

THE LIFE OF AN IDEA:  
THE RISE AND FALL OF SITES AND SERVICES AT THE WORLD BANK

by

PATRICIA LOUISE McCARNEY

B.A., Political Economy  
Trinity College, University of Toronto  
Toronto, Canada (1977)

M.Sc., City and Regional Planning  
University of Manitoba  
Winnipeg, Canada (1980)

Submitted to the Department Of Urban Studies and Planning  
in Partial Fulfillment of  
the Requirements of the Degree of  
Doctor of Philosophy

at the

Massachusetts Institute of Technology

May 1987

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Signature of Author\_\_\_\_

Department of Urban Studies  
and Planning, May 21, 1987

Certified by\_\_\_\_

-----  
Lisa R. Peattie  
Professor Emeritus  
Thesis Supervisor

Accepted by\_\_\_\_

-----  
Langley C. Keyes  
Director of the Ph.D Program

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ABSTRACT

The focus of this dissertation is an examination of the performance of the World Bank's Sites and Services approach to low-income shelter in light of a current policy shift away from these projects.

Presently, within the World Bank there is a movement to abandon the sites and services approach and replace it with a broader urban lending strategy commonly referred to as "urban management" addressing the productive aspects of the city. Unlike the previous lending for sites and services projects, the new style urban management lending in no direct sense produces low-cost shelter, nor does it target the poor.

From an examination of specific sites and services project experience in Nairobi, Kenya, this movement towards urban management is shown to be logical, representing a positive learning path within donor agencies. Therefore urban management is an appropriate policy strategy in complement with sites and services. However, this shift towards urban management is found to be part of a larger trend within the World Bank which is signalling an abandonment of sites and services, together with other poverty targetted lending in general.

This study traces the rise and fall of sites and services at the World Bank. A pattern is demonstrated in which new ideas are latched onto, promoted and abandoned at a great rate of speed as a result of organizational pressures to do so.

By tracking the "life of an idea," the study addresses a general tendency in policy evolution to assume a "shift and abandon" pattern. It is argued that the lure of new ideas, for reasons of the optimism they engender and the opportunities they carry, creates a momentum and often causes an arbitrary abandonment of policies which remain sound. In the field of Third World development, a high degree of continuity in policy solutions applied to long-standing problems is critical to a successful development strategy. This study concludes that an independent path in international development policy must evolve, free of this oscillation in the "life of ideas."

Thesis Supervisor: Dr. Lisa R. Peattie

## ACKNOWLEDGEMENTS

This research was made possible by the generous support of the Canadian Government, through the following two Scholarships: the Canada Mortgage and Housing Corporation Scholarship and the Social Science and Humanities Research Council of Canada Doctoral Scholarship.

I would like to thank the staff of the World Bank and the United States Agency for International Development who so kindly gave of their time for long discussions on the issues addressed in this study. Too often researchers are made to feel that we are taking up valuable time - not so with the World Bank and USAID staff. My sincerest thanks.

Of course I thank the Kenyan people for helping me to see their world of development.

This Dissertation has had its own "life of ideas." Lisa Peattie kept me tugging at ideas still embedded in those clouds that researchers have to try so hard to see through. She knew and watched on with just the right amount of concern, from her position - 30 paces ahead of me! Vision I think they call it. Lloyd Rodwin always kept any one idea in balance despite my tendency to latch onto one, often at the expense of others I did not know were yet to come. He could always see too, well before I did. Judith Tendler arrived at MIT further on in the process of this work, but in a very short time identified every piece of unfinished thinking and gave me many kind, and invaluable nudges, that are so necessary in the final stretch to make those ideas gel.

I take full responsibility for any faults in this work, but for this evolution in ideas, my sincere thanks to Professor Peattie for uplifting them, Professor Rodwin for enlivening them, and Professor Tendler for showing me how to give them power.

My greatest thanks to Calvin Brook who kept the ideas alive in me and to all my marvellous friends who kept me alive! - especially Francoise Carre, Janice Goldman and Mary Lynch.

This entire Doctoral Degree has had its own life cycle - to my parents.

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## ABBREVIATIONS AND ACRONYMS

CDD	Community Development Division
GOK	Government of Kenya
HDD	Housing Development Department
IMF	International Monetary Fund
NCC	Nairobi City Council (now Commission)
NCCK	National Christian Council of Kenya
USAID	United States Agency for International Development
OPS	Operating Policy Staff
WUD	Water and Urban Development Department

## CURRENCY EXCHANGE RATES Kenya Shilling/U.S. Dollar (Year Averages)

1974 (Dandora Appraisal)	KSh 1.00 = US \$0.140
1976	KSh 1.00 = US \$0.119
1978	KSh 1.00 = US \$0.129
1980	KSh 1.00 = US \$0.135
1982	KSh 1.00 = US \$0.092
1983 (Dandora Completion)	KSh 1.00 = US \$0.075



## CHAPTER 1: INTRODUCTION

### CONTENTS

- 1.1 Introduction
- 1.2 Background
- 1.3 Dandora: A Case Study
- 1.4 Structure of the Argument

## 1.0 INTRODUCTION

### 1.1

A movement began in the 1950s based on the principle of self-help as a solution to the housing problem for the urban poor of developing countries. By 1972, an idea whose time had come, emerged in the form of "sites and services." (1) Buoyed by the World Bank's President, Robert McNamara, who called for the re-focussing of international development assistance on poverty alleviation, the idea of sites and services swept the international agencies, resulting in a flurry of project undertakings.

By 1982, a decade later, after significant experience in implementing sites and services projects, the idea began losing credibility. Currently within the World Bank and other development agencies, there is a movement to abandon the sites and services approach and to replace it with a broader urban lending strategy commonly referred to as "urban management."

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1 The simplest definition of sites and services is the laying out of a site of land and surveying of individual household plots for servicing. The superstructure or house, rooms, etc. are left to the plot owner to build. There are a variety of options within sites and services ranging from a surveyed plot, a plot with fully installed services, to a plot with a "core" or liveable room onto which the plotholder is expected to build the completed house. In some cases, there may be a provision of building materials with each plot, in others, kitchen and "splash" building cores are already built on each plot at the time of purchase. Sites and services, as referred to in this study, will be used in terms of this broadest range of plot options.

(2) This is quite an about-face. Unlike the previous lending for sites and services projects, the new style urban management lending in no direct sense produces low-cost shelter, nor does it target the poor.

The study which follows is the result of my efforts to:

- 1/ investigate what happened in that decade of sites and services project implementation which has rendered an otherwise good idea, seemingly ineffectual; and,
- 2/ understand this dramatic swing in the international development community.

Gaining insight into the first issue, only in part, informs the second. It is my belief that other forces were operative which explain this swing rather than a simple reaction to so-called "negative" project experience. Identification of these other forces has led to an exploration of what I call the "life of ideas."

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2 By urban management is meant essentially, managing urban growth and ensuring productivity of the urban economy. Although the Bank staff stated that as yet they were unclear as to what components would be included in an urban management loan package, the overall approach is clear. Urban management addresses the administrative capacity of local government institutions. A list of tasks that the World Bank identifies under urban management policy includes: land management; cost recovery; public sector training and personnel performance; housing finance and public and private sector housing financial institutions; infrastructure costs and fees and charges for services; property tax assessments and management of tax collections; and, local government budget systems and management. Most of these items are discussed in terms of increasing public sector efficiencies at the urban level. The World Bank's most recent loans have a strong focus on what is being termed "sectoral adjustment and reform" as opposed to project by project lending.

To begin this exploration, I trace the rise and fall of sites and services at the World Bank, and demonstrate a pattern in which new ideas such as this one, are latched onto, promoted and then abandoned at a great rate of speed as a result of organizational pressures to do so. I argue that organizational judgments of the fate of these ideas often have more to do with the dynamics of the internal workings of donor agencies than with the substantive merits of an idea vis-a-vis the context of its' application in a developing area.

In this respect, I believe that the current movement to abandon sites and services project lending is unwarranted. Criticisms of the projects are valid but their successes are also impressive and are recognized in this study and by many World Bank evaluators. Although the momentum of the shift to urban management is very strong, and commanding, in my estimation the question is still open within the Bank as to whether sites and services should be abandoned or be maintained as a complementary policy to the newly evolving urban management lending strategy. This is despite a more external, public promotion by the Bank of the shift to urban management in terms which signal a downplaying, even abandonment of the sites and services approach. The debate on the future of sites and services both within and outside the Bank is a subtle one. While the flag of urban management has gone up internationally signalling the Bank's new direction, the jury is still out on the fate of sites and services inside

the Bank. In the following, I should like to address this debate in support of a continuation of sites and services lending.

I will argue that the movement towards urban management is completely logical. Indeed it is being advocated by many of the pioneers of sites and services at the Bank on the basis of their project experience. In this way, urban management can also be regarded as a means to help overcome some of the problems with sites and services in the future.

However, the shift towards urban management has also been used to further the more conservative swing being felt internationally, away from issues of poverty towards efficiency and growth. This seeming duality of opinions within the Bank is being picked up by a similar duality found in developing country governments.

What should be a building of the sites and services experience in complement with the needed urban management strategy is now being turned into an either-or debate. The debate of ideas is becoming the agent for pushing deeper ideological positions. Inside this phenomenon I am calling the "life of ideas" I argue that, even those ideas based on the best of intentions, can be seized upon and used as weapons. (3)

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3 From a discussion on the use of ideas with Lisa Peattie at M.I.T.

The adoption of an urban management strategy must be seen as positive learning after a decade of project experience with the sites and services approach. The criticisms of sites and services must be interpreted not as unsolvable problems but rather as a set of positive lessons. My position is to argue that learning from past mistakes should not mean "learning not to do." The idea of sites and services is still valid, and workable. It is only within the Bank's and other donor agencies' lending frameworks for these projects, that the idea seems to have lost its power.

## 1.2 BACKGROUND

My position relative to the sites and services movement has evolved from exposure on two fronts: first, through the study of World Bank and United States Agency for International Development (USAID) sites and services projects via project appraisal and evaluation reports and interviews with these agencies' project and policy staff; and, secondly, through field observation during a one-year period of residence in Nairobi, Kenya, in 1983 to 1984. There, the World Bank's Dandora sites and services project was nearing completion, and a second World Bank financed sites and services project, Kayole, was beginning. In addition, USAID had completed Phase

I of Umoja, a core housing project (4) and was in the process of gaining approvals for Phase II.

At the outset of this study in 1982, I was aware of the criticisms being levelled at sites and services both by agency staff and others interested in the field. I agreed with these evaluations and I myself had become critical of the approach after a preliminary reading of the early findings of sites and services projects. At a more abstract level however, I was appreciative of the positive attributes of these projects as well. Here was a good idea, advocated and funded by international donors not previously interested in low-income shelter, being implemented by governments who had, in the past, demonstrated little interest in helping the poor with affordable housing except through a very limited number of public housing units. Despite the well-known problems, the fact that these sites and services projects were undertaken at all by reluctant governments and were financed by previously disinterested donors, was significant.

More importantly, in the formulation of my position, I observed and studied the building of a new, 48,000 person housing community (the Dandora sites and services project in

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4 Although USAID and the World Bank distinguish their project lending in the shelter sector by name (the World Bank lends for "sites and services" while USAID lends for "core housing"), in principle the approach is the same. USAID's core housing, in supplying a core room onto which the rest of the house is to be added, is a sites and services option often seen on World Bank financed projects as well. The options are varied as described in the previous note (1).

Nairobi) offering alternatives to a city where one-third of the population lived in acutely overcrowded and underserviced squatter settlements.

In contrast to what I had read about the positive movements of self-help in the squatter settlements in Lima, Rio de Janeiro and other Latin American cities (5) many of Nairobi's informal settlements were less inspiring. The largest settlement known as Mathare Valley was controlled by "companies" which charged high rents for accommodations characterized by densities of 3333 persons per hectare, (6) inadequate sanitary services, a high incidence of malaria, and a climate of insecurity and violence. Despite my previously held view of squatter settlements as a positive phenomena, what I saw, seemed to corroborate what had been described in the development literature as the "old view" which depicted squatter settlements not as a "solution" but rather as disease and crime-ridden slums.

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5 The more positive view of squatter settlements can be traced back to the early work of people like John Turner (1965), William Mangin (1967), and Elizabeth and Anthony Leeds (1970). See also Mangin and Turner (1968). Charles S. Stokes (1962) also differentiated between the "slums of despair" in the United States and the "slums of hope" in the developing countries. Although armed with this more optimistic viewpoint, the Mathare Valley squatter settlement in Nairobi, as a result of the tyranny of the "companies," offered no such advantages as the flexible, self-improving communities being described in this literature on Latin America.

6 David Etherton, Mathare Valley: A Case Study of Uncontrolled Settlement in Nairobi (1976). This density in Mathare Valley is measured against a legal standard called for by the Nairobi City Council of 290 to 400 people per hectare.

Against the backdrop of these conditions, and compounded by a crippled municipal government, (7) the Dandora sites and services project seemed a remarkable achievement. The project demonstrated that it was indeed possible to provide affordable housing of relative high quality with water and sanitary services to low and moderate income residents. I was impressed to see government bureaucrats located in site offices for sites and services projects, actively assisting households with their shelter problems. Plottolders were building rooms and additions at a rapid pace. The more entrepreneurial households had begun to rent rooms and were greatly augmenting their monthly incomes. The project represented a real movement forward in the city.

The problems enumerated in the Bank evaluations of Dandora and other sites and services projects were also evident, such as costly delays, a poor cost-recovery record, slow-moving and inadequate public institutions, and

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7 In 1983, in response to a long history of corruption and internal fighting in the Nairobi City Council, President Moi suspended the existing elected council, the mayor, as well as all chief officers including the town clerk. The Government of Kenya (GOK) replaced the Council with an interim committee of appointed officials. The infighting which had resulted in the virtual stalemate and inability of the elected council to function in its municipal roles was partially attributed to a scandal involving bribery charges and the misallocation of sites and services plots in the Umoja I and Dandora projects funded by USAID and the World Bank respectively. During the long period of transfer of responsibility, the activities of municipal government came to a virtual standstill. More detail on this political upheaval and its relation to the housing scene in Nairobi is included in Chapter 5 and Appendix A.

obstreperous local officials. In the eyes of the project formulators, these problems were acutely frustrating.

However, I saw evidence of networks of community organizations starting to adapt their own response to some of the shortcomings of the project. For example, relief funds for allottees experiencing financial difficulty, were being provided by non-governmental organizations (NGOs) such as the National Christian Council of Kenya, and the Ford Foundation.

It seemed not unreasonable to expect that given time, experience and the strengthening of local government institutions, many of these problems could be resolved. Could it be that the Bank staff were hoping for too much too soon?

Subsequent to this field exposure and in light of the differing assessments of sites and services projects I asked the question:

*do the*

Against what criteria are sites and services projects being judged and do the perceived failures warrant that the approach be deemed ineffective?

In the process of attempting to answer this question, I found that many of the failures could be seen in two ways:

(1) that "failures" were often a direct result of conditions for the projects which the Bank set in order to satisfy

criteria internal to its operations but not inherent in the sites and services idea; and,

(2) the perception of project failures often reflected a set of the Bank's own expectations which were unrealistically ambitious and/or rigid within the context of evolving institutions in developing countries and a limited time-frame in which the projects were executed.

These findings indicated that another level of analysis was needed beyond the Bank's project experience to explain the dramatic shift in its urban lending strategy, away from sites and services. What else was going on in the World Bank in Washington that was directing this shift in its urban lending policy?

To answer this required moving from project specific investigations to an inquiry of what the Bank was saying at the level of general policy. The tone of the rhetoric in Washington was even stronger in its rejection of the sites and services approach than in the official evaluations and reviews. An event which I witnessed there encapsulated this mood.

During a session at the World Bank's Conference on Urban Assistance in December, 1985, a delegation of developing country government officials were being lectured to by a World Bank official about their respective governments' incapacity

to successfully undertake housing projects. The Bank official enumerated a long list of deficiencies and bottlenecks making reference to inadequate registration of land, poorly functioning land markets, inefficient administrative capacities, over-subsidized housing programs, mismanagement of taxation and generally unproductive urban economies that were harmful to national economic development. The implication of this lecture was that these government officials who could not properly manage their municipal administrations had no business undertaking housing projects. Therefore, the Bank's future efforts (and money) would concentrate on strengthening urban management.

In response to this statement on the Bank's position, a government housing official from one of the Sub-Saharan African countries delivered the following statement:

"We have just accepted sites and services after fifteen years of you, the Bank, promoting the idea in my country. And now you tell us to abandon it. Well, we like the idea. Now we want to do sites and services and you tell us we should do urban management."

This event corroborated my impression that the abruptness of the shift in policy was indeed sudden. However, what became an even greater concern was to witness the extraordinary momentum with which the Bank's new direction created a bandwagon effect amongst the government officials in attendance. My outspoken African friend was evidently

outnumbered by the delegates who seemed anxious to entertain the Bank's latest interest.

What seemed wrong in all of this was that even if the Bank's intentions were to advocate urban management as a complementary policy to sites and services, (8) in fact the new policy was being promoted at the expense of the old, leaving the impression that the sites and services approach was being replaced. It was not apparent to me that the Bank realized it was doing this, but the fallout from this approach I estimated would be fourfold:

first, any continuum of experience fundamental to local institution building would be lost by the shift away from practical implementation;

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8 Indeed official statements by both Bank representatives and government delegates at the Urban Assistance Conference were careful to avoid a direct rejection of sites and services, but the following quotations (as cited in Urban Edge, February, 1986) demonstrate how the tide had turned:

"We are not talking about the business of executing some projects, we are talking about relating urban management to economic development, about the process of ensuring that a city performs better." - K.C. Sivaramakrishnan,  
Director of the Central Ganga Authority in New Delhi

"The difficulties that lie ahead will require urban decision makers to look beyond the requirements of an individual sites and services scheme ... and come to grips with the task of managing cities." - S. Shahid Husain, Vice  
President for Operations Policy at the World Bank

"I am not mayor of shanty towns - I am mayor of Dakar." - Mayor Mamadou Diop, Dakar

second, it would break the momentum of an important policy movement in the shelter sector that developing country governments were just beginning to feel comfortable with; third, the depth of experience which the Bank's Urban staff had accumulated from their decade of work on sites and services would be marginalized, representing lost learning, hence lost opportunities; and, fourth, under the guise of technical fine-tuning, a more fundamental policy shift would be introduced. The policy orientation of sites and services towards development with equity could surreptitiously be ignored with the introduction of a new policy orientation towards urban productivity. It was back to trickle-down.

In addition to my specific concerns with the sites and services movement, my inquiry was also driven by a belief that development assistance in general was in difficulty. The formulation, implementation and subsequent abandonment of development policy seemed to be too closely linked to international ideological swings, the immediate performance needs of donor agencies, and the demands of bureaucratic and organizational contexts. The rapid pace of changing ideas and policies coming from the donor agencies was completely out of synchronization with the recipient governments' slower moving development process. All of this served poorly the task of development and the needs of developing countries.

In attempting to find an explanation for these movements in policy which seem to be disengaged from the actual best interests of development, I began to explore the theory that in some instances change in policy might well be for change's sake. My meaning here is that change can be an agent for: 1/ optimism in an uncertain field; and 2/ personal career advancement in an environment where new sounding approaches are rewarded more than patient commitment to old ones, irrespective of their worth.

This is not meant to characterize all those working in the field of development assistance as less than well-intentioned, but the force of new ideas has a multiplier effect creating an enormous momentum in which even the most independent people are caught up. New ideas tend to sweep a field, often brushing aside the value of approaches once held in good currency. The analogy I use to characterize the movement of ideas is a lifecycle, implying that with every birth, there is inevitable death. This I term the "life of ideas."

My intention in this study is to suggest that a more perceptive approach is needed, especially in the development field where the time needed to make significant improvements in the conditions of impoverished nations is extensive. The context of policy formulations must somehow extract itself from the lure of change as an end in itself. I will argue that the evolution of policy according to what I term a "shift

and abandon" pattern is both inefficient, and costly for both the international donors and developing country governments.

### 1.3 Dandora: A Case Study

In light of the criticisms being directed at the sites and services approach, I felt it was necessary, in formulating my argument, to review a specific case study of a sites and services project from the project appraisal stage to its final outcome. For this purpose, I have used the World Bank's Dandora Project which was completed in 1983.

From my review of 16 sites and services projects, I felt that Dandora was, in its objectives and overall design, representative of the majority of projects which the Bank funded. The field reality in which the project was executed, characterized by a variety of opportunities and constraints, was also consistent with other projects.

Dandora, as with other projects, was considered by the Bank to have a mixture of successes and failures. Indeed, Dandora suffered serious cost escalations and a delay of 2 1/2 years. It was also executed in an atmosphere of extreme skepticism and political interference.

It would therefore be unfair to depict my evaluation of the successes of the Dandora project as the product of looking at a particularly 'good' example.

Within this paper then, my evaluation of Dandora hopefully serves as the objective core around which my argument is formed. However, I do make reference to other projects throughout the text when they serve to contrast or corroborate a finding in the Dandora project.

#### 1.4 Structure of the Argument

I begin my discussion in Chapter 2 with a brief history of the rise of the sites and services idea and its subsequent adoption by the World Bank and other international lending agencies. This is followed by a factual description of the basic programmatic elements of the Dandora project in Chapter 3. Chapters 4 and 5 provide an in-depth evaluation of the Dandora project through a comparative analysis of project objectives and outcomes. These outcomes are presented in the context of the realities of the field and the realities of the Bank as the agent for the sites and services model. Chapter 5 concludes with a summary of perceived failures and successes of the Dandora project.

In addition, Chapters 4 and 5 explain the extensive problems encountered in project implementation and illustrate how the need for urban management was a logical outcome of the sites and services experience.

Chapter 6 is divided into two main sections. The first section examines the rise of the urban management idea as a

policy which complements sites and services lending. The second section goes on to describe why the rise of urban management is occurring at the expense of sites and services. In this chapter I attempt to provide an explanation for why the Bank seemed to latch onto the urban management idea and simultaneously abandon sites and services. The accumulation of events and forces both internal and external to the Bank I then factor into a theory on "the life of ideas".

In the final section (Chapter 7) I set forth my arguments for the continuation of lending targeted at poverty alleviation and for sites and services projects in particular, while recognizing the validity of lending for urban management.

I conclude by examining the role which the "life of ideas" seems to play in the larger realm of policy formulation, calling attention to: (1) the need for a better understanding of how policy shifts affect developing nations; and, (2) the importance of a process of policy making which can operate beyond the arbitrary and eternal cycle of ideas.

## CHAPTER 2: THE RISE OF THE IDEA OF SITES AND SERVICES

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- 2.1 Introduction
- 2.2 Background
- 2.3 An Emerging Idea
- 2.4 How the Idea Caught On

## 2.0 THE RISE OF THE IDEA OF SITES AND SERVICES

### 2.1 Introduction

The rise of the idea of sites and services began in the 1950's and had "caught on" by 1970. A brief history of its evolution offers insight into why sites and services became such a potent idea internationally, and how it gained popular support in the international development community amongst professionals and scholars alike.

### 2.2 Background

The search for new ideas began in the 1950's when housing for the poor of Third World cities was identified by scholars and professionals in the development field as an area requiring international attention and assistance. A number of circumstances led to this international call for development initiatives in the shelter field.

Many cities in developing countries were experiencing a severe crisis related to high rates of urban migration and general population growth levels. In Nairobi, for instance, the population increase between the years 1962 and 1969 was

estimated at 5.5% annually, or a 50% increase in 7 years. (1) Three-quarters of this growth was attributed to migration from rural areas to the capital.

Due to extreme conditions of poverty in rural areas, the influx of the rural poor created no "effective" (2) market demand for housing. Consequently, the private developers did not respond by building new housing for recent migrants. The lack of supply was compounded by a slow-moving development process which resulted from bottlenecks in the registration, surveying and servicing of lands through the existing municipal administrations. For the few private developers who were willing to build low-rent housing, the process of approvals was so slow-moving that very few persevered.

In 1974, the number of housing units being built annually in Nairobi by the private sector was estimated at 1,000.(3) This figure was minimal compared to the annual addition of 9,000 households per year to the city. The new units that

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1 Nairobi City Council Urbanization Task Force, Dandora Community Development Project, Project Submission to IBRD, November 1973.

2 William C. Wheaton and Philippe Annez, "Economic Development and the Housing Sector: A Cross-National Model", Economic Development and Cultural Change, Vol. 32 No. 4, July, 1984, p.749-766. Here the distinction between an "effective" market demand versus a housing "need" is made.

3 Op.Cit., Nairobi City Council Urbanization Task Force (1973)

were built were almost exclusively available to the middle and higher income population.

Amongst local politicians and established citizens alike, there was also a resistance to acknowledge the need for low-cost housing. This resistance was based on a fear of growing slums in their cities, which would not only threaten property values but would reflect badly on their "visions" of a modern metropolis. Especially in nations which recently attained independence, the symbolic significance of the city and especially the capital city as the embodiment of national pride should not be underestimated as a factor influencing housing policy today.

In addition, there was a belief among policy-makers that to support housing for the poor would only encourage on-going migration. If no housing was provided, the rural migrants would eventually go back home. Public sector housing policy during the late 1960's and early 1970's was consequently geared to middle and upper income levels. In this period it was estimated that publicly constructed units averaged 1,300 per year.(4) Between what the public and private sector was supplying, and the rates of growth in Nairobi, the shortfall was at least 6,700 units per year.

The problem of a shortfall in units did not go away. Instead of moving back to rural areas, the new urbanites did

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4 Bank Files, Kenya - Transportation and Urban Projects Department, 1977

what they had to in order to maintain an existence in the city. This led to rapid proliferation of makeshift buildings on lands not owned by the builders. Those who constructed the units either lived in them or rented them out. Collectively, they formed squatter settlements. To add to this uncontrolled growth, some private land owners developed dwelling units on their properties which violated health and building codes and rented these units to the poor.

In many cities the government response to this informal construction was to demolish illegal settlements where possible. Thus, an on-going cycle of demolition and rebuilding began. In Nairobi, as in many cities, continued demolition led to an escalating atmosphere of confrontation and unrest between the government and the urban poor. By 1974, the squatter and illegal settlements population was conservatively estimated at more than one third of the then 730,000 inhabitants.<sup>(5)</sup> The scale of these communities began to take on political significance which elected officials could no longer ignore.

Some degree of tolerance was demonstrated with the implicit policy that illegal settlements would be tolerated if they kept outside of the city centers - on the fringe of established neighborhoods. This type of action did little to solve the housing problem, however. A turning point came in Nairobi, with an outbreak of cholera in the Mathare Valley

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5 Ibid

squatter settlement which threatened the city with an epidemic. The government finally accepted that something would have to be done to improve conditions.

Efforts were made to upgrade squatter settlements by providing basic services such as common water spigots and latrines. Though conditions improved in these areas, the rate of growth was so high that the government response still could not keep pace with demands.

This ad hoc pattern of public response to illegal settlements was repeated throughout the world. In many countries such problems occurred decades earlier than the Nairobi example. Few countries however, developed adequate methods for dealing with the increasingly acute housing problems.

### 2.3 An Emerging Idea

Proposals for new methods of meeting low income housing demand were emerging as early as 1950 when a United Nations "Mission of Experts" visited South/South-East Asia and produced a report on "Housing in the Tropics"<sup>(6)</sup> which stated:

"...with few exceptions, families in the tropics simply cannot afford to buy or rent houses built for

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<sup>6</sup> U.N. Mission of Experts on Tropical Housing (South and South East Asia, November-December 1950 and January 1951), Report of the Secretary General (E/CN.5/251, 1 March, 1951)

them on a commercial basis. It is also obvious that neither governments, nor private agencies can provide housing on a subsidized basis to all in need. Practical solutions should combine the initiative and resourcefulness of the people, the rational application of local materials and skills, the mutual advantages of group work, and the best use of resources and technical knowledge available."

Charles Abrams, studying the shelter question in this period, was instrumental in developing a self-help approach as the most affordable route to housing the poor of developing countries. Other studies took up Abrams' interest in self-help as a means of solving the housing crisis. A study in Latin America argued in support of self-help practices by citing that in one country, the government had built 5,476 houses between 1949 and 1956 (which were unaffordable to the average urban family). During that same period, 50,000 families solved their housing needs on their own initiative - outside of the established legal, administrative and financial superstructure.(7)

This new perception of the squatter movement as a "solution" led to the advocacy of public programs based on self-help practices observed in the squatter settlements. Research conducted in the 1960's noted that once tenure was secured by squatters, either in the legal sense or simply by nature of the time of "safe" occupation, preliminary make-shift houses were gradually improved over time through self-

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7 Turner, Turner and Crooke, 1963, p. 389

help and changed into permanent, better-looking structures.(8)

This theory of "progressive development" held that the incentive of secure tenure would lead to progressive upgrading, and the emergence of stable, healthy neighborhoods comprised of home-owners who held a "stake" in the future success of their communities. More importantly, the improvement of housing through self-help in the shanty towns of the Third World was shown to be an affordable means of gaining shelter for the very poor families with unsteady incomes. The flexibility offered by this piecemeal system of building allowed even the poorest to slowly develop better housing for themselves.(9) The idea of sites and services evolved out of this growing appreciation of the key principles discovered in the squatter settlement "solution".

The basic tenets of the sites and services model as it emerged in the international development community are summarized below:

(1) Improvement over Public Housing Schemes

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8 William Mangin "Latin American Squatter Settlements: A Problem and a Solution", Latin American Research Review, 1967, pp.65-98 and John F.C. Turner, "Housing Priorities, Settlement Patterns and Urban Development in Modernizing Countries", Journal of the American Institute of Planners, Vol. XXXIV, No. 6 (November, 1968), pp. 354-363.

9 Lisa R. Peattie, "Social Aspects of Housing", in Bernard J. Frieden and William W. Nash (eds.). Shaping an Urban Future: Essays in Honor of Catherine Bauer Wurstein, (Cambridge: MIT Press, 1969)

By not having to fund the construction of actual units, governments are able to service more lots for the money spent, hence reaching a greater number of people in need on a public housing scheme.

(2) Affordability

The plot holder's unit cost is reduced by having to buy only the lot and not the completed dwelling, after which self-help construction will keep the dwelling costs down. The financial commitment can be regulated according to individual capacities. Time, labor and money can be invested piecemeal into the construction of the dwelling as appropriate.

(3) Standard of Services

Sites and services projects ensure a uniform provision of services, thus overcoming problems of health and sanitation as experienced in squatter settlements. Related to this, servicing can be done before the fact unlike upgrading which is more expensive since services have to be installed into an existing, dense, non-grid pattern of dwellings.

(4) Self-Help and Progressive Development of Shelter

Sites and services provide a framework for self-help and the initiatives in housing being undertaken in the squatter settlements with respect to the progressive development of housing.

(5) Tenure

Home Ownership offers secure and legal tenure to the resident. The individual, by making a downpayment for the lot in the sites and services project, secures a legal right to live there.

(6) Orderly Urban Growth

The larger objectives of planned and orderly urban growth can be achieved by implementing sites and services through central planning departments.

2.4 How the Idea Caught On

Not only was the sites and services approach considered a good policy solution in response to a perceived field reality, but at the level of international policy, the time was ripe for a new idea. Events were underway creating an environment in which a new idea could gain currency quickly and forcefully. The 1960's was a period of critical questioning in the international donor community, and the dominant growth models came under attack. In the development literature, impressive economic growth rates achieved in developing countries were being questioned on the basis of worsening forms of poverty within these same countries.

In effect, this questioning and alert on poverty amidst growth marked the failure of the trickle-down theory. Calls for alleviation of poverty and demands for "growth with equity" began to undermine the once dominant economic growth models of the 1960's. The priority thus began to shift, at least at the level of international rhetoric, to the fulfillment of basic human needs or more generally, alleviation of poverty.

Poverty alleviation signalled a higher profile for low income housing. At the World Bank in 1973, (10) President Robert McNamara called for the Bank's reorientation away from its almost exclusive concern with basic economic infrastructure toward antipoverty work. As a result, concern with urban poverty led to a movement within the Bank to begin lending for low-cost housing.(11)

As a result, a World Bank meeting was convened, attended by a large number of experts in the field outside of the Bank, including John Turner, and ideas of self-help and core housing were reviewed. The meeting mapped out a course for financing test projects in the field of housing which would be operated

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10 In 1973, USAID also reoriented its development assistance program towards the needs of the poor as a result of the passage of the "New Directions" legislation, formerly referred to as the 1973 Foreign Assistance Act. This legislation marked a shift from development assistance directed at basic infrastructure, capital-intensive, industry-based growth to a concentration on poverty, malnutrition and health, population and human resource development.

11 Robert L. Ayres, Banking on the Poor, MIT Press, Cambridge, 1983

out of the Special Projects Unit. Subsequently, supported by a panel of urban specialists outside the Bank, the sites and services approach was proposed in the 1972 sector working paper.(12) The Bank's urban lending program was launched - with sites and services projects as its feature.

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12 Michael Cohen, Learning By Doing, (Washington, D.C.: The World Bank, 1983)

## CHAPTER 3: MAKING THE IDEA OPERATIONAL

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### 3.0 MAKING THE IDEA OPERATIONAL

#### 3.1 Introduction

The "idea" of sites and services was taken up by the World Bank and made operational via a process of project appraisals in a number of countries during the early 1970s. The time taken in formulating a sites and services project in those days was long, because of inexperience on the part of many developing countries as well as Bank staff with the approach. A model had not been clearly worked out. For example, in the case of the first Bank-assisted sites and services project in Nairobi, Kenya, the first mention of a shelter project in Bank files is February, 1969. The loan for the project was approved in May, 1975. What happened in these six years is a process divided into phases referred to in Bank terms as "reconnaissance," "pre-identification," "identification," "preparation," "pre-appraisal," "government application," "appraisal," "post-appraisal," "negotiation" and "board approval," in that order.

The process is not only long, but characteristic of intense back and forth debates on what is, for the Bank, a fundable project, versus what is more for the government, a buildable project. In effect, the concept of sites and services was moving from the level of an idea to that of an

implementable project. In the Kenya case, what emerged was a project that met agreement with both parties and was developed at the eastern end of Nairobi beginning in 1975. The resulting community was named Dandora.

My review of the formulation of 16 Bank-assisted sites and services projects (1) has revealed the development of a general model. The sites and services projects certainly have variations across countries but the basic formulation is the same. The projects all offer a variety of plot options in terms of plot size and level of core construction per plot; a materials loan fund to assist the allottee to build rooms on the plot; on-site community facilities; and water, sewage and refuse services. The project loan usually includes a technical assistance component. The Bank's project appraisal charts out the time frame for implementation, the financing agreement, cost estimates, affordability schedules and expected monthly payments, the organization and management system for project implementation, procurement and disbursement schedules, cost recovery and pricing arrangements, and finally, the economic justification for the project.

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1 The 16 sites and services project appraisal documents reveal how the model became formulated in the Bank assisted projects. The 16 project appraisals examined include: Zambia, 1974; Kenya I 1974; Kenya II 1978; Nicaragua 1973; Guatemala 1976; Botswana 1974; Bolivia 1977; Tanzania 1974; Zimbabwe 1984; Korea 1974; Senegal 1972; Peru 1974; El Salvador 1974; Nigeria 1981; Indonesia 1974; and Jamaica 1973.

The Dandora project is presented here as an example of the result of the Bank's and a recipient country's efforts to formulate an alternative model for shelter development. Throughout this study, the Dandora project is drawn on as a case study of a sites and services project. The Nairobi case is significant for reason of a second Bank-financed sites and services project in the city, Kayole, which followed Dandora. This allows me to draw on both projects in the course of this study and to evaluate instances where lessons and experience were incorporated from one early project into a later one. A brief description of the Dandora sites and services project is detailed here so that the approach taken in the Bank assisted projects and the programmatic elements can act as a basis for the discussion and arguments which follow.

### 3.2. Dandora Sites and Services Project in Nairobi, Kenya (2)

#### 3.2.1 The Context

At the time of appraisal in 1974, Nairobi had a population of 730,000 and a growth rate of 7 percent, making it one of the fastest growing cities in the world. Annual "conventional" public and private sector housing production was averaging 2,300 units compared to a household formation of

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<sup>2</sup> This project description is drawn from World Bank files of the Dandora project in 1974.

9,000 per year. The result was that over one-third of the population was living in unauthorized settlements.

### 3.2.2 The Stated Goals of the Project

In the Bank's appraisal of the Dandora project, two goals were stated:

(i) "While it will not satisfy the total demand for serviced plots in Nairobi, the technical assistance under the project will help formulate shelter programs designed to deal realistically with the needs of the urban poor and enable Government and Local Authorities to plan and execute such projects in the future."

(ii) "Dandora will provide 6,000 self-help housing units or 25 percent of the target for the City's Plan (1974-78), and do this at one-third of the unit costs of previous housing programs." *(Dandora Project Appraisal Report, p. 15)*

### 3.2.3 Project Site

The Dandora Community is located 10 km east of the city center and is accessible to employment. Transportation to the downtown takes 25 minutes by bus, at a cost equal to 7 percent of the targeted household's monthly income. Two industrial areas are within walking distance at the Dandora and Ruaraka industrial sites.

### 3.2.4 Project Financing

The Dandora project cost at appraisal was \$29.6 million (US), to be financed as follows:

\$14 million contributed from the World Bank and the International Development Association (IDA)  
(World Bank contribution = \$7 million  
IDA contribution = \$7 million)

and \$15.6 million contributed from the Government of Kenya (GOK) and the Nairobi City Council (NCC)

The Government of Kenya acted as borrower, and on-lent both \$7 million IDA credit and \$7 million Bank loan to NCC at 8 percent interest for 25 years with a 4 year grace period. GOK on-lent its share to NCC on the same terms as the National Housing Corporation loans to Kenyan municipalities - at 6.5 percent for 25 years.

### 3.2.5 Sites and Services Project Components

#### (a) Lots

The project provided 6,000 lots with individual water and sewer connections and related basic services and infrastructure, including roads, security lighting and refuse collection. The 6,000 lots included:

1,800 of 110 square meters  
2,100 of 120 square meters  
1,800 of 140 square meters  
300 of 160 square meters

Three options were available to allottees:

Option A: 3,780 units with sanitary core (toilet and splash) only on lot sizes 110, 120 and 140 square meters

Option B: 1,800 units with sanitary core plus one room on lot sizes 110, 120 and 140 square meters

Option C: 300 units with sanitary core plus two rooms on 160 square meter lots (plus 30 demonstration units).

There were, in effect, seven options in all, varying by lot size and type of core unit.

(b) Materials Loans

A materials loan fund was established offering cash financing for self-help construction of dwellings for up to two rooms. The materials loan repayment terms were the same as the mortgage.

(c) Community Facilities

As part of the Dandora community being created, construction of the following community facilities was planned:

- 2 nursery schools
- 6 primary schools
- 2 health centers
- 2 multi-purpose community centers
- 1 sports complex
- 400 market stalls

#### (d) Trunk Infrastructure

Included in the project was construction of trunk sewers, stabilization ponds, access roads and sewerage treatment works.

#### 3.2.6 Plot Allocation

Care was taken to ensure impartiality in the allocation of lots. The Project Unit was to use a computerized random number program (NCC had this computer facility). Each step in the process was to be publicized. Both the list of eligible applicants and the list of finally selected allottees together with a waiting list was to be made public and posted as ready.

To be eligible for plot allocation, the following criteria had to be met:

- (i) household monthly income of Ksh 280 (US \$40);
- (ii) 2 year residency in Nairobi;
- (iii) had to be head of family and family had to be living in Nairobi; and,
- (iv) could not own any other property in the city (Kenya's one man, one house policy).

#### 3.2.7 Affordability

Monthly charges for each plot were to range from Ksh 72 (US \$10) to Ksh 150 (US \$20). Assuming household expenditures for shelter and services of 25 percent, Option "A" plots (comprising 65 percent of the total) were to be affordable to

households as low as the 20th income percentile and Option "B" plots (comprising 30 percent of the total) to the 30th and 40th income percentile. Mortgage terms were 30 year repayment periods on Option "A" and 20 year repayment periods on Option "B" at 8 percent.

In addition, 300 plots of 160 square meters with built wet-core and two rooms were to be sold at market rate (about 47 percent above construction cost). The profits generated from the market sale plots were then to be channelled back into the project, acting as a cross subsidy for the 100 sq. m. and 120 sq. m. plots which were those considered most appropriate for targetting the lowest income households. The subsidy earned from 300 market sale plots would result in an 18 percent price reduction for 2,668 low cost plots.

### 3.2.8 Allocation of Costs Between Allottees and Nairobi City Council

Nairobi City Council was to bear costs typically recovered through utility tariffs, user fees and property rates such as trunk infrastructure, on-site water reticulation, paving of bus routes, community facilities including related land development and servicing costs, technical assistance and landscaping.

The plot holders were to bear the costs of site preparation, lot demarcation (design and engineering) and on-site infrastructure attributable to residential use (roads,

sewerage, street lighting, and a share of refuse collection) and full costs of core units and materials loans.

### 3.2.9 Time Frame

The Dandora project was to be executed over 5 years. Lot preparation and servicing would require 3 1/2 years and disbursement of building material loans and self-help construction would require 1 1/2 years.

The project was to be built in two phases. The first phase was to prepare and service 1000 lots and the second phase, 5,000 lots. These two phases would be completed in the first 3 1/2 years.

### 3.3 Summary

This programmatic description of the Dandora sites and services project in Nairobi as appraised by the World Bank in 1974, is to act as a basis for the in-depth analysis of the project objectives and outcomes in the two chapters which follow.

## CHAPTER 4: THE FORCES WHICH SHAPED THE PROJECT

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## 4.0 THE FORCES WHICH SHAPED THE PROJECTS

### 4.1 Introduction

As a methodology for evaluating the successes and failures experienced when the sites and services concept was put into practice, I attempt in the following to identify the key objectives which guided the implementation of the projects. As will be seen, some of these objectives were "add-ons" and did not emanate from the core of the sites and services idea itself. In these instances, the projects were seen as a vehicle to assist in the realization of goals, which, though related, had a broader, longer-lasting significance. Additionally, project implementation was affected by a set of objectives which were a result of perceived pressures emanating from the field reality and from the World Bank itself.

My intention here is to portray the scenario within which project implementation staff were working - a dynamic rife with crossed desires, mixed interests and built-in conflicts. As an aside, my feeling is that, for the most part, the Bank staff prevailed in keeping to the course they set-out upon. Given the context within which they were working, their successes are actually remarkable.

The structure of this and the following chapter is, therefore, shaped so as to make a more objective link between

1) objectives, motives and pressures, 2) the design of specific project characteristics and 3) the final outcome. After establishing the background in this chapter in terms of the first two items, I will go on in Chapter 5 to discuss the third. In adopting this structure, I hope to avoid an oversimplified evaluation of the so-called "project failures" of sites and services. I believe it is precisely this tendency to oversimplify when evaluating the sites and services record, which characterizes the judgment of those who are quick to claim the sites and services movement as "over".

(1)

#### 4.2 Seven Forces

Seven important forces may be said to have driven the formulation of the sites and services projects. The first set, which can also be thought of as objectives, are a product of the original sites and services model. As outlined in Chapter 2, the tenets of the model are numerous but each

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1 This, in fact, was the verdict offered by the first Bank staffer I talked to when I went to Washington headquarters. His good intention was to save me from pursuing an idea he considered already passe. A significant number of the staff I interviewed concurred on this, although the verdict was somewhat softened by their own loyalty to the approach. Many of the interviews began with similar statements, that they were not doing sites and services anymore. Many did, however, state that, whenever possible, they argued to ensure a sites and services component was added in to an urban management loan.

impacts the other in significant ways. To avoid an overlapping discussion, I have attempted to deduce two principle areas of concern which are distinct from one another, but which collectively cover the full scope of the original model. These are: Affordability; and Home\_Ownership.

The second set of objectives originated with the World Bank's broader ambition of seeing the sites and services approach to low-income shelter replicate upon the initiative of the developing countries. Integral to this was a desire to improve the entire housing and urban management sector so that replication of other projects could be realized. This ambition I have distilled into three objectives: Replicability, Institution\_Building and Cost\_Recovery. Because these Bank objectives are not inherent to the model as a housing formula per se, I view them as a set of "add-on" goals.

The final set identified are a bit harder to classify as objectives. Rather I prefer to think of them as outside forces operating completely independent of the original conception of sites and services. These forces are the result of pressures applied to the implementation of the projects by the realities of the field (i.e. the entire context of working in a particular developing nation) and the realities of working within the World Bank. Because the Dandora and other projects studied here were considered demonstration projects, unusual demands were placed on the project staff which would

normally be less intense (i.e. once the idea had been accepted). These forces I have termed: Project Appearance, and The Need for Speed.

#### 4.3 Affordability

##### 4.3.1 Introduction

The Dandora project, as with the other sites and services projects funded by the Bank in the 1970's, was shaped by the goal of poverty alleviation which Robert McNamara had declared as the Bank's principal focus. To make sites and services projects affordable to the urban poor was therefore a central concern in the Bank's formulation of the projects.

In the example of Nairobi, the magnitude of poverty dictated the necessity of a large housing strategy aimed specifically at the urban poor. In the early 1970's, Ksh 200 per month was estimated as the minimum income to sustain the most basic needs of a household of five. During the same period, 20 percent of adult males and 50 percent of adult females in Nairobi (2) were either unemployed or had inadequate incomes below the poverty line of Ksh 200 per month.

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2 The proportion of women headed households in Nairobi was estimated at 10% in 1983. As cited in Bank Files.

By 1977 over one third of Nairobi households fell below the poverty level of Ksh 700 (US \$12) per month needed to sustain a household of seven (determined as the average household size characteristic of squatter and low-income communities.)

Even those at the 50th percentile of the Nairobi's income were earning only Ksh 1500 (US \$25) a month. But income alone did not measure poverty. In Nairobi, a leading cause of death and sickness amongst children was, and remains, malnutrition.

In the case of Nairobi and most other countries in the developing world, a policy specifically targeted at the poor did not represent an unbalanced attention directed at a minority interest, rather it was a policy aimed at improving conditions for the majority of urban dwellers.

However, there were specific limitations to the extent which the Bank felt it could reach the poor.

#### 4.3.2 Restraints on the Poverty Focus: The Ability to Pay Back

The Bank's need to reach the poor was somewhat tempered by its other goal, which was to ensure cost recovery as a necessary precondition if the sites and services model was to become an effective housing policy for Kenya. Hence, the degree to which the project reached down into the lower-income percentiles had to be balanced by the perceived capacity of poor households to make the necessary monthly payments. Poor

households which had no apparent steady income, or where the household head was unemployed, were considered too risky. A steady income was therefore preferred. By definition, the targeted recipients of the Bank financed sites and services were not coming from the lowest of the low-income groups, since steady incomes were not the norm within the lowest ranks of the urban poor.

#### 4.3.3 Restraints on the Poverty Focus: The Issue of Subsidies

In my interviews with the Bank staff in Washington, there was a clear impression made that the Bank did not want subsidies in sites and services projects. If their declared need to reach down into the lowest income percentiles was strong, there were ways, one could argue, of making sites and services projects affordable to the poorest urban households. For example, lower and longer re-payment terms, and increased subsidies in the loan package would increase the range of targeted income groups and make the projects more affordable to the lower income percentiles.

However, an increased subsidy element such as this was not adopted in the sites and services program at the Bank. While being explicit about making sites and services projects affordable to the poor, there were other implicit factors operative at the Bank which limited the extent to which they could do so. In this case, a "higher order" need within the Bank to avoid subsidies in urban shelter projects overrode the

intention of the Urban staff to make sites and services projects affordable to the lowest income households.

In my discussions with the Bank Urban staff, the issue of subsidies was usually connected to the issue of replicability. I was told that the projects had to be entirely self-financing so that governments could replicate the projects on a larger scale without a drain on their already tight budgets.

The Bank's desire to make sites and services affordable to the poor must therefore be tempered by other forces at work within the Bank, namely, to keep subsidies out of the loan package and to recover costs from the households participating in sites and services projects.

Having raised these two issues, the goal of affordability can be stated more precisely. The Bank assisted sites and services projects in general, and Dandora in particular, were targeted to low-income recipients whose income ranged from just below median down to the 20th percentile of the city's income distribution. It is against these targets that the Bank and others evaluate the projects.

#### 4.3.4 How Affordability Was Worked Into the Project

##### (a) Infrastructure Standards

Because Dandora was designed to "pay its own way" the costs of infrastructure: sewers, roads, water, electricity, etc. were factored into the price of the plots. It was

therefore necessary to keep the costs as low as possible if poor households were to be able to afford a Dandora plot.

The Bank considered the level of standards regulated by the Kenyan codes to be unrealistically high given the revenues which were likely to support them. As well, the government's past insistence on building high standard services had led to a situation where vast sectors of the population had no services whatsoever.

The Bank's attempt to lower infrastructure standards for Dandora, was met with considerable opposition from all sectors in the government. The familiar claim that they were building slums was again heard. This sentiment was embodied in the government of Kenya's Development Plan for 1974-1978 which acknowledged the need to build affordable housing for low-income groups but at the same time wanted to "... insure that housing design and construction conform to Government standards and that each housing unit constructed in urban areas have at least two rooms plus its own kitchen and toilet."

In contrast to the government's position, the Bank initially proposed that up to 25 households share one water standpipe, thus reducing costs per household considerably. With respect to Dandora, the NCC refused to consent to this, and wet cores were built on all plots. Substantial cost savings were realized by leaving roads unpaved, and keeping

basic infrastructure hardware (pipes, drainage lines, electrical connections, etc.) to a minimum standard.

(b) Building Standards

Similar to the debate relative to infrastructure, the Bank found government officials resistant to a lowering of building standards.

As a result of pressure from US-AID and the World Bank, the Nairobi government formulated a set of codes which were suitable for low-income housing projects. Dandora units were therefore less expensive relative to middle-class housing built to the regular code, but were still fairly substantial units incorporating fire-proof stone walls, corrugated cement roofing, a plot-coverage rating of 50% and large plot sizes ranging from 110 to 160 sq.m.

(c) Self-Help Labor

Parallel to the aim of reducing building and site costs was the strategy to lessen the allottees' expenditures for labor by having the households themselves construct as much of the unit as possible.

To facilitate this, Dandora site officials worked with allottees to train them in laying foundation, masonry construction and other skills needed to build the unit.

(d) Income Generation

In the interests of affordability, the Dandora project design supplemented its strategy of reducing costs with a means to raise the incomes of allottees through the renting of rooms on the plot, and the inclusion of 400 market stalls for small business operations of resident households.

In Nairobi the rents generated from the letting of two rooms could easily cover the entire monthly payments required by the allottees. This renting opportunity, which the Bank advocated, had an enormous impact on the project's ability to sustain low-income households as home owners.

e) Cross-Subsidies

Although the Bank would not allow subsidies from outside the project, a system of cross-subsidies internal to the project was allowed. Specifically, as part of the originally formulated construction package, 300 plots were developed with wet cores, and two rooms on the largest plot originally offered (160 square meters)<sup>(3)</sup> These dwellings were then sold at market rates and the profits funnelled back to reduce the price of the smallest plots available to the lowest-income allottees. This cross-subsidy allowed for cost reductions on these plots of approximately 18 percent.

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<sup>3</sup> In Phase II of Dandora, plot sizes were increased from a maximum of 160 square meters to 240 square meters in response to the demand for more space to construct rooms.

#### 4.4. Home Ownership

##### 4.4.1 Introduction

A fundamental principle of the sites and services model was the establishment of home ownership through the allotment and purchase of plots. Legal land tenure was essential to the "mechanism" of progressive development - only through secure tenure could an incentive be established for the investment of labor and capital in the development of the plot. In addition, home ownership for the poor provided access to the "unearned increment" or "betterment"<sup>(4)</sup> which was formerly a source of capital available only to higher-income property owners. Thus, ownership was perceived as a tool for helping to balance highly skewed income distributions.<sup>(5)</sup>

Yet home ownership was also promoted as an ideal associated with: stable communities; a healthy family life;

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4 The terms "unearned increment" and "betterment" refer to the rise in economic value of a property caused by urban development in general, and access to services provided publicly. The increase in, for instance, attainable rents or the potential selling price for a property are attributed not to improvements to the property itself, but for improvements to the surroundings for which the property owner, in a direct sense, has usually not paid for. Hence, the term "unearned".

5 For a discussion on distribution of "betterment" see World Bank Staff Working Paper No. 283, Urban Land Policy Issues and Opportunities, Volume 2, May, 1978.

relief from exploitation by landlords; and the nurturing of "self-pride, autonomy and independence."(6)

This latter perspective on home ownership is enormously significant, for it assumes not just the granting of a freehold to the sites and services allottee, but the condition of owner occupancy as well.

#### 4.4.2 Home Ownership vs. Rental

In Nairobi, the issue of owner occupancy had emerged as a matter of debate in relation to project design for sites and services. The first project completed in Nairobi was USAID's UMOJA I "core housing".

Similar to Dandora, the project was targeted for "below median" income allotments. While the project was successful in giving home ownership to the low-income group, it was discovered that a majority of the original allottees quickly rented the entire units, and moved back to their low-rent rooms in squatter or informal settlements.

A report on Umoja I prepared by the University of Nairobi in 1978,(7) found that at least 60 percent of the Umoja houses

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6 From USAID Files: In my research I found that the ideals associated with home-ownership were not explicitly stated in the project appraisal documents, but seemed to have been assumed at the outset. Only in final evaluation reports are these assumptions explicitly discussed and questioned.

7 University of Nairobi Bureau of Educational Research, The Residents of Umoja Housing Estate, March, 1978, p. 10

were not occupied by the original low-income allottees. By 1982 the final USAID evaluations found that this figure had risen to over 75 percent, and that overall the income levels of the occupants fell in the middle to higher income range.

Many observers both within USAID and the Nairobi City Council (NCC) took these figures as an indication of failure for two reasons. Firstly, although the project had specifically stipulated that rentals or selling of property could not occur within five years of allotment, the NCC had been simply unable to enforce this provision. In this sense, project implementation had failed to meet its original objectives. Secondly, the interpretation of home ownership which assumed owner occupancy and its associated ideals was an interpretation apparently not shared by the allottees themselves. The objective of relieving the poor from exploitation by landlords had been achieved for those allocated units, but since they assumed the role of landlords themselves, this objective had been strangely contradicted. Certainly, to some, the vision of a stable, well-maintained community seemed to be in jeopardy.

However, from the perspective of the allottees, UMOJA I provided them not only with affordable housing which they could live in if they desired, but also the potential to earn rents which were from 70% to 106% (8) above the amount of their monthly payments to the City Council. Given the choice

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8 Ibid, p.10

of forfeiting this income by living in the unit oneself, or channeling the income into other perceived priorities such as buying equipment for a small business or funding a child's school fees, the decision to supplement a previously meager income was not surprising. Indeed, through rentals, the allottees were actualizing the unearned increment which otherwise would be unavailable until the time when the property was sold.

A dilemma thus surfaced in the design and the very intent of the sites and services projects. Was the objective of public policy to provide housing for the poor as shelter per se, or as a means to other ends which would benefit the poor?

The position of local officials in Nairobi seems to have been based on a belief that their "charity" in providing for the poor had turned into an entrepreneurial embarrassment. It "looked bad" that housing intended for low-income occupants was in fact being enjoyed by middle class renters. Perhaps more important, the policy of providing legal, affordable housing was intended to lessen the proliferation of squatter and unauthorized housing. Instead, the project allottees seemed to stay on in these settlements where rents were still cheapest.

Both within the lending agencies and local government, people were of two minds about which direction to take.

The first direction insisted on disallowing the renting of units through better enforcement, and the design of housing lay-outs which "discouraged" the letting of rooms. The second accepted rentals as an inevitable practice, and attempted to mitigate any negative aspects by designing a unit suitable for partial renting with owner-occupation.

As a result of pressures from local officials and State Department "auditors" USAID continued along the path of owner occupancy with UMOJA II. The difficulty they faced was that by eliminating the renting option, the lowest-income allottees would have to rely solely on external income to cover monthly payments. Thus project calculations could not "factor in" full or partial rental income in determining the level of accommodations which an allottee's income would support. As a result, UMOJA II could not reach into the lowest-income groups. Yet, it offered the most minimal accommodations in terms of plot size, access to services and unit size. Umoja II also relied on a cumbersome condominium-type ownership of shared courtyards, showers, toilets and sinks.(9)

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9 How Umoja II works out in practice bears watching. Construction began for this project in 1985.

#### 4.4.3 How Home Ownership/Owner Occupancy and Rentals Were Worked Into the Project

In contrast to USAID's approach, the World Bank accepted that rentals were unavoidable, especially in the context of Nairobi's insatiable demand for housing from the low and mid-income population. In the development of the Dandora project the Bank included anticipated rents in their estimates for low-income allottees. In theory, this allowed them to offer a plot to a poor recipient who had no income whatsoever. Only a down payment and some tie-over capital (until the first room was built and rented) would be needed, as all monthly payments could be covered by rental income.

##### a) The Owner Occupancy and Rental Option

Because of the increased purchasing power provided by rental income, the Dandora project could offer a family a substantial plot with a private shower, toilet, splash and kitchen. Plot sizes of 100, 120, 140 and 160 square meters allowed for 4,5,6 and 7 rooms respectively, per household (assuming 50% of the plot was left as open space). Many allottees coming from low-rent settlements would have previously accommodated their entire family in a single room. The Dandora plots allowed them to expand their own living space and simultaneously rent-out at least two rooms. In this manner, the Dandora project lessened the pressure for an allottee to live off-premises while renting, thus mitigating

any maintenance and stability problems associated with absentee landlords.

The allowance for renting was something initially resisted by many public officials in Nairobi for the reasons mentioned earlier. In order to avoid future disputes on this issue, the Dandora loan disbursement was contingent on the full acceptance by NCC of the renting option. NCC officials were partially placated in the knowledge that allottees could rent and owner-occupy simultaneously. Thus, both objectives of affordability and the ideal of stability through home ownership could be achieved.

b) Restrictions on Selling

The goal of home ownership was also worked into the project by regulating plot turnover. The Dandora project, similar to all the other Nairobi projects did not allow plots to be sold within five years of allotment. However, if a plot had to be sold for extenuating circumstances within this five-year period, NCC would reimburse the allottee for the imputed value of their improvements.

c) Legal Tenure Through Leasehold

The previous discussion of home-ownership may have implied that Dandora allottees were given private, freehold property rights on their plots. In fact they were given 40-year leases from the Government of Kenya, (who owned the land)

with the option to renew. In the Nairobi context public leaseholds were considered sufficient for the home-owner to feel secure in their investment, while allowing the government to have ultimate control over the long-term development of the city. (10)

#### 4.5 Replicability and Institution Building

##### 4.5.1 Introduction

The World Bank saw sites and services as more than simply projects; they were also the means to influence government policy on shelter and infrastructure for low-income populations. By demonstrating the idea and feasibility of sites and services, the Bank could influence a shift in shelter policy and an increase in the productivity of public investments in the shelter sector. The shift in shelter policy was to be away from the public sector activities of

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10 On this issue William A. Doebele writes: "While tenure is generally considered a legal category, it is, just as fundamentally, a matter of the state of mind of the persons concerned. Stated operationally, the critical element may not so much be the precise legal category involved as the perception of the occupant of his security in relation to the investment contemplated. Thus, in Africa, a renewable license to occupy may give enough feeling of security to persuade its holder to make substantial investment in residential construction on the site. In Latin America, a 25- or 40-year lease may not be regarded (given general political instability and other factors) as being sufficient to elicit a similar response," from World Bank Staff Working Paper #283, Urban Land Policy Issues and Opportunities v.2, May 1978, p.110.

squatter settlement clearance and construction of a limited number of public housing units, towards a policy of large-scale servicing of lots for low-income families to develop through self-help. The idea to increase productivity in public investment in the shelter sector derived from the contention in the international community that developing country governments should not be in the business of building housing, making large investments with their scarce resources into small, high-cost public housing projects, particularly when the demand for land and shelter was so extensive. The international community, led by the UN and the large donors, advocated that servicing sites would be a more efficient and productive public investment in the shelter sector relative to the production of finished housing units.

#### 4.5.2 Why Replicate?

In the case of Dandora, the project was being initiated in the context of a demand based on 600,000 new urban dwellers estimated for the city between the years 1974 and 1980 as well as the existing population living in 'illegal' and substandard dwellings comprising a third of the Nairobi citizens. While the project, which offered housing to a population of 48,000 could not in itself address this demand, it was intended as a demonstration of a means for the government to do so at one-third the cost of previous housing programs. Dandora was in

effect, the prototype for future Kenyan sites and services projects.

The intent to demonstrate the feasibility of sites and services as the precursor to expanded construction of sites and services projects throughout Kenya is revealed in the Bank's project appraisal reports. For example, in the Dandora report, the "justification and economic benefits" of the Bank's first sites and services project in Kenya are listed as follows: "the project will act as a precursor to other sites and services in Kenya; it will influence Government policy on shelter and infrastructure for low-income people; and it will demonstrate the feasibility of a large-scale, self-help scheme and lead to an overall decrease in public investment in the sector."

The Bank's self-defined role was to introduce the sites and services approach to recipient countries through demonstration projects. The implementation of the projects, though guided by the Bank's technical staff was intended as an opportunity to apprentice local government officials, thus giving them the skills and confidence to take-over the execution of future projects.

#### 4.5.3 Institution Building: Why Build Institutions?

In one sense, the institution building objective was a direct outcome of the desire for replication. As stated above, it was necessary to strengthen the expertise and

management framework and the entire support system as a prerequisite for the realization of future projects. But the concept of institution building was also motivated by a broader objective.

The hope embedded in institution building was that the practical requirements of implementing large public projects would have a kind of ripple effect through municipal operations tangential to the project. For instance, the technical capabilities to: a) survey, transfer and register lands; b) extend infrastructure; c) expand public transportation; d) extend social services (especially directed at the low-income groups); and, e) collect user fees and loan payments, would build-up the respective municipal departments. In addition, the Bank anticipated that the entire political machinery of approvals would be oiled by the demands of the projects.

Ultimately it was also hoped that the momentum enacted by the projects would create a snowball effect of new initiatives within the entire urban management structure. As stated in the World Bank's President's Report (quoted in Bank documents) the principle objective of the Dandora project was:

"to encourage, through an initially relatively small program, longer term institution building and larger-scale development within the sector as a whole."

#### 4.5.4 How The Goals Of Replicability And Institution Building Were Worked Into The Projects.

##### a) Special Project Unit

Replication of projects was dependent on the long-term capacity of the local government to undertake them. The Bank wanted to train a core of professionals who would, after Dandora, initiate new projects. But the Bank's evaluation of the NCC suggested that a more efficient means of training sites and services staff was to isolate them from the inefficient, slow-moving city administration.

For this reason, and the need the Bank felt to execute the project quickly, (see 4.7.5.a) a special, semi-autonomous, project unit was formed. This unit was staffed by workers seconded from other NCC departments as well as many expatriate consultants whose role was to apprentice Kenyans.

In theory, the Dandora project unit could design its own management and approvals structure geared specifically to the task of implementing sites and services, and not have to rely on the existing institutional structure.

##### b) Studies To Develop Institutional Capabilities

Various studies with recommendations for improvements in NCC operations were tied to the disbursement of the project loan.

Most significant of these was the IMF's Municipal Finance Study which required extensive reforms in the management of the NCC and its operations relative to the collection and

accounting of tax revenues. A principle recommendation of the study was the need to revalue property taxes in the city as a whole.

Other studies focussed on the need for a reorganization of the NCC's cumbersome approvals and committee's process which were responsible for lengthy delays in project execution.

UNICEF became involved in the Dandora project by sponsoring a survey of nutritional standards in the project. This resulted in the training of the Community Development Division (CDD) within the project unit in techniques of community education, for health care and nutrition. As a result of their analysis the UNICEF study led to the inclusion of temporary health and day-care centers during project implementation. These were eventually replaced by the permanent facilities called for in the project design.

c) Required Improvements in the Structure  
of Local Institutions

Through the IMF and other studies, specific reforms were demanded by the Bank in NCC's operations before project loans were released.

For instance, Dandora placed an enormous task on the sewerage management capacity of the local government. As a result the Water and Sewerage Department of NCC were to be reorganized in anticipation of these new demands. A similar

reorganization was required in the NCC's housing management sections.

Additionally, reform in the hiring and compensation procedures of NCC were essential if the city was to attract and maintain well-qualified staff. The loan conditions called for new guidelines and implementation of reforms in these areas.

#### 4.6 Cost Recovery

##### 4.6.1 Introduction

There are two sets of arguments about why costs should be recovered in full for housing. One set of arguments is related to the "givers" of housing and the other to the recipients.

On the givers' side, the argument for cost recovery relates to replicability. If sites and services projects are to be replicable, and to be so on a scale necessary to absorb the increasing populations, the projects must be self-financing. If scarce subsidies are applied to a single project, then there will not be enough to carry on with successive projects. From the givers' side, replicability is the chief argument for cost recovery.

#### 4.6.2 The Recipients' Perspective

From the recipients' point of view, replicability of the projects is not really a concern. In the sites and services cases examined, the users' perspectives on cost recovery were stated more in terms of "Why should we have to pay? - Our neighbors in the project are not paying.", or "Why should we pay? Our water is not working, the roads have not been paved, the garbage has not been collected." or "Why should we pay when we can squat for nothing?" What this amounts to is the rationale of "Why pay when we might not have to?"

In the first case, ("why should we pay, our neighbors are not paying"), once payments arrears begin to accumulate and are not checked, the entire project's repayment record goes into arrears, because news travels fast that others are not paying and nothing is happening to them. In the second case, ("why should we pay, our services are not working"), inefficient project management and delays in servicing cause households to withhold payments, which, over time, become uncollectible. In the third case ("why should we pay, people in Mathare are not paying"), households realize that there is this "free" alternative in the market and, sometimes the new plots in the sites and services projects do not have the advantages of location which the more central city squatter settlements enjoy.

But another rationale for cost recovery, neither distinct to the givers or users perspective, is related to the fact

that housing represents such a lucrative asset. Because sites and services offers secure ownership of land in short supply, and the fact that the units, once built, can be rented, a plot is in fact a productive asset which should be paid for. This "should pay" argument is particularly evident when plot rentals are more than covering the monthly mortgage payment, but the plot is in arrears.

#### 4.6.3 The Bank Reality

The question of cost recovery was addressed to a number of urban staff at the Bank and a somewhat different answer, or at least a derivative of the replicability rationale was given. When asked why cost recovery was such a central force - one of those non-negotiable components of the projects - the response was that the Urban division had to pull its own weight. Urban had to be self-financing relative to the other sectors at the Bank. This was related to the way "urban" was thought of as a sector both within the Bank and within governments. Housing within the urban sector, was considered but one component of a larger system in which it was not assigned a high priority position. The view of urban as a bottomless pit by national economic planners, for example, seemed to be evident at the Bank.

The Urban division had to disprove this "bottomless pit" attitude of the macroeconomic planners at the Bank. As one staff member stated, "there were to be no subsidies for urban.

McNamara's call to alleviate poverty was intended for the rural poor. If any subsidies were to be given, it would be to rural. Urban had to pull its own weight." The fact that "urban had to pull its own weight" meant that cost recovery on the sites and services projects was critical for the Urban Department's credibility.

In negotiating a project with a government who, for example, did not feel users should have to pay, as in the case of the Nicaraguan Earthquake Reconstruction project, the Bank, according to one official, would not negotiate on the cost recovery item.

#### 4.6.4 How Cost Recovery Was Worked Into The Project

##### a) Stable Income

The first measure the project formulators took to safeguard cost recovery was (as mentioned previously in 4.3.2) to make sure that allottees were capable of making monthly payments. In Dandora, the cheapest plot option was to be affordable to households earning a monthly income of Ksh 280, which assumed a 25 percent expenditure for shelter and services. This plot option was intended to be affordable to households as low as the 20th income percentile.

##### b) Downpayments

Another feature that was built into the projects to ensure cost recovery was the regulation of downpayments. A

10% downpayment was required by each eligible allottee. The ability to pay a downpayment was considered by the Bank to be a signal of a number of things: one, some proof of stability - the person has savings so must be stable and therefore able to handle a mortgage; two, some sign of dedication to the project - a person who raises a downpayment is serious about the project and what it represents whereas if it were free to start off with, anyone could enter into the project and then default on payments; and, three, the risk of losing a downpayment was a strong incentive to make the project succeed by building up one's plot and keeping to required deadlines.

c) Repossession and Eviction

The Bank also formulated regulations in the projects which governed arrearages and default if cost recovery ran into problems. In Dandora, the project unit could repossess lots and any buildings in cases of default. After two months in arrears, a first warning notice was to be sent. After a six-month delinquency, final notice was given with a notification of eviction unless the delinquent account was reduced to four months by a given "set time". At nine months, an eviction notice would be sent, allowing the family or occupant four weeks to vacate.

Eviction, water lock offs and this system of notices, warnings, etc. were written into the mortgage agreement with the allottees in the sites and services projects as a means of

ensuring cost recovery. The project staff felt it necessary to at least have this punitive system on paper. The absence of such would lead more easily to a decision not to pay.

d) Urban Management

Another way in which the Bank's need to ensure cost recovery was worked into the projects occurred at the city level. As part of its loan agreement for Dandora, the Bank called for a number of urban management and policy reforms. The IMF's Municipal Finance Study for example was part of this loan agreement and called for the reorganization of Nairobi City Council's operations, budgeting and accounting. Cost recovery depended on the appearance if not the actuality, of a strong collections and enforcement system. NCC had a poor record in this regard.

Similarly, with the Bank's Kayole project in Nairobi, urban management policy reforms were included as part of the loan agreement, covering property tax reform; establishment of a valuation unit within the Ministry of Local Government for setting general rate levies; preparation of regulations to control accounting and financing of housing related activities; and, agreement that the funding of the local authority be ensured by the Government of Kenya. Similarly, in the Lusaka loan, a number of legislative conditions were attached, including for example, revaluation of the property tax for increased local revenue and the enactment of new

housing legislation to provide a legal basis for the registration and tenure of land in Zambia.

What all this adds to is a series of measures designed by the World Bank that were to insure the capability of the local government to enforce cost recovery on the projects, and to increase its revenues in general which would build a healthy local government administration. This latter revenue producing aspect of the Bank's technical assistance on the projects might also be interpreted as a safeguard: if the residents did not pay back the local government, then at least the local government would have revenue from other sources to pay back the loan to the Kenyan Government and in turn, to the World Bank.

#### 4.7 Project Appearance And The Need For Speed

##### 4.7.1 Introduction: Selling the Idea

The status of the projects as demonstrations carried with it a great deal of pressure to ensure that: a) the project implementation ran as smoothly and swiftly as possible; b) the goals set forth in the project design were achieved; and, c) a satisfactory and pleasing product resulted. The source of these pressures was related to the need to sell the idea of sites and services to a reluctant local government.

At the national level, the sites and services concept had been part of official housing policy in Kenya since 1967. (11) (The Dandora project appraised in 1974 was the first (12) large-scale project to use the sites and services concept in Kenya.) Despite the rhetoric of official policy there was large-scale opposition to the sites and services approach at all levels of government.

However, for the national government sites and services project loans offered access to much sought-after foreign exchange. (13) Meanwhile, the local governments were left with the burden of implementing the project and repaying the loan back to the national government. A very reasonable fear at the local level was that inflation combined with defaults and slowdowns in the collection of monthly payments from allottees would result in an ever-increasing allocation of the municipal budget to service the debt, in effect, resulting in massive subsidies for housing from the city which it could not

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11 The sites and services approach to housing was adopted as official policy in Kenya after a 1964 UN mission was led by L. Blumberg and C. Abrams.

12 US AID was also in the process of giving approval for a loan for 6,000 units in 1975.

13 The IDA/Bank loan for Dandora of 14 million dollars was initially absorbed by the Kenyan Finance Ministry in US dollars. The Ministry then on-lent the loan in Kenyan shillings to the Nairobi City Council.

afford. As a result, some government officials had serious reservations about taking on the projects.

The second source of pressure was derived from the Bank's internal operations. The Bank's project staff were accountable to the home office not only for the quick and successful disbursement and recovery of loans, but for the quality of the final product as well.

Additionally, in lending for development, the task is not one of just moving money as one would find in other forms of commercial lending institutions. Commercial banks, for example, whose central reason for being is to move great sums of money, do keep tabs on how the money being lent is being spent, but not in any direct sense as supervising project implementation. Evaluation and success are largely measured against quantitative criteria (i.e. profits generated, dollars loaned, etc.) rather than a qualitative analysis of the product achieved with the bank's money.

Not so for the World Bank. Each project is carefully monitored by comparing the original goals of the project against on-going appraisal reports. There is a strict system of accountability related not only to things measured objectively (i.e. is the loan being repaid?) but also to more subjective criteria (i.e. Does the project "look" good? Does it look like a "slum" or "shanty town" or something better? Does this project reflect well on the Bank? Can we show it to the Bank President as an example of the good things we in

Urban are doing? Are we influencing our "client's" policy? Are we teaching them improved techniques for efficient development?)

These combined pressures led to the establishment of two additional and related goals in project implementation:

- 1) the need to make the physical appearance of the project as pleasing as possible; and,
- 2) the need for speed in the consolidation of plots and the general execution of the project.

#### 4.7.2 Project Appearance

In addition to the aforementioned reluctance of local officials to commit to sites and services for fear of additional financial and manpower burdens, there was a very real suspicion associated with the self-help movement in housing. Local governments were already sensitive to what they perceived as sprawling blemishes on their cities caused by squatter settlements. They argued against lowering standards in sites and services for fear of being seen as building slums themselves.

In this light, sites and services had to be proven: they would not develop into slums, but rather into "nice-looking communities". In effect, the idea of progressive development had to be put to the test. As demonstration projects, the Bank's sites and services had to reveal themselves to the local government officials as attractive, secure and

responsible communities. The Bank was, therefore, interested in achieving a product that was acceptable to the governments who were waiting accusingly in the wings.

#### 4.7.3 How Project Appearance Was Worked Into the Projects

Regulations on building standards and materials were included in the sites and services projects. The rooms built on each site were highly regulated in this regard. The allottees had to build to a specific uniform standard of dwelling and with specified building materials in order to maintain the quality of the project. These standards of building were seen by the project staff as a means to guarantee that the governments would be in favor of the final product.

##### a) Building and Material Standards

It should be added, however, that the Bank and other donors argued strongly with local officials to lower standards. In the Dandora project intense conflicts with the local government arose over this issue.

In my review of donor-assisted housing projects in Kenya and from interviews at the Bank regarding other projects, it has become clear that local governments have a strong interest in maintaining high building standards for low-income projects

in accordance with existing building codes initially designed for middle and high-income housing.

However, in the interests of affordability, the Bank and other donors set out to convince the governments to lower these standards for their assisted low-income housing projects in order to make the sites more affordable to the urban poor. In Kenya, for example, a compromise was worked out whereby the Nairobi local government adopted a lower standard of services and house construction as a result of pressure both from the donors and from the national government, the latter being anxious to attain the loan and resulting foreign exchange. This lower standard was begrudgingly adopted by the Nairobi City Council despite continued claims that they would be building slums.

For the Bank, the lower standard that was adopted was not as low as desired but was an improvement over what the building code originally prescribed. Hence, costs could be brought down on the projects.

The end result for the households, however, was still a set of construction and building materials standards and regulations to which they had to comply. As a result, self-help construction became more difficult and expensive as detailed in the following chapter. Moreover, the spirit of sites and services which was to loosen up the shelter system for the poor, became a rigid program of construction with deadlines and standards difficult for an inexperienced

household to meet and build to. Despite this conflict with the recipient governments over the issue of building standards, it remained, however, at the demonstration level, important to the Bank to ensure its sites and services projects developed into a "quality" project that the governments could appreciate, and therefore be willing to replicate on their own.

b) The Addition of Community Facilities

The Bank's need to have the sites and services project develop into a "nice looking community" was also achieved by the inclusion of "extras." For example, a large number of community facilities were included, in addition to set requirements on open space as well as street lighting, all of which were lacking in the squatter settlements of Nairobi.

Bank staff members described the project additions as a "Christmas tree approach" where the Bank added on to the basic low cost scheme, a number of ornaments to "decorate" the project. In Dandora, these included 2 nursery schools, 6 primary schools, 2 health centers, 2 community centers, and 1 sports complex. By contrast then, the Dandora project would look like a very tolerable, if not an attractive alternative for the Nairobi City Councillors to the squatter settlements in the city.

c) Temporary Dwellings

The Bank's need to sell the idea of sites and services to recipient governments also affected the projects in other, less obvious, ways. The Bank's desire to make the projects look good so that the governments would "buy the idea" often caused rules and regulations to be built into the projects which increased construction costs for the residents. For example, in Dandora, as part of the project design, the allottees were encouraged to construct a temporary shack on the lot for use during permanent construction. However, it was regulated that after 18 months once the first permanent room was built, this temporary shelter had to be torn down.

It would seem that this rule existed solely for visual reasons, to avoid the appearance of substandard dwellings on the project site. The temporary shelter was in fact found to be useful for storage and security of building materials during construction of the remaining rooms.(14) It was also found that it was useful for continued residence by the allottee, as it was more beneficial to rent out the first permanent room to help finance the rest of the dwelling construction. However, the project as it was designed by Bank and local project staff from the beginning, called for the demolition of the shack, for reasons of appearance.

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14 Praful Soni, "Self-Help Planning Construction and Management in a Site and Service Project in Nairobi, Kenya," Ekistics 286 (Jan/Feb 1981): 53-64.

#### 4.7.4 The Need For Speed

##### a) The Field Reality

As it may be apparent, the need to consolidate plots quickly - get them built-up and looking complete - was very much related to the need for the project to look good. Although the Bank had faith that the sites and services community would become a quality community through progressive development, they had to make it "progress" a little faster. The problem the Bank faced was as follows.

The sites and services concept was based on the notion that the city government would simply help to initiate a "process" by providing the raw materials ("sites" and "services") to build upon over time. The allottees would do this according to their own capabilities and schedules. But the Bank staff were also under intense pressure from the local government to achieve a product quickly.

For instance, the NCC insisted that on each plot allotted, two permanent rooms had to be built according to official standards, within 18 months from the date of allotment. In other words, the local officials would not wait for progressive development, and their judgments on the future of sites and services projects would be based on initial impressions of the project.

b) The Bank Reality

From my discussions with Bank staff in Washington and in the field a tension could be felt in the way they talked about their work. This tension was related to the constant need to execute their projects as rapidly as possible. They spoke of project "successes" in terms of speed - speed in appraisal, speed in negotiations, in loan commitments and loan disbursements, and speed in project consolidation.

One could not help but read into all these references a need, when it comes to projects on the part of the Bank, to "get in and get out quickly", get the projects completed and move on to the next project, not surprisingly since the Bank measures staff performance in terms of speed of project execution.

Indeed, once a project was appraised and "on line" Bank officers would often delegate the rest of the tasks and start up a new project. It was considered good for appearances at the Bank to have a few projects on the go. When rewards such as career advancement depend upon one's performance in terms of loan disbursements per-man-hour measured against some norm as well as against other colleagues' work, objectives such as getting in and out of projects quickly, taking on more than one project at a time, and other aspects of moving quickly through the entire project cycle, becomes more important in terms of professional work.

#### 4.7.5 How the Need for Speed Was Worked Into the Project

##### a) Special Project Units

My review of sites and services documents for the Dandora and other projects, and interviews with project staff in Washington revealed that the Bank attempted to insulate the projects from local political conditions and the existing bureaucracy to as great an extent as possible. I believe that the ultimate motive was to increase the speed and efficiency of project execution and ensure a wrinkle-free product.

In order to achieve this, the project formulators considered it necessary to avoid channelling the execution of the projects through existing city management. Specifically, the Bank saw that bottlenecks, delays and damage to the projects' credibility could come from three sources:

- 1) the local administrative bureaucracy, i.e. municipal departments of planning, public works, utilities, finance, housing, etc.;

- 2) local or national political representatives, including politicians, community leaders and the existing political dynamic; and

- 3) the detection and publicizing of corrupt practices such as bribery or the misallocation of funds and plots.

The Bank staff interviewed in Washington argued that in operating as a development bank they needed to be "apolitical." I believe the meaning imparted with their use of the term "apolitical" was that the Bank as a multi-lateral

aid agency had to remain neutral and avoid being associated with any one power group - a kind of professional impartiality. However, the reality of the apolitical stance was actually much less altruistic.

What they hoped for was that by disengaging the approvals process and management of implementation from the local bureaucracy, they would be able to build the project smoothly and quickly.

In an effort to get around these three potential obstacles, "special project units" were created specifically for the execution of sites and services projects. (15) These special units had the advantage of being partially outside of the mainstream local government bureaucracy, and hence outside of local politics, corruption, red tape etc. Thus, in theory, the Bank's desire to execute the projects quickly and smoothly was accommodated through this special unit.

These special units also had powers which could speed up approvals and avoid costly delays in land consolidation, subdivision and servicing. This meant removing some powers from the normal city process and by-passing the usual approval routes.

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15 The Bank created special project units in many of the first generation sites and services projects. For example, special units were set up to execute the Bank financed sites and services projects in, among others, Jamaica (1974), Botswana (1974), Lusaka (1974), Korea (1974), and Nairobi (1974).

In the Dandora sites and services project, Bank project officers hired officials from other related areas in the local bureaucracy to staff the special project unit. Often these represented the best staff inside the existing government departments.

This secondment was made possible by the higher salaries offered; better office conditions; various "perks" which sometimes included a car; as well as a sense of power in terms of the direct lines opened between the project unit, the World Bank in Washington and the national levels of government.

In Nairobi, the special Dandora Project Unit, which eventually became the Housing Development Department (HDD) of the Nairobi City Council (NCC), was governed by both NCC Councilors and representatives from the national ministries of Housing and Local Government. This direct involvement of Government of Kenya representatives in local government operations was unprecedented.

This situation, combined with the fact that the special project unit also took over some of the duties and powers of the departments within the NCC, gave the unit's staff members an unusual level of autonomy and power. The result was a project unit that was: staffed by some of the best professionals in the country; that had speedy approval lines outside of the weighty local bureaucratic process; and was perceived as accountable more to the Bank and national levels than to the local government.

The official rationale for the creation of a special project unit, was stated in the Bank's Dandora Project Appraisal report.

"The Unit is necessary because the Council's Housing and Social Services Department is not capable of implementing a project of this size and complexity under its current organization and staffing."

The special unit was thus argued to be a way of building up expertise within a new institution to implement the projects.

However, in my discussions with World Bank staff who had been involved with sites and services for over a decade, these independent units were never explained as a means to institution building. In one such discussion it was stated that "the governments have their own agendas when it comes to these housing projects. We had to get the projects out of governments' hands. Moreover, the Bank is trying to be a-political so we try to avoid political problems since once they have arisen we can't point a finger at the governments. Especially in instances of corruption."

b) Fast Consolidation of Plots:  
Construction Schedules and Deadlines

In most of the Bank projects surveyed (16) it was common to place deadlines for each allottee on the construction of a  
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16 The sites and services projects surveyed are listed in Appendix 2 and include some 20 cases.

permanent dwelling. In Dandora, the allottee, as part of the purchase agreement, had to build the permanent dwelling within eighteen months. This regulation was enforced by threat of eviction.

The requirement on the part of the allottee to build a permanent dwelling according to the building standards established by the project staff, and within a specified time-frame, was significant not only as a way to hasten project implementation, but also as a way to ensure the quick appearance of a nice community.

This was accomplished both through the regulation on building standards (the permanent dwelling had to be built to a specified standard using accepted materials) and the regulations on construction schedules for both the household rooms and the community facilities, street lighting, and site servicing.

c) Fast Consolidation of Plots: Materials Loans

Other components were built into the projects which also kept the construction hurrying along. The inclusion of materials loans not only helped to maintain a standard of construction (especially when the materials stores were located on site and offered as loans in kind), but their inclusion also contributed directly to fast consolidation of plots as needed by the Bank.

The provision of materials loans acted in two ways to ensure speed of construction. Firstly, materials loans overcame the otherwise slow process of stockpiling materials commonly seen in the self-help practice of progressive development of housing. Secondly, they meant an instant access to credit for materials and hence an immediate commencement of construction.(17) The fast consolidation of plots by the residents was therefore to be achieved both through construction deadlines and access to materials credit, both of which were designed into the Dandora program.

d) Fast Consolidation of Plots: Construction Loans

One further instrument to ensure the fast consolidation of the site was the inclusion in the "materials loan" of credit for hiring contracted labor. Although the guiding principle behind the sites and services idea was originally identified as self-help, my research has shown that this vision could be quickly replaced by the Bank staff if it was found to interfere with the Bank's need for speed.

In the Lusaka, Zambia sites and services Bank appraisal for example, it is stated that self-help should be encouraged,

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17 This override on the building materials loans vis a vis the former practice of stockpiling in line with what a resident's income allowed, not only meant an instant credit to get construction under way, but also a long-term debt for the households. The need to build a permanent dwelling within 18 months removed flexibility and pushed residents to contract out much of the construction. Such outcomes will be presented in the following chapter.

but "only insofar as not to interfere with the timely execution of the project". Hence if self-help was found to be too slow, it was recommended that construction be done by contractors.

Similarly, materials loans on the second World Bank project in Nairobi, known as Kayole, were identified at appraisal as being intended to cover both the materials cost and the necessary hired-labor cost to construct houses up to two bedrooms.

Although driven by the need for speed, this inclusion by the Bank of credit for hiring labor was of great benefit to the households, particularly those whose time to engage in self-help construction of the dwelling was too limited to meet the deadlines being imposed. In fact, although the Bank states that self-help should be replaced if it slowed the project down, this addition of credit for households to hire labor can be regarded as a form of "guided" self-help.

The need to ensure the timely execution of the project, both for Bank organizational reasons as well as for the field related reasons cited above, were translated into very specific project operations. The sites and services idea, when made operational by the Bank, was greatly transformed by this governing principle of speed.

#### 4.8 Conclusion

In the preceding I have attempted to identify and describe seven central forces which I believe significantly shaped the World Bank assisted sites and services projects, and specifically, the Dandora project in Nairobi, Kenya.

As the reader may have already assumed, many of the add-on objectives, such as the need for speed and to demonstrate the actuality of a "nice looking community," which guided the projects through implementation, directly contradicted many of the original principles of the sites and services model. In this sense the seeds of "failure" existed in the original project design, although other unexpected outcomes seem to have mitigated any major, potential shortcomings of the project. I also hope to portray these problems, in the following chapter, as inevitable outcomes of a first-time project executed in an unexperienced institutional context. In the final analyses, they do not overshadow the significant success of the Dandora project, nor the power of the original idea.

## CHAPTER 5: OUTCOMES

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## 5.0 OUTCOMES

### 5.1 Introduction

I have structured the following discussion on outcomes of the Dandora project in a manner which measures the problems discovered in implementation against the original objectives of the approach. I therefore examine outcomes under the same topic headings used in Chapter 4, but in this case I have reversed the order in which they are presented. This is simply a means of presenting the story in a way, which I believe, is most informative.

### 5.2 Outcomes: Project Appearance and the Need for Speed

#### 5.2.1 Introduction

The importance of project appearance, and the need for speed in execution, were linked earlier to the Dandora project's status as a demonstration project. The success of the project in meeting these perceived requirements was mixed. Ironically, it was the creation of the special project unit - a move intended to expedite the management of the project - which indirectly caused the project to be delayed by 2 1/2 years. The independence of the project unit alienated the existing NCC departments to such an extent, that city

officials began to obstruct the progress of Dandora as a means of exerting their authority.

While this situation led to cost overruns, the animosity between Dandora staff and NCC also raised questions about the extent to which the special project unit was serving the purpose of institution building. The need to move the project along quickly therefore countered other objectives of the project. A more detailed discussion of these conflicting goals is continued in the following section on Replicability and Institution Building (Section 5.4) I will therefore focus the following discussion on the impact which the need for speed and project appearance had on the ability of the project to reach low income allottees.

#### 5.2.2 Plot Consolidation

The 18 month deadline for building the first two rooms on each plot was met by between 57% and 67% of the plot holders. After 30 months, between 83% and 91% had completed these rooms, and 99% had started construction.

Although many households neither had the time nor the will to build on their own, the need for speed did interfere with those who had the ability and inclination to do so. In other words, the 18 month deadline on the Bank's projects meant that the self-help process, as it was originally conceived (as sweat equity or family labor), had to be ruled out for such allottees as too slow.

Contracting the work became a means to meet this deadline, for those able to finance such ventures. However, it appears, on closer examination, that the 18 month deadline itself was not the guiding force in getting the rooms built quickly by the allottees. Knowledge of potential income from rent acted as a positive incentive for the households to build as quickly as possible. In Dandora, a well organized labor system developed, specializing in building these extra rooms to the specifications required by code.

But the imposed deadline led to problems for the poorest allottees who could not afford to hire outside labor. Many used the materials loan, in part, to help finance contracting labor, but this amount proved insufficient.

In Nairobi, I conducted an interview with a priest for the Dandora Catholic Church who lived in the Dandora sites and services project. He stated that the poorest families of Dandora were in default and had been unable to build their rooms within the imposed time frame. He had undertaken the creation of a revolving fund with a small grant of \$500 from the Ford Foundation as a means to help the poor families in the Dandora Parish who were facing these problems. He personally administered this fund, and for each loan, requested the family deposit their ownership cards showing title to their plots with him. Once they had built the first room and began deriving rental income from it to pay him back, their cards were returned and the money was reallocated to the

next family in need. As a result of his system, the threat of eviction was waived by the local authorities.

One can see how vital rental income was in allowing the Dandora project to reach low-income households. In most cases, if income were not supplemented with rents, the hiring of labor in order to meet deadlines would be impossible - and self-help labor, too slow. Poor allottees could easily be put in a position not only of acquiring substantial debts (plot payments, materials loans, etc) but of effectively "over-consuming" shelter by being part of a project which demanded plot construction to a specific standard within an unreasonably short period of time. Based on their experience with Dandora, the Bank was able to convince local officials that the deadline for plot consolidation in Kayole should be extended from 18 to 30 months. For the poorest allottees of Dandora it was therefore vital to be in a position to rent rooms out as soon as possible.(1)

The anticipated progressive development of the plots according to the priorities and financial resources of the allottee was therefore not typical of Dandora. It was a process akin to a traditional construction project with predesigned structures and tight project schedules.

In the interest of making the project look as good as possible, plot holders were forced to tear down wooden shacks

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1 A more detailed discussion of how the lowest-income plot holders coped with these problems is continued in section 5.6: Affordability

which they had built when first occupying the site. Many residents whose incomes depended on informal sector employment had erected small vending shacks along the main streets in Dandora. A formal market was built with the project, but a vendor had to pay rent to use it. The informal shacks were perceived by local officials as an eyesore reminiscent of the uncontrolled squatter settlements. They were therefore continually tearing down the informal vending shacks.

### 5.2.3 Summary of Outcomes: Project Appearance and the Need for Speed

The need for a standard of project appearance and speed in plot consolidation can therefore be seen as pressures which worked against the kind of flexibility and progressive development which the sites and services model originally specified as a means to affordability. Fortunately, Dandora was able to make up for these shortcomings through the income earning potential offered by rentals. As stated earlier, many of these pressures to move Dandora through consolidation quickly, and to specify uniform standards in design and materials can be attributed to the project's status as a first demonstration. I would suspect that many of these pressures have subsided now that the fact of a built sites and services project has engendered its acceptance. Certainly the appearance of Dandora with its rows of stone block houses, uniform street and lot patterns - though somewhat brutal - has

absolutely no similarity to the much feared "slums" which the project's retractors initially predicted.

Relief from these pressures will allow the re-emergence of first principles of the sites and services model, which in turn will lessen future projects' dependence on renting units as a means of effectively subsidizing low income households' participation.

Although renting proved to be of of vital importance in the Dandora project, there will be a point (perhaps theoretically) when the demand to rent rooms will be oversupplied by new sites and services projects. Hence, when this market is saturated, obtainable rents will no longer cover the mortgage and utility costs incurred by the plot owner. For this reason, it is important that the principles of self help and flexible scheduling are maintained in the formulation of future projects.

### 5.3 Outcomes: Cost Recovery

#### 5.3.1 Introduction

Although cost recovery was viewed by the Bank as critical to the success and future replication of sites and services projects, it was one component which they seemed to have little control over. Collections were the NCC's responsibility, and for a variety of complex reasons, NCC

appeared to have neither the means nor the will to enforce the payment schedule of allottees.

### 5.3.2 Arrears

Six months after the completion and subsequent occupation of Dandora's Phase I, only 13 plots out of 1,033 were in arrears. By 1980, 72 percent of Phase I allottees were in arrears. As of 1983, total arrears for Dandora stood at Ksh 4.7 million (US \$650,000).

The explanation for these arrears cannot be traced to the allottees' financial conditions. In the very early stages, many of the lowest income allottees went into arrears and needed assistance to get the first room built. However, once the rental income was being received on the first room, an inability to meet the monthly payments was no longer a reason for the arrears. In fact, most Dandora plot owners were making a substantial profit from rents. Something changed in the allottees' perception of Nairobi City Council's will to enforce penalties for non-payment of arrears.

### 5.3.3 Institutional Capacity

In fact the NCC did not seriously enforce the stipulated penalties against delinquent plot holders. Although notices of impending eviction were sent out, NCC staff were either too overworked or unwilling to enforce these measures.

This did not go unnoticed by the Dandora plot holders which explains the rapid rate of arrears after an initially successful collection period. A partial explanation for non-enforcement may be the housing unit's lack of manpower to deal with the volume of allottees.

In 1976 the housing unit was responsible for collections on 1,000 properties which it handled manually. By the time Dandora, Umoja I, and other smaller projects came on-line the accounts were numbering well over 12,000. However, staffing of the department did not substantially increase in response to the new workload.

#### 5.3.4 Municipal debt

Arrears in monthly payments from the allottees did not of course lessen the obligation for Nairobi City Council to pay its monthly premium to the Government of Kenya against the World Bank loan. NCC was therefore forced to make up the difference from its own budget. As no interest charges were being levied against the allottees' delinquent accounts, arrears translated into growing interest charges which NCC had to cover. To compound this rising debt, NCC's payments for foreign loans were susceptible to large increases as a result of the devaluation of the Kenyan shilling.

I have not found any specific data on the financial costs which the Dandora loans have placed on NCC, but a similar situation developed with US-AID's Umoja I project in Nairobi,

being built in the same period, for which figures are available.

As a result of devaluation of the Kenyan shilling in 1979 and 1982, the monthly payments which NCC was receiving from Umoja residents covered only 76 percent of the amount the city had to pass on to cover the foreign debt. This meant in effect that the city was subsidizing each of the 3,000 Umoja I units at a rate of Ksh 1,025 (US \$82) per year. (2)

The mounting burden which these projects were putting on municipal budgets was making the prospect of replication less likely.

#### 5.3.5 Political Will

Perhaps the most pressing question which arises in light of the cost recovery problems can be stated as follows: since the mechanisms clearly existed to enforce cost recovery, why did the government repeatedly avoid doing so ?

A shortage of manpower or weak management capacity to enforce collections offers a partial answer. I believe a fuller answer to this can be found through an understanding of the role that public projects play in political life.

To governments involved on the giving side of low-income shelter, housing acts as a very powerful signal of caring about the poor in a city. This aspect of housing translates into a high level political posturing in the field which is

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2 US AID Files - Nairobi.

critical to all functions of the housing delivery system, housing policy changes and the replicability of housing programs. In Nicaragua for example, during the earthquake reconstruction project, housing was seen as a signal of caring for the poor who had lost their houses. The Government refused to charge for the new houses and hence recover costs on the World Bank's assisted project, despite the Bank's assistance on cost recovery.

Housing projects are a way of getting votes; gaining influence; positions of power; popularity within a political constituency; and, in addition, provide a means of maintaining political stability. Housing programs and their successful implementation are strongly dependent on an understanding of this sector as a highly valuable political asset.

It is for these reasons that we witness the handing out of titles to low-income recipients in a housing project personally by the mayor of a city or the president of a country (3). It is also for these reasons that countries allocate investment into housing during times of social unrest despite a stated priority to invest in industrialization first. When political stability is threatened as a result of poor housing conditions, a country's economic program can also

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3 For example, in launching the "Million Houses Program" in Sri Lanka the Prime Minister personally distributed titles to low-income residents for new houses.

be destabilized due to a concomitant decline in foreign investment, tourism and a migration of industry. (4)

The fact that housing is of political consequence means that the givers of housing may ignore the more political, economic, and cost recovery aspects of shelter. Low-income housing thus must be considered in light of its capacity to act as a signal, as a means to something more, and as a demonstration of an attitude about caring for the poor by governments and international donors in their capacity as "givers" of housing.

In Nairobi, there seemed to be a lack of will to enforce cost recovery, which I believe, derived from the alienation of politicians and local officials from the project implementation task.

Because the method of implementation (via a semi-autonomous unit) had minimized the involvement of existing political figures, the project was likely perceived of little value in terms of their enhancement amongst Nairobi's constituents and power groups. In fact, it is probable that,

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4 Charles Abrams identified this relationship between housing and political stability in Jamaica and Columbia. He stated: "When Jamaica elected to earmark 60% of a US grant to rehouse squatters and made housing its top priority, it was not because there was no need for more factories. The reason was that the whole economic program would bog down, foreign investment and tourism might begin to sense danger, and political stability would be threatened unless the housing problems were resolved. In Columbia, squatters caused as many social problems, political discontents, and disorders that industry in one of its cities began to move and the country had to initiate a crash housing program to induce the rest of industry to remain." (Abrams, 1964)

in terms of political advantage, more could be gained by opposing cost recovery. The political dynamic created by Dandora was such that officials probably had an incentive to be sluggish about collections.

Although speculative, I think there also may have been a perception that a debt to the World Bank was actually not such a serious thing. From the low-income plot owner all the way to the NCC councilors they may have felt that eventually they would be bailed-out from the mounting debt. Certainly, in light of the NCC's lack of enthusiasm to enforce penalties for arrears, Dandora plot holders could not be blamed for operating on the not unreasonable maxim: "Why pay if we might not have to?"

#### 5.3.6 Summary of Outcomes: Cost Recovery

The ability to successfully recover project costs depends on two important factors. Firstly, that the manpower and institutional capabilities are equal to the task and secondly, that those responsible for cost recovery have a vested, political interest in its success and enforcement.

The first item seems to have been partially responsible for the record of arrears on Dandora (and Umoja I). The need for improved revenue collection underscores the importance of focussing on areas of urban management.

More important is an appreciation by the Bank of working within existing channels of political authority, although this

suggests a slower pace of implementation and greater levels of tolerance and patience. This lesson, though not unknown and noted by the Bank, is a knowledge easily forgotten in the confusion related to project implementation. Moreover, it remains a prerequisite to: successful institution building; establishing a will to replicate; and, cost recovery.

#### 5.4 Outcomes: Replicability and Institution Building

##### 5.4.1 The Dandora Project Unit

The Bank's effort to insulate project implementation from the existing municipal administration by creating a semi-autonomous special project unit seemed to have had a backlash effect in terms of relations between the Nairobi City Council and the project unit.

The project unit was set up and operative under the terms of the appraisal in 1974. But by the end of 1975 the NCC had already removed many of the powers originally assigned to the unit which allowed it to make independent decisions. Consequently, most matters pertaining to project design and expenditures had to be approved by existing departments whose jurisdictions overlapped with the project's various components, such as engineering, planning, health, education, sanitation and housing, all of which were represented by various existing departments and committees. This weighty

approvals process was precisely what the creation of the special unit had set out to avoid.

More seriously, the existing Social Services and Housing Department of the Council considered itself to have jurisdiction over all matters related to city housing, though its role was primarily to manage existing city-owned rental projects.

By 1978, this conflict over turf was creating major slow-downs. In addition, the presence of national government representatives on the Board of the Dandora Project Unit was threatening to the Councilors and officers of the NCC. There was considerable antagonism between the NCC and the national government resulting from the Government of Kenya's neglect in transferring NCC its required reserve for operation. On the other side the Kenyan government considered NCC incapable of managing its finances, and were warning the city of an impending financial crisis.

#### 5.4.2 The Formulation of the Housing Development Department

In an attempt to rationalize the city's housing administration and mend bruised egos, the Bank merged the project unit back into the NCC. The hope was that all authority related to housing development would be given to the newly created Housing Development Department (HDD), and that its operations would be independently controlled. However, strong resentment prevailed, and the NCC refused to lessen the

mandate of the old Social Services and Housing Department. The city continued to insist that all decisions be approved by the respective committees and all major decisions be cleared by the Council itself.

One might well imagine the threat which HDD posed to the status quo. Firstly, they controlled a massive budget for a high profile project of major importance to the citizens of Nairobi. In terms of perceptions, many NCC officials must have wondered if they were going to get any credit for Dandora. Secondly, the staff of the new department included many expatriates and young, well-educated professionals. Thirdly, the project had brought with it an entire body of outside officials: the IMF, World Bank, GOK and dozens of consultants to evaluate the performance of the Council.

Disbursement of the loan to Dandora was tied to a number of reforms in administration, taxation, and accounting procedures as well as a streamlining of the Council's approval process. In effect, NCC officials were being told that their incompetence would have to be resolved if they wanted the loan for Dandora to proceed.

The consequent resentment which NCC officials felt was directed not only at HDD but to the Bank as well. A former official of the City Engineer's Department stated that before Dandora, his department was "magnificent," characterized by a staff who were "active and working together" but that "the

World Bank loans started splitting us up" and "we became competitive with each other."

In 1975 the City Engineer's Department had in fact been responsible for the \$10 million US AID core housing project. The UMOJA I Project Unit operated entirely within the established NCC. According to US AID's final evaluation of the project, they concluded that the Engineering Department was fully capable of implementing a sites and services style project and UMOJA I was evidence that NCC could achieve this without significant delays or cost-overruns.

This finding is significant, in terms of questioning the Bank's justification for setting up a special unit. While the Bank referred to the size and complexity of the Dandora project as something which the existing NCC was incapable of handling, could it be that the simultaneous implementation of Umoja I and Dandora were simply overtaxing the normally adequate manpower resources of NCC? In other words, the competitiveness between the two aid agencies (USAID, World Bank) which translated into a need to have the projects built quickly, necessitated the Bank's use of an external implementing body. If this was the reality of the situation, the resulting friction between NCC and HDD could well be understood.

Whatever the source, the overall bitterness which characterized relations between the special projects department (HDD), and other departments was responsible for

delays on Dandora of up to 2 1/2 years resulting in substantial cost overruns. By some accounts, the City Engineer's and Health Departments became obstructionist in its dealings with HDD, disapproving or delaying many decisions which it had responsibility for. (5)

#### 5.4.3 Misallocations

Because of past misallocations of plots in the USAID's Umoja I core housing project to both city and national government officials (6), an impression was left in Nairobi that sites and services projects had plots up for grabs to any government official who could exert enough pressure on the local project staff. Given the high demand for housing in Nairobi, this wishful thinking seemed to be spawned by the extremely lucrative profits which holding a plot offered.

For these reasons, staff members of the special project unit faced intense pressures to misallocate plots. A junior staff member of the Community Development Division of HDD responsible for plot allotments, recounted the quality of the relationship between his office and the city government at the time when Phase II Dandora and Kayole plots were being allocated.

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5 This is discussed more extensively in Section 5.6 on Affordability.

6 See article in Appendix A from Nairobi local newspapers which covered this story and publicized the list of officials and officials' relatives who received the plots.

"The then mayor submitted a list of names of people he wanted plots for. A great deal of resistance from our staff members was made when this occurred. As a result, the mayor put all of the senior officers on compulsory leave as a means of clearing any opposition. The junior officers were threatened with their jobs as the mayor could simply eliminate their posts. They therefore would not object publicly to the misallocation."

This event was partly responsible for delays in Phase II of the Dandora project and subsequent sites and services projects such as Kayole and USAID's Umoja II which were at the approvals stage.

#### 5.4.4 Re-evaluating Special Project Units

In Nairobi, the Bank's original hope that sites and services projects would be replicated were beginning to fade given the relations between the municipal government and the staff of the special unit who had gained the necessary expertise in project implementation. However, in the Nairobi example, it is necessary to temper my argument of a causal link between the structure of responsibility as set-up by the Bank and the inadequacy of the Nairobi government to initiate new projects.

The general mayhem of the Nairobi political scene at this time,<sup>(7)</sup> (for reasons also unrelated to the projects), and the increasing pressures to misallocate plots, made for a situation in which any kind of smooth implementation was

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7 See Footnote 7, Chapter 1.

difficult, if not impossible. In this respect, the Bank's desire to isolate an implementing unit from the chaos of the existing administration could be viewed as the only reasonable course to take if the project were to advance.

However, though I acknowledge the extremity of the Nairobi context, certainly in the long-term the autonomy of the special project units were destined to create problems even in the most stable of circumstances. This is borne out in the Bank's experience with special units in other countries. For instance, from Bank files on the Lusaka Sites and Services Project, appraised in 1974, it was found that "...the self-contained nature of the Housing Project Unit and the deficiencies of the Lusaka District Council led to their growing apart rather than becoming more closely integrated during implementation." As a result, the Bank has found that "...execution of the project had only a limited effect on the development of the Council's capabilities."

Bank evaluators recognized problems experienced with these units in a number of countries and subsequently re-evaluated the practice. This led to new or second phase projects being executed within the mainstream local government bureaucracies. Already, in appraising Kayole, the second phase Nairobi sites and services project, the Bank stressed "...the need for continuous involvement of all senior officers

of the city council in project preparation and implementation".(8)

#### 5.4.5 Summary of Outcomes: Institution Building and Replicability

In light of these events, the success of the projects' objective to assist in institution building was mixed. On the one hand, a body of well-trained professionals had been apprenticed through the Dandora project, and would be competent in undertaking new projects without the need for large contingents of foreign consultants or Bank technical advisors. But how would they fare in the old bureaucracy?

As it turned out, it often became difficult to fit project staff back into the mainline city government. In both the Nairobi and Lusaka cases, many of the seconded staff were unable or unwilling to return to their original posts in the government after having commanded higher salaries and the related perks that went with positions in special units. After project completion, many of the staff ended up in private consultancy practices, often working on contracts for the international agencies.

On the other hand, the ability of the city government to act as an agent for future projects was compromised by the

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8 Bank files - Nairobi, Kenya - Kenya Urban Development II

intense antagonism and resentment which characterized relations between departments. Not only had the project failed to build-up support amongst established city officials, but the creation of the special unit had resulted in the formation of a body of resistance against the projects.

Government appreciation of the idea of sites and services in the end becomes the determining factor in whether sites and services are adopted as a basic policy stance to the problems of low-income shelter. Decisions of whether or not to allocate scarce budgets to sites and services-style projects are ultimately political in nature, tied to perceived pay-offs and opportunities. Such decisions may be made by many of those who were marginalized from any controlling role in the first-round demonstration projects being financed by the Bank.

However, in terms of institution building and replicability, this last point may be of no consequence. The disruption which a project of this magnitude causes, with all its associated pressures for fundamental reforms in accountability and efficiency, are so intense that the entire body of established officials and/or their operations may simply be swept away.

Although an extreme case, certainly the Nairobi story corroborates this analysis. Because of interferences on behalf of councilors in the allocation of plots, as detailed earlier, and in conjunction with the Kenyan Government's perception of general incompetence, the NCC was suspended in

February 1983. President Moi enacted its complete dissolution in March of the same year.

One could speculate that the new breed of bureaucrats and councilors who will eventually replace the Commission appointed by the President, will be those who fit the standards of reform called for. Thus, in a bizarre and circuitous way, the foundations for institution building may have been placed.

In attempting to evaluate whether the Dandora project is being replicated or not, one is faced with the dilemma of sorting out where the initiatives for new projects are coming from -- the Kenyans or the donors?

In Nairobi, there was such a back-log of "demonstration" projects being financed by US-AID (Umoja II), the EEC, and the World Bank (Kayole) (Mathare North), that HDD could not possibly keep-up, let alone initiate its own projects. Perhaps, the sheer momentum of all these projects will result in a general acceptance of the sites and services approach for future housing needs, at the point when these various demonstration projects are completed.

The evaluation reports of projects undertaken in Nairobi to date all seem satisfied that the concept of sites and services and the need to lower building and infrastructure standards have been accepted by Kenyan officials. For instance, a Bank evaluation of Dandora states:

"(Dandora) is now a highly visible physical fact. It disproves by its presence most of the stated and

unstated fears about this kind of project. The success of the development of (Dandora) is also a politically useful fact of life for the city councils, which are now much more clearly unanimous, in an informed way, in their support of further low-cost housing development of this type."

## 5.5 Outcomes: Home Ownership

### 5.5.1 Introduction

The Bank's decision to allow rentals in the Dandora projects and the subsequent plot lay-outs which anticipated this practice, has been a unique factor in the project's success in reaching the below median income population of Nairobi. The extent of rentals, however, was far beyond anything anticipated at the time of project appraisal.

### 5.5.2 Rentals

By 1983, 65 percent of the total number of rooms in the project were being rented and plots which were entirely occupied by tenants stood at approximately 50% of the total.<sup>(9)</sup> The pattern of allottees moving back to low-rent communities and letting their entire plot, as anticipated by the experience learned with UMOJA I, was extensive in Dandora.

Other indicators demonstrate the extent to which Dandora plots were being used as an income generating asset. For

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9 Bank files.

instance, a survey conducted by Reverend George R. MacInnis (10) showed that 86% of the kitchens built, as required by the project appraisal, were being used either as a place for sleeping by the allottee or as a rental unit.

Similar evidence of the maximizing of Dandora plots for rental income could be found in observing the extent to which the plots had been built up. For instance, a large number of plots exceeded the recommended building coverage of 50 percent and had built to 100 percent. In a few instances, buildings were extended vertically: up to three stories containing a total of 18 rooms per plot, exclusive of toilets, showers and circulation space. Given the fact that rentals from two rooms cover the necessary monthly payments for the plot, the profits generated by these apartment buildings must be enormous.

### 5.5.3 Outcomes of Tenant Occupancy

Several studies (11) showed that the pattern of absentee landlords did not lead to significant depreciation in the levels of maintenance in the project. Nor was there any proof that the stability of the neighborhood suffered as a result of tenant occupancy. In fact, by 1983 the trend of allottees living away from their plots was shifting, and many were

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10 George R. MacInnis. Dandora Survey Results. Unpublished document, 1984.

11 Bank files.

returning to live in Dandora. (12) This may suggest that the period for which an allottee is an absentee landlord is merely a phase in the "progressive development" of the owner's financial foundation. Once debts have been covered, or one becomes safe in the knowledge that future payments can be met without jeopardy to property, the allottee may return to the higher standards and spaciousness offered by the sites and services plot. There is some evidence that such a trend is beginning.(13) These findings, may in part placate the fears of those officials who espoused the absolute necessity for home ownership and owner occupancy. The Dandora project suggests that the ideals of independence, stability and self-pride can be attained through a strategy which incorporates tenants.

#### 5.5.4 Summary of Outcomes: Home Ownership

The ability to rent was fundamental in providing low-income allottees with the financial resources necessary to purchase and consolidate their plots in a relatively short period. Renting rooms made it possible for the project to consist of households well into the low-income range, 95% of which were below the Nairobi median, and a substantial number in the 20th percentile. In this sense, the Dandora project

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12 Bank files.

13 See ahead in Section 5.6.5

appears to have been a highly flexible project capable of adjusting to the variety of priorities and circumstances embodied by the allottee group. For many of the poorest households, home ownership and the increased incomes from rent dramatically changed their existence. In this way, the impact of this project was remarkable.

#### 5.6.0 Outcomes: Affordability

##### 5.6.1 Introduction

As described in more detail in the preceding chapter, the Dandora project was designed with a view to affordability by encouraging self-help, excluding construction of superstructures, lowering standards and allowing rentals. In many respects, the attempts to keep costs low for the actual construction and purchase of the plot, became an uphill battle as inflation and cost escalations related to project delays, increasingly pushed the project out of reach for the lowest income groups. Dandora's success in making the project accessible to households below the medium income, can therefore be attributed more to the income supplement provided by rentals rather than to cost reductions in development.

##### 5.6.2 Project Delays and Inflation

The Dandora strategy of lowering standards and excluding the pre-construction of superstructures as a means of making

the projects affordable, ran into problems. For example, the Nairobi City Council insisted on building wet cores (splash, shower and toilet) on every plot, as opposed to either sharing between plots or having allottees build them later through self-help. The result was that the project looked as if it would have trouble reaching as many lower income recipients as intended. However, the massive renting of rooms acted as a mitigating factor in this, as previously discussed in Section 5.5.

While rental income eventually made plot ownership achievable, the poorest of the target group experienced serious difficulties in meeting the initial monthly payments and building the first room on their plot. Due to project delays, resulting from disputes over infrastructure design standards and slowdowns in work to be done in-house by the City Engineer's Department, project costs were higher than at project appraisal. Specifically, the Engineering and Health Departments refused to accept the infrastructure standards in the project design just as Phase II was to begin. Their position was perceived by HDD as an attempt to wield what little authority these other departments had over the project. Post project reports noted that the two departments had accepted the standards at the beginning of Phase I, and that the project negotiations and terms of agreement were based on their prior consent to these standards. But the NCC departments were intransigent.

As a result, all of Phase II had to be redesigned to the new, higher standards insisted upon. To minimize cost escalations to as great an extent as possible, Phase II (5000 units) was divided into two parts. The first section was delayed 1 1/2 years and the second section by 2 1/2 years. In addition, some aspects of project design had been relegated to the City Engineer's Department. These tasks were given low-priority status by the Department head, thus resulting in more delays. The roots for this obstructionist attitude I believe are linked to the initial alienation of existing NCC departments from project implementation as previously discussed.

As a result of serious project delays, plot charges were 80 percent higher than appraisal estimates causing serious problems for the poorest allottees who were unable to get the rental rooms built quickly. In addition, the materials loans which were intended to fully cover the construction of the first room proved insufficient due to inflation over the course of redesign. In fact, the loan finally covered only half the actual cost of building a room. The amount of the loan was increased later in the project but due to inflation still only covered about half the actual cost for constructing the room. This was a serious problem for the poorest of the allottees. Consequently, they failed to consolidate their plots within the 18 month deadline, and entered a position of

financial arrears on their monthly mortgage payments very early on in the project.

### 5.6.3 Assistance for Lowest-Income Allottees

A number of interesting steps were taken locally to assist these Dandora households. As mentioned above, the Catholic priest of the Dandora Parish in Nairobi was managing a revolving fund set up by the Ford Foundation to assist these poorest households having difficulty coping in the sites and services project. The priest was administering the fund by giving interest free loans to families to assist them in building their first room and holding their plot ownership cards as collateral to ensure repayment so that the fund could continue to help the other households in need of similar assistance.

In addition, a number of households who were unable to build their rooms due to the insufficient materials loan fund, formed building groups. These groups would collectively apply for the materials loan, pool that money to build a number of rooms quickly, rent those rooms and build the others until all their plots were consolidated. Building groups were organized by the staff of the Community Development Division (CDD) of the Housing Development Department (HDD) (14)

A further means of assisting the poorest allottees was also created by the Community Development staff of HDD. The

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14 From CDD interviews and HDD reports and correspondence.

CD officers mobilized support from the National Christian Council of Kenya (NCCCK) and other voluntary and grant organizations within Kenya and created a "Welfare Revolving Fund." This was used to supplement the materials loans which could not cover the costs of construction.(15)

Therefore, for the poorest allottees, a number of local solutions were being found to assist them with affordability problems until the first rooms were built from which income could be attained. The better-off beneficiaries supplemented their need for construction financing through their own savings, loans from relatives and employers and from local building societies.

#### 5.6.4 Self-Help and Affordability

Although the Bank had intended that self-help construction would be an effective means of making the projects affordable to the poor, self-help was effectively precluded in the working out of the projects. The requirements on the allottee to engage in self-help within a project that was as highly regulated and quickly executed as the Bank's Dandora project, made the process of self-help difficult for the low-income allottee.

In the informal settlements, self-help was something of an independent process, flexible and slow enough to learn as one goes. However, in the Bank's sites and services projects,

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15 Ibid.

the requirements were so extensive that allottees found sub-contracting to semi-skilled and skilled labor to be the more feasible alternative.

For example, the requirements of self-help for the allottee included information gathering on building materials and building materials prices (even with a project store - allottees found that cost savings could be made if they shopped around); seeking-out suppliers; making delivery arrangements; keeping accounts and cost-control to allocate finances; engaging in a construction process which entailed conforming to standards set by the project; seeking approvals; and, completing the process in the limited time frame of 18 months. All of this while commanding a steady income.

Self-help in the sites and services projects was therefore more time consuming and difficult than anticipated by Bank staff. Sub-contracting the work not only made practical sense in these terms, but also made economic sense since there was rental income to be derived by completing the units quickly. Self-help, especially for middle-class households made little sense. Also for the wage-earning poor households who had virtually no spare time away from work, there was an opportunity cost associated with self-help: self-help construction meant lost income.

The importance of self-help which was basic to the original concept of sites and services gradually diminished during actual implementation. Indeed, the Bank argued in one

appraisal document that self-help was to be encouraged only to the extent that it did not interfere with the timely execution of the project.

#### 5.6.5 Summary of Outcomes: Affordability

The monthly payments anticipated at the project appraisal stage were roughly 55% lower than the final charges to the allottees. Much of this increase was applied to the higher income plots ("Option B") and the cheapest plots ("Option A"), were maintained at 72 Ksh/month, which was affordable to those earning an income of Ksh 290 per month, falling around the 20th percentile of the city's income distribution.

In 1976, the average room in Dandora captured Ksh 150/month for rent. By 1983, this had risen to Ksh 380. Given the levels of payment necessary to cover the plot mortgage (Ksh 72 for 100 sq. m. plot up to Ksh 216 for 240 sq. m. plot), it is safe to assume that the incomes of plot allottees had risen dramatically since obtaining a Dandora plot.

An unexpected statistic on Dandora revealed that 44% of households were headed by women,<sup>16</sup> and that these households had more dependents than those headed by men. The women-headed households were among the lowest income allottees in Dandora. They tended to build quickly by contracting and then

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<sup>16</sup> Compared to the Nairobi average of 10% women headed households. (From Bank Files)

to sublet their entire housing unit and live elsewhere, assuming the role of landladies in order to maximize the financial benefit of plot ownership. By 1983, new survey data was indicating that the women and families, and the poorest beneficiaries in general who had sublet all of their rooms, were then moving back to Dandora.(17)

This finding is significant for two reasons. First, it tends to reverse the current thinking on the tendency of sites and services project benefits to "trickle up" to higher income groups. The more middle-income renters in the projects may be a short term phenomena, which occurs while the original low-income allottees use the time to develop savings and allocate the initial income receipts for other priorities. Second, this process reflects an outstanding measure of flexibility which sites and services projects can offer to the low-income allottees. In those cases where owners who decided to sublet totally in the beginning are now returning to live in Dandora, they have made decisions about how much shelter they needed to consume relative to other investment priorities. The possession of a large enough plot to construct additional rooms from which to derive rental income, has given these low-income households a very secure stake in the urban economy. The surplus income being derived (above that necessary to meet

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17 The proportion of women in Dandora, estimated at 44 percent, was high compared to a city-wide average of 10 percent. This and the above cited data is drawn from World Bank files.

their monthly mortgage and other payments) represents savings with which investments into small businesses can become possible. The Dandora plots offer both security as well as income and hence a base from which households can take risks and develop their own entrepreneurial interests. For example, one plot owner I spoke to had enrolled his wife in a Singer sewing class in Nairobi and was preparing to start up his own small business as a clothing merchant, buying the fabric wholesale, producing clothing, and selling it via a partner in his home village. It is in this way that a targeted project like sites and services can assist the poor, not simply in terms of shelter, but also in increased opportunities for development.

World Bank lending for projects targeted to the poor, in this way can be interpreted as encouraging a more broad based development. Unlike lending for a single industrial development project, which does assist in creating employment, the low-income recipient of a sites and services project is not tied to a centralized system of wage earning, but rather is given opportunities to develop in a more entrepreneurial fashion. This kind of development is more akin to the United States history where a broad based access to resources and land supplied opportunities for individuals whose only resource in migrating to this country often was their own labor and initiative. The rural to urban migrant in developing countries is in a similar situation. Access to a

piece of land holding opportunities for rental income or other income generating activities, provides a foothold into the urban economy. It is in this way that a project targeted to the poor, such as sites and services, can offer an alternative style of development both at a personal level, and economy wide.

This leads me to conclude that, in general, the project was successful in providing housing to the targeted low-income population. But even more successful was the extent to which these housing units were translated into an income-generating asset, which in turn allowed many of the allottees to escape their situation of persistent poverty, low wages, unsteady work, unemployment and dependence.

## 5.7 Summary of Findings

How did Dandora fare in light of the original objectives which the Bank set forth? My evaluation of the Dandora project has resulted in several findings which are useful as a means to determine the relative successes and failures of the sites and services approach funded by the Bank.

Despite the use of contracted labor, rigorous construction schedules, demanding building standards

and cost overruns, Dandora was able to reach the targeted low-income population in the 20 - 50th income percentile range.

The allowance of rentals for part or all of the plot's rooms made the participation of the lowest-income households possible, but moreover this additional income led to a general improvement in the allottees' independence and opportunities for development which the provision of shelter alone could not facilitate. Indeed this type of project targeted towards poverty alleviation signals an alternative model of development in that it offers opportunities to the poor to develop their own routes for access into the urban and national economy.

Project delays did not seriously affect the final product. Although delays resulted in increased costs these were absorbed by reducing the quantity and standard of the "add-on" project components such as the schools, clinics, day-care centers, etc., and by increasing the plot costs.

Despite the large number of rental rooms Dandora

developed into a reasonably stable, well-maintained community.

A core of well-trained Kenyan professionals was apprenticed through the implementation of Dandora. These sites and services "experts" are now capable of implementing future projects without the need for extensive, expatriate technical assistance, providing that support and funding for future projects are forthcoming from the government.

The achievement of Dandora managed to sway political recognition of the need for lowered standards in the government's approach to low-income shelter. The prospect of future replication of sites and services projects is therefore likely at some point, if not in the immediate future.

While the interests of replicability may be supported by the establishment of trained professionals, and a general appreciation of the merits of lowered standards, the alienation and severe disruption of the political status quo which the Dandora project engendered has led to the development of a body of local officials who are

likely to resist future projects. (Although many of these officials have been replaced)

Full cost recovery, on schedule, has not been achieved to date, though the explanation for this can be attributed to: a) the alienation of the established NCC from project implementation; b) poor management practices; c) inadequate manpower; and, d) a perception that a World Bank loan might not need to be repaid. Many of these problems are typical of a first-run project of this magnitude in a context of inexperienced institutions. The need for a greater involvement of existing political forces in project implementation and the improvement in urban management practices are reforms directed at this problem.

While Dandora was successful in demonstrating a more cost-effective means of providing low-income shelter, it did not reduce the public sector's involvement in housing. Rather, it resulted in the dedication of significant resources of manpower and budgets to implement the project. In response to this, current projects build in a 10% administration fee to cover or off-set the amount of public funds expended on the project. Increased efficiencies

through improved urban management should reduce these costs to governments. Eventually, the role of implementation may be possible through private, non-profit agencies.

## 5.8 Conclusion

I believe these findings lead to an overall evaluation of the Dandora project as a success. These problems which emerged from Nairobi's first experience with a sites and services project underscore the need for improvements in urban management and a revised approach on the Bank's behalf in terms of the implementation of future projects within the existing political dynamic.

There is no doubt in my mind that these problems can be rectified. Certainly, the conditions of urban overcrowding and acute poverty areas real now as they were in the early 1970's and the situation calls for attention just as loudly now.

I can only think that a move away from policies of poverty alleviation, as a result of disappointment with the sites and services record (ie. lack of cost recovery, overextended municipal budgets, etc.) is unsound.

In the case of Nairobi, Dandora was undertaken simultaneous to a coming of age in the life of a city which had grown rapidly - from 260,000 in 1962 to 1,000,000 twenty years later.

The institutional mechanisms for city management were symptomatic of the new demands which an exploding population engendered. A revolution in the local government's standards of accountability, efficiency and its breadth of operations was partially triggered by Dandora and other large shelter projects. But surely the need for reform in the way the city conducts its business does not mean a simultaneous avoidance of the need for poverty alleviation.

The object of the discussion which follows in the next two chapters is not therefore to determine why the policy of urban management reforms gained strength (as I have shown they are a logical outcome of learning from sites and services projects) but rather to identify why urban management is being promoted as an alternative to lending for future sites and services, and other poverty targeted projects. The following chapter will examine reasons for this "shift and abandon" pattern of policy evolution inside the World Bank.



CHAPTER 6: THE MOVEMENT OF IDEAS: THE RISE OF URBAN  
MANAGEMENT AND THE FALL OF SITES AND SERVICES?

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## 6.0 THE MOVEMENT OF IDEAS: THE RISE OF URBAN MANAGEMENT AND THE FALL OF SITES AND SERVICES?

### 6.1 Introduction

"But poverty is surely a cause of undefined and otherwise inadequate public administration...Only a well-financed government, enrolling well qualified people, is able to advance its policies and impose its discipline, negative or affirmative, in consistent and continuing fashion. So the quality and characteristics of a government is a function of the interests of the people by which it is supported. Poverty is both a cause and consequence of what Gunnar Myrdal has called the soft state." (1)

There are a number of reasons which help to explain the rise of the new urban management lending strategy at the World Bank. Inadequate public administration or the "soft state" in developing countries is surely one of them, as Bank experience with project work has revealed. My analysis of the Bank's experience with sites and services has shown that the movement into urban management assistance is an understandable and important direction. Although this analysis indicates the evolution of an urban management strategy as a complementary approach to sites and services, in fact, within the World Bank, urban management is dominating the swing of policy and sites and services is on the decline.

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1John Kenneth Galbraith, The Nature of Poverty, Harvard University Press, Cambridge, 1979.

Some would argue urban management has now taken hold and sites and services has passed away, although there are urban staff in the Bank who are still supportive of maintaining the sites and services approach within the lending program, strengthened by urban management reforms.

From the overall record of sites and services projects, and my own evaluation of the Nairobi experience, which has attempted to sift through the prevailing attitudes and judgments on the approach, I can only conclude that sites and services is still potent. Its effectiveness as a model to reach the poor with low-cost shelter but, moreover, to alleviate poverty and in fact turn these families around, constitutes a success-story in the development field which cannot be denied.

It is not just my evaluation of the Nairobi experience that acknowledges these successes. The Bank itself identifies similarly positive results in almost all of its other sites and services projects around the world - El Salvador and Zambia being the most exceptional examples. (2) The problems encountered in these projects are also similar, none insurmountable and all pointing to the need for strengthening government administration so as to support the effort.

So why is the Bank, despite its own evaluations,

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2 See Douglas H. Keare and Scott Parris, "Evaluation of Shelter Programs For the Urban Poor: Principal Findings," (Washington, DC: The World Bank, 1981.)

abandoning a good, workable idea which impacts the urban poor in a positive way ?

The answer which I construct in the following is that urban projects are being shaped by a larger and more forceful trend at the Bank. I compile an extensive list of reasons which explain the rise of urban management lending and then separate these reasons according to their impact on the sites and services idea: whether they point to a complementary lending approach, or they lead to the fall of sites and services.

#### 6.2 Urban Management: Lending for What?

The Bank's management lending policy principally addresses the administrative capacity of recipient country governments, both local and urban-related national ministries. The World Bank includes, under an urban management policy, the following ingredients: land management, cost recovery, public sector training and personnel performance; housing finance and public and private sector housing finance institutions; infrastructure costs and fees and charges for services; property tax assessments and management of tax collections; and, local government budget systems and management. The World Bank's most recent loan packages are characterized by inclusion of a number of these components plus infrastructure investments.

For example, in the Third Calcutta Urban Development Project loan of 1983, out of a total investment program of US \$347.3 million, the technical assistance and training component is US \$4.2 million or about 1 percent. The majority of the loan, approximately 75 percent, is for city-wide infrastructure investments, including water supply, drainage, sanitation and transportation infrastructure. Similarly, a US \$28 million loan to Uganda, was made to provide water supply and sanitation improvements and technical assistance in seven major towns. Since 1982, other urban management loans have been made to Djibouti, Gambia, Guinea, Madagascar, Senegal, Indonesia, Thailand, Yemen Arab Republic, Brazil and Colombia.

In each, credit was given to strengthen government institutions and to finance urban infrastructure services. World Bank loans have also been made to Tunisia, Jamaica and Peru to improve traffic management (in the case of Jamaica to assist in privatization of the state-owned transportation system) and finance infrastructure investment in transport.

(3)

In a conversation with a senior Bank staff member on the status of this new urban lending program at the Bank, he stated that the government officials were "in agreement with the need for urban management improvements in their cities,"

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3 For a good summary of these recent World Bank urban management loans, see "New Directions in Bank Urban Projects," Urban Edge Vol. 9, No. 3 (March, 1985).

but that they also needed investment funds. He added that, "for us to leverage urban management changes, we have to also include cash." As a result, the loans which Urban classifies as urban management, are predominantly large infrastructure investments which include components for technical assistance to improve government administration.

In these loans directed at urban management improvement, the shelter component appears to be given less importance. In most cases the technical assistance components are directed at city-wide urban infrastructure investments.

Compared to the infrastructure investments in the sites and services projects, which were targeted to a specific low-income community, the infrastructure investments financed under the recent urban management loans are largely non-target specific, servicing the entire city.

The shift to urban management therefore implies a more basic shift than simply moving from targeting a specific community to a city-wide level. It is also a shift from targeted to non-targeted lending, the urban poor being the original focus.

It is difficult to measure the fallout from this, but given the "leakage of benefits" on the earlier targeted projects (for example, 15 percent of the benefits from the Dandora project is estimated to have trickled-up to higher-income beneficiaries), one might speculate that in the non-

targeted lending, the benefits may be skewed even more favorably towards the higher- income range.

In addition, this trickle-up might also be expected, due to the impossibility of close monitoring of such large investments. Whereas in sites and services lending, the loan was directed through one institution allowing fairly close monitoring, these new urban management loans are directed through a large number of existing and new institutions across a number of municipalities. One might expect, therefore, that the current non-targeted- lending characteristic of urban management will benefit those of higher income in the cities.(4)

Employment of unskilled and semi-skilled labor can also be expected to suffer. Whereas in sites and services projects, small scale enterprises were encouraged to participate both in services installation and room additions, there is a tendency towards large firms and centralized contracting in these large citywide infrastructure investments under urban management loans. The impacts of urban management lending on the urban poor can be expected to be less for these three reasons.

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4 This two-tiered issue is drawn on from a conversation with Bish Sanyal at M.I.T.

## 6.3 The Rise of Urban Management As A Complement To Sites And Services

### 6.3.1 Introduction

The reasons which help to explain the rise of the new urban management lending strategy at the World Bank are divided here between (1) those which emerged from the Bank's experience with a decade of lending for sites and services and (2) others which I call "tangential movements."

These reasons offer a logical progression for the Bank's move towards the urban management lending strategy. Indeed, in the first section, I will argue that the Bank's experience indicates a very positive learning path which has taken its urban lending into the management issues of development. More importantly, the reasons given in this section for the rise of urban management do not indicate any need for urban management to replace sites and services lending. In fact, the reasoning here supports a complementary approach for the Bank in its lending practices, namely, sites and services in tandem with urban management.

### 6.3.2 Lessons from Sites and Services Project Experience

The fact that the urban program at the Bank is shifting its sights to a broader city-wide lending focus can definitely be argued from an experiential basis. Learning from the experience of over ten years of lending for more than 60 sites and services projects, is one factor driving this shift in the

urban lending focus towards urban management. It cannot be considered the only reason since similar shifts to management concerns can be found across other sectors at the Bank. The impact of project evaluations does, however, help to explain this shift in part.

The Bank evaluations being referred to here are distinct from the project-by-project reviews which were more concerned with city-specific, fine-tuning of procedural aspects. After nearly a decade of such operations, Urban staff undertook a series of more broadly based reviews of sites and services projects both on a case-by-case basis as well as at a more programmatic level. (5)

Instead of focussing on specific problems of the projects, a broader line of questioning was pursued which attempted to understand the impact of the lending program to date on the cities of the Third World, whether sites and services as a model was being replicated, and whether the package as a whole made sense in the environment of the cities of developing nations which the Urban staff had now become familiar with.

In the following, I will discuss what can be termed "learning by evaluation" which has contributed, in a positive

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5 For example, see Michael Cohen's Learning By Doing, (The World Bank, 1983); and Douglas Keare and Scott Parris, Evaluation of Shelter Programs for the Urban Poor: Principal Findings (The World Bank, 1982); and, Michael Bamberger, Bishwapura Sanyal and Nelson Valverde, "Evaluation and Services Projects: The Experience from Lusaka, Zambia," World Bank Staff Working Paper No. 548 (1982).

fashion, to this shifting focus in the urban lending program at the Bank.

(a) Lessons About City-Wide Payment For Services

The evaluations of sites and services projects have, in general, indicated a need to look city-wide rather than consider a specific sites and services project site as a community in isolation.

For example, one senior Bank officer who began his career with sites and services at the Bank, stated that, "we made the error of identifying a group of citizens to pay for services in our projects when across the road, no one was paying. We know now that we must look city-wide to determine the system of payment and ask: how many out of the total population are paying?"

This is one important lesson emerging from the Bank's experience with sites and services assistance. The task in addressing this problem, however, was a large undertaking. In general, the cities in which the Bank was involved showed that tariffs and charges for the provision of water, sewerage and drainage services were not being enforced. Hence, very few urban residents out of the total were paying for services.

Consequently, the Bank cited poor financial management in the cities as the cause for failure to collect charges for infrastructure services, and called for a city-wide system of

rates, user-fees, charges and management training on collection systems for city services.

This tactic replaced the previous pattern of attempting to enforce an orderly system of payments for services in a small-enclave, surrounded by an entire city that was somehow exempt from the same rigorous procedures. The experience with problems of recovering costs of urban services in sites and services projects therefore formed the basis of an evolution to a city-wide focus on urban management relative to the collection of payments.

Lending for urban development is now tied to various urban management improvements in this area. For example, in the Bank's negotiations for the third Calcutta loan, the Calcutta Metropolitan Corporation (CMC) agreed to reduce the resource gap (6) and to collect revenues at not less than the following percentages of its revenue expenditure for the water supply operations: 1983/84 - 48%; 1984/85 - 63%; 1985/86 - 87%. In addition, as a condition of "loan effectiveness", CMC agreed to increase the water rates for metered non-domestic users and introduce a graduated rate for domestic unmetered users. Similar agreements were reached with the Calcutta Metropolitan Water and Sanitation Authority (CMWSA).

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6 The resource gap is defined by the Bank as the difference between internally generated revenue receipts and revenue expenditures, in its 1983 appraisal for the Third Calcutta Urban Development Project.

(b) Lessons About Installing Residential Services

The experience with installation of infrastructure for sites and services projects also indicated a need to look city-wide in the actual investments. The Bank has argued for example that they have learned that the installation of a trunk sewer system for a specific project needs to be considered within the entire city network which may also need improvement and additions.

Recent loans by the Bank therefore focus heavily on city wide water supply, drainage and sanitation investments. The context of Bank urban lending has therefore changed from a 6,000 household community in a sites and services project, targeted to approximately 48,000 poor people, to a non-targeted loan, which would serve the city's population as a whole through city-wide infrastructure provision. The Bank loan to Calcutta in 1983, for example, disbursed over \$150 million for water supply, drainage and sanitation investment across 37 municipalities in the Calcutta Metropolitan Area.

(c) Lessons About Cost Recovery

The Bank's evaluations have also indicated a serious cost recovery problem on almost all of the sites and services projects.<sup>(7)</sup> Given that cost recovery was cited as one of the

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7 The El Salvador sites and services project is often cited in Bank evaluations as the exception to the cost recovery record. The project was executed by a foundation outside the government --the Fundacion Salvadorena de Desarrollo y Vivienda Minima (FSDVM). Bank evaluators (Keare

basic tenets in the program, its failure is a major cause for the Bank to view the projects in general as problematic. This negative experience with cost recovery has, contributed to the rise of the urban management lending strategy, in that the Bank has interpreted the problem of cost recovery as an administrative problem, having managerial solutions.

One focus in new urban management-style loans is to establish a municipal management training program, and, often to set up program units in the national governments to manage and monitor urban development programs and give guidance to local authorities in budgeting and planning. For example, in a recently appraised urban project in Zimbabwe, the Bank's loan would support an on-the-job training program for community services staff in charge of collection of tariffs and payments; project management; revenue clerks in charge of bookkeeping collections and receipts; accounting technicians, and treasury staff.

Cost recovery problems in the sites and services projects have, in this way, helped to direct the new focus being taken at the Bank on urban management. Collection systems in an

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and Parris, 1981) state that the excellent cost recovery record is due to the non-profit status of FSDVM which requires it to recover costs in order to remain operative, as well as to the high level of social responsibility assumed by project participants in project implementation. The FSDVM has a collection system which is computerized for monitoring payments and uses incentives and penalties and visits by lawyers for households in arrears. In addition, the fact that the project is small enough to supervise financial problems closely, contributes to its success with cost recovery.

administrative sense were poor, as seen in the case of Nairobi and illustrated in the preceding chapter. However, one might ask why these collection methods were not in place or, if in place, were poorly functioning since revenue to governments would in general be a matter of self-interest.

I believe the explanation for this pattern of non-collection can be linked to the overriding political context of publicly supplied services. This reality has largely been ignored in the Bank's discussions on cost recovery.

The "technocratic fix" being applied to the problem (i.e. fix the administration, infuse technical systems for collections into the governments and people will start paying and governments will start collecting) ignores a set of expectations between governments and their constituents<sup>(8)</sup> on the provision of housing, land and services. (I have discussed this at more length in Chapter 5: Section 5.3).

What this means in the context of the discussion here is that, although lessons from experience with cost recovery from sites and services projects are in part directing this shift towards urban management, the application of urban management solutions to problems which are political in nature, represents a misdirected response. Consequently, urban management will eventually be seen as failing to fulfill its promise. At this point one can begin to understand that the

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<sup>8</sup> From comments received from Lisa Peattie at M.I.T., on this paper.

shift to urban management can only partially be attributed to the experience gained from sites and services. The other motives for its application need to be seen as part of a larger organizational trend. This I map out more explicitly in the latter half of this chapter.

The revenue problems caused by the poor cost recovery record has also contributed to a new concentration, as part of the urban management program, on resource mobilization and revenue generating mechanisms. For example, property tax assessments and collections are central components of the Bank's Third Calcutta Urban Development Project. The project emphasizes legislative and administrative changes so as to maximize property tax revenues. As part of the Bank loan, agreement was reached that a general reevaluation of properties in the Calcutta Metropolitan Area will be carried out in those localities where the assessment has been deemed too low. It is the Bank's belief that a revalued property tax base will provide a revenue base for the local government which, even if cost recovery remains weak for other on-going political reasons, at least the local government can remain operative and repay its loans.

(d) Lessons About "Facilitating" and  
Implementing Shelter Projects

The evaluations also contributed to an understanding, very often repeated in my interviews with the Bank Urban staff, that sites and services projects were "really just a

drop in the bucket". The argument was usually presented in terms of an original target, for instance, of reaching 5,000 households when the demand in that year was actually 20,000. By the time the project was completed, the demand was over fivefold as a result of the rapid city growth.

This experience, according to the staff, dictated a review of the effectiveness of sites and services as an approach, and also a move to look at the systemic features for Urban as a whole, how to facilitate the shelter process to better meet this rapid growth in demand for urban housing. Such a review, they stated, led into urban management concerns - what the public sector could be doing better to facilitate efficient urban development.

This particular story of the shifting focus sounds right, but, in stopping to consider it more closely, one would have to say, well, of course the projects were a drop in the bucket, they were really only meant as demonstration projects in the first place. The real issue is the fact that the governments are not replicating the projects on their own. As I argued above, it may be too early to tell whether or not governments will replicate since many of these projects are only just being completed in the mid-1980's. I stated that the constraints on replicability included in part a lack of political will which derives from the strained relationship between the local politicians and the special project staff controlling the execution of the project; a lack of funding

to repeat the task; and, problems of implementation in terms of administrative capacity necessary to repeat the projects. It is the latter set of problems that the Bank staff cite as leading to urban management, that is, the need to address implementation, administrative improvements and financial management of local governments.

(e) An Obvious But Important Lesson:  
"Urban" As More Than Just Shelter

Finally, one reason for the reorientation of the Bank's lending strategy towards urban management, which derived from the staff's experience with sites and services projects, was the project staffs' realization that in doing one housing project, other urban problems were escalating and going unnoticed. As one former project officer stated, "In Nigeria you can't help opening your eyes, housing does not solve the larger water need facing the city as a whole. Then you start analyzing other bottlenecks, and soon you are seeing beyond housing from an urban viewpoint."

Compared to 1972 when the World Bank first initiated an urban lending program with a special emphasis on shelter, now, "urban" is being defined in more typical and expected terms, and other urban issues such as transport, infrastructure and finance are being included in the program. Hence, the evaluations of sites and services projects seem to have questioned the entire nature of urban lending as it was being focused upon at the Bank.

The establishment of the Urban Division in the early 1970's appears now, in retrospect, to have been developed and defined around the central issue of housing. Shelter and shelter-related services constituted the largest portion of the urban lending portfolio. Between 1972 and 1981, Bank loans were made for 36 shelter projects, compared to only 10 transport loans which were largely made in the latter half of this 10 year lending period.

In part, this emphasis was due to the fact that, in this period of the 1970's, international concern and awareness for shelter had escalated. People were starting to focus attention on the housing problems of the Third World urban poor. This, coupled with the concern in the Bank to target lending to the poor in accordance with President McNamara's policy speeches, led to the orientation of the new urban program at the Bank which had shelter as its focus. Shelter also had a high profile in terms of international assistance. Assisting the poor with housing was a more obvious and overt signal than, for example, assisting water supply.

In general, housing is an easy thing to identify as being inadequate. Everyone is in agreement that housing looks bad or is undersupplied in most Third World cities. In that era of attacking poverty and addressing basic needs it was easier to target housing as inadequate and to propose a concrete product as a solution. Addressing governments as inadequate,

that is, giving assistance for urban management in the 1970's, was just not possible.

### 6.3.3 Tangential Movements

Given the above discussion, the Bank's experience with sites and services can be seen as driving this shift to urban management. Many of the lessons derived from the Bank staff's experience I argue to have been a very positive learning path, leading to an evolving awareness of the need to address the management aspects of a city's development.

However, the Bank staff cited other sectors besides Urban at the Bank that were also shifting to an emphasis on management. An increasing emphasis on privatization, management, credit programs and government administration was cited across other sectors at the Bank, including rural, education, industry and health. This indicates to me, a broad set of movements inside the Bank which are directing this new orientation, for reasons which go beyond informed learning from the evaluations of sites and services projects. I call these broader pressures: "tangential movements", as they are neither central to the urban project experience nor do they emanate from the urban-related departments in the Bank.

(a) The Movement Towards Sector Adjustment Lending

One movement which has contributed to the rise of urban management is the swing into sector adjustment loans at the World Bank.

The Bank's identity evolved as an organization which lent for projects. Since 1945, about 90 percent of the Bank's loan commitments have been for specific projects. Since about 1980, however, the Bank's lending has become more policy-based. Policy-based lending accounted for about half of the Bank's new loan commitments in 1985. Project lending has been declining and by 1986, accounted for 50 percent of total new Bank commitments.(9)

In sector adjustment lending, the Bank loans to one specific part of the economy (in contrast to the IMF's structural adjustment lending which addresses economy-wide policy changes (10)) seeking policy changes in that particular sector such as changes in rate structure, tax reform and other economic policy reforms which will improve productivity and growth in the sector.

In part, sector adjustment lending has arisen from the international debt crisis. A.W. Clausen wrote an article in

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9 Overseas Development Council, Between Two Worlds: The World Bank's Next Decade (edited by Richard Feinberg, 1986).

10 Although the World Bank has recently been making structural adjustment loans as well (IBID).

the New York Times in 1983, arguing that the World Bank and others must increase their lending to the indebted nations (a counter argument to the popular cries of the time of "Don't bail out the banks"). Clausen cited changes in the Bank's lending as including: "a larger proportion of the Bank's lending to structural reforms; supporting sectors where productive capacity can be better used; and, giving special priority to certain high-yielding projects at the expense of others..."(11)

Thus, one of the key responses to the debt crisis in the 1980's has been to pump more money into the most indebted nations. The Baker initiative, for example, in 1985 called for the increase in commercial bank lending to the 15 most heavily indebted nations of \$20 billion, over three years, together with an increase of \$9 billion by the multilateral institutions, to be led by the World Bank.

Lending more has meant changing the types of loans. The search for creditworthy projects to lend to, has been well documented as a scarce commodity. (12) An increase in sector lending as opposed to project lending has eased part of this need to move greater sums of money.

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11 A. W. Clausen. "To Help Developing Countries Sustain Growth," New York Times, February 22, 1983.

12 Judith Tendler. Inside Foreign Aid. 1975.

Unlike project lending which is slow and burdensome, sector lending is generally believed to be faster and also easier to disburse. With sites and services projects, loans are disbursed slowly over the course of construction. As seen in the Dandora project, delays in construction also meant delays in Bank disbursement of the total loan committed.

Although sector adjustment lending is also delivered in tranches, policy-based loans would tend to get through the pipeline faster. In the case of urban management, this may prove not to be the case. Indeed, given the delays seen in the infrastructure investment for the new and relatively small community in Nairobi, city-wide investments in infrastructure may be even harder to speed along and keep co-ordinated without running into worse delays.

Moreover, sector lending can move greater sums of money than individual project loans. For example, the 1983 urban development loan to Calcutta amounted to \$147 million and the 1984 loan to Zimbabwe for urban development was \$43 million. The typical sites and services project loan in the 1970's was usually in the area of \$14 million. These larger sector loans are being disbursed over five years, whereas, the sites and services loans were generally disbursed over 7 to 8 years.

This broader Bank movement into sector adjustment lending which resulted from external forces related to the debt crisis and the consequent need to move greater sums of money to developing countries, has put pressure on Urban to also lend

more money than its previous project lending could accommodate. Therefore, just as project experience was being evaluated which offered lessons on the need to improve institutional capability and look more city-wide in the provision of infrastructure, Urban also came under pressure to advance its lending strategy into sectoral adjustment style loans. To debate which came first is not very helpful, it is sufficient to recognize that both pressures were realistic and that converging trends have contributed to this shift towards urban management at the Bank.

This pressure to lend greater sums of money, faster, contributes to the rise of urban management but does not necessarily lead to a conclusion to drop sites and services project lending. In fact, in those countries with sites and services project experience, lending could be expanded, opening up larger serviced sites in conjunction with urban management improvements identified from earlier project experience.

If however, as seemingly is the case now, sites and services are being dropped from the urban lending program, then it must be recognized that this and other pressures within the Bank override this more innocent view being cited by the staff of lessons and experience directing the new urban management loans.

(b) The Movement To Link Urban To The Macroeconomy

A further reason contributing to the rise of urban management at the World Bank, also stems from international financial pressure. The 1980's have registered poor economic performance in the developing countries. With the exception of East Asia and the Pacific countries, whose economies have continued to grow at healthy rates, the rest of the developing countries - Latin America and the Caribbean, North Africa and the Middle East and Sub-Saharan Africa - experienced declining per capita incomes during the 1980's. In 1981, growth in per capita GNP for all developing countries including East Asia and the Pacific, was only 0.2 percent (13). This indicates a sizeable number of developing countries experienced negative growth, including countries in Latin America and Sub-Saharan Africa.

The heightened concern with national economic growth in the 1980's contributed to a movement to link the role of cities and towns to a country's economic growth. Interest at the Bank in addressing the interdependence between urban and macroeconomic policies has just developed in the past few years. For example, in 1985, the Bank began to cite statistics like: "cities generate more than 50 percent of gross domestic product (GDP) in most developing countries," and other statements along the same lines: "the future

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13 World Bank, World Bank Annual Report, 1982, p. 25.

economic growth of our countries depends critically on the smooth functioning of cities" and "inefficient urban management has macro-economic implications, as cities such as Lagos and Cairo demonstrate." (14)

In building this relationship between urban efficiency and national economic growth, urban management gained momentum as the means to increase urban productivity. This movement to establish macro-economic linkages again, however, does not signal any reason for sites and services project lending to be abandoned. On the contrary, the analysis of sites and services projects in the previous chapter indicates the ability of the Bank's loans, through project implementation, to improve urban management capability and build-up institutional frameworks in a city for further urban operations.

In part, it should be added that this movement to develop linkages of urban to the macroeconomy also resulted from the new pressures facing the Urban Division once it was regionalized into separate project divisions throughout the Bank. This will be discussed in the following section. In that context, however, this movement would signal the abandonment of sites and services.

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14 "New Directions in Bank Urban Projects," Urban Edge, 9,3 (March 1985).

## 6.4 The Rise Of Urban Management And The Fall Of Sites And Services

### 6.4.1. Introduction

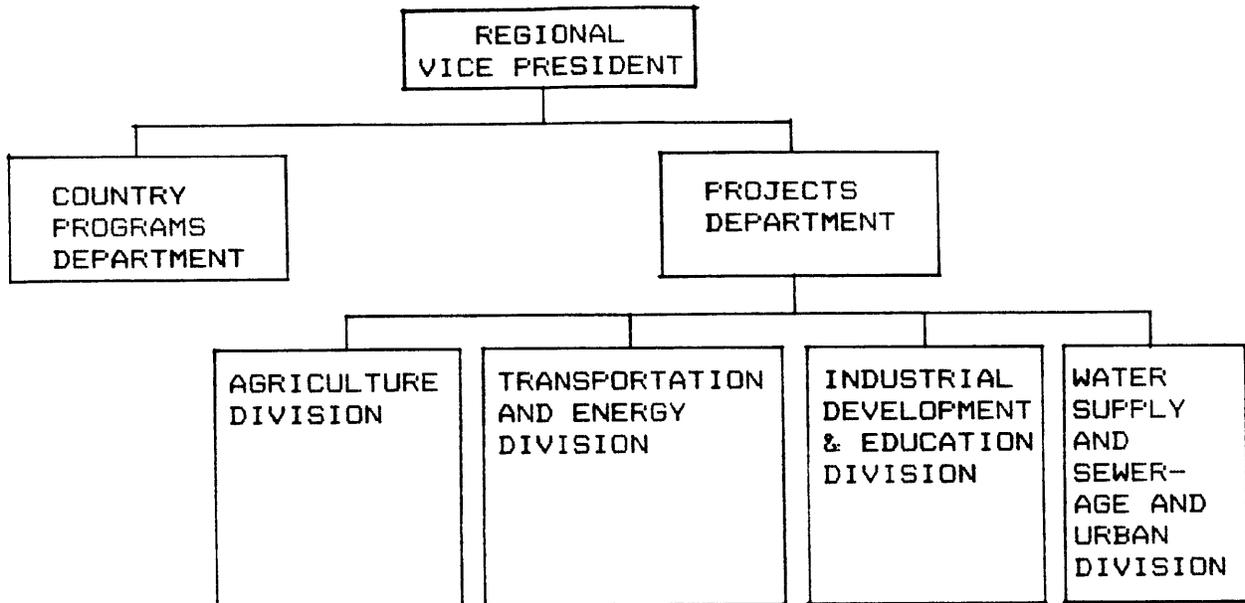
Distinct from the above discussion, there are a number of reasons for the rise of urban management at the Bank which also mean the fall of sites and services. These I categorize as organizational factors internal to the World Bank and other, once again, "tangential movements."

### 6.4.2 Organizational Reasons Inside the World Bank

#### (a) Regionalizing the Urban Project staff

The process of regionalization at the Bank has been critical to this movement of ideas. The Urban Projects Department started to be regionalized in 1981. The project staff were separated into six regional divisions and the Urban Policy staff became part of the Operations Policy Staff (OPS) at the Bank. The Urban project staff split-up across six regional divisions at the Bank, physically separated by differing buildings in Washington. Within each regional office, there are two departments, a country programs department and a projects department. The projects department in each region is divided sectorally with Urban being created as a sub-division within each region. (See Diagram below)

SAMPLE WORLD BANK REGIONAL OFFICE - ORGANIZATIONAL CHART  
(1985) (15)



The Bank has a history of nurturing new programs like Urban within its own separate department, and then, once experience is gained, the department is regionalized. What regionalization meant for the Urban Projects Department in effect, was that the staff of the sites and services program were no longer in their own "safe" department. Urban project

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15 This diagram is specific to the organizational structure of the regional divisions. For a full organizational chart of the World Bank, refer to Appendix B. At this time of writing, the World Bank is undergoing another reorganization which will affect the way the regional offices are structured, as depicted here.

staff found themselves having to deal with the water and infrastructure staff of other project divisions which had already been assigned to regional departments (and hence who had already carved out a place for themselves in the department) as well as the staff of other large sectors including industrial development, agriculture, transportation and energy.

Each region received the urban projects in different ways, often cited by the staff as dependent upon the view of urban issues held by the Regional Vice-President and the Projects Department Director. As one urban project officer described their reception into the regional office: "We were under extremely close supervision from our Regional Director for several years...He felt that he had to discipline Urban - we were dreamers to him."

At the time Urban was reviewing its own past operations and questioning the effectiveness of sites and services versus a broader urban lending program, the process of being regionalized put further pressure on Urban to become more effective as a sector relative to the other, traditionally more productive sectors at the Bank. Again therefore, an issue of timing and convergence of events affects the life of the idea and its tendency to fall or rise.

The result of this organizational restructuring was that the Urban staff had to become more conscious of speed and efficiency in their lending program - to look more efficient

relative to the other sectors. As one of the Urban staff stated, our "spotty record" with sites and services did not make us very competitive in Bank terms... at the same time we were evaluating our past experience, Urban came under pressure (from regionalization) to get our act together - to look and be more efficient." In a discussion with another Urban projects staff member on the effect of regionalization on the sites and services program, an example of this pressure was cited: "We had to become more efficient vis-a-vis other sectors once regionalized. For example, it took us 180 staff weeks for board presentation on a sites and services project - other sectors were averaging 75. We had to change our ways of doing business."

The shift to urban management was discussed by one project officer as "being able to get more project for the dollar" which was also perceived as a good thing within the regions. He stated for example, that "city wide projects were better" than shelter and that "the hot issue now is projects having broad impacts and a specific contribution to the macroeconomy". Along the same lines, another staff member stated that, unlike shelter, "rehabilitation of roads and infrastructure give higher rates of return" and have a "direct link to national economic growth."

This sentiment reflects an on-going debate on the subject of housing as a non-productive versus a productive investment. The "housing as non-productive" advocates argue that,

investment in housing is longer term, unlike investment in a factory for example which offers more immediate returns in the generation of national income. Residential construction has a long capital recapture period and, hence, particularly in developing countries where capital is scarce, it is argued that resources should be channelled into sectors having more rapid returns on investment.

On the other hand, the "housing as productive" advocates would argue that housing encourages savings and that investment in housing will provide an incentive to save for previously non-saving members of society.<sup>(16)</sup> Similarly, investment in housing is argued to generate employment, both on and off-site. In other words, residential construction is not only a large generator of direct employment opportunities, but there are backward and forward linkages which promote growth and employment in other sectors. Examples of such backward and forward linkages would be, respectively, in the materials industry, and in residential-related industries such as appliances and other durable goods.

Shelter can be thought of in the framework of this debate, or it is often removed from this framework entirely and couched instead as a basic human need. Because the debate over the productivity of housing investment is not resolved, and this other "need" aspect of housing has been declining in

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16 Bertrand Renaud, "Financing Shelter," World Bank Discussion Paper, (November, 1985)

emphasis as the overall poverty focus in aid is shifting, shelter issues within the regional offices were felt to be on shaky ground. As the sites and services project officer stated, infrastructure investments are easier to link to national economic growth. In these terms, sites and services suffered in the regions once cast into this competitive situation vis-a-vis other sectors. Whereas urban management activities and a broader city-wide lending program for infrastructure were seen as more appropriate in this new environment.

To some of the Urban staff, regionalization was referred to as "Urban being cast into a hostile environment." This feeling was generated from not only having to be competitive with other project divisions like Industry and Agriculture in the Projects Department, but also with the Country Programs Department in the regional offices.

Country Program Departments are involved, predictably enough, in country programming and national economic policy reform which in effect shape the lending portfolios at the Bank for each region. The program divisions are chiefly staffed with macroeconomic planners and are regarded within the divisions as entities distinct from the project departments. One urban projects staff member in describing this relationship stated that "the program divisions control the budget, in other words they control the projects departments." Another staff member defined the relationship

between projects and programs departments in the regions as competitive and problematic but for reasons more related to a different disciplinary approach in their staff's work. One senior Water Supply and Urban Development Department member stated, in reference to the macroeconomists in the program divisions and their view of Urban:

"These macroeconomists are trained at Harvard and the London School of Economics where "urban" is never mentioned, or only as a bottomless pit. But cities are largely responsible for a country's productivity. The urban inefficiencies of Cairo are responsible for Egypt's deficiencies."

The fact that Urban was not a priority sector was obviously felt more once Urban was split up into the regions, particularly with Urban getting only about 5 percent of the World Bank's overall budget. The view that Urban had been "cast into a hostile environment" with regionalization, I understand to mean having to be more competitive with other project sectors on the one hand, and with the country program macroeconomists on the other. As one of the Urban project staff members argued, "we are now in a bad situation, we not only have to go out and convince governments of the importance of an urban project like sites and services, but then we have to come back and convince the Bank."

In this new setting for the urban project staff, that they themselves described as "hostile" and "less secure"

within the regional offices, the tendency to move on to a new lending strategy I would think is strong. The "spotty record" of sites and services projects and their inefficiencies relative to other projects in terms of staff weeks in the project cycle, causes pressure to abandon the approach and latch on to the new urban management strategy that is on the rise. Also, the inclusion of a sites and services project in an urban management package may be left to the discretion of the division chief. As one staff member stated, if the division chief has a history with sites and services, it may be added in, if his interest is in water or transport, then these will often replace housing in the loan package. The staff that supported a continuance of sites and services stated that their role was to convince the regional chief of the merits of their post-project work.

(b) The Fall from Grace of Demonstration Projects

The Bank's evaluations of sites and services are critical of the fact that the projects, set up as demonstration projects, are not being replicated by governments on their own. This perception, or judgement, together with the fact that, according to one staff member, "Bank management was getting tired of demonstration projects," has contributed to the shift towards urban management, away from sites and services.

This awareness of "demonstration projects getting worn out" was cited by one urban projects officer who stated that questions within the Bank were being raised, asking "why are we always financing demonstration projects instead of real, ongoing projects?" He added that the message to the Urban staff was clear: the World Bank "would not continue taking the next step to finance demonstration projects like sites and services."

The influence of this turn away from demonstration projects within the Bank generally, gave further momentum to the shift being taken in urban towards a new management lending strategy, while also signalling the fall from grace of sites and services project lending. It became increasingly evident to Urban that within the Bank, "there was not enough money behind the plans to keep doing sites and services projects," given the perceptions that the demonstration projects were not successfully being replicated by governments.

This reason, (the fall from grace of demonstration projects) at face value does help to explain a kind of fuelling in the rise of urban management as an alternative to demonstration projects and, consequently, the fall of sites and services. However, it may be too early to judge the future of replicability and the impacts of the Bank's lending for sites and services demonstration projects. As stated at the outset of this study, there were government officials who

were beginning to revise their sights and see the value of the sites and services approach to their shelter problems.

Perhaps the project evaluations are wrong in saying sites and services are not replicating. In the Nairobi case examined here, the sites and services approach was becoming acceptable to the local government and had already been made official policy within the Kenyan government and is embodied in the current Five Year Plan. It may also be a question of money that the projects are not being replicated. But based on the Nairobi projects examined, it is more a question of time, i.e., the projects are not replicating yet. The Nairobi City Commission could not possibly have started up its own sites and services projects given the number of externally assisted sites and services projects already in the pipeline. At the time of my observation of the projects in 1983 and 1984, the Housing Development Department had just completed Dandora, had work in progress on Kayole, had just completed UMOJA I, and at the time was gearing up for UMOJA II.

The manpower requirements alone made it impossible for the Government to even consider beginning its own projects. Besides, why would they divert their own budgets away from other funding to finance sites and services when international assistance was flowing in? The only time to judge the replicability of sites and services will be once the dust settles and international assistance for the projects has died away. But even then, new lending for urban management and the

often related large urban infrastructure investments may keep governments from replicating sites and services. In this way also, this shift in lending by the Bank acts diverts governments from replicating the projects, and, more importantly, diverts these governments' attention away from the urban poor.

(c) Projects People Versus Policies People

When the Urban Projects Department was regionalized, the project staff were split off into the projects departments of each of the six regional offices. The policy staff, however, remained within the Water Supply and Urban Development Department (WUD) as part of the Operations Policy Staff (OPS).

(17)

Relations between the Urban policy staff in OPS and the Urban project staff in the regions were strained. When I spoke to policy staff members in the OPS Water Supply and Urban Development Department, they described their role vis a vis the projects staff as "senior advisory talent" at the Bank who "review and support urban officers in the regions." In my discussions with the urban project staff, however, the OPS role was described as "advisory in principle but

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17 The position of the Water Supply and Urban Development Department (WUD) as part of the Operations Policy Staff (OPS) is indicated in the World Bank's organizational chart in Appendix C.

interventionist in practice." The urban projects staff are directly responsible to their division chiefs, not to the OPS staff. The main contact between the Urban project staff and OPS is in the review process at appraisal, which was described by one project officer as "coming too late ... OPS is just another bureaucratic step in an already bureaucratic structure." The complaints about OPS from the Urban project staff were cited as including: "they come in at the last-minute when they haven't seen the background, particularly all the bargaining with governments which has gone on" and "they do not understand our pressures in projects, they are too theoretical".

Apart from these battle lines, there appears to be a more substantive split between the project staff and the OPS staff. Much of the impetus for the shift away from sites and services into urban management is described by project staff as coming from the Operations Policy Staff. The project learning in the divisions is completely separate from a broader-style policy learning in the OPS Department. This is, in part, due to the policy staff having more distance from day to day procedural aspects of project design and implementation. It is also due to their capacity (and assignment) to do research and reflect on the broader issues of field learning.

It appears, however, from conversations with both groups of people, that the hostility or battle lines as they have been drawn since regionalization, prevents any convergence

between what might be called a "dual track learning" (18) which has evolved since regionalization. The projects are generating specific field informed experience in the regions while the OPS staff are considering policy from a very separate place in the organization and are accused by the project staff of being too theoretical. Questions as to who is learning from the evaluations, and, how effective are they when there is no good link between the projects and policy staff, is an organizational question which the Bank must address. (19)

More important to this study, however, is the very different vantage points of the two groups in terms of the movement of ideas within the Bank. The Urban project staff, simply by nature of their close work with sites and services projects, develop loyalties to the idea and as a result, are less willing to abandon the approach. Indeed, they are much more committed to the on-going development of lending which can help to improve sites and services project implementation. In my discussions with them, they argued that urban management

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18 Lloyd S. Etheredge, Can Governments Learn? American Foreign Policy and Central American Revolutions, New York: Pergamon Press, 1985) refers to "dual track" information processing in American foreign policy decisions. The term is borrowed here to refer to a separate learning path I am identifying between "projects versus policies people" within the World Bank.

19 At the time of this writing, there is a review of organizational restructuring being conducted which may enlarge further this gap between project and policies people at the Bank.

lending is necessary. I found it difficult to sort out what was rhetoric, that is, were they saying positive things about urban management because they saw the tide turning at the Bank and knew their futures were to be linked closely with it? The experience of the Urban staff at the Bank working on the Dandora project clarified this. The problems I had seen in Nairobi, they argued could be improved upon by further urban management lending. This, in fact, was true to a large degree. In the Nairobi case, urban management lending could be directed at streamlining a process of approvals for shelter and urban development in general. The overlapping committee approvals process was in need of management review. The problems of cost recovery, both in the shelter projects and across the city in collection of water and sewage rates needed to be addressed, especially in light of the Nairobi City Council's dire financial situation. Property tax revenues needed to be raised so that the Nairobi City Council could function more independently of the Government of Kenya.

In general, from these interviews, I found that the Urban project staff were supportive of urban management because they were committed to making sites and services projects work. Many of the staff I interviewed were pioneers of sites and services projects and, although many had moved on and been promoted upward through the Bank bureaucracy, still expressed a very strong loyalty to the idea of sites and services. Pioneering the idea in the field, making it operational, meant

also developing strong loyalties to the approach. From conversations with the policy staff, it was also clear that they were not as committed to sites and services as the projects staff, again in part for reasons of distance from the actual day to day workings of getting these projects built. Both because of their "higher level" review of project evaluations and their lesser commitment to the projects by nature of their place in the bureaucracy, there is a tendency for the policy staff to more readily abandon the approach to sites and services. This tendency might also be symptomatic of the nature of policy work in general.

Given the field of development that policy staff are concerned with, characteristic both of problems with past lending and uncertain future paths to be taken in assisting the development process, there is a continual search for new points of approach, for panaceas, for new directions, and new knowledge. Movements arise more easily in this realm and hence decisions to abandon earlier ideas are more readily and easily taken. This is particularly true when considering the more detached position of policy staff vis a vis the project staff who are more committed to making the idea work. The project staff seem to be more attuned to plugging away, making their projects work better, whereas the policy staff are able to move on, putting one set of tried policies or an approach behind them that was really only viewed in an abstract way to begin with.

In this way, a shift to urban management lending away from sites and services projects is understandable at the level of policy thinking within the Bank. The influence of the OPS Urban staff in promoting an urban management lending strategy helps to also explain why, despite the commitment of project staff to the approach, sites and services is falling in popularity at the Bank.

At a more general level, the "shift and abandon" pattern of policy evolution which I am tracking in this study, seems in part therefore to be a function of a specific organizational structure which distances "policies people" from "projects people." This has become evident from my interviews with both groups in the World Bank. Currently, there is another reorganization occurring within the Bank which could further enlarge this gap, and hence impact even more the tendency of policies to shift, causing "old" ideas to be abandoned, irregardless of soundness and experience.

(d) Lending For A Product

In the urban lending program, when Urban was first being added as a sector of its own within the long bureaucratic structure at the Bank, the "Urban Pioneers" were faced with a need to develop a product and create a specific task environment for urban officers to fit into, and in conjunction with the overriding scheme at the Bank. Sites and services

fit well: a beginning and an end could be easily mapped out in a project life cycle. Other urban projects could fit just as well in this sense such as water, sewerage, or transportation. Shelter, however, as I argued earlier, fit better in the other sense as a more overt signal of assisting the poor, an important consideration in that era of heightened international attention on shelter conditions of the poor and poverty alleviating development assistance.

The organizational need for a product helps to explain some of the basic tenets of the Bank's sites and services program. For example, the need to insulate the projects from politics was understandable from the point of view of the Bank officers who needed to define a beginning and end point both in terms of time and in terms of end result. For instance, the task was shaped not so much to assist a process that was tied up with politics, but rather to avoid to as great an extent as possible that process, in order to solve a specific problem, for a specific constituency by providing a "clean" product - 6,000 serviced sites with cores, for example.

To deliver this product, however, required on-going attention. Hence the creation of special project units to ensure execution and in essence, fulfillment of this organizational need for a product. Hence the building in of regulations and deadlines to ensure that the product materialized on time and was on par with some pre-conceived notion of what it was to look like.

Sites and services turned out to be much less a product or specific problem solving task. These projects turned out always to be bound up with a whole array of other problems, political issues and competing constituencies. Implementation required addressing an entire process, involving local and national government bureaucrats, politicians, project administration, private entrepreneurs, low and middle-income users, building groups, welfare groups, etc.

Urban management lending, however, despite the description of it as addressing broader systemic issues and which by first impressions is more a process, policy style of lending, may in fact be more product oriented for the Bank than sites and services projects. The large infrastructure investments, the technical assistance studies, property tax valuations, etc. are producing "tangibles" in the Bank's eyes.

#### 6.4.3 Tangential Movements

Apart from the above organizational reasons which I argue are contributing to both the rise of urban management and the fall of sites and services as an idea in good currency, there are broader trends and issues which also impact this movement. These include what I call "Big Mood Swings" and "Personality Changes". I trace here, the impact of each on the rise of the urban management lending strategy and the concomitant fall of sites and services.

(a) "Big Mood Swings"

If one asked; "Why give aid in the 1970's" and compared the response to the same question posed now, the swing from poverty issues to growth, trade and macroeconomic adjustment issues would be glaring. To the first question, "Why give aid in the 1970's?" the following would be a representative answer:

"A minimum objective should be that the distortion in income distribution within developing nations should at least stop increasing by 1975 and begin to narrow within the last half of the decade... the program to accomplish this objective must be designed to attack the absolute poverty which exists to a totally unacceptable degree in almost all of our developing member countries... That means in practice the elimination of malnutrition and illiteracy, the reduction of infant mortality and the raising of life expectancy standards to those of the developed nations." (20)

To the second question, "Why give aid in the 1980's?", the following is an answer now being given:

"....it has become clear that the developing countries will be unable to recover from recession and debt crisis and move back to the path of development and growth without, among other things, more efficient policy management and investment.... it is also obvious that economic and financial difficulties in the developing countries will have direct consequences on the economies of the developed world..." (21)

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20 Robert S. McNamara. "Speech to the Board of Governors", Nairobi, Kenya (September 24, 1973).

21 A.W. Clausen, excerpt from speech delivered to the opening session of the Conference on Urban Assistance in Washington D.C., on December 2, 1985.

Similarly, if the same test was applied specifically to the context of aid for cities, again, the response from the 1970's would be remarkably different from a current answer. A representative answer to: "Why give aid to cities?" asked in 1970 would be:

"The city throughout the developing world is in some sense the sign and symbol of the development process... In this development decade we must find cures for urban unemployment, the shanty towns, hunger and illiteracy...The progress of cities depends upon it."  
(22)

and, in the 1980's:

"...the future economic growth of developing countries depends critically on the smooth functioning of cities... inefficient urban management has macro-economic implications."(23)

Thus the overall international shift in interests which can only be described as towards greater conservatism, sifts down through all levels of the aid business, in this case to the city level.

Another implicit shift, though perhaps obvious, should be stated. As a result of this "big mood swing," the entire

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22 United Nations Department of Economic and Social Affairs, "Urbanization in the Second United Nations Development Decade". (New York: United Nations, 1970).

23 The World Bank, "New Directions in Bank Urban Projects," Urban Edge 9,3 (March 1983).

grounds have shifted from giving aid for low-income housing as a means of alleviating poverty to giving aid to cities in order to alleviate inefficiencies and thereby promote national economic growth. One senior Bank staff member stated the case:

"If you have two cities, the first provided with good infrastructure and the second with poor water, sewerage and refuse collection services, and you want to set up a business or locate an industry, which city would you choose? In the poorly serviced city you would have to provide your own services which means less profits, and therefore, less jobs and less productive cities. In this way, urban must be seen as a sector of the national economy... Economic growth is dependent on the efficiency of the city."

It is the shifting grounds on why give aid for housing to why give aid to cities which reflects this broader, ideological swing in an organization like the World Bank. The conflict between a previous concern with poverty alleviation and the current mood of concern for urban efficiency and economic growth also characterizes the demise of the sites and services program at the Bank and the rise of the new urban management lending strategy. These international swings thus act to bring certain ideas into fashion and quicken the decline of others.

(b) "Personality Changes"

The movement in ideas within the Bank I would also link to personalities. Many ideas in fact owe their popularity to

the personalities that support them. The role of Robert McNamara as President of the World Bank has been well documented (24) as a special character, exceptional to an organization like the World Bank. His personal impressions of development and concerns with poverty, while already becoming a focus in the international development community, helped to push the Bank during the 1970's into lending that might not otherwise have occurred. For example, sites and services, self-help, and squatter upgrading all became ideas in good currency at the Bank, when Robert McNamara was delivering speeches calling for the alleviation of poverty and stressing the need for aid to reach the poor.

Within Urban, the role of personalities was also significant in driving and fuelling ideas. For example, the appointment of Edward Jaycox to head up the new Urban Projects Department in 1972 in the McNamara years, played a key role in the rise of sites and services at the Bank. In my discussions with a number of former Urban projects staff, the early pioneers of the Bank's sites and services projects who worked under Edward Jaycox in this era, the terms they used to describe him included: "a spark," "a real leader," "a man who made us feel we had a mission," and "who created a real mystique for our work in the Bank." The timing of the departure of Edward Jaycox as Chief of the Urban Projects

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24 Ayres, R.L., Banking on the Poor, Cambridge: MIT Press, 1983

Department (he is now a Vice-President in the Bank) and Robert McNamara as President of the World Bank is not coincidental to this shift which followed in the early 1980's away from poverty and low-cost shelter concerns respectively.

CHAPTER 7: THE LIFE OF IDEAS IN DEVELOPMENT

CONTENTS

- 7.1 Introduction
- 7.2 Characterization of the Life of Ideas
- 7.3 Reform and Retrenchment
- 7.4 Conclusion

## 7.0 THE LIFE OF IDEAS IN DEVELOPMENT

### 7.1 Introduction

The preceding discussion has traced the rise and decline of the sites and services approach to low-cost shelter in the cities of the Third World. Within this discussion I have attempted to show that this decline is based on a shift in interest rather than any inherent weakness in the sites and services approach itself.

In tracing the "life of an idea" at the World Bank, I have attempted to demonstrate a pattern in which new ideas such as sites and services are latched onto, promoted and then abandoned at a great rate as a result of organizational pressures to do so. I believe that organizational judgments of the fate of these ideas often have more to do with the dynamics of the internal workings of donor agencies than with the substantive merits of an idea vis a vis the context of its application in a developing area.

I have also observed that the current movement within the World Bank towards urban management is logical in the sense that it is emerging from the basis of sites and services project experience. In this regard, I have argued that urban management should be a complementary approach to sites and services. However, this movement towards urban management is

part of a larger trend within the Bank which is signalling a concomitant abandonment of sites and services project lending, and other poverty targetted lending.

Through the analysis of a specific sites and services project I have shown that current criticisms of the projects are valid but these problems are not insurmountable, particularly if urban management lending by the Bank is adopted as a complementary approach. In particular, the so-called "failures" of sites and services were often a direct result of conditions for the projects which the Bank set in order to satisfy criteria internal to its operations (such as the need for speed and to demonstrate a new approach), but which were not inherent in the original sites and services idea.

Moreover, I believe that the successes in sites and services projects are impressive in their capacity to reach poor people with low cost shelter solutions, but more importantly, in broadening their opportunities for development. I argue therefore that the current movement to abandon sites and services lending is unwarranted.

I have argued that new urban management lending policy is being promoted by the World Bank at the expense of sites and services, although internally, a debate is still alive as to the fate of sites and services. The damage of this "shift and abandon" pattern I have estimated to be fourfold:

- 1) just as shelter policies were beginning to tilt within developing country governments toward a more equitable provision of land and housing to the poor, the momentum is being broken;
- 2) the depth of experience within developing country local governments gained from the Bank's lending for sites and services projects risks being marginalized if the policy is abandoned, imposing high costs and lost opportunities;
- 3) similarly within the Bank, the Urban staff's decade of experience within sites and services represents lost learning within the organization; and
- 4) under the guise of technical fine-tuning, a more fundamental policy shift is accommodated away from development with equity towards urban productivity - a shift back to the 1950's trickle-down model - implying large social costs in the cities of developing countries.

What should be a building of the sites and services experience in complement with the needed urban management strategy is now being turned into an either-or struggle within the World Bank. The debate of ideas is becoming the agent for pushing deeper ideological positions, and the shift towards urban management at the expense of sites and services is being used to accommodate the more conservative swing being felt internationally, away from issues of poverty towards efficiency and growth. In this way, new ideas must be

recognized as having inherent power that can be used in opportunistic ways.

I believe that the Bank's new focus on urban management without a reciprocal concentration on urban poverty targeted projects is a step backwards in the interests of development.

Furthermore, this "shift and abandon" pattern is symptomatic of a general malaise which I feel characterizes the way policy is formulated and promoted in the development assistance field.

The circumstances which drive this pattern are complex and multiple. Some of these factors have been addressed in the preceding chapter related to the specific sites and services/urban management dynamic.

The implications for this pattern in the development field in general are discussed in the following.

## 7.2 Characteristics of the Life of Ideas

While the organizational analysis in Chapter 6 partly explained the Bank's need to shut the door on one idea and move onto another, it did not seem to explain the larger trend of a continuous cycle of ideas, of which sites and services was an example, being latched onto and abandoned.

The characteristics of this trend are as follows:

(1) those (for example "projects people") most closely related to making an idea work in practice, are more committed

to persevering and develop loyalties to an idea whereas others who are only attached to an idea at an abstract level (for example, "policies people"), are more apt to abandon ideas quickly and latch onto new ones;

(2) once a new idea begins to catch on, the negative aspects of the preceding idea are distorted at the expense of the "successes" which are lost sight of even by the most faithful followers;

(3) evaluations of the preceding policy in this way become ammunition to support the movement, albeit often unwittingly, but at other times in a more overt, opportunistic way;

(4) the rise and fall of ideas is dependent on issues of timing and a convergence of events often guided by broader ideological swings;

(5) at some moment in time, when the cumulative effect of these events takes hold, a new idea (like urban management in the Bank) gains an enormous momentum and is fueled by new subscribers lured by the optimism a new idea carries;

(6) once this momentum begins, a new pressure arises which allows little space or open mindedness for a multiplicity of ideas, and "old" ideas begin to look more problematic than they actually are. This I call a pressure towards a "singularity of ideas;"

(7) this tendency to hammer away at one singular policy often results in a re-emergence of another problem, often the

same or some relation of the old one, or even a side effect of the new approach so that policy must again shift and begin hammering away at another spot on the system.

This is the case with the shift away from the sites and services policy to urban management. Here the tendency was to hammer away at urban shelter problems until the problems of city administration raised their heads, then to abandon this effort and shift over to an urban management policy and hammer away, ignoring the shelter problems of the poor. The social costs of now focusing solely on the inadequacies of public administration can be predicted and policies will again have to shift. Instead of pursuing such efforts in tandem, these pressures cause a swing in attention and a subsequent abandonment of the preceding effort. The movement is almost relentless.

To bring this larger pattern back to a case in point, the problem with the Bank's shift to a lending policy for urban management, is not urban management itself. Rather, my criticism is directed towards the way this new policy is applied without consideration for a balanced strategy of urban development.

Perhaps the previous decade of lending for poverty could be said to be remiss in its avoidance of productive aspects in a city's development, just as now, I argue that a singular focus on urban management policy fails to address the

importance of poverty alleviation as a critical factor in a city's progress.

### 7.3 Reform and Retrenchment

It is here that I would propose that a need exists within large organizations, including the World Bank, to maintain a continuous movement into new directions, something akin to "change for change's sake."

A parallel of this diagnosis can be found in Roberto Unger's theory of a continuous cycle of reform and retrenchment characteristic of policy choices within modern institutions. He would describe the constant swings of policy from one idea to another, not as a progressive evolution, but as a movement between a small number of familiar options.(1)

The reasons for this pattern in the field of international development assistance I would attribute to at least two factors:

Firstly, the "optimism bias," (2) Gunnar Myrdal's theory of policy formulation, describes how a new idea lives for five years and is then abandoned. His explanation for this pattern is the apparent need to maintain a constantly heightened level of optimism, which enthusiasm for new ideas inspires. He

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1 Roberto M. Unger, False Necessity, (Cambridge: Cambridge University Press, 1986).

2 Gunnar Myrdal, The Challenge of World Poverty, (New York: Pantheon, 1970).

describes the international development assistance field as one which requires this optimism as a means of maintaining continued international support.

And secondly, career advancement within development organizations (specifically because development is such an uncertain path), may be perceived as dependent upon association with ideas that are, or understood to be, on the "cutting edge." In other words, some Bank staff progress through the hierarchy by associating themselves with a new direction which, because it has not been tried, holds forth the promise of a panacea.

#### 7.4 Conclusion

In my criticism of this pattern of new ideas replacing the old, I do not mean to suggest that the rapid proliferation of ideas is in itself a negative occurrence. What I oppose is the arbitrary abandonment of policies which remain sound.

In Third World development it is essential to maintain some degree of continuity in the solutions being applied to long-standing problems.

An issue of timing has been detected in this research whereby the lifecycle of ideas within the donor agencies appears to be out of synchronization with the recipient governments movements in policy, and experience within a slower moving development process. The application of a new

idea in the donor agencies, although intended to assist this development process in some way, takes on a life of its own which becomes more a function of the donor organization's internal pressures than the recipient's experience with that idea. Hence the idea may go out of currency in the international sphere, just as the recipient governments' experience in testing this idea is beginning to show positive results.

The main conclusion I draw from this analysis is that the World Bank and other donors must aim for a continuity of policy which is free from this relentless oscillation in the life of ideas. The responsibility to do so belongs equally to the governments of the developing world. A successful path of development can only be followed by breaking out of this eternal cycle of reform and retrenchment. Such an independent path, I would argue, is a forward movement, as opposed to the motions of one step forward, one back which I have tracked here.

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APPENDIX A: NEWSPAPER ACCOUNTS OF NAIROBI CITY COUNCIL  
PROBLEMS AND RELATED PLOT MISALLOCATIONS IN THE  
UMOJA HOUSING PROJECT

The following collection of newspaper clippings describe in detail the problems being encountered in Nairobi City Council during the execution of the Dandora and Umoja housing projects. These articles describe the series of events leading up to the dissolution of the Nairobi City Council by the Government of Kenya, and the role that the misallocation of sites and services plots by the City Councilors played in the dissolution of the Council. This story is abbreviated in the text of the study; the articles are included here as a longer, more detailed account for those readers interested in the story.

Sunday Nation March 30, 1980

# City plagued by wasteful financial policies

By MOHAMED WARSAMA

**A TENDENCY to disregard directives from the Ministry of Local Government to curb expenditure and wasteful financial policies are among the causes, behind the current financial crisis facing the Nairobi City Council.**

A scrutiny of the council's budgets for the last two years shows that the Council has ignored the Ministry's directives to limit what is termed "controllable expenditure".

In the 1978 budget, for instance, the Ministry directed the Council to stick to figures adjusted by the Ministry in respect of 35 items.

The adjustment figures amounted to £729,850 compared to the Council's original figures of £766,660.

This would have saved the council a sum of £37,010. The council instead chose to ignore the adjusted figures and instead spent a total of £804,979 on the 35 items — some £73,329

and Social Services was strenuously resisted by the City Treasurer, but he was overruled by both the Staff and Finance Committees.

The City Treasurer was quoted as saying that "piecemeal recommendations on these issues would result in industrial unrest and grave financial problems which would almost certainly end in the total collapse of the organisation.

At a later stage, the Committees concerned and other chief officers seemed to heed his advice and decided to call in a firm of management consultants, Inbucon International Ltd., to carry out a job regrading exercise whose costs of £68,000 was to be shared by the council and the then Mombasa Municipal Council.

The Inbucon report, which cost the council a cool £48,000, was never implemented.

Standing committees are supposed to operate the council's check-and-balance system, keeping a close watch on the performance of the council officers.

But this particular incident illustrates the failure of the committees to live up to their role.

## OPINION

above the Ministry's recommended figures.

A great deal of the waste in expenditure has occurred in the area of tenders and contracts for goods, services and capital development projects. An appraisal of the situation indicates that the Council's methods of processing tenderers and contractors are very poor and leave a lot to be desired.

In the first place, tenders and contracts are awarded after a considerable delay, and this has caused the Council to suffer a great deal of loss, both financially and materially in terms of inflation.

In the second instance, it appears that the Council tends to be singularly inept in its standards of assessing the financial soundness and competence of tenderers and contractors.

Many recipients of council tenders and contracts have failed, according to council minutes, to live up to their contractual obligations.

And there are many other similar examples which cannot be repeated here for lack of space.

However, a recent trend on the part of the senior officers of the council to equate their status and terms of service and responsibilities with the high-echelon levels in the Civil Service underscores the need for the standing committees to be more vigilant than ever before in their role as watchdogs of the council.

The recent acquisition of expensive and flashy cars by the chief officers which started with Town Clerk Simon Getonga's purchase of a shiny Mercedes Benz reflects the line of thinking which now prevails among the upper levels of the council hierarchy.

"When you compare me with the Permanent Secretary in an average Ministry — whom would you say has got more responsibilities?" a chief officer asked me.

"I can agree that I have more responsibilities, why can't I have a Volvo?"

The argument that phantom cars could do just as well for them

In many instances, recipients of contracts and tenders abandoned their commitments, sometimes even before undertaking them, and sometimes before completing them.

The result is that the council has had to re-advertise, sometimes as many as three or four times, the same tenders and contracts — often at higher prices than those envisaged in the original contracts and tenders.

The inefficiency of the Council's tender system alone has caused the council to suffer huge losses running into millions of shillings. Inefficiency in the administrative machinery has also generated substantial losses that have made their contribution to the current financial crisis.

In April and May, 1978, several departments of the council engaged in piecemeal job regrading exercises which would have swelled the council's payroll bill even more.

The move by the Departments of Health, Education and Housing

and the mayor whom incidentally is planned to provide with a £20,000 car, leaves the senior officers unimpressed.

One senior officer reacting to a suggestion that the £20,000 could do a lot for the people of Kariobangi or Mathare exploded: "What do they understand about sophistication of cars? The Mayor needs a comfortable car with plenty of leg room."

Equally, the suggestion that the Town Clerk's Mercedes be turned over to the Mayor and the Volvo sold to help the council recover was laughed off.

"What do you want me to do — ride in a bus?" asked a senior officer. Yes, that is precisely what one of the former presidents of the Swiss Confederation used to do — take a bus ride each day to and from his office.

Getonga might perhaps wish to accept a suggestion that he turns over his Mercedes to the Mayor to save the council £20,000.

In the meantime, Getonga could take a leaf from President Jimmy Carter's book and jog each morning from his Nairobi home.

Had while efforts to find more budget cars are being made.

21/5/80

# CITY

THE STANDARD, Wednesday, May 20, 1980

# COUNCIL

# FILES

# SEIZED

POLICE yesterday took away several files from the City Hall and the County Hall on the second day of a probe ordered by President Daniel arap Moi.

Uniformed policemen guarded the offices of the Town Clerk, Deputy Town Clerk and the Director of Social Services and Housing as the files were being put into a police car. Several senior officers were also interviewed.

The C.I.D. probe team instituted to investigate allegations of corruption in the City Council sealed off the Council's Eastlands Revenue Office. The team launched by the Attorney-General, Mr. James Karugu and led by the Assistant Commissioner of Police, Mr. J. S. Sokhi, started its work on Monday after a group of 32 councillors including the Nairobi Mayor, Nathan Kahara, had suspended the Town Clerk, Simon Getonga on charges of corruption.

Sources in City Hall yesterday told *The Standard* that on Monday the probe team was investigating the affairs of the Town Clerk's office following a closed-door meeting between the probe team and the Mayor. Yesterday the team probed the Deputy Town Clerk's office, the Valuation Department, Umoja Housing project office and the Housing and Social Services Department.

Outside the offices of departmental heads uniformed policemen stopped the public from going inside. A number of council officers and councillors and public were moving aimlessly around the corridors, but far away from the offices where the exercise was going on.

A substantial number of officers were away from their offices despite the fact that they were supposed to continue working while the probe team was carrying out its work. One officer said he did not know what departments would be involved in the exercise.

Another source at City Hall alleged the Eastlands Revenue office had been sealed off for investigations.

On Friday, Mayor Nathan Kahara called a special meeting of the full Council and tabled an agenda calling for the suspension of Mr. Getonga. He accused him of blocking major administrative decisions, getting involved in a Shs. 2.2 million drug scandal and failing to give proper administrative and consistent legal advice.

8/6/80

# UMOJA LAND SHOCK

PRACTICALLY every councillor on the last Nairobi City Council appears to have been allocated a plot on the controversial Umoja Housing estate. Several Government representatives also benefitted from allocations for inner core plots, designed for development by the owners.

Not content with this, several councillors obtained more than one plot by either using different names or



Former mayor Ngumba  
... twice lucky

registering in the names of their wives or children. Earlier allocations for rental

houses at Umoja were done securely by random selection by computer, but this appears to have been abandoned in the case of the inner core plots.

The allocations to members of the council show that their application forms are in numerical sequence, whereas a variety of numbers could have been expected to appear if they had chanced their luck along with members of the public.

The difference is noticeable when compared with the allocation numbers of the people at the top of the list.

Although the plots are sold at a profit by the Council, and the money put towards providing facilities for the whole estate, the allocations are, in most cases, in defiance of the "one man, one house" principle.

With the exception of a handful of the people involved, all the favoured people already own their own houses or rent homes from the Council.

Also breached was the rule forbidding allocations to children, designed to prevent families acquiring more than one property.

It was also envisaged that people allocated plots would occupy them personally for at least five years, a condition most of the people on the list stood to violate.

In addition most of them have yet to pay their deposits, depriving the Council of the use of a quarter of million shillings.

The plots allocated to the councillors are in category 'A' and are mostly in the favoured Zone 3. The sale price was Shs. 35,000 with deposits of 15 per cent (5,415) or 25 per cent (Shs. 9,025).

The news is not likely to please USAID, who are backing the project to provide houses for the homeless, and who have already threatened not to go ahead with Phase Two for a number of reasons.

It is said that the Council agreed to end random computer allocations, even though there are nearly 40,000 on the city's housing waiting list.

8/6/80

# The inner core list

UHOSEA

Plot	App. No	Name	Plot	App. No	Name	Plot	App. No	Name
A148	000076	Charles Kotira.	A218	006378	K. Kindo — coun.	A159	006418	Susan N. Kabiru.
A52	000191	J. Gitau Kinyanjui.	A173	006379	G. N. Ngari	B123	006419	K. Kimondo.
A153	000368	Nathan Muriithi.	A252	006380	D. G. Manyara — coun.	A251	006420	J. O. Mutere.
A154	000480	Henry Thumbi.	A253	006381	M. Muturi — coun.	A143	006421	C. Kagunda — staff.
A144	000644	Asininah Deng.	A138	006383	D. A. Odachi — coun.	A142	006422	Z. W. Maina (Miss).
A162	00715	C.V. Weru.	A256	006385	K. Mbutia — coun.	A264	006424	S. Karimi — staff.
A150	001754	Aloysius Gonza Otundo.	A136	006386	P. W. Mathenge — coun.	A262	006427	J. M. Njora — coun.
A159	001800	Susan A. Kabiru — staff.	A164	006387	Goko Charles	A135	006428	S. K. Munyao — coun.
A146	001801	Jason Kiamba Kimbui — staff.	A139	006388	S. Waite — coun.	A261	006429	Mr. and Mrs. Kubu
A147	001806	Bernard Kathanga.	A134	006389	F. R. Ndwaru — coun.	B177	006430	B. A. Gathuna — coun.
A11	002016	Cyrus Wambugu.	A132	006390	J. K. Nyoike — coun.	A133	006431	D. N. Kamau — coun.
C82	002269	Joyce Kariuki.	A130	006391	O. Amber — coun.	A131	006432	S. Wanjohi — coun.
A140	002713	Esther Wanjiku.	A141	006392	M. Ndegwa — staff.	A260	006433	A. Wamwea — P.C.'s office Nrb.
A145	002789	Reuben Wanjihia Njoroge.	A258	006393	Moses Nganga.	A54	006434	K. Kabutu — coun.
A161	005465	Wambui K. Ngumba.	A171	006394	K. Mwaganu — coun.	A53	006435	J. Musyimi coun.
J1	006103	Maendeleo Group.	A51	006397	J. M. Kuria — coun.	A163	006436	G. G. Kabaki
A155	006110	Macharia Isaac.	A49	006398	A. M. Chui — coun.	A259	006437	Alex C. Kangethe — deputy P.C. Nrb.
A152	006237	Arthur Gacheru.	A45	006399	J. K. Njogu — coun.	B122	006438	G. K. Mutura — coun.
A224	006367	A. K. Ngumba — former mayor.	A43	006400	J. K. Njigua — coun.	B118	006439	J. Z. Ochino — coun.
A219	006368	G. K. Kirima — coun. and former deputy mayor.	B120	006401	Z. W. Ndururu — coun.	A166	006440	Josphat Waitthaka — coun.
B1	006370	G. Nganga — coun.	A160	006403	Mary Njeri J.	A40	006441	P. Boit — coun. and former Nrb. P.C.
A156	006371	Agnes Njeri	A255	006408	A. K. Ngumba — former mayor.	A137	006442	F. M. Mbogori — coun.
A250	006372	O. Okong'o — coun.	A68	006410	N. Kahara — mayor.	A165	006443	H. Wanjiru
A247	006374	E. J. Muriuki — coun.	A106	006411	G. Nganga — coun.	B119	006444	W. N. Midamba — coun.
A265	006375	J. W. Macua — coun.	A248	006412	M. Mugo — coun.	B121	006445	K. Njuna — coun.
A255	006376	J. H. B. Apudo — coun.	A157	006413	Zokoyo M. Mbijire.	A42	006446	J. M. Muratha.
A249	006377	Z. Maina — coun. and former deputy mayor.	A264	006414	J. M. Wangoru — coun.	A266	006447	G. E. Wanjau — coun.
			A105	006415	G. Nganga.	A257	006448	Cyrus Gitonga Muhcya
			A174	006416	Githenji Pouf.	A149	006633	John Karemeri Nganga.
			A158	006417	Judy Njeri.			

# Who got the plots...

City

List of allottees of City Park plots meant for medium and low grade employees of Nairobi City Council:

new Ngumba Kimani — former Mayor.  
 Wilson Mugo — Medical Officer of Health.  
 Charles Rubia — Minister for Local Government and Urban Development and M.P. for Starehe.  
 Mut Mbau — City Engineer.  
 Wanyoike — Ambassador to Sweden.  
 Kirima — Former Deputy Mayor.  
 G. Wanjau — Mayor's Chaplain.  
 Siganga — Director of Housing and Social Services.  
 E. Muguku — Chief Counsel.  
 R. Muchiri — Staff.  
 K. Karimi — Deputy Town Clerk.  
 G. Wanje — Deputy Town Clerk.  
 Mugua Mungai — Senior Staff.  
 Kahoro — Deputy City Engineer.  
 T. Ndaban — Deputy Medical Officer Health.  
 Kahonge — Chief Valuer.  
 Kariuki — Former City Treasurer.  
 S. Maina — City Education Officer.  
 Coun. Gitau Nganga.  
 Coun. Amber.  
 S. Mugacha — Licensing Superintendent (Trade).  
 Coun. J. K. Njogu.  
 Mwangi Wang'ondur — Chief Planning Officer.  
 Andrew Moche — General Manager.

Water.  
 Coun. K. Mbutia.  
 B. W. Nyagah — Assistant City Engineer.  
 B. W. Gituiku — Deputy Director of Housing and Social Services.  
 S. W. Nyagah — Assistant City Engineer.  
 Coun. Midamba.  
 H. K. Muchene — Assistant City Education Officer.  
 Coun. Mugo Muratha.  
 E. M. Kiongo — Staff.  
 J. S. Muriu — Commercial Bank of Africa.  
 J. K. Mbaca — Commercial Bank of Africa.  
 G. J. Nyamu — City Council staff.  
 Coun. D. Manyara.  
 Karuga Tatama — Deputy City Treasurer.  
 rmaina Gachugu — Deputy City Education Officer.  
 Mwangi Mathai — former MP for Langata.  
 Robert Matano — then Minister for Local Government, now Minister for Housing and Social Services.  
 G. K. Gakure — Senior staff.  
 P. M. Gathuru — Senior staff.  
 S. J. Kuria — Senior staff.  
 A. K. Wamwea — District Officer, Nairobi.  
 Coun. J. W. Wanguro.  
 Coun. Mwangi Muturi.  
 Coun. S. M. Mbogori.

J. Mungai — Senior staff.  
 Coun. Margaret Mugo.  
 joun. Mwangi Chui.  
 Coun. K. Kimondo — Chairman, Umoja Housing Development Project.  
 Miss Ikuu — District Officer, Nairobi.  
 Coun. Waitthaka Macharia.  
 J. Maina Wanjigi — Former Assistant Minister for Education and MP for Kamukunji.  
 Dr. Z. Njigua.  
 S. M. Rionge — Senior staff.  
 P. M. Kenyatta (late) — former Assistant Minister for Foreign Affairs and MP for Juja.  
 P. K. Boit — Former Nairobi PC.  
 J. K. Icharia — Senior staff.  
 A total of 17 plots were allocated later, and among the later beneficiaries were:  
 Mtee Matu Wamae — Former Executive Director, I.C.D.C.  
 Francis Thuo — Former Chairman, Nairobi Stock Exchange.  
 Francis Kahende — former MP for Dagoretti.  
 Dr. Njoroge Mungai — MP for Dagoretti.  
 Dr. J. Muriuki — Chairman, National Housing Corporation and former MP for Bahari.  
 Wacira Waweru — Former MP for Parklands.  
 Morris Wanyoike — one of Rubia's sons.

# Nullify plot allo- cations

15/6/80

SUNDAY STANDARD, June 15, 1980

YOUR CLASSIC reporting and revelation of the City Hall allocation of Umoja building plots, which you term the "inner core list" is flabbergasting, and an indication of the type of greedy leaders we have in our country. Hence the befitting title for the controversy as reported in your *Sunday Standard* of June 8.

A look at the "Inner Core List" shows in no uncertain terms how the said down procedures of plot allocation of the City residents was broken. (It was a dirty exercise which resulted in councillors of the time, our present wonderful mayor included being allocated a plot, in complete disregard of the genuine applicants who have for a long time hoped against hope to own even a quarter of what the councillors presently own.)

The past regime at City Hall seems to have operated in suspicious circumstances and no doubt there is more to be revealed by the current probe.

Some Nairobi councillors broke the very law that brought them to power by grabbing Umoja plots for their children, wives and relatives, a move that has resulted in widening the existing gap between the haves and the have nots.

The time has come, as some of our MPs say, when we should declare the weight of our wealth and how we achieved it. One big problem that our nation suffers from and will continue suffering from is that those entrusted with the duties of unravelling irregularities, and to determine ways of reducing the gap between the rich and the poor, are themselves the perpetrators of what they are supposed to correct.

If the shocking revelations at the Nairobi City Hall are anything to go by, then I suggest that similar "Karuguled probes" should be made into institutions of this kind be carried out all over the country.

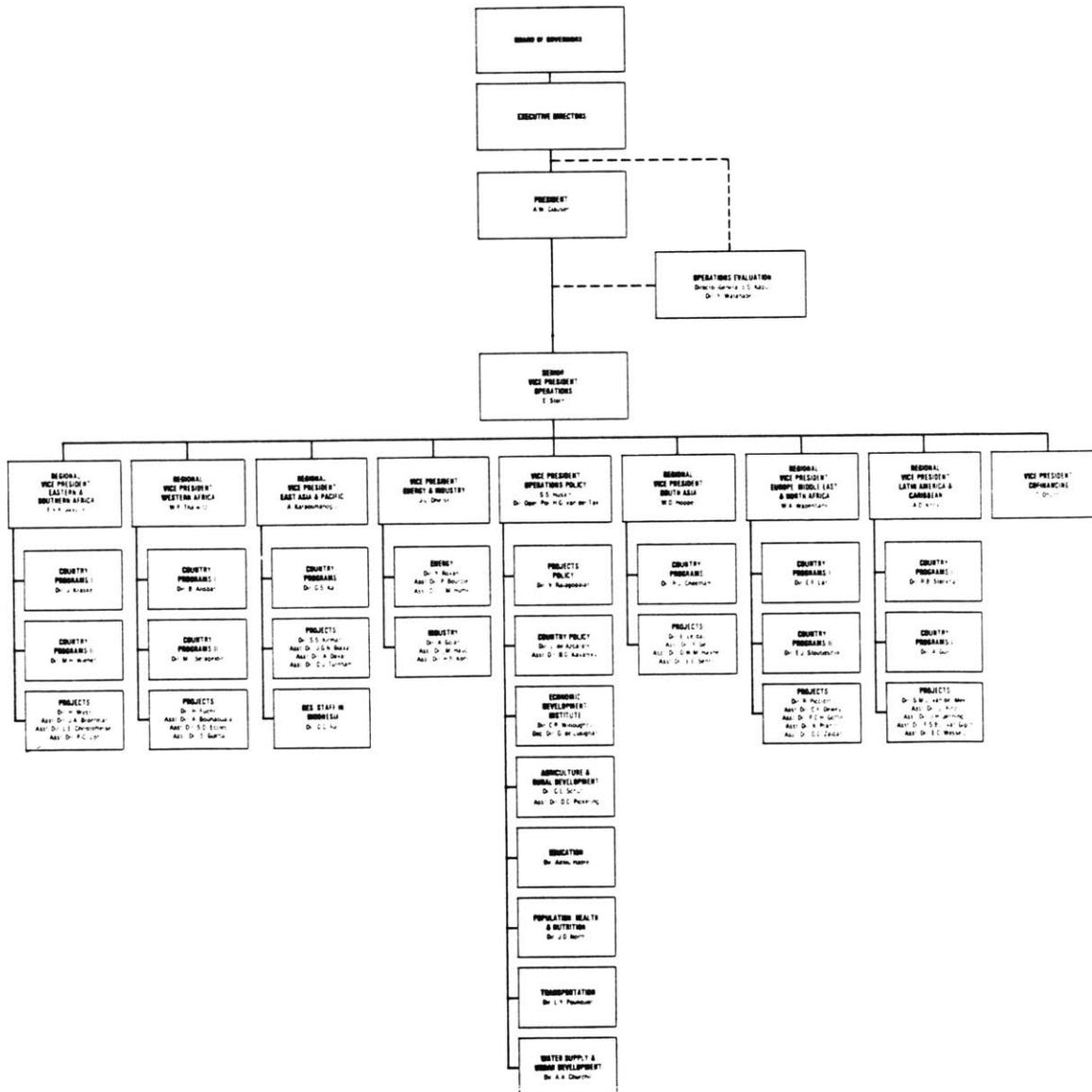
I further request a total nullification of the reported results of the Umoja plots allocations and that allocation of those plots be done again, under the supervision of the Attorney-General and with the help of other interested parties.

While corruption can be referred to as the most infallible symptom of constitutional liberty, we should sacrifice every drop of our blood to stamp it out, for it has been known to be the scapegoat for falling governments whenever and wherever it is rampant.

ALEXANDER ONSOFI  
O' MOKUA,  
Nairobi.

APPENDIX B: WORLD BANK ORGANIZATION CHART

The source for the organization chart below is reprinted here in part from the "World Bank Organization Chart-October, 1985." This chart details only the "Operations" Department of the World Bank under the Senior Vice President-Mr. Ernest Stern. Excluded from this chart are the other departments of the Bank under the Vice Presidents of: Finance; Economics and Research; Personnel and Administration; External Relations; and, the Vice President and General Counsel and Vice President and Secretary. As of this writing, the Bank is undergoing another reorganization.



## APPENDIX C: TECHNICAL APPENDIX

The information from this study is drawn from three principal sources: one based on field observations of sites and services projects during one year of residency in Nairobi, Kenya; another on interviews with staff of the World Bank and USAID; and, finally, from an in depth review of official project documents and evaluations.

With regard to the first, field observation of the World Bank assisted Dandora project and the USAID assisted Umoja I sites and services projects in Nairobi occurred during 1983 and 1984 when both projects were just being completed. At that time, the World Bank assisted Kayole project was underway and USAID was assisting the government in preparation of Umoja II.

Site visits, interviews with the housing staff and community development officers of the Nairobi Housing Development Department, and interviews with the staff of the Housing Research and Development Unit at the University of Nairobi were conducted. Informal questioning of a small number of households in each of the Dandora and Umoja housing estates was undertaken, although this study does not draw on such information in any direct sense. Friends living in these sites and services projects afforded opportunities for frequent visits and to watch the building up of these plots over the year, and to hear stories of their neighbors' activities.

Interviews with a Catholic priest living in the Dandora project and the Community Development Officers of HDD provided much of the information included in this study on the local efforts to overcome the problems of the poorest allottees, in coping with the Dandora project in the early stages. From these interviews I learned of the creation of the Welfare Revolving Fund and of the Ford Foundation grant to assist these poorest households in getting their first room built (for sublet so as to avoid eviction for arrears.) In addition, from this group I received a copy of a new survey of Dandora households which had just been completed and was as yet unpublished. The quality of the data was somewhat rough as it was not yet processed, and hence it is only used sparingly in this study. The survey was conducted by George MacInnes, a priest who had lived in Dandora. The data is cited in this study as well as in the World Bank's audit of the Dandora project.

The second principal source of information for this study is drawn from interviews that were conducted with staff of the World Bank in Washington. Interviews were also conducted with

USAID staff in both the East and Southern Africa Regional Housing and Urban Development Office (RHUDO) and the USAID headquarters in Washington. The majority of the interviews were with the World Bank staff who had worked on sites and services projects, Dandora as well as many of the other projects worldwide. Some 30 interviews were conducted in total, with staff who once were, or remain to be, part of the Urban staff at the Bank. The staff interviewed all had some early affiliation with sites and services projects, many in fact had pioneered the idea in the early 1970's. Most of these "pioneers," at the time of interviewing, were occupying senior posts at the World Bank, including projects division chiefs, country programs division chiefs, regional directors and vice presidents. The staff interviewed were from a good cross-section of the Bank and were representative of the six regional divisions; both policy and project staff; and, varying levels of seniority.

Finally, an in-depth review of official project documents has been undertaken along with official project evaluations, audits and urban sector review papers. Although the Dandora case is the central focus of this study, 16 sites and services project cases in total were examined for this study. These include: Zambia, 1974; Kenya I, 1974; Kenya II, 1978; Nicaragua, 1973; Guatamala, 1976; Botswana, 1974; Bolivia, 1977; Tanzania, 1974; Zimbabwe, 1984; Korea, 1974; Senegal, 1972; Peru, 1974; El Salvador, 1974; Nigeria, 1981; Indonesia, 1974; and, Jamaica, 1973.

From this wide review of sites and services projects, it was discovered that similar project outcomes to those witnessed in Nairobi were experienced in not only other African projects, but in the Latin American and Asian cases as well. For example, project delays in the provision of services were experienced in Lusaka, El Salvador and Philippines for similar reasons found in the Nairobi case. Cost overruns resulted but affordability was maintained in each through methods similar to those employed in Nairobi. Most of the Bank's projects examined were affordable to households below median income and often did reach down to the 20th income percentile as targetted. This review of project documents, Bank files and project evaluations has indicated that the Dandora project is a representative case of the World Bank's sites and services work.