

Sub-Saharan Africa



Alexandra township, South Africa

Not only is Sub-Saharan Africa the poorest region in the world, the number of people living in extreme poverty, that is, on less than US\$1 a day, has nearly doubled during the past two decades, rising from 164 million in 1981 to 314 million by 2001.¹⁴ As noted in a recent UN report, ‘Seen from the point of view of development, Sub-Saharan Africa is not just failing to converge with other regions: its decline is absolute’.¹⁵

Sustained economic growth is unlikely to make much progress without increased investments in the social well-being and education of the population, as well as the promotion of policies that provide for the absorption of surplus labour into manufacturing, services, and informal private sector activities. Achieving this will require a signifi-

¹⁴ World Bank, *World Development Indicators 2004* (Washington, DC: World Bank, 2004).

¹⁵ United Nations Industrial Development Organization (UNIDO), *Industrial Development Report 2004: Industrialization, Environment, and the Millennium Development Goals in Sub-Saharan Africa* (Vienna: UNIDO 2004, p. xv).

cant change in the attitude of many African governments, which will need to recognise that long-term national economic growth—as well as reduced rural poverty—will increasingly and inexorably depend on the efficiency of urban areas, and that economic growth and investment will be achieved largely as a result of the interest and drive of the domestic private sector.

How can African cities help promote a framework for good governance that respects and promotes the rights of their citizens and attracts investment? Some hopeful signs have emerged over the past year that point towards an emerging framework within which cities' economic and social potential can be more fully developed. At the end of 2003, during the Africities Conference, the three African local government organisations, the African Union of Local Authorities (AULA), the Unao do ciudades y capitais lusófono Africana (UCCLA), and the Union des villes africaines (UVA) merged to form the Council of Cities and Regions of Africa (CCRA). Headquartered in Rabat, the new body will bring the African dimension to the agenda for cities being forged by UCLG.

The New Partnership for Africa's Development (NEPAD) has also moved swiftly to recognise the importance of cities. With the assistance of the United Nations Human Settlements Programme (UN-HABITAT), NEPAD has launched a cities forum. The forum held its inaugural meeting in Lagos in May 2004, at which NEPAD recognised the roles that cities can play as engines of economic growth and as vehicles of economic integration in Africa.¹⁶ The recent publication by the South African Cities Network, *State of the Cities Report 2004*, sets a welcome standard and demonstrates the importance placed on urban areas in that country.

The Cities Alliance has continued making modest but important progress in Africa, greatly assisted by the support that Norway, Sweden, and USAID have provided to the Alliance's Cities With-

Cities' influence on national policy formulation

The South African Cities Network (SACN), which the Cities Alliance has been supporting since the network's launch in October 2002, had an exceedingly productive year, with its work resulting in two particularly fruitful outcomes.

Its highly acclaimed *State of the Cities Report 2004* reflects how by structuring its work programme around CDSs and developing indicators to measure city performance and development, the SACN has established an analytical framework that is serving its nine member cities, as well as the national government, in terms of deepening the understanding of the role of cities in the national economy and poverty reduction.

As a knowledge-sharing organisation, promoting strategic thinking by cities and various spheres of government, the SACN is demonstrating its unique ability to link national and local governments in working on key policy areas.

Another key area where the SACN is contributing to national policy dialogue is housing and slum upgrading. As the government pursues its goal of 'moving towards a shack-free society', the SACN is collaborating with the Department of Housing on the development of a national strategy for upgrading informal settlements. Indeed, in her budget speech to the National Assembly in June 2004, Minister of Housing Lindiwe Sisulu referred to the SACN's *State of the Cities Report*, underscoring the impact of the network's contribution: 'The difference now is that we are not dealing with intent, we will now be operational. There will be visible results within the timeframes we set ourselves'.

out Slums Facility for Sub-Saharan Africa. The Facility has provided assistance in Lagos, Addis Ababa, Johannesburg, Mbabane, and Ghana's Kumasi region and has given Alliance members an opportunity to offer essential preparatory assistance to a number of other cities.

¹⁶ Communiqué issued at the end of the First NEPAD Cities Consultative Forum, Lagos, 10–12 May 2004.

LAGOS: PLANNING CITYWIDE SLUM UPGRADING



Nigeria is the most populous country in Africa and is also home to its largest city, Lagos. The national annual urbanisation rate is an extremely high 5.5 per cent, and projections suggest that Nigeria will be 50 per cent urban by as early as 2007. Most of the population is extremely poor: estimates indicate that about two-thirds of the population, or some 80 million people, survive on less than US\$1 per day. Indeed, Nigeria's poor account for 6 per cent of the world's poor.

The democratic government is grappling with an onerous legacy arising, in part, from decades of military rule and mismanagement that still impede development and progress. Transparency International ranks Nigeria as the second most corrupt country in the world. The federal government and civil service are extremely large, with the staff payroll accounting for an extraordinary two-thirds of federal government expenditures.

Nevertheless, the government has made some progress in instituting basic reforms, including improvements in economic stability. It has also made some headway in the fight against corruption and in improving government accountability. In its 2004 budget, two-thirds of capital expenditures are directly related to the achievement of MDG targets.

Lagos is one of the fastest-growing cities in the world, with an expected population of 25 million

in 2015, and suffers from decades of neglect and underinvestment. Yet, as the commercial capital of the country, its economy is vital to that of Nigeria, contributing more than 60 per cent of Nigeria's non-oil GDP.

Working with the World Bank, the Cities Alliance has provided a modest grant to the Lagos state government, which has been one of the pioneers in introducing reforms at the state and local levels. Within the framework of these reform activities, the World Bank has been supporting the Lagos state government in the development of a multi-sectoral strategy for economic development and poverty reduction. With a clear and consistent focus on improved governance, this strategy comprises the following elements:

- Institutionalising participatory processes;
- Upgrading slums citywide;
- Creating an enabling environment for private sector investment;
- Reforming land management and planning practices and preparing for future population growth;
- Reforming public sector management;
- Monitoring the impact of expenditures to improve accountability.

An important outcome of the policy dialogue has been the Lagos state government's commitment to adopt a citywide urban upgrading approach towards its slums in a move away from the demolition, removal, and renewal approach that characterises many other cities and countries. The World Bank expects to support the improvement of living conditions in the Lagos slums through investments in basic municipal services.

SLUM UPGRADING IN NAIROBI: A DIFFICULT ROAD

Nairobi has taken the initiative to upgrade its slums through the citywide Collaborative Slum Upgrading Programme, which the government intends to



replicate nationwide. The Nairobi City Council is implementing the programme with the assistance of UN-HABITAT, which has its global headquarters in Nairobi. The Ministry of Roads, Public Works, and Housing has established a secretariat for the national programme, and to ensure inclusiveness and act as a forum for contributing ideas, a stakeholder support group has been established that includes development partners, nongovernmental and civil society organisations, the private sector, and relevant government institutions.

Nairobi's Collaborative Slum Upgrading Programme commenced in Kibera, one of the city's 199 slum settlements. Kibera is a high-density, sprawling slum that consists of 12 villages and spreads across approximately 250 hectares in southwestern Nairobi. Home to more than 500,000 people, it is one of Africa's largest slum settlements.

Kibera's residents live in conditions of extreme poverty. They lack basic physical and social infrastructure and have little or no formal security of tenure. Garbage and human waste are littered everywhere, and residents live in houses made mostly of mud and wattle or of corrugated iron. In addition to high unemployment and illiteracy rates among Kibera's residents, the incidence of HIV/AIDS is among the highest in Nairobi.

In starting with Kibera, the City Council and the government are hoping to demonstrate what is possible in the most difficult and notorious of Kenya's slums. Notwithstanding the government's public commitments to the upgrading programme, a number of significant challenges have yet to be overcome. These include the following:

- A history of poorly implemented and incomplete upgrading projects has made the residents of slum settlements sceptical. They do not, as yet, believe that this time the outcome will be any different. Policymakers have to strike a balance between raising unrealistic expectations and dampening hopes yet again, which is perhaps the project's greatest challenge.
- The population density of around 2,000 people per hectare makes comprehensive, in-situ upgrading extremely difficult. A process of reducing population density is likely to be necessary, but this will need to be achieved with the support of the slum dwellers themselves.
- The issue was compounded in early 2004 by controversial demolitions undertaken by the government that were only suspended after an international outcry. These demolitions damaged the credibility of those involved in the programme and increased both people's scepticism and the population density.
- The issues of tenure security, land market transparency, and tensions between structure owners and tenants still need to be resolved, even though all of Kibera is on government-owned land.

On a positive note, the involvement of as many stakeholders as possible is making some difference in addressing the various issues. The Nairobi Informal Settlements Coordination Committee, which has a track record of involvement in these slums has provided critical support, while collaboration with the World Bank's Water and Sanitation Programme has generated vital data and information.

The most tangible outcome expected from this phase is a clear implementation strategy for upgrading the 12 villages in Kibera—a strategy that should have the support of all the major stakeholders and, most critically, the support of the slum dwellers themselves. This strategy will be the first citywide strategy in Kenya to have been generated with full participation by all stakeholders: the national government, the local city government, the affected residents, and the private sector along with nongovernmental organisations (NGOs), commu-

nity-based organisations, and other development partners. The focus is now moving to the mobilisation of investment partners, with the government

taking the lead in signalling its commitment to providing budgetary support for slum upgrading.

Uganda: ACCION International Partner, the Uganda Microfinance Union Makes Its First Housing Loan



Tom Kikonyogo's compound is littered with construction materials: sand, stones, and planks. In March 2004, Tom became the first client to obtain a home investment loan from the Uganda Microfinance Union (UMU), an ACCION International partner microfinance institution, to complete his house just north of Kampala.

Tom, age 31 and the father of two—two-year-old Esther and five-year-old Eric—had rented out their family home to a road construction company to bring in some much needed extra income. This meant squeezing the family into two unfinished rooms with bare mud floors, no electricity, and no water.

Working as an attendant at a nearby inn, Tom's meagre salary prevented him from completing his family's home. A guest at the inn had told him about the UMU, which he joined in November 2003, taking out an individual business loan that he diverted to fix the doors and windows of his house. However, his funds were insufficient to complete his dwelling. As Tom was about to make his last payment

on the first loan, he was informed that UMU was about to introduce home investment loans.

Specifically designed for home improvements, the loan offers terms of up to 18 months, 6 months longer than for business loans. Even though the loans depend on a detailed evaluation of the client, the UMU does not require a mortgage, but clients do have to provide household goods as collateral or a guarantor. Home improvement loans carry lower interest rates than enterprise loans, but longer terms and larger amounts allow the UMU to cover its costs.

Before the home improvement loan was launched, Tom had been contemplating selling his furniture and other household valuables and cutting down spending on basic necessities. 'I was already stuck and worried', recalls Tom. 'I badly wanted a lump sum to complete my units and provide decent accommodation for my family'. The introduction of the loan was a huge relief to Tom. Had he financed the construction from his own resources, it would have been disastrous for his family. Tom was the first home improvement loan client to register, and he made his first loan repayment on time on 1 April 2004.

Since Tom took out the loan for U Sh 3 million (US\$1,667), his family's life has changed for the better. The rooms in his home have been wired and the family now has electricity, while the new ceiling cools the house. At the same time, Tom adds, his children are not starving.

Tom is using part of the loan to build rooms to rent out, which, Tom proudly notes, he has already succeeded in doing. Once all the units are fixed, Tom expects his income to increase and looks forward to sending his son Eric to a better school.

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The Uganda Microfinance Union currently offers its housing investment loans at its Bombo and Kajjansi branches. Support from the Cities Alliance to ACCION International enabled the Uganda Microfinance Union to develop the housing investment loan product to expand housing finance in Uganda. Working simultaneously with partners Banco Solidario in Ecuador and SOGESOL, the microlending arm of SOGEBANK, in Haiti, ACCION is working to scale up housing microfinance for the poor.

Beyond the development of new housing programmes with these partner microfinance institutions (MFIs), ACCION is closely examining the legal, financial, and regulatory environments that promote or discourage the provision of housing finance for the poor.¹⁷ It is also working to develop mechanisms for MFIs with growing housing portfolios to access stable, medium-term sources of funding to finance their growth. Adding housing loans to an MFI portfolio dominated by working capital credit leads to larger average loan sizes and terms. As an MFI disburses more housing loans, this situation becomes more acute.

¹⁷ For more information about the experiences of ACCION International and its partner MFIs, see www.accion.org.

The following lessons are already emerging from ACCION's experiences with housing finance:

- Housing microfinance is a more appropriate lending methodology for serving the housing finance needs of the urban poor than traditional mortgage lending.
- Housing microfinance programmes can be integrated into MFIs' existing microenterprise finance operations without any adverse effects on the quality or growth of their existing portfolios once credit staff have mastered the new product.
- MFIs' existing loan officers can be trained to offer housing loans without having negative impacts on their productivity.
- Needs for technical construction assistance, such as drawing plans, estimating construction costs, and supervising construction labour, vary from person to person; however, providing a wide range of technical advice is costly for MFIs, reduces staff efficiency, and does not lead to higher standards of quality in the constructions financed.
- Tools for estimating construction budgets are effective in controlling building costs and in ensuring that loans meet clients' needs.

FROM VISION TO ACTION: BOBO-DIOULASSO PREPARES TO IMPLEMENT ITS CDS



After more than 21 months of intense preparation and discussion among local and national stakeholders, the mayor of Bobo-Dioulasso, a city of 300,000 inhabitants, has launched the city's Local Economic Development Charter, which sets out a vision for re-establishing Bobo-Dioulasso and the surrounding region as the economic and industrial heart of Burkina Faso.

Participants at an April 2004 workshop run by the city were surprised to learn that financing the strategic investment priorities identified in the city's long-term development strategy was well within their grasp. By combining existing initiatives by national and international partners and looking at different scenarios for the development of the city's

budget and local taxes, the proposed strategy proved to be a realistic vision for Bobo-Dioulasso.

Bobo-Dioulasso's CDS, which began as a partnership between national authorities, the Association of Municipal Governments of Burkina Faso, the private sector, the municipal government, UN-HABITAT, and the French Embassy, builds on the results of the ECOLOC approach. This approach was launched by the Organisation for Economic Co-operation and Development, the secretariat of the Club du Sahel, and the Municipal Development Programme to provide local elected officials and other actors with information that would help them improve the competitiveness and quality of their cities. In the case of Bobo-Dioulasso, the ECOLOC studies provided a comprehensive picture of the economic linkages between Bobo-Dioulasso and other areas, including cities in neighbouring countries.

The city and its partners are gearing up to implement the long-term development of Bobo-Dioulasso and the surrounding region. To facilitate the implementation of the agreed strategic development framework and priority investment programme, the mayor has set up a working group that includes representatives of the stakeholders and is responsible for developing an institutional structure that will turn the Local Economic Development Charter into action.

NIGER: DOSSO AND MARADI LEAD WITH CDS



Niger is one of the world's poorest countries, and its urbanisation rate of around 23 per cent is low in

comparison with that of other countries in the region. While poverty in the country's cities is still notably less than in its rural areas, the combination of rapid population growth, poor urban infrastructure, and weakened social links in urban areas portends higher urban poverty rates in coming years. At its current growth rate of more than 6 per cent per year, Niger's urban population will double in the next 12 years.

Despite the decentralisation process that the central government recently initiated, Niger's cities are not yet well prepared for the anticipated population increase. The national government still retains control of the less than 8 per cent of the public investment budget dedicated to urban infrastructure, 80 per cent of which is financed from foreign funds. At this time, how cities in Niger can contribute to national poverty reduction objectives by means of local actions remain unclear.

With a view to improving local delivery initiatives, the cities of Dosso (43,000 inhabitants) and Maradi (147,000 inhabitants), in collaboration with the Association of Cities and Communes of Niger, asked the World Bank and Agence Française de Développement (AFD) to support a CDS. One of the aims of the CDS is to link a local economic growth and poverty reduction strategy with the national poverty reduction strategy paper process and national macroeconomic and social objectives. The approach complements a national urban development strategy that the government of Niger is currently developing.

As a first step, in March 2004 both cities embarked on a participatory poverty assessment, which revealed that 45 per cent of Dosso's population and 53 per cent of Maradi's population were below the poverty line. The assessments also pinpointed the multidimensional nature of poverty and confirmed the correlation between poverty and the lack of basic services (water, sanitation, electricity). Not surprisingly, 90 per cent of those interviewed associated poverty with a lack of employment.

On the basis of this assessment, the cities and their partners will analyse prospects for their economic and social development, as well as appropri-

ate institutional arrangements for the implementation of a long-term development strategy. With the active participation of the Association of Cities and Communes of Niger, the results of these two CDSs should create a platform for extending CDSs to other urban communes in Niger.

THE JOHANNESBURG-ADDIS ABABA PARTNERSHIP PROGRAMME



Market in Addis Ababa, Ethiopia

In October 2003, the mayors of Addis Ababa and Johannesburg formalised a sister city partnership aimed at fostering NEPAD, good governance, and social and economic linkages. The two mayors agreed to proactively engage, promote, and support each other under a programme-driven partnership involving various forms of exchange and cooperation that included

- Promoting city development and planning strategies;
- Enhancing performance management;
- Developing executive management training;
- Ensuring efficient financial management;
- Developing land and housing;
- Preventing and treating HIV/AIDS;
- Improving service delivery approaches.

Partially funded by the Cities Alliance, both cities have developed frameworks to implement their long-term visions of strategic transformation, economic growth, and poverty reduction.

Through incremental restructuring and consolidation of pre-1994 apartheid-based local authori-

ties, by December 2000, Johannesburg had put in place a democratic, unitary metropolitan council. In response to a deep-seated financial crisis in 1997 and the need to create an efficient city focused on development, the administration has undergone radical restructuring. Progressive strategic plans—notably the iGoli 2002 plan and the iGoli 2010 strategy—led to the creation of the current council structure, which comprises a strong central body, 11 regional administrations, 5 service provision utilities and agencies, and 5 corporatised entities. The next stage in Johannesburg's development will be guided by Joburg 2030, the city's development strategy for the next 25 years.

Addis Ababa is a city of more than 3 million people and the host city of both the African Union and the United Nations Economic Commission for Africa. Municipal government is a relatively new phenomenon in Addis Ababa: prior to the enactment of the 1994 national constitution, the city was managed as an extension of the central government. In 1997, it was granted special status as a city government, equivalent to a region under the country's federal system. The current city administration was established in early 2003 and has begun transforming the city's management, making it more participatory and implementing a strategic development framework and action plans as part of a long-term vision of sustainable growth and poverty reduction.

The Johannesburg-Addis Ababa Partnership Programme represents a bold initiative for sharing knowledge about mutually beneficial and sustainable CDSs for African cities. The programme will support Addis Ababa's city government in its ongoing three-year transformation programme and the development of its long-term CDS. Johannesburg's experience with fundamental restructuring should be invaluable to Addis Ababa's CDS process over the next two years.

Cities Alliance members warmly welcomed the Johannesburg-Addis Ababa Partnership Programme, as a good example of cities helping each other to foster economic growth and poverty reduction.