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## Pro-Poor Urban Development: China and Africa Workshop

30th July – 1st August, Nairobi, co-organized by  
Mazingira Institute, Centre for African Studies, Peking University and Development Workshop  
supported by Bill and Melinda Gates Foundation



Participants of the workshop. (See list on page 19).

### Background

The idea for a workshop bringing together Chinese and African experts and thinkers on how urbanization is affecting the poor came from interactions and observations in Angola and China some two years ago. Both countries have urban growth rates among the fastest in the world. As not enough is known about the African environment by Chinese academia, policy makers and urban development specialists, the need for comprehensive and participatory urban planning jointly with African

counterparts was recognized. The plan to involve a range of specialized African institutions to discuss these issues led to the three co-organizers of the workshop being Mazingira Institute, Nairobi, Development Workshop (DW) from Angola and the Centre for African Studies at Peking University. The workshop was supported by the Bill and Melinda Gates Foundation (BMGF).

The workshop aimed to share experiences and best practices in pro-poor urban development in both



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China and Africa, focusing on Chinese involvement in African urbanization, and to promote concrete and actionable ideas for pilot projects to enhance the pro-poor impact of external Chinese investments in Africa. A select group of participants was mobilized from Chinese and African institutions, based on their experience of Chinese urban development, assistance in African urban development through Chinese aid and trade or African urban development and the situation of urban poverty in the region. Apart from a group of notable academics from China, officials of key government institutions dealing with China's international aid and trade were present. Participants from Africa included senior representatives of notable urban research and development institutions and diplomatic representatives of the Republic of Angola.

The workshop process began with a cross-cutting presentation on Development Workshop's method and experience of participatory mapping of urban poverty, followed by papers on four themes:

- China's involvement in African urban development;
- Financing and social housing;
- Urban land, services and infrastructure; and
- Participatory urban planning

The Chinese, African and international perspectives were brought to bear on each topic through presenters, discussants and moderators who led frank and critical discussions on each topic. The level of engagement by all participants was both high and highly qualitative. Working in four groups composed of participants from both China and Africa, the workshop came out with analytical suggestions on how to address the gaps in Chinese pro-poor urban development. All focused on the creation of a regional platform for continuing exchange and building of expertise and knowledge, and on increasing the depth and extent of this knowledge to improve the effectiveness of Chinese investment and assistance. Strategies proposed included study exchanges and trade fares focused on pro-poor measures and technologies, targeted training courses and use of corporate social responsibility as a policy and financing approach.

Further small working groups were tasked to prepare concept notes for submission to other potential collaborators and funders after the workshop. It is





Co-organizers and representative of sponsor of the workshop. From left, Haifang Liu, Centre for African Studies–Peking University (China), Melanie Walker–Bill & Melinda Gates Foundation (USA), Davinder Lamba–Mazingira Institute (Kenya) and Allan Cain–Development Workshop (Angola).

anticipated that the high level of engagement of the participants will lead to realistic and effective interventions that will improve the pro-poor urban development impact of future Chinese activities in Africa.

## Day one

### Workshop opening

*Moderator Davinder Lamba, Director of Mazingira Institute*

*Prof. Liu Haifang, General Secretary, Centre for African Studies, Peking University* welcomed participants and described the origins of the workshop in discussions two years ago about the effects on people of super-fast development in Angola. This was followed by Allan Cain’s presentation about urbanization at Peking University African Studies Center last year. There are two aspects:

1. Concern about unpredicted effects of urbanization in China and peoples’ responses, as the recent floods in Beijing demonstrate;
2. Identifying gaps in knowledge about rapid urbanization in Africa and its impact on people, based on issues raised during the 2010 Shanghai Expo “Better City – Better Life”.

Not enough is known about the African environment by Chinese academia, policy makers and urban development specialists. The need for comprehensive and participatory urban planning jointly with African counterparts is perhaps evidenced by intensive media finger-pointing recently at the “Ghost city” in

Angola built by a Chinese company<sup>1</sup>. The plan was to involve a range of specialized African institutions to discuss these issues, and Mazingira Institute was identified as the workshop host.

*Participants* then introduced themselves (See list on page 19).

*Allan Cain, Director, Development Workshop, Angola* explained the workshop’s focus on Chinese involvement in African urbanization, the objectives being to explore the main issues, good practices and experiences in community participation in urban planning. The workshop also aimed to promote more inclusive planning for urban poverty reduction and to share experiences of partnerships so far, building on these to continue such African and Chinese exchanges and partnerships in future.

*Melanie Walker, Deputy Director of Special Initiatives, Bill & Melinda Gates Foundation*, described the urban poverty initiative of BMGF, which started from the awareness that slums were the inevitable setting of their work on health over the last 6-7 years. The “Voices of Citizens for Change” workshop in Angola began trying to identify key partners and actions and recognized that China is a major player. Governance is the key factor, especially the role of municipal governments, but the resources demanded are huge and domestic resources have to be mobi-

<sup>1</sup> This term is contentious for its insensitivity to Angola’s history, where actual ghost cities, towns and ghost villages existed. Buildings were blanketed with bullet holes and no one could be seen during daylight. *Nova Cidade Kilamba Kiaxi* on the other hand, the place referred to by the media, is a recently handed-over housing project that currently is largely inhabited.



From left: Ross Anthony—Centre for Chinese Studies, Stellenbosch University (South Africa), Davinder Lamba and Haifang Liu.

lized and directed towards the urban poor.

*Davinder Lamba, Director of Mazingira Institute* guided participants through the package of documents and the workshop program.

### **Introductory Session**

*Moderator Prof. Liu Haifang, General Secretary, Centre for African Studies, Peking University*  
*Allan Cain, Director, Development Workshop, Angola: Participatory mapping of urban poverty*

This presentation cross-cuts the four workshop themes and explains a method for measuring urbanization and its impacts in relation to the Millennium Development Goals (MDGs) which aim to reduce poverty by 50% 2000- 2015 and create pro-poor and healthy cities.

The UN-Habitat Global Urban Observatory identifies five indicators for this: water, sanitation, living space, safe housing, and tenure. It is often assumed that urban mirrors economic growth, but while there has been poverty reduction in Asia (especially China) 1990-2010, this has not been the case in Africa, where, in many places, 70% or more of urban populations live in slums. Measurements of income inequality show serious disparities especially in many African cities, Johannesburg being particularly unequal. While the rich benefit from urban growth, the

poor and women generally do not. The urban poverty observatory in Angola funded by BMGF has identified that, in terms of coverage and access to housing and urban services, affordability is the key determining factor.

Participatory monitoring is having an impact on municipal planning through advocacy, namely having an urban poverty network and providing space for consultation and negotiation. The data created using GIS and remote sensing (disaggregated by area and by gender) helps decision-makers measure gains and losses by selected indicators of urban poverty. Municipal Forums have been created as a space for effective governance.

There is a great investment of savings mobilized in informal housing but less than 20% has formal title. Land prices are escalating in both formal and informal markets. 76% of Luanda residents live informally with a rate of 6-7% per annum urban growth. Large scale investment is needed in the provision of water and sanitation to these urban populations. China and Angola have the fastest urban growth rates, so joint development of informed strategies for the urban poor can be beneficial.

### *Discussion*

The Moderator commented that this is a useful mod-





From left: Jane Weru and Kingsley Kariuki—Akiba Mashinani Trust (Kenya).

el for replication, using data and developing institutions for pro-poor urban governance.

*The discussant, Cupertino Gourgel, Consul General of the Republic of Angola in Hong Kong SAR, commented that whereas the war brought uncontrolled urbanization, thanks to China and other development partners, there have been rapid improvements in Angola recently. However, now after ten years of peace one can observe improvement much like we are discussing here.*

Participants asked about Luanda's income inequalities and reliance on oil whose benefits are not distributed to the poor. This was compared with "jobless growth" throughout the continent and how to link growth and urban poverty reduction. It was pointed out that governments, including municipalities, need the kind of data generated to develop policies that work. The "ghost cities" are based on undeveloped financing strategies – construction finance does not guarantee access by poor households. Fiscal decentralization (as in China) helps but is not the whole solution.

### ***Theme one: China's involvement in African urban development***

*Moderator: Dr. Ross Anthony, Centre for Chinese Studies, Stellenbosch University*

*Dr. Shelly Mao Xiaojing, Chinese Ministry of Commerce: China's aid in promoting African urban development*

China is developing new strategic partnerships around support for infrastructure, agriculture, manufacturing and small and medium-scale enterprise development (SMEs). Support encompasses assistance with human resource development, medical, environmental and water supply services. China's aid White Paper outlines five policies:

- Building capacity of recipient countries
- No political conditions attached
- Equality and mutual benefits between China and recipient countries
- Providing aid within China's ability
- Keeping reform and innovation in line with changes in times and situations to improve aid effectiveness.

All is within the overall rubric of friendship and peace between Chinese and African governments. Africa is expected to surpass Asia in volume of Chinese aid. China has been trying to promote African urban development through building roads and bridges, power plants, water supply facilities, low-cost housing, hospitals. In terms of human resource development there were 323,500 Africans trained by end 2010. Other development funds like preferential



From left: Jane Weru and Jianhong Wu—Beijing Jiaotong University (China).

buyers' credits, China-Africa Development Fund and SME loans help complement Chinese aid. But there are challenges of project design and how to avoid "white elephants".

*The discussant, Carine Kiala, Adviser on Trade and Investment at the Consulate General of the Republic of Angola in Hong Kong SAR, asked for more depth in the discussion where a clear distinction is made between development assistance through aid, and actual investment as well as trade (that is driven by export credits). As opposed to citing a generic check list of China's contributions, one should look more into the actual socio-economic impact and benefits of China's cooperation. The work of Development Workshop described in the first session, amongst other civil society organizations, can provide more detailed feedback on uptake and impact of Chinese-supported projects and this aspect should be strengthened.*

*Dr. Tang Xiaoyang, Tsinghua University, International Studies, Beijing: The impact of Chinese enterprises on Africa's urban employment.*

Data on the impacts of Chinese trade and investment in Africa were presented and critically analyzed, responding to the challenge of how to establish an effective measurement system. In fact official statistics on employment levels are not always reliable, while the effects of local employment creation in Africa may be only temporary, as for ex-

ample in construction where low or no skills are required, while the main basis of trade is minerals and oil. Such a trade is imbalanced and not sustainable, and a different path based on local manufacturing would have better outcomes for Africa. In some sectors, African manufacturing seems to be negatively impacted by Chinese imports, as in the textile industry in Southern Africa and local shoe production in Addis Ababa. Chinese telecom and auto industries in Africa affect only a small part of the value chain and are less relevant to the urban poor. China began to export manufacturing industries to Africa where labor is ten times cheaper, and this relocation of manufacturing base from China to Africa will provide huge opportunities to the continent. On the other hand, despite low labor costs and tariffs allowing export to EU and USA, Africa's weak infrastructure and logistical capacity mean productivity is lower than in Asian countries. To sum up, a transfer to manufacturing from construction is a challenge that must be orchestrated to benefit the urban poor.

*The discussant, Prof. Fantu Cheru of the Nordic Africa Institute, agreed with the presenter about the need for a shift from construction to manufacturing, but thought China is more likely to shift its manufacturing base to Western China than to Africa. He felt that an approach linking agriculture and industry in Africa, focused on rural-urban linkages and the role*





From left: Changhui Zhao—China Eximbank (China), Kecia Rust—Centre for Affordable Housing Finance in Africa (South Africa) and Xiaoyang Tang (China).

of secondary towns would be more likely to lead to agriculture-led development of industries. Infrastructure development alone is not going to produce sustainable economic or urban development. The whole value chain has to be addressed.

### *Discussion*

Participants discussed the theme referring to the two papers, and emphasized a distinction must be made between Chinese aid (the first paper) and trade (the second paper) as they have different aims and modalities. Trade is much larger than aid. China must clarify these and develop some flagship pro-poor initiatives and assess their impact. It must also maximize sustainable pro-poor employment from its transportation and infrastructure projects. However, there are large variations across Africa in urbanization levels and patterns so the pattern of investment must also vary. Although there are efforts to create local employment, absorptive capacity is weak and the lack of African capacity is often linked to corruption. The strategy of creating Special Export Zones and opening up market supply value chains in the continent may take a long time (15-17 years). This may take the form of a learning and adaptive strategy “touching the stones”, in an analogy to crossing a difficult river.

Many aspects of this difficult path ahead were discussed, especially the inherent conflict between eco-

nomics efficiency and targeting the urban poor, including issues of human rights. Empowering African governments on pro-poor approaches will also require some intellectual inputs. A gap was identified in China’s process of technology transfer and capacity building, with too much focus on high level training but not enough on local skills development. China also lacks public opinion outreach on its approaches. Its aid has increased so rapidly (comparable to the 1940s Marshall Plan) that it is bound to have a steep learning curve. FOCAC has begun a China-Africa exchange to inform and involve African officials and more scholars need to be included. China is responsive to all the needs but has a very small capacity, for example in the Ministry of Commerce. It is possible there should be a shift to a Chinese development agency.

The discussant’s emphasis on agricultural development was endorsed as well as the importance of rural-urban linkages, the food supply chain and urban food security. Also discussed were issues such as the impact of Chinese informal traders competing with African SMEs and the need to develop African value-added products for export and improve the balance of trade. The moderator stressed the need to retain the workshop focus on urban development but found the papers had generated healthy debate. The workshop had to focus on problems and lessons to be learned.



Working group in session on the theme: Urban land services and infrastructure..

## **Theme two: Financing and social housing**

*Moderator: Dr. Gordon Pirie, African Centre for Cities, Cape Town*

*Kecia Rust, Co-ordinator, FinMark Trust's Centre for African Housing Finance, Johannesburg: African housing finance.*

African cities show strong growth and clear demand but still have very poor housing. Insufficient employment or haphazard informal employment means that the majority do not have incomes that enhance their access to formal finance. Only 3% of the population across Africa have incomes viable to support housing mortgage finance, and the lack of affordable housing means the proliferation of slums. There is a constrained housing delivery and finance system.

She proposed five approaches to address the challenge:

1. Bring mortgages down-market – this can be done in two ways, (a) by reducing the costs of mortgages, making these instruments more efficient, through better macro-economic policy and better-targeted product design; (b) by reducing the cost of entry-level housing e.g. through promoting less expensive (smaller) houses and reducing the costs of building materials
2. Develop housing micro-finance, e.g. through specialized assistance and institutions (NACHU, CLIFF)

3. Finance a range of rental housing options, e.g. small-scale backyard rentals, inner city conversions, larger scale institutional rental. This effort will also support rural-urban household linkages
4. Target subsidies carefully, so that they do not distort the market and housing prices as they have in South Africa
5. Build data and information platforms, so that policy makers, investors, and practitioners all have the necessary information at their disposal to make good investments that support expected outcomes, avoiding unintended consequences. Housing interventions must match the affordability of the population as well as of the State.

The housing delivery process is only as strong as its weakest link. Policy and development interventions should address the performance of all links in the chain – including cadastral registries, land conveyancing, integrated development finance, diversified (affordable) infrastructure services, large as well as small-scale construction industries, and targeted finance. In many cases, when policy imagines one kind of development – for example, developer-driven middle class housing – it undermines the potential for more affordable delivery approaches, for example, incremental housing development.

*Dr. Zhao Changhui, EXIMBANK, Beijing: Chinese financing of African housing and urban development.*





*Working group in session on the theme: China's involvement on African urban development.*

The Chinese experience of urbanization and economic development is itself recent and limited, based on the socialist market system. In Africa, without financing of the land component it is not sustainable. Preconditions for such a model are a conducive environment (without war and instability) and money. Possible solutions for African housing include having minimal housing on secure land. In the period 2030-2050 are brand-new cities feasible in Africa? The questions are capacity, management of infrastructure and maintenance. Eximbank is the biggest stakeholder in this for the 54 countries across Africa and it has a duty to perform. However, it had no mandate for housing, only dealing in export credits. But in the 1990s the situation was re-evaluated and housing was seen as a part of the infrastructure needed in Africa, with State Council approval. Projects were built in Namibia, Botswana, Mali and Sudan, but were these “low cost housing?”. Eximbank is a bank and it must have a return on its investment, even in housing, so the housing has to be economically viable. The goals are successful performance and risk mitigation. Eximbank needs a return on investment, collateral and a stable business environment.

*The discussant, Sam Sternin, Field Director of Development Innovations Group (DIG), noted that the two presentations were complementary in that affordability of housing by the consumer is*

paramount. Kecia Rust’s presentation elucidated the affordability pyramid for urban housing and the roles of different actors in the value chain. Solutions evidently are needed that go for incremental housing versus a finished housing product and there is a possibility China can learn from Africa in this respect. At least, the Chinese private sector needs educating on African housing market conditions.

#### *Discussion*

Participants explored what is the role of the housing developer in the problem as configured, which is one of affordability. Possible routes for China to expand into the African low-income housing market are through:

1. Provision of serviced land
2. Incremental development of houses through sale of materials or building components
3. Promotion of this type of housing delivery, or a mixed model of components, incremental and finished houses.

Development projects often lead to evictions of low-income urban dwellers and it was asked if China adheres to international guidelines on displacement and evictions. It was agreed that a tool is needed for assessing the social impact of investments.

Kecia Rust responded and observed that, just as



*Jing Feng—China Academy of Urban Planning and Design (China).*



*Sam Sternin—Development Innovations Group (Ethiopia).*

when the mortgage was invented, a new breakthrough tool is needed now for the delivery of affordable housing for the urban poor in Africa. Considering the delivery of rental housing, or housing offered on installment sale, she noted that an issue was the institutional capacity of the housing provider. Still, innovation in product development was crucial to finding housing finance systems that respond to the affordability realities of the majority of the population.

Dr Zhao agreed that a new type of developer is needed for the 21<sup>st</sup> Century and there must be knowledge development for this younger generation of developers that will work in Africa and understand the nature of its risks, working with local agents on the ground. Primarily it must be determined how the very poor can invest their meager resources in housing and what laws and policies can be developed to make this work. By all means, guidelines are appropriate. China's reputation will be established less from promotional activities and more through performance.

*The moderator* concluded by commenting on the need for cross-border learning on these issues, as well as the need for people's involvement in the housing process. Finally, he raised the issue of the urban landscapes and aesthetics that will be created in such cities. Trees and green spaces are a priority

for a humane and sustainable city.

*The Rapporteur, Dr Diana Lee-Smith of Mazingira Institute*, summarized the day's proceedings and commented that there is an example of site-and-service housing from 30-35 years previously that can be viewed on the tour on 1 August. Funded by the World Bank and managed by the Nairobi City Council, it produced affordable housing through self-help investment by low income urban dwellers. However, the capacity was lost when the system was abandoned in 1983 for political reasons: there was corruption on the Kenyan side and World Bank policies changed towards private sector rather than public institutions engaging in low-income housing support institutions.

## Day two

### **Theme three: Urban land, services and infrastructure**

*Moderator : Prof. Fantu Cheru, Director , Nordic-Africa Institute*

*Dr. Caroline Wanjiku Kihato, Urban LandMark, Pretoria: Making African land markets accessible to the poor.*

Urban land markets in Africa are characterized by a high urban growth rate (especially at the peri-urban periphery which is outside government regulation and planning) and thus "informality". Most housing





Caroline Kihato—Urban Landmark (South Africa).



From right: Cupertino Gourgel—Consul General, Consulate General of the Republic of Angola in Hong Kong SAR, Carine Kiala—Advisor, Consulate General of the Republic of Angola in Hong Kong SAR and David Westendorff—Urbanchina Partners and University of Memphis (China & USA).

is extra-legal, and there is rapid densification and in-fill in formal housing areas also. There is widespread distrust of courts and their ability to enforce land rights. Transactions take long and are high cost. Most African countries have two systems of law regulating land use and ownership: colonial-inherited common law and customary law recognized in statutes. In some places such as northern Nigeria and coastal Kenya, Sheria law which has its own courts, is also recognized by the state. Most land transactions are however outside any of these systems, and robust informal commercial markets exist. Research conducted in Mozambique and Luanda found that informal land agreements may be written or verbal and depend on social networks for enforcement. Studies of these informal systems in the two countries suggest that routes must be opened to link them to the formal systems of tenure so that the sense of security people have in them can be regularized. An incremental tenure model was outlined, comprising a series of steps which provide some form of security and recognition between illegal tenure and full legal tenure. Fear of eviction was associated with less security and lack of recognition of informal agreements. Interim recognition was associated with master planning that recognizes settlement reclassification. More security was associated with a new form of legal tenure and block planning with group rights. Land titling cannot be seen as an end in itself,

but a means to security of life for the urban poor.

*Prof Jianhong Wu, Beijing Jiaotong (Transport+communication) University: Transport infrastructure development (TID) and its role in poverty alleviation in China*

This paper summarizes studies carried out on the impacts of several major infrastructural developments in China. Two stages have been identified. At first, the infrastructure investment is faster than the rate of GDP growth. Then in the second stage, GDP grows and poverty levels reduce. A cyclic relation has been identified in the relation between TID and poverty, and this has been traced using an input-output quota model matching steel and cement with job creation and consumption levels. International studies (ADB) conclude that:

- Pro-poor impact can be enhanced by coordinated investment (e.g. in power supply)
- Without sustained maintenance the impact on poverty is not sustained
- There is a higher impact in poorer areas, but
- The initial level of development is crucial – in very poor areas there is no impact.

In the Chinese cases presented (Beijing-Hong Kong railway, Shenmu-Yanan Railway, Yichang-Wanzhou railway) there was faster economic growth through the supply of labor, materials and services during construction, increased labor mobility, and



From left: Fantu Cheru–Nordic-Africa Institute (Sweden) and Mao Shelly Xiaojing–Chinese Academy of International Trade and Economic Cooperation, Ministry of Commerce of China.

From right: Jing Shang–China Academy of Urban Planning and Design (China), and Gordon Pirie–African Centre for Cities (South Africa).

agriculture and tourism development. Poverty reduced dramatically but there was also a problem of displaced persons as an unwanted side-effect. The question is, can this learning be transferred to Africa? Or will planned high-speed railways and expressways there become “white elephants”? Comparable studies are needed on Chinese investments in Africa. Maps were shown of potential Chinese investments in infrastructure but these must be well planned. As a final comment, the best strategy ultimately for poverty reduction is education.

### Discussion

Participants focused on people-based perspectives to the material presented in both papers on this theme, as these encompass the wider questions which are the concern of this forum. For example, with regard to land and services, it is not possible to criminalize virtually an entire population for living with informal tenure. Titles to land have to be evaluated in relation to rights to land. Likewise, infrastructure can be planned for vehicles but what does it mean for the people who daily have to cross it? Where is the road going for them and have their daily lives been thought about in the planning?

The governance dimension was identified as critical. If there is a governance deficit, planning is a form of oppression instead of facilitation for people and their needs. Gaps in governance were pointed out as fail-

ure to recognize the three platforms of state, private sector and civil society. Citizens have a right to challenge the state because they are active subjects of development. Sound institutions are stable sets of rules – whether formal or informal – that constitute governance (and also guarantee secure tenure). It was observed that this governance deficit in Africa is a product of weak capacity and leads to corrupt practices. It was also pointed out that the absence of money for delivery of serviced land and infrastructure is a major causal factor in poor performance leading to urban poverty. Obtaining public funds through taxation is a major challenge in Africa. Thus the importance of working with people to translate their meager funds into realistic investment choices was emphasized. ICT technologies could provide new opportunities for such mobilization.

Specifically in relation to land tenure, the model presented was endorsed, and it led to further useful discussion on the nature of security of tenure. Sometimes formal tenure can itself be made insecure if there is corruption in its administration as happened in Kenya in the 1990s, recounted through the experience of the civil society “Operation Firimbi” (Blow the Whistle) campaign against grabbing of public land by corrupt officials. Or there may be conflicts arising between different forms of tenure, including conflicting systems of informal tenure for example, when they are based on ethnic or political affilia-





From left: Kecia Rust—Centre for Affordable Housing Finance in Africa (South Africa) and Xiaoyang Tang.

tions. It was agreed that the basic requirement was public trust in the institutions mediating tenure and a basic level of mutual trust in society, and between the state and those governed.

#### **Theme four: Participatory urban planning**

*Moderator : Prof. David David Westendorff, University of Memphis*

*Jane Weru, Executive Director, Akiba Mashinani Trust (AMT), Nairobi: Community participation in urban planning: the role of slum dwellers' federations.*

A group of slum dwellers in Mukuru, Nairobi, were able to mobilize significant sums of money by amassing their daily savings to purchase 23 acres (10 Ha) of land adjacent to that they are living on, which is contested and environmentally vulnerable land from which they are under constant threat of eviction. This group is part of the Slum Dwellers International (SDI) federation. Savings are about 20 US cents to US\$2 per day per member. The owners of the land wanted about US\$ 1.2 million for it. Challenged by AMT to raise 20%, the slum dwellers expanded their membership from 500 to 2,200 and raised a considerable amount. Although banks were resistant to loaning to slum dwellers, AMT succeeded in negotiating a reduction in the land price to US \$ 1 million and a five year loan for \$675,000 towards this amount after making a cash guarantee of \$285,000 through SDI, supported by BMGF. This loan was paid off in

less than two years thanks to the vibrant savings scheme and management of fluctuating interest rates. Although the asset is valued at \$7.1 million and \$118.000 has been raised towards the SDI guarantee, problems are not over.

Most significant is the issue of affordability of the housing units planned, which have to include high-rise because there are so many savers compared to the land size. Most members can only afford \$24 per month mortgage payments, which is their current rent level. This is a challenge in terms of physical and financial design. There is a plan to build 2,000 units for members and about 700 for market sale to pay for infrastructure, which Kenya's Ministry of Housing has indicated interest in supporting. Project cost is estimated as \$44 million including technical preparation. Financing of this is an issue.

Housing shortage is creating a situation where encroachment through political instigation has forced residents to build a fence to defend the land, but members are still saving and others are following their example, indicating a great untapped potential for affordable housing. These are vulnerable groups under constant threat of eviction.

*Dr. Shang Jing, Vice President, China Academy of Urban Planning and Design: Planning for regional poverty alleviation in Guizhou province of China.*



*Working group in session on the theme: Financing and social housing.*

One third of the population in this area of South West China are poor, about 11.5 million people. The study examines rural-urban linkages and pro-poor urbanization. In the first phase 1978-1992, rural incomes increased with reform and opening-up policies. Then in 1993-2000 wage incomes increased with the urbanization policy. Since then, with speeding up of urbanization, both family business and wage incomes increased as well as fiscal transfers. It is hard to reduce poverty due to:

1. Low wages and lack of education for the available jobs (high tech and mineral industries)
2. Low family business income due to lack of infrastructure
3. Population growth on poor land causing environmental degradation
4. A rural economy that is not linked to the cities

Solutions entail a model to protect both the environment and the population. Urbanization improves the rural-urban population balance to increase incomes and conserve the environment. There has been job creation for farmers while some have chosen to move to the new cities. Urban demand has created income for adjoining rural areas. Funds are allocated according to demands from regional, town, county and village levels. Infrastructure includes education, medical care, social security, culture, housing and employment. In 2011 7.1 million people moved from

rural to urban in the area, 80% of the rural labor force. Letting people move is policy, even though it is hard to create jobs at first, but the bad cycle is broken. The strategy has five types of urban development with a combination of rural and urban economies: comprehensive urban, mineral, agricultural, tourism and traditional agriculture.

*Jing Feng, China Academy for Urban Planning and Design, Beijing: Urban planning case study: slum upgrading in Luanda, Angola.*

This is a preliminary 4-month interdisciplinary study not implemented but for discussion. Angola's rapid economic development began with the end of the civil war in 2001. Rapid and confused urban growth took place before that as people fled civil war. Thus of Luanda's 6.5 million inhabitants, 5.5 million live in unplanned slums. There is an extensive area with no roads or other services, characterized by water-logging and uncontrolled garbage dumping.

Solutions have to address the security and safety of residents while building upon their ideas and aspirations despite insufficient resources. Economically, the oil (and other) industries plus agriculture and tourism have to be developed together. Socially, the level of education and technical capacity has to be developed. Some measure of re-ruralization is foreseen as a response to the peace-time economy.





At the workshop dinner-reception: Simon Carter—Regional Representative, ESARO, IDRC (Canada) and Diana Lee-Smith—workshop rapporteur, Mazingira Institute.

The study proposes several measures including the development of industrial parks, a modern service industry based on agriculture and industry as well as tourism (creating formal and informal jobs), and a rationalized transport infrastructure that serves the slum areas and opens them up to development. Other infrastructure needed there are power supply, sanitation and garbage disposal. Housing has to be addressed through market, government and resident-led construction for gradual upgrading. A new spatial plan is needed to get rid of the mono-centric focus on the old colonial city.

### Discussion

The moderator commented in relation to all three papers and how each relates to the theme of participatory urban planning. In order to achieve pro-poor urban development, appropriate design methods must be employed. In every situation there are potential conflicts and conflicts of interest and these can only be resolved through such methods that involve the participation of all parties, including the communities.

Regarding models of and the evolution of urbanization strategies, historically the apartheid-type approach to slum demolition and relocation was replaced by high-rise solutions and the “Singapore” model, and subsequently *in situ* upgrading with community involvement. Similarly, in planning theory

and practice, the “First generation” models of planning being imposed on the immediate realities were replaced by “Second generation” methods labeled “transactional analysis” where multiple interests are reconciled through negotiations. It was also pointed out that “who gets what” in a planning process is a political issue that must be addressed through participatory planning.

Another aspect raised was that there are varied forms of urban development with different socio-cultural needs and histories linked to urban form. For example, Islamic, Western and Chinese cities are different from each other. Sometimes conflicts that appear as political may in fact be based on different perceptions of desirable urban form. The question was raised as to whether Western Chinese models of urbanization can inform Africa, which itself struggles with a colonial heritage.

Some questions were raised on the figures quoted in the paper on Luanda and these were corrected. Similarly, it was pointed out that slum construction penetrates the urbanized areas of the city so there is no sharp boundary as the study implied. It was agreed that a functioning transport network is a fundamental key to urban access, safety and security. Another fundamental is SME workplace planning and security. The conventional planning assumption of a dichotomy between residence and workplace has to be questioned however.



From left: Melanie Walker—Special Initiatives, Bill & Melinda Gates Foundation, Diana Lee-Smith and Andre Melo—Development Workshop (Angola).

Regarding financing of pro-poor urban development, the banking system is evolving and this must be a part of planning innovations for the valorization of informal (slum) settlements, both the construction of housing and provision of affordable services. With regard to savings mobilization, the indigenous African systems are a tremendous potential resource as evidenced by the Mukuru presentation, which also demonstrated active community involvement in the entire process of organizing and planning. However, it also presented the challenge of how to service urban poor community needs in volatile land markets.

With both this presentation on Mukuru and the one on Luanda, implementation is the challenge. Raising capital is one issue but affordable construction is another, requiring specific technical support systems. The Guizhou presentation addressed the challenge of good data, as did the very first presentation on participatory mapping of urban poverty in Luanda, which was complementary to today's presentation on Luanda. However, regarding implementation of participatory planning, some new types of knowledge and skills are required. These are very specific and were addressed earlier in the workshop particularly under Theme Two on financing of social housing and Theme Three on urban land, services and infrastructure.

### **Final Session: the way ahead**

*Moderator: Sam Sternin, DIGS*

Participants were organized into four groups with balanced membership from China and Africa, each charged with generating project ideas to double or triple poverty impact. Each idea had to be described in relation to its poverty impact, the partners or actors involved, how long it would take, and how to measure the poverty impact. The four groups made the following proposals, not all of which were specified in relation to impact measurement.

#### *Group One: Rapporteur, Ross Anthony*

Professional training for Chinese and African urbanists, which captures the ideas generated at this meeting. The impact would be less “white elephant” projects with no impact on the poor. The courses would be 2-4 weeks long, as needed.

Vocational training for local builders in Africa, mobilizing Chinese technicians to train African youth. This would build capacity in Africa and generate better youth employment levels thus reducing poverty.

Chinese firms should adopt pro-poor urban development projects and activities as part of Corporate Social Responsibility. This would also generate funds since the CSR can be used a tax write-off.

#### *Group Two: Rapporteur, Bernard Mosefi*

Replicate the method of participatory mapping of urban poverty applied by Development Workshop in





Zarina Ishani—workshop Africa coordinator, Mazingira Institute.



Elaine Lizhi Huang—workshop China coordinator, Peking University.

Luanda. This would generate Municipal Assemblies across Africa that can apply participatory planning methods, thus generating greater pro-poor urban development. The planning of transport infrastructure is one aspect of this and it would improve the pro-poor impact of such projects. Three countries per year would be targeted for five years. The data generated would be mainstreamed.

Establish study exchanges for Chinese and African scholars, focused on methodologies from concept to design and implementation, incorporating the user’s voice. These would focus on affordability and cost recovery. Transport systems would be included in specific exchanges. It would be started with a pilot exchange.

Establish a technical China-Africa Forum, linked to the political Forum on China Africa Cooperation (FOCAC). This would focus on developing institutional frameworks for the delivery of affordable housing and land for the urban poor using methods outlined in this meeting. It would enable concrete inputs to Chinese investments in Africa by having negotiating power through FOCAC.

Set up a Trade Fair or Expo featuring Chinese business products that have a pro-poor urban content that will benefit the African region. This would be a pilot project linked to the African Union on Housing Finance which meets every other year.

*Group Three: Rapporteur, Carine Kiala*

Create “decent work” for the urban poor in Africa, through Chinese initiatives on SMEs through its state structures, involving the education sector. On the African side this would be executed through government, private sector and civil society collaboration. Household businesses, labor unions and employers’ associations would be involved. This would initially be a 2-year pilot program.

Set up people-to-people linkages China-Africa, to be managed through organizations such as cooperatives, to develop pro-poor knowledge on urban-rural linkages. This would address bottom-up mutual learning and would be a pilot project.

Execute research (3-6 months) on use of Chinese goods by the urban poor, to study the impact of changing patterns of trade China-Africa.

Make studies of the social impact of Chinese investment in Africa. Selected big investments would be studied in relation to their impact at community level.

*Group Four: Rapporteur, Andre Melo*

Set up a regional platform for research including on project implementation, creating a knowledge reservoir on China-Africa cooperation on pro-poor urban development. At the political level this

platform would be linked to CADF and FOCAC. The regional platform would be led by national organizations such as housing federations, but it would also involve multiple stakeholders addressing pro-poor urban development, including the urban poor themselves through their organizations. Public and private sector organizations such as banks and energy companies would engage with the platform which would thus involve Chinese companies directly in slum upgrading. The platform would strengthen bottom-up methodologies addressed in this workshop and would measure the impact of resulting initiatives on livelihoods of the urban poor. This is a long-term initiative.

### *Discussion*

It was immediately noted that there were linked ideas between the groups. The clearest connection was all groups calling for some kind of institution or learning mechanism. This would continue the development of the principles of good practice for pro-poor urban development emerging from this workshop. The idea of establishing a Corporate Social Responsibility initiative that addresses pro-poor urban development was endorsed.

There were a number of ideas that entailed macro-level thinking but micro-level action, such as the idea of a regional platform for networking of ideas. It seemed to suggest that this was a “panel with clout”. There was discussion on the role of philanthropy versus the ideas of projects paying for themselves through full cost recovery. It was concluded that the costs involved are so high that affordable construction for and by the urban poor is the only way to go. The question is how to achieve it.

Methods of project implementation emerging from the group were not strongly developed. A pilot-testing method seemed appropriate but further work is needed to finalize these ideas in proposal form. A small group not taking part in the tour on Day Three was set up to move the ideas forward as an actionable project or projects.

### **Workshop Closing Session**

*Melanie Walker, Deputy Director, Special Initiatives, B&MGF* thanked the participants and encouraged the follow-up group to keep focused on what is the problem that is being solved. What is the problem of urban poverty? Is it one of technology or one

of finance? Also is it measurable? She gave the example of WHO focusing on the social determinants of health as a way of addressing environmental health problems through measurable outcomes. Crowd sourcing through ICT in order to address and measure urban poverty issues related to large construction initiatives is perhaps a possibility. Technical assistance on financing to municipal governments is another. She encouraged donor mapping to find investors. This has been one of BMGF’s initiatives to seed further research on a topic of priority for development.

*Allan Cain, Director of Development Workshop, Angola*, quickly assessed the workshop as largely successful in the sharing of many new ideas, identifying partners and future stakeholders, and a future exchange program. It has been less successful in engaging Chinese and international institutions to invest further in pro-poor urban development, but this will be the task for the follow-up group.

*Liu Haifang, General Secretary, Centre for African Studies, Peking University* concluded that much had been learned from this workshop and it showed that much more can be gained from continued face-to-face communication on the topic.

*Davinder Lamba, Executive Director of Mazingira Institute*, formally closed the session by extending thanks to all concerned who made it possible, especially Hai-fang and Allan, to the BMGF and Melanie, to Sam Sternin for guidance to Mazingira Institute, and to all the staff of Mazingira, the interpreters, hotel, travel agent and rapporteurs.

He outlined the program for Day Three, including the “windscreen” tour of Nairobi’s poor and rich areas. Finally he invited all participants to a dinner hosted at Mazingira Institute at the end of Day Two, to discuss informally including with some other potentially interested international agencies.



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