

Urban Economics No. 9

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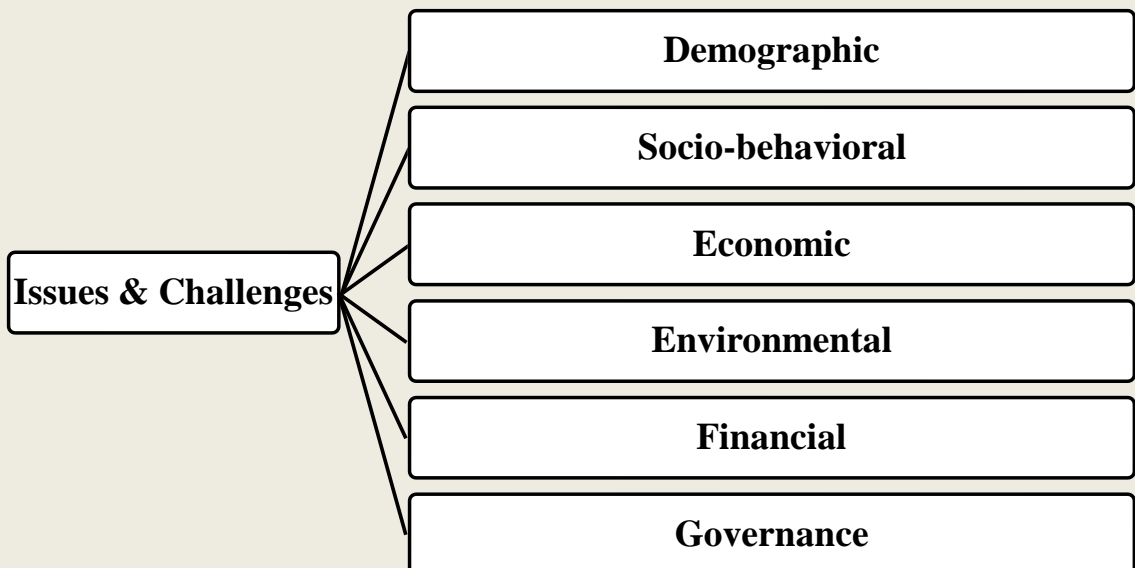
LOCAL ECONOMIC DEVELOPMENT IN AFRICA PART 2

Urban slums

Urban youth employment

Sector-specific Issues and Challenges in urban development

Issues & Challenges



Demographic

Increasing **demand for urban housing and infrastructure services** due to more urban citizens in the future.

Note: Cities as center location of financial services and knowledge economy but performance is related to livelihood: the quality of urban housing and infrastructure.

Socio-behavioral

Increase of **social differentiation** and increase of **heterogeneous communities** in urban areas: education, consumption and culture.

Moving away from collective to individual cultural values due to growing ethnically diverse cities.

Ethnically homogenous groups might exclude other communities. Unsecure tenure of slum dwellers.

Economic

Domestic macroeconomic **growth** needed to provide the basis of urban development, but **citywide microeconomic** is as important as macroeconomic performance.

Housing and **infrastructure** are critical key factors of the **economic production function** of cities yet **national budgets** for investment are generally too low.

Global inequality between rich and poor.

Paradox: Cities are the center of productivity but also of increasing poverty linked to a lack of housing and infrastructure services.

Environmental

- **Growing** demand for **infrastructure** puts **pressure** on **natural resources**.
 - Increasing costs of **potable water**.
 - Consumption of natural resources of urban residents is often faster than the environment's ability to reproduce.
 - Management of human and solid waste.

Financial

- Current level of **FDI, IDA** and **government financing** are not meeting the demands for upgrading.
- Maintenance of housing and infrastructure services is frequently not included in **budget plans**, which would eventually decrease the new annual domestic investments.
- **Formal financial institutions** have no interest in general to go down-market and extend their lending to lower income groups.

Governance

Centralized and district top-down approach to urban governance. Limited participation of low-income groups in the national upgrading programs.

Urban slums

Types of slum:

1. Degraded old planned urban areas
2. Unplanned informal squatter settlements

Most slum dwellers in the developing world live in this type of slum

What makes a residential area a slum?

- ✓ The low income (poverty) of who live there?
- ✓ The living conditions?
- ✓ The lack of basic urban services?

UN-Habitat definition of Slums:

Neglected parts of cities, in which living conditions are appallingly poor

Urban population in slums

Number of slum dwellers

2000: 920 million

2030: 2000 million ??

MDG: improve conditions for

100 million slum dwellers (??)



Percentage of urban population living in slums

Africa	61
Asia	42
Latin America	32
Europe, N-America	6

Past strategies to solve the problem of slums

1. Public housing, resettlement
2. Slum upgrading
3. Slum *networking*

1. **Resettlement:** is the transfer of slum inhabitants from a slum area to another planned area that ultimately grant them permanent settlement.
2. **Slum upgrading** is a process through which **informal areas** are **gradually improved, formalized** and **incorporated** into the city itself, through **extending land, services** and **citizenship** to slum dwellers. It involves providing slum dwellers with the **economic, social, institutional** and **community services** available to other citizens. These include **legal** (land tenure), **physical** (infrastructure), **social** (crime or education, for example) or economic services.

3. **Slum Networking approach:** it was successfully pioneered in India and is now being used elsewhere.

It is a **citywide, community-based** sanitation system and environmental improvement programme.

It seeks to **upgrade** the **infrastructure** of a whole city using the **network** of **slum settlements** as a **starting point**.

The result has been a **dramatic improvement** in the city infrastructure, with a piped sanitation system, clean rivers and a much improved road network.

Thank you