

Policy pointers

Governments and donors designing pro-poor urban programming in the region must recognise that informal institutions and actors are key to shaping whether and how people access shelter.

Designing shelter interventions must acknowledge that the 'urban poor' are not homogenous, and mitigate for discrimination based on sex, disability, ethnicity and migration.

Governments should explore low-cost rental housing as a viable intervention in the region's cities.

It is key to develop new options for affordable finance, invest in upgrading informal settlements and ensure that 'affordable' housing options are accessible to the urban poor.

More inclusive cities in East Africa: working with politics and informality

Power and informality interact in complex ways in urban shelter provision. This briefing is based on a study of three East African cities: Nairobi, Hawassa and Mogadishu (see Box 1). The three-year research project studied both financial constraints to accessing land or housing and non-financial constraints such as discrimination on the basis of identity. Our findings underline the importance of knowing who has power within the housing and land markets. Power does not just derive from wealth; politicians, traditional leaders, gatekeepers and others exercise influence in these markets. A person's identity — and income — impacts the extent to which they can navigate these power structures, and the formal and informal systems that govern access to shelter. Governments and international donors need to improve the lives of the urban poor: notably with low-income, regulated rental schemes; slum-upgrading and affordable finance.

In East African cities, as elsewhere in the Global South, most housing is built informally and does not conform with rules and regulations governing buildings and land use.¹ However, urban land markets are heavily influenced by what local government does (or fails to do), including the rules governing land tenure, sale and use — and the extent to which these are applied and for whom they are enforced. If there is insufficient housing or land for housing, a vibrant informal market will develop. Unfortunately, most informal housing in sub-Saharan African cities is poor quality. Structures are often illegal or located on sites that lack basic services and are occupied or built on illegally. Land ownership is often unclear, and the legal status of settlements is disputed.²

Informal systems play an important role

Informal systems are integral to governance, livelihoods and the housing markets in African cities, shaping the lives and livelihoods of all residents. Inappropriate and outdated plans, policies, laws and regulations contribute significantly to informality, leading to social and spatial exclusion.³ But informal actors and systems also support the most basic of human needs and can be critical providers of services where formal institutions are not functioning and the state's capacity to deliver policy or enforce rules is weak. Formal and informal institutions vary across cities and countries, and can intersect in highly complex ways.

Social analysis is key to ensuring that policies and programmes related to shelter 'leave no one behind'

The critical role played by informal housing and service providers is very evident in Mogadishu, Somalia. The inability of the state to meet the shelter and security needs of the city's most vulnerable residents has generated an industry that both maintains and exploits these people. Individuals known as 'gatekeepers' negotiate access to plots from local landlords or chieftaincies and then facilitate access to shelter, principally to internally displaced persons (IDPs), but also

long-term urban poor residents. These gatekeepers provide land, security and basic services for a fee and have established themselves as unavoidable intermediaries in aid delivery to IDPs. They provide protection and services (usually poor quality) that the federal government cannot provide.

Huge demand for shelter has also driven the growth of informal settlements in Hawassa, Ethiopia, despite clear signals from government that areas illegally settled after 2011 are at risk of demolition without compensation. Their appeal often rests on their location; residents can easily access informal markets to sell goods, or travel cheaply to other employment. But informal settlements are also more affordable for low-income households. Similar pressures in Nairobi, Kenya have seen rapid vertical growth, as private developers build low-quality tenements of up to ten storeys. Informality is not a temporary status

for most low-income residents of the cities in this study. Research in Nairobi has shown little upward mobility or movement across types of shelter. Rather, there is 'circular mobility' — most households move within the same shelter type, for instance from shack to shack.⁴

The informal market for shelter is not necessarily a negative phenomenon, nor is it always hidden from government. Government representatives and officials often facilitate the emergence and durability of informal settlements and service provision — both explicitly and implicitly. These findings oblige us to revisit the dualism of 'formal' and 'informal' in both policy and practice.⁵ The complex relationships between actors make it hard to isolate the two categories.

Understanding legislation and formal structures is important, but so is knowing how things actually work in urban settings. Programmes rooted in a more nuanced understanding of incentives, power dynamics and behaviours can then reflect this in their approaches — for example, engaging with actors like gatekeepers or brokers who are rarely involved in donor programmes, or addressing unintended incentives for people to operate outside the law. Analysing local power relations is critical for urban programming, particularly as informal actors and practices may have a stronger influence on the urban poor than formal policies and legislations.

Recognising diversity is critical

Low-income groups face the greatest challenges in accessing decent housing. But within this large swathe of the population, some people experience more acute challenges on the basis of their identity.

There are important gender dimensions to shelter access. Many women face additional barriers and challenges: their ability to earn an income and pay for housing is affected by discrimination, education and domestic care burdens. Discriminatory inheritance and divorce practices can also exclude women from owning or realising the value of land and property. Gender norms can discourage single or divorced women from renting or living alone to avoid being stigmatised, and make it harder for women to access credit.

Gender inequality and discrimination are evident in all three cities studied, despite legislation promoting equality. In Hawassa, we found female-headed households had different experiences depending on the type of shelter they lived in. Those living in informal settlements and low-income private rental were particularly

Box 1. Our East Africa urban shelter research

This briefing draws on research produced and documented by teams in Hawassa, Mogadishu and Nairobi for the IIED-led research project 'Shelter Provision in East African Cities: Understanding Politics for Inclusive Cities'.¹⁰ The project investigated systems of shelter provision in these three cities in order to generate new insights that can inform more inclusive, affordable shelter interventions.

Project outputs include a working paper (which more fully explores the content of this briefing) and a detailed policy briefing about each city:

- Earle, L and Grant, E (2019) Access to shelter and services for low-income groups: lessons from Hawassa, Mogadishu and Nairobi on the politics of informal settlements and shelter access. Working Paper. IIED, London.
- Bryld, E, Bonnet, B, Kamau, C (2019) Shelter for all: towards more inclusive housing in Mogadishu. Briefing. IIED, London
- Mwau, B, Sverdlík, A and Makau, J (2019) Towards holistic solutions to Nairobi's affordable housing crisis. Briefing. IIED, London
- Grant, E at al. (2019) Proposed solutions for inclusive shelter in Hawassa. Briefing. IIED, London.

affected by safety issues. Women's insecurity in informal settlements was also a concern in Nairobi and Mogadishu due to several factors, including lack of private latrines (or any latrines at all), overcrowding and insecure shelters.

The Mogadishu research highlighted the intersecting vulnerabilities of certain groups, notably of female- and youth-headed households and people living with disabilities (PLWDs). PLWDs are particularly affected by poor infrastructure in settlements. Our research also highlighted the vulnerability of young single men. In Mogadishu, despite a deeply patriarchal society, unmarried younger men were identified as being particularly disadvantaged in accessing shelter. This is due to stereotypical views of young men as drug-takers, potential al-Shabaab members, or likely to cause trouble.

Links between ethnic identity and land are well-documented across Africa — though usually associated with rural land. But there are similar tensions in urban areas also, relating both to disputes over urban land itself and to ethnic conflicts played out elsewhere in the country. Discrimination linked to migrant status may exacerbate marginalisation experienced by ethnic minorities moving into towns and cities to seek shelter, services and livelihood opportunities. In Mogadishu, there are strong links between ethnicity and where an individual can settle in the city. Referrals and word of mouth often determine where IDPs settle; not having the right connections can severely limit access to shelter. Certain groups are confined to areas without security of tenure and are at high risk of eviction due to urban development. IDPs from minority clans and ethnic groups are particularly vulnerable. It is also more difficult for IDPs to get ID (usually a prerequisite for land and housing transactions).

Social analysis (including gender and power analysis) is key to ensuring that policies and programmes related to shelter 'leave no one behind'. Urban programmes and interventions in the region also need to be informed by sophisticated social and conflict analysis that examines ethnicity in conjunction with other axes of difference such as gender and disability. This is often highly sensitive, requiring great care in both design and roll-out. But it is vital to mitigating the risk of inadvertently entrenching inequalities and/or potentially exacerbating the threat of conflict. A recognition of intersectionality — how different characteristics such as gender, age, disability and ethnicity overlap, potentially compounding discrimination and disadvantage — is critical for effective programming.

Regulating rental markets

Rental housing is widespread in many African cities and informal settlements in particular. Renting is often appropriate for residents who are mobile, workers employed in central areas, new families and the old or infirm.⁶ But to date, 'few governments [have] taken the rental housing issue seriously' although it can 'reduce the quantitative housing deficit, it can slow urban sprawl [and] it can improve access to infrastructure and services'.⁷ Rental housing is underexplored as an appropriate option for low-income groups; lack of regulation is one factor contributing to poor-quality housing and exploitation of tenants.

In Nairobi, rental is the primary form of accommodation: 86.4% of households live in rented units.⁸ The high cost of land and property in Nairobi's formal sector and a historical focus on providing middle- and upper-class housing has created a huge informal rental market in the city, dominated by shack and tenement housing. This market is largely unregulated and very profitable, but has remained largely untapped by the city's revenue-collection systems. Very little of the city's budget is spent on improving shelter conditions for its poor. Nairobi's policies and practices have not managed to transform living conditions in shacks and tenements, as demonstrated by the failure to regulate the rental market. Unless this is addressed, living conditions will continue to worsen.

Across the three cities, the absence of regulation and protection mechanisms fosters severe tenure insecurity and exploitation especially among poorer groups. While rentals for wealthier tenants are generally formalised, rental agreements for low-income residents are often verbal — based on trust and mutual agreement. This enables private landowners to change and even terminate rental agreements abruptly and arbitrarily.

Access to affordable finance is key

Alongside a lack of protection and support for low-income renters, the research also demonstrated very limited affordable finance available for house purchases, and the failure of supposedly 'affordable housing' schemes. The ability of the lowest-income groups to access formal housing was extremely limited across all three cases. In Kenya attempts at affordable housing have been captured by the middle classes. The Kenya Slum Upgrading Programme (KENSUP) in Kibera is a case in point: unmet demand from higher-income groups contributed to the sale of Kibera's upgraded units to better-off households. This 'displacement' has also been noted in Hawassa. Beneficiaries of a nationwide

condominium housing scheme are subletting their apartments, although this was not the original intention of the scheme. And low-income households have found it difficult to raise the deposit required to enter the scheme.

Across all three cities, mortgage finance for low- and middle-income groups is limited. In Ethiopia there are no mortgage banks, and most Somali banks do not provide long-term loans. In Kenya the mortgage market is small and generally accessible only to the wealthy; there are initiatives that attempt to make finance for shelter more accessible but these are currently exceptions (see Box 2). In the absence of formal credit, many Nairobi residents rely on the cooperative sector or savings to fill the gaps. Savings and credit cooperative organisations (SACCOs) provide credit more cheaply than alternatives and can be used for incremental housing improvements, as well as complete purchase or periodic improvements.⁹ However, SACCOs have made limited inroads; it remains difficult for them to scale-up housing and land development.

Overall, the dearth of adequate and accessible financing options fuels the informal market — with people renting, building or squatting on land that has not been set aside for residential use. Growing populations and existing housing deficits in all three cities demonstrate the need for alternatives to private or public-sector provision of new housing stock. Upgrading existing housing stock in informal settlements is critical to meeting demand and improving quality of life for hundreds of thousands of city dwellers in the region. This also requires access to finance; the challenge will be achieving this at the required scale.

Conclusion

Before designing pro-poor housing interventions, donors and governments need to understand the

Box 2. Affordable finance for the homeless

One initiative of note in Nairobi is the Akiba Mashinani Trust's (AMT) support to the Kenyan homeless people's federation, Muungano wa Wanavijiji (Muugano). AMT raises and manages bridging finance which has provided 7,000 households with loans for shelter upgrading and supported community-led upgrading processes.¹¹ Between 2009 and 2016, AMT issued project loans and grant capital worth US\$1.7 million to savings groups, in addition to individual loans.

full range of housing options that low-income individuals and households can buy, build or rent — and how these shape and in turn are shaped by (formal and informal) land, housing and finance market systems. Overcoming shelter deficits will require greater policy recognition of informal rental housing, which is often overlooked in favour of home-ownership strategies. National and city governments should address the uncertainty and abuse associated with informal rental agreements, including abrupt and arbitrary rental termination or rent hikes. They must also enforce appropriate regulations on public health and building safety. Finally, a rethink of what is 'affordable housing' is desperately needed, to ensure that pro-poor housing or finance are not captured by those with higher incomes.

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Notes

¹ UN-Habitat (2016) World cities report 2016: urbanization and development – emerging futures. <http://unhabitat.org/books/world-cities-report/> / ² AfDB (2016) Sustainable cities and structural transformation. *African Economic Outlook*. African Development Bank. <http://bit.ly/210nZUd> / ³ Pieterse, E and Parnell, S (eds.) (2014) Africa's urban revolution. London: Zed Books. Full project information is online at <https://www.iied.org/shelter-provision-east-african-cities-understanding-transformative-politics-for-inclusive-cities> / ⁴ Talukdar, D (2018) Cost of being a slum dweller in Nairobi: living under dismal conditions but still paying a housing rent premium. *World Development* 109: 42–56. / ⁵ McFarlane, C (2012) Rethinking informality: politics, crisis, and the city. *Planning Theory and Practice* 13(1): 89–108. / ⁶ Peppercorn, I and Tiffin, C (2013) Rental housing: lessons from international experience and policies for emerging markets. World Bank. <http://bit.ly/2kwwkEMB> / ⁷ Gilbert, A (2016) Rental housing. In Deboulet, A (ed). *Rethinking precarious neighbourhoods*. Paris: Etudes de l'AFD. <http://bit.ly/2kZAJUS> / ⁸ KNBS (2018) Economic Survey 2018. Kenya National Bureau of Statistics, Nairobi. / ⁹ Feather, C and Meme, CK (2019) Strengthening housing finance in emerging markets: the savings and credit cooperative organisation (SACCO) model in Kenya. *Housing Studies*: 1–36. / ¹⁰ Full project information is online at <https://www.iied.org/shelter-provision-east-african-cities-understanding-transformative-politics-for-inclusive-cities> / ¹¹ Weru, J, Njoroge, P, Wambui, M, Wanjiku, R, Mwelu, J, Chepchumba, A, Otibine, E, Okoyo, O and Wakesho, T (2017) The Akiba Mashinani Trust Kenya: role of a local fund in urban development. IIED, London. <https://pubs.iied.org/10182IIED>