ICED

Infrastructure & Cities for Economic Development

Department for International Development

The Urban Handbook for Sub-Saharan Africa

Harnessing urbanisation for inclusive growth

The Quick Read Guide

July 2019

Contents

This document is a Quick Read Guide (QRG) to the DFID Urban Handbook.

- The QRG has been designed as an accessible and easy-to-read introduction to the Urban Handbook. Many of the concepts and tools described in this QRG can be investigated in greater depth in the Handbook.

- Both the QRG and the Handbook have been designed primarily for use by DFID advisors, programme managers and country office staff who are involved in preparing, managing and evaluating DFID's programming interventions relating to urban development.

- The aim of the Handbook and accompanying QRG is to promote better urban programming specifically in sub-Saharan Africa (SSA). Sustainable urban development in SSA presents a specific set of challenges, often very different to those in other global regions.

- The QRG and the Handbook highlight the importance of the urban sector in the development process and provide practical guidance as to how an effective urban programme can be prepared, and how thematic programmes can be successfully implemented in an urban context.

- It is recommended that the reader consult this QRG first and then refer to the more detailed Handbook. The QRG and Handbook have been designed to be particularly useful to those who are new to working in the urban context, while also providing useful and practical programme design guidance for those with greater knowledge and experience.
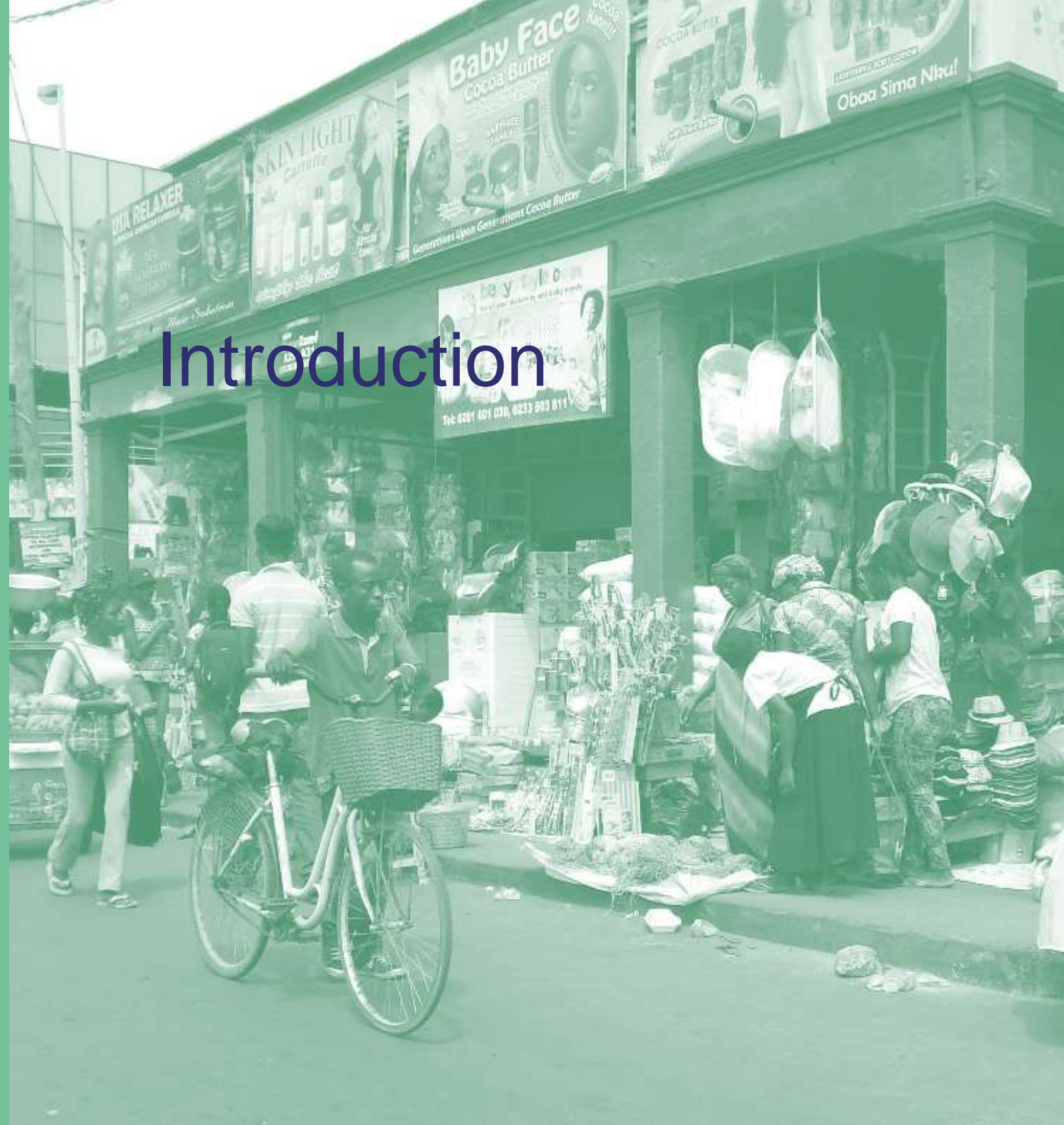
Note that sources and references for the facts and figures given in this QRG can be found in the Urban Handbook.

Photo: Water seller in Accra, Ghana

Dr Nicholas Miles

1

Introduction

1.1 Urbanisation and development

Urban areas will be the dominant form of settlement across the globe.

- Of today's global population, 55% live in urban areas – projected to grow to 68% by 2050, representing an increase of around 2.5 billion urban dwellers by 2050.

- The centre of the gravity of the urban world is moving towards Asia and Africa. By 2050, 92% of urban growth is expected to occur in these two continents.

- By 2050, 60% of Africa's population is expected to be urban, up from around 40% today (2018). This equates to an extra 1 billion people.

Urban development drives national development

History has demonstrated that urbanisation underpins GDP growth. Large cities will generate 86% of worldwide GDP growth between 2015 and 2030. Cities are the key to tackling major challenges such as: poverty and unemployment; social, economic and gender inequalities; dirty energy; and, the mitigation of adverse climate change impacts. Africa's cities are no exception; appropriately managed, they can be engines of significant and sustainable economic growth and social development.

But there are significant challenges to address:

- **Cities in Sub-Sahara Africa (SSA) are characterised by major infrastructure, service and housing deficits.** They are increasingly experiencing the proliferation of slums and urban poverty, public health hazards and environmental vulnerabilities, and inequalities.

- **The transformation to a higher-productivity economy generating decent production employment is extremely slow.** By 2035, SSA will have added more working-age people to their potential workforce than the rest of the world's regions combined but many, if not the majority, are likely to remain unemployed in the absence of transformational economic growth.

- **The beneficial outcomes of urbanisation are not assured.** If left to monopolistic and vested interests, poorly managed and characterised by market failures and pervasive rents, urbanisation can act as a brake on national economic growth and prevent inclusive development.

Sub-Saharan Africa's rapidly growing cities
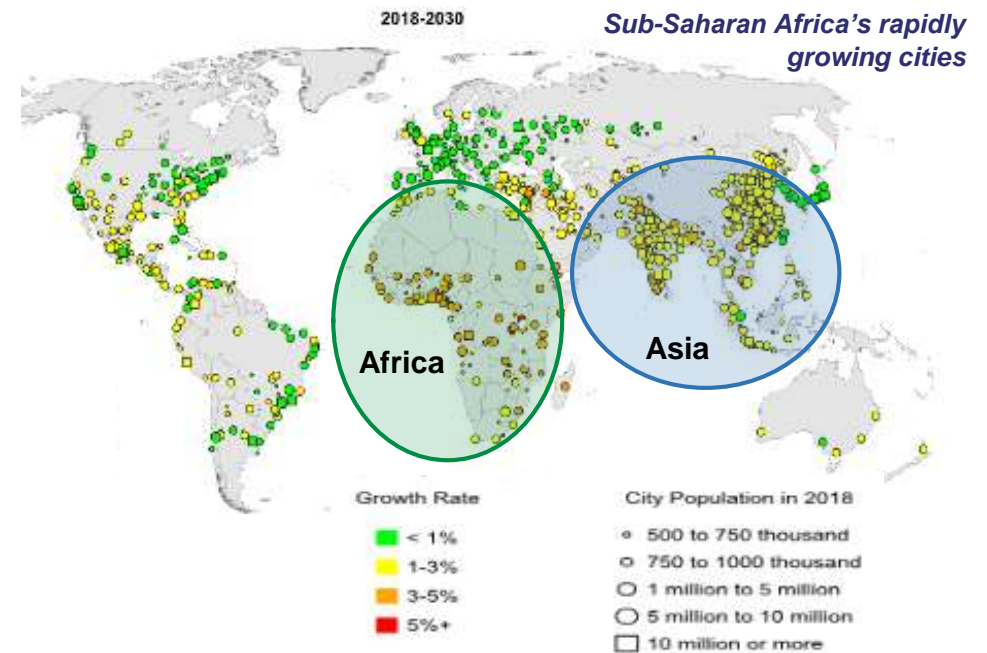
Source: *World Urbanisation Prospects, 2018 Review*

Photo: Republic of South Africa, Johannesburg

WitR, Shutterstock

1.2 Urbanisation and transformational change

The five main steps in the ladder of development are illustrated in the diagram opposite. History teaches us that transformational change involved in moving up the ladder is very closely allied to urbanisation.

The Commission on Growth and Development has been clear: "*We know of no countries that either achieved high incomes or rapid growth without substantial urbanization, often quite rapid. There is a robust relationship between urbanization and per capita income: nearly all countries become at least 50 percent urbanized before reaching middle-income status, and all high income countries are 70–80 percent urbanized*". (Source: Commission on Growth and Development, The World Bank, 2009).

Urbanisation is vital for growth and development. However, cities which are poorly planned, and badly managed and governed, negate the urban advantage. These cities are often characterised by agglomeration diseconomies, which are inefficiencies related to low density urban sprawl, congestion, pollution and other negative externalities caused by the unplanned and unmanaged clustering of firms and people. These cities make poverty worse and reduce resilience in the face of growingly adverse climate change impacts. Unsustainable urban growth will act as a brake on inclusive development.

More recent experience has thrown into high relief the fact that the potential of urbanisation to promote *sustainable and inclusive* growth is dependent on how conducive are the infrastructure, institutional and governance settings and conditions. For cities and towns to be catalysts of growth and development; effective planning, investment, management and governance is vital. Appropriate urban programming is crucial to successfully guiding sustainable urban transformation.
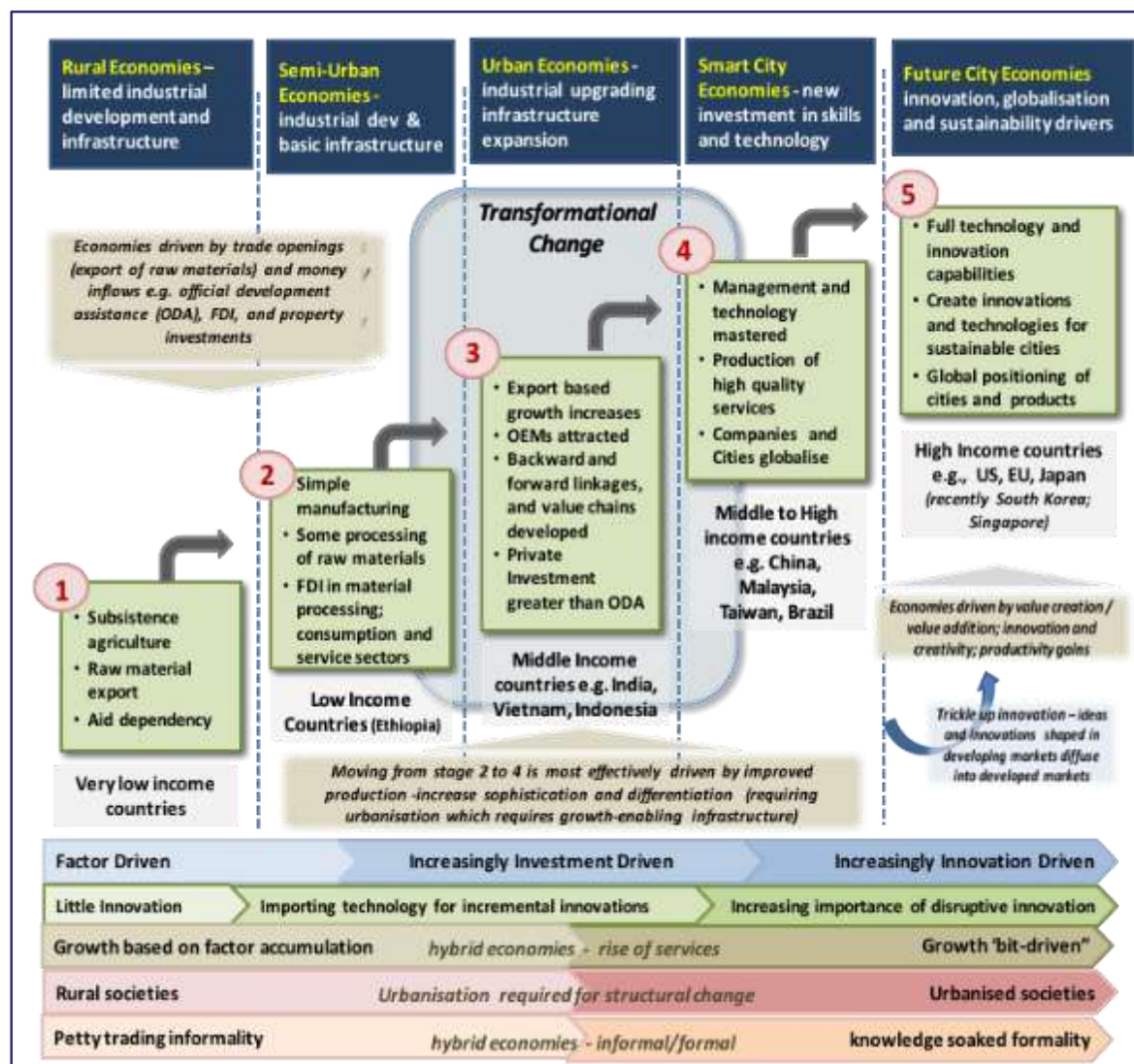
Source: Dr Nicholas Miles

1.3 Urban drivers and difficulties

Cities are attractive and rapidly growing because of the 'Urban Advantage':

- This advantage is associated with a significant improvement in wealth generation. Cities generate wealth because they are characterised by:
  - large and concentrated labour markets
  - dense professional and public services
  - agglomeration economies
  - low transaction costs
  - the network effects and inventiveness of businesses and people placed in close proximity and interacting.

- Significant productivity gains are generated when firms congregate in urban areas, specialise and trade.

- Urban economic activities can 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).

- Urban areas grow through rural to urban migration, natural increase, and the reclassification of rural areas as 'urban'. It is important to identify the drivers behind urbanisation; a city growing through rural-urban migration will require a different set of policy solutions and programme interventions to a city where growth is due to organic population increase.

But urban areas in Africa are also often very difficult places in which to live and work:
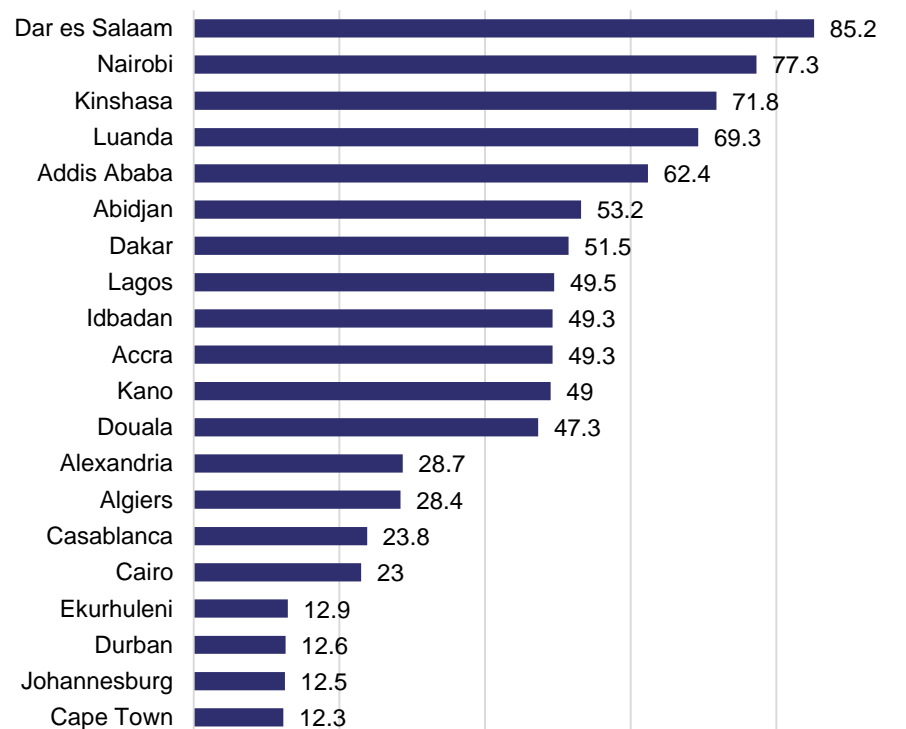
Research undertaken for the World Bank (2017) has clearly demonstrated that SSA cities are frequently:

- **Crowded**: Slums and informal settlements characterised too many urban areas in sub-Saharan Africa. Such settlements often lack basic infrastructure including power, water and sanitation and are constantly growing in size, locking in health risks, inequality and vulnerability to fire and other disasters.

- **Disconnected**: Many SSA cities developed as collections of small, fragmented neighbourhoods, lacking reliable transportation, limiting workers' job opportunities and preventing companies from reaping scale and agglomeration benefits of well-connected urban areas.

- **Costly**: African cities are generally much more costly (for both households and businesses) than cities elsewhere in the global south due to poor planning and management and the fragmented nature of their development. African households face 55% higher costs relative to their per capita GDP than households in other regions – much of this accounted for by transport, food and housing, partly due to a failure of achieving economies of scale.

The rapid growth of 20 African cities; 2010 – 2025

City % increase, 2010 – 2025

City	% increase
Dar es Salaam	85.2
Nairobi	77.3
Kinshasa	71.8
Luanda	69.3
Addis Ababa	62.4
Abidjan	53.2
Dakar	51.5
Lagos	49.5
Idbadan	49.3
Accra	49.3
Kano	49
Douala	47.3
Alexandria	28.7
Algiers	28.4
Casablanca	23.8
Cairo	23
Ekurhuleni	12.9
Durban	12.6
Johannesburg	12.5
Cape Town	12.3

Source: UN Human Settlements Programme

1.4 Urbanisation opportunities and possible futures

Cities across the globe are powerful drivers of development.

- Cities create tremendous economic and social development opportunities. Cities are areas of knowledge generation, information exchange and commercial production, and are frequently a source of economic and social innovation and renewal.

- The growth of cities and economic development are inextricably linked. For example, the rise of China's middle class – a distinctly urban phenomenon that has lifted 500 million people out of poverty in less than 30 years – is testament to the power of cities in elevating living standards.

- Cities, including those in Africa, are also test beds for frontier (leap-frogging) innovations that can find significant market opportunities across the globe:
  - Innovative technologies: e.g. big data analytics, mobile and digital communications, and 3D printing
  - Innovative materials: e.g., nano and synthetic bio-based technologies
  - Innovative processes: e.g., smart city systems

Cities can drive green growth and combat the adverse impacts of climate change.

- Cities occupy only 0.5% of the world's land, but consume 75% of its natural resources and account for 80% of global greenhouse gas emissions. This means that focusing interventions on making cities more environmentally sustainable can achieve major and lasting impacts.

- Enabling low-carbon and resilient growth in cities will significantly help mitigate and limit the negative effects of climate change. More specifically, improving urban services in African cities such as solid waste management and promoting circular economy solutions can improve the environment while providing decent productive jobs for many.

- There are also opportunities to increase urban food production, making nutritious food more accessible to city dwellers, and to use the built environment to contribute to urban ecology and wildlife through increases in green spaces and green roofs. Urban areas, including those in Africa, can be transformed into regenerative cities that do not just manage, but significantly improve the environment.

Cities that 'work' well:

- Drive inclusive and sustainable development.

- Provide decent productive employment for all members of society.

- Manage and improve environmental assets and systems, and help prevent important eco-system collapse.

- Enable equitable access to affordable housing, utilities, education, health care and other key services.

- Enhance resilience to environmental and economic shocks.

- Provide a high quality of life.

The rationale for DFID assistance and intervention is both clear and overwhelming. The appropriate development of cities means effectively addressing some of the most important development challenges of the 21st century and realising some of the greatest opportunities. Urban programmes can make a significant contribution to achieving DFID's development objectives and meeting the 2030 Agenda SDGs. With the right approaches and tools, the programme assistance provided by the UK Government and other development partners to African counterparts can help to realise important and necessary urban development goals.
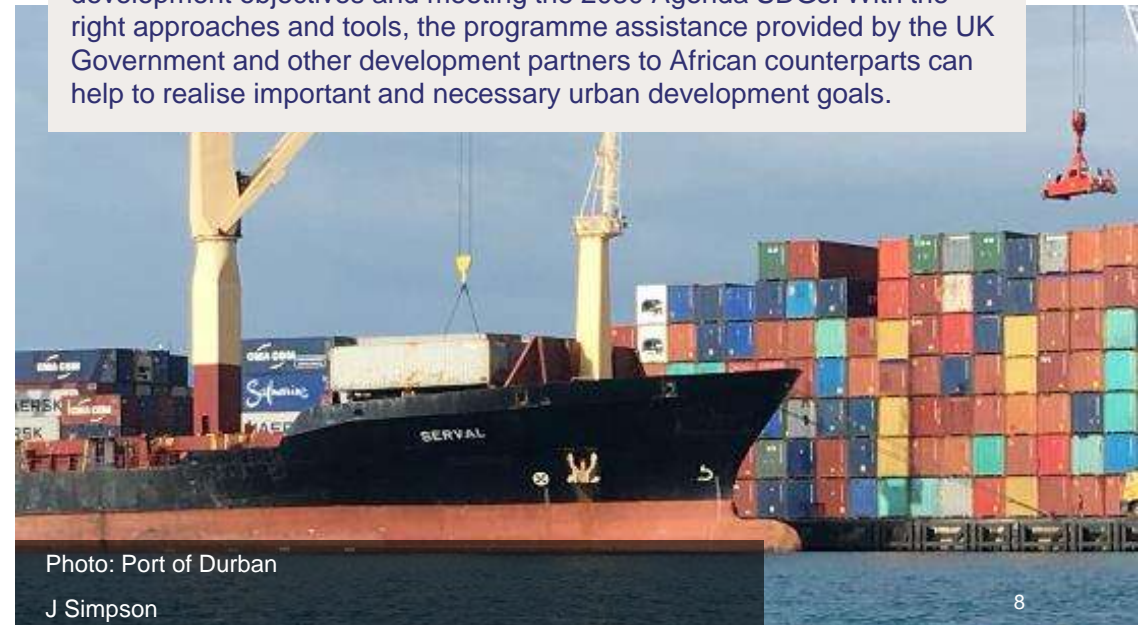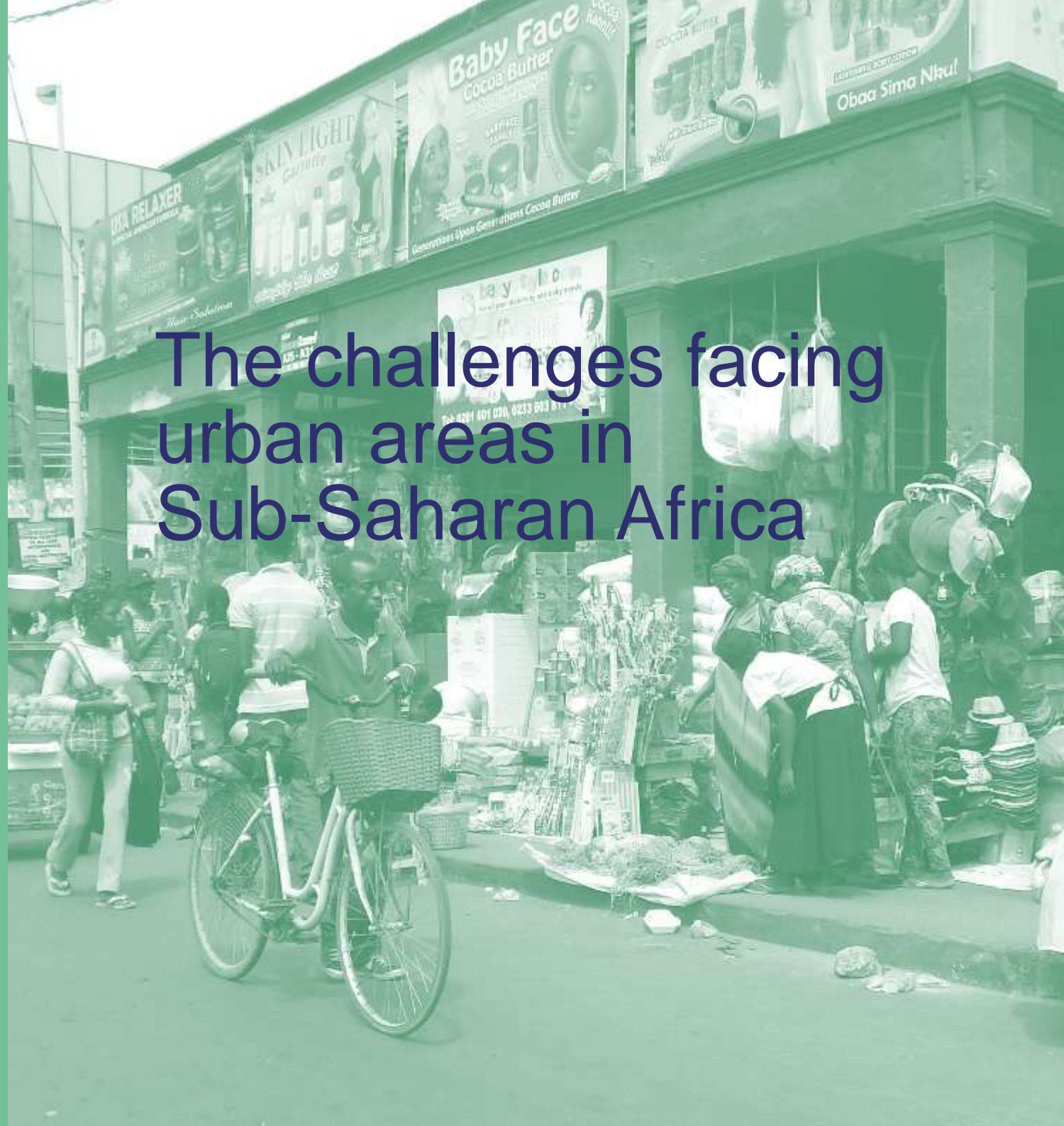

Photo: Port of Durban

J Simpson

2

The challenges facing urban areas in Sub-Saharan Africa

2.1 Key Challenge Areas

There are four major and interrelated challenge areas that are facing towns and cities in many developing countries, but specifically those in SSA.

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 …. Business as usual, even at a greatly increased rate, will result in mega-slums, not 21st century super-cities such as Singapore".

Source: Collier, P. (2016). African Urbanization: An Analytic Policy Guide. International Growth Centre (LSE and the University of Oxford).

"Assisting urban areas in Africa to 'work' effectively and efficiently, and deliver decent, productive jobs for the vast majority, is one of the most important global development challenges of today."

Source: DFID Economic Development Strategy, 2017.

1: Urban productivity and employment

- Productivity in urban areas is low, whilst unemployment is high. In SSA, economic change has been characterised by labour moving to urban areas but remaining either unemployed or stuck in low productivity activities.

- The need to generate decent productive employment in Africa's cities is urgent. Twelve million young people enter the labour market every year across Africa's cities. Getting a job is, by a wide margin, the most important pathway out of poverty.

2: Infrastructure, urban services and housing

- The vast majority of urban areas in SSA are characterised by housing shortages and major infrastructure and service deficits that adversely affect citizens, especially the poor, low income groups, and women.

- There will be 1.2 billion urban residents in SSA by 2050, while 4.5 million people are currently moving into informal urban settlements each year – 70% of the population of Lagos, Nigeria, lives in slums.

4: Climate change, environmental sustainability and disaster management

- Many African cities, especially those in coastal locations, are extremely vulnerable to the adverse effects of climate change such as flooding, deadly heat events, drought and water insecurity; ecosystem collapses are an increasing worry.

- The majority of Kampala's population will live in flood-prone areas by 2030 and suffer from flood disasters and epidemic diseases associated with poor sanitary conditions.

3: Governance, inclusion and reducing inequality

- City administrations are often blighted by poor governance related to: (i) a lack of capacity and capabilities; (ii) institutional capture by elites and vested interests; (iii) a lack of dedicated metropolitan government; and (iv) a lack of financial resources and poor financial management.

- Inequalities and exclusion are on the rise. About two thirds of the African urban population lives in slums.

- An estimated 40% of Africa's population live with a disability.

2.2 Challenge 1 – Urban productivity and employment

Assessment of urban productivity constraints in Africa.

THE URBAN PRODUCTIVITY 'MIRACLE'
Agglomeration economies, network effects and inventiveness associated with proximity

THE URBAN PRODUCTIVITY 'REALITY'
Agglomeration diseconomies, constrained network effects and stunted inventiveness

ECONOMY
Transformative, inclusive and resilient growth

GOVERNANCE
Effective and efficient institutions and transparent and open deal space

ECONOMY
Slow, uneven non-inclusive growth vulnerable to shocks and stresses

GOVERNANCE
Political capture; competitive politics; and contested governance

SOCIETY
Sharing, learning and innovative. Increasingly equal. B2B growth.

SERVICES
Affordable and reliable access to infrastructure and services, and housing

SOCIETY
Unequal, pervasive 'rents', lack of capacity and capabilities

SERVICES
Major 'deficits; inequitable access; unreliable; costly (especially for the poor)

(Urban) African rising

(Urban) African falling

Results in

Results in

- Improved factor endowment and dynamic comparative advantages of cities
- Improved competitive advantages of firms
- Upgrade Production Process:
  - Increase product sophistication
  - Increase product diversity
  - Deepen and expand value chains
  - Inclusive innovation
  - Rise of hybrid informal-formal economy
- Enhanced human capital so that community and individuals can **drive** the above.
- Move towards low carbon energy systems and climate change resilience in city economies

- Growth not leading to structural change
- Growth not leading to significant poverty reduction
- Growth not associated with reduction in inequalities
- Economy increases in aggregate only
- Economy dominated by low productivity, low return activities in informal (service) activities
- Informal women focused activities especially disadvantaged
- Lack of expansion of manufacturing / industry
- Movement in the 'Product Space' hardly visible
- Industrialisation in Africa is lower than in the 1970s
- Too many economies are largely 'commodity driven'
- Real estate booms related to commodity economy rents
- Economies vulnerable to climate change impacts

Source: Cities Alliance (2017)

The urban productivity miracle long hoped-for in Africa has not yet materialised – see the diagram opposite.

- Urban economies are persistently dominated by informal activities associated with low productivity, low value addition, low incomes and severely constrained life opportunities.
- It is estimated that 76% of employment across urban Africa is informal and that the informal economy accounts for 50–80% of the continent's GDP.

However, the informal economy could be a huge resource for an urban economy and, if appropriately supported, could underpin structural change and economic transformation – especially if successfully integrated into the formal economy. The most pressing issue is how the informal economy can be supported in order to achieve more secure livelihoods.

Industrialisation and sustainable urbanisation could help transform African economies, although significant challenges must be overcome:

- Industrialisation is often seen in Africa as a way to promote structural change. Ethiopia is an example of a country that has purposefully adopted a strategic drive towards industrialisation, and is implementing an ambitious programme of industrial parks and attracting domestic and foreign investment in manufacturing.
- The rapid urbanisation that accompanies industrialisation needs to be planned for, and well managed, to promote the process of industrialisation and inclusive economic growth.

2.3 Challenge 2 – Infrastructure, urban services and housing

Photo: Young man in informal workshop

J Simpson

Urban infrastructure and services are crucial to meet the needs of citizens and businesses

- Roads, public transport, power, water, sanitation and ICT networks enable cities to function. They allow the structural transformation of urban economies that is necessary if productive, decent employment is to be created for the majority.

- Cities in SSA face severe infrastructure, services and housing deficits – the impacts of which are amplified by their large informal and low income populations. Weak urban service delivery, characterised by poor levels of service with interruptions and low coverage, disadvantages the urban poor who are forced to access parallel systems that are expensive, insecure or illegal.

The housing sector in many SSA countries is predominantly informal and precarious in nature

- Many are forced into the informal housing market as the cost of housing in Africa remains prohibitively high for the vast majority, averaging 55% more than in other regions of the world.

- Slum upgrading contributes to inclusive urban development but is often technically and politically challenging. Recent studies in Kibera, one of Africa's largest slum areas on the outskirts of Nairobi in Kenya, have demonstrated how improvement proposals are often thwarted by slumlords and political elites with power over assets in the area.

Land tenure and property rights are central to successfully providing infrastructure and housing

- Lack of affordability is a major factor leading to slum formation and continuously adds to the accumulated basic infrastructure and services deficit of established inner city slums. The establishment of a comprehensive land registry is an important step which enables better taxation, which in turn provides additional resources.

- Dar es Salaam, Tanzania, is moving from customary rights to private property rights but it is estimated that only 20–25% of residential plots have full title through a certificate for right of occupancy.

2.4 Challenge 3 – Governance, inclusion and reducing inequality

The governance challenge for SSA cities is to manage urban investment and to plan for and enable inclusive growth

- Many SSA cities lack the staff capacity, capability and financial resources necessary to function effectively. This is especially pronounced in secondary cities.
- Cities often lack a dedicated metropolitan government and instead are covered by less focused regional or county level governments.
- Poorly governed cities create an 'urban paradox'; urban sprawl and infrastructure and service deficits undermine the advantage of proximity that is a key component of the urban advantage.

Poverty and informal settlements are symptomatic of a lack of inclusion

- Informal communities are often located in hazardous areas and lack connections to essential services. For example, in Dar es Salaam, Tanzania around 80% of informal settlements lack access to public bus routes.
- Children living in urban slums in SSA are amongst the least likely to attend school.
- Insecurity and crime is a major challenge and is linked to a lack of education and employment opportunities. Some 40% of Africans living in cities report feeling unsafe walking in their own neighbourhoods.

Gender inequalities prevent inclusive growth

- Urbanisation is often associated with high-risk factors for women including fragmented social relations, high-risk livelihood activities such as sex work, and increased sexual harassment at work or on transport.
- Women are more likely than men to be working informally and earning less. Women's economic empowerment strategies are key prerequisites for equitable and inclusive city development.
- An estimated two in five people in Africa, some 300 million people, live with some form of disability. Their inclusion in urban economies can increase a country's GDP by 3-7%.

Inclusive and sustainable investment should be promoted

- FDI may boost the formal economy but not necessarily reduce inequality. When poorly regulated, FDI can crowd-out local businesses and have adverse effects on wage equality and indigenous skills development.
- The potential of FDI for reducing inequality can be realised when local skills and institutions are strengthened, good quality local businesses are present, local supply chains are created and enhanced, and adequate infrastructure is provided.
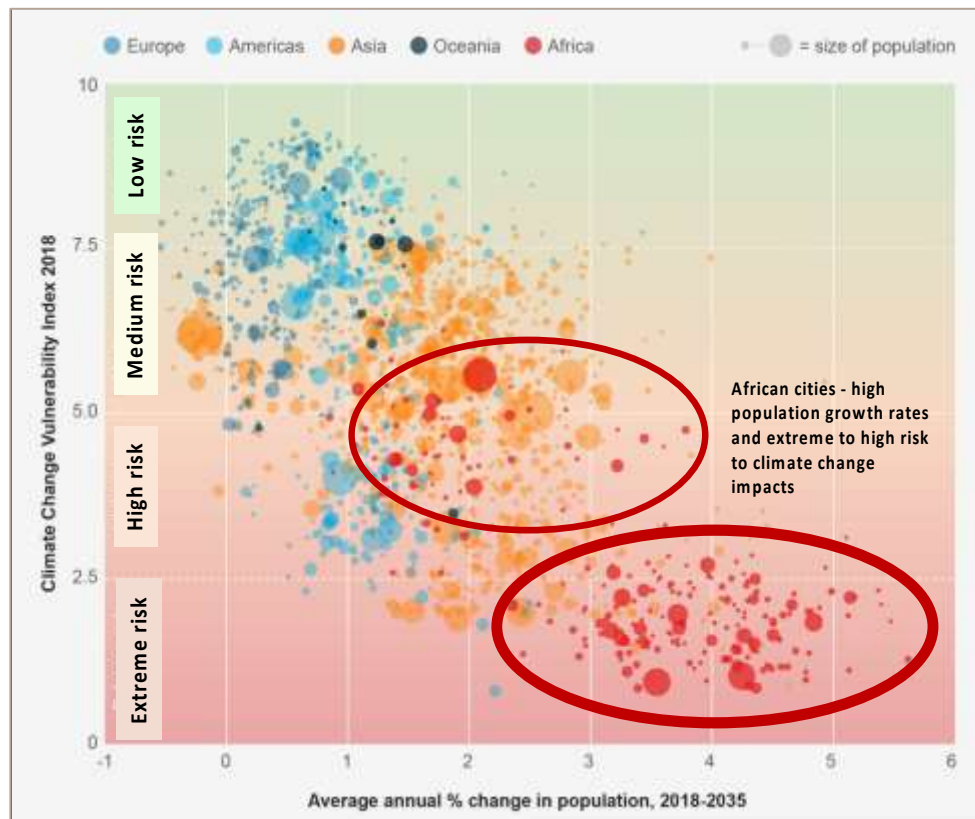
Photo: Adolescent seeking shelter from downpour

2.5 Challenge 4 – Climate change, environmental sustainability and disaster management

Correlation between rapid population growth and climate change vulnerability of Sub-Saharan African countries.

Source: Maplecroft, V. (2018); UN 2018

A transition to low-carbon economic growth, based on renewable energy and improved resource efficiency, is necessary for sustainable economic development.

- Without a transition to greener economic growth, African economies will be characterised by increased fossil fuel consumption, resulting in higher CO_2 emissions and other types of harmful air pollutants.
- Going green is urgently required. Africa's rapid population increase is likely to generate a significant consumption-orientated middle class; 50% of African households are projected to have discretionary income by 2020.
- The future pressures on the environment and resource use are likely to be huge. Potential ecosystem collapse will be made more likely as global warming continues and populations expand.

Environmental considerations or safeguards are generally not applied in many cities across Africa.

- Rapid urbanisation, urban land speculation, and urban sprawl and informal settlements often result in the degradation, fragmentation and eventual loss of valuable ecosystems and the mismanagement of natural resources and ecosystem assets.
- Solid waste management is a specific and urgent challenge. African cities are expected to double their municipal solid waste generation within the next 15 to 20 years.

Weak urban planning and management capacities, and urban development for a wealthy minority with informal and slum urbanisation for the low-income majority, is exacerbating urban disaster risk.

- African cities are exposed to both high intensity, high impact shock events as well as low intensity stresses which erode the capacity and resilience of urban residents.
- Informal settlements are increasing in number and growing in size and population and are often located in vulnerable areas.
- Half of all African settlements with 1 million to 5 million inhabitants lie in low elevation coastal zones and are vulnerable to flooding.

3

Types of urban programming
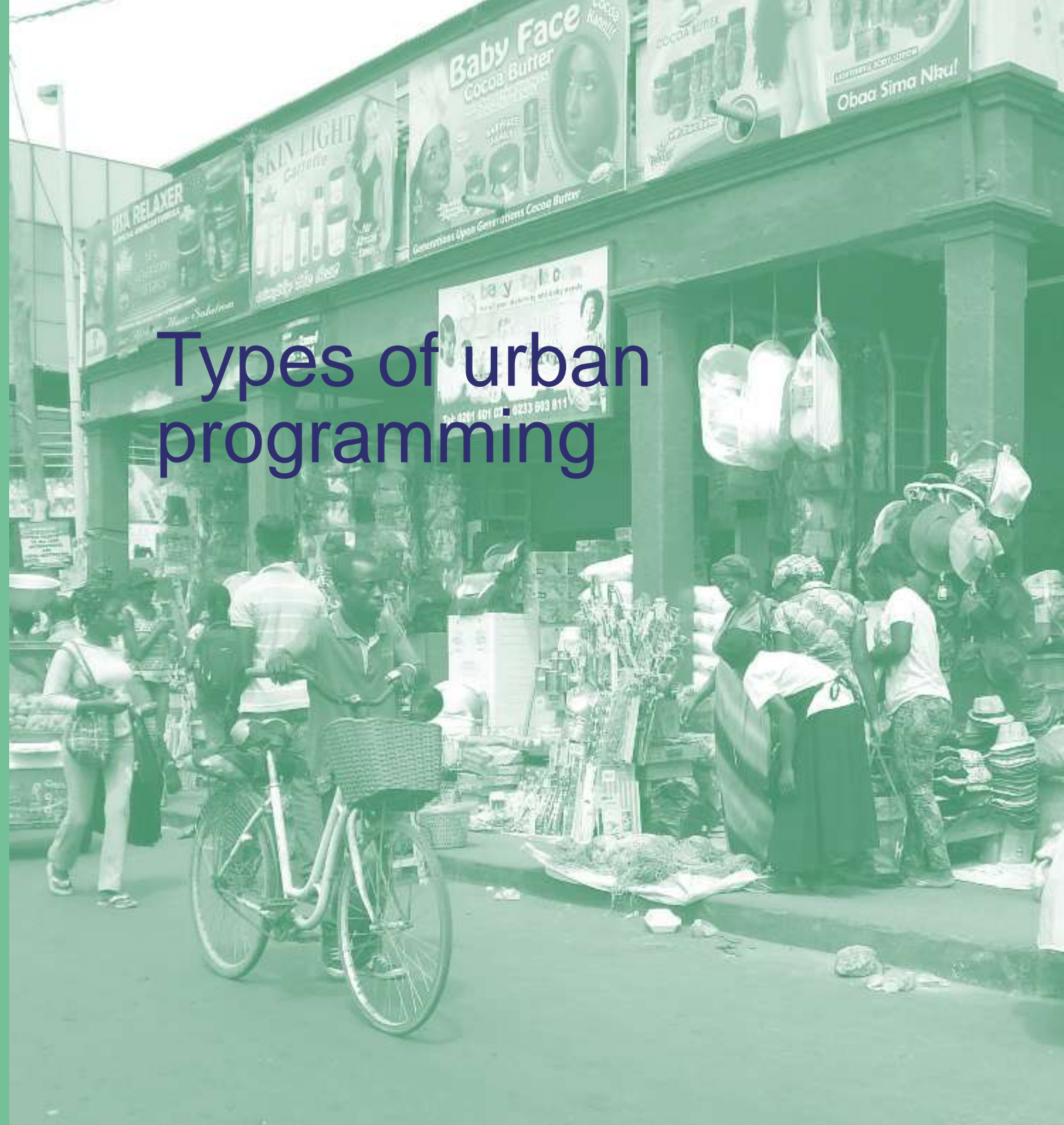
4.1 The importance of a 'systems' approach to urban interventions

A systems approach focuses on the linkages, interrelationships and interactions between different parts of a system, rather than isolating the individual parts by themselves.

A city is seen as an integrated system of activities and functions, with many feedback loops, and a diverse range of human actors and stakeholders straddling and interacting with these activities and functions. In order to be successful, urban programmes must be based on an understanding of how these activities, functions and stakeholders interact.
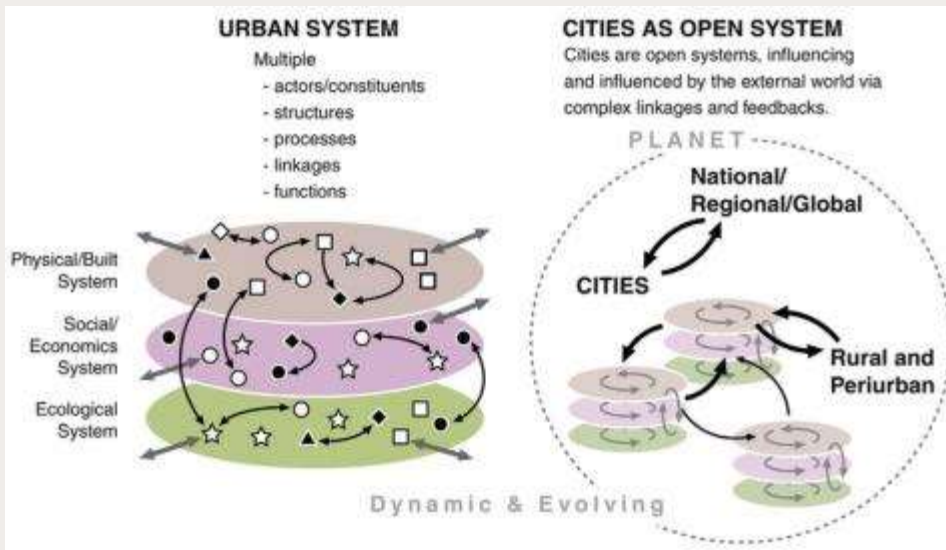
A systems approach enables the identification of cross-sectoral challenges and constraints and interactions.

URBAN SYSTEM
Multiple
- actors/constituents
- structures
- processes
- linkages
- functions

Physical/Built System
Social/Economics System
Ecological System

CITIES AS OPEN SYSTEM
Cities are open systems, influencing and influenced by the external world via complex linkages and feedbacks.

PLANET
National/Regional/Global
CITIES
Rural and Periurban

Dynamic & Evolving

Source: Bai, X. et al (2016)

Photo: Aerial view of Third mainland Bridge Lagos, Nigeria

Bolarzeal, Shutterstock

"The elements that make up systems, and their interconnections, are dynamic and changing… Systems cause their own behaviour and no one actor necessarily directs their purpose."

Campbell, L. (2016)

Urban programme interventions should be based on an understanding of at least these five layers of urban systems:
- Economy and Livelihoods
- Infrastructure and Services
- Space and Settlements
- Social and Cultural
- Politics and Governance

4.2 Different types of urban programme approaches

A systems approach should inform all urban interventions. Urban programmes can then be designed with a sectoral or thematic focus. They may have a specific geographic focus or be aimed at policy and capacity building at a national or provincial level. A range of approaches are outlined below.

Sectoral approaches to urban development are often specific to infrastructure and services

- Water, sanitation and hygiene (WASH)
- Transport, mobility and accessibility
- Power generation, transmission and distribution
- Information and Communication Technology (ICT) networks and access
- Solid waste management
- Housing and shelter
- Land tenure and property rights
- Land use planning and management

Thematic approaches often focus on outcomes such as economic growth, inclusive development, or climate change impact resilience in urban development programming

- Sustainable economic development
- Livelihoods and poverty reduction
- Urban governance
- Urban financial management
- Urban sustainability and resilience
- Improving health outcomes in cities
- Safety in cities, particularly for women, girls and children

Area-based programmes, which are focused by geography, can provide an effective platform for DFID's urban development programmes

- **Primary cities**: Are often the seat of central or regional government and thus offer opportunities to engage with nationally important decision-makers and private sector actors, and governance structures that are more 'advanced' than those found in smaller cities. There is also an urgency of 'need' as the vast majority of these cities have grown rapidly and often in a disorganised and non-inclusive manner.

- **Secondary cities**: Are some of the fastest growing urban areas in SSA. While these cities are often blighted by the consequences of the four development challenges outlined in Section 2, they also offer the opportunity for effective intervention. As they expand, there are clear opportunities to avoid 'lock-ins' as regards the built environment, unsustainable environmental practices, and exclusion and inequality.

- **Economic corridors and groups of cities**: Can offer opportunities for urban programmes to promote productivity and development. Economic corridors can generate agglomeration economies which encourage economic growth through, inter alia, the attraction of domestic and foreign investment. Corridors, and other spatial development initiatives such as Special Economic Zones (SEZs), industrial parks or 'agropoles', often provide an opportunity to support value chains that extend into the surrounding peri-urban and rural areas. See **Annex 1** for more on economic corridors.

4.6 What new aspects are influencing urban programming?

Private sector solutions for urban challenges

There is an increasing focus on harnessing the private sector to help finance and deliver urban development outcomes.

Examples include the delivery of urban services such as waste management and water provision and independent power generation. Using donor funds to leverage private sector investment is also a powerful tool to deliver urban infrastructure.

Harnessing innovation and new technologies

Cities are sites of innovation. Cities can be proving grounds for technologies, providing opportunities for people to invent new things, and opportunities to test and sell them. They act as places where people can exchange ideas, collaborate and find investment.

Digital and smart city solutions (ICT and tech-based solutions)

The language and definitions around 'smart city' can be ambiguous. This guide refers to smart cities as those that use data and technologies to improve the lives of the citizens and businesses that inhabit them. Data analytics, the Internet of Things (IOT), artificial intelligence (AI) and the digital dividend that these create, have enormous potential to provide greater insight into the needs and trends of urban residents and stakeholders, opportunities for development and understanding of what works and why.

The 'digital dividend' can improve inclusive urban development

INSTRUMENTATION Collect (a lot of) data	INTEGRATION Connect and bring this data together from across the city	INTELLIGENCE Analyse integrated data for insights and trends to make smarter decisions	INCLUSION EFFICIENCY INNOVATION

SENSORS
(e.g. traffic, water, energy)

SYSTEMS
(e.g. building automation)

SATELLITES
(e.g. weather patterns)

SOCIETY (e.g. social media)

"INTERNET OF THINGS"

UBIQUITOUS CONNECTIVITY

SMART GRID

BIG DATA ANALYTICS

PREDICTIVE ANALYSIS

DATA-DRIVEN ANALYSIS

Source: World Development Report 2016: Digital Dividends

4

Guidance for designing and implementing an urban programme
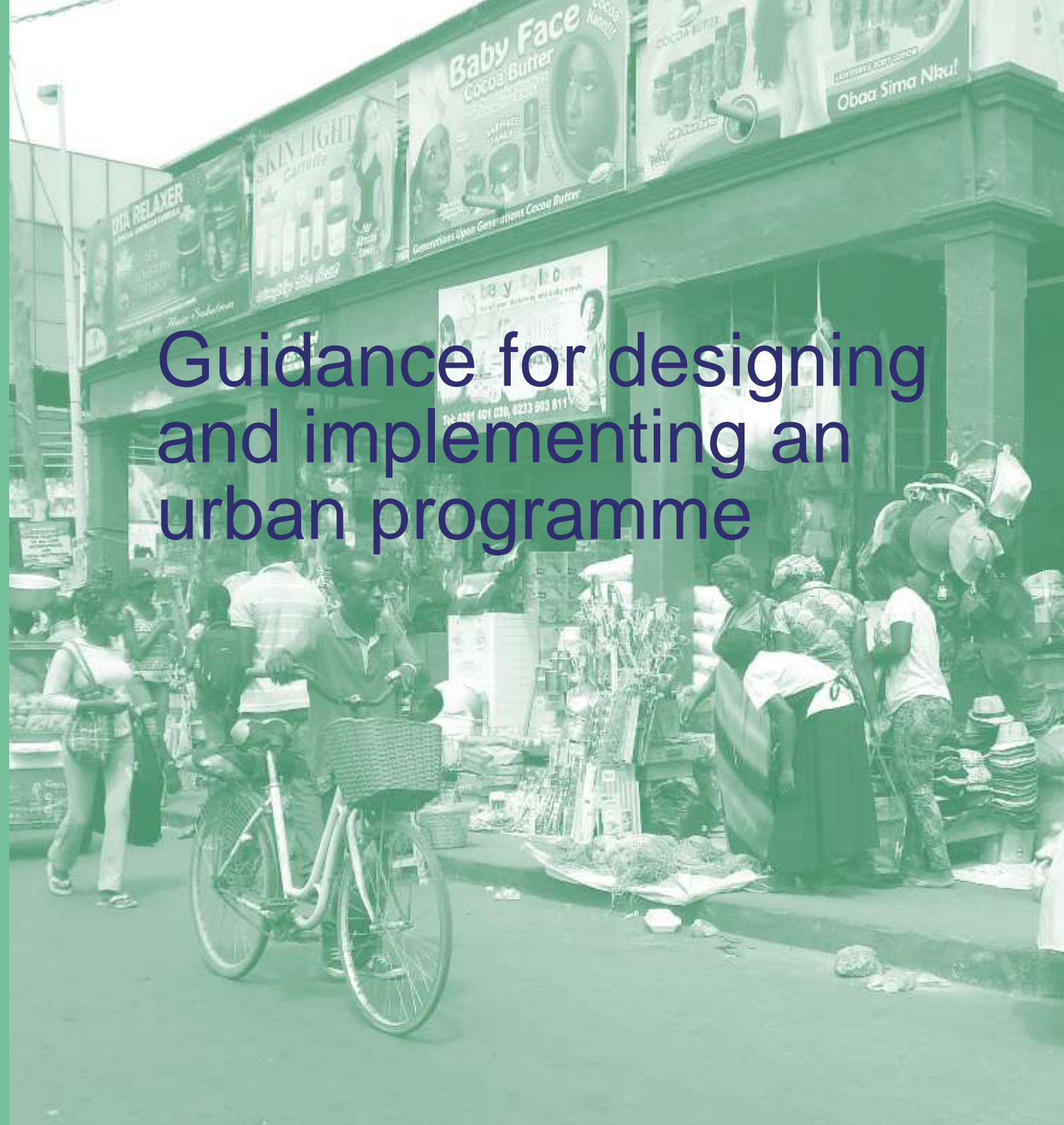
5.1 Basic substantive issues for designing urban programmes

Need to strengthen the national and city enabling environment to facilitate and accelerate the promotion of inclusive urbanisation

Design infrastructure and service projects: An effective enabling environment allows for and promotes project success

Learn and adapt: Project implementation identifies the need for further strengthening of the enabling environment

Identified infrastructure and service investments which, when associated with equitable access, promote inclusive and sustainable urban development

The virtuous spiral of development: The process (strengthen the enabling environment – implement projects – further improvements to the enabling environment – even better projects)

Once a decision has been made with regards to the specific topic area of interest to be addressed through an urban programme, five inter-related issues must be considered:

1. **The national policy enabling environment**. How cities can plan and manage their assets, and promote inclusive sustainable development, is often governed, directed or even controlled and limited by national policy, legal and regulatory frameworks and inter-governmental fiscal transfers.

2. **The city specific enabling environment**. There will be city determined policies, rules and regulations which similarly must be considered when designing an urban programme. How they support or limit the proposed programme should be understood and discussions with city administrations are often held to ensure policy alignment and support with the proposed urban programme.

It is common to find that the enabling environments require some initial strengthening in order for an urban programme to be successful; an effective enabling environment allows for and should promote project success. As the programme is implemented the need for further strengthening of the enabling environment is often thrown into high relief, which further enhances project impact and success – and so a **virtuous spiral of development** is initiated.

3. **City governance structure and function**. How a city is governed (e.g. who are the power brokers; how are they operating?) and administered will be one of the most crucial issues to investigate. Often urban programmes fall foul of a lack of capacity and capability, or worse, vested interest or elite capture. A political economy analysis of the city to determine how best to position the urban programme is often required.

4. **City financial strength**. A lack of financial resources will severely limit how the city can participate in the proposed urban programme. A strengthening of these resources is often required.

5. **City economic structure, strength and potential**. The economic foundations of a city; how a city 'works' economically; how a city generates wealth, will often influence the nature of the urban programme and its scope and scale.
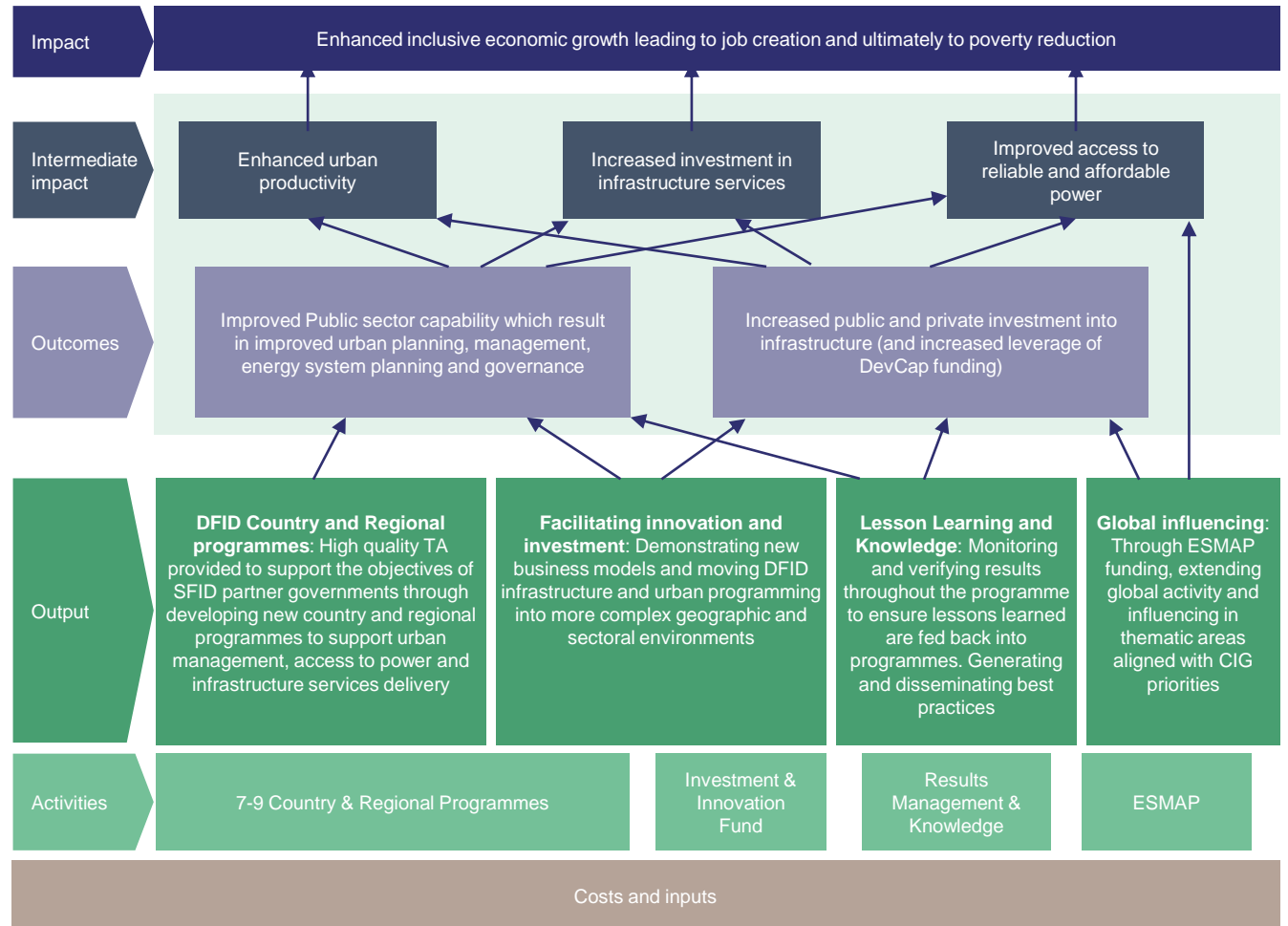
5.5 Urban diagnostics can inform a Theory of Change

A Theory of change (ToC) gives the 'big picture'. It is usually presented as a diagram with narrative text. A ToC illustrates how and why change can happen and is generally prepared by completing (i) a situational analysis or diagnostic, and (ii) an assessment as to how the issues identified through the situational analysis are causally linked.

Undertake urban diagnostics to inform a Theory of Change

- Consider carrying out a national level diagnostic of urban characteristics and trends as well as barriers and opportunities for development.
- Assess 'additionality' in what may be a crowded donor context.
- Consider and refine the geographical scope.
- Consider and refine the thematic / sectoral scope.
- Assess the 'entanglement' of urban development outcomes. How are factors interrelated as a system? How can attribution or contribution be defined?
- Decide what impact and outcomes are the most important.
- Develop description of high-level actions that will form the implementation of the programme.

The initial Theory of Change for the Cities and Infrastructure for Growth (CIG) Programme

Impact	Enhanced inclusive economic growth leading to job creation and ultimately to poverty reduction
Intermediate impact	Enhanced urban productivity / Increased investment in infrastructure services / Improved access to reliable and affordable power
Outcomes	Improved Public sector capability which result in improved urban planning, management, energy system planning and governance / Increased public and private investment into infrastructure (and increased leverage of DevCap funding)
Output	**DFID Country and Regional programmes**: High quality TA provided to support the objectives of SFID partner governments through developing new country and regional programmes to support urban management, access to power and infrastructure services delivery / **Facilitating innovation and investment**: Demonstrating new business models and moving DFID infrastructure and urban programming into more complex geographic and sectoral environments / **Lesson Learning and Knowledge**: Monitoring and verifying results throughout the programme to ensure lessons learned are fed back into programmes. Generating and disseminating best practices / **Global influencing**: Through ESMAP funding, extending global activity and influencing in thematic areas aligned with CIG priorities
Activities	7-9 Country & Regional Programmes / Investment & Innovation Fund / Results Management & Knowledge / ESMAP
	Costs and inputs

Source: DFID (2016) Business Case for the CIG Programme

5.6 Logframe guidance for urban programmes

A logical framework (**logframe)** is also usually presented as a diagram. Along the vertical are four categories: goals; outcomes; outputs; and activities. Along the horizontal also four categories: narrative summary; indicators; means of versification; risk and assumptions.

The proposed urban programme in its totality can be described through a comprehensive logframe.

Smart and Adaptive Programming and the logframe

Adaptive programming is an approach that allows activities and outputs to change over the lifetime of the programme as approaches are tested and refined. This is particularly important for programmes in an urban context where approaches are interlinked with many systems which can influence different outcomes.

Dynamic logframes can help to maintain accountability where programmes need to be flexible.

Logframe guidance for urban programmes

- Measuring progress in urban programmes should respond well to the reality of an urban context. Care is needed when defining logframe statements and indicators at the Impact, Outcome and Output levels to ensure that they accurately reflect sustainable urban progress towards development priorities.
- The logframe indicators for the outputs and outcomes should be matched with means of verification appropriate to the urban context and informed by appropriate risks and assumptions:
  - Means of verification should be evidence-based, ideally using reliable primary data.
  - Risks and assumptions should be informed by a strong understanding of local urban systems and political economy.
  - Aim to assign means of verification that are suitable for triangulation, using more than one method to collect data on the same topic.

Jobs and incomes	• No. of women and men supported to have better jobs or higher incomes
Infrastructure, energy and urban development	• Megawatts of energy and clean energy capacity installed • Improved access to clean energy • No. of cities with new and/or improved Economic Development Strategies • Proportion of population with new and/or improved access to public transport
Low carbon and resilient development	• Cost per ton of CO_2 emissions avoided • Cost per access to clean energy • No. of low-carbon jobs created
Manufacturing, trade and services	• Trade logistics performance index • FDI flows
Female economic empowerment	• No. of women in possession of formal land title

Source: DFID (2017)

- Programmes should be reviewed at least annually to recalibrate the ToC and logframe. Programmes such as a demand-led facility are particularly likely to experience frequent evolution and change.
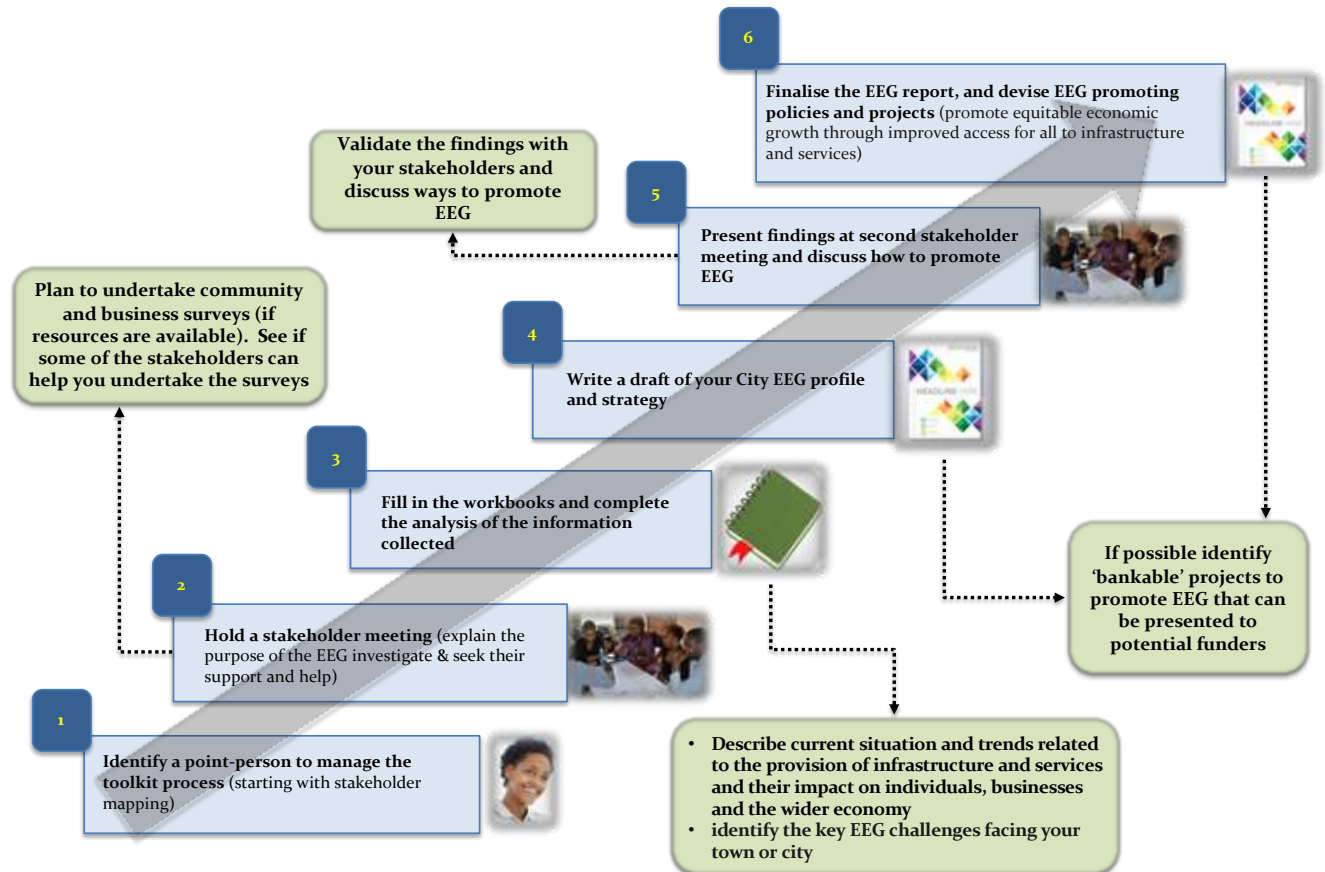
5.7 Ways to engage stakeholders in urban programmes

An urban programme often has to assist stakeholders to be informed and able to participate.

Stakeholder engagement in an urban environment can be a daunting process. There can be a vast range of interests and representative groups to understand and consider. There are various ways to do this:

- A stakeholder analysis or mapping process will allow for an understanding of who the key stakeholders are and help to target the best methods of engagement.

- Develop a stakeholder engagement and communications strategy to consider and plan the type of approach suitable for different stakeholders.

- In an urban context, consider the fora in which these stakeholders can best be engaged. This may include focus group discussions, town hall meetings, walk-in information displays or digital and social media outreach.

The example provided is taken from the Cities Alliance toolkit on Equitable Economic Growth. Workbooks were designed as part of the toolkit to be used by stakeholders, enabling them to understand how their city economy was structured and functioned – and ultimately to direct the progress of the programme.

6 Finalise the EEG report, and devise EEG promoting policies and projects (promote equitable economic growth through improved access for all to infrastructure and services)

Validate the findings with your stakeholders and discuss ways to promote EEG

5 Present findings at second stakeholder meeting and discuss how to promote EEG

Plan to undertake community and business surveys (if resources are available). See if some of the stakeholders can help you undertake the surveys

4 Write a draft of your City EEG profile and strategy

3 Fill in the workbooks and complete the analysis of the information collected

If possible identify 'bankable' projects to promote EEG that can be presented to potential funders

2 Hold a stakeholder meeting (explain the purpose of the EEG investigate & seek their support and help)

1 Identify a point-person to manage the toolkit process (starting with stakeholder mapping)

- Describe current situation and trends related to the provision of infrastructure and services and their impact on individuals, businesses and the wider economy
- identify the key EEG challenges facing your town or city

Source: Cities Alliance Equitable Economic Growth Toolkit (2017)

5.8 The importance of understanding the urban stakeholders

If the key stakeholders are not supportive of the urban programme, failure is the most likely outcome. There are three types of urban actors that determine the outcome of urban development and are crucial to engage when designing and implementing an urban programme (see the next slide). However in order to fully participate in the design and implementation of an urban programme, they must be informed and responsible.

- **Public sector actors** – include governments and public institutions at city, regional and national levels.
    - They are responsible for the provision and maintenance of the high concentration of public assets in cities.
    - A successful future for towns and cities in SSA will depend on the public sector being enabled to manage and maintain its existing stock of assets (e.g. infrastructure and services), whilst delivering additional public goods required by the massive urban transition underway on the African continent.
- **Private sector actors** – include property owners, developers and businesses (formal and informal), chambers of commerce and other business interest groups, parastatal authorities and utility operators.
    - Cities need substantial financial resources and productive investment in order to 'work' and it is the private sector that ultimately builds and economically 'runs' a city. Private sector-led economic growth is a key creator of jobs and thus significantly contributes to poverty reduction.
    - The use of public-private partnerships is commonly advocated in order to strengthen the ability of local authorities to mobilise finance and deliver projects 'on the ground'.
- **Civil society actors** – include professionals and academics, civil society groups and non-governmental organisations, environmental and cultural heritage organisations and other special interest groups.
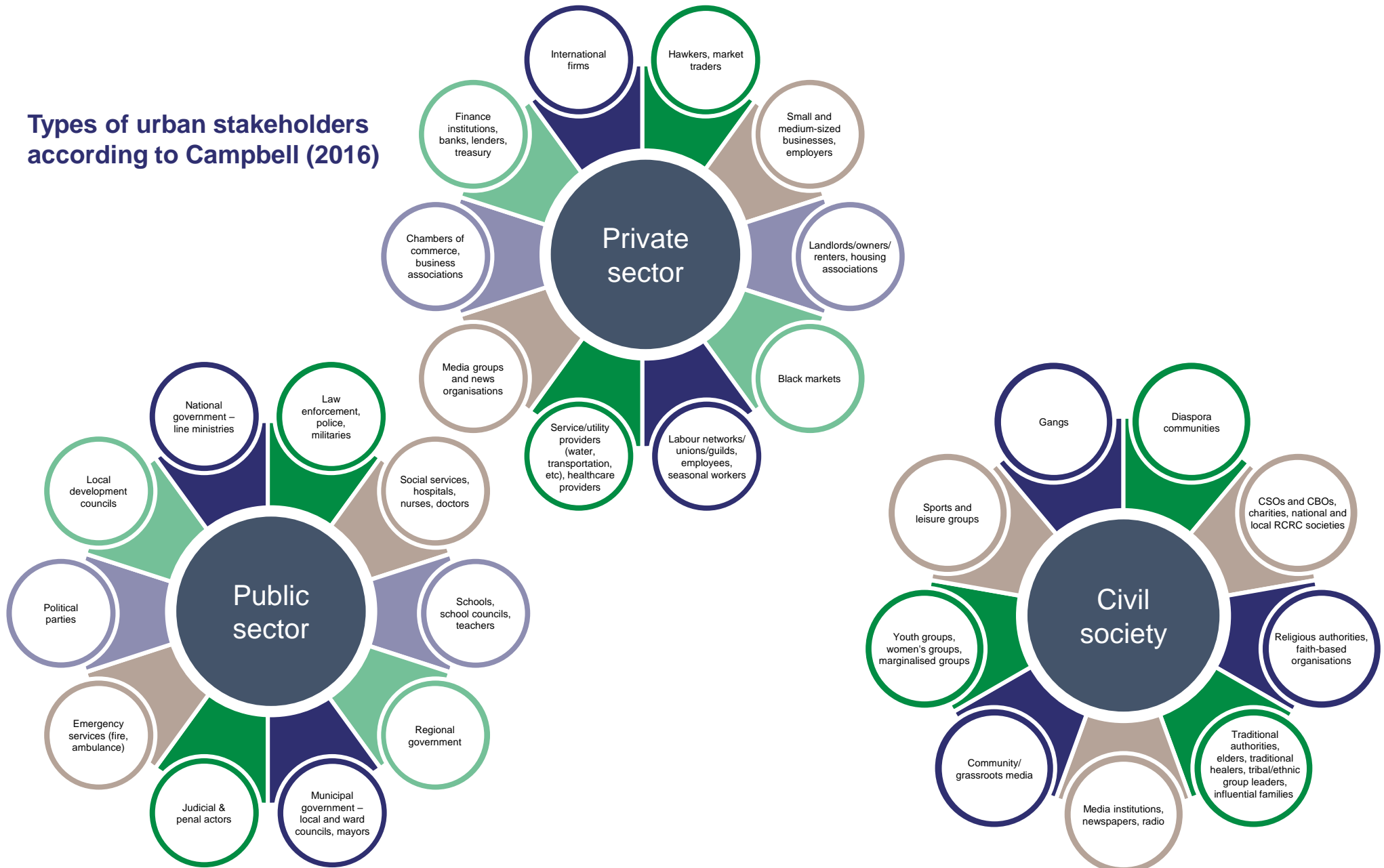
- Responsible government must be accountable, and investment and development policies and plans must be accepted and actively supported by the citizenship for cities to be effectively managed.

- Communities often share a sense of place, but ties and networks linked to religion, ethnicity, social groups and other interests mean that many senses of community exist across any particular geographic space.

- Civil society and urban community led groups can be very influential in advocating for and delivering on services, particularly in cities where donors and city governments have traditionally not been engaged in civil society participation, especially focused on the poor. This is a lacuna that often has been addressed by local groups in a number of African cities.

Photo: Shutterstock

5.8 The importance of understanding the urban stakeholders

Types of urban stakeholders according to Campbell (2016)

Private sector
- International firms
- Hawkers, market traders
- Finance institutions, banks, lenders, treasury
- Small and medium-sized businesses, employers
- Chambers of commerce, business associations
- Landlords/owners/renters, housing associations
- Media groups and news organisations
- Black markets
- Service/utility providers (water, transportation, etc), healthcare providers
- Labour networks/unions/guilds, employees, seasonal workers

Public sector
- National government – line ministries
- Law enforcement, police, militaries
- Local development councils
- Social services, hospitals, nurses, doctors
- Political parties
- Schools, school councils, teachers
- Emergency services (fire, ambulance)
- Regional government
- Judicial & penal actors
- Municipal government – local and ward councils, mayors

Civil society
- Gangs
- Diaspora communities
- Sports and leisure groups
- CSOs and CBOs, charities, national and local RCRC societies
- Youth groups, women's groups, marginalised groups
- Religious authorities, faith-based organisations
- Community/grassroots media
- Traditional authorities, elders, traditional healers, tribal/ethnic group leaders, influential families
- Media institutions, newspapers, radio

5.9 Strategies for urban programme design in a data-poor context

- Capture local knowledge from key local experts to provide best professional 'estimates' of urban characteristics and issues.

- Draw on Structured data collection frameworks such as the **Cities Alliance Equitable Economic Growth toolkit** to provide a baseline and platform on which to build more detailed statistical and spatial data over time.

- Engage with the local business community who often have a deep understanding of factors influencing economic development.

- Consider using participatory mapping by local communities to reveal the perceived importance of community places, features and infrastructure.

- Seek assistance form public or private utilities (water and electricity and mobile phone network data) which often maintain detailed, spatial datasets that could help with information and analysis.

- Consider remote sensing to help rapidly understand the processes of physical and demographic change.

- Consider undertaking small, targeted primary data collection exercises/ pilot surveys and studies to capture basic urban indicators.

- Focus on lean data, use simple metrics that focus on citizens and businesses, collecting only what is absolutely necessary. See for example the **Poverty Probability Index tool**.

CASE STUDY Overcoming data collection challenges in the Kenya Youth Employment Programme (Kuza), Mombasa, Kenya, 2014 – 2017

The KUZA programme was a three-year market systems development programme intervening in the urban labour market in Kenya's second-largest city, Mombasa. The programme objective was to overcome the constraints hindering young people accessing employment in Mombasa County. The key challenges characterising the project included:

- An absence of city-level data on urban population; the most recent census is many years old.

- A rapid, evidence-based diagnostic was needed in order to allow intervention design, piloting and scaling up within a 2 year project implementation period.

An important 'solution' to the absence of data included undertaking primary data collection in partnership with informal sector workers and local SMEs. This provided greater market intelligence, enabled pilot market-led approaches to delivering urban services to previously underserved parts of the city, and created around 500 additional jobs for young people living in the city. Simple, digital mapping techniques (GIS) using open source software and data was used to profile the city in terms of settlement patterns, as access to key urban services and as a means of engaging with local stakeholders to agree priority locations for intervention. The key lessons for urban programming in data-poor environments include:

- Use of open source data and tools to provide rapid diagnostics of key urban indicators at the city/ neighbourhood scale; it was possible to profile a city of one million people in 2 to 3 weeks.

- Co-develop tools and carry out primary data collection with local stakeholders from the public and private sector and community based organisations to validate findings and provide for replication of survey techniques post-intervention.

- Presenting even very basic data visually; using maps provides an engaging means of communicating programmatic issues to a wide audience. Maps provide a visual reference to the places familiar to urban stakeholders and often promote a shared understanding of common issues.

5.10 Strategies for effective political economy analysis

How an urban district, city or nation 'works' socially and politically largely determines the outcome of programming in cities. Understanding the political economy (PE) of a city is vital for effective urban programming.

An urban programme can also be used to change a dysfunctional PE context, but it can be a process fraught with difficulties and unintended consequences. Heymens et al (2016) have investigated the possibility of using an urban programme intervention, such as a utility reform, to change the PE context of the service in question in a positive way, so leading to the effective provision of, and equitable access to, the service.

A utility reform programme can act as a trigger and agency for progressive PE change. Heymens et al write of their research that: *"It is a common cause that it is poor people that are most affected by an obstructive political economy… in all five of the case study cities improvements to services to the poor started with improvements in the political economy of the sector and the utility serving the city"*.

Disrupting how an urban service is delivered can lead to progressive political economy outcomes. Slater and Miles, in relation to the provision of potable water in Ghana, talk of *"constructively disrupting service practices that perpetuate hydraulic exclusion and restriction"*. More specifically, they advocate the need to build coalitions of 'positive' interest within dysfunctional urban utility service delivery structures by inverting existing incentives that perpetuate malpractices and developing new accountability structures to hold malpractices in check.
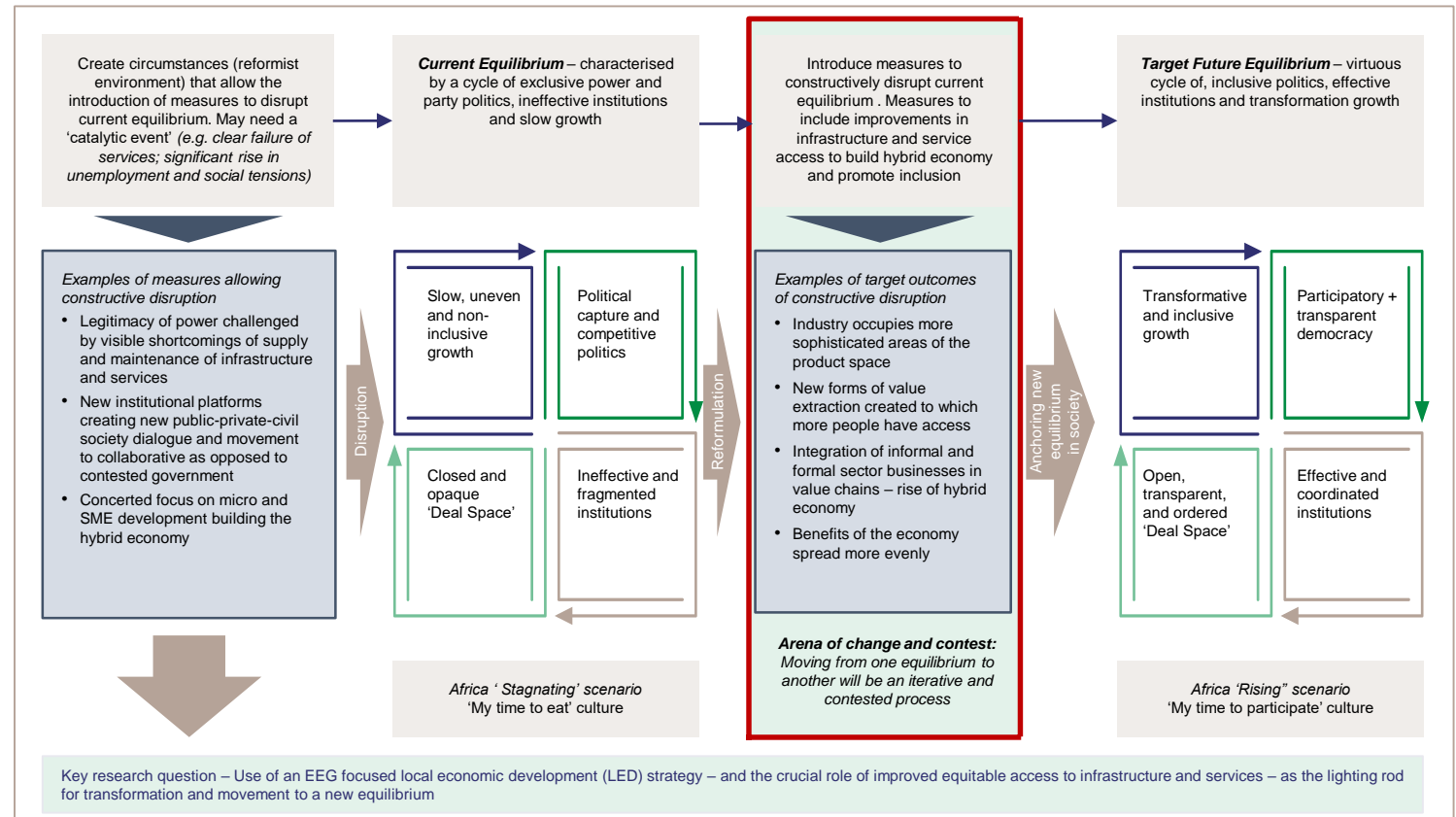

Source: Miles and Slater (2016)

Actions that can be taken to undertake an effective political economy analysis

- Position the analysis of political settlements at the heart of programme design in order to understand the complex web of interests that prevail over urban policy, planning and service delivery.
- Map functions and perceived influence in relation to specific actions or issues, at different levels of government.
- Build programmes on a clear understanding of the capacity, financial resources and institutional experience of government, which can vary hugely from city to city, particularly between capital cities and secondary cities or smaller urban areas.
- Consider exploring how an urban programme can be used to change a dysfunctional PE context, although this will be a challenging process.

5

Other resources available
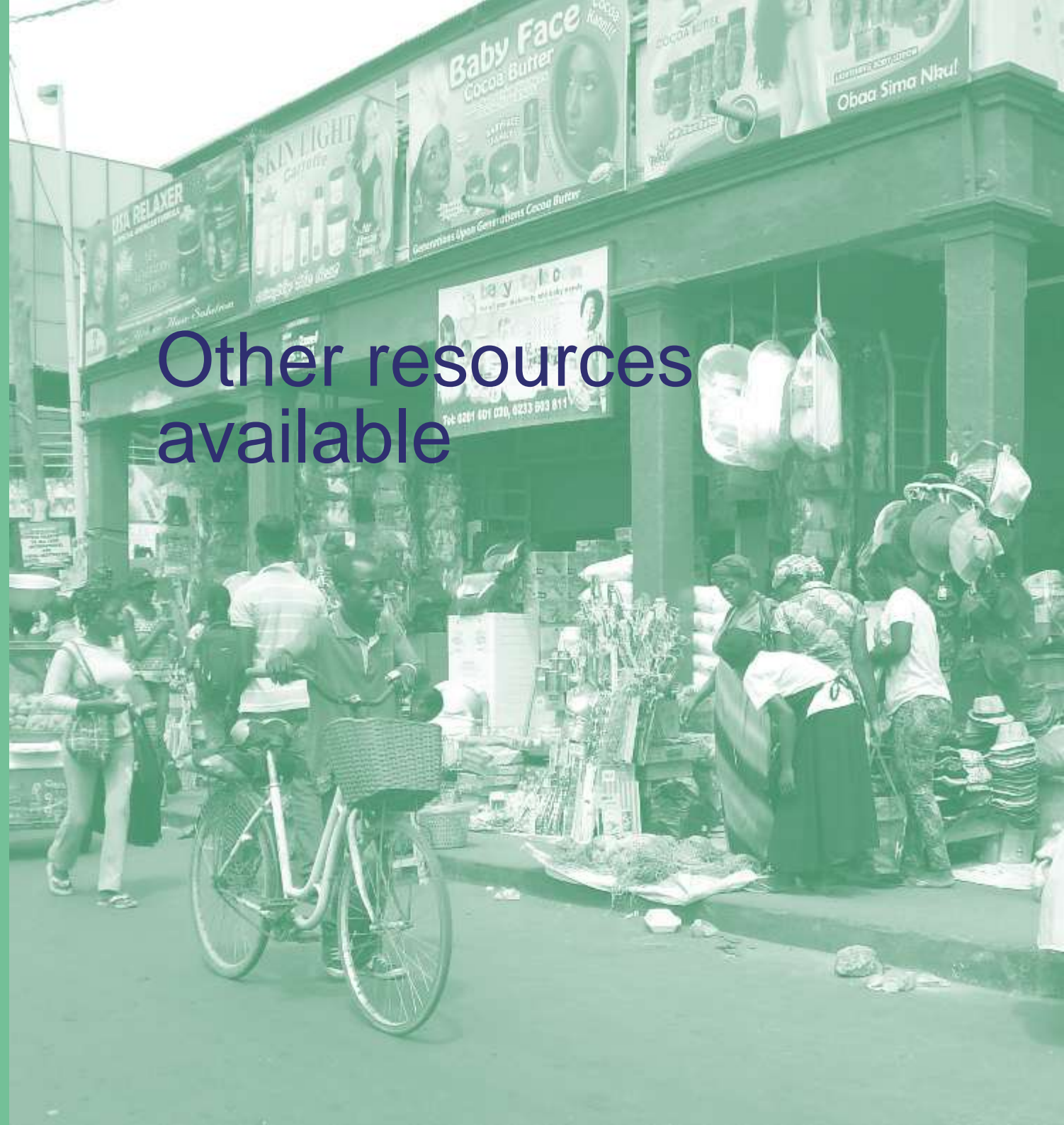
10. Key resources for urban programme design

Planning cities and urban infrastructure
Arup: 'Cities Alive' Toolkit and Resources
UN-Habitat (2010) Planning Sustainable Cities: Practices and Perspectives
ADB (2012) Green Cities. Urban Development Series.
ICED 'How to' Guide: Addressing VAWG through Coordinated Urban Planning
Institute for Transportation and Development Policy (ITDP): TOD Standard
Arup City Resilience Index
UN-Habitat Urban Resilience Hub
Cities Alliance (2015) Assessing the Institutional Environment of Local Governments in Africa
International Centre for Tax and Development
WHO and UN Habitat (2010) Hidden Cities: Unmasking and Overcoming Health Inequities in Urban Settings, Geneva: World Health Organization.
Hawkins, K., MacGregor, H. and Oronje, R. (2013) The Health of Women and Girls in Urban Areas with a Focus on Kenya and South Africa: A Review. IDS
DFID Economic Development Strategy, 2017

Cross-cutting guidance for urban programme design and management
Vogel, I. (2012) DFID Research: Review of the Use of 'Theory of Change' in International Development
ICED Evidence Guide: Inclusive Urban Economic Development Diagnostic for Solwezi, Zambia
African Centre for Cities – Guidance on data
Future Cities Africa Toolkits
UN Habitat: Urban Open Data Resource Hub
Urban Institute: Data Collection Guide
ODI (2009) Stakeholder Analysis. Successful Communication: Planning Tools.
IIED (2017) Urban stakeholder Engagement and Coordination: Guidance Note for Humanitarian Practitioners. Stronger Cities Consortium
ICED Guide: Mainstreaming Gender and Inclusion in Urban Programming
ICED Guidance: Political Economy Analysis and VfM in Infrastructure
Mcloughlin, C. (2014). Political Economy Analysis: Topic Guide (2nd edition) Birmingham, UK: GSDRC, University of Birmingham. Produced for DFID.
ICED 'How to' guide: Equity and VfM for Infrastructure Programmes in FCAS
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DFID (2016) Building Stability Framework

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Kathage. A. M. (2018) Understanding the informal economy in African cities: Recent evidence from Greater Kampala.

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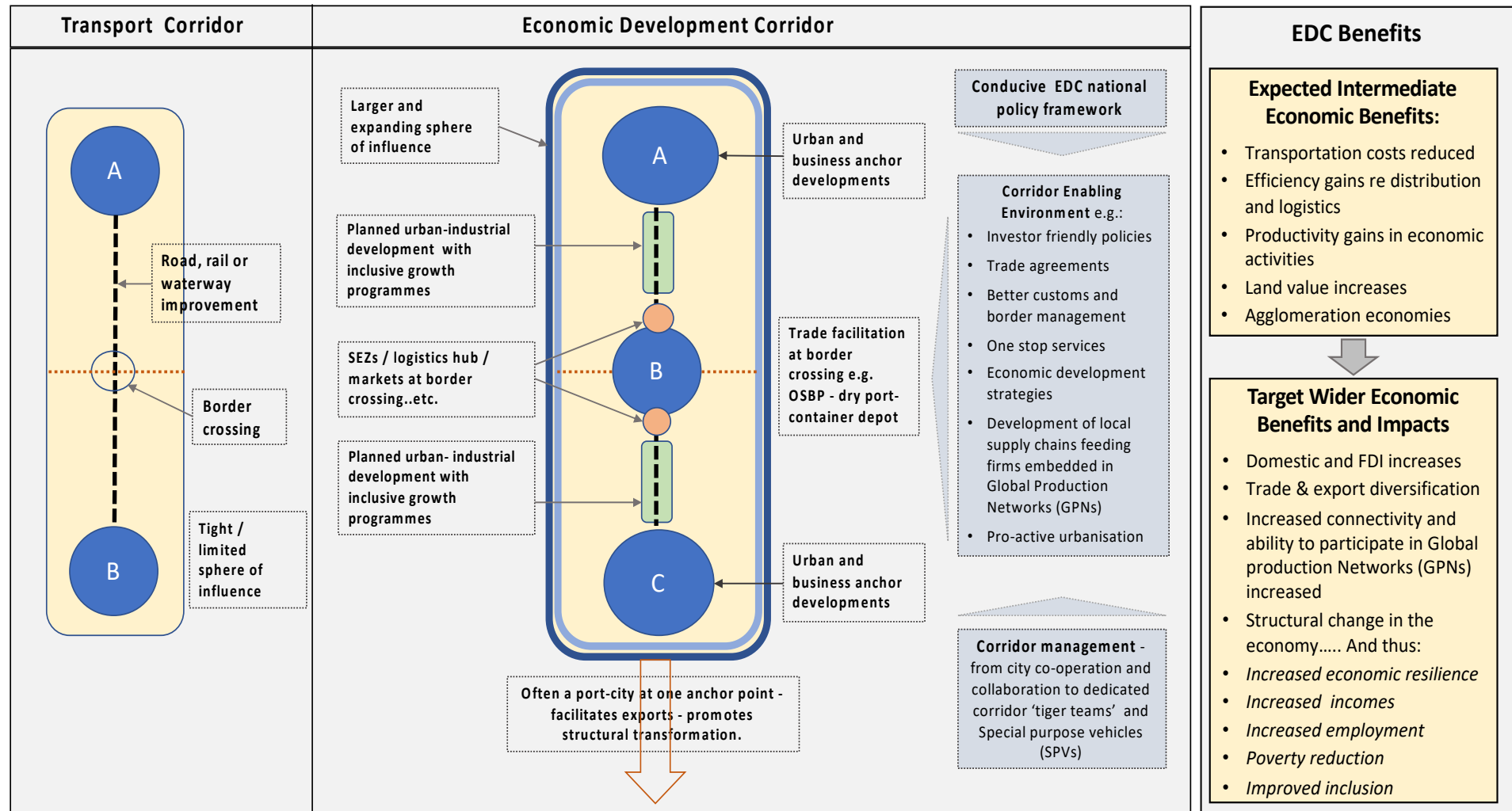
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UNECA (2017) Economic Report on Africa 2017: Urbanization and Industrialization for Africa's Transformation

UNICEF (2017) Innovating for Children in an Urbanizing World: A User Case Handbook.

UNICEF (2018) Advantage or Paradox: The challenge for children and young people growing up urban

Annex 1: The nature of an economic development corridor

Economic Development Corridor: With supporting policies and interventions, transport corridors along key infrastructure routes between urban areas can develop into economic corridors, with much wider benefits. Some of the key interventions are described in the diagram.

Transport Corridor	Economic Development Corridor	EDC Benefits

Transport Corridor
- A
- Road, rail or waterway improvement
- Border crossing
- Tight / limited sphere of influence
- B

Economic Development Corridor
- Larger and expanding sphere of influence
- Planned urban-industrial development with inclusive growth programmes
- SEZs / logistics hub / markets at border crossing..etc.
- Planned urban- industrial development with inclusive growth programmes
- A
- B
- C
- Urban and business anchor developments
- Trade facilitation at border crossing e.g. OSBP - dry port- container depot
- Urban and business anchor developments
- Often a port-city at one anchor point - facilitates exports - promotes structural transformation.

- Conducive EDC national policy framework
- **Corridor Enabling Environment** e.g.:
  - Investor friendly policies
  - Trade agreements
  - Better customs and border management
  - One stop services
  - Economic development strategies
  - Development of local supply chains feeding firms embedded in Global Production Networks (GPNs)
  - Pro-active urbanisation
- **Corridor management** - from city co-operation and collaboration to dedicated corridor 'tiger teams' and Special purpose vehicles (SPVs)

EDC Benefits

Expected Intermediate Economic Benefits:
- Transportation costs reduced
- Efficiency gains re distribution and logistics
- Productivity gains in economic activities
- Land value increases
- Agglomeration economies

Target Wider Economic Benefits and Impacts
- Domestic and FDI increases
- Trade & export diversification
- Increased connectivity and ability to participate in Global production Networks (GPNs) increased
- Structural change in the economy….. And thus:
- *Increased economic resilience*
- *Increased incomes*
- *Increased employment*
- *Poverty reduction*
- *Improved inclusion*

Photo: Steenbras May 2017

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