that settlement could prove a costly affair.

b. Simplified/Progressive Processes for Legalization: In light of these experiences, a number of projects have attempted to simplify processes for legalization. Several approaches have been tried such as setting up project land committees at local and national levels, lowering standards for cadastral survey, or arranging for a staged process of legalization whereby the entire site is recognized legally and followed by individualization and titling (Zetter, 1984; Rakodi, 1991). These approaches have had limited success. Although many projects may want to simplify these procedures, responsibility for land management often lies outside of the writ of the ministry implementing the upgrading. There is little leverage for speeding up or influencing the process, unless one has a supportive and influential official in place. The upgrading projects of the GTZ STDP in Kenya made relatively quick strides in land legalization in the period of 1991 to 1994 but following the transfer of the then Deputy Commissioner of Lands, the processing of land-related paperwork slowed considerably. One settlement in this intervention provides a case in point: in Kilifi five years passed between the issuance of beacon certificates prepared by the Department of Survey and letters of allocation issued by the Department of Lands, both housed in Ministry of Lands and Settlement (Bassett, 2001). Projects that require further land deals, such as land swaps or resettlement, have been known to take even longer or to ultimately fail in relocating displaced settlement residents (Gulyani, Farvacque-Vitkovic et al., 2002b). Projects that require the use of eminent domain and compensation of affected private landowners have proven too expensive for host governments and have on occasion been abandoned. In the World Bank’s Second Urban project in Kenya, for instance, upgrading initiatives planned for Baba Ndogo and Riruta were abandoned when the land acquisition process, which entailed compensation and the transformation of land tenure from freehold to leasehold, proved too complicated and expensive (Ogero, 1997)

c. Providing de facto Security of Tenure: The final approach to security of tenure, which is seen in the more recent upgrading initiatives, is to de-emphasize or completely exclude the official documentation of land rights. All of the recent projects in Cameroon (Nkonldongo, FOURMI I and II) have avoided tackling regularization and titling as a project component as it is considered too complex an issue to address on a piecemeal project basis (Gulyani, Farvacque-Vitkovic et al., 2002b). The World Bank-sponsored Municipalities Support Project (PACOM) in Ivory Coast, more strongly, explicitly excluded support for legalization as part of its financial support for infrastructure investments in low-income settlements (Gulyani, Farvacque-Vitkovic et al., 2002c).

Projects eschew legalization because it is increasingly recognized that security of tenure will emerge from the project intervention itself. There is an important distinction between providing security of tenure and issuing land titles (Doebele, 1983; Payne, 2001). Security of tenure will
spur investment and housing improvement; land titles may simply raise project costs and bring on unwanted secondary effects. Significantly, a number of cases have shown that the perception of tenure security by community members may be as important as actual formalization itself (Doebele, 1983; Zetter, 1984). Security of tenure seems to depend upon three factors: the perceived threat of eviction, the availability of services, and the passage of time. Public recognition of the settlement (often required by upgrading projects) coupled with the initiation of physical improvements to the settlement and the cessation of demolition has been shown to impart enough security of tenure for residents to begin to invest.

Ironically, projects seeking full tenure legalization have found that an increasing sense of tenure security due to project achievements has undermined their drive to get beneficiaries to pay for full title. In the Bamako First Urban Project, for instance, residents reportedly felt no need to obtain a land title as they felt their land tenure had been sufficiently secured by the rehabilitation work completed (Gulyani, Farvacque-Vitkovic et al., 2002e). The Dalifort Project in Senegal experienced a similar effect: once the threat of displacement was reduced through a new national urban policy, the population became markedly less interested in receiving title to the land (Gulyani, Farvacque-Vitkovic et al., 2002g). It is not clear from the literature, however, whether this feeling of security (without title) is the same for all population groups within the settlements described. Embattled and precarious communities, such as ethnic minorities, might continue to be interested in full legalization. Likewise, women – who have little if any chance to get legal rights to land in rural areas – may continue to express strong interest in obtaining full legal status for their urban landholding (Nimpuno-Parente, 1987).

Rather than devote resources to legalization, a number of African local authorities with the assistance of the World Bank have been field-testing a new innovation known as street addressing (Farvacque and Godin, 1998). One of the main disadvantages of living in an informal settlement, at least from an economic perspective, is the lack of an official address for government records, prospective employers or educational institutions. Street addressing entails the systematic mapping and labeling or numbering of city streets and buildings and the creation of a registry identifying the occupants. In addition to facilitating municipal revenue collection, street addressing provides an implicit form of tenure security – official recognition by the state (Farvacque and Godin, 1998).

Policy Critique: Formalization of tenure also faces a trenchant policy critique – namely that it is a self-defeating enterprise that can actually hurt the poor. The problems of insecure tenure, poor housing quality, and non-existent or poor urban services are characteristics not only of urban informal settlements, they also affect middle-class residential areas and peri-urban land (Farvacque and McAuslan, 1992). By providing secure tenure, improved services and facilitating better housing, upgrading projects transform former slum areas into some of the most desirable real estate within a city. In particular, the process of legalization can dramatically increase land values and create the opportunity for a windfall profit should the beneficiary decide to sell. This rise in land prices can also translate into a rise in rental prices that can drive low-income tenants out of their former accommodation. Finally, the cost of legalization, titling and other project obligations has also been seen as creating financial burdens which force involuntary sales by the least able (Peattie 1982; Johnson 1987, Campbell, 1990).
This process of resident displacement has several different names in the literature on upgrading. Johnson (1987) calls the process “upward filtering” since housing stock which usually passes down to lower income groups in most market economies passes upward to higher income groups in this instance. Others have described purchases by higher-income groups as “downward raiding,” and “gentrification” while sales by lower income beneficiaries have been dubbed “cashing in,” “selling out” or “trading up” (Zetter 1984; Macoloo 1988; Solo 1991; Ogero, Omwando et al. 1992, Bassett 2001). Most recently Payne (2002) has described the process as “leaping up the tenure continuum.” No matter what you call it, land sales and beneficiary turnover is a common experience of upgrading projects in Africa that has been documented numerous times. It has affected first generation projects as well as contemporary upgrading initiatives (e.g. Harms 1982; Peattie 1982; Kool, Verboom et al. 1989; Campbell 1990; Baer 1991; Tait 1999; Bassett 2001; Gulyani, Farvacque-Vitkovic et al., 2002a).

Projects have formulated responses to control this phenomenon. Some projects have put restrictions on title deeds that limit the right of transfer for a certain period of time or designate an approved subsequent purchaser. Governmental restrictions on resale, however, are easy to circumvent and illegal sales and transfers have been widely reported (Payne, 1997). In the Dalifort Project in Senegal, for instance, the titles issued by the government carry a restriction on resale of the land, but the regulation “has not been able to stop the sale of plots in the very active informal land market” (Gulyani, Farvacque-Vitkovic et al., 2002g). Some projects, recognizing that upgrading had made former slums suddenly desirable locations, sought to dilute demand from outside the settlement by lowering infrastructure standards (Johnson, 1987). It was thought the public water points, open sewers and small parcels would put off middle class people. There is, however, no evidence that this approach has worked. Still another strategy to control land sales was to promote income-generating opportunities, such as encouraging the development of rental rooms within upgraded property. It was thought that increased income streams would strengthen the ability of project recipients to meet project obligations and decrease involuntary sales. Rental property has been shown to be an important source of income for settlement residents. Whether increased rental opportunities have any correlation with decreased land sales, however, has not been investigated or proven.

A more recent strategy has been to attempt to control land sales through the use of community pressure and/or ownership. In Voi, Kenya, residents in the Tanzania-Bondeni settlement obtained tenure security through a group title that was to be vested in a legally-constituted land trust. Project planners anticipated that community ownership of land would serve to prevent land sales, undercut speculative slums suddenly desirable locations, sought to dilute demand from outside the settlement by lowering infrastructure standards (Johnson, 1987). It was thought that increased income streams would strengthen the ability of project recipients to meet project obligations and decrease involuntary sales. Rental property has been shown to be an important source of income for settlement residents. Whether increased rental opportunities have any correlation with decreased land sales, however, has not been investigated or proven.
3.1.1 Land Tenure Security and Legalization: Lessons Learned

1. Legalization of tenure should be de-coupled from provision of infrastructure improvements.

Legalization of land tenure remains one of the most vexing aspects of settlement upgrading. The common experience is that legalization is a long drawn out process that can unduly delay implementation of other interventions, such as the provision of infrastructure. Legalization also creates a heavy administrative burden for project managers and government officials that may keep them from other duties. If legalization is considered a necessity in the project (see below), the process of identifying and vetting genuine beneficiaries, preparing paperwork, effecting cadastral survey, arranging and tracking payment, and processing titles should not be a prerequisite to other project action.

2. Tenure security does not necessitate legalization of tenure or titling.

A second important lesson is that tenure security can be conferred without full legalization. What is needed is sufficient security of tenure for settlement improvement. Sufficient security of tenure can be conferred by simple governmental action: recognizing the settlement, stopping demolition, establishing a cooperative working relationship with local leaders, and investing in basic infrastructure and services. Project managers will have to steel themselves for potential demand for legalization, coming from both beneficiaries and political leaders. The passage of time and evidence of physical improvements, however, should dampen this demand over the course of the project cycle.

There are several possible objections to this perspective, including that by foregoing formalization projects are implicitly accepting second-class legal status for settlement residents, or that failing to obtain title deeds will deny residents access to formal sources of credit. Low-income settlement residents, however, are often reluctant to use title deeds as collateral as they are afraid of losing their most significant asset. In most countries, additionally, the formal banking sector has shown little interest in lending to lower-income landowners even when provided with incentives such as mortgage guarantees (United States General Accounting Office, 1995). The first point, while perhaps true, appears a rather misplaced criticism of upgrading per se. The main objective of settlement upgrading is to improve urban living conditions and income opportunities for the urban poor; therefore, one can argue that the most expedient way to do this for the greatest number of people is by foregoing the legalization process.

3. Restrictions on resale do not work.

One response to land sales in upgrading projects has been to place restrictions on resale, most commonly through restrictions on title or by a refusal of local government units to recognize and register land transfers. There is no indication that such restrictions are effective. Land sales continue on the informal market. Recipients of non-transferable government titles simply wait until the period restricting sale is over and then transfer the title. Some reportedly even continue to hold the land with the original recipients name, as the costs of transfer and registration are onerous. The use of community pressure, which has worked well in ensuring loan repayment in micro-credit schemes, does not appear to be an effective mechanism for controlling land sales,
but increasing community “awareness” regarding the trades-offs might help, as is illustrated in
the Nylon settlement of Duola.

4. **Land sales are inevitable.**

A fourth lesson, which is a corollary to lesson 3, is that land sales and turnover of beneficiaries
are inevitable, even without full legalization. Informal settlements are characterized by active
land markets; more secure, better serviced settlements will remain active land markets (Baken
and van der Linden, 1993). To draw from the Kilifi upgrading project in Kenya, beacon
certificates (indicating plot boundaries) were sold in the active informal land market that
followed upgrading; would-be buyers and sellers did not wait for or need letters of allocation or
title (Bassett, 2001).

While most project managers view land sales as “bad”, the evidence for that view is not strong.
We do not know much about the processes of land sales within settlements, including who buys
into informal settlements (e.g., an absentee landlord or a land-hungry owner occupier) or how the
proceeds from land sales are used by the seller. Just who captures the price effects of land
improvement is a major question – until that is answered we cannot pass a verdict on land sales.

From the perspective of project monitoring and evaluation, however, it is an unrealistic criterion
to judge project success on the basis of beneficiary retention, as controlling sales is effectively
outside the writ of project management. For projects, the main concern regarding sales should
be on preventing involuntary sales and incorporating mechanisms that raise incomes to meet land
ownership obligations. Projects have already identified and implemented some key solutions
here: facilitating the development of additional rooms for rental purposes and altering planning
regulations to allow for home-based enterprises and mixed uses on residential plots. One
additional area to investigate would be more formal links with other community development
agencies, such as CBOs or NGOs specializing in micro-enterprise development and micro-credit.

5. **Scaled-up, programmatic approaches to upgrading are required.**

A final lesson is that in order to address the land sales/beneficiary turnover issue, scaled-up,
programmatic approaches to upgrading are needed. The fundamental factor affecting upgrading
is the general scarcity of titled, serviced urban land in the cities of the developing world. In the
current situation where land supply is severely constrained, any upgrading initiative that
produces such land will prompt land sales and beneficiary loss. The only way to affect this
situation is to increase the land supply at a sufficient level to satisfy pent up demand – including
the pent up demand of the middle-class. A programmatic approach to upgrading whereby the
land rights of city residents residing on large swathes of informal land are officially recognized
(although not necessarily with formal title deeds) and ultimately serviced should be tried.
There are indicators from non-African projects that a programmatic approach to upgrading might
ameliorate land sales. The Kampung Improvement Program (KIP) in Indonesia, which has been
widely hailed as a model of successful upgrading, did not experience land sales or an influx of
higher income groups at the same level reported in the African projects (Viloria, get date). One
reason given for this is that the project was known to be upgrading all settlements (or *kampungs*)
in all target cities on a programmatic basis. Residents reportedly felt little incentive to uproot
their families to move to an upgraded settlement, preferring instead to wait their turn to receive improvements (World Bank, 1995). Notably, KIP did not invest in full titling and registration that might encourage land sales. Instead the program focused on eight infrastructure and service related interventions; land tenure remained officially obscure, although residents did “feel more secure after KIP, feeling that government investment in the kampung is equipment to an implicit recognition of residents’ tenure rights” (Viloria, get date: 650). Subsequent to the project residents in a number of kampungs have organized to receive official user rights, known as hak pakai (World Bank, 1995).

There are very few examples of programmatic upgrading in Africa. The current land reform of the South African government could be considered one such approach, but the applicability of that action to upgrading elsewhere is slight as it is part of a much larger land reform effort aimed at ameliorating the negative effects of apartheid (MacKay, 1999). In the 1980s, the government of Burkina Faso implemented a lotissement policy which regularized without services more than 125,000 plots and appears to have resulted in relatively high levels of owner-occupancy of houses (Gulyani, Farvacque-Vitkovic et al., 2002a). The Dalifort Project in Senegal, which intends to scale up to new cities and new settlements, also appears to be moving in a programmatic direction. Such initiatives will be important to track over time to see if the issue of land sales and beneficiary turnover remain.

3.2 Improving Infrastructure and Service Delivery

The provision of improved infrastructure and services to informal settlements is another central component of upgrading and one with the greatest record of success. Upgrading projects have aimed at providing basic infrastructure services such as water, sanitary facilities, roads, and street lighting, in a manner that is affordable to the urban poor. Many projects have done so and living standards and health indicators have risen. Three key issues affect infrastructure provision. These are: (1) determining the appropriate standard for infrastructure investment and housing improvements; (2) effecting cost recovery for investments made; and (3) ensuring the smooth operation and on-going maintenance of the infrastructure investment.

3.2.1 Infrastructure and Building Standards

One factor affecting the cost of infrastructure and the affordability of housing and services is the level to which infrastructure and housing is required to be built. Many African countries have regulatory regimes (i.e., planning, building, and infrastructure standards) inherited from their colonial past. These regimes demand high standards for infrastructure and housing, such as wide road reserves, high-grade tarmac for road surfaces, large parcels of land for housing development, and underground water-borne sewerage. Such standards are often inappropriate for the African setting, as they reflect environmental conditions specific to non-tropical settings. Excessively high or unrealistic standards are also deleterious as they can result in no effective standards at all. Faced with such standards, builders and developers evade permitting and approval processes that are too onerous; at times they bribe inspectors to approve shoddy work. The resultant infrastructure can threaten public safety; it may also face problems of durability and high recurrent maintenance costs. Finally, high standards of development are not economically feasible for most African countries. High standard infrastructure is high cost
infrastructure – Gakenheimer and Brando (1987: 133) estimate that excessively high standards can as much as “double the cost of service.” Requiring high standards, such as water-borne sewerage, in-house water connections, and wide paved roads, results in limited service provision by both the public and private sectors. The most underserved population, not surprisingly, tends to be the urban poor.\textsuperscript{ix}

Many upgrading projects have emphasized appropriate (i.e., lower) infrastructure standards and the revision of building codes (Mayo 1987; Lee-Smith and Memon 1988; Syagga 1993; World Bank 1974; Keare and Parris 1982; Gakenheimer and Brando 1987).\textsuperscript{x} By lowering building and infrastructure standards, projects hope to make infrastructure more affordable and thus serve a wider population. Lower standards also allow for different actors to become involved in the construction of infrastructure. In the World Bank’s Community Infrastructure Upgrading Project (a component of the UESP in Ghana), infrastructure is designed to “least cost standards” and is built by small local contractors often employing community members (Gulyani, Farvacque-Vitkovic et al., 2002d). Beyond achieving affordability, this approach also gives direct economic benefits to the target population.

The viability of appropriate technology building materials has also been tested. In Nyaharuru, Kenya, for instance, a US AID-supported municipal housing project built houses of conventional and appropriate technology materials. Among the innovations tested were new building materials such as soil stabilized blocks, ferrous cement roofing tiles, and alternative binders and mortar mesh. These technologies were shown to be significantly cheaper than conventional building materials and thus appear to be an important innovation for greater housing affordability (Syagga, 1993). Appropriate technology building materials, however, are generally unacceptable under classic building codes. Thus facilitating affordable housing through affordable materials requires the revision of building codes by municipal authorities.

\textbf{Implementation Experience:} Project experience in promoting appropriate standards for infrastructure has been mixed (Lee-Smith and Memon, 1988; Kasongo and Tipple, 1990; World Bank, 1991a; Payne, 2001). Reduced standards have been a key stumbling block in a number of World Bank projects, including the Senegal and Kenya First Urban projects. Lowered standards are often not liked by recipient governments who want the most modern facilities in their towns (Moavenzadeh, 1987). In the Dandora settlement of Nairobi, the site of Kenya’s First Urban project, lowered standards for sanitation and community facilities were disliked by urban elite and some governmental officers and this led to a halting of implementation and complete re-design with cost implications (Lee-Smith and Memon, 1988).\textsuperscript{xi} In Senegal, disagreement over design standards led to long delays in plot demarcation and infrastructure development (World Bank, 1983).

Some project recipients, moreover, have also found these infrastructure standards to be undesirable or socially unacceptable (Bassett, 2001; Gulyani, Farvacque-Vitkovic et al., 2002a). When given the choice, communities have selected higher standards even when aware that it will entail demolition of some houses and necessitate relocation of affected households. In Nossin settlement of Ouagadougou, Burkina Faso, for instance, settlement residents chose a physical plan with the regularly laid out plots and wide roads despite the fact that this design would require maximum destruction (Gulyani, Farvacque-Vitkovic et al., 2002a). In Tanzania-Bondeni
in Voi, Kenya, the community likewise selected a plan that required extensive relocation, despite advice to minimize demolition from project advisors (Omolo, 1997).

One critique of the emphasis on lower standards and community or local contractor-built infrastructure is that it can exacerbate the maintenance problem that has plagued upgrading investments. Poorly built infrastructure tends to deteriorate quickly; poorly built infrastructure that receives no maintenance deteriorates very quickly. There is a fundamental tradeoff between affordability and durability that must be addressed in project design. Some have suggested that poor maintenance also stems from who builds the infrastructure with local or informal sector firms producing lower quality products if not firmly supervised. To overcome this, it has been suggested that projects are better off using a mix of contractors (Gulyani, Farvacque-Vitkovic et al., 2002d; Gulyani, Farvacque-Vitkovic et al., 2002i). Local contractors could be used for minor stand-alone works; national or international firms could be used for network infrastructure.

3.2.2 Cost Recovery

Many contemporary upgrading projects have as an objective the recovery of a portion of infrastructure investment costs from project beneficiaries. This emphasis on cost recovery was not an explicit part of the earliest projects, but it quickly emerged as an important objective as more experience was gained. Cost recovery is justified on four bases. First, community contribution to project activities raises the level of commitment to the project. This is seen as leading to better community participation and aiding in project success. Second, cost recovery reduces the cost of upgrading to government; this facilitates the extension of urban services to other areas. A third reason for being concerned with cost recovery relates to the on-going maintenance and operation of the services. Without financial flows from users, services will not be effectively maintained. Finally, contributions to cost recovery are increasingly used by project managers as a proxy for gauging demand for technical assistance and project intervention. Communities are willing to pay for the services they value the most; donors are using payments to determine where and how to invest.

Implementation Experience: Effective cost recovery has been problematic. Despite a variety of approaches, upgrading projects commonly have been unable to get beneficiaries to pay for their designated portion of the improvements made. The literature gives numerous reasons for this. Failures in cost recovery have been identified as a function of poor project design – they featured unwanted or unnecessary infrastructure and hence were unaffordable to the beneficiaries (Sanyal, 1987). In other cases, upgrading processes and community mobilization efforts were flawed with the effect that community groups were not sufficiently apprised of their obligations and therefore unwilling to pay (World Bank, 1991a). A lack of political will to push for cost recovery has also been evident. In Nigeria’s First Urban Project, for instance, leaders were actually proud of the low level of repayment in their community and resisted pressure to enforce collection; in other cases governments have proven unwilling to take difficult steps such as evicting residents and repossessing land for non-payment (Solo, 1991). Under such circumstances, even people who can afford to pay refuse to do so because there are no incentives and they have no fear of sanctions. In a recent Zimbabwe housing project, anger and disappointment at the quality of the infrastructure and housing provided resulted in total refusal...
to pay back costs (Kamete, 2001). And finally, as has been evidently demonstrated in recent South African experience, some residents fail to pay fees due to a culture of non-payment or belief that public services should be subsidized or provided free of charge by government (Tomlinson, 1998).

Difficulties with cost recovery have prompted a change in tactics by those implementing upgrading and investing in infrastructure. Many contemporary projects are demanding payment for infrastructure and other investments up-front. In Burkina Faso, for instance, the demand-responsive PACVU project will only work with communities that show demand for upgrading. In this context, communities must mobilize money and deposit it into a specific account before they can receive technical assistance (Gulyani, Farvacque-Vitkovic et al., 2002a). Likewise, the GTZ STDP in Kenya requires that communities slated for upgrading must deposit full payment for cadastral survey before upgrading can begin. To make beneficiaries comfortable with paying money out before action, a special account for upgrading is established at the local Barclays Bank. As the account has three signatories (one each representing the project, community, and local government) residents who have expressed fear that money will “go missing” feel confident in the process (Bassett, 2001). Such approaches, which might have been infeasible in the early decades, appear to be accepted by residents who are increasingly accustomed to “cost-sharing” for key governmental services.

Another key issue in cost recovery is just which costs associated with infrastructure and services are justifiably recovered and how they should be split amongst beneficiaries. Should project beneficiaries be expected to pay for capital investments or is it sufficient to meet on-going operation and maintenance expenses? Additionally, just what percentage can or should be recovered? Many projects target cost recovery at 25 to 38% of project cost. But projects with relative success at cost recovery, including demand-responsive projects such as the World Bank’s Improve Urban Living Conditions Project (PACVU) in Burkina Faso, recover approximately 5-10% of total project costs. While such cost recovery is insufficient to facilitate programmatic upgrading, it is illustrative of commitment and ownership of the project by beneficiaries.

A final question in cost recovery is how does a project determine what is paid by whom? Different projects have tried different approaches. The GTZ Dalifort approach in Senegal divvies up costs on a per square meter basis; these costs are borne equally by all (Gulyani, Farvacque-Vitkovic et al., 2002g). Other projects have done so according to the allocated plot and its frontage. In the Msunduza neighborhood in Swaziland, a complex formula, which included infrastructure and non-infrastructure costs such as social outreach/mobilization and contingencies, was used (Gulyani, Farvacque-Vitkovic et al., 2002h).

The emphasis on cost recovery is not popular with all analysts of upgrading projects. As a number of authors have pointed out, the main subsidies for shelter and urban services in Africa have been and continue to be provided to middle and upper income urban dwellers (Temple and Temple, 1980; Hardoy and Saitterthwaite, 1989). These groups have benefited from years of government-built subsidized housing; their housing estates, moreover, get infrastructure and services provided through general revenues. These groups also tend to benefit the most from governmental largess: they get favorable disposition in the allocation of state lands and are
currently the primary beneficiaries of the privatization of state-constructed housing stock (Jenkins, 2000). An insistence on full cost recovery from the lowest income groups when not equally applied to upper income groups, thus, raises questions of equity. Similarly, the emphasis on demand-led upgrading and up-front payments is also seen as worrisome. While it may enable cost recovery and assist with the expansion of upgrading initiatives, some argue that the demand-led approach will only assist relatively better-off communities that can mobilize resources to demonstrate demand. This approach can leave the poorest or least solvent communities un- or underserved (Gulyani, Farvacque-Vitkovic et al., 2002a).

3.2.3 Operation and Maintenance

Another major concern in upgrading projects is the on-going operation and maintenance of the infrastructure investments made in settlements. Maintenance of infrastructure installed through upgrading projects has been poor for a number of reasons, including the general economic crisis that has negatively affected service provision by African governments. Outside of this, however, maintenance has suffered due to a general lack of ability, interest and financial resources on part of government or service providers for maintenance (Rakodi, 1991). Poor project design is also a culprit, particularly in situations when the project created a split in responsibilities between infrastructure construction and maintenance (e.g, Tanzania First Urban as described by Gulyani, Farvacque-Vitkovic et al., 2002i). One such case occurred in Lusaka in Zambia following the First Urban Project in which recipients were expected to operate and maintain facilities, even though they had not been consulted or involved in infrastructure development (Gulyani, Farvacque-Vitkovic et al., 2002j).

Implementation Experience: Four trends for addressing the maintenance question can be discerned in urban infrastructure or upgrading projects (Schubeler, 1996; Gulyani and Conners, 2002). These are: (1) enhancing community skills for maintenance activities; (2) private sector contracting for the maintenance function; (3) ensuring adequate funds for maintenance operations; and (4) building local government capacity for infrastructure provision and maintenance.

A common approach has been to enable community members to carry out maintenance. Communities are generally organized as a local NGO or CBO; members of the organization are trained in specific technical skills needed for maintenance. The organization and/or individuals often receive some financial benefit, in the way of wages or user fees that are used by the organization for other activities. Community-based approaches, however, have had mixed results as can be illustrated by the Community Infrastructure Project (CIP) in the Hanna Nassif settlement of Dar es Salaam (Gulyani, Farvacque-Vitkovic et al., 2002i). In this project community members built infrastructure using labor-intensive methods; they received intensive training on the maintenance of infrastructure. While community contracting ultimately did build the required infrastructure at an affordable cost, the approach necessitated intensive supervision of works. Also the lack of a culture of maintenance has proven a challenge, with residents continuing to dump solid wastes into drainage channels, thus undermining their functioning.

A second approach to infrastructure provision and maintenance is privatization. Under privatization approaches, local agencies and/or communities have been given the responsibility
for infrastructure. This is often done in a formal contractual manner in which expectations and performance criteria are clearly stated. The most significant example of participation in infrastructure by the private sector is the AGETIP approach promoted by the World Bank in West Africa (Farvacque and Godin, 1998). AGETIPs, an acronym that stands for “public works and employment agencies,” are private sector actors who most commonly build and/or maintain infrastructure investments using labor-intensive methods. AGETIPs work on a contractual basis; they are offered special concessions from the state such as exemption from standard procurement and bidding procedures. Their performance is systematically monitored using set performance indicators and initial evaluations have indicated that this is a cost-effective method of infrastructure investment (Farvacque and Godin, 1998). Another example of using private actors for maintenance of urban services is provided by the UESP in Ghana. In this project, the infrastructure is maintained through franchise agreements; for example, contracts for running and maintaining community standpipes are awarded to private operators or community groups. This same project is also looking at the viability of private contracts for the maintenance of other infrastructure, such as street lighting, which does not fall under the remit of national utility companies (Gulyani, Farvacque-Vitkovic et al., 2002d).

A third major concern in regards to maintenance is ensuring adequate resources for the task. Agencies who undertake maintenance must ensure that they have adequate financial resources for doing so. One approach has been to establish specialized maintenance funds that receive financial flows from user fees, property taxes and other financial sources. The proceeds from the maintenance fund are tapped by the entity responsible for maintenance, which can be a public utility or private entities, such as community groups or contracted businesses. In Zambia, for instance, Ireland Aid and UNDP have endowed a “Community Enabling Fund.” This fund requires that communities contribute cash and/or labor and manage infrastructure with the intention that the fund will revolve and support maintenance in perpetuity (Gulyani, Farvacque-Vitkovic et al., 2002j). In Burkina Faso, under the Third Urban Project, 60% of the facilities implemented have a maintenance fund (Gulyani, Farvacque-Vitkovic et al., 2002a). It is not clear from the literature reviewed, however, whether these funds are actually being renewed and achieving their goals.

Finally, in light of decentralization and the renewed emphasis on local government, a number of projects are developing infrastructure in conjunction with local government and handing over the infrastructure to local government to maintain. Such approaches pay close attention to the financing mechanisms for local government maintenance and strive to ensure that sufficient revenue is generated for the activity through user fees and property taxes. As these approaches are still relatively new and unevaluated, it remains to be seen whether African local governments perform better at maintenance under a decentralized regime.

3.2.4 Infrastructure and Service Delivery: Lessons Learned

1. **Appropriate technology building materials are no panacea for affordable housing.**

Appropriate building technologies were once seen as an important method for achieving affordability in housing. Despite some apparent successes, these technologies have not lived up to their billing (Kigochie, 2001). There are a number of reasons for this, including production
problems (quality has not been consistent) and the cost and availability of specialized equipment. In addition, appropriate technology building materials are not well disseminated and understood. In order to have tangible impact such materials necessitate professional acceptance on the part of engineers, architects, and contractors, as well as greater legal and political acceptance on the part of government and the national elite. Such support does not appear to be forthcoming.

According to Syagga (1993), to advance appropriate building technologies, advocates need to adopt an institutional approach in which the legal constraints to the commercialization of appropriate building materials are removed – but as the Kenya case shows this can be difficult to achieve. Further adoption is also linked to commercialization of housing production based on appropriate technology. Commercialization also requires widespread availability of tools and equipment offered at a level affordable to potential users, such as community-based organizations. Other obstacles to the effective use of appropriate-technology building materials includes a lack of access to credit facilities, an undeveloped market for the materials, and the lack of an organized support service to ensure correct production and usage of these building materials (Syagga, 1993).

2. The benefits of lower infrastructure standards and cheaper modes of construction must be determined in light of long-term objectives for infrastructure durability and maintenance arrangements.

Project designers need to carefully weigh the relationship between infrastructure standards, methods of construction, and the desired long-term performance of the investments made. Higher quality but higher cost investments do tend to last longer even without maintenance. If projects cannot ensure that maintenance responsibilities will be carried out, then an investment in better infrastructure might be warranted.

For determining infrastructure standards, achieving three objectives should be kept in mind: providing accessibility, ensuring public safety, and improving residents’ health. Providing accessibility does not necessarily translate into the provision of roads; adequate year-round accessibility can often be provided through the construction of pathways with adequate drainage. Safety, likewise, will be enhanced by accessibility (pathways wide enough for a small service vehicle); it can also be strengthened by low cost, strategically-placed streetlights. A key infrastructure investment for health, water, likewise can be done with appropriate standards, such as through the provision of public water kiosks. In determining service levels, community input is critical. If communities are willing to pay for certain types of high standard infrastructure, then projects should consider it.

3. The difficulties of cost recovery remains unsolved, but up-front contributions appear to hold promise.

Judging from the CARs and the literature on previous projects, cost recovery remains problematic. Upfront contributions, while they only glean about 5-10% of costs, do represent a step forward. These contributions do ensure that a modicum of costs is shared; they do illustrate commitment to upgrading by recipient communities.
Upfront contributions, however, remain at a level too low to assist with scaling up. If the arguments for cost recovery as one means for scaling up remain compelling, institutional mechanisms for greater cost recovery still need to be developed. There are few new approaches for effecting cost recovery identified in the Country Assessment Reports. The main example, the Fund for Upgrading and Legalization of Tenure (FORREF) established within the Senegal Housing Bank (BHS) in the Dalifort Project in Senegal, is very new. This approach is largely untested and unevaluated. Will higher percentages of investment be recovered after the fact by this semi-independent unit? Will the monies actually flow back into settlement upgrading? These are important questions that warrant future review.

4. **Cost recovery through general revenue increases resulting from upgrading remains elusive.**

One argument for legalization of land ownership has been that titling of parcels would serve to broaden the property tax base of the target city and thereby lead to increased general revenues, which could then be used for further upgrading. A number of World Bank projects in a variety of countries pursued legalization and the restructuring of land management agencies in order to improve municipal finances and thus improve service delivery and infrastructure investment (e.g., Senegal’s Municipal Housing and Development Project). Concern for local government finances was also key reason that the GTZ STDP in Kenya, for instance, chose to pursue upgrading with its partner towns (Bassett and Jacobs, 1997).

According to the evidence available, an increase in tax revenues flowing from property taxes levied on legalized settlements has not occurred (Sanyal, 1987; Cohen, 2001). The property tax is a very difficult tax for most African governments (Smoke, 1994; Kelly, 1999). It is a difficult tax to set, as its rate is normally driven by local government expenditures but relies upon central government valuation and administration. It is a difficult tax to collect, particularly given unclear ownership rolls, numerous exemptions, and potential local political ramifications of aggressive collection efforts. Efforts to inventorize property and owners, such as the *adressage* activities in Francophone Africa, are beginning to lead to more effective collection of land-based revenues.

5. **Effective maintenance remains a challenge for upgrading projects, but private, contractual and programmatic local government approaches appear effective.**

Effective maintenance of infrastructure in African cities remains a challenge. In terms of the four approaches discussed in the text, experiments with private sector involvement in the maintenance function appear positive. In particular, the use of contractual agreements when coupled with periodic monitoring has lead to better maintenance at least in the short term. The AGETIP approach of West Africa, most significantly, has been widely replicated because it has been seen to be effective (Farvacque and Godin, 1998).

For the longer term, however, the best approach is to programmatically address maintenance by strengthening municipalities. Funds for maintenance must be allocated within the municipal budget; the technical capacity of municipal departments such as engineering and public works should be built to routinely discharge these responsibilities.
3.3 Institutional Context and Arrangements

In the last two decades, increasing attention has been given to institutions and their relationship to development. In the context of urban upgrading, the institutional question has several dimensions. At its broadest level, the success or failure of upgrading is contingent upon the urban policy context, particularly whether governmental policies officially recognize informal settlements, their positive role in shelter provision and the needs and rights of their residents. Without such recognition, little can be done to address informal settlements; the urban poor will continue to feel marginalized and insecure and little or no investment in housing or urban infrastructure will occur. Conducive urban policy, in short, is a prerequisite for successful upgrading.

At the project level most upgrading interventions in Africa have not been directly concerned with institutional reform. Within the context of upgrading projects, three institutional questions have been of primary concern. These are: (1) What are the appropriate institutions for implementing upgrading? (2) At what scale should upgrading operate and what should be the scope of project interventions? and (3) What role should community members and community-institutions play in upgrading?

3.3.1 Implementation: Central versus Local Government Partnerships

In the earliest upgrading projects, such as those of the World Bank’s First and Second Urban projects, the common approach to implementing upgrading was to work in partnership with central government. National-level governments generally selected the sites for upgrading projects; they were the primary recipients of IDA funding. Arrangements for implementation were also often at the national level. The earliest projects usually established a new independent entity, a project implementation unit (PIU), to spearhead upgrading activity. These units were generally located within central government ministries or national level housing authorities, as was the case in Senegal and the Ivory Coast. In some instances, the units were established as housing development departments and sat at the local government level, such as the units in Nairobi and Lusaka city councils.

The experience with newly formed PIU’s was not entirely positive. The responsibilities of the new entities often conflicted with existing units such as engineering and social services departments (Lee-Smith and Memon, 1988; Rakodi, 1991). The units were criticized as operating too independently with the net effect that they did not create any capacity within existing institutions. Finally, the capacity built in the unit itself also proved ephemeral. Trained personnel dispersed after the project was over; no on-going, self-funded upgrading activities took place (Solo, 1991).

More recently, local governments have played an enhanced role in settlement upgrading. Specific examples of upgrading projects done in partnership with local government include the upgrading initiatives of UNDP’s Sustainable Dar Es Salaam project in Tanzania and the World Bank’s neighborhood upgrading activities with the City of Conakry in Guinea’s Third Urban Project. In Dar es Salaam, the city commission was the main implementing body and had responsibilities for oversight, land use planning, and coordination of community members,
private contractors and other relevant actors (Gulyani, Farvacque-Vitkovic et al., 2002i). In Conakry, the local government unit is the lead actor in neighborhood upgrading; other activities in this project, however, are being implemented by a privatized solid waste management agency (although formerly a public local government unit). Overall coordination is effected by a project unit housed in the city of Conakry. Some local governments have begun upgrading activities on their own initiative, as is seen in the Save Our Neighborhood Initiative in Bamako Mali and the establishment of squatter reception areas by Windhoek City Council (Gulyani, Farvacque-Vitkovic et al., 2002e; Gulyani, Farvacque-Vitkovic et al., 2002f).

The renewed emphasis on local government comes from two main sources: experience and institutional reform. First, project experience in crafting new institutions for upgrading has not been very positive and there is increasing consensus that upgrading should be done with existing institutions. In addition to the PIU’s referenced above, a number of projects have attempted to create new institutions to deal with fundamental factors important to upgrading, such as institutions for urban land management and housing development. World Bank activities in Senegal offer perhaps the best example. In a series of projects, the Bank supported the development of a land development agency intended to develop sites on a commercial basis. This agency, however, failed to develop the target number of houses, proved financial unviable, and again ran into jurisdictional conflict with existing entities (World Bank, 1991b). The second reason for emphasizing local government is the new circumstances and opportunities for effective local government action afforded by decentralization policies. Under decentralization local governments have been given enhanced powers and responsibilities. Due to their grounded situation, many analysts feel local governments will do a better job at upgrading as they are potentially more demand responsive, know the local situation better, and can be held more accountable for their actions by an electorate than distant central government actors (Dillinger, 1994; Wunsch, 2001).

3.3.2 Upgrading and Complexity: Multi-Sectoral vs. Single Sector Approaches

Project design has also altered over time in accordance to critiques of upgrading and new insights into the way informal settlements work. Early upgrading projects were complex multi-sectoral approaches that attempted to implement a wide variety of development interventions. The projects did not simply focus on physical improvement of settlements, they also worked to build communities through support of community-based organizations and facilities, facilitate economic expansion of the informal sector through provision of facilities, training, and financial support; and even rework on a piecemeal basis key urban institutions, such regulatory and tax frameworks. The World Bank’s First and Second Urban projects in African and Latin America provide the best examples of ambitious, multi-sectoral projects (Bamberger, Sanyal et al., 1982).

The World Bank’s rationale for multi-sectoral approach was that urban projects were striving for both equity and efficiency in the provision of urban services and employment. It was recognized that throughout the 1960s investment in urban areas had been constrained by the prevailing emphasis on rural development and agricultural expansion. Investments in the urban areas by national governments themselves tended to benefit a minority of urban residents, most evidently
upper income households and civil servants. Cohen, (1983: 3), in the review of the World Bank’s urban development lending activities from 1972 to 1982, notes:

> The Bank identified its primary objective in the urban sector in broad terms: to assist member governments to develop approaches for the efficient and equitable provision of urban services and employment. This objective implied the need to coordinate citywide investments in shelter, infrastructure, transport, employment, and social services, and to shift the financial burden for urban development from the public sector to the private sector and the urban population itself.

**Implementation Experience:** Multi-sectoral projects proved to be challenging to prepare, implement, monitor and evaluate. Solo (1991: 82) notes that project preparation times for the very first projects were very long: from 2 to 3.5 years on average, but as long as 5 years for the Cameroon and Ivory Coast First Urban Projects. Despite such investment of time and expertise, projects were later criticized as being poorly prepared, particularly in terms of engineering design. While implementation experiences in the Africa projects certainly varied from project to project, many of the earlier projects experienced time and cost overruns attributable to complexity. Solo (1991: 22) states that “implementation times overran the appraisal estimates by 50% to 100% with the highest overruns corresponding to the larger projects.” Second Urban projects were the most delayed as they were, on average, 2 to 3 times the size of the First Urban projects. The Kenya First Urban Project, for example, represented an investment of $29.5 million US; the Second Urban Project starting just three years later was $69.4 million US (Lee-Smith and Memon, 1988).

The greatest delays were caused by the non-physical components of these projects. Civil works and infrastructure generally were completed within time, but “soft components” such as land titling, loans programs, and effecting cost recovery dragged on. There are a number of reasons that the soft components were more difficult. One common experience was the institutional capacity within the key ministries and the project implementation units was low at the beginning of projects and needed to be built (Cohen, 1983; Solo, 1991; Cohen, 2001). In other instances delays were caused due to some fundamental disagreement between project implementers and governments over the nature and desirability of certain aspects of the project (such as lowering standards). Additionally, certain components got politicized, such as land allocation and cost recovery, and this also caused delays.

More recent projects have moved away from comprehensive approaches toward more streamlined, focused interventions. The Urban Environment and Sanitation Project (UESP) in Ghana illustrates a move toward leaner projects, in what can still be considered a multi-sectoral approach. Its Community Infrastructure Upgrading Program (CIUP) focuses on funding investments in settlements with high infrastructure deficits; investments are also demand-driven and executed in communities that illustrate strong commitment toward operations and management through financial deposits and matching funds (Gulyani, Farvacque-Vitkovic et al., 2002d). Similarly, the FOURMI project in Cameroon, now in its second phase, can also be characterized as a slimmed down multi-sectoral approach. The project deals primarily with roads, water supply, and sanitation, but also includes micro-projects that support existing manufacturing, processing and services. As with UESP, FOURMI is demand driven and relies
on communities to identify and mobilize resources for implementation (Gulyani, Farvacque-Vitkovic et al., 2002b).

In contrast, a number of projects categorized as upgrading are actually single sector projects. As might be expected, single-sectoral projects have focused on the easier-to-implement physical initiatives, such as the provision of water or sanitation. (There are no apparent examples of single sector, land-regularization projects in Africa.) Single sector projects also often utilize a demand-driven or community responsive approach in which community members select a single infrastructure investment priority from a menu of options. Single sector projects are also often implemented by non-governmental organizations with significant community development expertise such as CARE or Action Aid. A good example of a single sector initiative is the Nkonldongo project funded by French Development Agency, which ran from 1991 to 1996 in Cameroon. This project emphasized water supply, drainage and sanitation. Community members selected priority investments; these interventions were then implemented as discrete micro-projects (Gulyani, Farvacque-Vitkovic et al., 2002b).

The advantage of the single-sectoral project is simplicity in preparation, implementation, and evaluation. Such projects specialize in one activity area, which can make working relationships clearer and require less time-consuming coordination. Projects often are narrowly geographically focused so logistics are easier. Implementation is relatively independent and often doesn’t necessitate much in the way of governmental approval or oversight. Implementation of single-sectoral projects is relatively straightforward to schedule and monitor. Physical development activities can be directly implemented by the project (with or without community labor); often infrastructure is built by local contractors who must meet contractual terms laid out by the project in order to be paid. Finally, monitoring and evaluating such projects is fairly easy: have the pipes been laid, at what cost per meter, and is the water flowing? The tangible impact on the lives of the poor is also relatively simple to calculate quantitatively. Has there been a decrease in expenditure on water per unit? Is the incidence of water-borne diseases on the decrease?

Some analysts are not entirely supportive of the abandonment of the more comprehensive approach. Cohen (2001: 52) argues that multi-sectoral projects remain important and should be pursued due to “the essential multi-sectoral character of cities and balanced urban development.” He acknowledges that the institutional reform agenda for cities is important, but cautions that those concerned with the cities of the developing world mustn't forget the physical including housing, as material improvements increase the quality of people’s lives. A similar pragmatic criticism is that single sector approaches, while relatively easy to implement, don’t work well because effective urban infrastructure requires a systematic approach. Bringing in water without providing adequate sanitation or drainage, for instance, can actually worsen the environmental or health situation in an informal settlement, by increasing stagnant pools of water or encouraging the use of water in VIP toilets, which are only effective as dry systems.

Others have criticized the fact that single-sector (and even the leaner multi-sector) projects have tended toward engineering projects as being the easy way out. They note the significant successes in the early projects in areas of community development and argue that governments still need to be pushed to deal with settlements in an equitable manner, including providing
security of tenure (Hardoy and Satterthwaite, 1989). By avoiding these issues, newer projects might avoid messy political dimensions of development but they potentially overlook important equity objectives.

3.3.3 Community Participation

As with other development initiatives, effective community participation is identified as a critical ingredient for the success of upgrading projects. Participation is seen as ensuring greater efficiency in project implementation (Cleaver, 1999). With strong community support, difficult aspects of upgrading such as the resettlement of households to open up land for infrastructure can be done faster. It is also lauded as increasing project effectiveness – by involving community members in project design and decision-making project interventions will be more targeted and will more meaningfully address the felt needs of communities and benefit from their keen interest and “ownership” (Schubeler, 1996). Participation is also seen as ensuring sustainability of project interventions as communities will be keenly interested in maintaining services and facilities that they helped to plan and pay for. Finally, participation is seen as contributing to processes of democratization and empowerment. The upgrading process through which formerly oppressed populations gain official recognition and even establish working relationships with their (often) former adversaries is expected to foster mutual respect leading to on-going cooperation and participation in public life.

Implementation Experience: Community participation has been a central aspect of most of the upgrading projects reviewed. According to Solo (1991: 61) in the early World Bank projects community participation was “something of a buzzword and was often included in a project without much forethought.” As might be anticipated, then, these projects did encounter some problems and made a few expensive mistakes by insufficiently mobilizing community members. Insufficient mobilization resulted in some poor planning and infrastructure decisions (e.g., shared latrines unacceptable to a Muslim community; housing development planned for traditional burial ground in Kisumu) and contributed to poor cost recovery, discussed above (Ogero, Omwando et al., 1992; Ogero, 1997). But still such experiences were not widespread and community mobilization has been identified as contributing in a positive manner to the First and Second Urban projects (Lee-Smith and Memon, 1988; Solo, 1991).

Later projects established more systematic approaches to community participation and a general format can be seen in the projects reviewed (e.g., (Gulyani, Farvacque-Vitkovic et al., 2002d; Gulyani, Farvacque-Vitkovic et al., 2002g; Gulyani, Farvacque-Vitkovic et al., 2002i)). Projects tend to begin community interaction through formal surveys that obtain baseline population information and elicit opinions on settlement improvements; after this, community mobilization, often through iterative community meetings, is carried out to identify key stakeholders and elect representatives. These leaders are trained in a number of areas (e.g., leadership, financial management) and normally act as liaisons with project and government personnel. Community consultation for decision-making normally extends throughout the life of the project and periodic community inputs (e.g., payments or community labor) are required. In some instances community members themselves are trained in specific skills, such as plumbing or building, necessary for infrastructure development and maintenance. In Namibia, expectations for
community inputs are even written down in the form of a “social compact” prior to initiating upgrading (Gulyani, Farvacque-Vitkovic et al., 2002f).

Despite this more systematic approach, the evidence from the literature is that community participation can still remain problematic. One key question that projects encounter is defining just who or what constitutes a “community” (Rakodi, 1990). J.F.C. Turner made it seem so easy: squatters settlements in Latin America were portrayed as relatively homogenous entities who had built social capital out of their adverse circumstances (Turner, 1972). African squatter communities, in contrast, illustrate a great deal of diversity and often lack cohesiveness or unity (Vaa, 1996). One of the fault lines for “community’ within African settlements is ethnicity. Immigrant communities who have settled on land that is not customarily theirs, such as the *allogenes* in the Nylon Area of Doula, Cameroon or Luos and other “up-country” people living in coastal areas of Kenya, are particularly at risk for having their land rights and opinions ignored by majority groups (Bassett 2001; Gulyani, Farvacque-Vitkovic et al., 2002b). More troubling, working to get minority communities land rights can also set off community conflict which besides raising issues of equity in project impacts can negatively affect project performance (Bassett, 2001).

A second challenge is figuring out how to configure participatory opportunities that are acceptable to all parties. A long-standing criticism of participatory approaches in planning and decision-making is that participation by community members is not really empowering – it is window-dressing intended to conciliate possible opposition (e.g., Arnstein 1969; Rosener 1978; Cleaver 1999). Additionally, a number of African governments have not been particularly inclined toward widespread participation, even with the advent of multi-partyism. One approach to participation that is increasingly used is to work via community-based or non-governmental organizations for planning and implementing project elements. These organizations understand the local situation better than any outside advisor. Their local legitimacy and profile can make community participation both more meaningful and easier to conduct alongside other project tasks.

### 3.3.4 Institutional Context: Lessons Learned

1. **Upgrading is best implemented with existing institutions**

Upgrading projects have not had a very positive experience in crafting new institutions. New institutions often suffer from institutional conflicts (e.g., laws that contradict each other); they can spark jurisdictional turf wars; and their ability to build long-lasting technical and managerial capacity has been questioned. Significantly for upgrading projects, the process of institutional reform is complex and time consuming – it does not fit well into the framework of the project cycle. The best approach, thus, appears to work with existing institutions and entities to implement upgrading.

2. **There is no institutional template for upgrading, but local government approaches appear promising.**
A second lesson learned is that there is no one set institutional formula or cookie cutter approach for upgrading. Upgrading initiatives take place in countries with greatly varying institutional settings. Cultural traditions, land tenure institutions, ethnic diversity, and democratic history and processes can all affect an upgrading approach. Projects or programs should take these aspects into account. One trend across countries, however, is an increased role for local government in infrastructure development and service delivery facilitated by the widespread adoption of decentralization policies by African governments. Decentralization provides an opportunity for building local capacity to address local issues; as such projects should actively strive to designate local government units as public works contractors in upgrading interventions.

3. **The relative superiority of multi- versus single-sectoral approaches is not easy determined; but a continuum of recommendable upgrading approaches can be identified.**

Both types of approaches have relative strengths and weaknesses. Large-scale integrative, multi-sectoral projects have produced positive results that have lasted over time – but they remain problematic to fashion and implement. In a recent review of the Bank’s urban portfolio, OED analysts concluded that *demanding* projects (defined as those which make “unreasonable demands upon local resources – human, financial, political – and raise unreasonable expectations about what borrow agencies can achieve in the short term”) are more likely to result in poor performance (Operations Evaluation Department 2002: 21). While single sector projects are easier to implement and monitor, the utility of single-sector approaches for over-arching goals of improving quality of life and ameliorating poverty is also not clear. What sort of multipliers – in terms of housing improvement, income generation, and financial flows – result from simple infrastructure investment? There is some evidence that the opening up of roads does result in the start up of new small businesses (Kigochie, 2001). Are there also impacts from improved stormwater drainage that prevents seasonal flooding? Analysis of these differential impacts appears not to have been done.

The key project design issue for upgrading, thus, appears to be determining how much is too much. A simple rule of thumb is to think about upgrading interventions on a continuum. What type of upgrading project can be done will largely depend upon community desires and resources, technical expertise, difficulties of coordination, and timelines for completion. A basic upgrading project should address accessibility (namely providing pathways and/or roads), safety (streetlighting) and health (stormwater drainage). A medium complexity project can expand its interventions to coordinate with social service providers to address health and/or community services. The most complex or sophisticated intervention will address water provision (which can entail addressing water production and the municipal reticulation network.) In all of these approaches, community prioritization of and financial contributions toward infrastructure investment remains crucial.

4. **Communities are diverse entities – project processes for community mobilization and decision-making must accommodate diversity.**

Experience in Africa has shown that informal settlements are by no means uniform, nor do they necessarily contain cohesive, unified groups of people. Given diversity in settlement populations, projects should take care to accommodate all groups within society. While not
assured, more inclusive community participation could be effected by using diverse methods for
gauging opinions (e.g., not just group meetings), requiring balanced representation on leadership
councils, and making specific analyses to determine how different actions will affect different

groups.\textsuperscript{xviii}

3.4 Socio-Economic Considerations

As informal settlements encompass diverse communities, it is not surprising that project planners
must grapple with significant socio-economic factors in the course of informal settlement
upgrading. Key socio-economic aspects of upgrading include: (1) targeting upgrading
interventions and achieving the objective of affordability; (2) facilitating housing improvement,
specifically through self-help construction; (3) alleviating poverty and generating higher incomes
for settlement residents; (4) designing gender-sensitive approaches to upgrading; and (5)
managing the resettlement of residents. This section deals with these five subjects in turn.

3.4.1 Targeting and Affordability

Targeting and affordability are two inter-related issues of fundamental importance to upgrading.
Targeting has two dimensions: (1) \textit{Who} are the intended beneficiaries of a project? and (2)
\textit{Where}, that is in which physical location, will infrastructure investment be made? Affordability
is concerned with the relationship between the investments made and the income levels of
identified beneficiaries. As upgrading projects are intended to benefit low-income urban
dwellers, keeping the cost of project interventions low is a common objective. If services and
shelter inputs are priced so that the urban poor can use their own resources to pay for them, both
services and shelter should be sustainable over time.

\textbf{Implementation Experience:} The earliest projects tended to deal with targeting and affordability
simultaneously. Ambitious multi-sectoral projects tended to target all or at least the vast
majority of slum settlements in a city. Questions such as whether the settlement was the best
poised to benefit from upgrading or whether the settlement actually housed urban dwellers in the
target income range were not central to pre-project analyses. It was assumed that poor people
lived in poor settlements – and indeed most project beneficiaries indicated very low incomes. It
was also assumed that rich people would not be interested in buying in or owning property in
such areas. The detailed design of early projects, such as the First and Second Urban Projects,
thus tended to be strongly oriented toward achieving affordability. The World Bank’s Zambia
First Urban upgrading component in George provides a good example of the steps taken to
ensure affordability and target people in the lowest income rungs (Keare and Parris, 1982). In
the case of George, the project provided access to building materials at procurement cost, while
parcels of land were differentiated according to services so that the low cost “basic plots” could
be afforded by the least able (Sanyal, 1987).

The success of early upgrading projects in terms of targeting and affordability has a debated
track record. Early analyses indicated that early World Bank urban projects were by and large
affordable to those targeted: according to Keare and Parris (1982) the Zambia upgrading project
in George performed well in reaching the lowest income groups as the project was calculated as
affordable to the lowest 20% of the urban population who made up 60% of the settlement’s population. In his assessment of the Dandora sites and services project in Nairobi, McInnes (1995) details through the case study of Leah just how a very poor, but motivated woman with informal sector employment could manage to build a house. Leah, he notes, is “living proof that the World Bank could reach down to a minimum income clientele and still reclaim full payment” (McInnes, 1995: 13).

Later reports question such analyses of targeting and affordability. Solo (1991) writes that when actual investment in housing outstripped planners’ projections in the early World Bank sites and service schemes, doubts were raised about the targeting process, including the question of whether rich people slipped into the beneficiary rolls for a project aimed at the lowest income groups (Solo, 1991). This was the case in Dandora Phase II where the allocation process in that phase allowed many affluent, politically connected individuals to gain access to land, even though there were many urban poor on the official waiting list (McInnes, 1995). Others have argued that affordable access to land and housing was ephemeral and has not been maintained over time. In Zimbabwe’s World Bank funded sites and services scheme in Harare, Rakodi (1991) acknowledges that plots were indeed allocated on a low cost basis to households in the target income groups. But as private sales occurred in the settlement of Kuwadzana new higher income individuals entered the settlement. By 1991 (9 years after the initial land allocation), she reports that household incomes on “ceded plots” were on average twice that of original allotees (Rakodi, 1995d). Difficulties in targeting and maintaining ownership by the urban poor, however, are not limited to World Bank projects. In Kisumu, Kenya, Macoloo (1988) notes that while housing provided under a USAID sites and services scheme was intended to be available for residents earning under Ksh. 1200 ($75 at the time), the majority of residents there actually earn above that amount. He writes that the original residents of the settlement appear to have left and the settlement was composed of tenants paying rents to absentee landlords.

Targeting is not easy. Projects usually set up income and residency criteria; they also have attempted to ensure greater equity by eliminating overtly discriminatory criteria such as formal sector employment or marital status and by placing caps on the number of parcels of land a household can be awarded in projects that attempt land regularization. But these criteria can be circumvented and are often difficult to actually implement. Another problem associated with targeting is when the target group only meets part of the criteria. Renters tend to be the lowest income groups in settlements and thus appropriate to income-based targeting, but they do not own the houses or have claim to the land upon which they live. They may also be a relatively transient group with little interest in ownership or settlement improvement. Targeting the lowest income group might entail expropriating property from more wealthy groups; it may award rights to individuals with the keenest interest in selling. A third problem with targeting has been disagreement between the donor and the government as to who project beneficiaries should be. According to Solo (1991: 52), targeting in the Senegalese First Urban project “went through various metamorphoses and was seen, in the final analysis, as frankly aimed at a wide range of income levels.” Whether this is bad depends upon your view of whether targeting is defensible.

More recently, the approach to targeting has changed. Demand-driven projects tend to select general geographic areas for intervention such as a city; actual investment and neighborhood-
level activity depends upon community response. In PAQSE, the settlement upgrading sub-component of the World Bank’s PACOM, settlements targeted for upgrading must be officially classified as “precarious” by the Government of the Ivory Coast (Gulyani, Farvacque-Vitkovic et al., 2002c). Precarious settlements are defined as neighborhoods that are under-equipped in terms of infrastructure, but physically built in a manner conducive to upgrading. They are also located in municipality of more than 25,000 inhabitants and have high population densities. Beneficiaries must contribute financially toward infrastructure investment, but because the project does not deal with ownership of either land or housing, screening beneficiaries according to strict income criteria for this type of participation is not necessary. Likewise, in the World Bank’s Third Urban project in Burkina Faso, communities compete against each other in order to be selected as a target. The project operates according to the principle “the first to pay its contribution is the first to be served.” With this approach, PACVU has implemented 105 micro-projects and has reached 26% of the population of Ouagadougou and Bobo-Dioulasso (Gulyani, Farvacque-Vitkovic et al., 2002a).

This geographic approach to targeting has advantages and disadvantages. One potential disadvantage is equity: projects may only be helping the relatively better off. Settlements that can mobilize money can be helped; the very poor neighborhoods that fail are not assisted. A second disadvantage could be poor prioritization of assistance. A second category for informal settlements in Senegal, for instance, is that of “slum or spontaneous neighborhoods.” These neighborhoods are not slated for upgrading as they have “urban development hindrances” such as contradictions with the master plan for the city or because they are located on environmentally fragile land (Gulyani, Farvacque-Vitkovic et al., 2002g). One could argue that settlements falling in the latter group should actually be the first addressed as they endanger the lives of their residents and the environmental quality of the city as a whole.

A crucial advantage of such targeting is simplicity. Selection of sites is primarily geographic; as the criteria for consideration are nationally set presumably political lobbying for site selection is minimized. Such selection is also more efficient and cost effective. Projects don’t waste time or devote resources to screening beneficiaries according to income standards, which is arguably sensible since estimating incomes in the developing world is so problematic. A final advantage of this approach is increased ownership and motivation on the part of project beneficiaries for the project itself as illustrated by their mobilization of matching money and labor.

3.4.2 Housing Improvement and Self-Help Construction

Most early upgrading projects in sub-Saharan Africa were premised on the idea that African squatters, like their Latin American counterparts depicted in the work of John F.C. Turner, would be self-builders. In the classic Turnerian informal settlement, newly arrived city dwellers are characterized as motivated, scrappy self-builders who just need tenure security and a few inputs to develop housing appropriate for their income level and needs. To facilitate self-building, sites and service schemes and upgrading projects emphasized the importance of removing stringent governmentally-imposed deadlines for housing construction to allow for incremental improvement of housing (World Bank 1974; Keare and Parris 1982; Gakenheimer and Brando 1987; Syagga 1993). Early projects also often provided loans for building materials or established materials stores. Additionally, they provided basic floor plans, and organized
building cooperatives (Bamberger, Sanyal et al., 1982; Keare and Parris, 1982; Chana, 1984; Solo, 1991). It was anticipated that with these support mechanisms, self-help housing would prove cheaper – and thus more affordable – than contractor built housing (Rakodi, 1991).xx

Implementation Experience: Actual construction processes in Africa deviated from the Latin American norm almost from the beginning. While some residents did build their own homes, most recipients hired local contractors to build for them (Sanyal, 1996). A number of reasons are offered to explain why urban Africans are not self-builders. One factor is that squatter families had less excess labor than was thought; they often returned from day jobs to monitor progress made by contractors during the day (Rakodi, 1990). Others indicate that the decision to hire is simply rational economic behavior: building is a skill. Squatters in Africa do not have the acquired experience of several generations of building to urban standards as was the case in Latin America. After weighing the time needed to learn how to build against the cost of hiring a professional, contractors are hired (Tipple, 1994). Female-headed households appear to be the most reliant upon building contractors (Nimpuno-Parente, 1987). Women who have historically been the house builders in rural areas did not play the same role in urban areas due to the different standard of buildings desired and the difficulty of assembling materials.

In African upgrading construction processes also took longer than anticipated by project designers. Building consolidation in Dandora was expected to take 18 months; this deadline was met by only 57% of recipients of the cheapest plots. It took an additional year before 90% of the plots were under construction (Lee-Smith and Memon, 1988). Reasons for slow construction include the lack of self-building experience and delays associated with land allocation. In other projects, the escalation of the price of housing materials in the midst of implementation is also cited as reason for slow housing consolidation (Solo, 1991). A final reason relates to housing finance. In Kenya’s Second Urban Project in Mombasa, Macoloo (1994) determined that residents heavily tapped sources of informal capital for housing finance. Loans or gifts from friends and family were availed for getting a foothold (e.g., getting the land and some initial construction). Additional assistance for full housing development, however, was not availed; the plot recipient was expected to accrue additional finance on his/her own. The ensuing struggle to mobilize additional capital slowed down progress in finishing housing construction.

3.4.3 Income Generation

Upgrading projects have also sought to generate additional income for the urban poor. As explained by Keare and Parris (1982), in the first generation projects income effects were anticipated to occur in three ways:

(1) through use of hired labor during construction; (2) via induced effects; and (3) through specific, project-designed employment and business components.

Judging from their assessment of four First Urban Projects, the most tangible income impacts from settlement improvement projects were caused by the hiring of labor for construction. For the Zambia First Urban, they estimate that “667 person-years of labor and over $1 million of wage employment” were generated (Keare and Parris 1982: 37).xxi
More recent analyses of economic activity in informal settlements have attributed income gains to the effects of upgrading projects (e.g., Datta 1995; Kigochie 2001). Upgrading projects have been shown to have a positive impact on incomes by supporting the development of additional rooms for rental purposes. Small-scale rental housing has proved to be a crucial income stream for housing consolidation, loan repayment and general survival (Datta, 1995; Rakodi, 1995a; Datta, 1996; Kumar, 1996). Rental income appears to be particularly significant for female-headed households (Datta, 1995; Datta, 1996).

Studies conducted in India, the Philippines, and Brazil have shown that slum upgrading programs have a positive impact upon income by facilitating the establishment or expansion of home-based enterprises (HBEs) (e.g., Leyenes 1990; Mehta and Mehta 1990; Treiger and Faerstein 1990). Homes are used for a wide variety of economic activities, including retail stores, restaurants, small workshops, and beauty salons (Kigochie, 2001). Settlement upgrading supports HBEs in a variety of ways. Improved services such better roads make the HBE more accessible to a larger clientele; streetlighting provides safety and allows enterprises to operate after dark. The availability of piped water enables water-dependent enterprises such as beauty salons and restaurants to function with enhanced safety and lowered costs. Tenure security can encourage business investment since entrepreneurs no longer need to fear demolition of their premises or confiscation of their stock. This positive relationship between settlement improvement and HBEs are echoed in a recent study on the impacts of settlement upgrading in Nairobi, Kenya. Based on evidence from Mathare 4A, Kigochie (2001) argues that upgrading has positively influenced home enterprise start-ups as well as assisting pre-existing small businesses (Kigochie, 2001).

Income from HBEs, like income from rental rooms, has been shown to be very important income stream for urban residents (e.g., Raj and Mitra 1990; Gough and Kellet 2001; Sinai 2001). In the case of Dakshinpuri, New Delhi, HBE income accounted for 30.2% of total income for those operating retail establishments and 36% for those running services (Raj and Mitra, 1990). Home-generated income is critical for household survival, particularly for women. In a study of Kumasi, Ghana, Sinai (1998) showed that female headed households and larger households characterized by older, less educated household heads were more likely than others to use their home for income generation.

3.4.4 Gender Considerations

Informal settlements are not homogeneous entities. They are highly differentiated places – characterized by people of different ages, ethnicities, income levels, housing status, and educational attainment. One key aspect of difference is, of course, gender.

In the early writing on squatter settlements, gender differentiation did not feature. While Turner persuasively argued that individuals and households had different felt needs that would produce different housing outcomes, the settlement itself was presented as a relatively uniform entity comprised of “poor people”. These poor people lived in traditional, dual adult households, made up of a husband and wife of whom one (usually the man) was a wage earner, while the other participated in the informal economy. This characterization no longer holds true (e.g., Beall 1996; Vaa 1996; Hassan 1999). Dual adult households have fragmented due to economic
necessity with one member migrating to an urban area for income opportunities; economic hard times have also resulted in more unrelated people living together, as seen in the rise of house or plot sharing (Datta, 1996; Miraftab, 1997). There is increased divergence from the traditional model due to changes in mores, including an increased acceptance of single motherhood. Non-traditional households are also occurring due to the impact of the AIDS epidemic and increasing numbers of AIDS orphans. The most significant change may be the growth of female headed-households, a change that has been witnessed both in rural and urban areas.

The literature on gender and shelter emphasizes that women and men have different housing needs and expectations. Men find adequate shelter important – but their shelter needs are often characterized as more traditional. A house is a physical refuge; it is a major investment that builds equity and familial wealth over time. In contrast, shelter is much more than protection from the elements or a long-term investment for women: shelter plays is crucial for women’s social and economic well-being (e.g., Moser, 1987; Moser, 1993; Muller 1990; Larsson 1992; Tranberg-Hansen 1996; Vaa 1996).

Implementation Experience: African upgrading projects have done little to explicitly take gender into consideration.\textsuperscript{xxiv} Projects appear to have subsumed gender considerations into the rubric of participation. Through participatory processes, planners expected that different perspectives on settlement upgrading and needs for shelter would emerge, but this has been shown not to necessarily be the case (Beall, 1996; Tadele, 1996; Schlyter, 1998). Structural approaches have also been tried. Commonly, projects have demanded that a certain number of seats are reserved for women on residents committees; they have also attempted to hire female staff particularly for community mobilization in order to obtain women’s opinions and motivate women to participate (Schlyter 1998; Bassett, 2001). The Sigida Kura Program in Mali has supported NGOs as a method of helping the most disadvantaged sector of the population (Gulyani, Farvacque-Vitkovic et al., 2002e).

The lack of more explicit attention to gender issues in recent projects is perplexing as there is a long-standing critique of the gender failings of shelter schemes. The sites and service schemes and upgrading projects of the First and Second Urban era, for instance, were identified as not adequately addressing the needs of women in regards to shelter and urban services (Moser, 1987). Projects unwittingly erected a number of obstacles that prevented women from obtaining full benefits from these programs. Among these obstacles were (1) insufficient consideration of women’s disadvantaged access to finance, (2) bias against those not in formal employment, which disproportionately affected women; (3) bias against single women as potential project beneficiaries, (4) insufficient consideration alternatives to self building; and (5) a lack of participatory procedures for ensuring that women had a voice in decision-making and project design (Nimpuno-Parente, 1987; Schlyter, 1998).\textsuperscript{xxv}

### 3.4.5 Relocation and Resettlement

A final issue is the need to relocate or resettle settlement residents. Relocation is intra-settlement in nature, basically shifting residents to new locations within their original neighborhood. Relocation is commonly caused by installation of infrastructure, such as opening up new roads or installing water pipes or sewerage. As expected, the degree of relocation within a settlement is
linked to standards and has implications for project costs. Higher standards for parcel sizes, road reserves and infrastructure will cause more dislocation.

Resettlement can be thought of as extra-settlement in nature: squatters are moved to a completely new place. In resettlement, projects must do more than move people; they must provide physical infrastructure as well as economic opportunities and social services. The First Urban Projects, particularly the sites and services schemes, often contained a resettlement component aimed at removing squatters from poor, sub-standard conditions and helping them develop higher quality housing in serviced greenfield sites. In this way, sites and services initially were linked with lingering governmental desire for slum clearance, a supporting factor in the early acceptability of such strategies (e.g., Senegal 1982). With the rise of *in-situ* upgrading and increased recognition of the locational advantages of many informal settlements, resettlement is far less common. Upgrading projects do occasionally resettle squatters to entirely new sites, but usually only when the physical location of the settlement is deemed too precarious or environmentally sensitive for human settlement.

**Implementation Experience:** Resettlement has not proved easy. Resettlement can entail acquiring additional land and this slows project implementation down. The World Bank’s experience in acquiring more land for settlers of the informal settlement of George in Lusaka, Zambia is indicative. The project aimed to acquire vacant land just adjacent to George, but ran into trouble ascertaining who had legitimate rights to the land to begin with. Rather than take two weeks to process, acquiring land for resettlement took three years and was marred by violent resistance from those who claimed the right to farm the land (Bamberger, Sanyal et al., 1982). Resettlement can require compensation. In Nylon, a target settlement of Cameroon’s First Urban project, 30% of the total beneficiaries of the project or some 3,700 households were displaced from their homes. These households were never resettled and never received any compensation for the value of their demolished houses (Gulyani, Farvacque-Vitkovic et al., 2002b). More recently in the Samé Quarter Save Our Neighborhood project in Bamako, Mali resettlement areas were established for displaced residents. These areas did not function as expected: some of the land was assigned to other uses despite project claims; other areas were invaded by outsiders. The land that was settled by project beneficiaries proceeded in an anarchic way and this in turn made physical development difficult (Gulyani, Farvacque-Vitkovic et al., 2002e). A final experience is that resettlement is difficult because it disrupts established social networks. Informal settlements are diverse places, but people often tend to settle with those they know, such as people from their own ethnic groups. Moving diverse groups and settling them next to each other can lead to social conflict.

Relocation has a better track record, possibly because relocation efforts are often smaller in scale. In the Medina Fass M’Bao project in Senegal, which ran from 1993 to 1998, resettlement affected approximately 7% of households and they were all accommodated within the same neighborhood (Gulyani, Farvacque-Vitkovic et al., 2002g). In the Tanzania-Bondeni project in Voi, Kenya, approximately 50% of the settlements 760 households were required to move their houses to accommodate infrastructure (GTZ Small Towns Development Project, 1995). All were able to relocate within the settlement. In both cases, project managers prepared detailed action plans that designated priorities for relocation and processes for moving households and
these plans were discussed and agreed upon with community members (Mshila, 1994; Gulyani, Farvacque-Vitkovic et al., 2002g).

3.4.6 Socio-Economic Considerations: Lessons Learned

1. **Upgrading projects remain vulnerable to infiltration by upper income groups.**

   Although upgrading projects are intended for the urban poor, projects across time have been vulnerable to infiltration by higher income groups. This is hardly surprising given the low level of urban services in most neighborhoods in African cities and the fact that upgrading can create some of the most desirable real estate in these cities. Until there is widespread availability of urban services of adequate quality throughout these cities, upgrading will remain vulnerable to gentrification. To prevent this, a programmatic approach to service provision and land access is needed. Such an approach should make land and services available to a spectrum of urban dwellers, including the land and service hungry middle class.

2. **As targeting low-income beneficiaries through income measures remains problematic, geographically-based targeting appears an expedient and defensible method.**

   A second lesson learned is that trying to identify and isolate beneficiaries according to strict income criteria is untenable. Africans earn income from a wide variety of sources; given the paucity of formal sector employment and good income data it is relatively easy for a would-be beneficiary to hide income from project planners. The current approach of selecting settlements for upgrading according to the physical state of the settlement, while not optimal, is sensible. Project managers of demand driven projects, however, need to be cognizant that this approach does potentially bias their work toward relatively better off settlements.
3. **Self-help construction for housing development is not appropriate for the African setting, but staged construction using local artisans should be supported.**

An evident finding from upgrading in African cities is that urban Africans are not self-builders. Settlement residents do improve their housing incrementally, but they do so by hiring local workmen. Since this is the case, it makes sense for projects to take steps to ensure that such building processes are smooth and provide the type of ultimate product desirable to and affordable by project beneficiaries.

Three areas associated with contracting for building that can be addressed in the project setting are: (1) assisting with access to housing finance for the consolidation of housing stock, (2) facilitating quality and affordability in housing development and (3) ensuring an amenable regulatory environment for staged construction. In relation to finance, upgrading initiatives need to facilitate access to financial resources for housing development. Increasingly projects are working closely with micro-finance providers who are now cognizant of the importance of physical capital (particularly the home) in micro-enterprise development. Finance could also be extended to small artisans to help them capitalize their operations. To address quality and affordability of housing, projects have also increasingly worked to enhance the business and technical skills of local artisans and contractors through training. Finally, although difficult to do, upgrading projects and programs continue to support the reworking of regulatory regimes around housing development – particularly amending standards for infrastructure – in an attempt to ensure a supply of appropriately serviced, affordable shelter for the urban poor. Likewise, governmental requirements that parcels of land be developed to a set standard within a limited time period also should be relaxed in order to facilitate incremental development of housing stock.

4. **Rental housing development is consonant with upgrading objectives and should continue to be supported.**

As rental housing is an important income stream for the urban poor, the development of additional rental rooms on upgraded properties should continue to be a supported component of any upgrading project. As a number of analysts have noted, with the commodification of land across the developing world and the consequently more limited opportunities for squatting, rental accommodation is actually of increasing importance to urban immigrants and very low-income individuals (Gilbert, 1993; Miraftab, 1997; Watson and McCarthy, 1997; Tipple and Korboe, 1998). Supporting the development of small scale rental housing through upgrading appears a win-win situation: an expanded supply of rental housing stock could potentially lead to lower rents, while increased income to petty landlords/settlement residents could potentially result in further housing investment and consolidation.

5. **Home-based enterprises help achieve important upgrading objectives; projects should therefore provide institutional support to home-based enterprises.**

A second similar lesson learned is that there is a reciprocal relationship between upgrading and HBEs. Upgrading can spawn new HBEs; upgrading can facilitate the expansion of existing HBEs. In turn, HBEs can be a critical factor in income expansion and the improvement of
housing. HBEs, moreover, may also contribute to neighborhood stability by countering the impulse to sell. In his study of Kumasi, Sinai (2001) had noted that households with HBEs appear to be three times less likely to move than other households. Two main reasons are given for this: (1) moving disrupts work environments and (2) most HBEs tend to be location specific and serve a particular clientele. Entrepreneurs are reluctant to move for fear of losing their client-base and facing the time-consuming task of building a new clientele.

Upgrading projects should seek to assist the expansion of HBEs in target settlements. One way that this can be done is for project designers to analyze HBEs in project areas, identify obstacles to HBE growth, and support their expansion by promoting appropriate regulatory regimes. Projects should also analyze their physical planning to accommodate the spatial needs of HBEs. This may entail going against conventional wisdom by providing larger plots sizes or improving interior roads to higher standard. Additionally projects can attempt to expand access to finance by HBEs by cultivating linkages with organizations specializing in micro-credit.

6. Gender concerns continue to be inadequately addressed in settlement improvement projects; a few concrete steps can effectively integrate gender into upgrading.

Few advances have been made in incorporating gender into the planning and implementation of upgrading projects. While the practical difficulties of integrating gender into development in general are acknowledged, it does seem that in the shelter area specific tangible steps can be taken to improve project performance.

Specifically, women have a number of acknowledged needs in shelter that set them apart from men. Women have been shown to have specific design needs and preferences. They need housing designs and compound layouts that can accommodate home-based enterprises, facilitate childcare, and ensure safety (Miraftab, 1997). Women also reportedly have strong locational preferences, such desiring housing near central locations so that they can carry out informal sector hawking while keeping their eyes on their families. Likewise, rental housing is has been shown to be significant to women in two ways. First, based on information from Botswana, women appear to be increasingly prominent participants in the petty commodity rental market. The income they raise from letting is central to their survival; the low-cost rooms they let are central to the lives of their tenants (Datta, 1995). Despite their importance as housing suppliers, women remain a disadvantaged group with limited opportunities to access to housing finance. Secondly, a number of studies have acknowledged the potential significance of rental tenure for women (Watson and McCarthy, 1997). Not all women are in the position to own homes. As renters they need low-cost accommodation (as they are likely to have the lowest incomes); they are also concerned with issues of personal safety, social acceptance, and childcare (Miraftab, 1997; Watson and McCarthy, 1997).

There are a number of tangible steps projects can take to better address gender. First, projects need to assess their participatory approaches and how effective they actually are in obtaining diverse opinions and needs. Opportunities for participation do not necessarily yield meaningful participation. A simple survey of housing users to identify their needs and preferences might be conducted at the beginning of any upgrading initiative. To support this effort, projects should strive to have gender-balanced staff, particularly in the area of community outreach and
mobilization, to ensure that all groups are sensitized to project activities and obligations and to facilitate more open communication. Second, projects should look closely at the housing finance to see if alternative methods for availing money for the construction of rental accommodation can be identified. Alliances with micro-finance providers might be a viable option. Finally, projects need to analyze physical development plans and the distribution of plots and infrastructure to see if there are differential impacts. Are plots of a sufficient size that rental accommodation or home-based enterprises can be built? Are plots such that preferred housing styles that accommodate letting and ensure safety can be developed, such as the compound-style houses of Ghana or the Swahili style houses of East Africa (Macoloo, 1994; Tipple and Korboe, 1998)? Are newly created plots, particularly those along main roads, fairly distributed to female and male entrepreneurs alike? Such questions could be asked to keep gender in the forefront.

7. Resettlement or relocation is extremely difficult; upgrading projects should eschew resettlement if possible.

It is now conventional wisdom that displacement of residents should be avoided whenever possible. Relocation can lead to project delays; it can lead to social conflicts and escalating costs. One way of avoiding relocation is through the planning process. Physical and infrastructure development plans should seek to minimize plots sizes (so as to accommodate more people) and install appropriate infrastructure that requires a minimum of dislocation, such as narrower roads and access lanes. (There is evident tension between this perspective on optimal plot size and the preceding discussion on the needs of home-based enterprises.) Lower standards are more acceptable to recipient groups if they understand the rationale for the standards and adopt them willingly. Physical and infrastructure planning and decision-making, therefore, should be as participatory as possible.

If resettlement is unavoidable, project managers should strive to make this transition as painless as possible for the affected residents. Identifying who must move should be done through transparent public processes. If viable, households should volunteer to move. If financially viable, compensation should be partially paid prior to demolition and relocation. Finally, displaced residents should be given an opportunity to select their new location and/or neighbors as this can help undercut potential social conflict.

4. Conclusion

Upgrading in Sub-Saharan Africa, while a challenging process, remains an important and justifiable activity for national and local governments, as well as for their partners in the donor and NGO community. Upgrading produces real benefits for the poor, most evidently in the form of better services and improved living conditions. Upgrading also has positive societal impacts, such as expanding economic/income opportunities, supporting political stability, and enhancing the health and productivity of urban residents.

4.1 Going to Scale: The Issues

The key issue for fully realizing the benefits of upgrading remains that of scale. Upgrading at the project level is an inadequate strategy for enhancing access to urban services and improving
living conditions. Upgrading must “go to scale.” That is, for real efficacy the benefits of upgrading must be expanded to reach a critical mass of urban residents and neighborhoods (Gulyani and Conners, 2002). A key question thus is “how can upgrading go to scale?”

Many of the upgrading projects reviewed for this paper have been concerned with formulating upgrading approaches or models that might be used on a wider-scale. The Sites and Services approach was distilled into a proto-type and widely disseminated through a World Bank publication (World Bank, 1974). The upgrading approaches and experiences of subsequent urban projects were likewise disseminated for replication and learning by the World Bank, UN-Habitat and other agencies through reports, official publications, and manuals (e.g., Cooper 1982; Yahya 1982; Cohen 1983). Contemporary projects, similarly, are striving to create templates for upgrading that could be adopted or adapted by others. The “Dalifort Method” of GTZ in Senegal provides a case in point (Gulyani, Farvacque-Vitkovic et al., 2002g).

Despite these efforts at promoting the replication and spread of upgrading, no easily identifiable trigger for going to scale with upgrading can be gleaned from past experience. Rather, what we have learned is that to go to scale, several obstacles must be overcome. One obstacle is the generally prohibitive cost of widespread upgrading and the lack of sustainable financing mechanisms to meet those costs. A second stumbling block is technical capacity for upgrading. Upgrading is an admittedly complex task, involving community organizers, planners, engineers, and financial managers to name a few. Staff resources in the developing world are scarce; even with concerted capacity building assistance there is a shortage of the technical expertise needed for implementation. Political will to devote resources to upgrading is a third obstacle to going to scale. Some national governments still perceive informal settlements and their residents negatively, often as an unwanted criminal element or (more recently) as supporters of the political opposition. A final stumbling block to going to scale is the continued growth of settlements themselves. Political support for upgrading is often not forthcoming because the problem seems intractable and continued growth of settlements inevitable. Going to scale with upgrading thus also requires effective proactive planning and service delivery that will prevent the further spread of squatter settlements.

4.2 Designing Better Upgrading Initiatives: Key Questions to Consider

A final objective of this paper is to distill thirty years of upgrading activity into a few “dos and don’ts” for program managers, project designers and policy makers. To do so, we have formulated four discrete questions. These are: (1) What are the key components of upgrading? (2) Should upgrading be a project-based or programmatic initiative? (3) How should upgrading be financed? and (4) What are the best organizational/institutional arrangements for upgrading implementation?

4.2.1 What are the Key Components of Upgrading?

*What should be included in an upgrading initiative?*

Upgrading projects have ranged from very complex, multi-sectoral initiatives to simple single-intervention projects. The prevailing consensus is that the more successful upgrading projects in
sub-Saharan Africa are simpler projects. Such projects focus on the provision of basic urban infrastructure, such as water and drainage. Infrastructure prioritization and development is done in a manner that it is integrated into the citywide infrastructure network. In other words, roads and drainage systems should be an integral component of a city’s overall infrastructure development plan; revenue flows from infrastructure should also flow to existing entities – local government, utilities or community-based organizations, who have responsibility for maintaining that infrastructure. Capacity building should also be a major emphasis in upgrading programs. In particular, emphasis should be given to developing skills within local governments for planning and implementing upgrading, as well as operating and maintaining network infrastructure. Community groups are also appropriate targets for capacity building, particularly in key technical skills needed for the maintenance of infrastructure.

Land regularization and tenure security, while often addressed in upgrading projects, complicates upgrading projects significantly. Based on the evidence of this paper, legalization of land ownership does not appear a key component for successful upgrading, as infrastructure development confers *de facto* tenure security that is generally sufficient for settlement improvement. If formal land regularization and titling is deemed a crucial element of the upgrading initiative (and this may be the case particularly in demand-driven projects), the formalization of tenure should be separated from the schedule for infrastructure investment to avoid delays.

A basic typology of upgrading approaches, appropriate investments and roles for various actors in implementation is contained in Table 1, on page 46.

**4.2.2 Should Upgrading be a Project-based or Programmatic Initiative?**

*Should an upgrading program be a one-time injection of resources into a single or a group of neighborhoods? Or should it be part of a citywide program?*

The general consensus emerging from upgrading practice and analysis of past experience is that upgrading should be a long-term programmatic initiative that systematically addresses settlements across the entire city. Short-term, one-off projects in selected neighborhoods have assisted settlement dwellers in those places, but they have done little to address the needs of the urban populace as a whole. Programmatic approaches are justifiable on grounds additional to equity. Programmatic development of urban infrastructure and services can be more efficient and cost effective as economies of scale can be achieved. Likewise, a programmatic approach to upgrading can promote neighborhood stability as widespread delivery of services will serve to undercut the incentive for land sales that has affected isolated individual projects.

While the best example of a programmatic initiative in upgrading remains the Kampung Improvement Program in Indonesia, there are few places in Africa where this long-term approach is being attempted. The activities of Windhoek City Council in establishing reception areas for in-migrants represents an early attempt to address informal settlement development programatically (Gulyani, Farvacque-Vitkovic et al., 2002f). Finally, the government of Senegal is programatically providing citywide infrastructure improvements and mobilizing financial resources for the upgrading of infrastructure and services through municipal contracts.
and the *addressage* approach formulated with the assistance of the World Bank (Farvacque and Godin, 1998; World Bank, 2000).

### 4.2.3 How to Finance Upgrading Initiatives?

*Who should pay for upgrading? Should financial responsibility for upgrading be borne by central or local government or both? What role should community members play in paying for upgrading? What mechanisms should be used for mobilizing resources for upgrading?*

For upgrading to become a sustainable, programmatic initiative, sufficient and reliable financial resources must be available. Determining just what is sufficient, of course, depends upon what components make up the upgrading approach. As is illustrated in the upgrading projects profiled in the County Assessment reports, costs for upgrading can vary greatly. The cost for upgrading in various projects implemented in Ghana, for instance, has ranged from 55,400 per hectare in the World Bank’s Urban II project to 26,500 per hectare in its more recent Urban Environmental Sanitation Project (Gulyani and Conners, 2002).

Variations in cost can be caused by both internal and external factors. Internal project factors include the infrastructure standards used, the level of technical assistance availed, and the geographic scale at which upgrading is taking place. These costs can be estimated and controlled for through proper detailed planning. External macro-economic factors can also influence the cost of upgrading, as was seen in the impact of currency devaluation in West Africa in the 1990s. External factors are admittedly less easily controlled.

Optimally sustainable financing for upgrading should come from three different revenue sources: central government grants (including donor contributions) to local government, local government budgetary allocations, and contributions from users/beneficiaries. Central government grants are necessary as upgrading activities require a level of subsidy in order to be implemented. Central government support for this action is justifiable as the benefits of upgrading (e.g., better health and productivity for urban residents; greater stability in urban neighborhoods) serve the economic and political interest of the nation as a whole.

Local government revenue for upgrading is also critical to scaling up. Fundamentally, local governments have an obligation to improve the livability of their community; extending services, ensuring tenure security, and enabling residents to improve their own physical circumstances help fulfill that obligation. Successful upgrading can also benefit the institution itself, as seen in the higher property tax bases, enhanced revenue flows from user fees, and expanding economic activity associated with settlement improvements. For upgrading to be treated programatically, upgrading activities should be “on-budget”, that is integrated into the annual budgetary cycle of local government. Allocations to upgrading from local government’s own revenue sources – such as property taxes, business fees and licenses or user fees – is a crucial step toward recognizing upgrading as part of the normal business of local government, not just an action to be attempted with donor support.

Finally, contributions from users or project beneficiaries remain an important revenue stream for upgrading that should be a routine part of any upgrading approach. While community
contributions will probably never yield complete cost recovery (and there are compelling equity reasons why they should not), contributions do illustrate commitment toward the goals of the project and provide a good proxy for community interest in actually improving living conditions. Requiring up-front contributions appears the best method for ensuring revenue flows from community members.

4.2.4 What is the Best Method for Implementing Upgrading?

What are the best arrangements for implementation? Who should implement upgrading? What are the respective roles for central government, local authorities, utilities or service providers, non-governmental organizations, community-based organizations and donors?

Finally, an important consideration is how to implement upgrading so that it can be a programmatic initiative. Institutional arrangements for upgrading vary widely – reflecting the social, political and economic context in which upgrading takes place. Contemporary upgrading projects can be categorized into four general models, which are described in the box on the next page. These models are differentiated according to who takes lead responsibility for upgrading; the scale at which upgrading initiatives operate; and the degree to which funds for upgrading are earmarked for specific interventions or allow for flexibility so that projects can respond, for instance, to specific community priorities.

Despite this plurality of approaches, there are general principles for determining responsibilities in upgrading that project designers must keep in mind. First, central governments must provide an enabling policy and financial framework. Successful upgrading necessitates governmental policies that recognize the right of informal settlements to exist and cease demolition actions. Appropriate decentralization / local government reform policies are also crucial. Local government units, in particular, need access to adequate financial resources. This may necessitate expanding local government powers (allowing for local income taxation for instance) or reworking intergovernmental institutions for revenue generation and sharing, which in Sub-Saharan Africa have tended to favor central government coffers.

A second principle is that local government units are the key actors for the implementation of upgrading since they have primary responsibility for service delivery within their boundaries. As discussed above, local governments must actively identify financial resources for upgrading and budget for upgrading activities as part of recurrent and capital expenditures.

Thirdly, planning and implementation of infrastructure and improved services must be collaborative and include utilities and service providers. For successful programmatic upgrading, the infrastructure developed should be handed over to utility companies and service providers for service delivery and maintenance. Ensuring adequate long-term financial, human and technical resources to do so should be addressed in the infrastructure planning phase. A fourth and final principle for the implementation of upgrading is that community participation is crucial. Communities should be involved in both decision-making and implementation. Specifically, communities should be consulted in prioritizing upgrading interventions; they should financially contribute toward investments in order to illustrate ownership and interest. Finally, communities, particularly local CBOs or NGOs, should be considered as potential
partners for operation and maintenance of services. Local services, such as operating and maintaining standpipes or clearing neighborhood stormwater drains, are feasible tasks for community agencies; network infrastructure such as roads, however, should be assigned to the appropriate local government unit or service provider.
Upgrading: Typology of Infrastructure Investments / Implementation Responsibilities

1) Basic Upgrading:
   - Infrastructure Investment: Pathways/interior roads
     Streetlighting
     Stormwater Drainage
   - Implementation Roles:
     Central Government (policy; finance)
     Local Government (program and site selection; recurrent financial contributions; infrastructure development coordination)
     Private sector (e.g., AGETIP) (physical works)

2) Intermediate Upgrading:
   - Infrastructure Investment: Pathways/interior roads
     Streetlighting
     Stormwater Drainage
     +Health and Community Services
   - Implementation Roles:
     Central Government (policy; finance)
     Local Government (program and site selection; recurrent financial contributions; infrastructure development coordination)
     Private sector (e.g., AGETIP) (physical works)
     NGOS/CBOS (community mobilization; social interventions)

3) Complex Upgrading:
   - Infrastructure Investment: Pathways/interior roads
     Streetlighting
     Stormwater Drainage
     Health and Community Services
     +Water points / reticulation
   - Implementation Roles:
     Central Government (policy; finance)
     Local Government (program and site selection; recurrent financial contributions; infrastructure development coordination)
     Private sector (e.g., AGETIP) (physical works)
     NGOS/CBOS (community mobilization; social interventions)
     +Public utilities (physical works; maintenance)
Upgrading Approaches: Four Examples of Contemporary Upgrading

1. Central Government Led:

This approach retains a strong role for central government and can be thought of as the most traditional approach to settlement improvement. Central government’s responsibilities include selecting cities for upgrading support and identifying settlements within those cities for assistance. Local consultancy firms often do pre-project studies to determine interventions; infrastructure is built by contracted agencies. Interventions are generally a standardized package of investments. Central government finance / external donor funds are the primary source of funding; implementation is effected by a central government ministry or national agency.

Country example: Ghana

2. Local Government Decentralization Component

This approach is a hybrid. Central government plays a strong role in directing traditional upgrading projects implemented at the neighborhood level. However, there is an emphasis upon strengthening local governments through the municipal contract mechanism. Through municipal contracts, local governments identify priority for action and investment; resources for implementing these contracts come from the central government and the donor community. Municipal contracts often emphasize improved delivery of basic services, which benefit informal settlements.

Country example: Mauritania

3. Local Government Managed

In the local government managed model, local governments formulate infrastructure projects that cover the entire city. This approach focused on improved service delivery by operational units of local government unit, such as the finance, planning and engineering departments. Improved service delivery prioritizes un- or underserved areas such as informal settlements. Examples of local government initiatives include improved municipal garbage collection, improvement of secondary roads, and storm water drains.

Country example: Guinea

4. Central / Local Government Partnership

A final approach toward upgrading is that of central / local government partnership. In this approach, central government provides an amenable policy environment for upgrading and sets aside resources to support upgrading by local government units. Through the municipal contract approach, local governments identify priority areas and/or interventions; they apply to central government for resources to implement their investment plans. Services are often directed toward underserved neighborhoods on the basis of the city’s poverty map. This approach retains the advantages of local-level decision-making and implementation, while the central government provides important policy signals and incentives for action by local authorities.

Country example: Senegal
Annex 1: Research Directions

As has been highlighted in this review of the literature, there are evidently gaps in our understanding of the dynamics of informal settlements and the impacts of informal settlement upgrading and improved services upon recipient communities. Significantly, as has been pointed out by Gulyani and Conners (2002: 29), very little comparative research has been done on informal settlements and upgrading in African cities to systematically measure the impact of upgrading on urban communities. Most research is case specific and employs a “before and after” analysis. Such research describes an upgrading intervention, critiques the approach used, and assesses the impact of the discrete project using classical policy analysis criteria (e.g., equity, efficiency) or project-specified criteria (e.g., relative affordability). While such research has provided important information useful for project design and institutional learning, it has not provided an adequate basis for assessing upgrading as a policy intervention per se.

Important additional information for assessing upgrading could be gleaned through a comparative approach based on “with/without” analysis. In such an approach, paired settlements would be identified, one settlement being a “non-intervention settlement” which did not receive external technical support for upgrading; the second settlement would be a settlement that received an intervention, namely an upgrading project. The point of this comparative research would be to help determine the impacts of upgrading in terms of improved livelihoods and access to services over time. Significantly, such research could also be useful for identifying potential triggers for going to scale. Assume, for instance, that little difference is found between paired settlements in terms of housing investment, economic activity and service coverage. While this would surely be a disappointment for the donor, determining the factors that enabled informal settlement residents in the unassisted settlement to obtain improved services or enhance their tenure security could provide important information for scaling up upgrading and turning it into a programmatic initiative.

In such a paired research design, several areas could be investigated. These include:

1. Land, Tenure Security and Upgrading

Our understanding of the dynamics of land markets, residential mobility, and land tenure security in informal settlements is inadequate both for improved settlement areas and unimproved neighborhoods. We know that land sales have been a common occurrence in upgrading projects and that many settlements have experienced upward raiding by higher income groups. Little is known, however, about relative performance in retaining beneficiaries across projects and how neighborhood stability relates to forms of tenure security, socio-economic conditions, community organization, or levels of infrastructure investment to name a few possible factors. Likewise, little is known about the process of land sales and how the proceeds of land sales are used by the sellers. Finally, little is really known about the interaction between upgrading, land sales and the proliferation of settlements. The conventional wisdom is that upgrading can perpetuate squatting; but in fact money from land sales might be used for investment and return to rural areas.
A second set of questions relating to land access and tenure security is applicable to unimproved settlements. As has been pointed out by Farvacque and MacAuslan (1992), access to land in informal settlements is regulated through local institutions and intermediaries (e.g., local organizations or prominent individuals). While we know that informal institutions provide a modicum of tenure security that has encouraged investment in housing, little is known about the specific rules and operations of the institutions and how they provide tenure security. Understanding and assessing different informal tenure institutions could provide useful information for determining how to provide land tenure security to the urban poor in a widespread manner. Such information is also crucial to the reform of dysfunctional formal land management institutions in the cities of the developing world.

2. Financial Resources for Upgrading / Settlement Improvement

Additional questions relate to financial resources for settlement improvement. Given that most recent projects have not provided financial resources such as revolving loan funds for housing consolidation, from which sources do residents draw to improve their shelter? What role is played, for instance, by savings, the extended family, moneylenders or commercial lenders? Do residents in improved informal settlements mobilize capital from different sources than residents of unimproved informal settlements? Is there a difference in access to resources between residents having official forms of tenure recognition and those with de facto tenure security?

An additional area to document and assess is that of the role of micro-finance lenders operating at the community level. As was pointed out in the main text, micro-finance programs have begun to provide money for housing investment. A number of programs exist but, as Datta and Jones (2001) note, these require a “systematic, independent, and comparative review of strength and weaknesses.” Such an inventory and assessment could prove very useful to planners working to develop upgrading programs with sustainable sources of revenue.

3. Housing Choice: Rental Tenure and Landlordism

One criticism of upgrading as a housing policy is that it promotes owner-occupancy as its overarching goal. Yet, many analysts have pointed out that different forms of shelter and tenure security (e.g., rental housing; land or house sharing) may be more appropriate for the needs of the urban poor than ownership. Such analyses advocate policy approaches and project interventions that serve to expand housing choice.

Comparative research should be undertaken to profile the rental housing sector in informal settlements. Information could be gathered on relative mobility of renter populations in the two types of settlements; factors affecting tenure choice (rental versus ownership) by settlement residents; and the relationship between tenure security, rents, service provision and housing quality. To address policy issues, this research should also seek to identify obstacles to the expansion of the rental sector. Given that rental tenure is so sought after and considered a profitable home-based enterprise/income source, why don’t more owners become small-scale landlords? Is it primarily economic or regulatory constraints that prevent the expansion of this sector? Or are there non-economic reasons for not becoming a landlord (e.g., desire for privacy)?
4. Community Organizations and the Impact of Upgrading

Community participation has been central component of upgrading projects since the second generation of projects. Community participation is recognized as having positive impacts upon project outcomes. One unanswered question regarding community participation is what impact legalization has had on civic life, including the operation of community-based organizations. Two alternative scenarios can be envisioned: in the first scenario upgrading leads to an increase in community activity as settlement residents are now secure and can act as full participants in the political arena; the second scenario is less optimistic – now that they are legalized, settlement residents are complacent and their historical organizations which were formulated in self-defense or as lobbying organizations have now lost their raison d'être and disbanded. This later impulse is supported by the fact that the communities are still economically marginal and in most societies such communities tend to be the least politically active. A few studies, from non-African countries, have provided evidence for the latter scenario. Local organizations atrophy as local government steps in to provide key services. Local government tends to support this change as it finds it more expedient to deal with one organization than a handful. What is the situation in upgraded settlements in Africa? Is there an appreciable difference in terms of community action between upgraded and unassisted settlements?

5. Gender Impacts of Upgrading

A key question worth investigating is the status of women in informal settlements, particularly whether upgrading has served to empower women in any fashion. As was noted in the main text, very few, if any, projects documented in the literature explicitly tried to address the cultural and institutional bias against land ownership by women – by requiring for instance joint registration of title. In many projects, women have obtained access to land, but only by overcoming the many obstacles in their way. A key question in regards to empowerment and economic impact of upgrading is whether women have emerged as strong leaders within upgraded settlements, whether they have determined ways to enhance their land access and ownership possibilities, and what role the upgrading experience played (or did not play) in this process. How does the status of women in upgraded settlements compare to their standing in unassisted settlements?

6. Poverty-Alleviation Impacts of Improved Infrastructure and Service Delivery: Home-Based Enterprises

A final definite research focus should be to assess the economic impacts of upgrading upon recipient informal settlements over time. As was discussed in the text, early assessments of upgrading attributed income gains and economic expansion directly to project-related employment. Little impact was seen from the development of community facilities, such as informal sector workshops or markets. Later analyses have shown important secondary economic impacts such as the expansion of home-based enterprises due to better urban services and transportation networks.

An impact analysis could look at the economic impacts of upgrading by focusing attention on the performance / expansion of home-based enterprises. From the literature, one would expect that upgraded settlements would host greater numbers of viable HBEs. Is this really the case?
there a causal connection between improved service delivery and business expansion or do other factors (e.g., access to capital; improved macro economic performance) play a greater role? Alternatively, how does a flourishing HBE sector affect settlements? For instance, do home-based enterprises / entrepreneurs play a role in demanding and obtaining improved services in unassisted settlements?
Bibliography


Endnotes

i The active donors in settlement upgrading in the 1990s included the German Agency for Technical Cooperation (GTZ), the French Development Agency, the Swedish International Development Cooperation Agency (SIDA), Japanese International Cooperation (JICA), DANIDA, and Ireland Aid.

ii This shift in attitude toward informal settlements and the urban poor living therein is often attributed to the work of two individuals, namely William Mangin and John F.C. Turner. Charles Abrams was also influential in arguing that the spread of informal settlements could be avoided by providing key urban services on greenfield sites, the basic idea behind the Sites and Services approach.

iii The change in policy direction, however, has not been linear. Spates of slum clearance have been witnessed in recent decades, particularly in the early 1990s when multi-party politics emerged in African democracies and slum residents were seen as bastions of support for opposition politicians.

iv Solo (1991) reports that there was considerable resistance from some governments to the idea of slum upgrading. As a result, upgrading components were removed from consideration in a number of Africa urban projects that the World Bank implemented in the 1970s.

v Land tenure reforms have been implemented in most African countries for decades. In most instances, total replacement strategies, whereby customary regimes are to be replaced by either freehold or nationalized leasehold tenures, have failed to completely eliminate customary rules. Instead reforms have often added to confusion in land management by creating to dual or competing systems of land management. In light of this, the land tenure literature for Africa is stressing adaptation of tenure regimes (to accommodate customary rules) and has turned away from replacement strategies (e.g., Bruce, J. and S. Migot-Adholla, Eds. 1996). This recommendation for adaptation is also considered pertinent to urban areas as well (see, for example, Farvacque and McAuslan (1992), Mabogunje (1992), and Payne (2001).

vi The cities experimenting with street addressing include: N’djaména, Ouagadougou, Maputo, Yaoundé, Douala, Bamako, Conakry, Nouakchott, and Dakar. For more information, see Farvacque and Godin, 1988.

vii This upgrading project provides another example of the slow and complicating aspects of tenure: all the necessary legal bodies have been constituted, the land is surveyed, and a letter of allotment has been issued, but as yet no title deed if forthcoming. Support for the experiment by the local administration and the Ministry of Lands has evaporated (Bassett, 2001).

viii A rather different approach toward group ownership has been used in the Mathare 4A project in Kenya. In this project, the Catholic Church has become the landowner and is implementing infrastructure improvements with the assistance of the KfW. Structures are owned by individual beneficiaries who are expected to improve them over time. Some rental housing has been developed by the Church to raise income to cover maintenance costs and develop further rental housing. Land wrangles have been intense because of the need to compensate landlords whose land was turned over to the church (Mwangi, 1997).

ix It is well documented that the urban poor in the developing world generally pay more for their basic urban services than more affluent city residents. A thorough discussion of key issues in infrastructure provision and equity is contained in the 1994 World Development Report 1994: Infrastructure for Development (World Bank 1994).

x Some bridle at the idea that appropriate standards are lower standards. This characterization can really depend upon the infrastructure itself. Roads built to wide European standards can be inappropriate: they reflect the need for on-street parking or access for emergency vehicles that may not be applicable to many developing nations. In contrast, water systems that put in standpipes instead of household connections can be described as “lower” – they are certainly less convenient. So for the purposes of the paper, “lower” and “appropriate” are used interchangeably.

xi Disagreements over design also plagued the World Bank’s Kenya Second Urban project. In this instance, protracted arguments occurred over pit latrines and standards for floors in health centers (World Bank 1991a).

xii In their early quantitative assessment, Keare and Parris (1982) calculated that cost recovery problems in Zambia were not a function of affordability. More than 50% of families were in arrears, but defaulting was not related to income level.

xiii Such an approach has been spearheaded by a local NGO, ApproTech, in Kenya. The impacts of their commercialization efforts need to be documented and assessed.

xiv Officially, Fonds d’Appui aux Organisations Urbaines et aux Micro-Initiatives, or Funds for the Support of Urban Organizations and Micro-Projects.
Also observed (e.g., turning from sale of building materials to food items) (Gough and Kellet, 2001). Consolidation could also lead to the cessation of the enterprise as there was greater space in which to run a business. In two settlements in Columbia, for instance, settlers used income to consolidate their housing. Consolidated housing had two different effects: it could lead to expansion of the enterprise (as there was a need for extra income) or to the cessation of the enterprise (as there was less need for extra income no longer existed) (Gough and Kellet, 2001). Because housing consolidation was associated with better infrastructure and densification of settlement patterns, a diversification of enterprises was also observed (e.g., turning from sale of building materials to food items) (Gough and Kellet, 2001). Induced effects, such as increased participation in the labor market, were unclear for the African projects.

While the development of rental rooms is now an accepted practice in upgrading project, it wasn’t initially so. Early sites and service projects, for instance, were originally envisioned as single-family residential neighborhoods. But as the importance of rental accommodation to family income and the potential advantages to cost recovery became clearer, projects quickly adjusted (Solo 1991).

Criteria for judging successful capacity building is not entirely clear in the evaluation literature (get cite?). There appears to be a bias in project evaluations that technicians and government officers must stay in public employ to prove that capacity has been built. However, given the increased prominence of private sector actors and consultants in the urban sector, one could argue that capacity that stays within the sector (e.g., a project-trained engineer who becomes a consultant engineer) is successful capacity building.

These recommendations parallel long-standing approaches used to integrate gender dimensions into development planning. See, for example, Moser (1993) and Moser, Tornquist, et al. (1999).

Macoloo’s study (1988) provides no analysis, however, of whether those who left did so because they could not afford to stay or sold because they wanted quick cash. A key unanswered question in much of the upgrading literature is what percentage of land sales are distress sales and what percentage if voluntary. It is also unclear what happens to those who sell and whether they use their cash assets for investment elsewhere, such as in their rural homes.

Rakodi (1995d) observes that measures used for targeting are crude at best. Project planners often use the “proportion of household income” as a rule of thumb. This measure, which is often used in the West, is very difficult to utilize in developing nations where “ascertaining the income of applicants for plots with any accuracy is impossible.”

Lee (1990) has argued that targeting is inequitable and exclusionary as it precludes participation by households below certain income levels who are able and willing to participate in housing schemes but cannot prove their ability. He even asserts that targeting is immoral as it allows project managers to determine what a household should pay for housing and on that basis deny certain people access to better living conditions.

Rakodi (1991) offers further evidence of the inequities of targeting. The rules for allocation of plots in Harare, which required formal employment or licensed self-employment and the existence of dependents in the case of single people, served to discriminate against single, separated, divorced or widowed women. Interestingly, home ownership by women was higher in the ceded plots in Kuwadzana than in allocated parcels (9 versus 3%), indicating that the “market is less discriminatory than formal sector allocation procedures” (Rakodi 1991: 381).

Rakodi (1991) cites as study by Todd (1979) in which s/he calculates that if the cost of project subsidies are added to housing, self-help housing in Lusaka was actually more expensive than contractor built structures.

In regards to point three, project-designed employment and business components were not reported to have major impact positive impacts, as business parcels remained undeveloped and project-formed cooperatives floundered. Induced effects, such as increased participation in the labor market, were unclear for the African projects.

Judging from evidence in Latin America, income from home-based enterprises may also be important for housing consolidation. In two settlements in Columbia, for instance, settlers used income to consolidate their housing. Consolidated housing had two different effects: it could lead to expansion of the enterprise (as there was greater space in which to run a business); consolidation could also lead to the cessation of the enterprise as the need for extra income no longer existed (Gough and Kellet, 2001). Because housing consolidation was associated with better infrastructure and densification of settlement patterns, a diversification of enterprises was also observed (e.g., turning from sale of building materials to food items) (Gough and Kellet, 2001).

It is not clear from the materials assembled for this review whether projects have adopted routine steps to integrate gender concerns into project planning, such as conducting gender analyses using any one of the competing methods (e.g., Harvard Framework, Moser Method, Longwe Framework) (Moser, Tornquist, et al., 1999). If such analyses have been done, it would soften the tone in this section. Project managers should be encouraged to document their experiences in gender analyses and explain how such analyses have influenced subsequent upgrading interventions.

It has been suggested that women are in fact amongst the most appropriate beneficiaries of settlement upgrading schemes as women are less likely to willingly sell land obtained through upgrading initiatives (Falu and Curutchet, 1991). Women’s interest in retaining ownership stems from both positive and negative sources. Positively, housing is central to women’s economic survival and domestic responsibilities, they therefore must hang on to it to live. Negatively, African women generally lack opportunities to own land elsewhere due to customary tenure and patrilineal biases (Tusingwire and Tumushabe, 1999). Because they lack alternatives that men have, women are highly motivated to maintain ownership of their urban land (Nimpuno-Parente, 1987;
There is also sketchy evidence that women are also more likely to strive harder than men to meet the financial obligations of land ownership (Nimpuno-Parente, 1987).

Reception areas designed to temporarily accommodate new urban residents and prevent uncontrolled squatting in Windhoek, Namibia met a similar fate. These areas, which had earth roads, a lifeline water supply and some communal toilet facilities, suffered from major land invasions (Gulyani, S., C. Farvacque-Vitkovic, S. Debomy, A. Casalis, G. Connors, A. Carroll and C. Banes. 2002f. Namibia: Country Assessment Report. Washington, DC, The World Bank.).

These same authors make compelling arguments for rethinking the owner-occupancy orientation of most African housing policies. As Tipple (1998) notes, one of the main needs within the housing sector is to increase the supply of housing units. One key way to do so – that has not been actively supported in part due to a fear of large scale absentee landlordism – is by encouraging the development of rental housing. Policies and regulations that stand in the way of increased supply need to be assessed and reformed as appropriate.

In the GTZ Tanzania-Bondeni upgrading project, the initial idea was to move residents and place them in basically the same neighborhood grouping. In the process used, however, community members, their leadership and project personnel collectively determined who would live there. As community members were knowledgeable of tensions within the community, certain households were physically separated while others choose to stay together (Mshila, private communication).

This concern with going to scale is not new. Early projects were also concerned with these issues. The terms, however, were different with the emphasis on the replication of project approaches and building capacity with host governments for further independent action (Cohen, 1983; Pugh, 1991).