

LESSONS LEARNED ON URBAN UPGRADING

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NTF-WB URBAN ENVIRONMENT AND POVERTY INITIATIVE

- Urban Upgrading
- Managing the Environment Locally in SSA
- Clean Air Initiative



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PAST RESPONSES TO LOW-INCOME URBAN SETTLEMENTS

1960s

- Demolition
- Public Housing
- Rural Development

1970s

- Self-help paradigm
- Sites and services
- In-situ upgrading of low-income, unplanned areas



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ESSENTIAL FEATURES OF UPGRADING

- Direct targeting of existing low-income, unplanned urban areas
- Combination of infrastructure investments and related interventions
- Usually multi-sector investments
- Community participation
- Some cost recovery through user fees
- Other components: tenure regularization, employment generation, plot redistribution



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1980s: CRITIQUES OF UPGRADING

Micro Level:

- Slow implementation
- Poor management
- Inadequate community participation
- Complex and unwieldy projects
- High design standards too expensive
- Inadequate operation and maintenance

Macro Level:

- Not replicable financially or institutionally
- Lack of fit with emerging focus on urban policy, city-wide issues, municipal development
- Upgrading viewed as stop-gap measure



1990s: LOCAL GOVERNANCE AGENDA

- Decentralization and local government development
- Public sector reform; fiscal management reform
- New generation of interventions:
 - Programs, not projects
 - Long-term approach with phases
 - Performance and incentives-based
 - City-wide development strategies
 - Tied to government and municipal reform programs



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REVISITING UPGRADING

- Re-introduce direct poverty targeting in municipal development programs
- Integrate community-driven approaches into local governance system
- Role of communities in:
 - Pressuring local governments to perform
 - Improving effectiveness of service delivery (demand-response)
- Role of municipalities in:
 - Implementing
 - Allocating resources
 - O + M



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NTF-WB UPGRADING INITIATIVE 2001-2003 - ACTIVITIES

Lessons learned

- 10 country case studies
- Interim analytical synthesis
- Impact surveys in 4 cities
- Final analytical paper

Case studies

- Burkina Faso
- Cameroon
- Cote D'Ivoire
- Ghana
- Mali
- Namibia
- Senegal
- Swaziland
- Tanzania
- Zambia



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NTF-WB UPGRADING INITIATIVE 2001-2003 - ACTIVITIES

Knowledge sharing

- Conferences and workshops
- Materials on web sites
- Networking with African institutions

Scaling Up

- Financing studies to support large-scale upgrading programs in 4 countries



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REVIEW OF EXPERIENCE AND LESSONS LEARNED

- Capital investment financing
- Cost recovery
- Standards for infrastructure and development
- Community participation
- Operation and maintenance
- Income generation
- Tenure security
- Gender
- Institutional aspects



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CAPITAL INVESTMENT FINANCING FOR UPGRADING

- Largely donor funding
- Few examples of large-scale government funding (Indonesia KIP; now South Africa)
- More central and local government co-financing

Lessons:

- Integrate external funding with local government finance mechanisms
- Harmonize with sector-specific policies on capital investment of local infrastructure (e.g. water)



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COST RECOVERY

- User contributions to capital costs intended to:
 - Reduce investment costs to treasury
 - Promote “ownership” by users
 - Serve as an indicator of economic demand for services
- User fees for operation and maintenance
- Indirectly through municipal general revenues



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COST RECOVERY

- Previously often project-specific; not tied to general policies
- Track record mostly unsatisfactory

Lessons:

- Poor should not pay more than middle or upper classes
- Cost recovery should be consistent with sector policy (e.g., water, roads, etc.)
- Selection of investments and service levels based on willingness to pay



STANDARDS FOR INFRASTRUCTURE AND DEVELOPMENT

- Tradeoff: affordability/lower capital cost vs. durability/lower O&M cost
- Recent programs have used very low per capita costs (\$50-\$100-\$150 p.c.)
- Evolution to more flexibility on standards
- Resistance today more on technical grounds

Lesson:

- Need to codify flexibility in regulations



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COMMUNITY PARTICIPATION

Objectives:

- Ensure types and levels of investments are really in demand by users
- Promote community commitment to maintenance
- Ensure mobilization of community contributions to capital costs
- Facilitate relocation and compensation
- Resolve tenure issues



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COMMUNITY PARTICIPATION

Lessons:

- General acceptance of community participation as essential element of upgrading
- Definitions remain unclear as to
 - What constitutes a “community” and who represents it
 - What constitutes acceptable community participation
 - The role of government bodies, NGOs, and civil society
- Thus need to focus on achieving the above objectives rather than imposing ideas on “how”



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OPERATION AND MAINTENANCE

Key flaws in past:

- Centralized implementation
- Lack of policy frameworks
- “Enclave” project units
- Too much emphasis on community responsibility for O&M

Lessons:

- Capital investments should be scaled to projected financial capacity for O&M
- O&M arrangements sector-by-sector based on existing policies and structures
- Complemented by NGOs and CBOs where feasible
- Formal agreements (e.g., MOUs)



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INCOME GENERATION

Considered a key component of earlier generation of upgrading projects

Mechanisms:

- direct employment in project construction
- provision of markets and workshops for small enterprises
- micro-finance programs directly through projects or linked to them

Lessons:

- Direct interventions add much complexity and risk
- Micro-finance components within projects have poor records
- Little analysis of sustained impact has been done
- Informal/small-scale enterprise development should be handled separately through specialized institutions
- Reform of standards should facilitate renting out units or rooms



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TENURE SECURITY

Seen as necessary to:

- prevent demolition and stabilize communities
- provide collateral for household credit
- promote household investment in housing
- allow legal provision of infrastructure

Lessons:

- Formal titling experience: slow, complex, difficult
- Little evidence of effect on financial sector
- Upgrading by itself is often enough to confer sufficient security
- Upgrading & tenure regularization have different time frames; they should be decoupled



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GENDER

Mostly ignored in upgrading project design

Issues:

- Women have weaker tenure rights
- Women tend to have different priorities on needs, willingness to pay
- Important economic/financial impacts on women-headed households

Gender issues need to be addressed explicitly in planning and implementation



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INSTITUTIONAL ASPECTS

1970s and 1980s:

- central government management
- “enclave” implementation units
- local councils marginalized
- complex projects were institutionally unwieldy

1990s:

- upgrading fell out of favor because of a lack of a sustainable institutional model
- emergence of single-sector approaches (e.g. peri-urban water and sanitation)



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INSTITUTIONAL ASPECTS

Lessons:

- Implementation of upgrading is a municipal/local government responsibility
- Central government role is provision of enabling policies
- Need concurrence & cooperation of utility companies
- Still don't have a good handle on “mainstreaming” community participation aspects: some interesting models (Fondation Droit a la Ville, Senegal; NGO-donor Forum in Zambia)



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MAINSTREAMING OF UPGRADING: A NEW PARADIGM FOR SUSTAINABILITY

ELEMENT	OLD	NEW
Poverty reduction objective	Ad hoc	Poverty Reduction Strategies (PRSPs)
Policy framework for upgrading	None	Policies in place
Institutional context	Centralized state	Decentralization & PSP
Implementation	PIU	Municipalities, utilities
Time horizon	Short	Long, multiple phases
Context	Separate activity	Part of municipal development program
Design	Complex; numerous objectives	Primary focus on infrastructure for the poor



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MAINSTREAMING OF UPGRADING: A NEW PARADIGM FOR SUSTAINIBILITY

ELEMENT	OLD	NEW
Capital financing	One-off project	Part of local government finance mechanisms and sector investment strategies
Operation & maintenance	Project-specific	According to sector policies
Cost recovery	Special arrangements	Equitable, according to local government & sector policies
Community participation	Central government resistance	Local government collaboration
Gender issues	Absent	Explicit



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“SCALING UP” OF UPGRADING

NTF is supporting scaling up according to the new paradigm in four countries:

	Estimated investment	Estimated number of beneficiaries
South Africa	\$150 million	350,000
Nigeria	\$ 30 million	750,000
Swaziland	\$ 15 million	100,000
Tanzania	\$ 30 million	200,000



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