Equitable Economic Growth in African Cities

Final Report

IPE TRIPLELINE
Expanding Horizons. Enriching Lives.

Cities Alliance
Cities Without Slums

September 2016

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This report should be cited as: "Cities Alliance (2016). Equitable Economic Growth in African Cities: Final Report, IPE Tripleline, Unpublished, September 2016." The authors of this document were Dr Nicholas Miles and Mr Martyn Clark. Technical support was provided by Federico Redin.

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Nicholas Miles

About the project
This report was prepared by IPE Tripleline Ltd. as part of the Cities Alliance Equitable Economic Growth: City Diagnostics project, aimed to asses and support equitable economic growth potentials in secondary cities in Africa. The diagnostics were undertaken in four cities within the Cities Alliance County Programmes in Africa. The project responds to the Cities Alliance priority of fostering equity in cities and is related to its Joint Work Programme (JWP) on Fostering Equitable Economic Growth in Cities.

Acronyms

AfDB	African Development Bank
ADB	Asian Development Bank
CA	Cities Alliance
CEP	City Economic Profile
BOP	Bottom of the Pyramid
EA	Equitable Access
EDS	Economic Development Strategy
EEG	Equitable Economic Growth
FCA	Future Cities Africa
GSS	Ghana Statistical Service
GAMA	Greater Accra Metropolitan Area
GIZ	Gesellschaft für Internationale Zusammenarbeit
LED	Local Economic Development
ILA	International Lending Agency
IR	Inception report
MDG	Millennium Development Goals
MMDA	Metropolitan, Municipal and District Assemblies
SDG	Sustainable Development Goals
ULG	Urban Local Government
RCRA	Rapid City Resilience Assessment
TDC	Tema Development Corporation
TMA	Tema Metropolitan Assembly
SSA	Sub-Saharan Africa
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UNCTAD	United Nations Conference on Trade and Development
WASH	Water, Sanitation and Hygiene
WB	World Bank

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Acknowledgments

The IPE Triple Line project team (Dr Nicholas Miles [Team Leader], Martyn Clark and Federico Redin) would like to express their thanks and appreciation to the members of Cities Alliance, the Panel (the Sounding Board) and the country focal points for their assistance. In particular, we would like to thank (i) the Cities Alliance staff in Burkina Faso, Ghana, Mozambique and Uganda, (ii) members of the city authorities of the four towns visited by the project team: Dori, Tema, Nampula and Mbale. and (iii) all other local stakeholders who attended workshops and meetings on the Equitable Economic Growth toolkit and subsequently worked with the project team to provide the data and information required to prepare this report.

Executive Summary

The nature and purpose of the report

This is the final and summary report of an investigation into the contours of equitable economic growth (EEG) in urban Africa. The investigation was sponsored and funded by Cities Alliance, and involved:

- The design of a diagnostic method that can be used to assess and subsequently promote EEG in urban Africa
- Pilot testing of the method in four cities in Africa
- A review of the constraints on and the drivers promoting EEG in urban Africa.

A summary of the results of the application of the diagnostic method is presented in this report together with a review of the importance of prompting EEG if towns and cities in Africa are to be the engines of inclusive and resilient growth. The report is designed to be easily and readily accessible and as such is concise and summary in format and content.

The EEG 'Toolkit"

A key component of the diagnostic method is an EEG 'toolkit' which consists of:

- **A series of *EEG work-books*** that a town or city administration can use in order to collect data and information required to highlight how EEG is related to the provision of and access to urban infrastructure and services, as experienced by individuals, communities and businesses.
- **An *EEG toolkit manual*** which accompanies the workbooks and which provides guidance concerning the type of data that is required and how the data can be collected and analysed, so enabling a town or city administration, and its community and business stakeholders, to devise and implement policies and projects that can promote EEG by improving the access to infrastructure and services[1].

The toolkit was piloted in four cities, in four countries in Africa (namely; Tema in Ghana; Dori in Burkina Fasco; Mbale in Uganda; and Nampula in Mozambigue). The cities were selected through the Cities Alliance programme in each of the four countries.

The working definition of EEG

Equitable Economic Growth (EEG) is economic growth characterised by rising incomes and reduced inequalities. It is growth which is fairly distributed. The fair distribution of economic growth in urban areas is directly related to equitable access (EA) to infrastructure and services provided by the public sector, and required by businesses to effectively and efficiently conduct commercial operations, and by communities and individuals to improve their living standards. EEG is promoted when the infrastructure and services in a town or city are delivered and maintained in a manner that ensures and builds upon at least basic levels of access to these public goods for citizens, formal and informal businesses, and the working poor of that town or city. For EEG to be achieved, access to these public goods must be delivered regardless of the economic status, gender, ethnicity, or residential location of a citizen or business, and in a manner which directly improves life chances of the working poor, facilitates involvement in

[1] The toolkit (the manual and workbooks) are separate documents, to which the reader is referred. Details of the results of the use of the toolkit in the four cities are presented in four other documents (termed 'City Economic Profiles') to which the reader is also referred.

decent, productive employment, and enhances the productivity and commercial strengthen of all businesses.

The importance of EEG

The prevailing consensus of opinion that growth and equality are complementary. Inequality reduces aggregate demand which often takes the steam out of economic expansion. Inequality hinders human capital formation, which further impedes growth. Inequality also stunts social capital formation, compromises social harmony, and corrodes citizenship. Effectively promoting EGG is thus a crucial component of successful economic and social development. The context in which such an initiative must be implemented is, however, daunting. Current trends indicate that development in most African economies is unlikely to generate sufficient decent and productive jobs to accommodate the expected significant population increases. The African Development Bank is clear; for nearly all African economies growth is not leading to structural change and more often than not is associated with the expansion of low productivity low return activities in the informal economy. For EEG to be successfully promoted it must be associated with an increase in jobs (decent well-paid jobs) particularly for those currently engaged in informal activities, the working poor, and those many millions to come on the urban labour market over the coming one to two decades. Job creation and increasing employment opportunities must lie at the heart of the promotion of EEG.

Promoting EEG by supporting the 'hybrid formal-informal economy'

It is posited in this report that for EEG to be promoted a *hybrid economy* should be supported. Given the slow growth of the formal economy of sub-Saharan Africa, the only immediate and viable option to simultaneously promote structural transformation, absorb labour and create jobs is to support informal activities particularly by promoting their integration into value chains of priority sectors (namely sectors with the greatest potential to expand). In this manner a hybrid economy is likely to evolve one in which informal economy businesses become increasing more productive, commercially stronger, and able to expand as they benefit from spill-over effects associated with working with the formal sector and producing for national, regional and global markets. The rise of the hybrid economy would contribute to putting manufacturing and industrialisation, and subsequently, structural change, in Africa 'back on track'. *Supporting the development of the hybrid economy requires the removal of infrastructure and service constraints; inequitable access to public sector infrastructure and services in holding back informal activities, the entrepreneurialism of the working poor, and significantly hindering the development and growth of the hybrid economy.*

Promoting EEG by ensuring the economic advancement of women

In order to successfully promote EEG by developing the hybrid economy through the enhanced provision of and equitable access to infrastructure and services, the position and economic potential of women must be improved. Past research has clearly shown that women's economic empowerment strategies, and improvements in the delivery of basic services that directly affect women's lives, are key prerequisites for equitable city prosperity. Indeed, women are often key drivers of economic growth and that wealth in the hands of women leads to much more equitable outcomes in terms of the standard of living for families and communities. It is also clear that women are frequently disadvantaged compared with men in cities in terms of equal access to employment, housing, health and education, asset ownership, and to infrastructure and services. There is a notable *'decent job deficit'* for women. These disadvantages are especially marked for poor urban women living in slums and informal settlements and working in informal activities.

African urbanisation and EEG

Urban economies increasingly determine the success of national economies. The beneficial outcomes of urbanisation, however, are not assured. If left to monopolistic and vested interests, poorly managed and characterised by market failures and pervasive rents, urbanisation can become a brake on economic growth. Urban areas then come to be blighted with serious infrastructure and service 'deficits', traffic congestion, public health hazards, environmental vulnerabilities, increasing homelessness, urban unemployment and increased inequalities and, ultimately, rising social tensions and unrest. Such a state of affairs may be in the offing. Collier (2016) writes: *"Africa's urbanisation to date has not been successful….many* (cities in Africa) *are generating conditions that are so inadequate that the majority of their inhabitants can neither be productive nor lead decent lives*". Urban infrastructure and services can play a powerful role in triggering and sustaining structural change and promoting EEG. For this to happen towns and cities have to be well managed with effective, efficient and open governance. In many towns and cities, however, the prevailing underlying political economy determinants of infrastructure and service provision, distribution and costing militate against the development of the hybrid economy and improvements in the lives of the working poor.

Changing the political economy of African urbanisation

It is argued in this report that pathways to EEG should be sought through the creation of circumstances that can lead to the constructive disruption of the prevailing political economy of a city and a nation. It is recognised that this is not a straightforward task. It is argued in this report that the use of the EEG toolkit and associated debate about the way in which the provision of and access to infrastructure and service public goods can be improved can create the circumstances which begins a disruption of the prevailing political economy equilibrium. It has been further posited that the efficacy and impact of this debate will be enhanced if there is a focus on building a hybrid economy and addressing the infrastructure and service constraints on informal activities and the working poor that could be key components of that economy. It is not a question of having to address 'higher order' political economy issues before lower order city specific infrastructure and services issues can be tackled – the process is iterative and recursive. Focusing on these lower order issues changes the wide context. The use of the EEG toolkit can start a debate which can lead to changes within the city in which the debate commenced, and subsequently impacts to be felt much further afield.

EEG and the four cities in which the EEG toolkit was piloted tested.

The results of the application of the workbooks in each of the four cities is summarised in the tables given overleaf. For Tema, the core and supporting indicators, and interviews with city officials and community representatives, revealed that much of the infrastructure and services in Tema is in a poor state, and characterised by inequitable access. Poor infrastructure and services constrain businesses in both the informal and formal economies and imposes restraints on the life of individuals particularly those living in informal and slum settlements and women and children. Similar circumstances were unearthed in the other three cities. Access to infrastructure and service public goods in Dori was particularly poor. Here there was a general perception amongst local stakeholder holders that poor access to public goods is especially acute with regards to *physical coverage*.

In Mbale in Uganda there are serious infrastructure and service deficiencies and evidence obtained through stakeholder interviews strongly indicated that these deficiencies adversely affect the lives of many, especially those living in slum settlements and those working in informal activities. The poor state of much of the infrastructure and services in Mbale is often

directly associated with incidences of unemployment, limited employment opportunities, pollution, public health risks, disease, and low wage rates. The high levels of informality in housing provision across Uganda underscores poor access to basic services such as safe drinking water and safely managed sanitation in Mbale. In addition, the daytime population of Mbale is several times that of its night-time (census) population. This puts further strain on providing equitable access to public goods, as those visiting the city would contribute very little in municipal finance (e.g. through land and other taxes) to the delivery and maintenance of basic services and infrastructure.

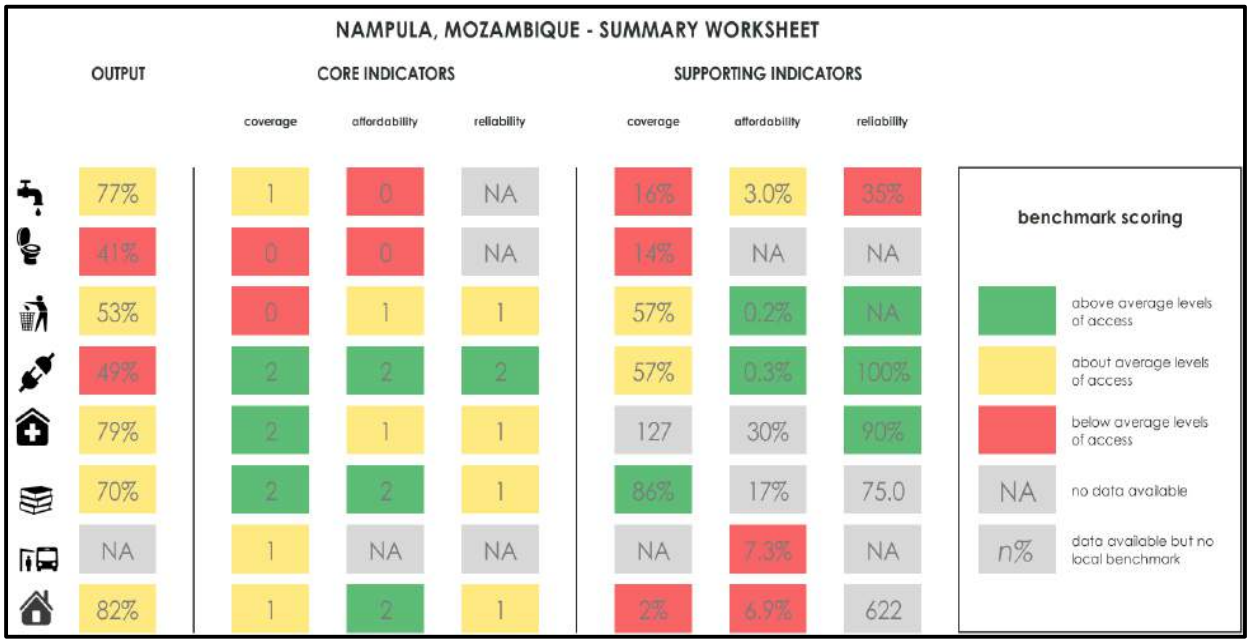
Tema

Dori

Mbale

In Nampula less than 50% of the population have access to adequate sanitation or solid waste management services or have a connection to the electricity grid. Retroactively supplying infrastructure or finding alternative ways to fill gaps in supply is often costly and less effective than providing services as urban settlements develop and expand, and yet with the proliferation of informal settlements this is a situation that Nampula municipal council finds itself in; trying to provide infrastructure and services in areas that have developed without any. The situation with regards to the affordability of social services such as health and education is potentially more acute, with an estimated 30% and 17% of costs respectively representing out-of-pocket expenditure. These expenses have been shown elsewhere to push urban households into poverty.

Nampula



Improving the EEG toolkit - recommendations

The pilot testing of the EEG toolkit in the four cities demonstrates;

- **Access to infrastructure and services is multifaceted –** Access to infrastructure and services is multifaceted in nature and includes physical coverage, reliability, affordability and quality. A single indicator is often inadequate to capture this multi-dimensionality. The EEG toolkit allows the various dimensions of access to be explored and a more complete picture of access presented than can be obtained by using one or two (census data) indicators. This is a major advantage of the toolkit.
- **The value of using the toolkit must be made clear** - town and city users must clearly and quickly see the value of using the toolkit. It can take time and effort to complete some of the workbooks, required to collect up-to-date It can take time and effort to complete some of the workbooks, required to collect up-to-data and pertinent information that can be used to prepare EEG policies and strategy.
- **The value of the survey of the economy should be made clear -** it is important for any town of city administration wishing to effectively use the EEG toolkit to have undertaken an economic-business survey of their city or to use the recommended EEG business survey questionnaire. The survey could consist of a set of questions to ask selected informal and formal business and / or a focus groups and / or workshops with selected members of the informal and formal private sector and groups representing the working poor.

The importance of local ownership of the toolkit process also must be stressed. The toolkit and its use could and should be part of a local capacity and capability building process – it's use should create 'competences' within both users and those participating in its use. But the toolkit is a template; its structure, form and content may have to be changed to suit local conditions, requirements and norms of behaviour, and how the outputs generated by its users are described and employed may not be as anticipated by either the toolkit authors or its funders. The toolkit is only likely to be employed by city administrations and their stakeholders if they can see value in its use and can use it in the way they want to.

Lastly, this report, and the toolkit used to collect some of the data and information presented in the report, should be seen as *tools of engagement;* - tools that can be used to stimulate and guide the future debate within a city administration and between the city stakeholders and its donor-partners as to how equitable economic growth can be promoted and secured and why this is crucial for cities in their respective countries Africa to realise their potential as engines of equitable growth.

1. Introduction

1.1 Objective of the assignment

The primary objective of the assignment was to create a diagnostic method that can be used to assess and subsequently promote equitable economic growth (EEG) in urban areas in Africa. A key component of the diagnostic method is an EEG 'toolkit' which consists of a series of work-books that a town or city administration can use in order to collect data and information required to highlight how EEG is related to the provision of and access to urban infrastructure and services, as experienced by individuals, communities and businesses.

Accompanying the workbooks is an EEG toolkit manual which provides guidance concerning the type of data that is required and how the data can be collected and analysed, so enabling a town or city administration, and its community and business stakeholders, to devise and implement policies and projects that can promote EEG by improving the access to infrastructure and services. The toolkit was piloted in four cities, in four countries in Africa. The cities were selected through the Cities Alliance programme in each of the four countries (see Table 1.1):

Table 1-1: Cities for pilot-testing the EEG diagnostic tool

Country	City	Date of pilot testing
Ghana	Tema	February 2016
Burkina Faso	Dori	March 2016
Uganda	Mbale	April 2016
Mozambique	Nampula	May 2016

Following a brief mission to each city in order to pilot test the toolkit, a data availability and mission report was prepared. Subsequently a more analytical city economic profile (CEP) report was produced which used the data and information collected during the pilot testing mission to explore how the provision of and access to infrastructure and services was related to EEG in each of the cities visited. Four CEPs were produced corresponding to the four cities in which the EEG toolkit was pilot tested. This 'final' report presents a synthesis of the findings of the four CEPs together with a review of growth theory and urbanisation in Africa. The aim of this report is to present an overview of the state of EEG in African cities and to offer suggestions as to how EEG can be promoted.

All reports and the EEG toolkit have been designed as a package, and to be a constructive and provocative *engagement tool*; one that can stimulate and guide the debate within African cities, and between the city stakeholders and their donor-partners as to how EEG can be promoted and secured. This report is neither an exhaustive study of the issues surrounding EEG nor a comprehensive plan for the promotion of EEG; it is a summary of our findings based on investigations in four cities, and offers generalised suggestions as to how to promote EEG, and how the toolkit and accompanying reports as a package can be used as an effective engagement tool.

1.2 Structure of the report

A definition of equitable economic growth (EEG) is given in the following sub-section (sub-section 1.3). This definition was agreed at the inception stage of the assignment and can be regarded as a recommended policy target, namely, a state of affairs that a town or city administration could and should be striving to achieve through the introduction of enabling policies and, as necessary, though the implementation of related programmes and projects. It is argued in this report that achieving this policy target is necessary for towns and cities in Africa to become engines of growth, which will involve the movement of the economy away from non-inclusiveness, inequitable income and wealth distribution and restricted employment opportunities, towards one characterised by shared prosperity, equitable development, and improvements in the product space of the economy[2]. Sub-section 1.4 of this chapter outlines the process whereby the EEG diagnostic tool can be used by African city authorities and their stakeholders, and was pilot tested to collect the data and information used in this report. Chapter Two outlines current growth theory and its relevance to debates concerning urbanisation and EEG in Africa. Chapter Three contains a description of the current state of play of EEG in Africa cities, focusing on the four cities used to pilot-test the EEG toolkit. Chapter Four provides suggestions as to how EEG can be promoted, and Chapter Five presents the concluding remarks and suggestions for future research.

1.3 Definition and importance of EEG

A clear definition of EEG was required in order to focus the toolkit. The chosen definition reflects a focus on the production, distribution and pricing of public goods over which a town or city has a high degree of control. The principle lying behind this focus is that it is crucially important to ensure that (i) citizens of a town or city, regardless of economic status, ethnicity, gender or residential location, have access to public goods required to improve their social and economic well-being, and which can facilitate their attainment of decent and productive employment, and (ii) that the private sector of a town or city, in both the formal and informal economies, has access to public goods required to improve productivity, enhance competitiveness and increase aggregate economic output and employment opportunities. Experience has demonstrated that a private sector enabling environment is heavily dependent on access to infrastructure and service public goods delivered effectively, efficiently and equitably, and at affordable prices. Given a public goods perspective on EEG, the following definition was agreed with Cities Alliance:

> Equitable Economic Growth (EEG) is economic growth characterised by rising incomes and reduced inequalities. It is growth which is fairly distributed. The fair distribution of economic growth in urban areas is directly related to equitable access (EA) to infrastructure and services provided by the public sector, and required by businesses to effectively and efficiently conduct commercial operations, and by individuals to improve their living standards. EEG is promoted when the infrastructure and services in a town or city are delivered and maintained in a manner that ensures and builds upon at least basic levels of access to these public goods for citizens, formal and informal businesses, and the working poor of that town or city. For EEG to be achieved, access to these public goods must be delivered regardless of the economic status, gender, ethnicity, or residential location of a citizen or business, and in a manner which directly improves life chances of the working poor, facilitates involvement in decent, productive employment, and enhances the productivity and commercial strengthen of all businesses.

[2] See Hausman, R., and C. A. Hidalgo. 2009. *Counting the Pin Factories: Plotting Economic Complexity.* Harvard Kennedy School Publications.

Access is most usefully defined in terms of coverage, cost, affordability and reliability; namely, whether individuals and businesses are physically proximate to the available infrastructure and services, and use the infrastructure and services at a price which is affordable to them, and in a manner which is characterised by expected and realised constancy. Access which is easily achieved, affordable and reasonably constant is crucial for the well-being and prosperity of individuals and business.

Access is required for individuals to be in a position to secure decent and productive employment, and for businesses to be able to improve productivity and strengthen competitiveness. Indeed, without effective access cities are unlikely to be able to take advantage of agglomeration economies, network effects and the inventiveness of people and people placed in close proximity, all required for economic growth and development. Better access directly leads to improved living standards and underpins the development of individual capacities capabilities and competences. Healthy educated skilled citizens are generally employable, productive and entrepreneurial citizens, and more likely to be those that value the lives that they are living. Inadequate access is a manifestation of agglomeration diseconomies and crushing poverty that characterises too many settlements in Africa.

Figure 1.1 is a summary of the hypothesized pathway of change leading from the provision of infrastructure and services to the creation of an enabling policy environment promoting EEG. The nature of the provision of infrastructure and service public goods is represented by and described in box 1. The nature of access to infrastructure and service public goods as experienced by individuals and businesses is described in box 2. The type of access experienced by individuals and businesses, characterizing the economy in general, and the impact of the form of access experienced on individuals and businesses is outlined in boxes 3 and 4. Figure 1.1 highlights the type of information that needs to be collected, and the actions that a town or city can take in order to promote EEG.

It should be remembered, however, that the determinants of EEG are not exclusively related to the provision of and access to infrastructure and service public goods. Political economy determinants underpin how infrastructure and services are produced, priced and distributed. Nevertheless, there is a direct relationship between infrastructure and services, and EEG, and a relationship over which a town or city authority has a relatively high degree of control. Indeed, EEG prospects can be significantly improved through the actions of urban local governments.

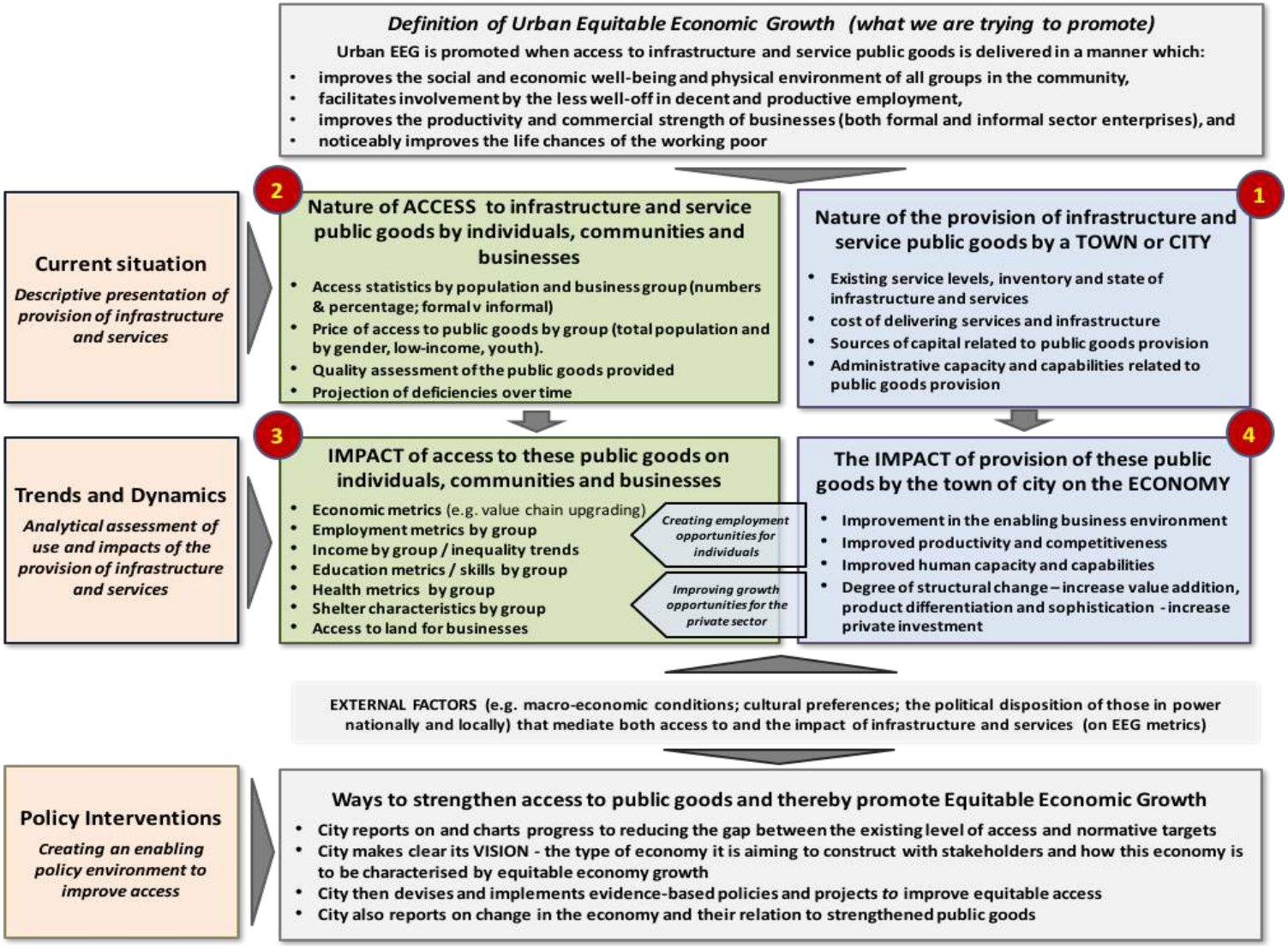
1.4 The EEG toolkit process

The EEG diagnostic method designed by IPE Triple Line consists of a series of workbooks and an associated manual, the use of which will assist city administrations examine the association between the provision of and access to infrastructure and services, and equitable economic growth (see the Annex to this report for a detailed description of the toolkit). The workbooks focus on capturing data related to:

- the coverage, affordability and reliability of urban infrastructure and services; and
- the nature of the economy and the competitive strength and trajectory of informal and formal sector business located in the city.

The workbooks enable the user to blend quantitative and qualitative data to develop insights into how the production, pricing, and distribution of public goods can underpin equitable economic growth.

Figure 1-1: Pathways of change and the EEG process



Source: The EEG Toolkit Manual (IPE Triple Line 2016)

The work-books consist of the following:

- **Target indicators** are the most important metric that the city should be working to achieve. This indicator is divided into parts; (i) a figure indicating the extent to which the city is providing the service in question, for example, the proportion of a city's population which has access to safe potable water, and (ii) the degree to which the town or city authority is meetings the delivery *norms* for the service in question; for example whether the city authority is providing households with the litres per day that the city has committed to delivering[3].
- **Core indicators** provide more detail than can be captured the target indicators. They have been designed for information-poor environments; they are simple and straight-forward to use and have been designed to be employed by every city regardless of size. A traffic light system is used to record information related to many of these indicators.
- **Supporting indicators** are a little more complex in nature and examine in depth the coverage, affordability and reliability of the infrastructure and services. These indicators require the use of quantitative data.
- **Extended indicators** focus on differences by slum/non-slum areas, and gender, and require the use of quantitative data.

The use of supporting and extended indicators might be restricted to urban environments that are more information-rich, and as such may be used only by the larger towns and cities which have assembled the required data sets. The data collected by pilot-testing the work-books, and accompanying EEG manual, and collecting information related to the indicators, is used in this final report.

Different work-books cover the various types of infrastructure and services; there are separate workbooks which relate to different types of infrastructure and services. An example of one of the workbooks (for water supply) is given in Figure 1.2. It must be stressed that it is important that data is collected that relates to both infrastructure and services*, and* the economy. The primary purpose of the EEG toolkit is to help a town or city understand how access to infrastructure and services affects Equitable Economic Growth (EEG), and how changes in access to these public goods can promote EEG. It is thus important that a city focuses on the relationship between the economy and access to infrastructure and services. The economy workbook is as important as those workbooks through which is data is collected on the nature of access, coverage and affordability dimensions related to the various types of infrastructure and services.

Figure 1.3 is an illustration of the EEG toolkit process; workbooks are to be completed by a town or city authority and its stakeholder partners, and an EEG assessment and strategy can be prepared based on the data and information collected, and by undertaking the analysis suggested in the toolkit manual.

Figure 1.4 highlights the type of information that needs to be collected (via the workbooks) and the actions that a town or city can take in order to promote EEG. Figure 1.4 is an illustration of the most important impacts of the use of the EEG diagnostic method and associated EEG strategy, and how these impacts can lead to the enhanced ability of a city to further improve infrastructure and services.

[3] The norms are with those set by either the relevant national government or by the town or city authority. Which norms are used is to be decided by the town or city.

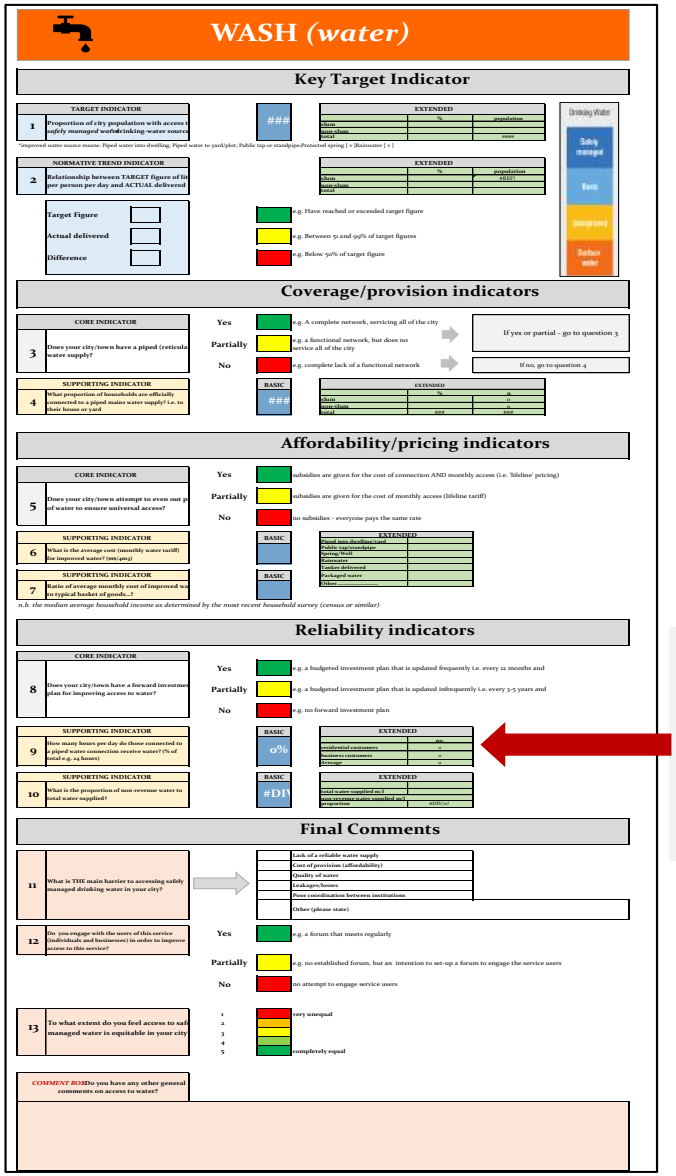
Figure 1-2: EEG Workbook used to collect information (the example of 'water')

The **Target indicator-** in this case there are two (a) the proportion of the population with access to potable water, and (b) the degree to which the authority is meeting target delivery norms for water (recoded using a 'traffic light system')

Core indicators- (questions in the white boxes)
- Designed to be use in data poor environments
- Easy to use / answer
- Many involve recording a 'judgement'
- Often qualitative in nature

Supporting indicators- (questions in the yellow boxes)
- Require more quantitative data
- More appropriate for data richer environments
- Give a more complete picture

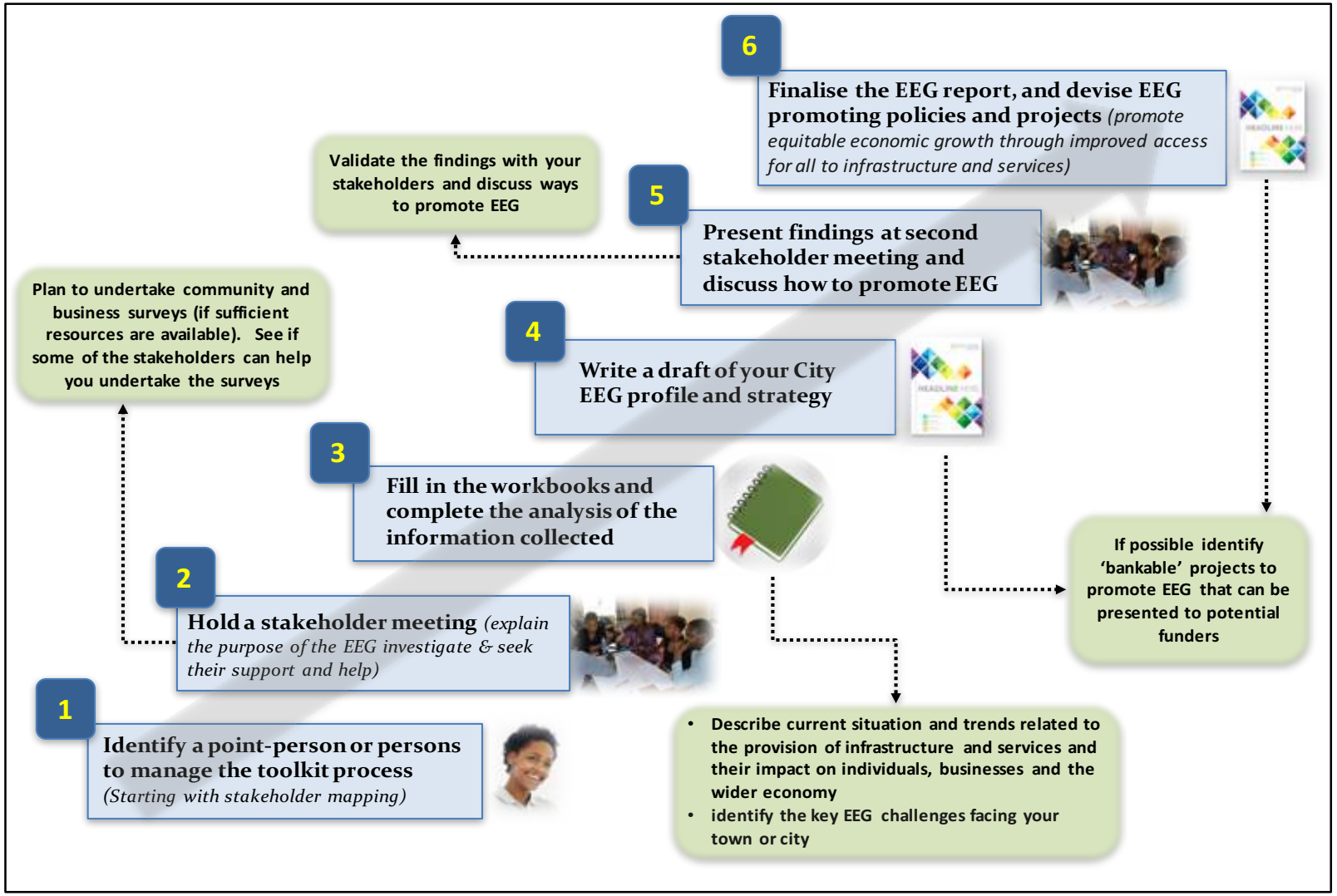
Comments section- further qualitative information on access to each public good that may enhance understanding of the barriers to improving access



Extended indicators - (questions in the green boxes)
- Adds further information to that collected via the other indicators
- Focus on formal v informality
- In this case - hours per day receiving water by slum / non-slum areas.

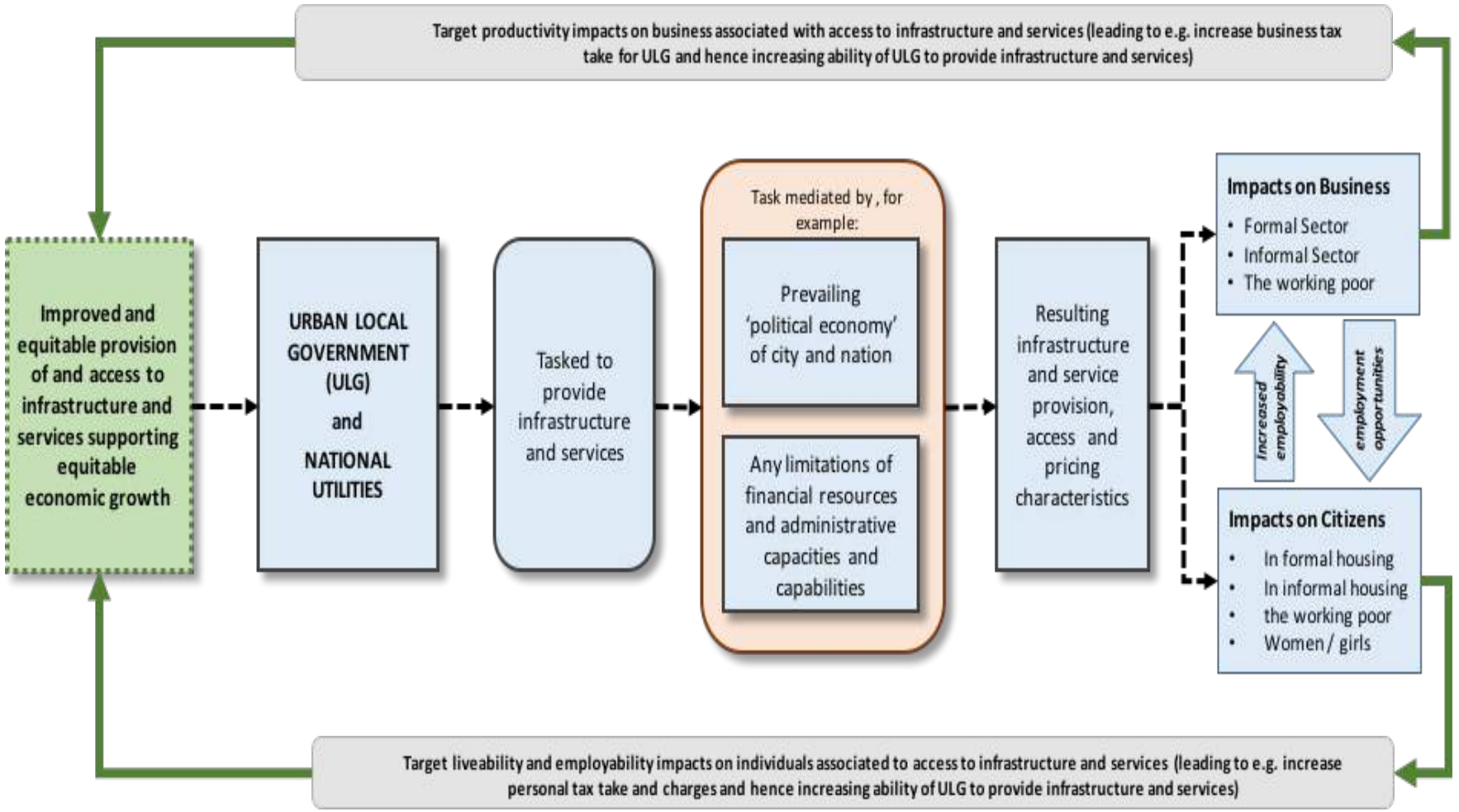
Source: The EEG Toolkit Manual (IPE Triple Line 2016)

Figure 1-3: The EEG toolkit process



Source: The EEG Toolkit Manual (IPE Triple Line 2016)

Figure 1-4: Strengthening the provision of and access to infrastructure and services



Source: The EEG Toolkit Manual (IPE Triple Line 2016)

2. Growth theory and EEG

2.1 Introduction

A brief summary of the salient debates in growth theory and their relevance to Africa are presented in sub-section 2.2. The key EEG challenge appears to be the slow pace of structural and transformative change and the lack of formal employment creation currently characterising many Sub-Sharan African (SSA) economies. Under such circumstances promoting and securing EEG may not be straightforward. This and other implications of the current pattern of development in SSA are summarise in section 2.3.

2.2 Growth theory and African development

The growing consensus of opinion is that growth and equality are complementary[4]. Inequality reduces aggregate demand which often takes the steam out of economic expansion. Inequality hinders human capital formation (as access to, for example, educational opportunities is nearly always restricted for those living in poverty), which further impedes growth. Inequality stunts social capital formation, compromises social harmony, and corrodes citizenship. Perfect equality, however, also appears to limit growth as the motivation to better oneself, one's family and one's business is diminished. A vibrant, inclusive and resilient society will nearly always be characterised by a degree of inequality; the issue is the extent and depth of inequality that is to be accepted and which is necessary to construct a prosperous and resilient society.

At present the evidence indicates that inequality across the globe has reached levels which are debilitating. Aggregate demand necessary for pre-2008 recession growth rates is lacking and economies are increasingly characterised by winner take all markets and pervasive rents[5]. The ability to extract value and make money through the use of asymmetric knowledge, information and political power seems to be increasing in many countries, including those in Africa. This is the context in which EEG initiatives are being formulated and implemented, and the reason why the promotion of EEG is important. Without such initiatives it may be difficult in Africa to secure structural change and transformation before many towns and cities are overwhelmed by massive population increases, the steady rise of agglomeration diseconomies and growing social discontent. There is, perhaps, a time-bound window of opportunity for establishing inclusive, prosperous and resilient economies on the Continent.

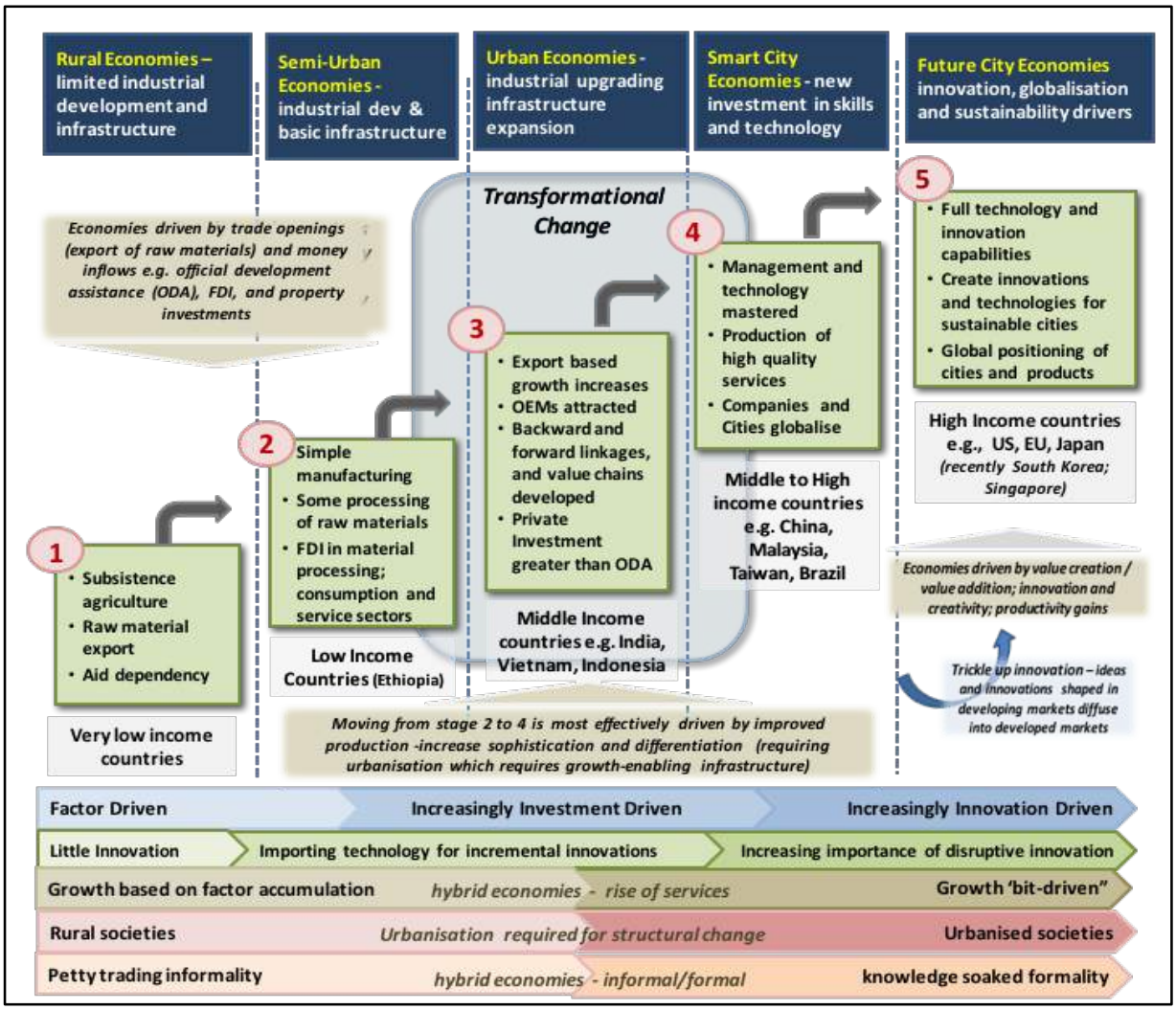
Effectively promoting EGG is clearly important. The context in which such an initiative must be implemented is, however, daunting. Current trends indicate that development in most African economies is unlikely to generate sufficient decent and productive jobs to accommodate the expected significant population increases. African economies are just not creating enough jobs in formal employment. There has been and continues to be growth but it is in a form not clearly and directly associated with structural change and transformation, and employment creation to the degree required to absorb all those currently un- and underemployed and all those expected

[4] See Ostry,J. Berg,A. Tsangarides,G. (2014). *Redistribution, Inequality and Growth*. IMF staff Discussion Paper.

[5] See Stiglitz, J (2016) *Rewriting the Rules of the American Economy: An Agenda for growth and shared prosperity*, and Stiglitz (2016) *Transforming an Economy: challenges and lessons for Namibia*; unpublished presentation. He discussed how rents commonly characterize economies; that the completive model no longer adequately describes how economies work, and that an understanding of who captures rents, how rents are used and can be limited is crucial to comprehending the potential of a society and economy (www8.gsb.columbia.edu/faculty/jstiglitz/sites/jstiglitz/files/ May%2011%20 Namibia_Transforming_Economy.pdf. Accessed July 3 2016).

to enter the labour force in the future. The African Development Bank is clear; for nearly all African economies growth is not leading to structural change and more often than not is associated with the expansion of low productivity low return activities in the informal sector[6]. A re-formulation of the stages of growth perspective on development may be necessary, which posits that countries pass through successive phases commencing with agriculture then industry and finally (primarily knowledge-based) services (see Figure 2.1).

Figure 2-1: Stylized stages of development and transformational change



Source: Dr Nicholas Miles

'Africanising' the stages of growth template is required. The 2014 UNCTAD Economic Development in Africa report[7] highlights the unusually high level of employment and growth in the service sector in Africa, relative to its stage of development. McMillan and Rodrik (2011)[8]

[6] See *Enabling Growth: Perspectives and Challenges*: A Presentation of the African Development Bank, at the Borderless Alliance Conference 2014, Lagos, Nigeria, February 2014. Unpublished.
[7] United Nations Conference on Trade and Development (Ed.), 2014. Economic Development in Africa: report 2014: catalysing investment for transformative growth in Africa, Economic Development in Africa series. United Nations, New York.
[8] Margaret S. McMillan, Dani Rodrik, Globalization, Structural Change and Productivity Growth, NBER Working Paper No. 17143, June 2011, NBER Program(s)

and Rodrik (2014)[9] argue that large gaps in labour productivity between the traditional and modern parts of the economy are a fundamental reality of developing societies and that labour flows from low-productivity activities to high-productivity activities should be key drivers of development. Their research, however, indicates that since 1990 structural change has resulted in labour moving from low-to high-productivity sectors in Asia, *but mainly in the opposite direction in Latin America and sub-Saharan Africa*. They note that although agriculture, mining and more recently manufacturing are important, the majority of jobs are being provided by non-tradable (informal) service activities. The implications for devising routes to EEG are potentially profound; how can the productivity of the informal sector be significantly increased and should the development of a hybrid economy, one in which the informal and formal are more closely integrated than there are today, be promoted as an important pathway to achieving EEG?

UNCTAD argues that, because the private sector remains relatively under-developed in Africa, governments need to become more aware of the employment intensity of different types of economic activity and adopt a more prominent role in mobilising investment into job-rich sectors. It is common for profits and remittances to flow into property, not value adding SME. In many African countries there is a property asset bubble, which is doing little to create jobs; indeed, adds to the inequity of wealth and income. In those economies of Latin America and sub-Saharan Africa, for the most part with a comparative advantage in natural resources and inheriting an economic dependence on commodity exports since colonial times, the positive contribution of structural change associated with globalisation and participation in international markets has been limited. In this respect commodity export dependence and over-valued currencies, combined with economic liberalisation, have, according to UNCTAD, led to *'import competition causing many industries to contract and release labour to less-productive activities, such as agriculture and the informal sector*.' This is akin to the 'premature de-industrialisation' thesis discussed in relation to Sub Saharan Africa by Rodrik (2014)[10] and others.

Job creation and increasing employment opportunities must lie at the heart of EEG. Recent debates in growth theory and the implications of the work of the likes of Rodrik and Stiglitz indicates that this may not be straightforward. Furthermore, it seems unlikely that the story of *Africa Risin*g will the mirror that of *Asia Rising* – there will be different pathways to development (and EEG in particular), and different challenges to face on the way. But it does appear that for EEG to be promoted the informal sector and a hybrid economy should be supported. Given the slow growth of the industrial and more specifically the formal manufacturing economy of sub-Saharan Africa, the only immediate and viable option to simultaneously promote structural transformation and absorb labour is to develop the informal sector by promoting its integration into value chains currently managed by formal operations. In this manner a hybrid economy is likely to evolve one in which informal sector businesses become increasing more productive, commercially stronger, and able to expand as they benefit from spill-over effects associated with working with the formal sector. The rise of the hybrid economy therefore could contribute to putting manufacturing and industrialisation, and subsequently, structural change, in Africa 'back on track'.

For cities to fully realise their potential as engines of inclusive growth movement to higher productivity, manufacturing and service sector activity is required. This movement can be facilitated by focusing on the development of the hybrid economy related to high priority sectors, namely those sectors characterised by firms with the greatest potential for expansion into both domestic (import-dependence displacing) and export markets. These sectors are generally

[9] Rodrik, D. (2014) *An African Growth Miracle?* Institute for Advanced Studies, Princeton (unpublished) wwww.sss.ias.edu/files/pdfs/Rodrik/Research/An African growth miracle.pdf (accessed June 2015).
[10] Ibad.

agro-industrial processing, light manufacturing, ICT and business services, and tourism (as found in, for example, Uganda's 2040 Vision). These sectors can be developed by strengthening their in-country value chains, particularly by developing the hybrid economy nature of each value chain. Strengthening will involve both individual firm upgrading and improvements in supply chain governance. This focus is more likely to lead to inclusive and equitable economic growth than one involving an exclusive focus of support on formal sector activities.

Indeed, the informal sector is a huge resource for the economy, one that can underpin structural transformation if integrated into an urban economic continuum focused on generating high productive, high return market oriented activities. The issue becomes how can the informal sector and the working poor be supported. An important form of support is the removal of constraints. Significant if not binding constraints related to inadequate access to infrastructure and services exist. In all four cities visited by IPE Triple Line in order to pilot-test the EEG toolkit infrastructure and service deficiencies were severe for the poor, the working poor and those in informal activities and settlements. Evidence obtained through stakeholder interviews in the cities indicated that these deficiencies adversely affected the lives of many, and were often directly associated with incidences of unemployment, limited employment opportunities, pollution, public health risks, disease, and low wage rates. The poor state of and limited access to infrastructure and services adversely affected the EEG prospects of these cities and likely many cities through the Continent.

Women, access to infrastructure and services, and economic development

The informal sector though a huge resource for an economy, is not homogenous. The impact of removing binding infrastructure and service constraints will be different depending on the activity in question and the motivations of those involved, the nature of the city in which it is embedded, and other contingent circumstances. The evidence indicates that of particular concern is the role of women and girls in the process of structural change and transformation and their access to and use of urban infrastructure and services. The delivery of services is important for women because their primary gender roles as mothers, housekeepers and caregivers are more dependent on basic services such as health care, water supply, sanitation and education for children than are men's roles. The fact that women and girls frequently face a range of difficulties, including discrimination within their household, within the labour market, and in regard to access to infrastructure and services, is well known. Overcoming this form of discrimination is not just a moral imperative; experience indicates that it is also smart economics. Gender equality enhances economic efficiency and improves other development outcomes by removing barriers that prevent women access to education and employment opportunities. Furthermore, when women and men have equal chances to become socially and politically active, and shape policies, it is likely to lead to more inclusive institutions and hence to the creation of a more robust pathways to inclusive and equitable economic growth.

It should be remembered that the political economy of gender relations is directly related to the manner in which value is created, extracted and expropriated in an economy. Exclusion and gender inequality are socially and politically constructed and deeply rooted in the cultural norms and ways of behaviour of a community. It matters that many of those working in the informal sector are women and that the vast majority of those working in the numerically large low growth, low productivity and low return segment in the sector are women. For EEG to be successfully promoted the binding infrastructure and services constraints must be tackled, and especially those that affect the informal economy working poor, *and women*. Overcoming these particular constraints should be a vital component of any EEG promoting strategy.

2.3 Implications for the promotion of EEG

A priori it appears that the promotion of EEG is more likely to be successfully achieved if there is a focus on overcoming infrastructure and service constraints that affect the informal sector and the working poor, and, more specifically, which are impeding the development of the hybrid economy. This does not imply exclusivity of action; constraints on both the formal and informal economies need to be addressed. Removing constraints on the informal economy and the working poor, however, are likely to accelerate EEG faster than if effort is unfocused and concentrated on measures to assist the formal sector. But the way in which EEG is promoted by concentrating on removing the constraints on the informal economy and the working poor must be considered with care.

The hypothesis advanced above is that the most effective way to promote and secure EEG is by assisting the informal economy, and in particular by encouraging informal activities become part of a hybrid economy. This requires an economic development strategy of which the removal of infrastructure and service constraints is an important part; a very necessary but not sufficient action. The economic development strategy should focus on the development of value chains in priority sectors, and, in particular, on how the removal or mitigation of infrastructure and service constraints can assist informal activities and the working poor become part of these chains and ultimately drive the development of the hybrid economy.

The strategy is also likely to include support for technologies and business models that are practical and proven, and innovations that are incremental and augmentative. These technologies, innovations, and business models will add value to existing production and service activities, and allow 'business stretch', namely the development of higher value added businesses related to existing activities ('moving preferentially towards nearby goods' according to Hidalgo et al[11]). Once a certain level of development and innovation capabilities is reached a developing country can transition into the realm of disruptive technologies and be characterised by trickle-up innovations (which is what China and South Africa are doing at present; see Figure 2.1). The economic development strategy must seek to identify:

- Sectors and related value chains with the potential to expand ('priority sectors')
- The firms whose expansion can strengthen the sector and/or plug gaps in value chains embedded in the priority sectors
- The form of technology and business operational improvements needed by these firms in order that they can expand
- The forms of infrastructure and service, and human resource constraints that impede the expansion of these firms, and
- How combined business assistance with measures to improve infrastructure and service access can be successfully implemented (closing the *implementation gap* that characterises many countries in Africa).

The aim is to develop sectors in which strengthened informal and formal economy operations work within high productive, high return value chains so constituting a vibrant hybrid economy which creates decent and productive employment for an increasing number. It must be recognised, however, that removing infrastructure and service constraints is a necessary but not sufficient condition for structural change and transformation, and the promotion of EEG.

[11] Hidalgo, C.A., Klinger, B., Barabasi, A.-L., Hausmann, R., 2007. The Product Space Conditions the Development of Nations. Science 317, 482–487.

Indeed, there is nearly always present a temptation to exclusively prioritize the subject of study (or this assignment) without a clear understanding of contextual and contingent circumstances. Removing infrastructure and service constraints, improving access to infrastructure and services, will undoubtedly improve a city economy, but in order to achieve structural transformation a strategy involving the integration of improved infrastructure and service access with the promotion of business development (and in particular the hybrid economy) is perhaps the most appropriate and most valuable point of entry for progressive government involvement and donor-assistance support.

Figure 2-2: Entrepreneurial informal activities in Accra, Ghana

Source: Nicholas Miles, February, 2016

Women, and the promotion of EEG

In order to successfully promote EEG by developing the hybrid economy through the enhanced provision of and equitable access to infrastructure and services, the position and economic potential of women must be improved. Past research has clearly shown that women's economic empowerment strategies, and improvements in the delivery of basic services that directly affect women's lives, are key prerequisites for equitable city prosperity[12]. Indeed, it has been suggested by the UN and others that women are key drivers of economic growth and that wealth in the hands of women leads to much more equitable outcomes in terms of the quality of life of families and communities[13]. On the other hand, and as noted in the previous section, women are invariably disadvantaged compared with men in cities in terms of equal access to employment, housing, health and education, asset ownership, and to infrastructure and services. There is a notable 'decent job deficit' for women. These disadvantages are especially marked for poor urban women living in slums and informal settlements and working in informal

[12] See UN-HABITAT (2015). The State of Women in Cities 2012-2013. Gender and the Prosperity of Cities
[13] Ibad.

activities. In addition, women's contributions to the economy and in forums discussing economic development are often ignored, especially by city officials, urban planners and development practitioners.

Gender equality is 'smart economies' as discussed in the previous section; it is posited that in order to achieve systematic change and move the trajectory of a city economy on to a path that leads to EEG, interventions must strengthen the position and role of women in the economic development process. The current position and role of women in the economy is to be captured in all the workbooks of the EEG toolkit, including the use of the extended indicators (which explicitly seek to capture the gender dimension of infrastructure and service access issues), the commentary box (see Figure 1-2), and in the use of the proposed business survey to accompany the EEG workbooks. As also stated in the previous section, it should be remembered that the political economy of gender relations underlies the position and role of women and is directly related to the manner in which value is created, extracted and expropriated in an economy. The ways in which the political economy of a city can be engaged in order to promote EGG is addressed in the following chapter.

3. Equitable Economic Growth in African cities

3.1 Introduction

The situational assessment presented in Sub-section 3.2, consist of two parts; first, a review of urbanisation in Africa with reference to the challenges facing the promotion of EEG within towns and cities; and, second, a more detailed discussion of the relationship between the provision of and access to infrastructure and services and EEG in the four cities that were used to pilot-test the EEG toolkit. Based on the situational assessments the causes of inequitable development are outlined in sub-section 3.3, and prospects for EEG briefly described in sub-section 3.4. General and concluding lessons for Africa are outlined in Sub-section 3.5.

3.2 Situational assessment

3.2.1 African cities

Urban economies determine the success of national economies[14]. Global experience clearly indicates that the most significant improvements in wealth generation are to be found in urban areas, characterised by agglomeration economies, and the network effects and inventiveness of businesses and people placed in close proximity and interacting. Furthermore, urban economic activities often 'unlock' the potential of the wider economy as they commonly underpin economic and social welfare improvements in rural areas (through, for example, the development of agro-industrial value chains linking rural and urban economies).

The beneficial outcomes of urbanisation, however, are not assured. If left to monopolistic and vested interests, poorly managed and characterised by market failures, urbanisation can become a brake on economic growth. Urban areas then come to be blighted with serious infrastructure and service 'deficits', traffic congestion, public health hazards, environmental vulnerabilities, increasing homelessness, urban unemployment and increased inequalities and, ultimately, rising social tensions and unrest. At present many African cities are hovering between 'blessing and blight'. The promise of the city as the engine of growth, and more, of inclusive development, is present in nearly every major town and city across the continent.

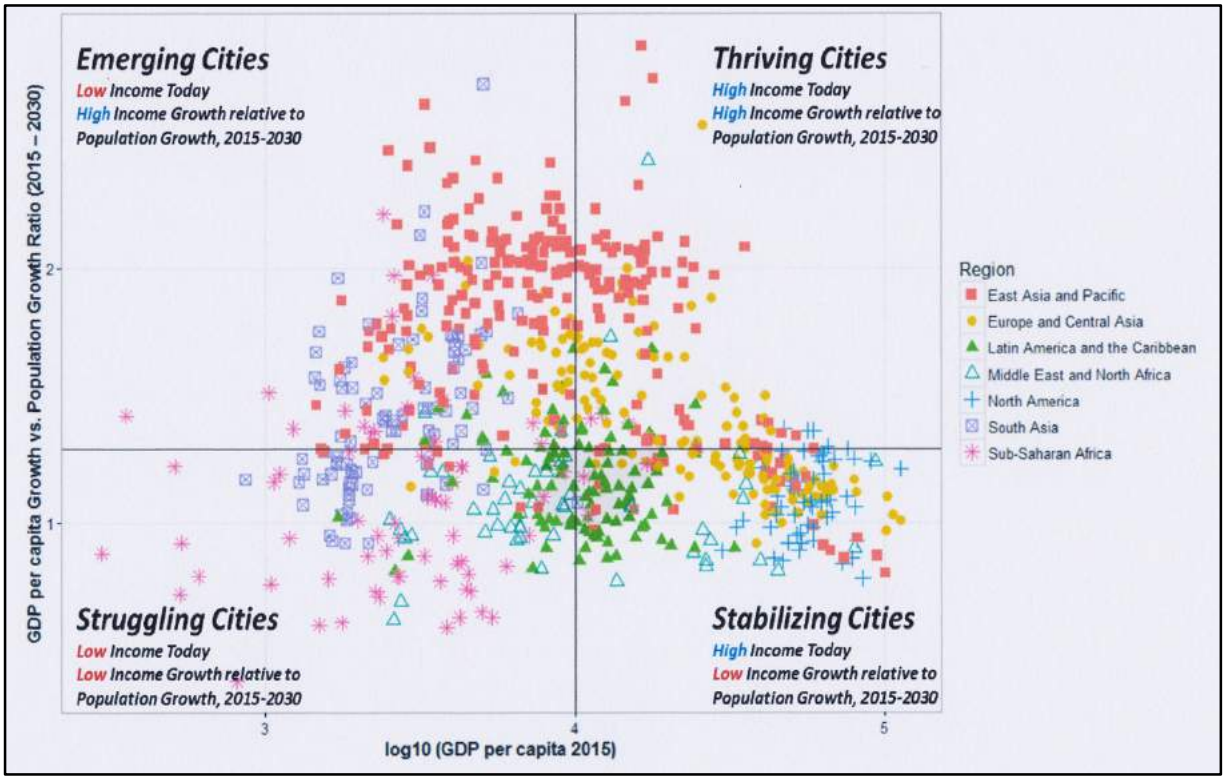
Another narrative, however, currently characterises too many urban settlements; one in which the indicators of progress and development are not advancing and the gains of past years are threatened as cities are on the brink of being overwhelmed by rapid population increases and the steady rise of agglomeration diseconomies. This appears to be particularly the case in SSA; as described in Chapter Two structural and transformative change in SSA is slow and the creation of formal sector employment has been muted. Many of the cities currently classified as 'struggling' are located in SSA (see Figure 3.1).

Whether towns and cities fulfil their promise depends to a large extent on the success of programmes of structural change and economic transformation. At present too many towns and cities in Africa are embedded in economies characterised by value extraction through the exploitation of raw materials and the export of semi or unprocessed commodities. Value addition is lacking, as is associated product diversification and sophistication. These economies do grow (recent GDP growth rates posted in many African countries are in excess of 5% and for some countries beyond this figures), but this growth is often based on the intensification of resources

[14] It should be remembered that it is a *system of cities* that is crucial to national economic growth. Too often it is only the metropolitan regions that are growing, and the secondary and intermediary cities are falling increasingly behind. It is the creation of a value chains across the city system that will lead to inclusive.

extraction rather than the development of high productivity high value added activities. This form of growth has fuelled consumption, mostly driven by relatively small middle and upper class sections of society, and has not been associated with systemic structural change and transformation that would increase the sophistication of the economy and enabled improved society-wide living standards. Improved society wide living standards would lead to reduced inequality through an increased income share at the lower end of the income distribution

Figure 3-1: The dominance of 'struggling cities' in Sub-Saharan Africa



Note: N=769 cities and the lines indicate median values

Source: World Resource Institute (2016). World Resources Report 2016-2017. *Towards a more equitable city.* http://www.wrirosscities.org/worldresourcesreport (PowerPoint presentation of forthcoming report)

Getting urbanisation 'right' is one of the most important global development challenges of our time. We need a clear understanding of how the economy of city can be changed in a manner that increases the opportunities for equitable growth. We need to know how to alter the factor endowments of the city, how to create new dynamic comparative advantages for the city, and how to support the competitive dynamics of enterprises – in a manner that promotes equitable growth, inclusive development and environmental sustainability. More specifically we need to identify constraints that affect otherwise employable and entrepreneurial individuals, leaving them marginalised and unable to participate in profitable economic activities. We need an assessment of the obstacles that keep too many from having access to resources (including infrastructure and services) and employment opportunities. Addressing such specificities is an important foundation for the creation of strategies of equitable economic growth.

Poverty reduction and inclusive growth does not happen as a matter of course, but requires, first, the promotion of structural economic change, second, the strengthening of those parts of the economy that can be readily accessed by the disadvantaged, and third, capacity building for disadvantaged groups so that they can respond to, participate in and drive structural change. Helping build enterprises that plug gaps in value chains, or preferentially stretching businesses into nearby but high value added products, or ensuring business environments actively promote

and sustain women entrepreneurs are examples of some of the actions that can and should be supported.

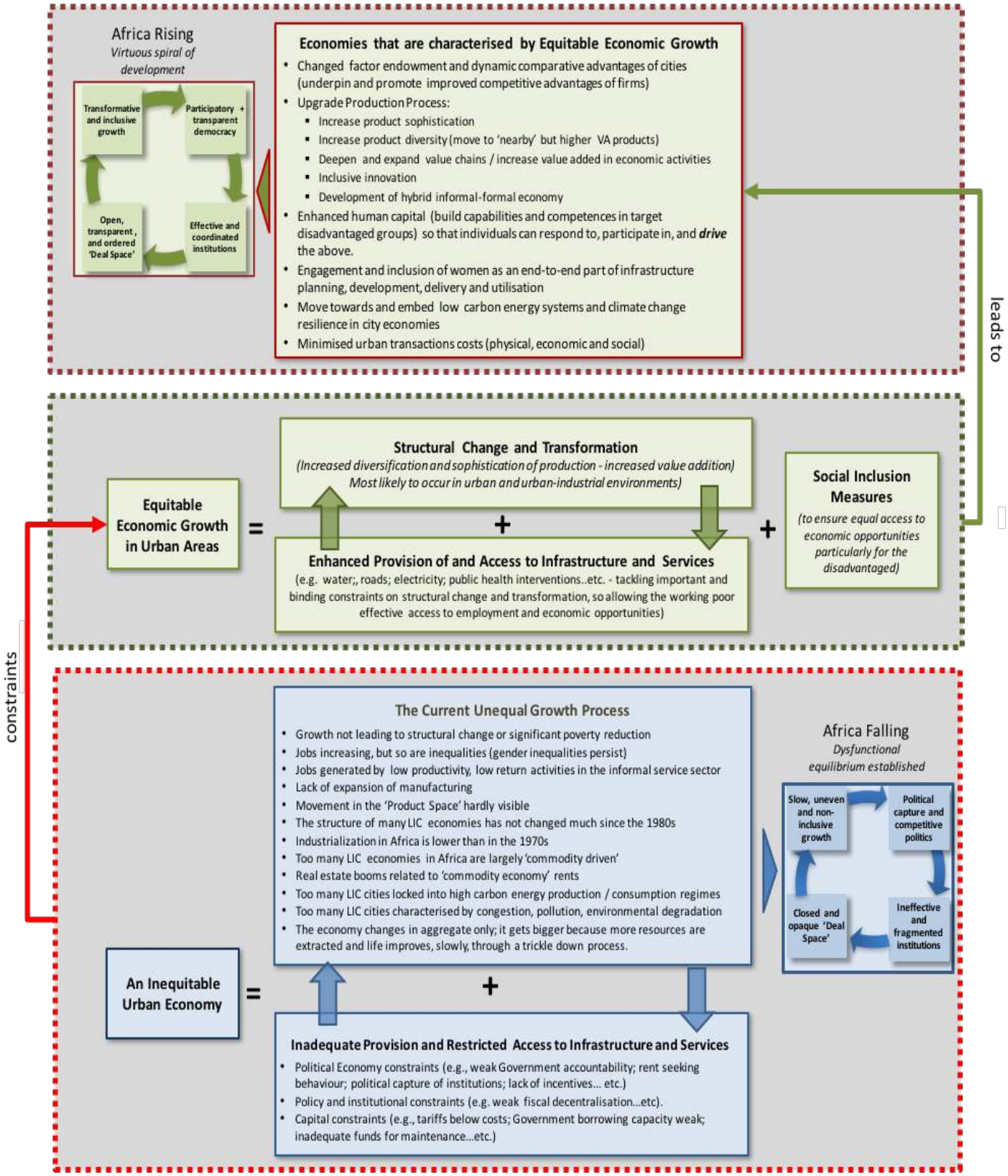
Urban infrastructure and services can play a powerful role in triggering and sustaining structural change and inclusive and sustainable economic growth. Ensuring and strengthening access to infrastructure and services is an important foundation of equitable economic growth, but only if urban areas are well managed, and when the regulatory and financing environments facilitate the effective, adequate and efficient provision of infrastructure and services. It is not and never has been a case of 'throwing infrastructure and services at the urban challenge' – it is a matter of clearly understanding what type of urban infrastructure and services to provide, and how they can be provided in order to achieve clearly defined economic and social welfare outcomes. This requires an understanding of the pathways of change. Indeed, without an understanding of the economic life and potential of cities, the provision of infrastructure and services will be at best sub-optimal and at worst may contribute to the rise of agglomerations diseconomies. And time is short; urban growth is rapid and often seemingly overwhelming in many less developed countries (the urban population of many African countries is growing around 5% a year).

Figure 3.2 is a diagrammatic representation of the nature and drives of equitable economic growth (EEG). EEG requires structural change and economic transformation, which are enabled and facilitated by ensuring and strengthening access to infrastructure and services (and employing social safety nets to assist the most disadvantaged). But at present the way the economy 'works' in many Africa countries and the lack of appropriate infrastructure and services impedes and at worst prevents structural change and economic transformation. A pernicious equilibrium has been established in many countries, one characterised by non-inclusiveness, political capture of institutions, which subsequently become ineffective, and value extraction that is managed by a few and drives the rise of consumption economies. Mechanisms to change this equilibrium need to be formulated and implemented with the aim of promoting an economy characterised by equitable and accelerated growth.

The way in which the 'pernicious equilibrium' has been established has been described by Osei, R.D et al (2015) for one African country, Ghana. It is a process that, however, is not unique to Ghana. He, and his colleagues, focused on the way in which 'deals' are made between powerful groups and individuals. They maintain that the deal space is personalised and mostly closed to those outside elite political, social and commercial communities[15]. The deal space is rooted in, reflects and reinforces the way in which value is created within the Ghanaian economy, and the inability of the economy to move through the product space, promote competition within the economy, and increase the complexity of its economic output. Osei at al, state that *"the country has not been able to move to a more sophisticated area of product space, where goods and services produced embody more knowledge, command higher value, and provide greater returns from labour".* Because economic growth in Ghana generally has not been of the transformative type the deals space has remained closed, personal and dominated by powerful elites. Furthermore, Osei at al argue that had the deals environment in Ghana been more open, increased competition would have characterised the economy, which would have encouraged innovation and moved the country towards a more sophisticated product space. They conclude; "*one could argue therefore that Ghana finds itself in an equilibrium that makes change to a deals space that fosters sustained accelerated growth difficult*".

[15] Much of the dealing within the deal space is about asset ownership and value, and land planning and development to generate land asset wealth. It is not about not production, and only vaguely at best related to structural change in the economy. Furthermore, a lot of the 'dealing' involves dual transactions on and off shore with expatriate interest with a lot of shadow pricing arrangements.

Figure 3-2: Promoting equitable economic growth in urban areas in developing countries



Source: Dr Nicholas Miles

The Ghanaian economy appears to be stuck; - the functioning of deals space does not provide sufficient impetus to change the economy, which thus reinforces the nature of the prevailing deals space. Formulating and delivering a EEG focused economic development strategy within this environment may be difficult. It is likely that a way to upset the equilibrium needs to be unearthed and move the deals environment (and accompanying political settlement) towards an open, transparent, economically rationale and ordered space. Only by so doing is equitable economic growth likely to be achieved and characterise the urban sector.

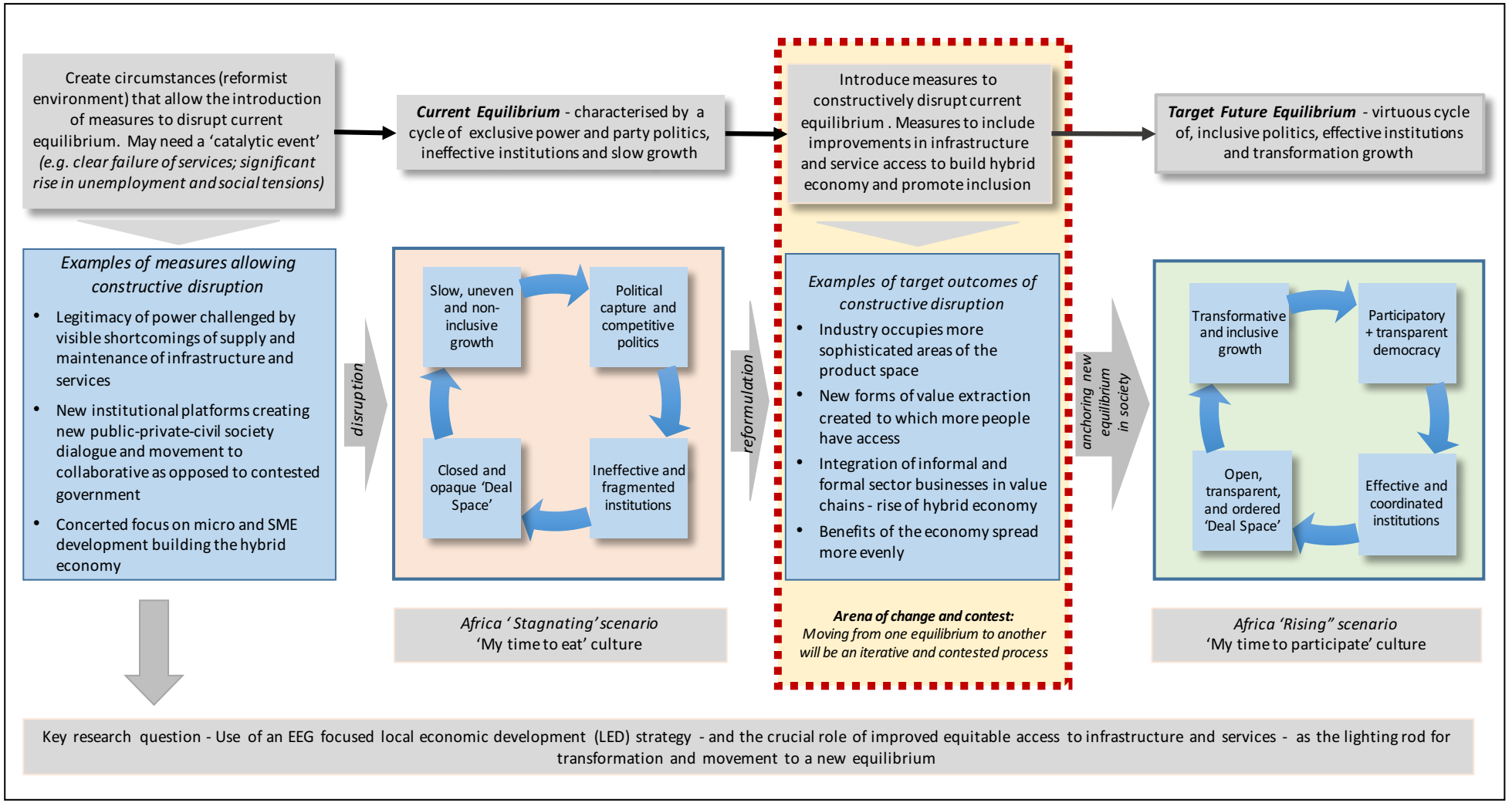
For cities and towns in Ghana to become engines of growth, and the locus of inclusion and equality, they must be the site of transformational change. In order to understand how to promote and sustain such a change it is important to identify where the power lies in a nation (and city), how it operates, how it influences the way in which the economy works an, and how legitimacy for the prevailing power structures is maintained. Ghana is an example that seems to have has settled into a dangerous equilibrium; commercial, political and social elites control a form value extraction from the economy that both requires and then reinforces the non-inclusiveness of the economy, the uneven distribution of the fruits of the economy, and relative powerlessness of many State institutions, including district assemblies, to change society or the economy.

The system appears to work to maintain the status quo; the economy changes in aggregate only; it gets bigger because more resources are extracted and life improves through a trickle down process. Structural transformation, however, is lacking, movement in the product space is hardly visible, productivity in the urban economy stagnates, and inequalities rise. This is not an *Africa Rising* scenario. The prevailing political settlement in Ghana, impedes change to the prevailing economic growth regime. The current way in which social and the economy is structured and functions seems to prevent innovation in economic development (including EEG) from touching the ground. A way to upset the equilibrium needs to be unearthed. Pathways of change based on how this equilibrium can be constructively disrupted and re-formed must be investigated.

One pathway to equitable economic development might be the construction at the local level of social and institutional platforms (including social media platforms) that cross the public, private and civil society sectors creating structured spaces for effective public-private-community dialogue, and devising ways through these platforms whereby pressure can be placed by citizens and businesses on both those who politically control and those who technically manage the district assemblies. Such pathways can lead to collaborative as oppose to contested governance. Maintaining legitimacy in contested governance frameworks (which provides space to influence the way in which the economy works) can be difficult when the access to public services such as paved and maintained roads, drinking water, sanitation, power, and primary health services is unsatisfactory and *visibly* getting worse (see Figure 3-3).

Implementing infrastructure and service improvements, particularly those devised to encourage equitable and resilient economic growth, in the absence of an understanding of the relevant political economy context would seem to be heading for difficulties. The impact of infrastructure and service interventions is mediated through social and political structures and norms of behaviour, which is turn are grounded in the specific history and cultural and social traditions of the country (and city) in question. Indeed, exclusion and inequality are to a considerable extent socially constructed. Before devising infrastructure and service interventions designed to promote EEG it is necessary to understand how the institutional environment is most likely to determine the provision, use and impact of the infrastructure and services, and how the prevailing political economy impels that institutional environment to influence provision, use and impact in the manner empirically experienced.

Figure 3-3: A possible pathway to a future EEG focused equilibrium

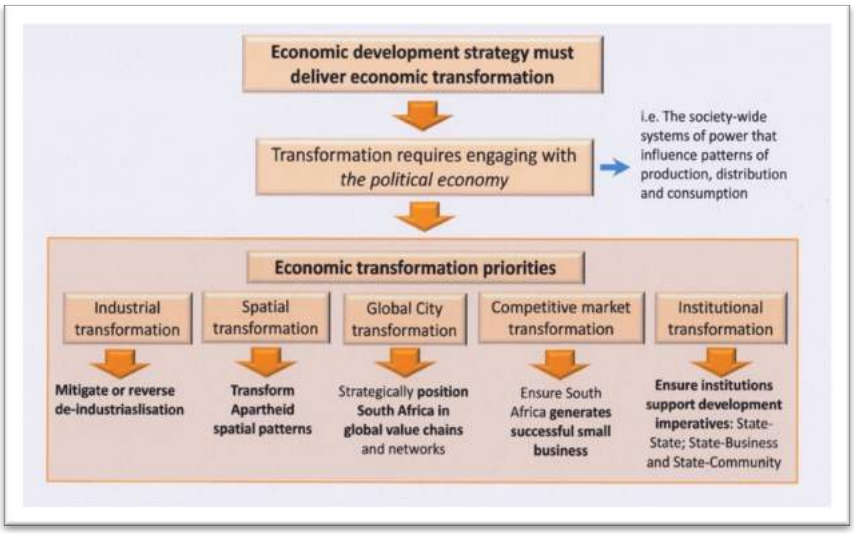


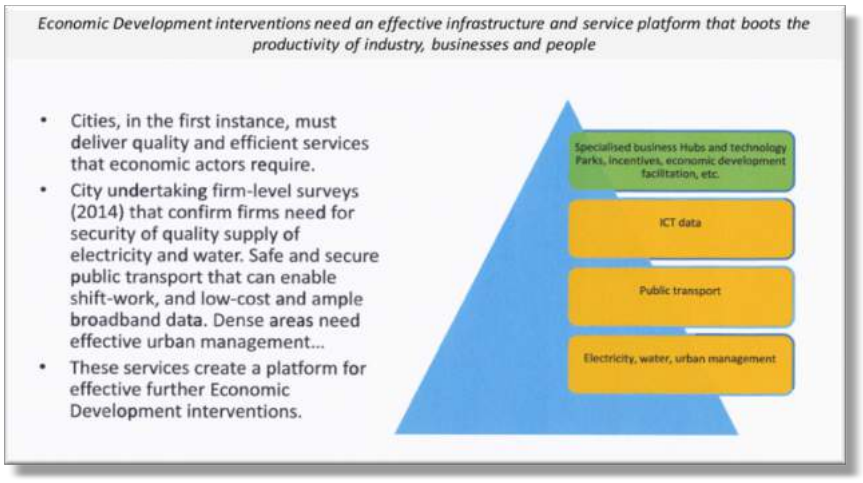
Source: Dr Nicholas Miles

From this analysis, pathways of change which constructively disrupt the equilibrium and allow for its re-formulation, as discussed above, should be investigated and related interventions accompany the infrastructure and service development programmes. As highlighted in Slater et al (2016) for Ghana the issue is to move from "*a competitive clientelist political settlement into post clientelism. This would require political actors and agents to shift focus away from a traditional reliance on striking accommodations and bargains with intermediaries based on patronage as a means to win elections and instead to adopt a strategy that can deliver more effective development and growth as a……. strategy for re-election to office*"[16]

A 'political economy' pathway to equitable economic development is being sought in a number of Africa countries; for example, Ravid Naidoo of the City of Johannesburg in the Republic of South Africa maintains that it is only be understanding the political economy of his city can ways forward to transformation be unearthed (see Figure 3-3). He maintains that creating platforms of dialogue (voice regulation as he calls it) is vital and importantly he advocates directly engaging with the private sector to confirm how infrastructure and services affect their commercial (and inclusive employment) prospects.

Figure 3-4: Understanding the urban economy of Johannesburg.





Source: Ravid Naidoo, City of Johannesburg. Presentation October 14-15,2014. The World Bank Group. Conference on *'Competitive Cities: new growth policies and urban development'.*

[16] Slater at el (2016) *Urban Governance and Services in Ghana: Institutional, financial and functional constraints to effective service delivery*. Report by ICF to Cities Alliance.

Creating a pathway to equitable economic development through the creation of circumstances that can lead to the constructive disruption of the prevailing political economy equilibrium is not a straightforward task (see Figure 3-3). As discussed by Slater et al (2016) moving from a competitive clientelist political settlement into post clientelism will be complicated and contested. Change, is often a messy process which can generate unintended consequences. This is generally understood and mostly unavoidable. The issue addressed in this section of the report is how can the local (town and city) provision of infrastructure and service contribute to the disruption of the political economy equilibrium required for equitable and inclusive growth to increasingly characterise the both the city and the wider society.

It is posited in this report that the use of the EEG toolkit and associated debate about the way in which the provision of and access to infrastructure and service public goods can be improved can create the circumstances which begins a disruption of the prevailing political economy equilibrium, initially at the local level, at the level at which the debate commences. It is further posited within this report that the efficacy and impact of this debate will be enhanced if there is a focus on building a hybrid economy and addressing the infrastructure and service constraints on informal activities that could be key components of that economy. It is, however, not a question of having to address 'higher order' political economy issues before lower order city specific infrastructure and services issues can be tackled – the process is iterative and recursive. Focusing on these lower order issues changes the wide context; *what can happen at the level of local government can be of crucial importance.* It is a learning process and one that can create capacities and capabilities and leads to a robust understanding of the issue at hand. In this way locally created and owned pathways of change can be created which, in turn, affect the wider political economy. The use of the EEG toolkit can start a debate which if guided appropriately can lead to changes within the city in which the debate commenced, and generate impact which can be felt much further afield

3.2.2 The project cities

In this sub-section the four cities visited by IPE Triple Line in order to pilot test the EEG toolkit are described. Four infographics are presented at the beginning of this section; each one presents the 'key facts' that characterise the city, an outline of the economy of the city, and a brief assessment of the EEG drivers and constraints. The infographics were produced as a part of the engagement tool package that can be used to discuss EEG issues with the respective city authorities. The economic context of each city is then described in more detail, and the key dimensions of the provision of and access to infrastructure and services are outlined. Lastly, the relationship between infrastructure and service public goods and equitable economic growth is assessed.

The assessment is based on available secondary data and information obtained from interviews undertaken by IPE Triple Line of relevant stakeholders in each of the four cities. Unfortunately, I none of the cities had undertaken a survey of their local economies including engagement with the private formal and informal sector. Such a survey is recommended in order to get the best out of the toolkit. Indeed, it is one of the key recommendations of this project that it is it is crucial for any city administrations wishing to effectively use the EEG toolkit to have undertaken an economic-business survey of their city or to use the recommended EEG business survey questionnaire. The survey could consist of a set of questions to ask selected informal and formal business (as given in the EEG toolkit economic workbook) and / or a focus groups and / or workshops with selected members of the informal and formal private sector and groups representing the working poor. Without a clear understanding of how the local economy 'works' it is difficult to determine how the provision of and access to infrastructure and services affects the EEG status and potential of a city or town.

TEMA

Cities Alliance
Cities Without Slums

POPULATION 333,418 (YEAR)

LAND AREA 87.8 km²

DENSITY 3,797 people/km²

AVERAGE MONTHLY HOUSEHOLD INCOME $360 USD

EQUITABLE ECONOMIC GROWTH: DRIVERS

Tema is a prominent district within the greater Accra Metropolitan Area (GAMA), within which resides around 12% of GAMA's population. Tema is often referred to as 'The Eastern Gateway of Ghana' as it is the country's largest seaport through which are transported much of Ghana's imports and exports. Port and related activities drive Tema's economy, though it is the informal economy which is growing the fastest. The formal sector currently appears to be 'flat-lining'. The Port is a potential future 'game changer' as some US$1.5 billion is to be invested in its expansion creating around 5,000 additional jobs. This expansion should be a major opportunity to promote equitable economic growth, by, for example, ensuring greater local participation in the value chains associated with Port activities and their expansion, and the expected increase in formal sector industrial development related to the Port expansion.

UNEMPLOYMENT LEVEL

9.6% TOTAL UNEMPLOYMENT

9.6% FEMALE UNEMPLOYMENT

64.5% INFORMAL BUSINESSES

WORKFORCE EMPLOYED

26.3% WHOLESALE AND RETAIL

18.8% MANUFACTURING

8.8% TRANSPORT AND STORAGE

8.2% ACCOMMODATION AND FOOD

INFRASTRUCTURE AND SERVICE PUBLIC GOODS

85%	90%	78%	88%	100%	89%	18%	3.1
(2010)	(2010)	(2012)	(2012)	(2014)	(2015)	(2014)	(2015)
of people have access to clean water	of people have access to safely managed sanitation services	of solid waste is formally managed on a daily basis	of people have access to a modern source of electricity	of births are attended by skilled medical personnel	of students complete primary education	of urban population are living in slums or informal settlements	kilometers of road per square kilometer

EQUITABLE ECONOMIC GROWTH: CONSTRAINTS

Tema was ranked 4th in 2011 in the performance measures under the Urban Development Grant assessment of the Government of Ghana. The provision of basic services, however, remains a major challenge; the sewerage system, which covers around half the city, is in desperate need of repair; around 50% household do not have access to pipe-borne water inside their dwelling; around 10% do not have access to toilet facilities; and the electricity supply in unreliable. Infrastructure and service deficits particularly affect the informal activities and those living in informal settlements. Furthermore, Tema Metroploitan Assmebly (TMA) lack the funds for major infrastructure and service investments, and there has been a lack of co-ordination between TMA, and the Tema Development Corporation (TDA) and the Port Authority, the two other major institutional players in the District. There is an urgent need to strengthen the conversation between these three players and the wider community and private sector in order to secure for the local community the benefits of the Port expansion and promote equitable economic growth.

MBALE

Cities Alliance
Cities Without Slums

POPULATION 92,863 (2014)

LAND AREA 24.23 km²

DENSITY 3,950 people/km²

AVERAGE MONTHLY HOUSEHOLD INCOME $93 USD

EQUITABLE ECONOMIC GROWTH: DRIVERS

In Mbale municipality commerce is the dominant economic activity with the majority of activities being conducted in the Central Business District area, often in the informal sector. The sector consists of small entrepreneurs and businesses, and growth has been fuelled by a lack of opportunities for formal sector employment and the decline in the minimum wage. Whether formal or informal, most businesses in Mbale are small, with an average employee size for Mbale District of 3 employees. Good regional road links, a well planned central business district, and a full compliment of regional health and educational services underpins Mbale's role as a regional growth centre. A platform for dialogue and change (Municipal Development Forum) has already been established allowing the co-development of a Municipal Development Strategy (MDS) to guide Mbale's path to more inclusive growth.

UNEMPLOYMENT LEVEL

25% TOTAL UNEMPLOYMENT

NA YOUTH UNEMPLOYMENT

3 employees AVERAGE SIZE OF A BUSINESS

WORKFORCE EMPLOYED

26.3% AGRICULTURE

18.8% TRADE

8.8% MANUFACTURING

8.2% SERVICES

INFRASTRUCTURE AND SERVICE PUBLIC GOODS

95%	7%	60%	71%	50%	55%	39%	NA
(2015)	(2015)	(2016)	(2012)	(2011)	(2013)	(2010)	
of people have access to clean water	of people have access to safely managed sanitation services	of solid waste is formally managed on a daily basis	of people have access to a modern source of electricity	of births are attended by skilled medical personnel	of students complete primary education	of urban population are living in slums or informal settlements	kilometers of road per square kilometer

EQUITABLE ECONOMIC GROWTH: CONSTRAINTS

There is a general impression that the economy of Mbale is growing, however, Mbale has only limited funds to accelerate and secure development. Municipal Finance is largely derived from revenues received from the central government an there appears to be little opportunity for development projects to be funded from self-generated sources of revenues, which are extremely limited. It is clear that there are major infrastructure and service deficits in Mbale. Although most public goods are affordable in Mbale, the physical coverage of essential infrastructure restricts access, this a product of unplanned settlement and a lack of finance to fund basic infrastructure.There are indications that these deficits adversely affect the life chances of the citizens of Mbale, in particular those living in informal settlements and working in informal economic trades, and can negatively impact upon the operations of formal sector industries and commercial trades.

DORI

Cities Alliance
Cities Without Slums

POPULATION 27,741 (YEAR)

LAND AREA 79 km²

DENSITY 351.2 people/km²

AVERAGE MONTHLY HOUSEHOLD INCOME $154.88 USD

EQUITABLE ECONOMIC GROWTH: DRIVERS

In the town of Dori, an estimated 16 per cent of households fall below the poverty threshold. Dori's economy is largely characterised by agro-silvopastoral activities which, while mostly conducted outside the urban perimeter, have a strong influence on the town's development and constitute the primary economy activity of 28.3 per cent of its population. Alongside these primary sector activities, in the secondary and tertiary sectors 16.5% per cent of the population is engaged in public sector wage employment and 15.4 per cent in trading. Dori is an important crossroads for regional trade, with relations focused on Kaya, Ouagadougou, Sebba-Pouytenga, Yalgo, Djibo, Gorgadji, Falangountou, Bani, Sampelga, Boulsa, Komandjari, as well as Tera and Niamey in Niger – with reasonably good road infrastructure linking the town to these locations. Access to public goods is variable but is in the most part affordable, where physical coverage is present.

UNEMPLOYMENT LEVEL

4.1% TOTAL UNEMPLOYMENT

1.1% TOTAL UNEMPLOYMENT SAHEL REGION

18.5% OWN SOURCE REVENUE

WORKFORCE EMPLOYED

28.3% AGROSILVOPASTORAL

16.5% PUBLIC SECTOR

15.4% TRADING

62%	64%	26%	75%	83%	69%	NA	0.2km²
(2015)	(2015)	(2012)	(2012)	(2016)	(2014)		(2012)
of people have access to clean water	of people have access to safely managed sanitation services	of solid waste is formally managed on a daily basis	of people have access to a modern source of electricity	of births are attended by skilled medical personnel	of students complete primary education	of urban population are living in slums or informal settlements	kilometers of road per square kilometer

EQUITABLE ECONOMIC GROWTH: CONSTRAINTS

Dori's strong culture of pastoral production could be enhanced through for example greater coordination and organisation of those producing crops; the introduction of techniques that improve crops resilience to climate change; enhancing vaccination regimes for cattle etc. Breeding animals presents some challenges for Dori particularly within the dynamics of urbanization of the town where reconciling competing land-uses. Deepening and broadening agricultural value-chains will be a route to employing greater numbers of people. Some progress has been made towards this through the proposed upgrade to the existing slaughterhouse/abattoir, however the supply of water and energy is recognised as a constraint to the continued operation and productive capacity of this facility. There are persistent levels of gender inequality around access to land (and services), employment and livelihood opportunities. A number of interventions should be prioritised to begin to transform the role women play in society in Dori including organising awareness campaigns; set up a micro credit funds for women; establishing a communal training centre to reinforce the capacities youth and women; and training girls and women in entrepreneurship.

NAMPULA

Cities Alliance
Cities Without Slums

POPULATION **638,530** (EST.2016)

LAND AREA **404 km²**

DENSITY **1,712.8** people/km² (2013)

AVERAGE MONTHLY HOUSEHOLD INCOME **$360** USD

EQUITABLE ECONOMIC GROWTH: DRIVERS

The city of Nampula sits along the Nacala Development regional growth corridor which attracts investment in the extractives industry, mainly coal from Tete, Mozambique and Zambia/Malawi and associated infrastructure at the port town of Nacala in north eastern Mozambique. This affords the city regional policy support to enhance the living conditions of individuals and business opportunities for local firms through investment delivered to further the regions 'mega' infrastructure projects. An estimated 65-70% of the working population in Nampula are employed in the informal sector, and 80% of residents of Nampula live in informal settlements. For the urban poor, accessing public goods may represent a significant proportion of overall household expenditure. The municipal government attempts to underwrite affordability of access by, for example, taking responsibility to ensure the delivery of safe drinking water to selected parts of the city. Public-led investment in existing and proposed 'mega' infrastructure projects can be used to upgrade access to basic infrastructure and services. Equally, sharing of information and delivering vocational training along supply and value chains can help address constraints faced by local SMEs in business development, allowing them to offer competitiveness in factor markets.

UNEMPLOYMENT

40% MALE *NAMPULA PROVINCE*

32.9% FEMALE *NAMPULA PROVINCE*

EMPLOYMENT

50% *(2011)* EMPLOYED IN EITHER TRADE, TRANSPORT OR SERVICE SECTORS

60-50% INFORMAL SECTOR

77% *(2015)* of people have access to clean water

41% *(2015)* of people have access to safely managed sanitation services

53% *(Date here)* of solid waste is formally managed on a daily basis

49% *(2012)* of people have access to a modern source of electricity

79% *(2011)* of births are attended by skilled medical personnel

70% *(2014)* of students complete primary education

82% *(2014)* of urban population are living in slums or informal settlements

0.2km² *(2012)* kilometers of road per square kilometer

EQUITABLE ECONOMIC GROWTH: CONSTRAINTS

A major constraint of the structural transformation of the labour market in Mozambique has been a lack of factor accumulation i.e. households developing greater human and physical capital. The affordability of social services such as health and education is a challenge with an estimated 30 and 17% of costs respectively representing out-of-pocket expenditure. These expenses have been shown elsewhere to push urban household into poverty. As the city expands and informal settlements proliferate, attempts by the municipal government to retroactively supply basic infrastructure are costly and present a barrier to securing equality of access. Addressing these deficits will require an effective institution platform on which to plan and coordinate investment in enhancing access to basic services and infrastructure o allow for enhanced skill development within the labour market. Increasing the quantum and predictability of own-source revenue streams will be an important step in increasing access to public goods and services. Small business licence fees payable by those operating informal/small businesses are providing a useful interim measure to help leverage the economic activity of the many small informal businesses to help finance basic infrastructure and municipal services.

3.2.2.1 Tema, Ghana

Economic context

Tema is a prominent municipal district within the Greater Accra Metropolitan Area (GAMA) often referred to as 'the Eastern Gateway of Ghana' and the 'Harbour City' because it is the site of the country's largest seaport through which are transported much of Ghana's imports and exports. The city was planned as a new-town extension to Accra in the early 1960s and was formerly laid-out in a grid network of serviced plots with wide, tree-lined streets. Today it is home to approximately 330,000 people, representing around 12% of the population of Accra. The rapid expansion of the town has seen the gradual encroachment on road reservations, the proliferation of unauthorised structures and high levels of informal commercial activity. The city has a unique governance structure in that the Tema Development Corporation has a mandate to manage the assembly, administration and development of land, whilst the Tema Municipal Assembly delivers municipal services. The Ghana Ports Authority manages all land and activity within the port area. There is considerable overlap (if not tension) between these three bodies and as a result the governance of Tema is often opaque and sometimes appears dysfunctional.

Port activities and related service and industrial operations are *the* key economic drivers of Tema. The Port is a potential future 'game changer' with a reported US$1.5 billion to be invested in the near future involving expansion of transhipment activities and facilities. The Ghana Ports and Harbours Authority maintain about 5,000 jobs will be created as a result of the project, which will include a railway terminal for the movement of containers by rail to and from the Port and the expansion of the Accra-Tema Motorway into a six-lane expressway to accommodate the traffic that will accompany the expansion of the port. This expansion should be a major opportunity for Tema city in terms of additional employment that should be generated and additional investment that could be attracted to the area.

At present, however, formal sector manufacturing employment appears to be flat-lining, while informal service sector employment is increasing. The increasing dominance of informal service sector activities (an estimated 65% of those in employment work in the informal sector) implies limited large scale employment opportunities and increases the vulnerabilities of the urban poor as such jobs often do not have terms and conditions of service that adequately recognise or protect workers. Many observers believe that potential of the Port as an employment generator has not been realised. Linkages between the port and medium and small scale enterprises can be tenuous and uncoordinated, which minimises the opportunity for growth of these small businesses. Moreover, the industrial fishing operations, including trawlers and industrial processing plants, are managed by mostly foreign owned concerns, which may limit future employment opportunities.

Average household monthly incomes are around US$360[17] and despite a reputation as one of Greater Accra's better residential offerings, high levels of income inequality are present and approaching 20% of the population living in slum settlements.

Access to public goods

Tema is ranked 20th overall among all of Ghana's local governments in the delivery of services, and in a survey of the Greater Accra Metropolitan Area (GAMA), undertaken jointly by UNICEF and Centre for Democratic Development, it was ranked first. Tema was ranked 4th in 2011 in the performance measures under the Urban Development Grant assessment of the Government of Ghana. These rankings would suggest that relative to other 217 local

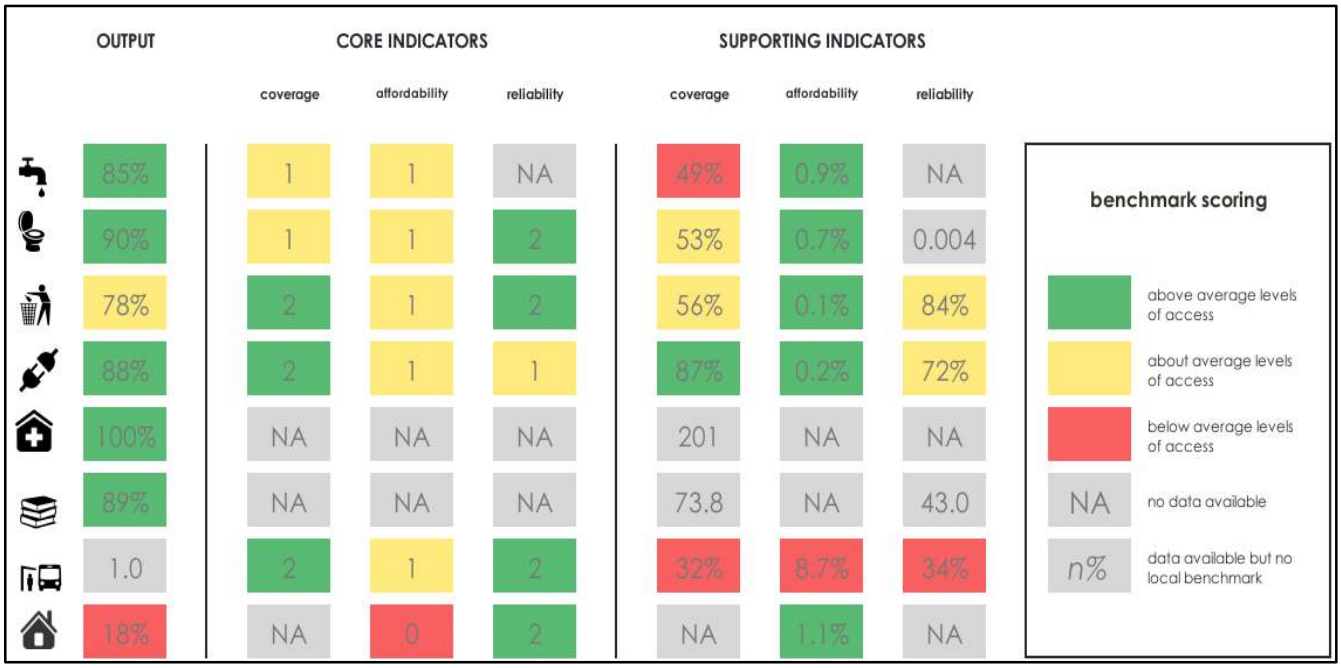
[17] Note: Greater Accra Metropolitan Area average, Ghana Statistical Service, 2013.

governments districts in Ghana, Tema is performing well as regards to the delivery of services. The provision of basic services, however, remains a challenge for the Tema Metropolitan Assembly. Indeed, when we scratch beneath the surface of the rankings we find that there are significant infrastructure and service deficits within the Tema metropolitan area. Many residents and businesses are unable to adequately access critical services such as potable water, waste collection, sanitation services and energy. More specifically:

- **The supply of water to residents is inadequate.** Under half of all household have access to pipe-borne water inside their dwelling, and nearly 8% of households are forced to use either water sachets or bottled water for domestic use.
- **A dysfunctional sewerage system.** Perhaps one of Tema (and Greater Accra's) biggest challenges is the lack of a functioning sewerage system. Despite being well planned and laid-out, years of neglect and encroachment on access points have led to system collapse. Raw sewage is frequently discharged into the sea either from the sewage system itself or tankers that have collected waste from septic tanks.
- **Solid waste collection falls short by around 50 tons per day** resulting in environmental pollution associated with disposal in unregulated spaces such as gutters, drains and open spaces. An engineered landfill facility was constructed and originally planned to serve the municipality of Tema but now serves almost the entire GAMA. As a result, the facility is overstretched and its life span is threatened.
- **Access to reliable electricity is a challenge**. Load-shedding or *dumsor* (literally "on/off") is commonly practiced as a means of managing the supply of power (insufficient generation); 'Power barges' from are supposed to solve the situation but at the time of writing had yet to arrive. Residents and businesses in Tema benefit from an average of 18 hours per day of mains electricity.
- **Around 40% of households use charcoal as energy for cooking**. This presents challenges on a number of levels: charcoal production threatens the northern savannah regions of Ghana; transporting of solid fuel from distances well over 500 km to Tema is associated with significant negative externalities; the use of charcoal for cooking contributes to poor indoor air quality compromises the quality of life of many residents whilst contributing to global GHG emissions exacerbating climate change.
- **Health facilities are present but the reliability of access is poor.** Many indicators of health and education indicate a dire situation. The quality of health delivery to women is particularly worrisome with very poor outcomes such as maternal mortality (235 per 100,000 births) and under-5 mortality of nearly 10%. The city is notably underserved in terms of staffing for the health sector, be it doctors or nurses.
- **Primary completion rates are appreciably higher than other parts of Ghana, but the quality of the education being delivered is questionable.** Pupil teacher ratios are excessively high, well over the national norms for virtually all levels of primary to secondary education. Additionally, dropout rates are very high at the transition points from primary to JHS, and from JHS to secondary schools
- **Economic prosperity generates externalities which threaten urban mobility**. High levels of freight traffic and the growth in the use of the private motor car have begun to congest Tema's road network. This constrains the ability of residents to move freely, represents an opportunity cost in terms of time, and represents a cost to local businesses.
- **The steady growth of informally settled areas further threatens access to many basic services.** Residential overcrowding is noticeable and underlines an affordable housing shortage facing Tema and compounds low-levels of access to public goods where slum settlements lack many basic amenities.

Figure 3-5 is a summary of the infrastructure and service indicators for Tema as collected through the EEG work-books; most of the target indicators are green indicating that the situation is satisfactory but more 'in-depth' core and supporting indicators show a mixed picture.

Figure 3-5: Summary of infrastructure and service public goods indicators - Tema



Note: Boxes shaded grey indicates that data was unavailable at the time of the use of the workbook. Red indicates a major problem and green an acceptable level of provision / access in line with national and/or international standards

Infrastructure and services, and the economy of Tema

The core and supporting indicators, and interviews with city officials and community representatives, reveals that much of the infrastructure and services in Tema is in a poor state, and characterised by inequitable access. Poor infrastructure and services constrain businesses in both the informal and formal sectors and imposes restraints on the life of individuals. An important pathway to economic growth is through raising productivity; it is not just more firms that are required but more *productive* firms that contribute to structural economic transformation of the local and national economies. It appears that productivity gains are limited by inadequate urban infrastructure and service and are thus a major challenge for the people and businesses of Tema.

There is a perception amongst many of those living in Tema that as a planned new-town, the quality of and access to public goods and basic services exceeds that experienced elsewhere in the GAMA city-region. The reality is somewhat difference with critical failures of the sewerage system, an unreliable electricity supply, and social services that are oversubscribed. Further, the relative economic prosperity that many citizens and businesses in Tema enjoy is associated with significant negative externalities, not least the growth in the use of the private motor car, and the associated rising levels of congestion and pollution. The lack of coordination between the three bodies governing the district is also associated with negative externalities The development corporation focuses on delivering high value residential accommodation which often 'crowds out' land for affordable housing. Meanwhile the economic activity emanating from the port imposes heavy and often damaging demand on the supporting infrastructure of roads and employment land, but TMA is unable to capture any rents from activity at Ghana's busiest port to pay of infrastructure and service investment.

3.2.2.2 Dori, Burkina Faso

Economic context

Dori is a relatively small city, currently of around 26,000 people and the capital of the Sahel region of Burkina Faso. The Sahel is a harsh climatic region on the frontline of environmental risks related to a changing climate which compounds the city's human development challenges. That said, Dori is recognised as a regional growth pole which provides a positive development framework for the town.

Dori's economy is largely characterised by agro-silvopastoral activities which, while mostly conducted outside the urban perimeter, have a strong influence on the city economy. About one in three households are engaged in rearing livestock and in many cases it is the largest source of income. Urban and peri-urban livestock rearing (particularly cattle) is a significant component of a complex system for ensuring food and income security. The role of pastoral activities in the local economy are being progressively threatened by the increasing unpredictability of weather patterns (rains); persistent land disputes; a lack of agricultural inputs (feed, fertiliser, vaccines); and agro-pastoral conflicts.[18] Deepening and broadening agricultural value-chains will be a route to employing a greater numbers of people. Some progress has been made towards this through the proposed upgrade to an existing slaughterhouse/abattoir and some small-scale dairy value chain diversification has occurred.

The main tertiary sector activities are trade, transport and tourism. Dori is an important crossroads for regional trade, and the surfacing of national highway RN3 between Kaya and Dori in 2006 has helped strengthen intra-departmental trade. Trade is focused on local agricultural products (grains, oil products, livestock, dairy, leather) as well as on manufactured products (food products, construction materials, fuel, fabric, soft drinks). Dori has a central daily market, a smaller daily market, and a large weekly livestock market which attracts buyers from across west Africa. Tourist infrastructure is limited and regional insecurity issues have adversely affected tourist numbers in recent years.

Figure 3-6: Dori's weekly cattle market

Source: Martyn Clark, March 2016

[18] *Ibid.*

Access to public goods

Access to public goods, particularly basic services, is fairly poor and heavily supported by development partners with a specific focus on WASH, health and education sector initiatives. There is a general perception amongst local stakeholder holders that poor access to public goods is particularly acute with regards to *physical coverage*. There are also significant socio-cultural challenges related to behavioural attitudes towards using modern basic services. Key issues for Dori with regards to facilitating access to infrastructure and service public goods are:

- **Poor access to water, and a critical absence of safely managed sanitation services** – on-plot sanitation systems are the norm, which given current population densities in the town and water scarcity represent the best option for providing sanitation services. However, a lack of downstream management of liquid waste leads to the contamination of land and water.
- **Low levels of solid waste management** – only around a quarter of solid waste generated in Dori is formally managed. This is an issue that will become more critical as the town expands. Signs are that the town wishes to prioritise developing a sanitary landfill and recycling centre.
- **Relatively good access to electricity for businesses and households** – securing access to power is likely to represent a binding constraint on increasing the productivity of local businesses. Currently, power supply is affordable and well provisioned for the majority of households in Dori and a World Bank funded project seeks to enhance regional power generation capacity.
- **High levels of investment in healthcare services** – donor interest in the health sector reflect low-levels of human development across a range of indicators experienced across the Sahel region (e.g. child and maternal health, nutrition, diseases outbreaks etc.). The health sector receives generous subsidies such that healthcare is for the most part free at point of service. Health service infrastructure is well provided for however socio-cultural traditions often compromise access to healthcare where local citizens have behavioural objections to using healthcare services - lack of trust etc.
- **Under-developed transport network** – Despite the fact that Dori is small and connectivity is reasonably good and transport affordable, the local road network can become compromised during the rainy season where roads are unsurfaced and in a poor state of repair. Connections beyond Dori to the capital, Ouagadougou and to neighbouring Mali and Niger are good having seen much investment over the last decade. The municipal government has committed to building a new bus station, which with careful design could incorporate a mixed-use development such that revenue can be generated from rental of for example, retail trade units.
- **No formal policy position on addressing informal settlements** – there has been no real attempt to address the growth of informal housing in the peri-urban areas of the town – representing around 14% of the total land area of the town. This is reflected in the general absence of data on those living in *zones non-loti* (unregistered land). No attempt has been made to provide affordable housing, although the municipal government is proactive in facilitating market-led housing. In the peri-urban areas, in particular, customary rights still prevail. As a result, there are many plots of land which have been built on without the relevant taxes being paid.

Figure 3-7 is a summary of the infrastructure and service indicators for the town as collected through the EEG work-books; only a few of the indicators are green most show a less than satisfactory situation.

Figure 3-7 Summary of infrastructure and service public goods indicators - Dori

Infrastructure and services and the economy of Dori

Notwithstanding the infrastructure and service deficits described above the town has ambitious plans for expansion expressed in the *Plan Communal de Developpement de Dori 2015 – 2019* (the PCD, Development Plan for the Commune of Dori) which sets out a vision for town where Dori would become "*a regional hub for efficient development where populations have reached a better quality of life".*

The plan also recognises that bringing about positive development outcomes will require the mobilisation of human, material and financial capital, and the coordinated efforts of various actors and stakeholders within the municipality. As a regional centre for growth and administration Dori is, perhaps, more fortunate than other towns in the Sahel which may not receive the same level of attention and focus of various national and international policy initiatives and programmes designed to address deficits in access to infrastructure and service public goods to support growth.

There is a perception amongst the local business community that although infrastructure and service deficits adversely impact on productivity and prospects for expansion, there are other factors that are constraining their development – under capitalisation (poor access to finance) and lack of local business support services, for example, were often cited. Considerable socio-cultural barriers towards human development also prevail, particularly where women are concerned. Persistent gender imbalances with regards to access to land, accessing modern health and education services and employment opportunities will require a concerted and sustained multi-stakeholder approach. The town hall of Dori could act as a focal point and effective facilitator for coordinating investment to improve access to basic social services.

3.2.2.3 Mbale, Uganda

Economic context

The town of Mbale is one of Uganda's fourteen secondary cities with a population of just under 100,000 people. It lies 245km northeast of the Ugandan capital, Kampala and is the main municipal, administrative and commercial centre for the Mbale district. An estimated 80% of residents of Mbale live in poverty with around 44% of the municipal population living in slums. Although once a sizable industrial centre, outward migration of non-Ugandan businesses during the civil war, the failing of the textiles industry following structural adjustment programs, and general economic stagnation have resulted in a local economy that is dominated by a largely informal trade and service sector. Furthermore, there is lawlessness and civil strife in the surrounding Teso region, and cattle rustling and environmental degradation in hilly areas around Mbale is a key driver of rural-urban migration to the town. This migration has resulted in the inflow of tens of hundreds of unskilled young people and added to a significant number of street children contributing to widespread unemployment and poverty. According to the most recent census around 43% of the population over the age of 15 were not working i.e. unemployed, in education or training. Mbale does have a buoyant public sector however, and is to some extent considered a regional trade centre for north-eastern Uganda and beyond to the Mt. Elgon region of Kenya.

Access to public goods

Due to poor revenue collection the municipality lacks the capacity to finance and maintain infrastructure and services. Municipal expenditure per person is low at only c.US$ 28 per annum. Development partner support (primarily from the World Bank and Cities Alliance) has seen considerable progress in strengthening urban governance and basic service provision. The levels of informality and weak technical capability of the municipal government though is reflected in poor physical coverage and some affordability issues around access to public goods. Figure 3-8 is a summary of the infrastructure and service indicators for the town as collected through the EEG work-books; a mixed picture is presented. More specifically the key public goods (infrastructure and service) challenges include the following:

- **Inadequate access to water**: Only around 71% of the population have access to safely managed drinking water. Those living in informal settlements pay around 6.4% of the average household income, more than double what those with a domestic, metered water supply would pay.
- **Inadequate sanitation**: The sewer system covers only a small portion of the town and is in need of repair and maintenance. On-plot sanitation prevails, with a prevalence of open defecation in peri-urban areas.
- **Inadequate solid waste management**: Despite investment in a waste composting facility, only 60% of the solid waste produced in Mbale is collected, and only 2-3 tonnes of compost is produced per day, with the remaining being dumped in an unfenced, uncontrolled dumpsite.
- **Restricted access to education**: Primary Education is far from free, with out-of-pocket expenditures costing around UGX7000 term/child for primary education. It is unaffordable to the very poor. High pupil to teacher ratios (47:1) also compromise the quality and reliability of the education being provided at primary schools.
- **Restricted access to medical facilities and services**. Regional hospital facilities are oversubscribed such that despite 370 beds per 100,000 inhabitants in Mbale, access is compromised by those residing outside of the town proper.

- **Restricted availability of electricity**. Just over a quarter of households in Mbale District have access to the mains electricity grid. The average household in one of Mbale's informal settlements may spend as much as UGX27000 per month on electricity, representing 9% of average household income. The majority of households still rely on charcoal for cooking and the use of these fuels is associated with public and environmental health concerns such as poor air quality and deforestation.
- **Inadequate drainage and poor road surfaces**: The majority of the road network is poorly maintained, during the rainy season the road drainage system cannot cope and as a consequence surface flooding regularly occurs.
- **Predominance of informal housing.** Municipal officials estimate that around 80% of development area is occupied by illegal buildings with no proper legal documentation and approvals from the Municipality.

Figure 3-8 Summary of infrastructure and service public goods indicators - Mbale

Infrastructure and services and the economy of Mbale

There are serious infrastructure and service deficiencies in Mbale, and we know from evidence obtained through stakeholder interviews that these deficiencies adversely affect the lives of many, especially those living in informal and slum settlements and those working in the informal sector. The poor state of much of the infrastructure and services in Mbale is often directly associated with incidences of unemployment, limited employment opportunities, pollution, public health risks, disease, and low wage rates. The high levels of informality in housing provision across Uganda underscores poor access to basic services such as safe drinking water and safely managed sanitation in Mbale. In addition, the daytime population of Mbale is several times that of its night-time (census) population. This puts further strain on providing equitable access to public goods, as those visiting the city would contribute very little in municipal finance (e.g. through land and other taxes) to the delivery and maintenance of basic services and infrastructure.

There has been local, community-led responses to poor levels of access to public goods through for example, community driven water and sanitation projects which provided affordable access to basic WASH services to slum residents whilst directly generating employment opportunities through ongoing management and maintenance positions.

Figure 3-9: Community water-borne toilet facility, Zesui informal settlement, Mbale.

Note: This facility provides affordable access to sanitation services and directly provides employment opportunities for two residents who are employed as caretakers of the facility.

Source: IPE Triple Line April, 2016

The preparation of a local economic development or municipal development strategy should be a catalyst for change in the way in which decisions are made in Mbale and how its institutions are structured and perform. A platform for dialogue and change has already been established in Mbale in the form of a *Municipal Development Forum.* This existing structure makes it fairly easy to convene and engage with a multitude of stakeholders regarding the impact of access to public goods/service on the lives of individuals and the operations of business, including a very active chapter of the National Slum Dwellers Federation.

However, the municipal government has acute capacity constraints with low staff numbers particularly in the economic development and physical planning departments. For example, the municipal government currently lacks dedicated staff to engage effectively with the private-sector or outwardly promote the town as an investment destination e.g. a commercial officer; and has a single physical planner to deliver land and housing policy and manage urban development.

3.2.2.4 Nampula, Mozambique

Economic context

Nampula is a city of around 650,000 people and is a predominantly young city, with an estimated 50% of the population under 15 years old. This presents both an opportunity and a threat as although currently representing a large cohort of dependents, will translate into the potential for a large, working population provided these young people can be absorbed by the labour market. The city is the capital of the province of the same name and is Mozambique's third largest city though geographically it is relatively isolated from Maputo, the capital city, and closer to both Lilongwe in Malawi and Dar es Salaam in Tanzania than Maputo. The city Nampula is a regional growth pole sitting along the Nacala Development Corridor – which is driven largely through the extractives industry, mainly coal from Tete, Mozambique and Zambia/Malawi and associated infrastructure at the port town of Nacala in north eastern Mozambique.

An estimated 65-70% of the working population are employed in the informal sector, with around half of the population of the city were considered to be working in the trade, transport or service sectors (in both formal and informal businesses). Agriculture and manufacturing represented 35% and 15% of the total employed workforce respectively. In terms of gender balance, the majority of women are self-employed (34% of the working population),10% are employed by a firm and 52% of them women are employed in family work. Women are also disproportionately represented in subsistence agriculture.[19] According to the INE, in 2007 around 55% of the population were of working age (15-64 years) which translate into an estimated rate of unemployment and underemployment of 53% (38% in men and 69% in women).

An estimated 80% of residents of Nampula live in informal settlements, and 45-60% of Nampula's residents live in poverty.[20] For many of the urban poor accessing public goods (basic services and infrastructure) may represent a significant proportion of the overall household expenditure which in some cases may compromise their ability to secure basic food and nutritional security at the household-level. Underwriting the affordability of accessing these public goods is an important function a municipal government can play to ensure access is universal and inaccessibility does not disproportionately fall on the urban poor.

Access to public goods

Currently 50% or less of the population of Nampula have access to adequate sanitation or solid waste management services or have a connection to the electricity grid. Retroactively supplying infrastructure or finding alternative ways to fill gaps in supply is often costly and less effective than providing services as urban settlements develop and expand, and yet with the proliferation of informal settlements this is a situation that Nampula municipal council finds itself in; trying to provide infrastructure and services in areas that have developed without any. The situation with regards to the affordability of social services such as health and education is potentially more acute, with an estimated 30% and 17% of costs respectively representing out-of-pocket expenditure. These expenses have been shown elsewhere to push urban households into poverty.[21] Ensuring affordable and equitable access to health and education services increases the resilience of urban poor households to shocks and stresses whilst helping them build human capital to ultimately become more employable.

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[19] *Ibid*
[20] Cities Alliance and UN-HABITAT, 'Nampula Rapid City Resilience Assessment'.
[21] Diani Mitlin and David Satterthwaite, *Urban Poverty in the Global South: Scale and Nature* (UK: Routledge, 2013), http://www.foyles.co.uk/witem/philosophy-psychology-social-sciences/urban-poverty-in-the-global-south,diana-mitlin-david-satterthwaite-9780415624671.

Figure 3-10 Summary of infrastructure and service public goods indicators - Nampula

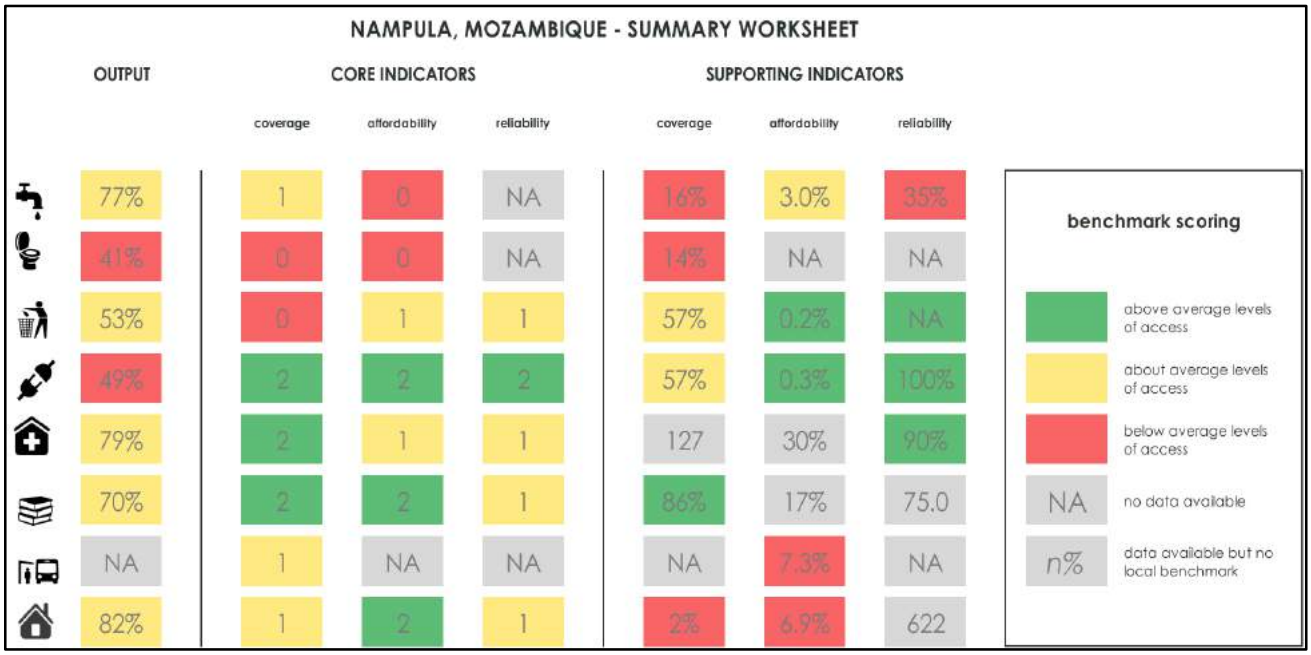


Figure 3-10 is a summary of the infrastructure and service indicators for Nampula as collected through the EEG work-books; none of the target indicators are green and many others are red showing a less than satisfactory situation. More specifically important infrastructure and service deficits in Nampula include the following:

- **Water**: a significant proportion of the population do not have access to safely managed water; only 77% compared to a national average of around 80% and the corresponding figure of the capital of nearly 100%
- **Solid waste**: Solid waste manage is poor; the proportion of solid waste generated that is properly managed is estimated to be only slightly more than 50% well below the corresponding figure for the capital city.
- **Energy**: only around 50% of the population of the city have a connection to the electricity grid; this is slightly lower than that for the urban sector of nation as a whole
- **Sanitation;** only some 42% of the population uses safely manged sanitation services. Furthermore, those households that do have pit latrines are paying significant sums for cleaning. The cost of cleaning pit latrines may be prohibitive to some households.
- **Costly access to health services:** Although 79% of births are attended by skilled medical personnel in Nampula province, making one of the best performers in the country, it is reported that payment is often requested to see patients which many low-income households finds unaffordable
- **Inadequate housing and access to land**: Around 80% of Nampula population lives in informal settlements characterised by a gross lack of infrastructure and services.

Infrastructure and services and the economy of Nampula

As with much of urban Mozambique, high levels of aggregate economic growth have failed to translate into significant poverty reduction outcomes with waged-jobs (non-farm jobs) being largely low-skilled and low paid and the majority of these jobs remain in the informal sector –

women being overrepresented in the lowest paid jobs.[22] A number of relevant studies have reasoned that a major constraint of the structural transformation of the labour market in Mozambique has been a lack of factor accumulation i.e. households developing greater human and physical capital.[23] Enabling improved skills, enhanced employability and increase well-being (through, for example, the effective and more equitable provision of infrastructure and service public goods) is likely to be one of the determinants of structural change in the economy. A key policy objective for the municipal government should, therefore, be to better understand labour market performance as a means to fully understand the equitable growth prospects of the city. Enterprise and labour market surveys should therefore be carried out with the participation of the formal and informal sector.

Establishing working partnerships between the municipal government, and the water and electricity utilities providers, and civil society actors (particularly in the area of solid waste management) is an example of a mechanism that could be utilised to encourage a more participatory form of urban governance. Building on progress made using this and related mechanisms to encourage and facilitate more effective investment in service delivery and basic infrastructure provision could make a valuable contribution towards improving access to public goods. Care must be taken though to ensure that administrative devolution in Mozambique does not result in a greater degree of deconcentration i.e. continued and often strong influence of central government at the local level.[24]

Figure 3-11: Coal train passing through Nampula along the Tete to Nacala railway corridor.

Note: This train passes through Nampula at least five times a day, with much of the value of the extractives sector passing through the city on its way to the port at Nacala.

Source: IPE Triple Line, April 2016

[22] Sam Jones, Finn Tarp, and others, 'Jobs and Welfare in Mozambique', 2013, http://www.econ.ku.dk/ftarp/Publications/Docs/Sacnned%20Pubs/jobs%20and%20welfare%20in%20mozambique.pdf.
[23] *Ibid.*
[24] Maschietto, 'Decentralisation and Local Governance in Mozambique'.

Public-led investment in existing and proposed 'mega' infrastructure projects can be used to upgrade access to basic infrastructure and services. Nampula is identified as a strategic node along the Nacala (northern) development corridor. This affords the city regional policy support to enhance the living conditions of individuals and business opportunities for local firms through investment related to 'mega' infrastructure projects[25]. The municipal government should also attempt to foster better linkages between foreign investor led-infrastructure projects and local SMEs.

Creating better forward and backward linkages between local businesses and large extractives or industrial agriculture projects would see the benefits of aggregate growth in the economy shared more equally to those living and running businesses in Nampula. Sharing of information and delivering vocational training along supply and value chains can help address constraints faced by local SMEs in business development, allowing them to offer competitiveness in factor markets.

There is evidence that the municipality government is attempting to underwrite affordability for the poor, by for example, taking responsibility to ensure the delivery of safe drinking water to selected parts of the city – tankers deliver water to informally settled areas that do not benefit from a connection to the mains water supply. Although these efforts should be commended, this situation underscores the importance of pro-actively investing in basic infrastructure to support the growth of urban areas.

A progressive form of taxation has also been introduced to allow the municipality to issue small trader's licences to for example street vendors and micro-retailers. The municipality estimates that it generates around 60,000 MZN (c. US$1000) per day which is a useful contribution towards the municipal budget. In addition, it sends a clear policy signal to small businesses operating in the formal sector that the municipal government wants to encourage entrepreneurial activity in the non-farm sectors. This in itself is a step towards more structural change in the economy and may also diffuse social tension where there is more productive activity in urban areas.

3.3 Comparison of the four cities

Figure 3-12 is a summary SWOT analysis of the four cities. This section of the report describes in some detail, the common strengths, weaknesses, opportunities and threats

Common Strengths

1. ***Secondary cities/Growth poles.*** All four cities are recognised within their respective national policies as 'secondary cities'. The cities of Dori in Burkina Faso and Nampula in Mozambique have been designated growth poles. Identifying the cities as such, promotes their importance within a national system of cities, which may not be appropriate for every secondary or tertiary city across the continent but does give recognition of the comparative advantages of each settlement which should help local stakeholders prioritise development objectives and guide external investment. In Dori, the growth pole designation has already attracted interest from the World Bank and other development partners who have invested (or stated an intention) to invest in improving access to an upgraded electricity supply and land for employment uses; an abattoir to enhance local livestock value-chains is another example of a potential investment arising because of the growth pole designation.

[25] For the investment to be EEG promoting is should be undertaken in a manner that takes account of social and environmental safeguards and ensures that benefits and opportunities are shared equitably. Unfortunately, the livelihoods of the working poor have often been undermined though "mega" projects.

Figure 3-12: SWOT assessment of the Four Cities

Policy recognition as [Regional] Growth pole

- Strategic policy recognition of the role these secondary cities play in the wider national and regional economic prospects - attracts inward investment from national government and donors/development partners

Coordinated infrastructure planning

- Some progress towards better coordination between agencies in delivering basic service infrastructure – participatory models of infrastructure planning and financing in three cities (Mbale, Nampula, and Dori)

Participatory planning

- Good progress in participatory planning and budgeting, involvement of local CSOs
- lessons learned from local authorities in Brazil through capacity building programmes
- Occupies a good strategic position along the Nacala Development Corridor with potential for attracting national and international development support and investment.

Provision of basic utilities is on the whole good (electricity and water)

- Safely managed water is generally available to most living in cities
- Affordable and reasonably reliable electricity services – some question over the sustainability and reliability of supply
- Nationally managed utility companies subsidise access in most places.

Underdeveloped economy

- Dominance of informal employment – mainly in retail trades and services sector; multiple casual jobs
- High rates of unemployment and underemployment particularly for youth and women.
- Weak linkages between local SMEs and agro-industrial value chains

Poor and inadequate infrastructure and services (Sanitation, SWM)

- Low levels of sanitation provision – overreliance on on-plot sanitation systems with low capacity to treat wastewater.
- Low-levels of solid waste collection and management – uncontrolled land fill sites.
- Low-levels of knowledge around the extent and characteristics of urban poverty – e.g. undetermined numbers of people living in informal settlements

Social services oversubscribed

- Health and education services are almost universally subsidised, though the quality (reliability) of these services is compromised by low capacity and numbers of staff; low provision of equipment; and large catchments creating large patient/student numbers.

Own source revenue

- Low levels of own source revenue generation that result from weak systems of land administration and ineffective business registers
- Low-levels of trust and acceptance of the importance of paying local taxes.

Ineffective engagement with the private-sector

- Lack of backward linkages from large infrastructure/extractives projects to local SMEs weakens the development potential of large flows of FDI
- Local businesses are not intimately involved in local economic development planning

Weak urban governance

- Lack of coordination between economic and physical development plans
- Weak provision of technical staff – low levels of key staff i.e. economic and physical development planners.

Increasing the quantum and predictability of OSR streams

- Build on the municipal council's legal mandate to collect local land and business taxes
- Progress towards universal coverage of cadastre can facilitate better access to land for individuals and provide a more reliable municipal revenue stream
- Small business licence fee payable by those operating informal/small businesses. An interim measure to help leverage the economic activity of the many small informal businesses to help finance basic infrastructure and municipal services

Agricultural value-chains show considerable potential

- Secondary cities intricately linked to rural hinterlands – e.g. consumer and wholesale markets for agricultural produce; received many rural migrants who have been pushed off land/pulled towards the city in search of 'off-farm' employment
- Significant potential to deepen and broaden agr. value-chains

A large, and growing younger population

- Up to 50% of the population under the age of 15: translates to a large active workforce if the labour market can absorb them (skills matched to employment requirements)

Foreign Direct Investment towards 'megaprojects'

- Potential to leverage investment in extractives or industrial-agriculture projects to achieve local development outcomes, for example through investment in local basic infrastructure and skills transfer from larger, multi-national investors to local SMEs

Increasing the quantum and predictability of OSR streams

- Build on the municipal council's legal mandate to collect local land and business taxes
- Progress towards universal coverage of cadastre can facilitate better

Pressure on land and services

- High levels of informality i.e. majority of settled areas if poorly serviced housing. Cost of retrofitting basic service infrastructure may be prohibitive
- Poor coverage of sanitation services, potentially compromising local water resources where contamination occurs through improper treatment of wastewater
- Poor strategic land planning compromises physical access to some services e.g access to schools

Human capital development and retention challenges

- Out migration of young working age population to seek jobs in the extractives sector or higher value-added sectors in capital and other cities
- Persistence of socio-cultural factors on the role and place of women – early/arranged marriages, high rates of female illiteracy, low representation of women in politics and business – the feminisation of poverty

Pressure on land and services

- Increasing and overwhelming population increase = Increasing dominance of informal activities and slum settlements
- Increasing 'infrastructure and service deficits' - slow implementation of infrastructure investments (road, railway, airports, energy, water, telecommunication) required to support urban and industrial development – constrains economic development and leads to social tension and disruptions.

Climate change resilience

- Ineffective solid waste management systems - final disposal of waste that is collected ending up at an uncontrolled landfill. GHG emissions resulting from the dumped waste are likely to be significant, whilst dumped waste blocks drainage channels causing localised flooding during the rains.
- Predominance of charcoal/fuelwood used for cooking represents a threat to environmental and public health as well as representing significant costs for the urban poor.

2. ***Water and electricity.*** For all four cities a national utility company is responsible for the delivery of water and electricity services (and in some cases sanitation as well). All of these utility companies offer 'lifeline' pricing in an attempt to ensure a more equitable access to essential public goods. Lifeline pricing provides reduced rates for low consumption users of water or electricity to enable households, particularly urban poor households, to secure at least subsistence levels of these essential goods. There is an argument that when set nationally lifeline pricing may still disadvantage those with very low household incomes, particularly where urban economies have been shown to have high levels of income inequality. Indeed, municipal governments in secondary cities may have very limited influence over the pricing of these public goods to reflect local circumstances. In nearly all cases however, the municipal governments in the four cities provided some form of intervention to facilitate greater access. For example, in Nampula and Mbale the municipal government either directly delivers water services to informal settlements or, has stimulated community-led water service delivery where water is sold in jerry cans from water kiosks managed by the community. This has been successful in terms of overcoming infrastructure deficiencies in the provision of mains water although per unit costs of accessing water may still see the urban poor pay comparatively more for their water than those connected to the water mains.

3. ***Participatory and inclusive planning.*** Decentralisation is well underway in all of the target pilot cities. The shape and form of this is quite similar with established, devolved municipal authorities each with a mandate for coordinating the delivery of local services and crucially able to raise local taxes through which enhance service delivery. There are also similarities in terms of public participation in local economic development planning with some form of participation present in local decision making observed in each of the cities. Civil society organisations have been invited to directly play a role in service delivery whether managing solid waste (Nampula); providing affordable access to water and sanitation services (Mbale). In each city, civil society organisations were active and in some given a significant role to play in setting local priorities, including how to allocate municipal budgets (Mbale and Nampula). Although the depth of this involvement could be brought into question, particularly where heavy handed central governments exert influence over local priorities (Uganda and Mozambique) it is clear that civil society is playing a key role in urban governance, not least providing data on the characteristics of conditions regarding access to public goods to help inform municipal government decisions.

Common Weaknesses

1. ***Underdeveloped economies.*** The economies of all four cities are broadly similar. Agriculture is still the predominant sector in the countries in which we find the four cities which creates its own dynamic where urban economies are intrinsically linked to their rural hinterlands. The contribution of rural dwellers to the city's population is a result of both push and pull factors. For example, the inward migration of people to towns and cities either in search of work where opportunities for sustainable livelihoods in rural areas may be increasingly compromised by changing climatic conditions; or the function of urban centres as markets for agricultural produce or service centres which attract a larger daytime population where the concentration of basic social services draws people from the wider, mainly rural region to interact. Jobs for many remain low-skill, informal and more often than not in the service sector. Manufacturing contributes far less to gross value-added a sign that the urban economies of these cities has yet to undergo any significant structural change. The labour market is generally unable to absorb the growth of a younger population, such that in some cities a quarter of more of young people remain un or underemployed.

2. ***Inadequate coverage of basic service infrastructure.*** The growth of secondary towns and cities is often more rapid than that of established capital cities and not always matched with local municipal fiscal capacity to plan for growth. Physical access to mains water was in all cities constrained by the physical form of development. For example, the extent of informality in housing provision does compromise access to these two services however, particularly where building encroachment over road reservations limits the ability of utilities companies to expand the physical network. Access to sanitation services is considered to be one of the critical issues with regards to making provision for physical coverage of basic service infrastructure. Even where forward planning had ensured a sewerage network was in place (Tema) the downstream capacity to manage wastewater had become extremely compromised, largely a result of unplanned growth. A lack of clarity around the size and characteristics of those living in informal settlements also constrains the municipal governments ability to provide sanitation and solid waste management services in many lower income areas.

3. ***Unreliability of social services.*** A consistent theme emerging with education and health service delivery is that of strained resources. In all four cities, health and education services were run by central government limiting the amount of influence municipal governments had over improving service delivery. Teachers and health care workers are often under increasing pressure to manage larger classroom sizes and greater numbers of patients. Even where the physical infrastructure was in place, for example regional referrals hospitals in Mbale, Tema, or Nampula, a lack of equipment, medicines or staff were observed to have eroded the quality of the services being provided. Where municipal or provincial/regional government finances were in poor shape, significant out-of-pocket expenditures consequentially fell on citizens.

4. ***Inadequate municipal finances.*** Despite a mandate to raise local revenues nearly all of the municipal governments complained of a lack of financial resources[26]. This shortage is primarily the result: (i) increasing competition for central government transfers and (ii) weak or unpredictable own source revenue generation. A low level of awareness amongst individuals and businesses as to the need and value of paying local taxes was often cited as a constraint on increasing local revenue generation, as was incomplete or cumbersome land administration systems and business registers. Where the majority of local businesses are both small-scale and informal, a persistent challenge across cities was raising revenue through business or other commercial rates.

5. ***Lack of engagement with the private-sector.*** In all cities municipal governments struggled with engaging effectively with the private sector. Local businesses often complained that their needs were not being addressed by the municipal government, though there was a perception that often one or more larger firms had established mutually beneficial relationships with the municipal government. There was a lack of engagement with the many, smaller mainly informal businesses however, and not enough was known about the activities of this 'missing middle' (SMEs) who provide significant contributions to the economies of these cities –in terms job numbers and value-added products and services.

[26] The context in which revenue generation improvements are sought should be noted. Land prices relative to incomes in African cities are amongst the highest in the world. Many cities are thus asset rich and cash poor. This state of affairs is often related to expatriate and wealthy family investment driving speculation in order to hid money. The issue facing a number of urban municipalities is how assets can be capitalized in order to fosters local economic development, and how can they obtain increased revenue from value capture.

Common Opportunities

1. ***Increasing own source revenue streams.*** Land administration systems are central to increasing the predictability and quantum of own source revenue across secondary cities. Cities like Nampula are struggling to increase land-based taxes particularly where large areas of established informal settlements present confused patterns of land ownership. Assistance from national governments was common across all four cities in terms of improving land administration through for example systematic title registration. Where local business rates are concerned, observations were that cities had begun to experiment with introducing small business taxes, often targeted at independent and informal small businesses. These taxes, affordable to most, provide an interim measure for municipal governments in increasing their local revenue whilst beginning to integrate a large informal sector into the wider economy. This sends a clear policy signal of the contribution these businesses and informal economic activity more generally has on local economic development.

2. ***Deepening and broadening value-chains.*** All cities showed considerable potential to increase value-addition particularly across the agricultural sector. As previously discussed, each of the city economies are intimately linked to wider rural economy and much of the rural agricultural produce ends up passing through these urban centres. Much of the value-added is lost though were commodities are exported in raw or semi-processed states.

   In Mozambique, Tema, and Mbale large infrastructure projects whether investment at the sea port in Tema; extractives led infrastructure projects in Mozambique; or central government investment in retail market facilities in Mbale; there is evidence of considerable potential to leverage inward investment to help develop the productivity and offer of local SMEs. Providing basic infrastructure to reduce the costs of doing business is one benefit these investments provides, as well as providing deeper and broader value-addition.

   In Dori, development partner investment in an abattoir provided both direct and indirect benefits to the local economy through employment and enhanced value chains in the agricultural (livestock) sector. Skills and capabilities transfers brought about through FDI are also important where local firms are linked to international businesses through forward and backward linkages along the value chain.

3. ***Harnessing the population dividend; a large and growing young population.*** The demographic transition taking place all across Africa is ever present in urban economies such as those studied here. Large numbers of young people (15 and above) are entering the labour market every year offering the potential to reduce dependency rates where the proportion of those being economically active outweighs those who are not. This depends though on whether the labour market is able to absorb them, itself dependent on whether the skills and training these young people are able to obtain through local education services matches those demanded by local businesses. In Mbale, a complementary mix of formal secondary and tertiary education and vocational colleges provided a range of options for young people, though locally there were concerns that the most capable were often lost and they gravitated to the labour market in the capital city, Kampala.

Common Threats

1. ***Pressure on land and services.*** High levels of informality i.e. large areas of land with informal, poorly serviced housing, leaves many living across secondary cities with poor access to public goods. In particular, poor coverage of effective sanitation services, with the majority of residents relying on on-plot sanitation. This in itself is not necessarily a bad thing,

and indeed in water scarce locations (e.g. Dory in the Sahel) on-plot sanitation may actually be more appropriate than water-borne sewerage systems. However, unless the entire sanitation management system has been adequately considered, a lack of affordability around the treatment of waste i.e. emptying pit latrines or septic tanks could potentially compromise local water resources where contamination occurs through improper treatment of wastewater.

In addition, the cost of retrofitting basic service infrastructure into established urban settled areas is likely to be prohibitive even for this most financially buoyant of municipal governments. Where policy failures have led to poor access to public goods, market-led solutions often tend to prevail. Although on one hand this can provide much needed access to basic services, this is at a cost. It is often those that are least able to afford it that disproportionately bare the cost of accessing services like WASH or electricity.

Poor strategic land planning across cities also compromises physical access to some services. For example, in Mbale and Nampula local municipal government employees were concerned that the rapid growth of some parts of the city had constrained the government's ability to coordinate and deliver physical access to schools and roads. In Mbale, there were several examples of encroachment of buildings over strategic road reservations, compromising the ability of utilities companies to provide water and electricity to informal settlements as mains infrastructure would typically follow main vehicular routes.

Figure 3-13: Slum housing in Tema (accommodating the majority of the expanding population)

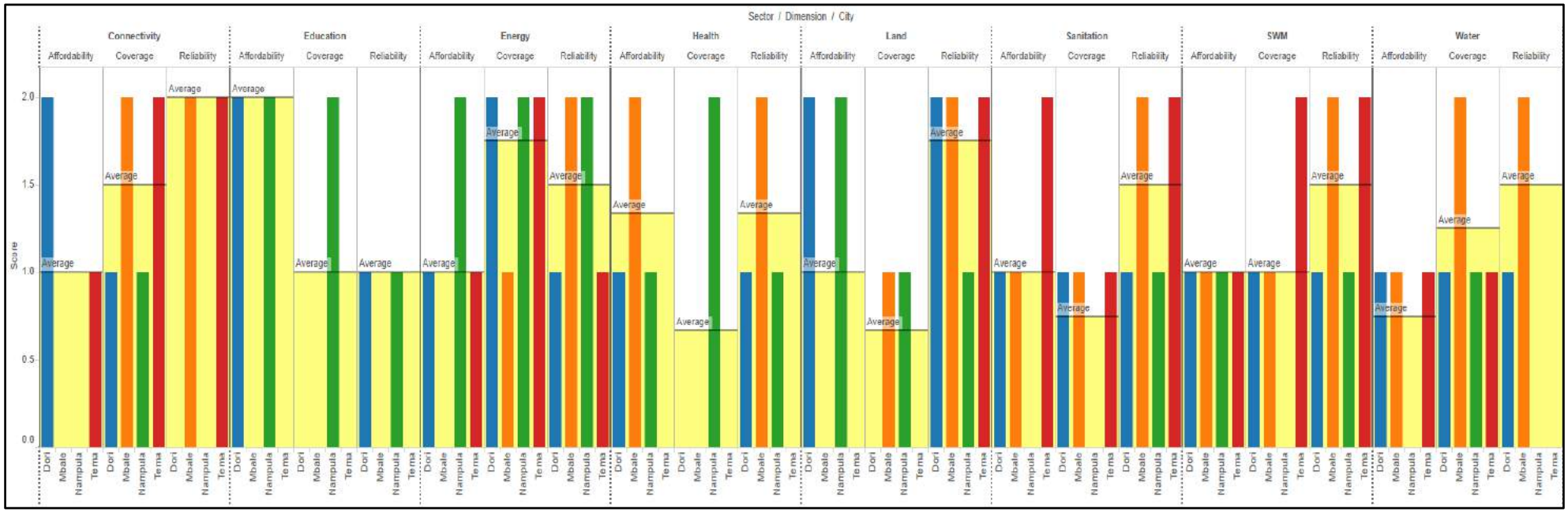
2. ***Human capital development and retention challenges.*** The Out-migration of young working age population to seek jobs in the extractives sector or higher value-added sectors in capital and other cities is a persistent issue for smaller, secondary cities like Tema, Mbale, Nampula and Dori. The perception that the opportunities are greater in larger cities is not unfounded, though municipal governments and local businesses could work more closely together to better understand the labour market and ensure that jobs can be matched to available skills. Another threat to equitable economic growth present in most cities, though to varying degrees, was the persistence of socio-cultural factors on the role and place of women. In Dori, this was felt in a particularly acute way – for example early, arranged marriages, high rates of female illiteracy, the low representation of women in politics and business all resulted in the feminisation of poverty where women, and particularly young women, were disadvantaged by inequity in access to public goods like health and education services.

3. ***Climate change resilience.*** All four cities demonstrated vulnerability to a changing climate. Ineffective solid waste management systems in all cities saw improper final disposal of waste that is collected ending up at uncontrolled landfills. The greenhouse gas (GHG) emissions resulting from dumped waste are likely to be significant, whilst dumped waste blocks drainage channels causing localised flooding during the rains. Mbale was the only city who had made a formal attempt to mitigate the GHG emissions through the co-development of a composting plant with support from the World Bank – despite facing some capacity and operational issues.

   In all cities there was a predominance of charcoal/fuelwood used for cooking despite the presence of modern and affordable forms of energy i.e. mains electrics. This represents not only a threat to environmental and public health as well but may represent a significant costs for the urban poor. Anecdotally and perhaps ironically there was a perception that charcoal is a better quality cooking fuel. Finally, in terms of mobility, three of the four cities are already experiencing the negative consequences of the growth in the use of the private motor car through congestion of main routes and contamination of the air. The use of the private motor car is in itself a good indicator of levels of inequality in the economy particularly where European imported cars, the transport choice of a limited few in a town like Dori compete with donkeys pulling carts and informal minibus services for road space.

Figure 3-14 to 3-16 present comparisons across the four cities using the key target and core indicators. They show that for nearly all indicators (except the those that relate to the extensiveness of slum housing) Tema scores the highest; this city is the best provided for city amongst the four. As we know, however, the scores are relative and is you scratch beneath the surface a range of serious infrastructure and service deficits become apparent – and this is the case for all four cities. Interestingly Figure 3-16 in particular indicates that the most problematic aspect of the prevailing infrastructure and service deficits is 'affordability' with reliability being less of an issue. It is the poverty of household incomes that severely constrains equitable access to infrastructure and services.

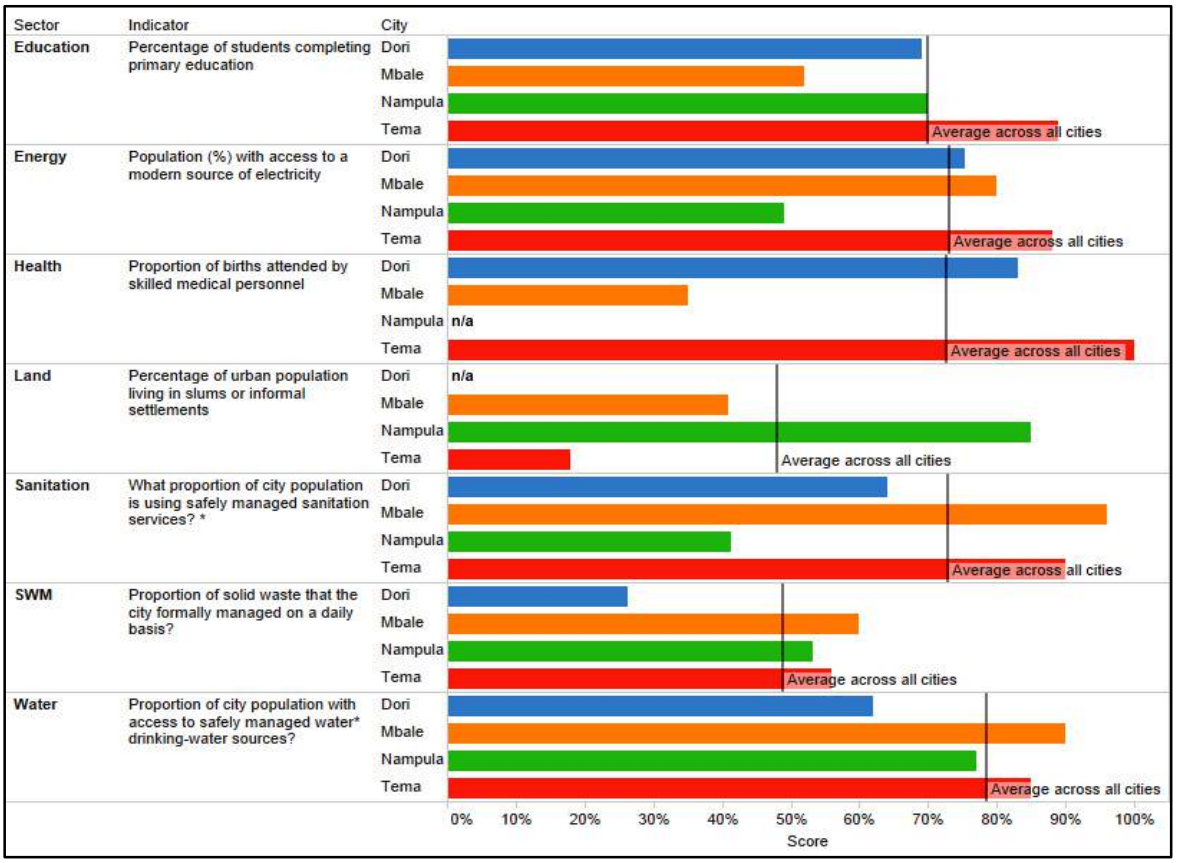
Figure 3-14: Survey of access to public goods across all four cities



Note: The diagram shows all qualitative scores for access to the 8 public goods (three dimensions of affordability, coverage, and reliability). A maximum score of 2 points per dimension was allocated where the respondent provided an indication that access was on the whole good. Where access was non-existent or poor a score of 0 per dimensions was applied.

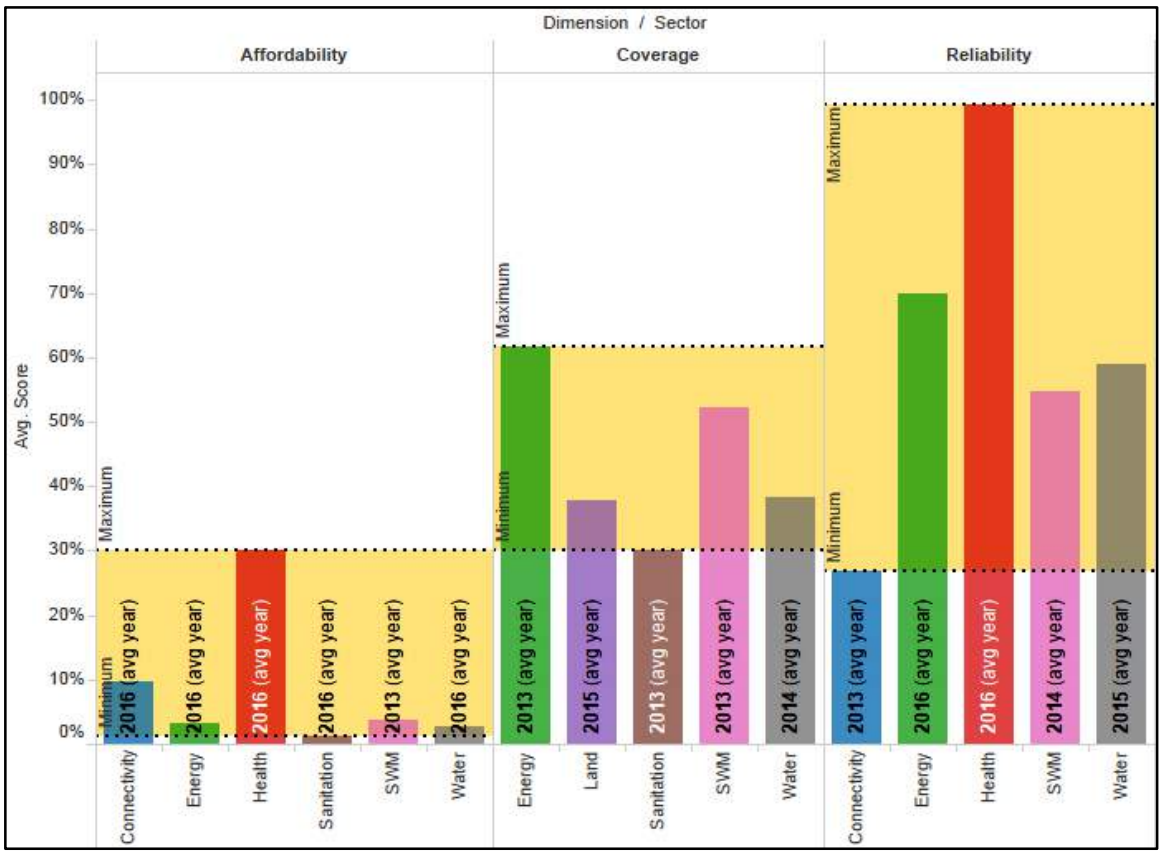
Source: IPE Triple Line Toolkit pilot testing.

Figure 3-15 : Target indicator comparison across the four cities



Source: IPE Triple Line Toolkit pilot testing.

Figure 3-16: Key dimension comparison across the four cities



3.5 Opportunities to promote EEG

Although each of the four cities are characterised by severe infrastructure and service deficits, each does possess the potential to grow (see Table 3-1). Indeed, there are a number of potential 'EEG game changers' in each city, the most obvious one being the massive investment going into the Port of Tema. (see Figure 3-19 and 3-20) This investment could be leveraged in such a way that EEG is accelerated in the metropolitan area. Encouraging local suppliers and local people to be involved in the construction of the Port expansion, and by supporting the development of the hybrid economy, EEG could be accelerated within Tema. Specific measures that could be taken include, for example, ensuring greater local content in the value chains associated with formal sector industries and Port related activities and effectively integrate the substantial artisanal and informal sector manufacturing sector into the operations of large industries and the shipping and logistics sub-sectors associated with the Port activities. To date, however, it appears that TMA has not directly and pro-actively engaged with the private sector and with those running the Port and operating from the Export Processing Zone with a view towards ensuring that formal sector operations work in a manner that promotes EEG[27].There is an urgent need for such a conversation to begin and for a local EEG strategy to be co-developed by the TMA, TDC, the Port, the private sector both formal and informal, and representative community groups

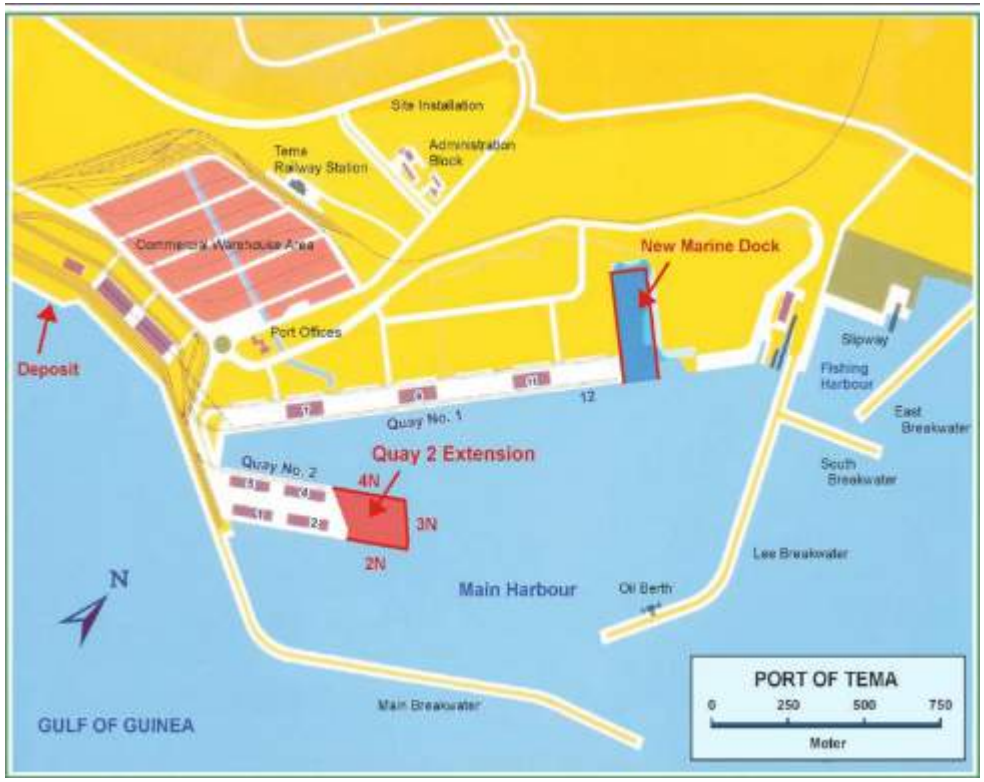
Table 3-1: Drivers of transformative change and EEG

City	Potential drivers of transformative change	Supporting interventions
Tema	**Port expansion** US$1.5 billion investment 5000 jobs to be created	**Coordinated infrastructure and service investments** to support growth of the port, increased freight traffic in and around the port; low-cost housing for those working at the port; support for informal / SMEs to integrate with large firms and create higher productivity higher return value chains
Dori	**Agro-pastoral sector strengthening**	**Coordinated infrastructure and service investments** to support growth of agro-processing activities and associated value chains
Mbale	**Strengthening role as regional trade and commercial centre**	**Coordinated infrastructure and service investment** to support growth of SMEs and the hybrid economy
Nampula	**Leveraging investment from the Nacala Corridor 'megaprojects'**	**Coordinated infrastructure and service investments** to support growth of SMEs and the hybrid economy

Building effective institutional platforms for change, bringing together all relevant, but often competing interests and stakeholders, and creating an effective ' conversation' between all stakeholders, however, are only infrequently undertaken in Ghana (and other Countries in Africa), as they impinge on protected institutional and individual turfs and take time, commitment, compromise and enthusiasm to establish and maintain This is perhaps one reason why the Port, TDC, TMA and the private sector of Tema have not, in the past, worked together to co-develop and co-implement development projects.

[27]During the February 2016 visit to Tema, IPE Triple Line was informed by representatives of both TMA and the Port Authorities that 'co-ordination' between the two organisations does occur and has recently increased. The form that this co-ordination takes, however, suggests that it consists of the Port informing TMA of investment and/or operational changes that they plan to make rather than a collaborative effort to co-develop a strategy for the (inclusive) economic growth and development of the metropolitan area.

Figure 3-17: The Port of Tema



Note: The Port currently employs around 1,200 full time employees (some 200 causal employees are employed on an as needed basis). Some 1.5 US$ billion will be invested in the Port in the near future involving expansion of transhipment activities and facilities. The project is a joint venture between the GPHA and three companies: Meridian Ports Services, Bolloré Africa Logistics and APM Terminals. The Ghana Ports and Harbours Authority says about between 3,000 and 5,000 jobs will be created as a result of the project, which will include a railway terminal for the movement of containers by rail to and from the Port and the expansion of the Accra-Tema Motorway into a six-lane expressway to accommodate the traffic that will come along with the expansion of the port. This expansion should be a major opportunity for Tema city in terms of additional employment (direct and indirect) that should be generated (Source: Interview with Terminal Manager, February 2016).

Figure 3-18: The envisaged US1.5 billion expansion at Tema Port

Note (1) Entrance Channel & Harbour Basin (2) Breakwater (3) new wharfs and berths (4) Reclaim 120 hectares for container yard and other facilities.
Source: ww.maersk.com/en/the-maersk-group/about-us/publications/maersk-post/2015-3/paving-the-way-to-ghanas-growth (accessed June 2016)

Part of the 'conversation 'to take place in Tema must be about the role of infrastructure and services. The potential of the Tema area is likely to be increasingly compromised because of inadequate and ageing infrastructure and services in the area, and because many of those living in Tema are excluded from modernisation process and live in inadequately served informal settlements and work in precarious informal activities. The lack of economic and social inclusion and the adverse impact of poor infrastructure and services on individual life chances, and business productivity and competitiveness, are major challenges that must be addressed if Tema is to develop as a society characterised by equitable and resilient economic growth. As well as devising a set of policies and projects explicitly focused on the promotion of EEG, and including the rehabilitation and expansion of infrastructure and services, there is also an urgent need to improve the capacity and capabilities of the TMA and those organisations responsible for the provision and maintenance of infrastructure and services. Indeed, without improvements in human resources and an institutional strengthening programme it is unlikely that policies and projects, however well designed, will be effectively implemented and ultimately successfully. There is also the need for increased civic awareness of, identification with, and participation in the process of economic transformation. To that extent, the involvement of more non-state civil society actors are critical to the process and have to be harnessed for this cause. Indeed, it has been argued (Paller, 2015, 2016) that grassroots political economy, and social and political networks that characterise urban Ghana (and the urban sector of many African cities), are central to achieving transformative growth and inclusive urban development.

Figure 3-19: Examples of economic activities in Tema

Tema Oil refinery

Block making machinery and factory, Tema

Fish market, Tema

Cocoa warehouse, Tema

3.6 Lessons for African Cities

The first lesson is more of a hypothesis. From the brief assessment of African urban economies, and the role of infrastructure and services in the development process presented in this report it seems clear that the vast majority of the growth occurring at present is within the informal economy, and more often than not in the low productive, low return segment of the sector. Given the expected significant increase in the urban population of African (over the next 35 years African's urban population will rise from around 470 million to some 1.3 billion), there is a desperate need to create jobs (and decent, well paid jobs), slow the exodus of skills from the area, and to ensure that urban areas are well planned and managed, and not 'overwhelmed' by the demands of its citizens and businesses. In the absence of focused action progressive impoverishment may be the outcome; African cities will become ever more distant from the goal of resilient and equitable economic growth[28].

Supporting the development of the informal sector within a hybrid economy focused on building value chains in priority sectors with growth potential, appears to be one important pathway to creating jobs. Removing the binding supply side constraints on this development would seem to be of crucial relevance. The hypothesis is that only by improving access to infrastructure and service public goods, particularly for those working in the informal sector and living in informal settlements - *and in a way that builds the hybrid economy* - can African cities steadily strengthen EEG. Furthermore, clearly the 'action' in Africa in the future will be in the urban sector; only by focused actions in towns and cities will a nation as a whole be able to move towards increased resilience and EEG. Urban economies increasing drive national economies; getting the urban economies to 'work' is one of the most important challenges facing African policy makers, and the Continent's private sector, citizens and donor partners.

More specifically, the EEG assessment of TEMA, for example, throws into high relief the not unsurprising and oft-mentioned issue of the need for structural economic transformation. In the content of Ghana Tema thrives on the results of the Country's extractive economy; it makes its money by exporting raw and semi-processed goods and by importing high-end products to be consumed by those with money generated by working within the extractive economy, and lower-end products consumed by those servicing the extractive economy. Value addition needs to be increased, as does economic diversification which enables the creation of backward and forward linkages between sectors and the economy to advance towards the production of new goods which together makes the national economic structure denser, less dependent on foreign demand and less susceptible to external shocks.

A Tema focus LED/EEG strategy can create pathways whereby value addition, diversification, local supply chain development and the integration of the informal economy into the operations of more formal industries can occur. A hybrid economy can be promoted in which the informal economy is pulled up into various value chains and is the locus of value addition and the beginnings of structural change. Mostly likely this will be dependent on creating an institutional

[28] The possibility that impoverishment will characterised many cities in Africa is very real. Collier (2016) writes: *"Africa's urbanisation to date has not been successful….many* (cities in Africa) *are generating conditions that are so inadequate that the majority of their inhabitants can neither be productive nor lead decent lives*" Too many African towns and cities appear to be in danger of being overwhelmed by rapid population increases, slums, homelessness, infrastructure, service and housing 'deficits', unemployment, and corrosive social tensions, unrest and inequalities. Jobs (decent, productive, well-paid jobs) are not being created in anything like the required numbers. Many toil in low productivity, low return, low wage (informal) employment often characterised by unfulfilling, precarious, and dangerous working conditions. Youth unemployment in particular is increasing.

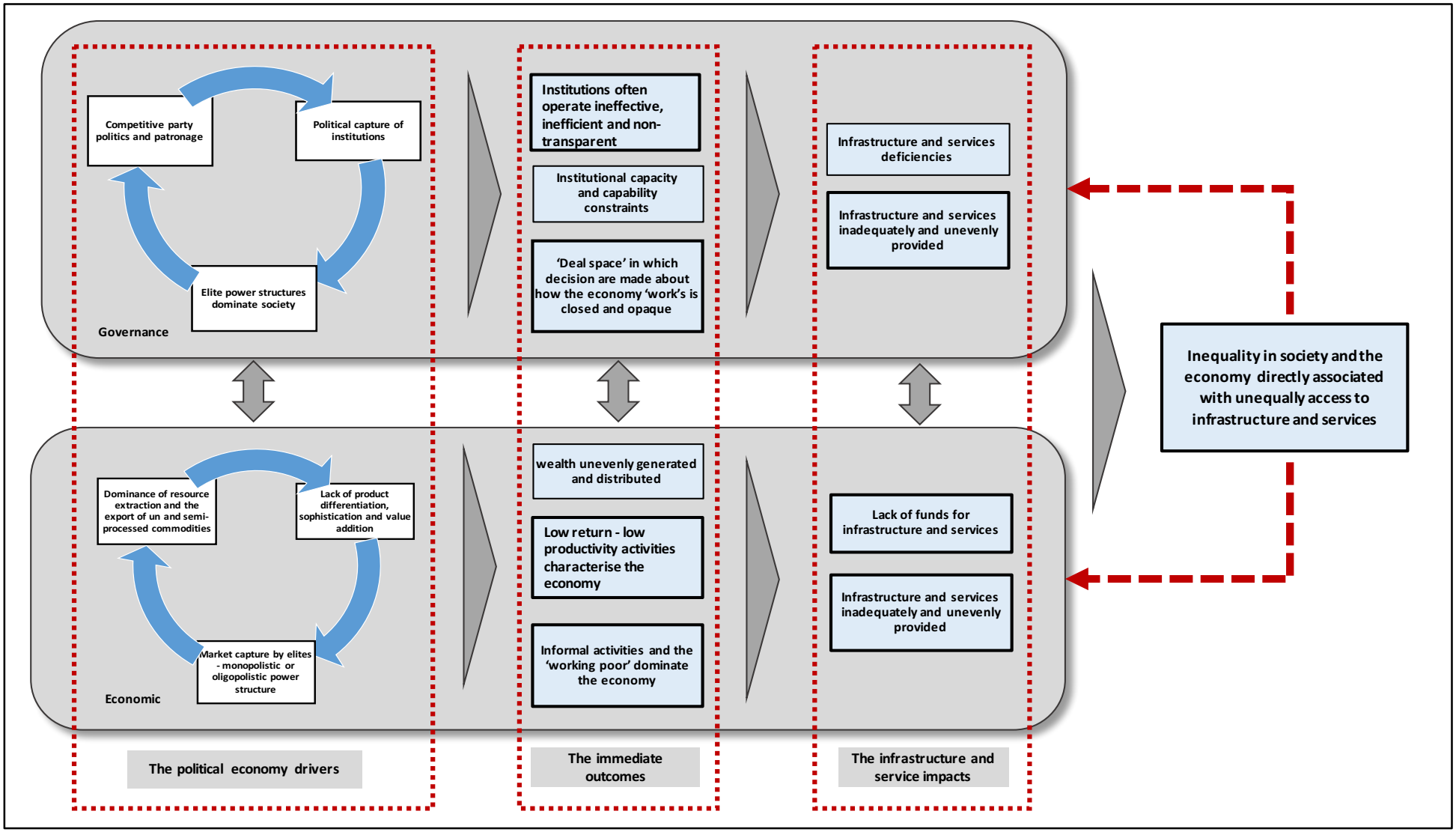
platform that furthers the co-development of such a stagey by TMA, TDC, the Port and representatives of the private sector and the community. It seems probable that the promotion of EEG is only possible if such an institutional platform is created, and this leads to the second lesson.

The second lesson is a caveat to the first; - implementing infrastructure and service improvements, particularly those devised to encourage resilient and equitable economic growth and social development, in the absence of an understanding of the relevant political economy context would seem to be heading for failure. The impact of infrastructure and service interventions is mediated through social and political structures and norms of behaviour, which is turn are grounded in the specific history, and cultural and social traditions of the country (and city) in question. Indeed, exclusion and inequality are to a considerable extent socially constructed and politically mediated.

Much of the prevailing development literature emphasises the importance of institutions in the development process[29]. How institutions work, whether effectively or is a dysfunctional manner, is rooted in the prevailing political economy of the country (and city) in which the institutions operate. Before devising infrastructure and service interventions it is necessary to understand how the institutional environment is most likely to affect and determine the provision, use and impact of the infrastructure and services, and how the prevailing political economy impels that institutional environment to affect provision, use and impact in the particular manner empirically witnessed. From this analysis pathways of change should be investigated and related interventions accompany the infrastructure and service development programmes. (see Figure 3.2, which shows how the economic and political drivers of a society can determine the production, distribution and pricing of infrastructure and service public goods in cities).

[29] See the Commission on Growth and Development, Working paper No 10, 2008

Figure 3-20: The political economy drivers of inequality in African cities



Source: The Authors

4. Concluding remarks

Two categories of concluding remarks can be made:

- those related to the four cities in which the EEG toolkit was pilot-tested, and the nature of the provision and access to infrastructure and services in the metropoles, and
- those related to the use of the EEG toolkit, and how the toolkit process can be used to lay the foundation of change towards an economy that is increasing characterised by equitable economic growth.

4.1 The four cities and EEG

As regards the former, it is clear that there are major infrastructure and service deficits in all four of the cities in which the EEG diagnostic was pilot-tested. In Tema, for example, field surveys demonstrated that many forms of infrastructure and urban services are inadequate, sometimes unreliable and often unaffordable for many of the poor, in spite of the fact that the metropolis was ranked 4th in 2011 in the performance measures under the Its infrastructure and services are ageing, and require significant investment in order to undertake repairs and complete the rehabilitation. Furthermore, the evidence that is available indicates that these deficits do adversely affect the life chances of the citizens of Tema, in particular those living in informal settlements and working in informal economic trades, and can negatively impact upon the operations of formal sector industries and commercial trades. The precise way in which these impacts affect individuals, communities and businesses, needs to be determined through appropriate investigations, including the use of such business engagement tools as a business survey, focus group or panel (see Section 4.2 below).

Nevertheless, the potential of Tema appears to be good and the huge investment in the port and port related activities that is planned for the near future could be an 'EEG game changer' for the city. All stakeholders (those in the city, especially TMA, TDA and the Port) and those beyond including central government and its donor partners should take this opportunity to be involved in the preparation and subsequent rapid implementation of a LED/EEG focused strategy. The preparation of the LED/EEG strategy should be a catalyst for changes in the way in which decisions are made in Tema and how its institutions are structured and 'behave'. A platform for dialogue and change should be established allowing the co-development of the strategy involving the TMA, TDA, the Port and representatives of the private sector and the community. The EEG toolkit and workbook could be used to assembled required evidence and as an instrument whereby the private sector and the community are engaged in the process of change and transformation.

The picture is similar in the other four cities, namely, significant infrastructure and service deficits exist and adversely affect the development of the cities. Each of the other three cities is characterised by a potential that is unique to the prevailing circumstances. The potential of each is likely to be compromised if infrastructure and services constraints and deficits are not addressed. But the way in which these constraints and deficits are addressed is important; economic development opportunities must be examined in relation to these constraints and deficits – there must be a purpose and direction to infrastructure and service programmes and projects over and above the need to correct inadequacies and defects. It is argued in this report that this purpose is most profitably directed at highlighting the way in which overcoming infrastructure and service deficits can promote and support the development of the hybrid economy, the exact expression of which will of course vary amongst the cities.

4.2 The EEG diagnostic and toolkit

The EEG toolkit consists of a series of workbooks used to collect and present data, and a manual consisting of guidance notes concerning how the data can be collected, analysed and presented, and subsequently used to devise policies designed to promote EEG. The pilot testing of the EEG toolkit in the four cities demonstrates the following:

- **Access to infrastructure and services is multifaceted –** Access to infrastructure and services is multifaceted in nature and includes physical coverage, reliability, affordability and quality. A single indicator is often inadequate to capture this multi-dimensionality. Indeed, the toolkit demonstrated the value of 'scratching beneath the surface'. Often a single indicator (using census data) presents one picture, but once the multi-dimensionality of the infrastructure or service in question is explored another picture is uncovered. Coverage might be good for example, by affordability and reliable poor particularly for the disadvantage sections of society. The EEG toolkit allows the various dimensions of access to be explored and a more rounded and complete picture of access presented than can be obtained by using one or two (census data) indicators. This is a major advantage of the toolkit.
- **The value of using the toolkit must be made clear** - town and city users must clearly and quickly see the value of using the toolkit[30]. It can take time and effort to complete some of the workbooks, required to collect up-to-date and pertinent information that can be used to prepare EEG policies and strategy. If the importance of focusing on EEG is not readily apparent it is unlikely that the necessary effort required to complete and use the workbooks will be forthcoming.
- **The value of the 'economy – business' survey should be made clear -** it is it is crucial for any town or city administration wishing to effectively use the EEG toolkit to have undertaken an economic-business survey of their town or city or to use the recommended EEG business survey questionnaire (see Annex accompanying this report). The survey could consist of a set of questions to ask selected informal and formal business (as given in the EEG toolkit economic workbook) and / or a focus groups and / or workshops with selected members of the informal and formal private sector and groups representing the working poor. A comprehensive questionnaire survey is preferable and could be donor assisted funded, but it is not crucial. An acceptable way to collect information would be through a series of meetings (focus groups or workshops) with representatives of the private sector and the working poor. A panel of representatives could be surveyed each year in order that progress towards equitable economic growth can be measured, monitored, evaluated and understood.

Further, it is recommended that if up-to-date information is not available as regards the infrastructure and services of the city in question a similar set of focus groups or workshops can be held with key personal (e.g. doctors to discuss the health services) in order to collected data and informed information and judgements. The time given to pilot test the EEG workbooks and manual, around 3-4 days per city, was not sufficient to fully investigate constraints on using the

[30] It should be noted that Cities Alliance has sponsored the development of a City Development Strategy (CDS) toolkit. It may be confusing for a town or city to be presented with two toolkits (CDS and EEG) as there is undoubtedly overlap between the two toolkits. Under certain circumstances it may be appropriate to combine the two toolkit or subsume one into the other. This is an issue to be addressed Cities Alliance and individual towns and cities.

workbooks and then implement measures to overcome the constraints and realise the opportunities.

A panel of informal and formal sector private sector representatives could be surveyed each year in order that progress towards equitable economic growth can be measured and understood. Without an understanding of the way in which the economy 'works' it is hard to arrive at informed and robust judgements concerning the impact of provision of and access to infrastructure and services on the trajectory of a society towards increasing EEG.

Lastly, the importance of local ownership of the toolkit process must be stressed. The toolkit and its use could and should be part of a local capacity and capability building process – it's use should create 'competences' within both users and those participating in its use. But the toolkit is a template; its structure, form and content may have to be changed to suit local conditions, requirements and norms of behaviour, and how the outputs generated by its users are described and employed may not be as anticipated by either the toolkit authors or its funders.

The process may get 'messy'. The Consultants are of the belief that this is not a problem. Indeed, the toolkit is only likely to be employed by city administrations and their stakeholders if they can see value in its use and can use it in the way they want to. The hope (if not expectation) is that the continual use of the toolkit over years will encourage a city administration to deepen co-working with city stakeholders, refine and modify the workbooks and the manual to suit their collective and agreed needs, and lead to information and analysis which highlights the pathways to resilient development and equitable economic growth in an increasingly clear manner.

This report, and the toolkit used to collect some of the data and information presented in the report, should be seen as *tools of engagement;* - tools that can be used to stimulate and guide the future debate within a city administration and between the city stakeholders and its donor-partners as to how equitable economic growth can be promoted and secured and why this is crucial for cities in their respective countries Africa to realise their potential as engines of equitable growth.

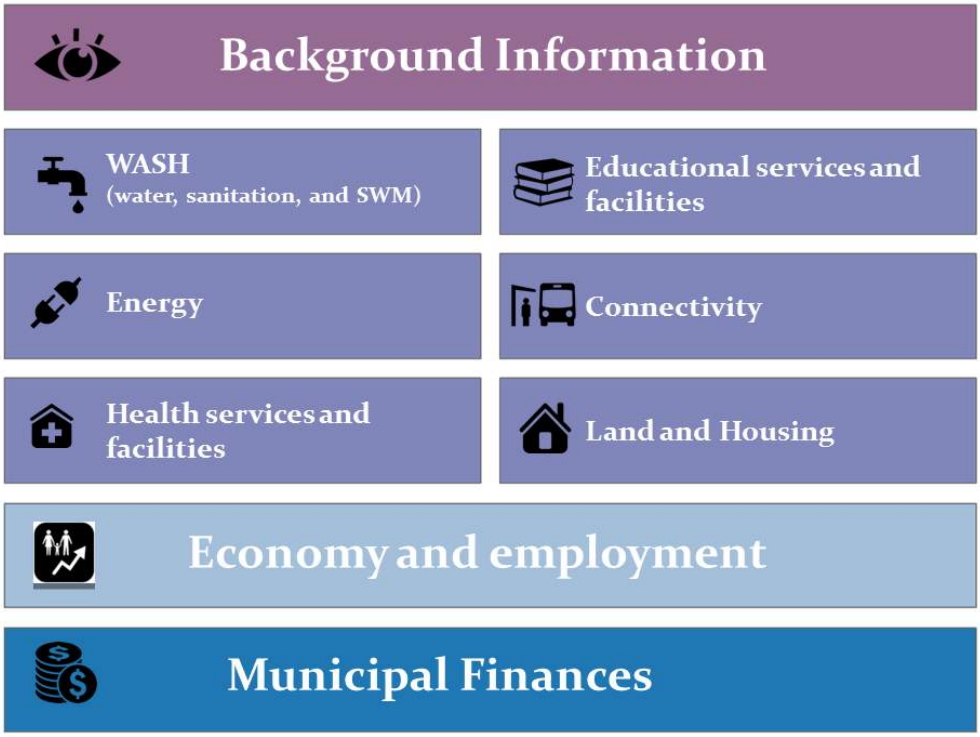
Annex: The EEG toolkit

The accompanying Equitable Economic Growth toolkit manual sets out in detail the toolkit *process;* what data is to be collected; how to capture this information; and how to analyse the resulting information to generate insight into likely intervenitons that will promote equitable economic growth in cities. A summary of the key toolkit processes is presented below.

How the toolkit works

It is important that data is collected that relates to both infrastructure and services, and the economy. The purpose of this toolkit is to help a city understand how *access to infrastructure and services* affects Equitable Economic Growth (EEG), and how changes in access to these public goods can promote EEG. It is crucially important that a city focuses on the relationship between the economy and access to infrastructure and services. Moreover, by collecting data on the financial strength of the administration of the town or city, the town or city in question will be able to make an assessment as to how policy, programme, and project interventions that promote EEG can be funded and implemented.

The toolkit is used in order to understand how infrastructure and services are provided; who has what type of access; how the economy of your city or town 'works,' and how the economy can be improved and made more 'equitable' by enhancing the provision and access to infrastructure and services. The toolkit requires that you collect quantitative and qualitative data across the following nine subject areas:



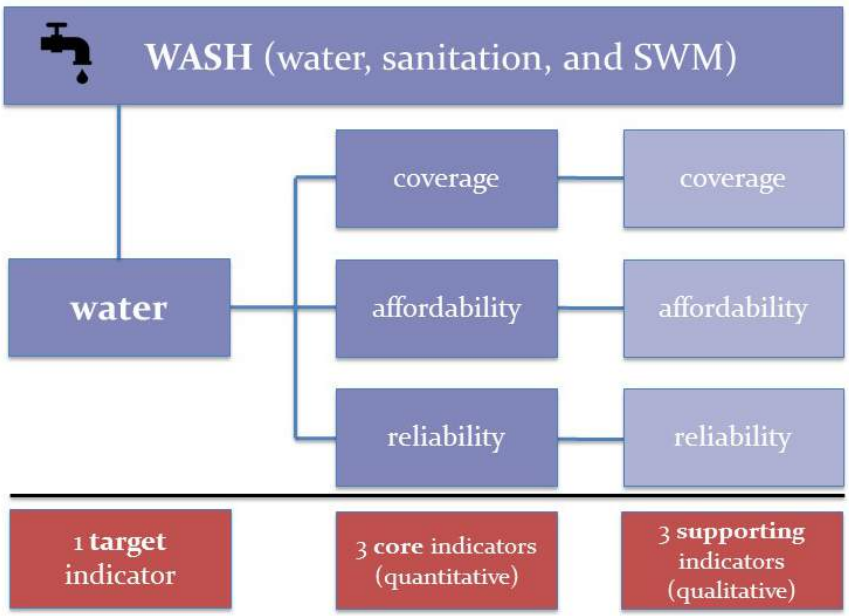
Collecting this data is structured around two types of survey instrument:

- **public goods 'workbooks'** – measuring access to public goods
- **A business and economic survey questionnaire** – measuring the strength and characteristics of the local economy

Public goods workbooks

For each type of public good a town or city should try to capture an overall measure of access (target indicator) and three data dimensions for each public good which help describe the overall level of access, namely, ***coverage; affordability; reliability***. For example, when investigating the provision of water, a city needs to investigate the level of access in terms of:

- **Coverage** e.g. proportion of the population who have physical access to a safe drinking water supply
- **Affordability** e.g. the proportion of household income that is typically spent on safe drinking water
- **Reliability** e.g. the number of hours per day that safe drinking water is available.



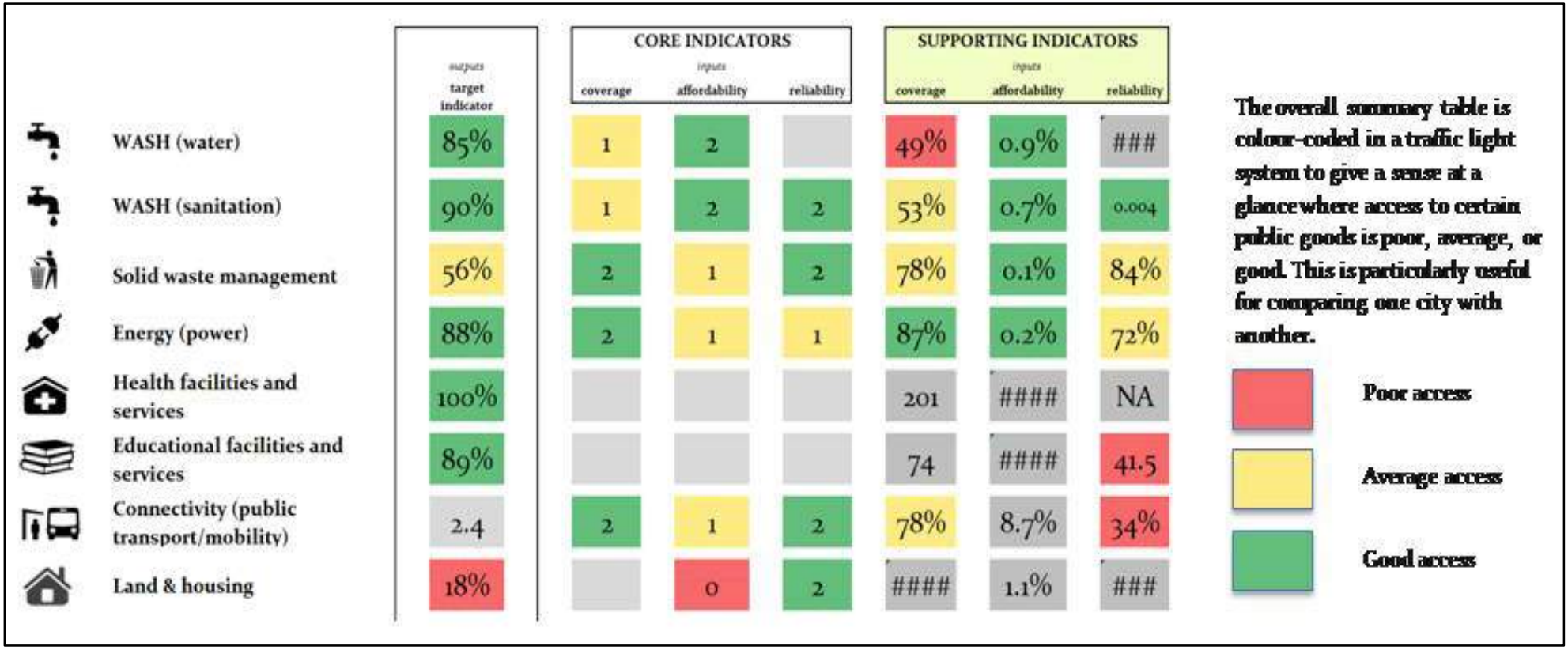
Indicators are categoriesed in terms of

- **A target indicator** which gives an impression of the overall level of access for each public good and is most important metric that the city should be working to achieve;
- **core indicators** which give a qualitative measure of access across the three data dimensions. These indicators provide more detail than can be captured by one or two target indicators. They have been designed for information-poor environments; they are simple and straight-forward to use and have been designed to be employed by every city regardless of size; and,
- **supporting indicators** which give a more detailed, quantitative measure of access across the three dimensions.

The toolkit also seeks to gather disaggregated data on the nature of access for example by location or gender is also colected via the toolkit workbooks; these data is termed **'extended indicators'** in the toolkit. The toolkit is flexible, and a town of cityis encouraged to answer in as much detail as possible, whilst retaining a consistent structure related to how the data is collected and presented.

An **overall scorecard** is then produced for each city across all dimensions of each public good. The summary table (see Figure 0-1) provides a 'snapshot' of the current status of access to each public good which can be read at a glance, and which will be useful in comparing the performance of different cities. It provides a useful tool for engagament with city stakeholders over the reality and likley causes of inequality in access to public goods across the city, and an entry point for prioritising interventions to address any inequalities.

Figure 0-1: The overall city scorecard (access to public goods)



The business survey

The business survey complements the infrastructure and services public goods workbooks; through this survey data and information is collected on the relationship between access to infrastructure and service public goods and the structure, functioning and prospects of the local economy. For example:

- How does the economy 'work', what are the main drivers?
- Are businesses constrained by inadequate infrastructure and services?
- Are informal sector businesses more severely affected than formal sector companies?
- What type of infrastructure and services are required by the working poor to improve their economic life-chances?

The business survey questionnaire should be used to understand the viewpoint of local businesses – i.e. what is constraining businesses improve their productivity and competitiveness; and to provide a counterpoint to the view from an individual's perspective – i.e. are their inequalities in access basic service and infrastructure, which in turn constrain wellbeing and human capital development? (an example of a business survey / questionnaire is given at the end of this annex; a town of city should tailor this example to their own needs and circumstances).

Applying the toolkit

Once data has been collected using the survey instruments described above, the information can be analysed with results presented to city stakeholders to enable policy interventions to be designed that address inequalities in basic service and infrastructure provision.

There are various ways in which the data can be presented and analysed – examples are given in the toolkit. Each town or city will have their own data analysis requirements, and own ideas concerning how they want to present the information that they have collected. Suggested ways in which the data can be analysed and presented are given in the toolkit manual. Through the analysis of the data each town and city can prepare a rapid but comprehensive assessment of the prospects for equitable economic growth in the town or city in question. But it should be remembered that data presentation and analysis must be driven by a strategic purpose: which, as regards this toolkit, is the need to highlight HOW equitable economic growth can be *promoted* in a town or city.

In broad terms, a three-stage process should be followed:

- First, **a situational assessment**, through which you describe the current and expected future condition of the topic you are investigating, in this case access to infrastructure and service public goods, and the relation between this access and equitable economic growth. A situational analysis also often includes a description of the topic context, in this case the population and economic characteristics of your town or city, and the prevailing relevant policy environment at city and national levels.
- Second, **a causal analysis**, which seeks to highlight the reasons why the problematic dimensions of the topic you are investigating have arisen. This analysis can also identify how the problematic dimensions have arisen - what are caused the rise of inequalities? Why is access to public goods so difficult for some?

- Lastly, **a solutions framework** through which you build a convincing policy solution to the 'problem' that you have identified. This framework often includes an assessment as to how the public and the private sector can work together to solve the problem; clearly defined policy interventions (evaluated, prioritised and sequenced); the identification of the resources required to effectively and efficiently implement the policy and 'responsibility assignment', namely which department in government and which non-government stakeholders will undertake what actions in order to implement the solution.

Promoting EEG will involve a variety of stakeholders including the town or city administration, the private sector, and the local communities. However, those who directly experience the inadequacy or otherwise of access to urban infrastructure and service public goods are often in the best position to identify exactly why access is difficult, and they are commonly able to identify feasible improvements. Indeed, local communities are often in an ideal position to plan and prioritise their own needs. They should be involved in and perhaps lead the development of your equitable economic growth (EEG) strategy – providing input throughout the situational analysis (including data gathering); the causal analysis, and the solutions framework (devising policy interventions including implementation).

Example of a business survey/questionnaire template

Promoting Equitable Economic Growth


GHANA EMPLOYERS' ASSOCIATION

Cities Alliance
Cities without slums

Survey of Businesses in XXXX - CONFIDENTIAL

Name of Business ....
Address ....
Date of interview ....

ID Number of interviewer

A. Background

A1. **What sector are you in?** ***(tick appropriate box)***

1. Manufacture	☐	Specify .....
2. Transport	☐	Specify .....
3. Trading	☐	Specify .....
4. Business / Professional Services	☐	Specify .....
5. Other	☐	Specify .....

A2. **Legal form of Business**

1. Sole Proprietorship	☐	4. Limited Liability Company	☐
2. Partnership	☐	5. Informal Sector Business	☐
3. Family Business	☐	*6. OTHER*	☐

A3 **Date established** **YEAR** ☐

B. Employment and Humand Resources

B1 **How many people in total - permenant and causal - do you employ at present?** *(2 causal people equal one permenant person)*

Numbers ☐ **Percentage you consider to be skilled** ☐

Men ☐
Womem ☐

B2 **Is the number you employ today more or less than the number you employed in the PAST - 2 years ago?**

If More - how many more? *(tick box)* →	☐	**GO TO B3**
If Less - how many less? *(tick box)* →	☐	**GO TO B4**
Stayed the same *(tick the box)* →	☐	**GO TO B5**

B3 **If employment numbers INCREASED over past 2 years- why?** →

B4 **If employment numbers DECREASED over past 2 years - why?** →

B5 Do you expect to increase or decrease employment number in the FUTURE - over the coming 2 years?

INCREASE	☐	GO TO B7
DECREASE	☐	Go TO B8
STAY THE SAME	☐	GO TO C1

B6 If employment numbers expected to INCREASE - why? ➡

B7 If employment numbers expected to DECREASE - why? ➡

C. Business Expectations

C1 How do you expect that your business will change over the coming 2 years *(tick appropriate box)*

Increase in trade / turnover	☐	why? Briefly specify
Increase in trade / turnover	☐	why? Briefly specify
Stay the same	☐	why? Briefly Specify

C2 On a scale of 1-5 (1 very good and 5 very bad) please rate the following (circle the appropriate number)

		Very Good				Very Bad	Not Applicable	
1	Conditions of the roads in TEMA.....	1	2	3	4	5	6	
2	Affordability and reliability of public transport.....	1	2	3	4	5		
2	Traffic congestion in TEMA....	1	2	3	4	5	6	
3	The water supply to your business.....	1	2	3	4	5	6	Don't have water ☐
4	The electricity supply to your business.....	1	2	3	4	5	6	Don't have electricity ☐
	(Do you use electricity from the grid ?)	yes	No					
	(Do you use a generation set?)	yes	No					
5	The drains around your business.....	1	2	3	4	5	6	No drians here ☐
6	Collection of solid waste around your business.....	1	2	3	4	5	6	
7	The security situation in your city.....	1	2	3	4	5	6	
8	Government assistance for your business.....	1	2	3	4	5	6	
9	Supply of labour / workers.....	1	2	3	4	5	6	
10	Workers available with required skills.....	1	2	3	4	5	6	
11	Demand for the products of your business.....	1	2	3	4	5	6	
12	The costs of raw materials.....	1	2	3	4	5	6	
13	Transport connections to other cities.....	1	2	3	4	5	6	
14	International transport connections.....	1	2	3	4	5	6	
15	Accessibility to local health services	1	2	3	4	5	6	

C3 What is the **single** most important problem / constraint that you face conducting your business? .....
Why is this problem/ contraint so important to you?

Describe the Constraint: **How does this constraint affect your business?**

C4 What is the **single** most important thing that has to happen for your business to expand? (e.g. need more customer / need money to expand / need better supply of electricity?)

C5 What is **good** about doing business in TEMA / what are the advantges of TEMA for businesses like yours?

C6 On a scale of 1 to 5 - How would you **currently** rate the city as a place for your business to succeed?

Very Good				Very Bad
1	2	3	4	5

C7 **What do you expect your turnover to be next year?**

C8 **What was the total wage bill last year (for all your employees)**

C9 **Please tell me the number of electrical outages that you experience in a typical month** .....

C10 **Duration of typical electrical oputage (in Hours)** .....

C11 **Do you expect to give a 'gift- in order to get:**

(1) an operating Licence	**YES**		**NO**	
(2) a construction permit	**YES**		**NO**	
(3) electricity connection	**YES**		**NO**	
(4) water coonection	**YES**		**NO**	

D. Inputs and Outputs

D1 **From where do you get the materials you use in your business** *(give percentage of total in the box - eestimate percentage to nearest 5%)*

1	Local to your City	
2	Beyond the City but within the State	
3	Beyond the State but within the country	
4	From Overseas	
5	TOTAL	100%

D2 **In terms of business costs (your expenditures) what percentage is spent on**

1	Salaries / wages	
2	Utlities (Power; Water)	
3	Transportation	
4	Local taxes and fees	
5	Raw materials	
6	Other	
7	TOTAL	100%

D3 How much to do pay for your electricity? ..... (per month)

D4 How much do you pay for your water? .....(per month)

E . Technology Innovation and Growth

E1 Do you have access to the internet? No ☐ Yes ☐

E2 Does your company have a web-site? No ☐ Yes ☐

E3 Do you use email to contect your custmoers and/or suppliers No ☐ Yes ☐

E4 Have you introduced any new technology (e.g. new and modern equipment) over the LAST 2-3 years?

No ☐ Go to E4

Yes ☐ ➡

Briefly describe the nature / type of technology you introduced?

Briefly state the impact of the technology *(e.g. enabled increased production and or productivity; enabled improved product quality; enabled increased exports)*

E5 Do you plan to introduce any new technology (e.g. new and modern equipment) over the COMING 2-3 years?

No ☐ ➡

Is the introduction of technology and innovations to your business something you would consider, espesically if the benefits of new technologies and innovations were fully expalined to you?

No interest ☐ **Yes** Interested ☐

Yes ☐ ➡

Briefly describe the nature / type of technology TO BE introduced

Briefly state WHY you want to introduce this new technology

Is there anything hindering or preventing you from introducing this new technology *(e.g. lack of finance uncertain market demand for your products...etc?)*

E5 **What do you consider to be theTWO most important COMPETITIVE ADVANTAGES of your business (what makes your business different from your competition?)**

F. Role of Government

F1 What in your opinion is the **single most important thing** that the State Government COULD DO tor STOP DOING in order to help your businesses in TEMA grow?

F2 **Any final comments you would like to make concerning how TEMA City can be improved?**

END OF SURVEY - THANK YOU

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