

West Africa Trends

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The Future of Slums

Rethinking Their Place in West Africa's Cities

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Introduction

An overwhelming majority of people in West Africa's cities lives in slums. As more people leave the rural areas and flock to cities, slums are increasingly becoming the defining characteristic of cities in the region and will become more so as West Africa's urbanization continues. What should be done about this challenge? In this issue, we explore the question, with a simple message: slums should be embraced as part of a complex urban reality, and the collective energy they have should be channeled towards improving them ■

The purpose of this newsletter is to monitor trends across the West Africa region for policy makers, researchers and other decision makers in the international community.

Disclaimer: *The views expressed in this newsletter do not represent those of the Rockefeller Foundation.*

Editorial

The West Africa region is urbanizing rapidly. By the classic rules of economic development, such rapid urbanization—driven by rural-urban migration—is supposed to indicate demographic shifts from rural poverty into urban prosperity. But the story in West Africa is different. For the most part, rural poverty is being transformed into urban poverty. Inevitably, such a shift in the geography of poverty has caused by an explosion of slums in the region's growing cities. As such the slum question is not marginal to development of this region— it is at its very heart. However urbanization and accompanying growth in slums is not a recent phenomenon, slums are as old as the region's cities; and cities have been grappling with the slum problem. Past public policies that have aimed at eradicating slums have failed despite numerous demolition exercises. It is now being grudgingly acknowledged that these can no longer be applied as slums are a reality of the near and medium term future of the region's cities.

Indeed a more pragmatic view that acknowledges the reality of slums, and at the same time the dynamism of slum inhabitants to resolve their very problems can go a long way in helping cities in the region cope with rapid urbanization.

Slums should indeed be seen as an integral part of the city and as providing vital services to the city-economy. Many of the cities' workers live in the slums, which also constitute a significant market for goods and services generated by the formal city. They are at the bottom of the pyramid that holds the formal city. Slums are also veritable hubs for manufacturing, creating critically needed jobs (see article 3). This is not to say that slums should be seen as desirable. They are not. They pose many challenges to their residents including health and safety concerns. Eliminating slums is desirable but how to go about it is the issue that is contentious. Eliminating slums because they are a blight to the city without due consideration that they support many livelihoods is a wrong-headed policy. History reminds us that not too long ago, slums were the reality of some of today's great global cities.

The reality of limited resources means that slums at best can be improved incrementally—a sensible approach. A sensible approach also means changing mindsets of urban planners to recognize and build on solutions that the slum itself has worked out rather than relying solely on classical urban development solutions. Sustainable urban development will only be possible if we concentrate on solving the problems of

the majority of urban populations in ways that make use of their own creativity and involve them in decision-making. This calls for greater attention to innovation.

However, innovations in solving problems of slums are problematic in reality. It has been pointed out that although the policies and plans of governments and international organizations may reflect a true commitment to solving the problems of the poor in urban areas, they are often ill advised or wrongly conceived. The innovative solutions proposed are too often unsustainable, and there is an apparent incapacity to go beyond orthodox planning and management approaches.

All the same, innovation is taking place and problems are being solved. We see innovation in the area of education where slum schools adapted to slum reality are outperforming much better funded public schools. We are also seeing innovation in building constructions like the floating schools of the Makoko slum in Nigeria (see article on page 8) that are taking the slum environment as a starting point and innovating on this.

Slums are here to stay as more or less permanent features of cities in the region. And it will take incremental improvements rather than grand solutions to upgrade and transform them. But it will take some time before the formal city and policy elites openly acknowledge this reality. This would mean that the West African city might follow a very different model of transformation from the ideal western models. However, the fact that the western city cannot be the model of the West Africa city will take time to sink. There is still a lot of work to be done on both the policy and advocacy fronts before this fact is accepted.

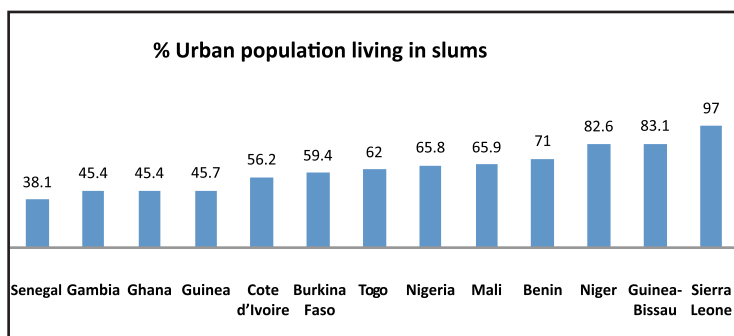
The desire to takeover prime properties that many of the slums sit on will continue to create occasional spates of demolitions that will be challenged by increasing stronger slum advocacy groups. Going forward, an uneasy equilibrium is being established and this can be made more permanent by incorporating developers in slum upgrade programs, where developers and slum dwellers can jointly develop slum areas and share the outputs. Ghana has experimented with this with some success, and should be replicated elsewhere especially in Liberia and Nigeria, where the impulse for frenzied demolitions seems greatest.



The Poor Also Live Here!

The 2010 UN-Habitat report on the state of African cities confirms Africa as the fastest urbanizing continent in the world and that by 2030, Africa's collective population will become 50% urban. One of the central trends of Africa's rapid urbanization in most of its large cities is urban slums. In 2010, an estimated 72% of all urban dwellers in Sub-Saharan Africa lived in slums.

For the West Africa region, the future is already here, with a number of countries having already crossed the 50% threshold of population proportion living in urban areas. As in the rest of the continent, the slum population in the region outnumbers the non-slum population, as shown below in Figure 1.



Source: UN-Habitat <http://www.unhabitat.org/stats/>

Closer inspection of the slum situation shows a more nuanced picture. There are the big 'shanty' towns – which are officially recognized as major slum areas; but almost all other suburbs tend to exhibit slum-like conditions. Even communities classified as affluent also typically harbor pockets of slums. For example, only 6.5% of Accra has no slum-like characteristics. For most locations, the situation ranges from high slum conditions to low slum-like condition.

In fact, the situation may be even worse because of the growing phenomenon of "temporal slums" which is taking hold in the major markets and lorry parks in the cities. Under this arrangement slum and street lords rent mattresses and mosquito nets to street hawkers and hustlers to sleep in front of shops or at other open places. These slums melt into thin air come morning.

The driver of urbanization in the region is not demand for cheap labor in the cities but it is mostly flight from rural poverty. Essentially, rural poverty is being translated to urban poverty as is evident in Ghana where rural poverty is falling faster than urban poverty. Conflicts have also been a driver of urbanization. Abidjan's population swelled dramatically during Côte d'Ivoire's conflict, and some fled to cities in neighboring Ghana, notably Accra. Climate change is also driving people to the cities as they seek relief from near-Saharan dryness.

Common features of these slums include the lack of basic municipal services such as water, sanitation, waste collection, storm drainage, street lighting, paved footpaths, and emergency access roads. Other features include lack of schools and clinics within reach, and safe areas for children to play and the community to meet and socialize.

The task of providing appropriate and affordable housing to the urban poor has persisted as one of the most intractable problems facing the region and a nightmare for governments.

Slums are however not a recent phenomenon in the region's cities. Many of the older slums as are as old as the cities themselves. Indeed slums for many years have served as conduits for people seeking to move to cities and thus are always in a state of population flux.

This reality of cities dominated by slums has not sat well with most city governments in the region. The press is awash with stories of slum areas being flattened or under threat of being flattened. In general, the response by governments can be grouped into three categories: slowing down urbanization, slum demolition, and relocation.

Slow Down Urbanization

Most governments express a wish to prevent, divert, or slow down urbanization. Rural investment programs are

one method to stem urban growth and the government of Côte d'Ivoire has been pushing this. However, it has been pointed out that there is no historical precedence of success for this strategy.

Slum Demolition

This has perhaps been the default reaction of many cities in the region when faced with growing slums. Liberia and Nigeria have been particularly quick to use this approach. A report by Nigeria's Centre on Housing Rights and Evictions (COHRE) shows that over 2 million Nigerians have lost their homes to demolition. Monrovia, the capital of Liberia, has seen massive slum demolitions in various communities that have rendered many men, women, and their children homeless. For instance, to pave way for city beautification projects, Montserrado District 7, in central Monrovia was pulled down, leaving over 10,000 persons without homes.

Relocating Slums

A more humane approach that has been gaining currency is to provide slum residents alternative housing. The city of Abidjan, which has 75 slum quarters, has plans to build houses at a cost of 5 million CFA (US\$10,000) and produce 50,000 units per year. Eight hundred acres (8 km²) of insecure areas will be demolished in the process. However, this approach has often proved impractical for the needs of the poor. They tend to be relocated in faraway places – usually at the peri-urban fringe of cities. This isolation from the heart of city business tends to have a major adverse effect on their economic lives. Usually it means increased cost of transportation for the poor to commute with the core city for business and employment.

Often the motivation for slum relocation is really to access the land the slum sits on as slums tend to be situated in prime locations. Lagos state for instance, plans to build new housing units at Badia after the demolition; however, it is very apparent that the poor cannot afford to live in the government proposed building as the displaced inhabitants in Badia earn below \$100 per month.

Rethinking Slums

Rethinking slums and their place in the city is required if a sensible approach is to be formulated. However, this is going to be an uphill battle. This is because a mindset set on destroying slums is quite entrenched not only in government but also among

professionals in the urban development space. For instance, at their 2013 annual surveyors' week celebration, the President of the Ghana Institution of Surveyors (GIS), Mr. James E.K. Dadson was quoted as saying:

“...If in the opinion of the experts, a particular land use is not beneficial, we will have to relocate it and put it to a use that will be beneficial to society. You cannot have a slum in an area that has very high land value...”

Nevertheless, there is growing acceptance of the reality of slums as a more or less permanent feature of cities across the region. A number of initiatives are being undertaken to help improve and transform them, and we discuss some leading examples below.

Land Titling

Slums are a symptom of dysfunctional urban land markets that restrict the supply of land. This works well for the elite interests as land scarcity pushes up its value. As such, there are few incentives among landowners – who are often also the lawmakers, or have access to influence them – to raise supply by improving regulation. Indeed, in West Africa where less than 2% of land has formal paper documentation, (with most tenure claimed through informal channels) comprehensive titling schemes are hampered by weak bureaucracies, restrictive legal frameworks, and vested interests.

Nevertheless, there has been pressure from slum advocacy groups for governments to start recognizing occupation of land and thus provide them security of tenure. The ideal has been to provide them with titles for the land. However, some experts and institutions point out that while comprehensive land titling programs are intuitively attractive, it exceeds the capacity of most urban authorities and thus advocates a graduated approach. “This can be as simple as a formal statement by the local authority saying that the people in a settlement will not be evicted; that the government recognizes their rights to stay there”, as experts at Cities Alliance have urged.

Nigeria, Ghana, and Senegal have improved security of tenure and enhanced gender-equality in tenure in recent years, resulting from sound municipal governance and the evolution of democracy. Although there is no legislated right to adequate housing, the governments' aim to provide protection from forced eviction by documenting ownership of properties.

Rolling out a whole set of individual rights, in some form of title deed allow slum dwellers to unlock the capital they have already invested in the plot and can use this as

collateral to get credit for further investments. These rights are however a double-edged sword as they also allow slum dwellers to start trading land on the market which then attracts new players. For instance in Uganda, well-connected speculators responded to one titling scheme by bribing officials to grant them ownership of land in informal settlements which they had no rights to. Advocates at the NGO, International Land Coalition (ILC), point out that there are huge risks with formalizing and bringing in a land market without adequate safeguards. Even when titling proceeds lawfully, low-income holders hit by liquidity crunches often sell land to developers without realizing its value. As explained by the ILC, "there are big differences in their knowledge and understanding, and in their ability to see where price trends are going."

Slum Upgrading

Perhaps the most promising avenue concerning the slum problem is for city authorities to accept slums as a reality and then work on incremental improvements to upgrade them. Small interventions can have powerful impacts on slums conditions. For instance, a 1% increase in paved roads reduces the incidence of slums by between 0.32% and 0.38%, according to Ben Arimah, a UN Habitat researcher, while transport systems enable slum dwellers to access more diverse economic opportunities.

But successful upgrading requires effective participation by affected communities. They know what their priorities are, and should guide the process as opposed to city planners solely deciding on what they want. An inclusive upgrading process not only gets buy-in, but even slum dwellers are willing to contribute their meager resources for the upgrade. The People's Dialogue on Human Settlements Ghana (PDG), a community-based NGO is very active in involving slum communities in urban infrastructure development and services.

This rethinking is starting to take root as evidenced by many ongoing slum-upgrading projects. The Participatory Slum Upgrading Program is an initiative of the Secretariat of Africa, Caribbean, and Pacific Group of States, funded by the European Commission and executed by UN Habitat. The program aims to reduce by half in 2020 the number of slum dwellers in targeted cities and countries. Countries participating in this program include Benin, Burkina Faso, Ghana, and Niger.

These programs are also borrowing expertise from other cities. Abidjan and Cotonou are under a pilot program for the development and upgrading of slums. This project is supported by the City of Paris and the Euro-

pean Union. A team of technicians from Europe with their Ivorian counterparts specialized in slums upgrading will work together.

Networking and Advocacy

The threat of eviction has prompted slum dwellers to organize and advocate for the right to stay. In addition to supporting advocacy, organizations are also helping slum dwellers improve themselves. For example, the Ghana Federation of the Urban Poor (GHAFUP), is a network of community savings groups in informal settlements and poor communities in Ghana, including four of Ghana's five largest urban areas: Accra, Kumasi, Ashaiman, and Takoradi. GHAFUP is helping communities to make improvements through daily savings, local and international exchanges, community settlement profiles, and negotiating and building partnerships with local governments. Through these efforts Ashaiman is slowly upgrading, as evidenced by new cement buildings erected from the loans and support coming from membership.

At the regional level, slum communities are developing networks to learn from each other and for support. Ghana, which is more advanced in advocacy, has been at the forefront of forging these networks. Recently a group of women living in slums from Burkina Faso were trained in organizing and mobilizing poor communities to set up income generating activities and influence decision makers.

Studies have shown that as the average age of people in cities increases, the average age of slum dwellers keeps decreasing, underscoring the vulnerability of youth in urban areas. There is thus need for more targeted advocacy. And this is happening. A three year project funded by NGO Comic Relief, aims to give vulnerable young people the tools to influence and the voice to engage decision makers, and be central to changing the conditions of their slum communities. Through the program, young people will learn to campaign and lead local associations of slum dwellers, to trigger a change in approach to slum development. It is targeting 27,000 young people to lead transformation in six slum communities in Liberia, Sierra Leone, and Togo. The project will also aim to increase access to clean water for slum dwellers through water point construction and latrines.

The Future

There is a growing acceptance of the slum as integral to the region's urban landscape for the near future. However, occasional slum demolitions will continue where

advocacy voices are not strong enough. Indeed, with the rise of the urban middle class and associated demand for high-end housing, developers will feel increasingly tempted to target prime lands occupied by slums. It is probable that formal titling may facilitate this as the temptation to trade may tempt cash-constrained slum dwellers. It is therefore important that formal titling be accompanied by other support systems that will enable the slum dwellers to stay on their plots and develop them incrementally. Otherwise, they are likely to be the losers if they engage in land markets where there is huge information asymmetry. Perhaps a middle path is to allow slum dwellers to form partnerships with developers where they can jointly develop slums and have some part of the development as compensation, as is happening in Ghana (see next story).

Elite interests will also continue to frustrate efforts to increase land supply. However, as countries urbanize, and urban voters outnumber rural voters, as they soon will, the sums will stack up in favor of politicians dealing with tenure. The discourse is already heating up in some countries including, Burkina Faso and Ghana.

Where advocacy voices are strong, slum-upgrading trends may gather strength. However, this may also prove to be a missed opportunity. For instance, since 2006 Lagos has been upgrading nine slums – Agege, Ajegunle, Amukoko, Badia, Bariga, Ijeshatedo, Ilaje, Iwaya, and Makoko – using a US\$200 million credit facility provided by the World Bank. The project is scheduled for completion in 2013. However, residents have complained about the quality and lifespan of some of the upgrades. A World Bank progress report stated that of the 75 completed boreholes, only 20 were working as of December 2012 and there have been complaints that the water from some of the boreholes is not drinkable. This underscores the need for strengthening institutional structures for managing slum upgrading if the efforts are to have the desired impact. This is not happening as cities have yet to buy fully into involving communities in their slum upgrading projects despite the claim that the efforts are participatory.

It is safe to say that while slums will continue to be part of the urban landscape of the cities, this co-existence with the formal city will in many ways continue to remain precarious with occasional spates of demolitions taking place. However, the grassroots movements have proved quite effective in stalling efforts to demolish slums. Indeed the very threat of these demolitions have galvanized them to only advocate for the recognition of the right to live but also helping the slum dwellers improve the slums. And with development partners supporting slum-upgrading initiatives this trend is likely

gather momentum.

The future will thus see a delicate balance between forces that see demolitions as the solution to slums (mostly advocated by developers targeting these same lands) and forces advocating gradual slum upgrades. As rural-urban migration gathers pace, (this will accelerate even more as the Sahel becomes drier and less habitable, driving more rural dwellers to cities), the specter of mega slums is now becoming a real possibility. This will be irreversible especially if cities fail to pursue proactive solutions but continue the opportunistic approaches that are now evident. A proactive approach will mean that cities' capacities to plan will need to be rapidly ramped up and this is perhaps where development partners can provide support. But capacity should also be accompanied by new mindsets that challenge the notion of urban planning. Both historical and contemporary lessons should be sought from around the world. Historical lessons can be learned from great cities like London and New York, which had mega slums in their formative years; and contemporary lessons could be learned from cities like Mumbai, which are demonstrating that slums can also be engines of growth, providing services critical to the formal city and also as veritable manufacturing hubs.

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Building on Slums

Emerging Innovations

Slums have been described as “hothouses” of cultural creativity, economic invention, and social innovation. One of the reasons for this is the fact that slums are constantly receiving new immigrants who come with new ideas. This constant inflow of new ideas and new energy gives slums a dynamism that makes them very creative.

We see solutions to many challenges confronting slum dwellers and innovative business models to serve the slum markets. In Senegal for instance, people from the Baraka slum are well organized and have a small school, workshops, and a clinic.

These informal solutions clash with classic urban planning principles, which are based on comprehensive planning regarding land allocation, infrastructural organization, and decisions on technical services and networks. But this creates potential conflicts. It has been proposed that instead of asking the population to adapt to existing regulations and institutions, the appropriate approach is to ask the questions: who are the urban poor in need of housing? What conditions do they live in? What are their aspirations, and what are they willing to do to improve their situation?

This calls for keener awareness of local innovations taking place within slums and building on them. Also, it will make sense to adapt formal planning solutions to the realities of slums.

Business Innovation

Perhaps the area where slums produce the most innovation is in business and entrepreneurial ideas to serve their poor communities. Thus, while the slums in Cocody neighborhood of Abidjan (Cote d'Ivoire) portray abject poverty on the surface, residents do enjoy a number of services associated with richer neighborhoods. Almost all homes are equipped with foreign cable TV channels, electricity, and drinking

water. Enterprising residents have developed parallel (and unapproved) activities that enable them to re-wire a single connection to multiple houses. Connection to the service is 2000 or 3000 CFA (US\$4 to \$6) per month. As for water and electricity, it varies from 1,500 to 3,000 CFA (US\$3 to \$6), depending on the number of people. In fact, these slums are homes to several businesses. Charcoal sellers, restaurants, plumbers, scrap merchants, bicycle repairers, and shops; there are all kinds of services and activities happening. This and other innovations that operate in the grey area between legality and illegality are common (see next story on business innovation in the Fadama slum of Accra).

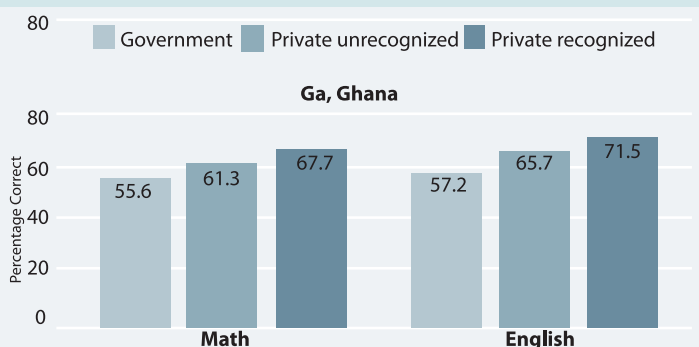
Innovation in Education

Another hot bed of innovation is in education. Investigations have revealed that contrary to expectations, slums have private schools, and slum dwellers are willing to pay for them even when public schools are available. The appeal of slum private schools seems to be their flexibility and ability to deliver.

A survey of slums in Accra revealed that 23% of schools were unrecognized private schools catering for 33,134 children – about 15% of children enrolled in school (see Figure 2). The average monthly fee for these unrecognized private schools was about US\$4 for the early elementary grades, compared with US\$7 in recognized schools (about 12% of the average monthly earnings of an adult earner). However, many of the poorest schools allow a daily fee to be paid so that, for instance, a poor fisherman could send his daughter to school on the days he had funds and allow her to make up for the days she missed. Such flexibility is not possible in the public schools, where full payment of fees is required before the term starts. The effective cost of these private schools was found to be lower than in free public schools that have many hidden fees. But more importantly, these unrecognized private schools were out-performing government schools.

A Private Success (figure3)

As indicated by the test scores of 5th graders, private-school students are outperforming their government-school peers in Ga, Ghana and Hyderabad, India. In Kenya, the two groups are scoring at about the same level.



Source: <http://educationnext.org/privateschoolsforthe poor/>

Innovation in Building

Housing is the key challenge in slums; therefore, innovation in this area can have a big impact. Under its slum- upgrading project, the City of Accra is piloting a housing finance strategy that links families with developers. Under the project, families use their land as equity and the developers finance the construction of houses in multi-storey densities to accommodate the current number of persons with decent room to person ratios. The family is allocated additional rooms, which they can offer for rent as an income generating activity, while the remaining rooms are rented out by the investor to offset his construction cost. Banks including Bank of Africa, Ghana Home Loans, and Barclays have expressed willingness to support this innovative approach, if land free of environmental challenges and other encumbrances can be avoided.

Slum-led innovations in building constructions are also visible. In Nigeria, architect, designer, and "urbanist", Kunle Adeyemi of NLÉ, in partnership with the Heinrich Boell Stiftung, has rolled out the Makoko Floating School, in the Makoko slum, which sits on water. The school was inaugurated in March 2013, and can host lessons for up to 100 school children at a time. And when not occupied by students, it is used as a community center for the benefit of all residents.

The Makoko Floating School



Source: <http://thecreatorsproject.vice.com/blog/nigeria-lagos-water-communities-look-like-waterworld>

NLÉ points that a floating building simultaneously addresses different issues including flooding, land occupation, and foundation construction. The prototype floating building is modular, flexible, and adaptable for other building typologies such as: homes, community centers, and playgrounds, intended to gradually cultivate an improved quality of architecture, urbanism, and living on water. If the idea of floating building is successful, the project will transform homes for more than 100,000 people who live in the Makoko slum.

Resilience Innovations

Most slums are especially vulnerable to disasters and water borne diseases. Cholera is always a lurking danger and building capability to save lives in a community is key. An innovation to address this challenge is being piloted in Sierra Leone, whereby a consortium of international non-government organizations has trained local residents as "Blue Flag Volunteers." The volunteers receive kits with oral rehydration salts, alongside soap and buckets. When families' own stocks of rehydration salts run out the volunteers show them how to create their own. Small blue flags on roofs identify them to their communities. The "Blue Flag Volunteers also play a key role in promoting hygiene and minimizing cholera and diarrhea."

Box 1:

Bridge International Academies (BIA) School

An innovation that has potential to transform slums is the Bridge International Academies (BIA) initiative. BIA brings together a set of critical innovations in low-cost education, an effective alignment of incentives and accountability, and sophisticated management systems to produce a game-changing approach to affordable education. For \$45 per a year, elementary school kids in Nairobi slums are receiving an education that allows them to quickly catch up with and even surpass kids in other public and private schools. From start-up in 2008, Bridge International Academies currently has 134 academies and is educating 53,216 pupils. This highly adaptable and scalable model could revolutionize education for the world's poor.

BIA is motivated by the fact that "free" public schools are often very low quality and various hidden fees make them far from free. The quality of private schools, however, varies widely and the good ones rarely scale-up. BIA builds its schools on the following principles:

- Build well-engineered, super-cheap schoolrooms
- Hire and train smart high school grads as teachers
- Deliver highly scripted, packaged curriculum
- Systematize all aspects of operations
- Measure results and make schools accountable to parents

- Build the BIA brand to attract resources and accelerate growth



BIA expects to reach profitability at 200,000 students, and their initial schools have hit the cost and revenue targets that make projections credible.

Innovation is at the center of BIA. A new, dynamic tablet application has been developed for teachers to use for curriculum, assessments, attendance, and more. Geoboards, national exam prep classes, and a wealth of other educational firsts have also been launched throughout all of Bridge International's academies.

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The Business of Slums

a Tale of Two Manufacturing Clusters from the Agbogbloshie-Old Fadama Slum of Accra

Slums are known for their entrepreneurial vitality. The Agbogbloshie-Old Fadama slum in Accra is no different. In fact, one could unmistakably call it “a commercial slum”. The commercial intensity in Old Fadama, what gives it its unique business character, is because it shares borders with Accra’s central business district and has emerged over the years as a sort of physical extension to the city’s largest market center – Makola. As such, vast portions of the slum are effectively now part of the most important trading and business hub in the entire city. Traders and shoppers from within and outside the city commute daily to the slum to do business.

Petty trading and micro-merchandise in every conceivable ware dominate literally every available space – in kiosks, on table-tops and on the heads and shoulders of hawkers lining every street and corner. These businesses are the most common commercial activity in the area, and are mostly survivalist enterprises, which most residents depend on for their day- to- day upkeep. There are also businesses providing virtually every service needed by residents –restaurants, food joints and bars, motorcycle taxis, movie theaters, private schools, drug stores, dormitories and “hotels” that charge by the hour, moneylenders and savings “banks”, tailors, etc.

But Old Fadama is also a manufacturing and production zone. It is home to some of the city’s most creative light manufacturers and in this article we profile and contrast the fortunes of two of the slum’s manufacturing clusters – a leatherwear cluster and metal works cluster – and the trends that are shaping the future of their businesses.

Leatherwear: A Cluster in Decline

The leatherwear business cluster in Agbogboloshie is a highly specialized community of leatherwear manufacturers specializing in the production of mostly footwear and bags. Over a hundred workers – both male and female, and mostly young to mid-age, are employed in

the cluster. Most of these are self-employed individuals but they have developed an impressive system of division of labor such that a large bulk of the work that goes on there is collaborative in nature. Thus, there is a sort of assembly line structure with some workers specializing in cutting designs; others focusing on sewing them, and another group focusing on finishing.



They share a common electricity meter; and have contributed to purchase a common standby electricity generator that enables them to operate when the national grid goes off. Lacking storerooms, they store their wares in boxes and sacks in front of their shacks, which at night are entrusted to the care of a good number of them who also sleep there.

Also located in the cluster are technicians that specialize in repairing and servicing sewing machines. Most of the business owners interviewed say they have worked in the cluster for more than 10 years, having migrated to the capital from various parts of the country in search of better lives. According to them, the majority of their clients are based in the city but they also serve clients from all over the country. But while they report doing fairly good business, they are also unanimous on one striking fact: the cluster is in a decline.

Six out of seven operators interviewed say that the decline has been especially sharp in the last five years. Kwabena Owusu who makes shoes said, “Back when business was really good, we used to operate 24 hours; this place was always awake with business all night. These days, no one works after 10 p.m. The business has gone down”. According to them, several of their colleagues have abandoned the cluster, which used to be much bigger. Some of the spaces that their former colleagues used to occupy have now been taken over by builders who have demolished the wooden shacks and erected container shops that are now occupied by other businesses.

The operators are not exactly sure what is behind the decline of their business. Many of them however speculate that rising input costs due to inflation, declining sales due to cheap imports, and their inability to raise more capital to expand were major causes of the decline.

The story is especially worrying because the cluster is within proximity to the Kantamanto shoe center – probably the largest market for footwear in the entire country. For years the Kantamanto market has been the cluster’s biggest market, but members of the cluster say there has been a major slump in demand from the shoe center in recent times. And yet, there is no evidence or reports yet that Kantamanto is in decline. A likely explanation is that the cluster may be falling behind the fashion curve and may be failing to live up to innovations in the market. Although many of the operators interviewed do not see things this way, our interactions with Eric Kumi, who repairs and services sewing machines in the cluster points to this possibility. According to him, most of the machines used are very old technology that places the cluster’s finished goods at a competitive disadvantage with more polished imports.

The majority of the operators interviewed see dim prospects for the cluster. For such a well-organized group of business folk, eventual decay, if it happens will be tragic.

Metal Works and Manufacturing: A Thriving Sector



The Galaway area in Agbogbloshie, Old Fadama is probably one of the most creative manufacturing hubs in the city of Accra. Specializing in metal works, the area is home to a cluster of artisanal manufacturers who make everything from corn mills and, flour kneading machines, to brick making machines, cooking stoves, and car spare parts. More than 50 artisanal factories are located in the area, employing over 100 workers.

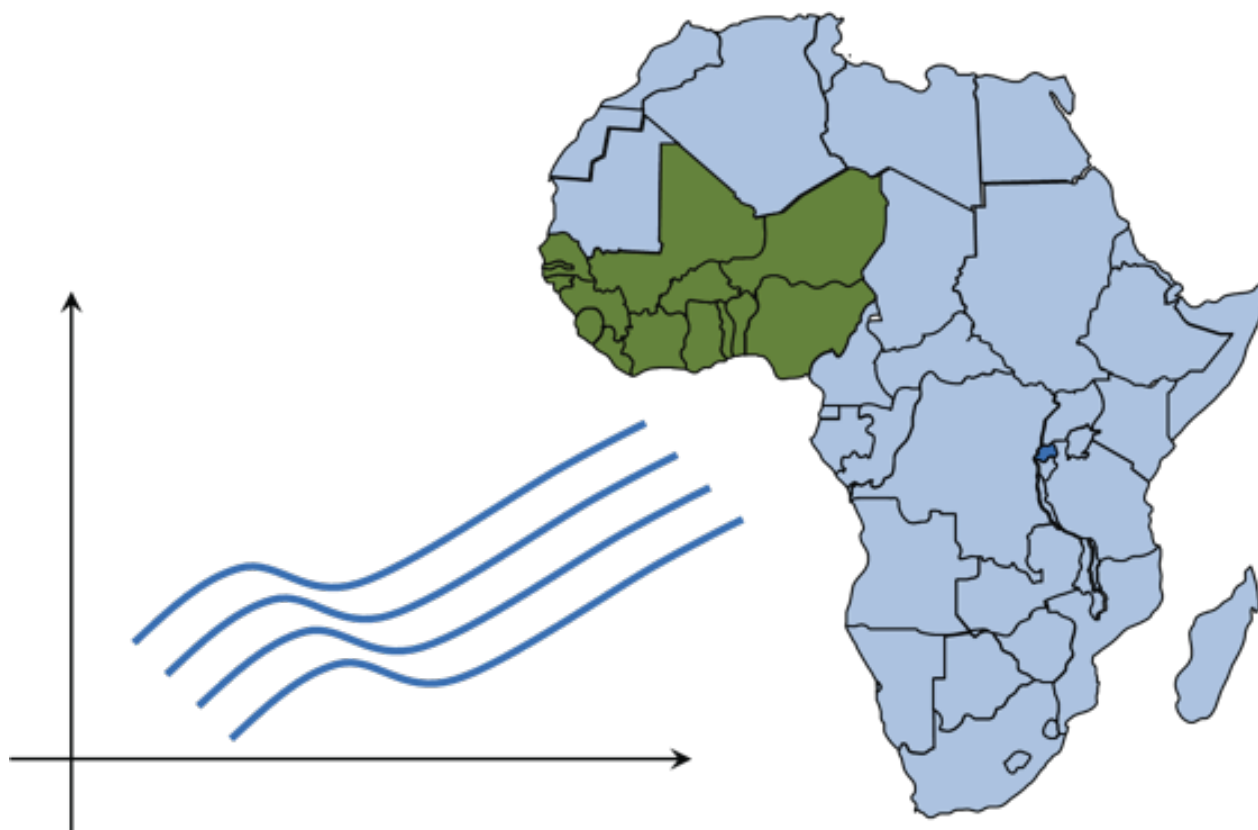
Unlike the leatherwear cluster profiled above, this cluster is a story of thriving success, according to most workers interviewed. Kwakye, who is into manufacturing cooking stoves, says “business is good” and he supplies stoves to customers from all over the country who come to buy in bulk. According to him, demand for his products is high and he is sometimes unable to meet client deadlines. He identifies his main business challenges as first, inability to get regular supply of raw materials and second, irregular quality of the inputs he gets. The problem of irregular quality of inputs affects his pricing and profitability. “When we get quality inputs, we make quality stoves and are able to charge high prices and make good profit. But most of the time, the inputs we get are poor quality which means we make low-quality products, charge low prices and make smaller profits”, he lamented.

Kwakye’s story is one that other artisans identify with. Kofi, an employee at Emmanuel Metal Works, which makes corn mills and brick-making machines, also said the business is thriving. “We sometimes get customers from Togo who come all the way to buy from us”.

The businesses in this cluster are less integrated than in the leatherwear cluster. They are mostly self-contained operations. However, they employ more people – an average of three to four persons per business.

Perhaps if the businesses were to integrate more, they could scale up operations and employ even more artisans. There are no prospects that this would happen. It seems that the glaring opportunity for building scale economies that the cluster makes possible may never materialize.

In addition to the problem of irregular supplies of raw materials, many operators complain of irregular power supply and insecurity of tenure. They grapple with the threat of eviction but are optimistic that through political lobbying and advocacy, the threats of eviction will not materialize.



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