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Is there a need for DFID's urban programming to be more politically smart and locally led?

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June 2015

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Summary:

- DFID-funded urban programming, while increasingly important, has not been as effective as it could be, facing challenges in meeting targets and promoting sustainable change
- The clear and consistent lessons that emerge from this work is the need to better ensure urban programmes are politically smart and locally-led
- Some simple steps would enable DFID to get a handle on this problem and begin to strengthen programming across its urban portfolio

Background

1. Poverty is urbanising. At least one billion people worldwide currently live in slums and informal settlements[i], and traditional poverty metrics mean the full extent of urban poverty is underestimated.[ii] Whatever the current level, it is undoubtable that urban poverty is fast increasing, and the vast majority of urban growth between now and 2050 is going to occur in developing countries.[iii]

2. Cities are central to a country's development more broadly. Cities have a great potential to drive economic growth and transformation thanks to the productivity increases associated with urban clusters and agglomeration effects.[iv] However for the majority of cities in the developing world this growth potential has yet to be capitalised upon despite rapid urbanisation. Moreover if the cities are not managed well, there is a potential for serious negative impacts including environmental problems, and increasing vulnerability and resilience.[v]

3. Strong and functional institutions are central to ensuring productive and inclusive cities. Shortfalls in public investment, insufficient or low quality infrastructure and services, and unregulated development are in many cases symptomatic of underlying institutional challenges, governance constraints or political economy problems.[vi] In contexts with weak government, delivering public goods and tackling market failures such as externalities faces collective action problems.[vii] In some cases rapid urbanisation has outpaced the ability of government and administrative systems to keep up,[viii] while in other cases under-development serves the interests of particular elite groups, who profit from or gain political benefits from informal settlements, for example.[ix] There are some unique challenges presented by the political economy of urban development, with constraints posed by the complexity and heterogeneity of urban landscapes and the value of rents available; there are also some opportunities and potentials unique to urban contexts.[x]

Rationale and overview of DFID's urban work so far

4. This note looks at how DFID has responded to the challenge of urban development so far, and draws key lessons and providing suggested next steps. It builds on a mapping of project documents and research relating to urban programming funded by DFID, and on interviews with expert informants. In this section we give an overview of DFID's work on

urban issues, and then next outline the common components of urban programmes and the lessons that have emerged from their implementation. We then conclude with some suggested next steps for DFID.

5. **The programmes covered in our review amount to around £500m spent by DFID on explicitly urban-focused programmes over the past 10 years**. Urban-focused programming is generally implemented through multilateral agencies such as the WB, UN and regional development banks, with some notable exceptions. The programmes covered included a number in India such as the Kolkata urban services for the poor and Madhya Pradhesh urban services for the poor programmes, projects in Bangladesh including Urban Partnerships for Poverty Reduction, programmes in Afghanistan and Pakistan such as Sub-national Governance in Pakistan, and others elsewhere.

6. There are signs of some shifts in DFID's urban programming over the past 10 years, with a movement towards addressing the root causes of development problems, a greater focus on governance and institutions, and efforts to capitalise on the great potential for funding services and infrastructure.[xi] There are also a number of examples of innovative approaches producing important and sustainable impacts, such as the transnational movement Slum/Shack Dwellers International,[xii] and efforts to broker collective action for urban development.[xiii] There are, however, also some clear and strong lessons about areas for improvement. As urban programming has moved out of India to contexts without strong local government, adequate decentralisation or relatively functional bureaucracies, local ownership has suffered and in turn the lasting results of programmes has often been disappointing.

7. It is difficult to assess the level of priority given to urban issues, as DFID (like many other development agencies) do not generate information on the rural/urban split of their work, and it is further obscured due to the multi-sectoral nature of urban development. There are however indications that DFID's urban spending will increase, with a number of other ongoing and upcoming programmes developed by country offices with specific urban focus, and a new policy soon to be announced. Given the importance of urban development and likely increase in spending, it is essential to learn the lessons from past work.

Lessons from DFID-funded urban programming[xiv]

8. **Work with local government has largely involved building the capacity of municipal and metropolitan authorities**. Typically there is a focus on urban planning, management and information systems, budgeting processes and monitoring frameworks, and citizen-facing work around e-governance and grievance redress mechanisms. Along with designing systems and pushing for their uptake, donors typically provide training courses and technical assistance to help with their implementation. In some cases, budget support has been provided for performance-based capital grants to local bodies. In recent years there has been a greater focus on building the revenue base and financial management expertise of local governments, while WB work has had a strong focus on fiduciary risk,

financial management and social/environmental impact assessments. In more fragile states capacity building has focused on basic priorities such as building offices and recruiting staff.

9. **Ownership and uptake has proven challenging, as has sustainability**. Results for these programmes are generally measured in relatively superficial output terms. For example, reform efforts are tracked in terms of the formal establishment and maintenance of new procedures with little attention on their operation in practice, or in terms of the number of administrators trained, with little attention to its quality or the impact of training on actual implementation and practice. In many cases planning and monitoring frameworks are developed, but it is questionable how meaningful the they are, with both plans failing to become reality and reporting often measuring relatively superficial 'process' requirements. Even on the output terms, many programmes have had patchy results, with systems not taken up – ownership seems to be an issue, and also in many cases the problem seems to have stemmed from a lack of awareness of interests and incentives of those required to change their behaviour (for example, in DFID India's programmes measures pushed by higher levels of government were taken up, while attempts to change civil service staffing norms were unsuccessful). Typically there is little to no engagement of local elected officials.

10. **Considerable effort at the policy level has been focused on decentralisation and institutional reform**. There has been a good deal of technical assistance at state or national levels to build on legal frameworks, establishing standard operating procedures and systems for reporting, budgeting etc. Another common focus is TA to establish metropolitan government bodies, unifying a number of local government bodies spread across a city or providing single authorities for key services such as public transport.

11. **Failure to appreciate context and politics has led to limited functionality of new institutions**. As with much of the broader donor work on decentralisation, there have been very mixed results in terms of the progress and uptake of these reforms. Politics (formal and informal), political economy and other contextual factors have frequently seemed to be responsible for failures, but it is not clear the extent to which projects have taken the lesson on board. Despite the great number of attempts to establish metropolitan bodies for over a decade very few have achieved levels of genuine functioning, and there is little evidence of projects attempting to take the politics on board, manage the political side of reforms, or of them being prepared to look for technically second-best, politically feasible reforms. Supply-driven attempts to redesign institutions have often resulted in expensive TA left on the shelf, or new institutions that are set up existing largely just 'on paper'.

12. **A good deal of donor work in urban areas took the form of building infrastructure or directly delivering services** to the poor. This has moved on to some extent, integrating these concerns into work with municipal government and some emphasis on leveraging investment from the private sector. However some DFID funding is still channelled into large, one-off multilateral investments in infrastructure that tend to involve large capital investments and international technical assistance without much attempt to build the surrounding institutions. Also, in some cases, challenges of working through government

systems has led to a return to direct service delivery by CSOs or by well-staffed multilateral projects (as with UPPR in Bangladesh). In addition to these, a good proportion of sector programmes in health, education, and climate change adaptation operate in urban areas, but the degree to which their approach is adapted to the unique challenges and opportunities is unclear.

13. **Sustainability has proven a challenge due to a lack of ownership and a lack of focus on institutional change**.[xv] There are a number of challenges and shortfalls with this work. In the first instance, there are typically coordination problems, with sector programmes very frequently not working with local government, and various donor programmes working in the same cities not harmonised with each other. In some instances this leads to inefficiencies and missed opportunities, but in other there are suggestions that it has created perverse incentives for domestic actors who may put attracting large donor investments ahead of finding appropriate and sustainable arrangements. More broadly, there are often issues with the ownership and sustainability, typically due to the lack of institutional focus: multilateral infrastructure development is typically in a technocratic mould, ownership is often lacking and the reasons why government has not delivered the infrastructure themselves are not addressed, leading to poor maintenance, and degradation, and a continued low domestic capacity. The direct CSO delivery to informal settlements have often scored well in project reviews that focus on the level of services delivered, but parallel structures are set up, root causes not addressed, and little level of service lives on past the end of the project.

14. **A number of urban programmes have attempted to promote the 'demand side' of urban governance, strengthening citizen voice and accountability**. This typically involves creating or expanding systems for citizen participation in planning and delivery of services to informal settlements, for example: mobilising ward committees focused on the urban poor, setting up grievance redress mechanisms with municipal governments, or establishing centres for residents to access information on local government. In many cases, these are tied to work building community systems of self-help and mutual aid, such as credit groups and skills exchanges.

15. **Both the effectiveness and the sustainability of these interventions is questionable**. These programme components have typically been judged to have performed well, based on metrics that define results in terms of the establishment of groups and participatory mechanisms. It is not clear however whether they have been able to genuinely influence decision processes, or whether there has been any increase in local government responsiveness. Where responsiveness has been tracked measures seem relatively superficial, for example the number of interactions between officials and citizens. Moreover, there are reasons to suspect that these efforts have generally failed to make a sustained impact on empowerment and accountability: typically project impacts have not tracked past the end of implementation, but in many cases anecdotal evidence suggests that groups have dissolved when the project funding comes to an end. Some research has suggested that the project mechanisms have increased aid dependency, or perpetuated patronage

systems. Some have argued that the 'bureaucratic' models of participation and accountability are no replacement for more popular or political modes; there are some suggestions that where these systems have proven successful this has been to do with providing spaces for networking, mobilisation and building alliances and collective action between the poor and other stakeholders in the city such as professionals and politicians.[xvi]

Recommendations

16. DFID urban programming is increasing and will do so more in the future. **It is crucial to ensure that this work makes efforts to be more politically smart and locally-led**, drawing on political economy analysis and incorporating a clearer understanding of how institutional change happens.[xvii] While many of the lessons outlined above bear some similarity to critiques emerging from the broader Doing Development Differently/Thinking and working politically/Politically smart, locally led development movements, this does not reduce their relevance or the urgency of rectifying these systematic programming deficits. Moreover, urban areas do present unique opportunities and constraints for governance programming, and if cities are going to capitalise upon the potential that they offer to improve the lives of people in developing countries, urban-specific guidance and programming models need to be found.

17. The mapping exercise which this note is predominantly based on provides clear evidence, but more in-depth and wide-ranging learning effort is now needed. There are a number of possible actions for DFID to begin to address these issues and improve its programming in urban areas. These include:

- A comprehensive mapping of urban development work and the levels of spend in urban areas in all sectors, including work overseen by DFID and that delegated to multilateral partners, and other UKAID actors such as the CDC which have a large urban footprint
- Drawing lessons from past programmes and cases, including analysing the success factors behind programmes that promoted the uptake of technical solutions and sustained strengthening of capacity, and approaches that were able to foster politically smart, locally-led urban development
- Action research throughout the design and implementations stages of urban development programming, analysing in particular the political economy dimensions of change processes and addressing sustainability considerations
- Engaging with key actors including the WB, SDI, and the DDD/TWP/PSLLD communities
- Synthesising lessons from this learning, and consulting with academics and other key experts, to develop a 'how-to note' on good practice for politically smart, locally-led urban development, and share this learning with other interested parties e.g. the WB
- Integrating lessons into guidance for implementing the upcoming new urban policy, and other relevant procedures and guidelines

18. It may be important to assign responsibilities within DFID for ensure these lessons are taken up. The learning effort could be linked closely with the growth and resilience department and overseen by a governance advisor, and possibly covered as part of the 'Governance for Economic Development' agenda. It may also be beneficial to encourage governance advisors to engage with the development and implementation of urban programmes in country offices. More broadly, efforts are needed to improve communication, coordination and learning for urban development across sectors at the central and country levels.

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[i] Mitlin, D. and Satterthwaite, D. (2012) Urban poverty in the global South: scale and nature. Abingdon: Routledge

[ii] There is strong evidence to suggest that the real extent of urban poverty is underestimated due to ill-fitting administrative boundaries and inappropriate metrics. Administrative boundaries often mean that parts of a city are not counted as living urban areas. Typical poverty metrics are also poorly suited to urban areas: while many urban residents would not be classed as poor under the $1.25-a-day definition, people living on $1.25 per day in rural areas are considerably better off due to the higher cost of living in urban areas – the price of water in Kibera, for example, is more expensive than in most developed countries. People living in slums are also without some basic requirements that are taken for granted in rural areas, and face a number of negative impacts, with a lack of shelter impacting livelihoods, and unmanaged waste impacting on health (Lucci, P. and Bhaktal, T. (2014) Monitoring progress on urban poverty: Are current data and indicators fit for purpose?, London: ODI; Mitlin and Satterthwaite, 2012

[iii] UN (2014) World urbanization prospects: 2014 revision, New York: UN

[iv] Moretti, E. (2014) Evidence Paper: Cities and Growth, International Growth Centre

[v] Atkins and University College London Development Planning Unit at UCL (2014) Future Proofing Cities, London: DFID http://futureproofingcities.com/downloads/Executive_Summary_Online_Hi-Res.pdf?dl=1

[vi] Carter, B. (2015) Political economy constraints for urban development, GSDRC Helpdesk report http://www.gsdrc.org/docs/open/HDQ1207.pdf; Jones, H., Cummings, C. and Nixon, H. (2014) Services in the city: Governance and political economy in urban service delivery, London: ODI http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9382.pdf

[vii] Jones et al. (2014)

[viii] Muggah, R. (2014) Deconstructing the fragile city: exploring insecurity, violence and resilience, *Environment and Urbanisation* October 2014 vol. 26 no. 2 345-358

[ix] Fox, S. (2013) The Political Economy of Slums: Theory and Evidence from Sub-Saharan Africa, London: LSE http://mercury.ethz.ch/serviceengine/Files/ISN/160508/ipublicationdocument_singledocument/b5a42115-86fd-46b5-99e9-f142312ca69b/en/WP146.pdf

[x] Jones et al. (2014)

[xi] Oxford Policy Management, Asia, and CRISIL (2013) Research into Lessons Learnt from DFID India Urban Investments over 20 Years http://r4d.dfid.gov.uk/pdf/outputs/ORIE/India_Urban_Review_Final_Report.pdf

[xii] Satterthwaite, D. and Mitlin, D. (2013) Reducing urban poverty in the global south, Abingdon: Routledge

[xiii] Jones, H. and Sharma Mainali, N. (2014) Brokering urban development in Nepal: Lessons for service delivery and institutional change, London: ODI http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9168.pdf

[xiv] The whole of this section, unless referenced otherwise, draws on our own mapping study Khan, J. and Jones, H. (unpublished) Review of donor work on urban development. Available on request

[xv] These points are supported by a review of the literature on urban service delivery Jones et al. (2014)

[xvi] Satterthwaite and Mitlin (2013); this is backed up by other commentary on 'demand side' accountability v.s. collective action, e.g. Booth, D. (2012) Development as a collective action problem: Addressing the real challenges of African governance, London: ODI http://www.institutions-africa.org/filestream/20121024-appp-synthesis-report-development-as-a-collective-action-problem

[xvii] As well as our review and anlysis, this point has been made about urban programming by the review of the past 20 years of DFID urban programming in India (OPM and CRISIL, 2013)