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Abstract

This paper examines the political economy of the continued existence of slums in Nairobi. Compared to the rest of the city's population Nairobi's slum dwellers are excluded from formal delivery systems in the land, housing and services sector. Research on inequality in Kenya identifies ethnic fragmentation as a key reason for unequal access to these resources on the national level. Using a political economy approach this paper challenges this notion. It argues that in the case of Nairobi's slums class as opposed to ethnicity has relatively greater explanatory power. This argument is based on secondary empirical evidence on the nature of political patronage, rent-seeking and collective action problems in the land, housing and services sector in Nairobi's slums.

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1 Introduction

Kenya's capital Nairobi is a paradox. The city is one of the most important economic hubs of the continent and contributes 60 percent of the GDP to the Kenyan economy, which had an annual growth rate of over six percent in 2007. The headquarters of UN-HABITAT, the United Nations Human Settlements Programme, which is mandated to promote sustainable cities with adequate shelter for all, are based in Nairobi. Nairobi fulfils some major preconditions for politically accountable and pro-poor governance: it has formal democratic institutions, intense political competition, a majority of poor citizens voting in high numbers and a vibrant media landscape. Yet, roughly 1.5 million people, that is 60 percent of Nairobi's official total population, live in slums (Syagga et al., 2001, 1). In these low-income informal settlements the incidence of economic poverty is high, housing is of sub-standard quality and

To examine the respective roles of ethnic fragmentation and class as explanatory variables

2 Literature Review: Identity-Based Political Economy Models

The public allocation of land, housing and services is a core element of the economics of urban planning. Therefore, from an economic perspec

2.1 The ethnic fragmentation model

In Kenya ethnicity is a politicised phenomenon, used as a criterion of access to economic resources such as land (Kimenyi and Ndung'u, 2005) and to political power (Mueller, 2008). There is overwhelming empirical evidence that both

contemporary Kenya, where harambee¹ has long dominated development policy and formed a clientelist framework (Thomas-Slayter, 1991). Thereby political patronage does not need to be limited to official channels of budget allocation, but may also take the form of bribes. This could explain Mauro's (1995) finding that ethnically fragmented societies are more corrupt. There are two main mechanisms that link ethnicity a

Alesina and La Ferrara (2000) find that participation in social groups is significantly lower in more ethnically fragmented localities and that those individuals who choose to participate less in racially mixed communities are those who most oppose racial mixing. Luttmer (2001) presents empirical evidence that individuals increase their support for welfare spending if a larger fraction of welfare recipients in their area belongs to their racial group. This suggests that, as a result of low social capital, individuals may attach a positive utility to the welfare of co-ethnics but less or no utility to the welfare of non-group members. Miguel (2001) presents evidence that in Kenya the lack of social capital also results from the inability to impose social sanctions. He finds that school committees in ethnically diverse areas impose fewer sanctions on defaulting parents and consequently have lower primary school funding and worse school facilities. This suggests that the higher frequency of social interactions among co-ethnics offers greater opportunities for sanctioning co-ethnics.

Kenya makes an interesting case for the study of these predictions, because of its high degree of ethnic fragmentation. Kenya is home to more than 40 ethnic groups, the largest ones being the Kikuyu, Luo, Luhya and the Kalenjin none of which is large enough to dominate other major groups (Government of Kenya, 1999, 6-2).

2.2 The interest group model

Socio-economic divisions and elite bias in public policy suggest that, besides ethnicity, class² is a major determinant of political decision-making in Kenya. Especially in an urban setting like Nairobi, intra elite linkages tend to be both within and outside their own ethnic group (Thomas-Slayter, 1991, 308). Furthermore, high incidence of poverty and income inequality highlight the importance of class as a factor of mobilization and determinant of opportunities: 52 percent of the national population lives below the national poverty line (UNDP, 2007, 239). Moreover, the ten percent of the richest households in Kenya control more than 42 percent of income, while the poorest ten percent control less than one percent of income (SID, 2004, 5). With a gini coefficient³ of 0.57, Kenya ranks among the top ten most unequal countries in the world and the fifth in Africa. Several studies illustrate that the pattern of public spending in many developing countries is biased towards the affluent elite. Alesina (1998) presents cross-country evidence that social spending on public employment, higher education, social security and health disproportionately benefits middle and higher income groups whereas the poor often lack access to these institutions.

² This paper approaches the notion of class in material terms with an emphasis on income and the associated social status.

³ The gini index measures the area between the Lorenz Curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the hypothetical line. The gini coefficient ranges between zero and one, with the values closer to one indicating greater inequality.

The interest group model posits that the underlying cause of such unequal public spending decisions is a patron-client relationship between t

3 Methodology

For the design of adequate policies to tackle the challenge of rapidly expanding slums, it is necessary to consider the dynamics behind this phenomenon. Political economy offers adequate tools to explore these dynamics because slums are essentially a consequence of the politically determined access to resources. Yet the application of specific political economy models to research on slums largely remains a gap in the literature on Third World urbanisation. This paper therefore aims to extend the understanding of the causes of the continued existence of slums by providing a story that is formed by political economy.

Nairobi was chosen for a case study for two major reasons. First, Nairobi is a prominent case as an estimated 1.5 million people, roughly 60 percent of the city's official population, live in slums (Syagga et al., 2001, 1). Second, Nairobi is representative. It is typical in the sense that its characteristics, such as high income inequality, incidence of corruption and ethnic polarization are consistent with assumptions of the political economy models under consideration. This facilitates the application of findings to other settings.

Three processes are recurrent themes in the ethnic fragmentation and the interest group model of political economy. First, the literature emphasi

of slums the data mostly refers to the last two decades. It also makes sense to focus on the period after 1990 because this is when the multiparty-system commenced and the heightened politization of housing and land policy associated with it.

There is a rich amount of studies on Nairobi's slums. However, due to the politically sensitive nature of the subject, the evidence presented seldom takes the form of "hard facts", but rather has a suggestive character, drawing heavily on qualitative data from interviews.

It is plausible that both the ethnic fragmentation and the interest group model can explain realities in Nairobi and may even work in combination. This is because in Kenya class and ethnicity are characterized by co-existence and interaction. Segregation by income, for instance, has a strong ethnic dimension as is indicated by the strong regional disparities in the distribution of poverty (SID, 2004, 13-14). Therefore this case study does not seek to invalidate one of the models, but rather aims to evaluate the relative importance of the interest group and the ethnic fragmentation model.

4 The case of Nairobi

This section presents the case of Nairobi. It first provides some background information. After the introduction there follows an analysis of the land market, the low-income informal housing sector, the pattern of service provision and slum upgrading in Nairobi.

Spatial segregation in Nairobi

To keep the African population low and to prevent the spread of infectious diseases the British colonial administration restricted the migration of Africans to Nairobi and systematically racially zoned the city (K'Akumu and Olima, 2007). With the attainment of independence in 1963 the racial residential segregation was reduced, and economic forces reclassified settling patterns during the first decade of independence. In contemporary Nairobi “the low-income group on specific locations, and the high-income group on the other have created two new ends of the spatial divide” (K'Akumu and Olima, 2007, 92). There is a clear segregation between high-income areas with low densities located primarily in the western, northern and southern parts of the city, and low-income areas with high densities in the east.

Ethnic partition, however, has not been completely eradicated. Contemporary Nairobi is a multi-ethnic city, with the Kikuyu predominant (constituting 33 percent of the city's population), followed by the Luo, Kamba and Luhya (Government of Kenya, 1999, 6-3). While individual informal settlements, like high income residential areas, are ethnically mixed, villages within an informal settlement often show a rough demarcation along ethnic lines, with one or mostly two predominant ethnic groups (Syagga et al., 2001, 153). The reason for the settlement along ethnic lines is presumably that migrants tend to look for housing where social networks exist, and these are often based on ethnicity.

Slum formation

The first squatter settlements emerged during the colonial period when the colonial administration discouraged the provision of large-scale public housing for the African population in order to curtail the influx of Africans into Nairobi (Obudho and Aduwo, 1989). When the restriction of the migration of Africans to Nairobi was lifted following independence the population in Nairobi increased from 350,000 in 1963 to 2.5 million inhabitants today (K'Akumu and Olima, 2007, 92). The increasing demand has not been matched by a well-planned provision of adequate housing. Therefore the growth of informal settlements has accompanied the growth of the population. In part the failure of Nairobi's authorities to provide access to land, housing and services to the growing number of residents can be attributed to the lack of financial resources and poor management (Syagga et al., 2001,

46). However corruption in the Nairobi City Council⁴, Nairobi's spatial segregation and the possibility to target land, housing and services suggest that the lack of finance and management failures are also endogenous outcomes of political decisions.

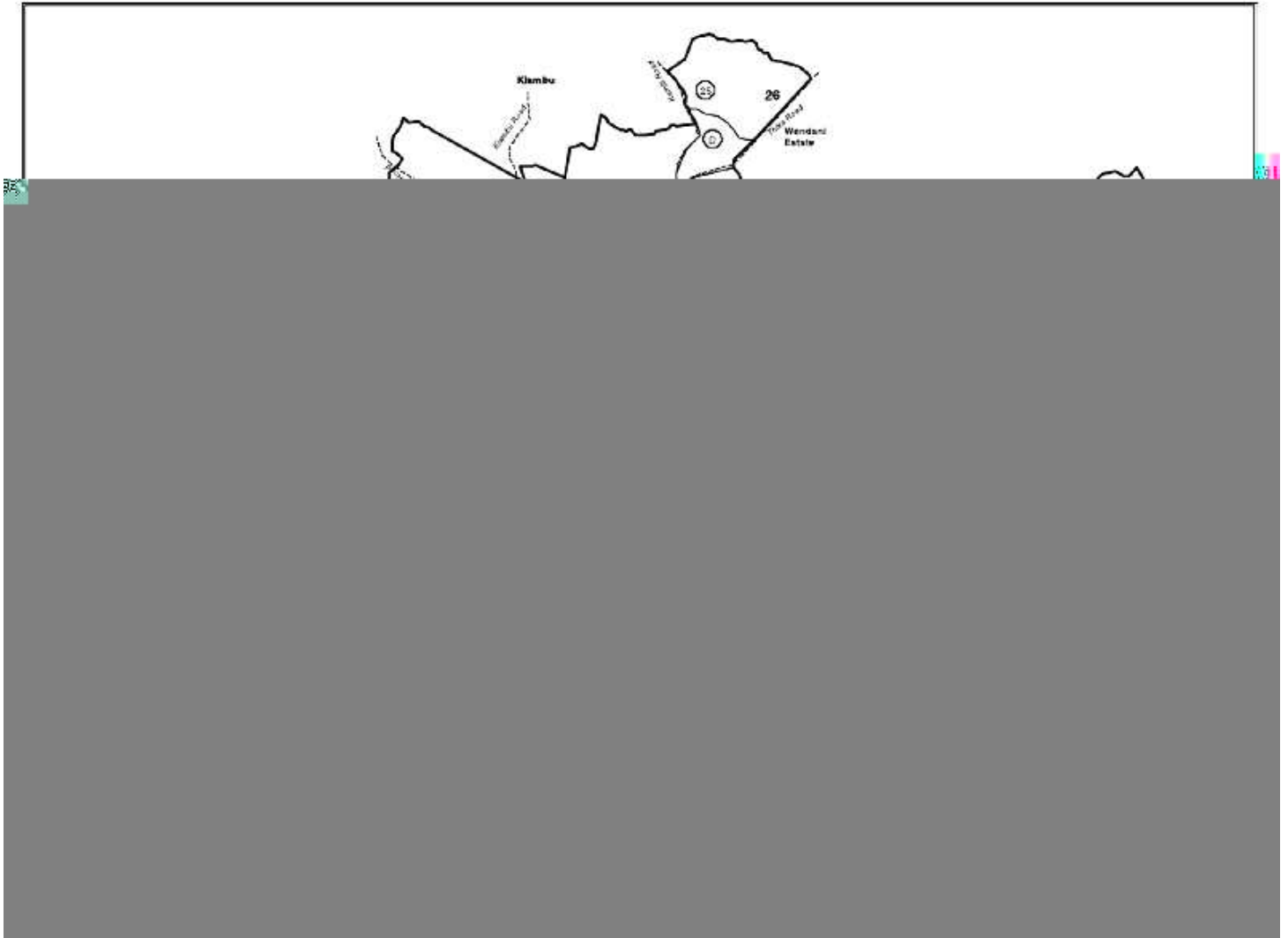


Fig. 1. Formal and informal settlements in Nairobi. Source: Shihembetsa, 1995, reproduced in K' Akumu and Olima, 2007, 88.

⁴ The Nairobi City Council was ranked the third most corrupt public sector organisation in Kenya by Transparency International (2008).

4.1 The land allocation process

After independence all land in Kenya, which had been appropriated to the Crown under British rule, was renamed government land. The Government Lands Act provides that before public land is allocated, the Commissioner of Lands, as the final authority in the process, should advertise that land and sell it at a public auction to the highest bidder (Syagga et al., 2002, 68). Yet due to a system of political patronage it is, as predicted by the political economy models, not only ability to pay but also political considerations which determine access to land.

4.1.1 Land grabbing

There is overwhelming evidence that procedures for the proper allocation of land are routinely by-passed to benefit a small group of individuals at the expense of the public (Syagga et al., 2002, 90; Transparency International, 2003). Amos Kimenya, Kenyan Minister for Lands and Settlement, sees the allocation of land since independence as “a pay-back system for political supporters, though limited to certain groups of people” (Transparency International, 2003, 1). Much of this politically distorted allocation of land, referred to as land grabbing, was made public by the 2003 appointed Ndungu Commission. It

4.1.2 Effects of the distorted land allocation system on Nairobi's informal settlements

In Nairobi the provincial administration, represented by local chiefs⁵, is entrusted with supervising informal settlements (COHRE⁶, 2006, 84). Despite not having the jurisdiction to do that, officials of the provincial administration reportedly allocated public or private unclaimed land in slums to private individuals and firms (COHRE, 84-85; Syagga et al., 2001, 78). Thus slums may be referred to as *informal* settlements not only because the development of housing but also because the allocation of land has no legal basis.

As a consequence of the distorted land allocation process 92 percent of the slum households in Nairobi are rent-paying tenants (World Bank, 2006, 36). Thus slums, which are mainly located on public land, operate like the formal real estate market. The best documented example is Nairobi's largest slum Kibera housing over 700,000 people: Despite being mainly located on public land 93 percent of the residents are tenants (UN-HABITAT and Government of Kenya, 2005, 10, 45).

Syagga et al. (2001, 126) find that it is almost impossible to put up a structure within any slum without permission of the chief. In exchange for land officials expect some reward which in most cases takes the form of bribes (COHRE, 2006, 85). However, as a form of political patronage, the system of illegal land allocation does not depend solely on ability to pay. The Ndungu commission finds that churches in Nairobi were allocated land, often for very small sums of money, as an inducement or reward for mobilising political support (Mugonyi, 2004). Odenda Lumumba, Coordinator of the Kenya Land Alliance⁷, argues that in most cases officials allocate land to affluent individuals at premiums far below the market so that even the poor could afford them. This suggests that besides ability to pay it is important to have political leverage to acquire land in informal settlements.

This also supports the limited data available on the socio-economic background of landlords. In line with the interest group model, landlords of informal settlements belong to Nairobi's elite. COHRE (2006, 85) finds that landlords in Nairobi's slums tend to be relatively wealthy and, as expected in a country where campaign finance depends on private funds, politically influential. Their high economic status is also indicated by the finding that up to 95 percent of the structure-owners in Nairobi's slums are absentee-landlords living outside the slums (Gulyani et al., 2006, 43). Thus, resident landlords constitute a minority.

There is empirical evidence that the group of landlords also includes politicians and members of the provincial administration (COHRE, 2006, 86; Amis, 1988, 90; Syagga et al., 2002).

⁵ Kenya's system of local chiefs is a remnant of the colonial administration. Although their legal powers have
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Cassius Kusienya (2004, 5), Assistant Director of the Ministry of Housing, describes well the interaction between income and political influence in Mathare Valley. In Nairobi's second largest informal settlement absentee-landlords

“grew to become the most powerful people in the slums, providing not just dwellings, shops and other commercial entities but often even political leadership. Hence their close association with the local political leadership. Some actually got elected to the City Council of Nairobi and even parliament.” (Kusienya, 2004, 5)

Empirical evidence that public officials have allocated land in Nairobi's slums to benefit specific ethnic groups is scarce. Amis (1983,148-174) illustrates for Kibera how the Kikuyu-dominated provincial administration rewarded co-ethnics illegally with public land. As a result today Kikuyus are predominant among large

What about collective action of slum dwellers to purchase land? Land-buying cooperatives have played only a marginal role in Nairobi (Syagga et al., 2001, 93). Often land-buying companies started their operations as cooperatives composed of slum residents. However, later the cooperatives attracted shareholders from outside the settlement due to the profitability of the market. The results were either that the companies became controlled by the non-original shareholders or dominated by a small group of slum residents who grew to be large-scale landlords (Syagga et al., 2001, 93). Chege (1981, 78) documents this in Mathare Valley where Kikuyu slum residents pooled resources and became large-scale landlords as well as the political leaders in the settlement. This suggests that the failure of slum dwellers to act collectively and form land-buying cooperatives has been due less to ethnic fragmentation than to the dominance of commercial interests.

4.1.3 Conclusion

The analysis shows that political patronage in the public allocation of land in Nairobi is effectively subsidizing a group of affluent, well-connected agents. The land allocation process consolidates their economic power as well as the political power of public officials. The realities in Nairobi fit with the interest group model because both landlords and tenants represent all major ethnic groups but are divided according to income.

The predominance of specific ethnic groups among landlords in individual settlements indicates that the ethnic fragmentation model too can explain part of the inefficiencies. Yet, it cannot do so alone. When it comes to explaining the distorted distribution of land in Nairobi both of the models need to be used in combination. This suggests that ethnicity affects the allocation of land insofar as it is used as an addi

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4.2 The housing sector

Huchzermeyer (2008, 30) finds that within Nairobi's low-income housing market council housing stock plays no regulating role because entitlement to units is through illegal inheritance of occupation rights and political patronage. As a consequence, units are rented far below market rates to middle class households. Lacking access to land and public housing, the only option for the poor and less connected is to resort to the informal housing market. Yet the dynamics of this market both indicate and increase the power imbalances between slum dwellers on the one hand and landlords and public officials on the other hand.

4.2.1 The profitability of the slum business

Informal rental housing in Nairobi is dominated by large-scale landlordism (Amis, 1984, 88; Syagga et al., 2001, 93). Amis (1983, 206), for instance, finds that in Kibera six percent of all landlords own 25 percent of all rooms. This indicates a high degree of ownership concentration. Furthermore, increasing densities in Nairobi's slums suggest that structure owners, bypassing official regulations, maximise their income by constructing an increasing

make a 100 percent – tax free – return on rental investment in only three years (Huchzermeyer, 2008, 30).

The opportunity to extract high rents and to operate on a large scale indicates the major role of political patronage in the informal low cost housing sector. First, the system of political patronage restricts access to land to a small group of people and these barriers to market entry enable landlords to earn oligopoly profits in the housing market. Second, to invest on a large scale in slums, one must feel politically secure. Thus only the politically well-connected are able to build on a large-scale structures violating building standards or located on public land. This is in line with the finding that slums have been treated differentially and it is primarily those lacking political protection which have been demolished (Macharia, 1992).

4.2.2 The landlord-tenant relationship

While the relationship between landlords and the provincial administration is one of reciprocity, the landlord-tenant relationship is generally conflictive and characterized by power imbalances. These are both evident in, and derive from, differences in social status: Landlords, as outlined above, tend to belong to higher income groups and are politically well-connected, whereas 73 percent of Nairobi's slum households are poor according to an expenditure-based poverty line (Gulyani et al., 2006, 14).

To consolidate their economic power landlords seem to adopt two major strategies. First, a strategy of social distancing as indicated by the phenomenon of absentee-landlordism and the use of intermediaries to collect rents (Gulyani et al., 2006, 35). This depersonalisation of landlord-tenant relationships facilitates the extraction of rents.

Second, landlords cct r0(of)3()onalistem andl5ct fa-2(a)4(ndl)-2 h.a-2(a)4(ndl)4(l)-2g-5ctrsn ren-3(r)3(-3(r)

The effect of collective action problems on power structures in Nairobi's slums

Whether actively encouraged by landlords or not, NGOs and community based organizations (CBOs) complain that, as predicted by the ethnic fragmentation model, conflict and low social trust between different ethnic groups make collective action of tenants more difficult (Weru, 2004, 48; BPD, 2004, 1). This in turn increases power imbalances in the landlord-tenant relationship. As a result, in line with the ethnic fragmentation model, ethnically homogenous groups are a preferred form of participation in Nairobi's informal settlements (Cifuentes, 2008, 20; La Ferrara, 2002).

Yet frequent violent conflicts between landlords and tenants over rents suggest that housing is an issue that can politicize slum-dwellers. To date the most serious conflict occurred in Kibera in 2001 when tenants from a variety of ethnic backgrounds jointly organized a rent boycott. This provoked violent clashes with landlords which lasted several weeks and spread to other informal settlements (IRIN, 2001). The case of rent conflicts suggests that, if the expected benefits of cooperation are high ethnic diversity does not necessarily inhibit collective action, at least not short-term mobilization for a specific aim.

Additionally, as posited by the interest group model, slum dwellers seem to face problems in organizing themselves, not only because of ethnic fragmentation, but also because they are poor. A recent study of Kibera finds that, members of CBOs consider the lack of financial resources as a major obstacle for their work (UN-HABITAT and Government of Kenya, 2005, 17). Graham and Alder (2001, 79) point out that the most fundamental problems shelter co-operatives face are a lack of resources combined with high interest rates. CBOs also have difficulties in accessing and evaluating official information, particularly because they lack English skills and official documents are not provided in Kiswahili (COHRE, 2006, 6).

4.2.3 Conclusion

In light of the finding that both landlords and tenants are primarily characterized by their economic status as opposed to their ethnic identity, the analysis of the low-cost housing market strengthens the case for the interest group model: The distorted allocation of land has created a situation of legal uncertainty but de facto recognition of Nairobi's informal settlements. As the analysis of costs and benefits in the housing market shows, landlords take advantage of this situation by earning high profits in this unregulated environment.

Ethnic polarization, as predicted by the ethnic fragmentation model, is a major cause of collective action problems and thus also contributes to the persistence of Nairobi's slums. However, realities in Nairobi can more fully be explained by elite bias. This suggests the finding that collective action problems are presumably actively induced by landlords to maintain their economic benefits and also result from the lack of financial resources.

4.3 The provision of basic infrastructure services in Nairobi's slums

Access to basic public services in Nairobi's slums is far lower than Nairobi-level data suggests (Gulyani et al., 2006, 49-53).

Gulyani et al. (2006, 50) find that less than one fifth of the slum households have access to piped water, that is private in-house connections or yard taps. The vast majority of slum dwellers rely on water kiosks to buy water from private providers. By comparison, studies reporting data for Nairobi as a whole place the proportion of households with access to piped water at 71 percent (Gulyani et al., 2005, 1252). The inequality in access to basic services also applies to electricity connections: One in five households in Nairobi's slums (22 percent) is connected to electricity and uses it as a lighting fuel. In contrast, in the city as a whole 52 percent have electricity connections (Gulyani et al., 2006, 51). Despite the negative externalities of garbage, less than one in a hundred slum households (0.9 percent) is served by a publicly provided collection system (Gulyani et al., 2006, 52). The vast majority of the households in informal settlements dispose of solid waste by dumping, burning or burying it. On the level of Nairobi province six percent of the households are at least infrequently served by a publicly provided garbage collection system (KDHS, 2008, 24).

Keeping in mind Nairobi's spatial segregation according to income these exemplary figures illustrate that residents of higher income areas are provided with better infrastructure services than the urban poor living in the slums. The government justifies this by the fact that slums are informal settlements and that the delivery of services would be equivalent to their official recognition (Wegelin-Schuringa and Kodo, 1997, 181). However, one might argue that the acquiescence regarding the operations of landlords and the abuse of power of public officials in Nairobi's slums constitutes a de facto recognition of informal settlements. What also casts doubt on the official justification is that public officials in Kibera tend to divert available water from the existing piped network to neighbouring high-income areas where both revenue collection and political influence are greater (Mehrotra, 2005, 5). This suggests that, in line with the interest group model, the better coverage of high income areas also results from successful lobbying of higher income groups. What goes against the predictions of ethnic fragmentation model is that slum dwellers, representing all major ethnic groups in Nairobi, are served equally poorly by the public system.

If slum dwellers could access reasonable quality services at affordable price from alternative providers, they would not lose from the lack of public services provision. Yet in Nairobi's slums the gap left by the government has not been filled adequately.

4.3.1 Non-commercial service providers

CBOs and NGOs are only minor players in the provision of basic services (Huchzermeyer, 2008). Cifuentes (2008, 21) finds that in the Korogocho slum only three percent of the residents are participating in service-delivery based groups. The lack of community mobilisation in basic service delivery indicates collective action problems among slum residents.

Furthermore, the collective action problem of slum residents seems also to result from the lack of power vis-à-vis landlords. Mehrotra (2005, 7) finds that many of the private water vendors in Kibera are landlords, making tenants rel

rents is also possible because of the concentration of sales within a small number of kiosks (Mehrotra, 2005, 7). This suggests that public officials who control the entry to the water market restrict access to their clients and take the opportunity to extract bribes.

In part the profits of kiosk owners are negated by the high costs of installing kiosks (Mehrotra, 2005, 6). Additionally, some of the profit is captured by public officials. Water vendors report that at least a quarter of their initial investment is in the form of bribes to facilitate a connection. Furthermore, they are required to make on-going unofficial payments to utility officials in order to stay in business (Mehrotra, 2005, 7).

However, the high price of water is also the result of rent-seeking. Water vendors have reportedly taken advantage of temporary water shortages to make rapid profits. Usually these shortages are due to general problems at the utility. Yet Mehrotra (2005, 7) also finds that artificial shortages are sometimes created through collusion with utility officials.

4.3.3 Conclusion

The deliberate exclusion of informal settlements from public services has contributed to the persistence of slums for two major reasons. First, because it consolidates the status of informality of these settlements and the associated power imbalances. Second, because the process of exclusion has created benefits to a variety of actors who have an interest in maintaining the status quo. As predicted by the interest group model, these beneficiaries are the affluent and well-connected: residents of higher income areas, public officials and landlords. The benefits accruing to private service providers also fit with the predictions of the interest group model: The profitability of the business and the barriers to market entry

4.4 Slum Upgrading in Nairobi: Responses to the challenge of slums

The foregone sections show that the persistence of slums partly results from a lack of public intervention in the land, housing and services sector, through either provision or regulation. Yet the rapid and continuous expansion of slums has finally been addressed by slum upgrading efforts. These were relatively small in scale in Nairobi until the Kenyan Slum Upgrading programme (KENSUP) was launched in 2003 (Gulyani et al., 2006, 55). Similar to previous programmes in Nairobi, KENSUP focuses on improving basic services, mitigating environmental hazards, regularizing security of tenure and providing incentives for community management.

These areas of intervention suggest that upgrading, if effective, changes the existing power structures within slums and is therefore a deeply political process.

4.4.1 Political patrons in the slum upgrading process

Slum upgrading may reduce the benefits accruing to public officials, such as the extension of a network of patronage. To maintain the status quo

4.4.2 The tenure regularisation process and the landlord-tenant relationship

Slum upgrading not only affects the standing of public officials but also the power balance between landlords and tenants. This occurs mainly through the regularisation of tenancy.

Security of tenure is a precondition for investment in the structures and the development of community ties. Moreover, tenancy regularisation is a crucial aspect of slum upgrading because it puts an end to the informality of slums used to justify their demolition or poor service provision. The “formalisation” of slums also opens the way for the regulation of services, rents and building standards.

This indicates that the regularisation of tenancy is a sensitive issue and determines who finally benefits from low-income housing. In general it is the resident in the slum area – either tenant or resident landlord – who is intended to be the beneficiary of slum upgrading. The reason is that absentee-landlords can afford better shelter elsewhere and in many cases have been allocated the land illegally. Yet many of the large-scale landlords argue that the introduction of a tenure system which only takes account of the needs of tenants disadvantages them disproportionately because they have invested in the structure, relieved the housing shortage and moreover they lose their rental income (Syagga et al., 2002, 29).

Large-scale landlords therefore usually oppose and interfere in upgrading projects.

In the case of the KENSUP pilot project in Kibera-Soweto (COHRE, 2006, 115) and upgrading in Mathare 4A (Kusienya, 2004, 4) landlords were able to lobby for a compensation without which the proceeding of the project would have been impossible. In both cases compensations were also paid to large-scale landlords who had illegally built structures on government land. COHRE (2006, 112) finds that when redevelopment in Kibera-Soweto was announced, landlords also took advantage of the situation by replacing original tenants through evictions or rent increases. This allowed them to make low cost housing accessible for family members or to extract higher rents before the beginning of the

Slum dwellers in contrast are forced to resort again to the informal low-income housing market in expanding or newly formed slums. Yet for the vast majority of slum dwellers public intervention so far has been unable to improve their position vis-à-vis landlords and public officials.

4.4.3 Conclusion

This section is different from the previous ones: While these focused on the question of whether ethnic fragmentation or elite bias can explain the behaviour of agents, this section takes the finding, that elite bias has relatively more explanatory power as given. Rather this section looked at how landlords and public officials, the key actors in the business of slums, are affected and do react in the face of a public intervention which threatens the status quo. In combination with the findings of previous sections this analysis provides a more complete story of the political economy of the continued existence of slums: It highlights how the politically determined allocation of land, housing and services creates economics outcomes (profits) and political outcomes (a network of political patronage) which in turn change the political equilibrium, that generated the practice of resource allocation in the first place. In this new political equilibrium political patrons and the landed elite have become so powerful that they are able to frustrate efforts of the government and slum dwellers to tackle the challenge of informal settlements.

Fig. 2. The political economy of the continued exis

compensation of structure owners. The role played by elite bias also points to the importance of making lobbying more affordable for the poor. Providing better access to public information or financial support to CBOs i

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