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<http://dx.doi.org/10.1016/j.worlddev.2013.08.005>

The Political Economy of Slums: Theory and Evidence from Sub-Saharan Africa

SEAN FOX*
University of Bristol, UK

Summary. — Over 800 million people in Africa, Asia, and Latin America live in slums. Why? I argue that slums are a result of “disjointed modernization” and show that 70% of cross-country variation in slum incidence is explained by demographic, economic, and institutional factors. I trace the origins of disjointed modernization in sub-Saharan Africa back to the colonial period and show that colonial era investments and institutions are reflected in contemporary variation in slum incidence. I argue that status quo interests and the rise of an anti-urbanization bias in development discourse have inhibited investment and reform in the postcolonial era.
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Key words — slums, informal settlements, Africa, colonialism, urban development

1. INTRODUCTION

According to [UN-Habitat. \(2008\)](#) over 800 million people in Africa, Asia, and Latin America live in slums—i.e., urban areas characterized by some combination of tenuous dwelling structures, overcrowding and lack of access to adequate water and sanitation facilities. Improving the lives of slum dwellers is one of the most pressing development challenges of the 21st century. United Nations projections suggest that all of the world’s population growth in the next 50 years will be absorbed by towns and cities in developing regions and World Bank research has shown that urban poverty is growing even as rural poverty has begun to decline ([Ravallion, Chen, & Sangraula, 2007](#); [United Nations., 2012](#)). Despite these trends, surprisingly little systematic comparative research has been devoted to understanding the dynamics of urban poverty and development in recent decades.

The “challenge of slums” is particularly acute in sub-Saharan Africa. Although the region contains just 13% of the urban population of developing regions it hosts 25% of the slum population of developing regions ([UN-Habitat, 2008](#)). Over 60% of sub-Saharan Africa’s urban population lives in slum conditions; the highest level of “slum incidence” of any major world region and significantly higher than the developing region average of 32.7% ([UN-Habitat, 2008](#)). However, conditions in urban areas vary considerably across countries within the region (see [Table 1](#)).

This article provides a systematic analysis of the slum phenomenon, drawing together a range of qualitative and quantitative evidence to account for the emergence and persistence of slums. In contrast to much of the literature on the topic, which portrays slums as either a symptom of modernization or a consequence of market failure, I highlight the historical and political dynamics that have resulted in differential urban development trajectories across countries within Africa and the developing world more generally.

I begin by constructing an empirical model of slum incidence to test the “disjointed modernization” hypothesis implied by the existing literature. Using ordinary least squares regression analysis I show that about 70% of contemporary cross-country variation in slum incidence is accounted for by variations in urban population growth rates, economic conditions, and institutional quality, as predicted by this hypothesis.

However, I argue that identifying the contemporary correlates of slum incidence does not amount to a convincing causal explanation for the scale and diversity of the phenomenon. For that we must identify the origins of divergence in urban economic and institutional development across countries.

To that end, I trace the roots of contemporary variation in slum incidence in sub-Saharan Africa back to the colonial era, which represents a critical juncture in the history of urban development in the region. Generally speaking, colonial investments in urban infrastructure, housing, and economic diversification were limited, and the systems of urban governance that were established were highly centralized and ad hoc. Towns and cities were essentially designed to facilitate the extraction of primary commodities and protect the interests and lifestyles of a European minority. However, urban investment and institutional development varied across Africa depending upon the depth of political and economic interests at play. I show that this variation in colonial investment and institutional development is correlated with contemporary variation in slum incidence.

Finally, I turn my attention to the mechanisms of path dependency that have served to perpetuate colonial era patterns of urban development. The proliferation of slum settlements in Africa is de facto evidence of persistent government failure to invest in urban development and cultivate effective institutions for urban management. Understanding this failure is the key to developing a genuinely causal explanation of the slum phenomenon in Africa.

I argue that the ad hoc governance arrangements and infrastructure deficiencies bequeathed by colonial administrations created opportunities for postcolonial political and economic entrepreneurs to cultivate instrumental patron–client networks and exploit rent-seeking opportunities. As a result, a constellation of “status-quo” interest groups have emerged in the region. Put simply, urban underdevelopment has proven politically and economically beneficial to a wide range of actors in

*I would like to thank Jo Beall, Jean-Paul Faguet, Tom Goodfellow, Elliott Green, Wilbard Kombe, Thandika Mkandawire, Susan Parnell, Dennis Rodgers, Claire Smith, and two anonymous referees for useful comments on earlier drafts. All errors are my own. Final revision accepted: August 10, 2013.

Table 1. *Slum incidence by region and for selected African countries*

	Slum population as% of urban population				
	1990	1995	2000	2005	2010
<i>Region</i>					
Developing Regions	46.1	42.8	39.3	35.7	32.7
Northern Africa	34.4	28.3	20.3	13.4	13.3
Sub-Saharan Africa	70.0	67.6	65.0	63.0	61.7
Latin America & the Caribbean	33.7	31.5	29.2	25.5	23.5
Eastern Asia	43.7	40.6	37.4	33.0	28.2
Southern Asia	57.2	51.6	45.8	40.0	35.0
South-eastern Asia	49.5	44.8	39.6	34.2	31.0
Western Asia	22.5	21.6	20.6	25.8	24.6
<i>Selected African countries</i>					
Ethiopia	95.5	95.5	88.6	81.8	
Ghana	65.5	58.8	52.1	45.4	
Nigeria	77.3	73.5	69.6	65.8	
Tanzania	77.4	73.7	70.1	66.4	
South Africa	46.2	39.7	33.2	28.7	
Zimbabwe	4.0	3.7	3.3	17.9	

Source: UN-Habitat (2008).

African cities. Moreover, I argue that the emergence of status quo interests coincided with the rise of an anti-urbanization bias in international development discourse at a time when countries in Africa were experiencing historically unprecedented rates of urban population growth. This further encouraged a *laissez-faire* approach to urban governance, resulted in a contraction of urban infrastructure investment, and the led to the adoption of misguided policies designed to restrict or discourage rural–urban migration.

The proliferation of slums across the developing world can be understood as a consequence of “disjointed modernization”. However, the scale of the phenomenon should also be seen as symptomatic of government failure to proactively manage urbanization. There is little doubt that rapid urban population growth in developing regions—and Africa in particular—places enormous strain on government resources and capacities. However, more could surely be done to improve the lives of the burgeoning urban populations in developing regions, but only where the interests and ideas of politicians and planners support a proactive urban development agenda.

The remainder of this paper is organized as follows. The next section reviews the existing literature on the emergence and persistence of slums. Section 3 presents and tests an empirical model of slum incidence based on this review. Section 4 examines the influence of colonial patterns of investment and institutional development on urban development in Africa and demonstrates empirically that that these patterns are correlated with contemporary variation in slum incidence in the region. Section 5 introduces a stylized political economy model of urban development designed to elucidate the specific mechanisms of path dependency that have served to perpetuate these early patterns of urban development and draws on qualitative evidence to demonstrate their salience. Section 6 concludes with a brief discussion of the policy implications of the analysis presented.

2. THEORIZING SLUMS: MODERNIZATION AND MARKET FAILURE

The term “slum” was originally used to refer to the overcrowded, squalid inner-city tenements of industrializing cities

in Europe and North America (Gilbert, 2007; Ward, 1976). More recently it has been resurrected by UN-Habitat in its global “Cities Without Slums” campaign to refer to any urban area that suffers from one or more of the following conditions: non-durable structures (e.g., shacks), insufficient living area (i.e., overcrowding), deficient access to adequate water facilities, or deficient access to adequate sanitation facilities (UN-Habitat, 2008). In developing regions today, such settlement conditions are sometimes found in inner-city tenements, but mostly in the sprawling informal settlements that run in and around the more built-up central districts of towns and cities.

Slums have traditionally been portrayed as a transitional phenomenon associated with modernization—a natural by-product of the (assumed) complementary processes of industrialization and urbanization. For example, Frankenhoff (1967) suggested that “slums necessarily belong to the process of economic growth in a developing country” by acting as “the staging area for the migrating poor” as they work to integrate themselves into the economic life of cities in expanding economies (27–28). Similarly, John Turner (1969), an influential pioneer of the study of slums and squatter settlements, argued that they are “both the product of and the vehicle for activities which are essential in the process of modernization” (509). According to this perspective, poor rural migrants initially cannot afford to build, buy, or rent decent housing and opt instead for cheap, substandard unites close to employment opportunities. As they become integrated into the urban economy and their incomes rise, these migrants eventually enter the formal housing market or invest in upgrading their existing dwellings, thereby ameliorating slum conditions. In other words, modernization theory portrays slums as a natural and temporary manifestation of a market failure arising from the dynamics of structural change in labor markets.

This teleological theory is premised on several flawed assumptions. First, it assumes that slum settlements grow to accommodate labor migrants, but the link between urban population growth and urban economic growth is tenuous, particularly in sub-Saharan Africa, which experienced two decades of “urbanization without growth” (Fay & Opal, 2000; Fox, 2012). Second, it assumes that economic growth will trickle down to those living in slums, allowing them to improve their lot. This is questionable given abundant research indicating

low degrees of intergenerational socioeconomic mobility for households living in slum settlements (see Buckley & Kalarickal, 2005). Third, it assumes that slums provide cheap housing for cheap labor, but the costs of living vary widely in slums, with residents often paying a premium for both units and services (see Gulyani & Talukdar, 2008). The process of modernization, in other words, seems to have gone awry in cities across the developing world and Africa in particular.

A variety of theories have been advanced to explain this deviation from the assumed path of modernization. Broadly speaking, these theories portray the persistence of slums as a manifestation of land and housing market failures arising from demographic, economic, or institutional factors.

Perhaps the most popular explanation for the growth of slums is rapid urban population growth, especially in Africa. For example, Obudho and Mhlanga (1988) claimed that “the development of slum and squatter settlements in Africa is a direct manifestation of the high rate of urbanization” (3), while Malpezzi and Sa-Aadu (1996) argued that “the rate of African urbanization is the *raison d’être* for squatter settlements” (151) in the region. Intuitive as this may be, and surely an important conditioning factor in many cases, rapid urban growth is neither a necessary nor sufficient condition for the formation of slums. Some brief examples serve to illustrate the point.

Between 1960 and 1990, the population of Accra, Ghana grew from 393,000 inhabitants to 1.2 million. Today, approximately 58% of Accra’s population lives in unplanned settlements (UN-Habitat, 2009). Over the same period, Phoenix, Arizona grew from 558,000 inhabitants to 2.02 million—adding more people at a faster rate than Accra—without the emergence of slum conditions. Conversely, there is an extensive literature on the consequences of “de-industrialization” in North American and European cities. The dissolution or relocation of industrial enterprises which had previously been important employers in a particular city leads to rising unemployment, population decline (as people move away), and the deterioration of infrastructure and housing stock due to lower incomes and reduced local government revenues for maintenance. In some cases this has resulted in “slum” conditions. In other words, slums can also emerge in a context of urban population contraction (UN-Habitat, 2003).

This is an important point to note (or reiterate) considering the popularity of policies designed to slow the pace of urbanization as a means of arresting slum growth. Somewhat ironically, urban deprivation has often been used to justify expenditures on rural development, an issue I will return to in Section 5 below. It is also an important point from an analytical perspective. If rapid population growth is neither a necessary nor sufficient condition for slum formation and growth, we need to look elsewhere for underlying causes.

Generally speaking, demographic explanations are accompanied by an economic one: slums emerge and persist due to urban poverty. As Turner (1969) noted, slums will inevitably continue to exist “as long as the poor remain poor” (526). The logic of this argument is straightforward. Income determines “effective demand” (Moshia, 1988)—i.e., the quality of dwelling that individuals and households can afford to build, buy, or rent. Where incomes are low, housing quality will be poor due to (a) the limited resources available to owner-occupiers for building, upgrading, and maintenance and (b) the absence of incentives for developers to invest in providing rental housing that meets normative international standards. In other words, urban poverty has long been cited as a sufficient condition for both the emergence and persistence of slums.

This is a more compelling argument than a purely demographic one. Slum conditions are fundamentally a manifestation of underinvestment in housing and infrastructure stock. While demography drives demand, socioeconomic conditions are clearly a critical determinant of the resources available to generate the supply of serviced housing units. However, resources constraints are not the sole determinant of investment; institutions also matter.

Indeed, institutional explanations of urban underdevelopment, which have a long pedigree, are currently in vogue. For decades, scholars have argued that urban planning regimes in Africa, Asia, and Latin America have proven ill-suited to the socioeconomic realities of rapid urbanization in these regions (Hardoy & Satterthwaite, 1989; King, 1980; Stren & Halfani, 2001; Turner, 1969, 1976). For example, excessively rigid land use regulations, zoning laws, and building codes are seen as inhibiting or discouraging private investment. Similarly, poorly defined and enforced property rights create inefficient friction in land and housing markets and discourage private investment (see de Soto, 2000; Turner, 1969, 1976; UN-Habitat, 2003; World Bank, 2009). Even the urban poor show an ability to invest in incremental upgrading when faced with the right incentives (see Field, 2005).

Institutional issues are also cited as a factor inhibiting public investment. The illegality of settlements that consist of structures which violate planning regulations or contravene property rights often discourages public investments in infrastructure, either because such settlements are ineligible for investment, or because public authorities fear that public investment will constitute tacit recognition of legitimate occupancy rights and encourage further illegal settlement (UN-Habitat, 2003; UNHCS, 1982; World Bank, 2009).

Each of these arguments points to a specific dynamic of market failure associated with the emergence and persistence of slums. Rapid urban population growth is essentially portrayed as a source of “excessive demand”; urban poverty results in “defective demand” and constrains investment; and inappropriate institutional arrangements distort investment incentives. Put differently, slums can be understood as a manifestation of “disjointed modernization” in which urban population growth outpaces urban economic and institutional development.

3. OLS ANALYSIS OF THE DISJOINTED MODERNIZATION HYPOTHESIS

Quantitative empirical analysis of slum formation and growth is hampered by a severe dearth of reliable data, particularly in sub-Saharan Africa. Little effort and few resources have been devoted to urban data collection resulting in critical information gaps with regard to basic socioeconomic indicators such as income level and distribution, mortality and fertility rates, employment, local government capacity and integrity, etc. Nevertheless, the slum incidence estimates produced by UN-Habitat make it possible to conduct a rudimentary test of the disjointed modernization theory of slums outlined above.

Ideally we would exploit differences in slum incidence across countries and over time to identify causes of slum formation, growth, and amelioration. However, there is also some ambiguity about the comparability of the estimates produced by UN-Habitat for various years. Prior to 2005 many country estimates relied on just two shelter components as opposed to the four used to produce the 2005 estimates, and the definition of adequate sanitation changed for the 2005 estimates.

Therefore I have restricted the analysis to the 2005 series, which offer the greatest country coverage by a wide margin (particularly for sub-Saharan Africa).

As a rough test of the disjointed modernization hypothesis I estimate the following equation using ordinary least squares:

$$S_i = \alpha + \beta_1 U_i + \beta_2 E_i + \beta_3 I_i + \beta_4 A_i + \epsilon_i$$

where S_i is the proportion of a country's urban population living in slum settlements in 2005. U_i is the compound average annual rate of urban population growth between 1990 and 2005. This variable is included to capture the effects of trends in demand growth. E_i is a vector of two economic variables: average GDP per capita between 1990 and 2005 (a general measure of economic development) and an index of average product export diversity between 1995 and 2005 from UNCTAD, which serves as a proxy for *urban* economic conditions (see below). I_i represents a country's average "rule of law" score between 1996 and 2005, drawn from the World Bank's *Worldwide Governance Indicators*. This is a rough (and common) proxy for "institutional quality." It clearly does not capture important institutional nuances that are specific to urban governance, such as land tenure arrangements, zoning regulations, or building codes. Nevertheless, it is reasonable to suppose a close correlation between a government's general ability to maintain the rule of law and its ability to plan and regulate urban settlements effectively. All of these variables are averaged over time to prevent the estimates from being biased by single year anomalies. They are lagged to reduce the prospect of obtaining biased estimates due to endogeneity, an issue discussed in more detail below.

Finally, A_i is a dummy variable assigned a value of 1 for countries in sub-Saharan Africa and a value of 0 for all other countries in the sample. This is included to assess the extent to which demographic, economic, and institutional factors account for the exceptionally high average level of slum incidence observed in the region.

The sample consists of 83 countries in Africa, Asia, and Latin America for which all relevant data are available. Full details of the variables employed in this model can be found in [Appendix A](#).

The "product export diversity" variable is included to compensate for the fact that the (national) GDP per capita indicator does not provide information about the distribution of income or earning opportunities in the urban sector. It is possible for a country to have a relatively high GDP per capita but an underdeveloped urban sector (in terms of output, and level and distribution of income) if economic activity is concentrated in a capital intensive sector (e.g., oil economies such as Angola or Equatorial Guinea). The use of export diversity data to capture information about urban economic conditions is based on the logic that a robust urban economy with a broad income base is characterized by economic diversity and extensive trade. While a country's export profile does not fully capture the extent of specialization and exchange in the urban sector, it is a reasonable proxy, and the best available given the dearth of urban level data available on income, inequality, and poverty. To my knowledge, this is the first time this indicator has been interpreted and used in this way.

Given the forgoing discussion, a country's rate of urban population growth is expected to be positively correlated with slum incidence, while GDP per capita, product export diversity, and the quality of the rule of law are expected to be negatively correlated with slum incidence. [Table 2](#) presents the results of the OLS model.

Columns 1–3 show that demographic, economic, and institutional conditions are each significantly correlated with slum

incidence (as anticipated), but that none of these factors alone accounts for sub-Saharan Africa's unusually high levels of slum incidence. This is demonstrated by the positive and significant correlation between the AFRICA dummy variable and slum incidence in each of these specifications. However, in the full model (Column 4), which explains nearly 70% of cross-country variation in slum incidence, all of the independent variables of interest remain significant while the AFRICA dummy is rendered insignificant. Finally, in column 5 the Africa dummy is dropped and yet the fit of the model, as well as the magnitudes and significance of the coefficients, remain stable. These results suggest that the high levels of slum incidence observed in countries in sub-Saharan Africa (relative to countries in other developing world regions) are largely accounted for by observable demographic, economic, and institutional factors. While these results are consistent with the disjointed modernization hypothesis, this simple OLS model does not provide a strong basis for causal inference for two reasons.

First, plausible arguments for endogeneity can be made despite the use of lagged independent variables. There is little reason to suspect that slum conditions result in higher urban population growth. If anything, slum conditions may discourage migration into settlements with poor service provision and hence reduce urban population growth ([Feler & Henderson, 2011](#)). However, economic conditions and institutions may be affected by conditions in urban areas. For example, countries with higher levels of slum incidence may experience slower growth due to the higher transaction costs and negative externalities associated with doing business in underserved, under-regulated settlements (see [Gulyani & Talukdar, 2010](#); [Lee & Anas, 1992](#); [World Bank, 2009](#)). As a result, income may suffer, thereby constraining the amount of resources available for public and private investment. Similarly, unregulated settlements may undermine institutional quality—an issue that is explored in [Section 5](#) below. Ultimately, better data are required to adequately address these endogeneity concerns.

The second limitation of this model is that it does not explain *why* contemporary variations in demographic, economic, and institutional conditions exist in the first place—i.e., why the process of modernization has become disjointed. A genuinely causal explanation must be framed in terms of historical (as opposed to probabilistic) causation, recognizing the fact that the contemporary correlates of slum incidence are products of historical and political processes.

4. COMPARATIVE URBAN DEVELOPMENT IN HISTORICAL PERSPECTIVE

In recent years there has been a profusion of comparative empirical research illustrating the long-run developmental consequences of specific historical events, episodes, and processes—or "critical junctures" in the political science lexicon ([Pierson, 2000](#)). The impact of European colonialism has received particular attention thanks to the pioneering work of scholars such as [Acemoglu, Johnson, and Robinson \(2001\)](#) and [Sokoloff and Engerman \(2000\)](#), who have demonstrated the path dependent nature of colonial economic institutions. More recent research by [Huillery \(2009\)](#) has provided complementary evidence that colonial era patterns of investment in public goods in West Africa map on to contemporary health and education outcomes and access to basic services.

European colonization was also clearly a critical juncture in the history of urban development in sub-Saharan Africa. In

Table 2. *Determinants of cross-national variation in slum incidence in 2005: OLS results*

	Dependent variable = slum incidence 2005				
	(1)	(2)	(3)	(4)	(5)
Urban population growth, 1990–2005	4.93 ^{***} (1.53)			2.82 [*] (1.28)	2.63 ^{**} (1.27)
Average GDP per capita, 1990–2005		−11.44 ^{***} (1.93)		−7.60 ^{***} (2.02)	−8.55 ^{***} (1.92)
Export diversity, 1995–2005		−8.14 ^{***} (3.08)		−8.16 ^{***} (2.89)	−9.06 ^{***} (2.85)
Rule of law, 1996–2005			−17.93 ^{***} (3.37)	−11.14 ^{***} (3.01)	−11.35 ^{***} (3.2)
AFRICA dummy	22.73 ^{***} (4.56)	8.37 [*] (4.36)	20.73 ^{***} (3.99)	5.83 (4.05)	
R-squared	.42	.62	.53	.69	.69
Observations	85	83	85	83	83

Notes: Standard errors are in parentheses.

*** Significance at the 1% level.

** Significance at the 5% level.

* Significance at the 10% level.

the pre-colonial era urban settlements were small and scarce. In the 19th and early 20th centuries European colonizers introduced technologies and institutions into Africa that led to improvements in mortality rates and food security, which in turn stimulated rapid urban population growth in the region (Iliffe, 2007; Fox, 2012). However, colonial patterns of investment and institutional development did not establish a strong foundation for urban development.

Generally speaking, colonial towns and cities were built to facilitate an extractive economic strategy. Transport infrastructure was designed to “evacuate exports” of primary commodities rather than cultivate internal exchange (Hopkins, 1973, 198), and the development of manufacturing and industrial capacity was actively discouraged (Bairoch, 1988; Stren & Halfani, 2001). Settlements were designed to accommodate a relatively static population, not a growing one; for example, Zambia’s capital city of Lusaka, which is currently home to over 1.7 million people, was only designed to accommodate 125,000 people (Home, 1997). Racial segregation was a ubiquitous aspect of colonial urban form, implemented to both insulate Europeans from disease and enforce social control, and African areas received minimal investment as Africans were largely deemed temporary sojourners in town and discouraged from settling permanently (Home, 1997; King, 1980; Njoh, 2004). Despite a brief modernization drive in the late colonial period motivated by a combination of shifting economic priorities and moral sensibilities in colonial metropolises, as well as more immediate concerns about labor productivity and the specter of urban social unrest (Cooper, 2002; Stren & Halfani, 2001), the legacy of colonial underinvestment left African cities physically and economically ill-prepared to absorb the massive influx of migrants that occurred in the early independence period (Fox, 2012).

Arguably more important was the institutional legacy of colonial urbanism. Colonial administrative structures were weak and highly centralized, and municipal authorities were granted very limited authority over development and regulation (Home, 1997; Njoh, 2004; Stren, 1989). Crucially, control over land administration was generally concentrated in the hands of a colonial governor with discretionary powers over the allocation of land. In a context of rapid population expansion, such structures have proven cumbersome and have contributed to the proliferation of unplanned settlements.

For example, in Tanzania the 1923 Land Ordinance placed all land in the territory under the control of the colonial Governor, who could grant occupancy rights and recognize (vaguely defined) “customary rights” (Shivji, 1998). After independence, the ordinance essentially remained intact with all land in the territory vested in the office of the presidency. In the city of Dar es Salaam this highly centralized, discretionary system of land allocation resulted in a gross mismatch between the demand for plots and the ability of the government to allocate them. A study in 1972 found that acquiring an occupancy permit for a plot in the city could take up to 280 days; a similar study in 1977 found a waiting time of 300 days (Stren, 1982). Between 1990 and 2001 authorities in Dar es Salaam received 243,473 applications for planned plots yet only 8,209 were allocated (Kironde, 2006). Given the difficulties in accessing land through formal channels, most people continue to acquire land in the city through “neo-customary” (i.e., informal market) arrangements.

This stylized narrative of colonial patterns of investment and institutional development glosses over significant variation in colonial experiences across Africa. However, this variation facilitates an empirical analysis of the enduring legacies of colonialism on contemporary urban conditions in the region.

Figure 1 plots the relationship between the sum of capital investment per capita in colonial African territories between 1870 and 1936 and slum incidence in these territories in 2005 (see Appendix A for details). The figure shows a clear difference between the settler colonies of Southern Africa (contemporary Namibia, South Africa, and Zimbabwe), which received relatively high levels of investment due to extensive commercial and political interests in these territories, and those in other regions, which received considerably less investment. This pattern is consistent with the hypothesis that colonial era patterns of investment have had long-term consequences for urban development in the region.

However, as Home (1990) points out, colonial investment patterns were closely associated with strategies of rule and institutional development. In the case of the British empire, he observes that “rapidly growing ports of the Empire, usually acquired and governed under direct rule, created severe problems of housing and traffic movement which the colonial administration was reluctantly forced to address” (Home

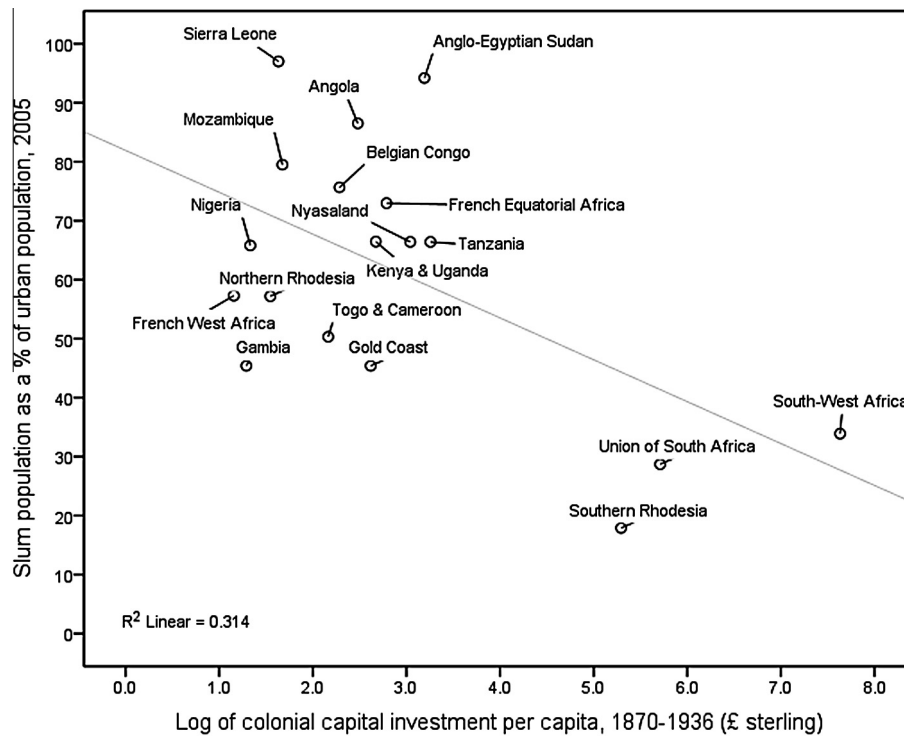


Figure 1. Colonial era capital investment and slum incidence in 2005.

(1990, 25). In these colonies, more sophisticated municipal structures were developed alongside more robust legal institutions, including those governing the allocation of land (Home, 1990, 1997). By contrast, in colonies governed under indirect rule (including all African colonies) urban settlements were managed with ad hoc institutions, including vague land legislation (Home, 1990, 1997). There were, however, varying degrees of indirect rule in Africa, from the paradigmatic case of Nigeria to the more tightly governed settler colonies in Southern Africa. The impact of this variation can be demonstrated empirically by employing a quantitative indicator of “British indirect rule” developed by Lange (2004). The index is a measure of the percentage of court cases adjudicated by indigenous (as opposed to colonial) authorities in 1955. As such, it captures the degree to which British authorities delegated authority to local powerbrokers, including authority over land allocation, in their efforts to maintain political order (Lange (2004)).

Figure 2 plots slum incidence in 2005 against this “indirect rule” index. Although only 12 observations are available due to data restrictions, the trend is clear: legal fragmentation in the colonial era is closely and positively correlated with contemporary slum incidence. This is consistent with the hypothesis that institutional arrangements established in the colonial era have influenced postcolonial patterns of urban development in the region.

It is impossible from such an analysis to tease out the nuanced mechanisms of causation given the interdependency of investment and institutions. As Home (1990) notes, institutional development in the colonies was often driven by interests associated with previous investments, and investment was shaped by the incentives created by institutions. Nevertheless, it is clear that contemporary variation in conditions in African cities is correlated with colonial era patterns of investment and institutional development, which is consistent with the arguments outlined here.

5. THE POLITICAL ECONOMY OF THE “POLITICAL WILL DEFICIT

Locating the origins of contemporary variation in slum incidence in Africa’s colonial past takes us a step closer to a more convincing causal explanation for the scale and diversity of the phenomenon in the region. However, it remains an incomplete explanation. Independent African governments have had anywhere between 30 and 60 years to redress the failures of their colonial forebears. Understanding why they have not done so is critical to explaining urban underdevelopment in the region.

While the decisions and actions of private individuals clearly shape urban landscapes, governments play a pivotal role in shaping urban development trajectories. Even the World Bank, which has been the primary champion of market-based solutions to urban development in recent decades, concedes that ameliorating slum conditions not only “requires the institutions to manage land markets” but also “investments in infrastructure, and well-timed and well-executed interventions” (World Bank, 2009, 49). In Africa, the scale of the slum phenomenon is first and foremost a reflection of persistent failure on the part of governments in the region to plan, invest, and proactively manage urban development in a context of rapid population growth. This *laissez-faire* stance requires explanation beyond the often heard lament that there is a “lack of genuine political will to address the issue in a fundamentally structured, sustainable and large-scale manner” (UN-Habitat, 2003, 5).

To facilitate an analysis of this “political will” deficit I begin with a simple stylized model of urban development in which the interests and ideas of political agents inform decisions about planning, investment, and regulation; these decisions in turn shape conditions in urban areas. The model also posits a feedback between conditions in urban areas and the interests and ideas that shape the behavior or political agents. Figure 3 illustrates this simple model.

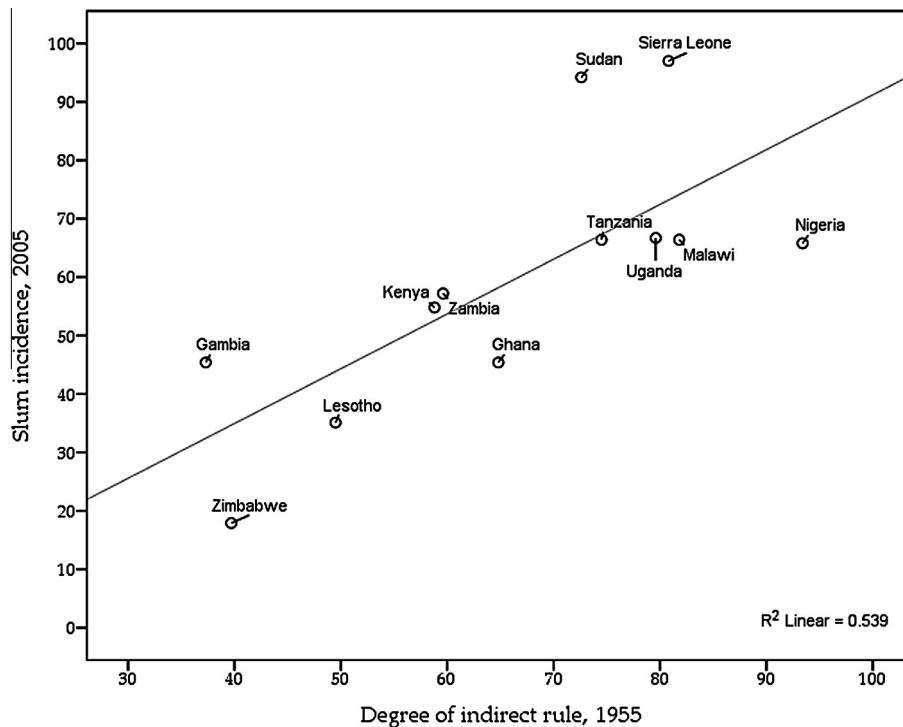


Figure 2. Colonial strategies of rule and slum incidence in 2005.

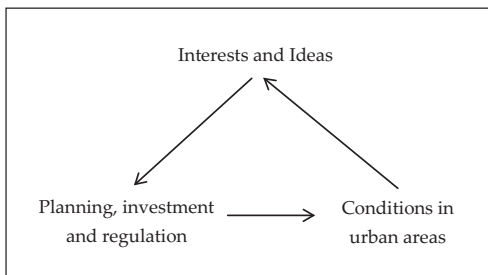


Figure 3. The political economy of urban development: a stylized model.

I use this model as a guide for identifying mechanisms of path dependency—i.e., the reasons why colonial patterns of investment and institutional development have persisted in the postcolonial era. Drawing on qualitative evidence, I first interrogate how the interests of political agents in African cities affect their actions with regard to urban governance. I then turn my attention to the way in which ideas about development in the postcolonial era have informed urban policy in the region.

(a) *Patronage, rent-seeking, and status quo interests*

As noted above, interest in urban development during the colonial era was directly linked to the political and economic objectives of colonial governments and their domestic agents. Colonial institutions of urban governance, including tenancy rights and building codes, were explicitly designed to restrict access to urban space. While the racial dimensions of these exclusive institutions were generally dismantled in the independence era, the underlying structures of exclusion (such as land registration procedures, building codes, and density requirements) remained largely unchanged. A common

explanation for this is that postcolonial leaders found themselves in a position to exploit the existing rules to their advantage (Mabogunje, 1990). In the case of Tanzania, for example, Stren (1982) notes that “those who have connections, education, and wealth in Tanzania have almost certainly been able to take advantage of . . . the plot allocation system and various other state-supported institutions in the urban areas” (19). Where existing institutional arrangements benefit ruling elites, there is little incentive for them to undertake reform. However, there are more nuanced legacies of colonial rule that have generated explicit incentives to actually *resist* reform.

Many authors have demonstrated the problematic political legacies of colonial institutions, which often blurred the lines between social and political-institutional bases of legitimate authority and served to entrench (or exacerbate existing) social divisions (e.g., along lines of race, class, and ethnicity), resulting in particularly toxic postcolonial political dynamics that impede effective governance (see Bayart, 1993; Berry, 1993; Boone, 1994; Lange, 2004; Mamadani, 1996). In particular, the relatively weak, highly centralized political structures inherited from colonial regimes have created strong incentives for rulers to exploit discretionary powers in order to maintain social support (or control). This has had direct consequences for the quality of urban governance in the region.

As noted above, colonial municipal structures were generally ad hoc and subordinate to executive authorities. Despite widespread efforts in the postcolonial era to promote decentralization and bolster the capacity of municipal governments, much of this has been what Faguet (2012) refers to “insincere decentralization.” Genuine devolution has been rare due to the unwillingness of central governments to cede authority over key functions (such as taxation, planning, and infrastructure development) to lower tiers of government (Cohen, 2001; Faguet, in press; Stren, 1989; Stren & Halfani, 2001). Control of such functions provides a variety of useful instruments of patronage (such as jobs, contracts, tax breaks, subsidized

loans, etc.) which can be used to shore up political support (Nelson, 1979; see also Keefer and Vlaicu (2008) for a formalized treatment of the appeal of patronage in nascent democracies). The unwillingness of central government authorities to let go of such instruments and sincerely work toward building municipal capacities has undermined the ability of local governments to deliver on their urban development mandates.

Moreover, cities are inherently problematic political spaces for leaders because of the proximity of the rulers to the ruled. A notable feature of postcolonial African politics has been the emergence of populist political parties in urban areas which cultivate support among the neglected urban poor; the city councils of many of Africa's large urban centers are controlled by such opposition (Resnick, 2012). As city populations grow in both absolute and relative terms, so too does the need to appeal to urban voters (or potential rioters). This can create strong incentives to interfere with even well-intentioned planning and regulatory efforts designed to promote public welfare.

For example, Goodfellow (2012) describes in detail the politics of "anti-planning" in Kampala, Uganda, where efforts on the part of the Kampala City Council to control land use and development have been systematically undermined by central government interventions when the interests of important allies or constituencies were threatened. The result has been a de-legitimization of formal rules and regulations governing urban development, the entrenchment of a system of patronage, and the proliferation of unregulated commercial and residential developments in the city.

This kind of political wrangling between central governments and city governments is common in Africa. However, there are also more subtle, decentralized forms of patronage that emerge in poorly governed cities. Centralized authority and byzantine regulatory structures create opportunities for lower-level politicians and bureaucrats to cultivate politically instrumental patron-client relationships by providing tacit approval for land occupations, building projects, or other actions by urban dwellers that violate formal rules or regulations. The case of Dar es Salaam provides a useful illustration of this dynamic.

Formal channels of access to land in the city have failed to keep pace with the growth of the city's population. Official government estimates suggested that some 70% of the city population lived in informal settlements lacking basic infrastructure around the turn of the millennium, and a subsequent estimate based on property tax data suggests that the number may be over 80% (Kironde, 2006). The growth of these settlements has not, however, occurred entirely outside the purview of government control. It is widely recognized that local "10-cell" leaders (i.e., neighborhood representatives) from the ruling *Chama Cha Mapinduzi* party, which has led the country since independence, are actively involved in informal land and housing markets, "authenticating land transactions and signing land transfer or selling agreement forms" (Kombe, 2005, 118–119; see also Stren, 1975). In other words, party officials grant rights and permissions informally and enforce them through party channels (e.g., by ensuring that a planned eviction by city authorities of "illegal" squatters on public land is called off by central government officials). This creates public dependence on the party and strengthens its authority at the expense of rational planning and regulation executed through formal state agencies (Campbell, 2009).

The disruptive effects of patronage politics on effective urban governance in African cities is frequently compounded by rent-seeking behavior on the part of politicians and

bureaucrats. Put simply, urban underdevelopment can be very profitable for some.

In failing to address the institutional and regulatory barriers that impede access to urban land, governments force people into informal markets and create opportunities for what could be termed "land racketeering," by which I mean the offer of protection against eviction or demolition (to illegal squatters or developers in violation of planning regulations) in return for money (as opposed to political support). Land racketeering is widespread in African cities and can involve bureaucrats and politicians from the lowest tiers of government (e.g., police officers or local councilors) to the very highest (e.g., parliamentarians and members of the executive branch of government). The situation in Kibera, a slum in Nairobi, is a notorious case in point.

In 2004, the population of Kibera was estimated to be 810,000 with 92% of households renting their accommodation from absentee landlords (Gulyani & Talukdar, 2008). Technically, the settlement is illegal, as it is located on government land. However, it is common knowledge that plots in the settlement are informally allocated by government officials and other local powerbrokers with close ties to national political figures (see Amis, 1984; Gulyani & Talukdar, 2008; Syagga, Mitullah, & Karirah-Gitau, 2002). Indeed, one survey found that 41% of Kibera's landlords were government officials, 16% were politicians and 42% were "other" absentee landlords, presumably with strong political connections (Syagga *et al.*, 2002). These informal landlords run a very profitable racket: in 2004 residents of the slum paid an estimated US\$31 million in rents (Gulyani & Talukdar, 2008, 1925). Moreover, the "absence of government in service provision has created profitable infrastructure businesses for landlords" (Gulyani & Talukdar, 2008, 1931) resulting in a situation whereby landlords "are strongly likely to prefer—and work to maintain—the *status quo*" (Gulyani & Talukdar, 2008, 1931, 1932).

In particular, poor water provision in slums has given rise to informal markets in which vendors sell water from standpipes or tanker trucks at inflated rates to the urban poor (Gulyani, Talukdar, & Kariuki, 2005). For example, in Nairobi Collignon and Vezina (2000) found that standpipe operators, who receive water at subsidized rates from municipal utilities, were selling water at inflated prices, earning profit margins of 80–90%. And in Lagos, Nigeria, which suffers from acute water infrastructure deficiencies, municipal attempts to extend services have frequently been met by intimidation and outright sabotage by the informal providers who profit from the lack of water infrastructure in underserved areas (Gandy, 2006).

In sum, underinvestment and ad hoc urban governance—two patterns established under colonial rule—have created self-reinforcing dynamics (or 'positive feedback' mechanisms) by (a) directly privileging elites in terms of access to urban land and amenities, (b) generating opportunities for political patronage in contested political spaces, and (c) generating opportunities for rent-seeking behavior in contexts of public goods delivery failures. There is, in short, a political economy logic underpinning urban underdevelopment. There is, however, another significant political dynamic of note; one that relates to the role of discourse in shaping the *ideas* (as opposed to interests) of political actors.

(b) *The influence of an anti-urban bias in development discourse*

The role of ideas, beliefs, and values in shaping individual and collective behavior is a major lacuna in political economy (North, 2005), perhaps because it is so difficult to model

Table 3. *Anti-urbanization policies, 1976–2007*

	Percentage of countries with policies to reduce rural–urban migration			
	1976	1986	1996	2007
Africa	49	48	54	78
Asia	80	63	67	71
Europe	58	50	27	38
Latin America	30	68	35	68
Oceania	0	20	0	83

Source: United Nations (2008).

(for rational choice theorists) or assumed to result primarily from material conditions (for more classically-oriented political economists). Yet their influence is difficult to ignore when adopting a historical perspective on the forces that have shaped urban development in less-developed regions in the late 20th century. Urban policy trends across Africa, Asia, and Latin America have shown remarkable parity since at least the 1970s despite highly variable contexts (Beall & Fox, 2009; Stren & Halfani, 2001), indicating the widespread influence of trends in development theory.

Historically, and throughout the 1950s and 1960s, urbanization was largely viewed as a positive phenomenon; as both a consequence and contributor to development progress. However, by the 1960s the pace of urban population growth in many developing regions—particularly in Africa—had become a source of increasing alarm. In 1970, Hariss and Todaro published an influential article in which they argued that governments should shift resources away from urban development and put in place measures to reduce rural–urban migration, arguing that “a limited wage-subsidy [in the rural sector] or a migration-restriction policy will lead to a welfare improvement” (Hariss & Todaro, 1970, 137) in countries experiencing “over-urbanization.”

Around the same time, Michael Lipton was developing the infamous “urban bias thesis” outlined in his book *Why poor people stay poor: A study of urban bias in world development* (1977). Lipton argued that governments allocated a disproportionate share of public resources to urban areas and used “price twists” to favor urban dwellers at the expense of rural peasants, an idea developed further by Bates (1981) and the World Bank (1981). Lipton claimed that these fiscal and macroeconomic policy distortions “made the development process needlessly slow and unfair” (1977, 1).

The influence of these ideas can be found in the population policies adopted by African governments throughout the 1980s and 1990s. For example, Kenya’s *Population Policy Guidelines* published in 1986 states as one of its objectives, “To reduce rural–urban and rural-to-rural migration which help to create the unplanned settlements in marginal lands” and encourages local councils to “take part in developing rural projects that could discourage rural–urban migration, the main population process by which urban population grows.” Sierra Leone’s *National Population Policy for Development, Progress and Welfare* of 1993 states that “The development

of the rural economy and the improvement of living conditions of the rural community through extension services, self-help and other measures are crucial to slackening the rural exodus.” Ghana’s *National Population Policy* of 1994 argues for the need to implement “measures to create an attractive environment in the rural areas to encourage people to stay there and...discourage over-concentration of both public and private developments in the main urban centers.” And Tanzania’s 1992 *National Population Policy* aims “To prepare and implement co-ordinated urban, rural and regional development plans for rapid development in the country and to reduce the rate of rural–urban migration” and “To take measures to moderate the flow of rural migrants to urban areas through special programs for youths in the rural areas.” The case of Tanzania is particularly revealing. In a speech given to the Food and Agricultural Organization in 1979, Tanzania’s charismatic president Julius Nyerere made direct reference to Lipton’s urban bias thesis before proclaiming that “Rural Development must be a description of the whole strategy of growth—the approach to development, and the prism through which all policies are seen, judged, and given priority” (Nyerere, 1979, 9).

These examples serve to illustrate the way in which an anti-urban shift in development discourse was translated into a region-wide trend toward the adoption of anti-urbanization policies. As Table 3 demonstrates, since the 1970s there has been a sharp increase in the number of African countries with policies in place to reduce rural-to-urban migration.

Further evidence of the emergence of an anti-urban bias in development policy in recent decades can be found in notable omissions from key policy documents and donor programs.

Mitlin (2004) has pointed out that the widely adopted *Poverty Reduction Strategy Papers*, which are a pre-requisite for countries seeking debt relief under the Highly Indebted Poor Countries Initiative, demonstrate very little concern for—and even less understanding of—urban poverty issues; Jones and Corbridge (2010) note that a 2005 Commission for Africa report makes first mention of urban poverty on page 220. And there was a notable collapse in donor support for urban development initiatives from the 1980s. As Table 4 illustrates, World Bank shelter lending for slum upgrading and sites-and-services schemes in sub-Saharan Africa fell from \$498 million in the period 1972–81 to just \$81 million for the period 1992–2005. By comparison, a very conservative estimate of

Table 4. *Trends in World Bank shelter lending in sub-Saharan Africa, 1971–2005*

	1972–1981	1982–1991	1992–2005
Total shelter lending	\$498 million	\$409 million	\$81 million
Equivalent per capita	\$5.20	\$2.74	\$0.32

Notes: Shelter lending data from Buckley and Kalarickal (2006); per capita estimates based on total urban population in sub-Saharan Africa at the end of each period (i.e., 1981, 1991, and 2005) drawn from World Bank, World Development Indicators online database, accessed September 2012.

World Bank lending for agricultural investment in the region (i.e., excluding emergency lending and development policy lending) between 1991 and 2006 is \$2.5 billion. The total amount invested in projects with an agricultural component over the period was \$14.31 billion (World Bank, 2007). Today, many of the world's leading bilateral aid agencies, including AusAID, DFID, GTZ, and USAID do not have dedicated urban development programs.

The adoption of anti-urbanization policies and the focus on rural development initiatives over the past three decades has had no discernible impact on urban population trends in Africa (with the possible exception of South Africa under apartheid). This is not surprising given the flawed theories underpinning them. The Harris and Todaro model suffers from a range of problematic assumptions and omissions that render its applicability to the real world questionable. In a comprehensive review and critique of the model, Lall, Selod, and Shalizi (2006) do not find its conclusion that migration restrictions will generate net social welfare improvements to be justified. Similarly, Lipton's urban bias thesis has been critiqued for its crude delineation between rural and urban "classes," an inattention to the connectedness of rural and urban economies and livelihoods, a failure to recognize *intra*-urban inequalities, and an absence of convincing evidence—particularly in sub-Saharan Africa—of a distributional bias in public expenditure (see Jones & Corbridge, 2010). Moreover, the actually observed policy biases identified by Lipton and Bates were largely dismantled in Africa during the structural adjustment era (Becker, Hamer, & Morrison, 1994), and recent research has noted a rapid and significant increase in urban poverty in the region despite some moderate gains in rural poverty reduction (Ravallion *et al.*, 2007). In retrospect, Lipton's theory is probably better understood as an "elite" bias rather than an urban bias *per se*.

However, the most perplexing aspect of anti-urbanization policies is the idea that improving income and welfare in rural areas will serve to discourage rural–urban migration. While this may seem intuitive, it has no empirical foundation. Economic development is a dynamic process that necessarily entails rural–urban migration. As the diversity and complexity of production in an economy increases, agglomeration becomes a necessity. As household incomes rise (including rural households), demand for goods and services produced in urban areas rises, thereby increasing demand for labor in urban areas and spurring rural–urban migration. The often deployed argument in favor of a rural bias in development—that *because* the majority of the poor live in rural areas it *follows* that more expenditure should be committed to those areas (e.g., Potts, 2012, 1390)—is based on a static concept of development, ignoring the inherent dynamism of the process (Jones & Corbridge, 2010).

Moreover, decades of empirical studies have consistently found that improving income, health (as measured by mortality), fertility (decline), infrastructure and—perhaps most powerfully—access to education in rural areas has the net effect of *increasing* rural–urban migration (e.g., Brockerhoff & Eu, 1993; Byerlee, 1974; Caldwell, 1968; Rhoda, 1983).

In sum, a shift in the discourse of development resulted in the encouragement of a *laissez-faire* approach to urban governance and a contraction in urban investment at a time of explosive urban population growth. The diversion of development funds to investment in rural areas has probably not reduced rural–urban migration and may have contributed to it. It is, of course, difficult to quantify the effects of the

emergence of a rural bias in development discourse and practice, but it is reasonable to suppose that ineffective population policies, an associated decline in investment in urban areas at a time of exceptional urban population growth, and a dearth of research into urban issues have collectively contributed to the proliferation of slum settlements across sub-Saharan Africa, particularly over the past 30 years.

6. CONCLUSION

The emergence and persistence of slums in developing regions can superficially be understood as a consequence of disjointed modernization. However, a deeper understanding of the scale and diversity of the phenomenon requires an appreciation of the historical and political dynamics that have shaped urban development trajectories.

Drawing on evidence from sub-Saharan Africa, I have demonstrated that the colonial era represents a critical juncture in the history of urban development. Colonizers set Africa's urban transition in motion, but (generally speaking) left in their wake a legacy of underinvestment and ad hoc urban governance structures. African cities were consequently ill-prepared to absorb accelerated urban population growth in the early independence period, resulting in the proliferation of unplanned, informal settlements.

These settlements have provided opportunities for the cultivation of politically instrumental patron–client networks and rent-seeking opportunities that generate strong incentives to maintain the status quo. Moreover, African governments have shown signs of internalizing the anti-urbanization bias that emerged in development discourse in the 1970s, which has served to encourage a *laissez-faire* approach to urban governance in recent decades despite the rapid and persistent growth of urban populations in the region.

History, however, is not destiny. The feedback mechanisms of patronage politics and rent-seeking have not necessarily created stable equilibriums in a context of widespread democratic reform and a persistent shift in the proportion of Africa's population living in urban areas. In Tanzania, for example, the city of Dar es Salaam has become a stronghold for the opposition parties that have emerged since the introduction of competitive party politics in 1992 with a populist, anti-corruption platform (Brennan & Burton, 2007; Campbell, 2009). And in Kibera, simmering tensions between a largely Kikuyu informal landlord class associated with President Mwai Kibaki and a largely Luo tenant class supported by populist challenger Raila Odinga erupted into outright violence in the wake of a disputed election in 2007 (see de Smedt, 2009). A power sharing arrangement was agreed upon in the wake of the violence, with Raila Odinga incorporated as Prime Minister, and a comprehensive redevelopment plan for Kibera was launched in 2009.

I have also presented evidence that the discourse of development has a significant role to play in shaping the policy positions of national governments, as well as the resources at their disposal to tackle urban development challenges. A shift in the discourse, toward recognizing the positive contributions that cities can make to development (not simply the problems they create), may serve to encourage governments to take a more active approach to managing urbanization in a way that maximizes public welfare, and stimulate further research that sheds light on the complex political dynamics in African cities that serve to perpetuate urban underdevelopment.

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APPENDIX A.

Variable	Description	Sources and notes
Slum incidence	Percentage of a country's urban population living in slum conditions. A slum household is defined as lacking one or more of the following: improved water, improved sanitation, sufficient living area (more than three persons per room), or durable housing' (page 179). Greatest country coverage is available for 2005	UN-Habitat (2008)
Urban growth, 1990-2005	Author calculation of average annual rate of urban population growth between 1990 and 2005	World Bank, World Development Indicators online database (http://databank.worldbank.org/). Accessed June 2011
GDP per capita, 1990-2005	Natural log of average GDP per capita between 1990 and 2005 (constant 2000 \$US)	World Bank, World Development Indicators online database (http://databank.worldbank.org/). Accessed June 2011
Export product diversity, 1995–2005	Average number of products exported annually. Number of products is based on SITC, Revision 3 commodity classification at 3-digit group level. This figure includes only those products that are greater than 100,000 dollars or more than 0.3% of the country's or country group's total exports or imports. The maximum number of products is 261. Values were log transformed to normalize the sample distribution	UNCTADstat database online. (http://www.unctad.org/Templates/Page.asp?intItemID=1584&lang=1). Accessed June 2011

Rule of law, 1996–2005	Average Rule of Law RL score between 1996 and 2005. Values range from –2.5 to 2.5, with a higher value representing a better score. The RL indicator measures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Data are derived from surveys of experts based in a variety of sectors, including survey institutes, think tanks, non-governmental organizations and international organizations	World Bank Worldwide Governance Indicators database. (http://info.worldbank.org/governance/wgi/index.asp). Accessed June 2011
Colonial investment, 1870–1936	Sum of publically listed capital invested in African colonial territories between 1870 and 1936, calculated in thousands of pounds sterling, divided by national population in 1950 (the earliest year for which comprehensive population estimates are available). It is unclear from Frankel's methodology whether these estimates are in real or nominal terms	Investment estimates from Frankel (1969) ; population estimates from UN Population Division
Degree of indirect rule	Percentage of legal cases adjudicated by “traditional” authorities in British colonies, 1955	Lange (2004)

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