

# THE IMPACT OF FOREIGN AID ON LOW-INCOME COMMUNITIES IN NIGERIA

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# DEDICATION

To Idaraoluwa, the light in your eyes have pushed me to be a better man, I pray I will be a good example for you to follow.

## **ABSTRACT**

The research measured participation of community-based institutions in the application of foreign aid in the host community of Makoko, Nigeria, including inputs to the design of action plans, challenges in project implementation, and monitoring of those plans. Previous foreign aid and government expenditures on local communities in Nigeria were not judiciously utilized in achieving the required economic growth and development, so its socio-economic impact was minimal. This is because the impact of foreign aid on real sectors such as education, primary healthcare, and agriculture in similar low-income communities was not prioritized. Using the context of stakeholders' theory, the present study investigated the perceptions of the impact of foreign aid on the Makoko Floating School (MFS) project in Makoko, a low-income community in Nigeria.

Using a survey of 50 respondents within the Makoko waterfront community, this study included both the descriptive and qualitative method of analysis. The study findings support the view that foreign aid does have a positive and sustainable impact on the MFS project. This is largely because of stakeholder inclusion and participation.

It is therefore imperative to actively integrate community-based institutions, foreign donors, and the local people to coordinate in project planning and execution towards achieving the benefits of foreign aid because the success of any foreign aid on local communities depends largely on the stakeholders' management, collaboration, and commitment.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

Economic development in Sub-Saharan Africa (SSA) has historically been driven by foreign aid, specifically by the Official Development Assistance (ODA). According to the Organization for Economic Cooperation and Development (OECD), for foreign aid to qualify as ODA, it must: (a) be sourced from a governmental agency, (b) have as its primary purpose the enhancement of economic advancement and social wellbeing, and (c) have a “grant element” of at least 25% (Rudel, 2005, p. 1).

The New Partnership for Africa’s Development (NEPAD) has called for increased aid flows to facilitate the proverbial “big push” to catapult SSA into economic nirvana (NEPAD, 2015). This acknowledgement of the critical role of aid to Africa as a major source of revenue is supported by the United Nations Conference on Trade and Development (UNCTAD), which estimates that 30% of global donations flowing to developing countries is directed to SSA. Since the mid-1970s, SSA has enjoyed increased foreign aid in response to infrastructural deficiencies, commodity prices shocks, famines, debt crises, and regional economic crises (Loxley & Sackey, 2008; Serven, 2008).

The intent of all ODA to developing countries is to boost in local economies by the injection of funds, technology, expertise or equipment. The effects of the interventions usually trickled down to the household but the effects can equally be aggregated and reflected in GDP. However, the practice over the past four decades has not yielded empirical data which confirms the positive correlation between ODA and growth. Thus, the impact of foreign aid in the economic development of recipient states remains questionable.

The economic development has been “viewed from diverse perspectives and defined in various ways. In this dissertation, development is defined as the process of social, economic, political, and physical change or transformation leading to quantitative improvement in the standard of living of people” (Afigbo, 2000; Obasanjo & Mabogunje, 1991; Schech & Haggis, 2000). “The

development strategy in which government is the main provider of public infrastructure and services for the citizens has been described by Bertrend (1972) as development that rarely identifies the real needs of the people or which provides sustainable solutions for them.” “The Self-Help approach” has been proffered by several development agencies as a preferred solution especially Africa, Asia, and Latin America (Lall et al., 2002; Sergeldin et al., 2000; World Bank, 2004). In this context, “self-help has two possible interpretations” (Madu & Umebali, 1993, p. 146).

1. Self-help by a segment of the population who have accepted Government’s neglect of their needs and thus they plan, organize and provide the infrastructure and socio-services they require (Ogundipe, 2003).
2. Self-help could also be borne by a segment of people who appreciate the limitations of the government to provide the needed infrastructure and services. The people then seek collaborative projects where they support or augment existing government schemes (Bratton, 1990; Madu & Umebali, 1993).

Based on this understanding, Afigbo, (2000) noted “that self-help efforts represent a development strategy involving the people’s participation in promoting community development, based on self-assessment of the people’s capacity to bring positive changes into their environment.”

NEPAD and other “big push” advocates have called for a 12% increase in ODA to SSA to address these development problems, but an increase in aid flows addresses only the quantity side, while less is known about the effectiveness (quality) of ODA. This research was therefore designed to probe the effectiveness of ODA in fostering economic growth and development of the local communities. Further, this dissertation was designed to answer specific questions around how to increase the effectiveness of ODA in terms of employment generation, poverty reduction through technology transfer, socio-economic growth, and sustainable economic measures.

## **1.2 Statement of Problem**

“Nigeria would find it difficult to attain the Millennium Development Goals without massive assistance from Development Finance Institutions (DFIs) in the form of Aid and Trade and Debt Relief, as the development problems confronting Nigeria are so huge and overwhelming that

Nigerians cannot overcome them alone” (Anyanwu et al., 2005; Dike, 2010; Philips, 2013). A holistic approach of national and international cooperation is necessary to overcome the challenges and bring about economic growth and development in Nigeria (AFRODAD, 2005).

Nigeria’s access to foreign aid and the consequent benefits rely on the donor agencies’ confidence in Nigeria’s ability to judiciously expend the aid. Accountability and probity are thus essential to securing foreign aid. Nigeria’s current budget regime however does not recognize such aid inflows and they are not subject to ‘public review or oversight’ (Iyoha, 2003). In Nigeria, aid funds go directly to the ministries, departments, or agencies (MDAs) that implement selected projects. This introduces reporting challenges that are contrary to other SSA countries, such as Kenya and Ghana, where foreign aid is factored-in as a component of the budget.

Given this lack of transparency and the different aid management systems currently deployed, it is not surprising that the empirical evidence of impact of foreign aid on different sectors of the Nigerian economy may be neither comprehensive nor comprehensible, denying donors nor other aid recipient countries in SSA the benefit of peer review. Consequently, the Nigerian Senate has cautioned against the disbursement of foreign aid without oversight from the National Assembly.

Evidence suggests that ODA has a statistically significant positive effect on economic growth in SSA. Loxley and Sackey (2008) applied statistical fixed-effects growth models to 40-member states of the African Union (AU) and concluded that aid increases investment, which is a major transmission mechanism that converts ODA to economic growth. However, SSA is still plagued by growing income disparity, unemployment, and rural poverty, as well as a growing informal sector. These persistent problems question the actual benefit of ODA, and who the real beneficiaries are.

Finally, Odusanya et al. (2011) found that foreign aid and government expenditure have contributed to economic growth in Nigeria, but vividly revealed the lack of qualitative knowledge regarding the welfare to the Nigerian populace. Consequently, Odusanya et al. (2011) “recommended that foreign aid and government expenditures should be judiciously utilized to provide the necessary socio-economic infrastructure (adequate power, roads, etc.) required to stimulate economic growth and development at a satisfactory pace in Nigeria.” However, Odusanya et al. (2011) in their conclusion ignored the effect of foreign aid on key development

indicators, like physical infrastructure, power, and education, for example that supposedly benefit from disbursed ODA. There is therefore an urgent need to examine the impact of aid on the core sectors that are of greatest importance to the poor, such as education, health, agriculture, in these low-income communities.

### **1.3 Research Objectives**

The focus of this exploratory study was to use stakeholder analysis to determine the extent to which ODA foreign aid has been effective in delivering positive social impact in Makoko, Lagos State, Nigeria. This study used Makoko Floating School (MFS) as a case study because MFS is a Lagos slum area notorious for its significant urban challenges (Adelekan, 2010) and is the beneficiary of a low-income community project financed by foreign institutions, like the Heinrich Boll Foundation and the United Nations Development Programme (UNDP), who provide aid aimed at generating social impact via urban development. Stakeholder theory (Crane & Ruebottom, 2011; Freeman, 1984), and the community action plan (Hamdi & Goethert, 1997) conceptual frameworks were applied to the MFS project to provide the foundation to address the research objectives for the present study. The research objectives were to:

1. Understand community perceptions of foreign aid and economic activities. Do MFS residents believe that foreign aid is needed to attain rapid urbanization? Or is self-help a better approach to development?
2. Examine the extent to which foreign aid has enhanced the increase in contributions from Community-Based Organizations (CBOs) / Community-Based Unions (CBUs) towards the economic growth of low-income communities in Nigeria, like MFS.

### **1.4 Research Questions**

1. How does the host community view foreign aid as a key determinant of the level of economic activities in the area?
2. What have CBOs or CBUs contributed to the economic growth of these low-income communities in Nigeria?

## 1.5 Background

Historically, fishermen from the West African coast followed the cyclical fish migration along the inland waterways and the established camps along these routes. Makoko is one such camp. Makoko was founded 125 years ago by fishermen from modern day Benin Republic through the Lagos coast to the Niger-Delta region. Lagos is the commercial nerve centre of Nigeria. Lagos has a population of over 20 million and a famously insatiable appetite for goods and services (Fika, 2008). The migrant fishing communities on the fringe of the coast consist of poorly constructed multiple-room huts, while those in the Lagos Lagoon are bamboo huts built on stilts. The urbanization of Lagos, with the consequential high cost of accommodation and transportation, led many blue-collar workers to rent rooms in the huts, resulting in a diverse population of 100,000 (Fika, 2008).

MFS is building prototype housing designed to address the socio-economic needs of Nigeria's growing inland waterways slum dwellers. The movable building floats in water, rendering the MFS invulnerable to flooding and storm surges, while being fully adapted for renewable energy, waste recycling, and rain-water harvesting. The prototype was built wholly by Makoko-based carpenters who were introduced to enhance timber joinery techniques, from wood, bamboo, recycled plastic barrels, and aluminum roofing sheets procured from a local sawmill, with the goal of ensuring a significant carbon footprint reduction (Urbannext.net, 2017).

MFS currently houses an extension to the only English-speaking primary school that serves the community, which now appears structurally unstable because it was constructed with traditional materials and techniques. Residential units and other buildings in the community are traditionally built from wood, bamboo, and corrugated iron sheets. These very low-tech buildings are low costs in the short run, but require continuous maintenance, as observed during visits to the community. The original school has six classrooms, with a combined capacity of 180 pupils, which has become overcrowded and inadequate. MFS is scalable and adaptable for other building needs, including housing, health care provision, entertainment, or residential, and uses artisans and materials commonly available in the community.

The funding of the MFS development was particularly interesting because past governments in Lagos State did not prioritize the redevelopment of waterways or the transformation of major

slum areas within the cosmopolitan state of Lagos (Fika, 2008). However, the establishment by the Federal Government of the Ministry of Urban Planning and Physical Development and Ministry of Waterfront instigated the need for increased focus on the eradication of major slum areas within the country. In Lagos State, Makoko was viewed as a prime location for this slum development initiative based on the report on the state by the international community, which identified Makoko as an area with significant urban challenges (Fika, 2008).

The expansion of the existing primary school in Makoko was identified as a pilot project towards the development of an appropriate building type for the community, which would ultimately drive the redevelopment of Makoko. In collaboration with the Makoko community, NLE Works, an architectural and urban design firm based in Amsterdam, designed the project to advance a Dutch solution to fringe settlements in high density urban areas. NLE Works also worked in close collaboration with other developmental agencies and stakeholders within the community. In March 2013, NLE Works obtained support from the private German Heinrich Boll Foundation, UNDP, and the Federal Ministry of Environment Africa Adaption Project (Urbannext.net, 2017). The Lagos State government was initially skeptical, but ultimately lent support to the MFS project.

## **1.6 Scope and Limitations of the Study**

### **1.6.1 Scope**

The scope of this research project was the Makoko community within the Yaba/Iwaya Local government area in Lagos State, Nigeria, limited to 50 households from the community due to the local community population size and literacy measure. This research project was designed to contrast their economic position in 2010 (before the commencement of the MFS) and in 2015 (after its completion and operation) as a means to judge the impact of stakeholder involvement in the success of the MFS. The households were randomly selected.

### **1.6.2 Limitations**

This study was limited by the sample, which might not fully reflect the diversity of the local population. However, a deliberate effort was made towards including as many as diverse groups as possible in this qualitative study. Further, the MFS was completed in May 2013 and the corresponding effects may not have yet been internalized by the community at the time of this

study. On the other hand, the passing of time may have eroded the community's perceptions to "life before the MFS" as the community became more used to their current "post MFS" status. Therefore, it was hoped that the timing of this study would balance the concerns for providing sufficient time for the MFS to take effect with the concerns regarding fading memory of the past.

## **1.7 Organization of the Study**

This introductory chapter began with definitions of foreign aid and Official Development Assistance (ODA), along with an overview of the background of foreign aid in developing countries, followed by the statement of the problem, research objectives, research questions, background, and the scope and limitations to the study. The next chapter is a literature review, where conceptual frameworks and the extant literature on the effectiveness and impact of foreign aid, community participation, and waterfront communities are evaluated, including literature gaps identified to justify further research in this subject area. In Chapter Three, the research methodology is detailed, while Chapter Four provides the key findings from this research conducted in the light of study objectives. The dissertation concludes in Chapter Five, where the research is summarized and conclusions are made, along with recommendations based on the key findings.

# CHAPTER TWO

## LITERATURE REVIEW

### 2.1 Introduction

The purpose of this literature review is to highlight the key themes and concepts pertinent to addressing the research objectives of the present study. This review is divided into three broad sections: conceptual frameworks, empirical evidence, and the challenges of waterfront slum communities, like Makoko. The conceptual frameworks section includes an explanation of the theoretical context within which the research questions were evaluated. The empirical evidence section is a review of the impact of foreign aid and Official Development Assistance (ODA) on development, including economic development and slum upgrading. The waterfront communities section provides an overview of the challenges of waterfront slums in general and Makoko in particular. This literature review concludes with a summary of the key themes and concepts, with a focus on the gaps in the literature that provided the foundation for the methodology applied to answer the research questions of the present study.

### 2.2 Conceptual Frameworks

#### 2.2.1 Stakeholder Theory

Stakeholder theory is a framework that acknowledges pertinent parties and provides concise steps for the ranking and assimilating of their interests into the decision-making process (Mitchell et al., 1997). Freeman (1984), one of the pioneer researchers on stakeholder theory, defined stakeholders as individuals or groups who are either impacted by or have an interest in the outcomes of a defined process. Werlin (1999) contends that slum upgrading can only be successful with a powerful and organized “humanistic bureaucracy” (p. 1526) that includes participation from both local and external actors (Imparato & Ruster, 2003). Stakeholder theory is important for providing an empirical and influential foundation for the incorporation of stakeholders into decision-making (Crane & Ruebottom, 2011; Donaldson & Preston 1995; Jones 1995; Jones & Wicks 1999).

The rationale behind stakeholder theory is that the considerations of individuals or groups who could influence or have a stake in a process ought to be factored-in to any decision-making with respect to that process (Freeman, 1984, Queiroz, 2009). In the case the Makoko Floating School

(MFS) development project, stakeholders would include the direct stakeholders such as the project coordinator, NLE Works, the project financiers (Henrich Boll Foundation and UNDP), and the indirect stakeholders, such as the Makoko community, the Lagos State government, and pressure groups.

### **2.2.2 Community Action Plan Model**

The community action plan model was developed by Hamdi and Goethert (1997). The central claim of the community action plan model is that communities, their people, and their groups should be responsible for the initiation, planning, design, implementation, and maintenance of development projects in their environments. Consistent with the community action plan model, Community participation has often been adopted in urban slum development. Desai (1995) defines community participation as an arrangement where local people participate in the decision-making process on issues that affect their living conditions. Turner theorized that housing decisions should be exclusively made by the local dwellers with minimal state or international interference (Turner, 1976; Turner & Fichter, 1972). Desai (1995) argued that “Grass-roots development” and “development from below” could also describe some aspects of community participation. Community participation serves as a framework which explains why residences of a community must be allowed to participate in any development project in their environment.

Community residents know their problems better than any outside consultant or government, so getting their input and having them to help decide on the design of the project brings a sense of ownership and success of the project (World Bank, 2001). Community participation should be included at all the stages of a development project. Hamdi and Goethert (1997) identified stages of community participation as follows: planning, design, implementation and maintenance. Participation may be at the indirect, consultative, shared control or full control level. Hamdi and Goethert (1997) identified levels of community participation as none, indirect, consultative, shared, and full control.

Community-level planning should embrace the new level of realism in urban development projects. According to Hamdi and Goethert (1997) the new realism of development requires a new definition of public responsibility and a new role for development practitioners. By moving

away from the orthodox trend, where consultants plan, politicians decide, and the people receive, towards a trend that promotes community empowerment, involving people who are directly affected by the development project, and promoting the appropriate technologies in the planning process, is central to the new realism (Hamdi & Goethert, 1997). There is need for direct communication with community residence in identifying community needs and in planning a project for execution. Surveys and direct discussions with local individuals or groups is invaluable.

Hamdi and Goethert (1997) argued that the planning team should undertake a direct observation by looking, listening, and talking. Care must be taken to ensure that various interests in the community are represented. Payne (1984) contended that finding out what people really want is always a challenge. Leaders, community-based associations, or other representatives may not always reflect the views of groups in a community. The project team has the responsibility to ensure that the community's interest is established. This includes the various tasks of identifying opportunities, setting a project goal, identifying resources and constraints, setting the project team, and determining how task should be carried out, with the community involved in every task.

Community participation is also important in the design and implementation of the project after the planning stage. In terms of designing a project that requires a high technical skill, the community may participate at the indirect, consultative, or shared control level. But for implementation of the project, participation should be at the shared control level.

Community participation at the implementation stage of a project may include technical support, material support, financial support, and organizational support (World Bank, 2001). Community maintenance of the completed project is mostly carried out by the community. According to Perten (2011), community residents may decide to contact a technician if a technical problem cannot be handled by the locals. Hamdi and Goethert (1997) argue that community participation at the shared control level is the key to effective community action planning.

For effective community participation to take place, skills, knowledge, and technical know-how is required. According to Denters and Klok (2010), for effective participation, the right institutions and frameworks must be designed by the constituted authority. Participation is also a time-consuming exercise. According to Rakodi and Schlyter (1981), investment in community

involvement should be considered as a long-term rather than as a short-term investment. To achieve meaningful local participation, projects should allow flexible time schedules because the projects only give sufficient assistance to encourage the users to take responsibility for their environment. When flexible time schedules are allowed, the people will fully take advantage of participation.

The advantage of community action plan model is that it provides a clear-cut direction on how effective community participation can be realized. However, the model's pitfall is that it fails to mention how political power structures and cultural factors pose challenges for participation. Recent literature has revealed that political power structures and cultural factors can hinder effective community participation (Goldfrank 2012; Mwaura, 2009; Seekings, 2012).

In the present study, the community action plan model will be adopted and used in the analysis of results from Makoko slum upgrading project. This model is appropriate for the present study because the community action plan model sets a clear guideline on effective community participation in development projects, like exploring the effects of foreign aid and Makoko community participation in the Makoko slum.

### **2.2.3 Community Participation and Development**

Community development is a demonstration of the people's capacity and willingness to participate in empowering initiatives. Their involvement should be all encompassing, ranging from the task of identifying and prioritizing community needs (such as socioeconomic, political, and environmental), planning and implementing programmes aimed at meeting the needs, and improving their living conditions - with or without external assistance (Musa, 2005; Onibokun & Faniran, 1995; Peterman, 2000; UN, 1963). Participation, according to Midgley (1986), is for the public interest and is important in developing countries.

Participation may be in the form of consultation, contribution of resources, formation of groups, decision-making, or self-mobilization (Rahnema, 1992). This has been variously described as participatory development, public participation, people's participation, community participation, citizen participation, and popular participation (Bhatnagar and Williams, 1992; Korton, 1983; Musa, 2005). Participation "changes the fundamental position of people from being viewers and spectators to that of agents of development and progress" (Lucas, 1976, p. 142).

Prominent economists, like Milton Friedman, have explained the concept of economic growth in the light of Official Development Assistance (ODA). Economic growth, like other economic activities, has been defined within shareholders theory (Friedman,1958) versus. stakeholders’ theory (Freeman (1984). Friedman’s position is that the economic activity should focus on maximizing profits to the shareholders. The stakeholders in the ODA sphere are the donor countries and institutions, vendors, and recipient governments, while the stakeholders are the host communities and civil society bodies who monitor these projects. Freeman (1984; Ferrero et al., 2014) agrees with the core of Friedman’s theory, but requires that stakeholders’ interest be considered to ensure the long-term profitability of the business.

Participation can be practiced in different levels and stages. As cited in Perten (2011), in their work Action Plan for City Alliances, Hamdi and Goethert (1997), identified five different levels of participation that can possibly be applied in a slum upgrading project: none, indirect, consultative, shared control, and full control. In practice, the control and importance enjoyed by external support agents decreases with each step (Imparato & Ruster, 2003). Imparato and Ruster (2003) conducted a study evaluating the levels of control and importance enjoyed by external agents and communities and concluded that, from “none” to “full” control, levels of participation-community control and importance increased, whereas the control and importance of external agencies decreased (Table 1).

**Table 1. Levels of Control and Importance**

<b>Levels of participation</b>	<b>Community control and importance</b>	<b>External agents control and importance</b>
None	None	Very high
Indirect	Very low	High
Consultative	Low	High
Shared control	High	High
Full control	Very high	None

*Source: Imparato & Ruster, 2003*

It is important to note that the levels of participation in slum upgrading projects are not static during an urbanization plan, but rather are dynamic over time (White, 2010). At every stage of a

slum upgrading project, the community and the city need to be involved in a relationship that best serves their mutual interest (Perten, 2011). Arcila (2008) therefore argued that, in a participation process, the goal should be to optimize effectiveness rather than to achieve its highest level. To more fully appreciate the role of external agents in community development, it is important to review the empirical evidence regarding foreign aid and Official Development Assistance (ODA).

## **2.3 Empirical Evidence: Foreign Aid and Official Development Assistance (ODA)**

### **2.3.1 Differences between Foreign Aid and ODA**

Most of the literary discourse about foreign aid and development aid typically apply these terms in relation to Official Development Assistance (ODA). To provide clarity on this subject, the Organization for Economic Cooperation and Development (OECD) set out to provide guidance for differentiating foreign aid from other forms of aid, such as ODA from developed countries, credit from international financial institutions, such as the International Monetary Fund (IMF), and donations from international non-governmental organizations (NGOs).

OECD defines foreign aid as any aid that is sourced from a governmental agency, with the primary intention of enhancing socio-economic advancement, and incorporates a grant element that represents at least 25% of the grant value (Rudel, 2005). This OECD definition enables researchers and policy makers to differentiate foreign aid from other forms of aid given primarily for economic assistance without a social well-being component. For example, the Marshall Plan, an economic assistance programme initiated by the United States after the Second World War to jumpstart European economies, qualifies as foreign aid but not as ODA because it did not fulfill the OECD criterion of including a twenty-five percent grant element (Wala, 1986).

Aid flows to Nigeria has come in the form of grants from developed countries, credit from international financial institutions, and donations from international NGOs (Abdulhamid, 2008). For the decade following Nigeria's return to democratic rule in 1999, when international sanctions were lifted, Nigeria began to receive significant aid flows of over \$6 billion, consisting of \$3.2 billion from grants and \$2.8 billion in credits, with the remaining coming from international NGOs (Abdulhamid, 2008).

### **2.3.2 Effectiveness of Foreign Aid to Nigeria**

Nigeria, which was one of the richest 50 countries globally in the early 1970s, is now increasingly considered as one of the world's 25 poorest countries (World Bank, 2014). This decline is even more evident in the context of the dichotomy of Nigeria, which is the sixth largest exporter of crude oil globally, but also hosts the third-largest number of poor people of any country worldwide, after only China and India (Igbuzor, 2006).

This negative trend has led to a surge in calls for an increase in foreign aid assistance to Nigeria and other developing countries in order to eliminate poverty, improve health care delivery, and boost education. Developed countries, international organizations, and other philanthropists have made renewed pleas for a massive infusion of development aid to Nigeria. Experts who argued in favor of more aid believe that injecting more foreign aid would materially benefit the people of the recipient country. However, the effectiveness of such aid is unclear.

Therefore, to fill this gap in the literature, the primary aim of this dissertation is to investigate the impact of ODA on sustainable economic growth in Sub-Saharan Africa (SSA), specifically in Nigeria, with the goal of identifying key indicators for determining the influence of stakeholder involvement.

The effectiveness of foreign aid is a subject of much debate in development economics. Some economists argue that aid does not significantly increase economic growth rates or improve human development indicators (Boone, 1996). In contrast, others believe that foreign aid is effective, especially when the recipient country implements appropriate policies (Burnside & Dollar, 2000). Still others would argue, for example, that the effects of bilateral and multilateral aid are markedly different – with bilateral aid promoting growth and development while multilateral aid may not (Ram et al., 2003).

In a study of data from 1971 to 1990, Boone (1996) found that most foreign aid had no significant impact on basic development measures, such as infant mortality or primary schooling ratios, while some programs (immunization and research, for example) could be effective. The results of Boone (1996) imply that most foreign aid is consumed rather than invested, and that aid receipts increase the size of government without improving health indicators. In Boone's opinion,

these findings provide strong evidence of government failure when incentives to improve human development indicators are insufficient, aid inflows notwithstanding (Boone, 1996).

In a widely cited study, Burnside and Dollar (2000) found that aid has a positive impact on economic growth in developing countries with good fiscal, monetary, and trade policies, but is rather ineffective when these policies are poor. Burnside and Dollar (2000) conceptualize foreign aid as an income transfer which can be invested to produce growth or dissipated in unproductive government expenditure. Their findings indicate that one way to increase the effectiveness of aid would be to make it more systematically conditional on the quality of the policies in the recipient countries. For example, in the case of MFS, the aid was a consequence of effective signaling by the Federal Ministry of Urban Planning and Physical Development and Ministry of Waterfront towards addressing urban development challenges.

In contrast, Ram et al. (2003) criticizes the methodology of Burnside and Dollar (2000), and instead argued against constraining the regression coefficients of bilateral and multilateral aid to be equal, as in Burnside and Dollar (2000). Ram et al. (2003) found that, if the coefficients for the effects of bilateral and multilateral aid on economic growth rates are separate and unconstrained, the estimated parameters change significantly. The bilateral aid parameters are estimated to be positive, whereas the estimated effect of an increase in multilateral aid is negative. Both parameters were sizeable, suggesting that there is a dramatic difference between the effects of these two aid components on growth rates (Ram et al., 2003).

These unequal effects of bilateral and multilateral development assistance were not detected by Burnside and Dollar (2000), as their regression equation assumed that the effects of aid do not differ across bilateral and multilateral categories. Ram et al. (2003) suggested that the positive effects of bilateral aid on growth derive from a better understanding of recipient needs by the donors. Ram et al. (2003) referred to Cassen (1994), who argued that specific technical skills, linguistic and personal affinities, similar institutional structures, long-standing commercial interaction, and the ability to render are important considerations.

Further, the empirical literature on the connections between aid and economic growth has been hampered by the lack of a clear theoretical model regarding how aid can influence growth, including the empirical specification of the aid-growth relationship. For many years, the standard

model used to justify aid was the 'two-gap' model of Chenery and Strout (1966). In this model, the first gap is between the amount of investment necessary to attain a certain rate of growth and the available domestic saving one between investment and saving, while the second gap is between import requirements for a given level of production and foreign exchange earnings. At any moment in time, one gap is binding, and foreign aid fills that gap.

Easterly (2001) used time series data to test the "financing gap" model, in which aid improves investment and growth. There are two steps in Easterly's (2001) argument. First, foreign aid needs to increase investment, and second, investment needs to increase economic growth. Easterly (2001) analyzed 88 aid recipient countries for which data were available, spanning the period 1965-1995, to calculate how many of these countries show a significant and positive effect of foreign aid on investment, operationally defined as a coefficient greater than or equal to one.

Easterly (2001) first made a regression model for each country, with investment/GDP as the dependent variable and with ODA/GDP as the independent variable. If aid increases investment, then the coefficient on this regression should be positive and greater than one. Only 6 of the 88 countries (7%) passed this test. The magic six countries include two economies with trivial amounts of aid: Hong Kong (which received an average of 0.07% of average GDP in aid) and China (which received an average of 0.20% of average GDP in aid). The other four countries were Tunisia, Morocco, Malta, and Sri Lanka.

Easterly (2001) then ran a second regression for each country, with rate of growth as the dependent variable and with rate of investment as the independent variable. The coefficient from this regression could then be checked to see whether it falls into the plausible range for the incremental capital/output ratio of between 2 and 5. Using annual data, 4 out of 88 countries passed the test of a positive and significant relationship between growth and investment, a constant not significantly different than zero, and an incremental capital/output ratio between 2 and 5. The four economies that passed these tests were an unusual assortment: Israel, Liberia, Reunion (a French colony), and Tunisia. Combined, the findings of Easterly (2001) did not strongly support a positive effect of foreign aid.

According to Bräutigam and Knack (2004), aid dependence cannot be directly measured. Therefore, Bräutigam and Knack (2004) used proxies "that reflects aid intensity - net aid flows as

a percentage of gross domestic product (GDP) and net aid flows as a percentage of government expenditure.” In 1980, net aid accounted for 10% of GDP of thirteen sub-Saharan countries. Net aid is the total sum of all foreign aid received by a country less principal repayment in the same period. In 1990, thirty countries reported ODA as 10% of their GDP, representing a 140% increase in the period under review. Virtually all the thirty countries that received this quantum of aid flows exceeding 10% of GDP have continued to receive the aid for 10 years or more. Bräutigam & Knack, 2004 further reported that “Malawi, Ghana, and Zambia, aid had, on average, funded more than 40% of government expenditures for nearly 20 years”.

However, the research of Moyo (2009) and of Rena (2008) concluded that aid had no substantial impact on growth, savings, or investment. Instead, aid has been shown to increase unproductive public consumption (Mosley 1992). Aid is often misallocated (donors give aid to the wrong recipients for strategic reasons), aid is often misused (recipient governments pursue non-developmental agendas), and GDP growth is often not achieved (Lensink & White, 2001). For example, most of the foreign aid Namibia receives is very specialized, and when the donors pull out, the projects fall apart because Namibia does not have the technical capability to continue the projects. Given the criticisms of the financing gap and two-gap models, the present study applied stakeholder theory (Crane & Ruebottom, 2011) and the community action model (Hamdi and Goethert, 1997) to evaluate how the effect of foreign aid could be enhanced by the direct participation of host communities in the initiation, planning, design, implementation, and maintenance of development projects in their environments.

Excessive foreign aid has also been criticized for encouraging dependence of recipient countries on donor countries, which could lead to the infant effect on the economy or misappropriation of funds (corruption). El Shibly (1984), by using Sudan as a laboratory test ground, concluded that foreign capital neither boosted economic growth nor abridged the gap between savings and investment.

However, in the absence of foreign aid, it is difficult to imagine how low-income communities, such as Makoko in Nigeria, would be able to attract the investment necessary for scalable development projects, such as the MFS. Developing countries face constraints on savings and export earnings that hamper investment and economic growth (Chenery & Strout, 1966). Aid flows are meant to fill the gap between investment needs and domestic savings, which have

contributed in the delivering positive social outcomes in host communities. For example, developing economies have received significant development assistance from foreign countries that have been effective in the reduction of the incidence of HIV/AIDS, malaria, and other communicable diseases (IHME, 2017).

Over 50 billion foreign aid dollars are annually donated to African countries towards addressing poverty on the continent. Despite this seemingly-laudable strategy of generous aid disbursement by foreign benefactors, Dambisa Moyo, a Zambian economist, concluded that the opposite is true. In the book, *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa*, Moyo states that “Aid has been, and continues to be, an unmitigated political, economic, and humanitarian disaster for most parts of the developing world” (Moyo, 2009a, p. 4). While not completely against humanitarian aid, Moyo does not believe charity-based aid can provide long-term sustainable development for Africa. Moyo’s (2009a) biggest objection are with government-to-government aid and with funds from large monetary institutions, like the World Bank.

Moyo (2009a) argues that the 60 trillion dollars of such aid given over the past 60 years is not working, evident from the fact that the number of Africans who live on less than \$1 day has doubled in the last 20 years. In addition, most foreign government aid has been pocketed by corrupt politicians (Moyo, 2009a). This point of view resonates with respect to Nigeria, where the practice of foreign aid being disbursed directly to Ministries and to Departments and Agencies (MDAs) instead of being administered centrally via the Federal Government budget, leads to monitoring challenges and avenues for leakage and corruption.

In an article in the Wall Street Journal, Moyo (2009b) further argues that foreign aid increases the risk of civil conflict, explaining that people would take up arms to be in power because “the victor gains virtually unfettered access to the package of aid that comes with it” (Moyo, 2009b, para. 26). It is also possible that an increased emphasis on effective stakeholder engagement and community participation by donor agencies and recipient countries could minimize conflict among parties who would be impacted or have an interest in the endeavor. For this reason, one of the aims of the present study is to investigate whether increased emphasis on effective stakeholder engagement and community participation could minimize conflict among parties impacted by foreign aid.

### **2.3.3 Relationship between Foreign Aid and Economic Development**

There are two opposing sides to the debate on the relationship with foreign aid and economic growth. One side argues that aid has a positive causal relationship on economic growth, with even greater impact in countries with sound economic and trade policies. The other side contends that foreign aid has an inverse relationship, due to factors such as an increase in corruption, rent-seeking behavior, and weakened bureaucratic institutions (Whitaker, 2006). A renewed interest in explaining cross-country economic growth emerged in the early 1990s, with numerous studies attempting to answer the foreign aid question. To date, however, there is no consensus among scholars as to the actual effects of foreign aid on economic growth.

There have been several prominent studies which find a causal link between foreign aid and economic growth, such as Burnside and Dollar (2004). Burnside and Dollar (2004) found that foreign aid enhances economic growth, as long as “good” fiscal policies are in place. These policies can include maintaining small budget deficits, controlling inflation, and being open to global trade. Durberry et al. (1998) also found a positive association between foreign aid and economic growth, and supported Burnside and Dollar’s finding of conditionality on good economic policy. Durberry et al. (1998) also concluded, however, that the degree to which aid impacts GDP largely depends on other factors as well, such as geography. Quibria (2014) further confirmed the findings of Burnside and Dollar but demonstrated that aid is subject to decreasing marginal returns, indicating a threshold beyond which development assistance can become detrimental to economic growth.

Whitaker (2006) contended that massive expenditures on foreign aid programs by developed nations and international institutions, in combination with the perceived lack of results from these disbursements, raise important questions as to the actual effectiveness of monetary assistance to less developed countries (LDCs). Whitaker (2006) focused on 119 low- and medium-development countries to assess the impact that foreign aid has on their gross domestic products (GDP) growth rates, using dummy variables for geography and conflict in a geometric lag model. Whitaker (2006) found that foreign aid donation has a modest but positive impact on the economic growth of the recipient nation.

In contrast, not all research has shown that a positive relationship exists between aid and growth. For example, While Whitaker (2006) indeed found that foreign aid donations have a positive impact on the economic growth of the recipient nation, Whitaker (2006) also found that other factors, such as armed conflict and geography, can easily mitigate this impact, in some cases to the extent that foreign aid becomes detrimental to economic growth. Further, Boone (1996) found that aid-intensive African countries experienced zero per capita economic growth in the 1970s and 1980s, despite increases in foreign aid. According to Bandow (1997), foreign aid has failed despite the best efforts of many dedicated professionals. Bandow supported this claim by using African countries that received aid in 1970 and 1995. The UNDP reported in 1996 that 70 developing countries were poorer then than they were in 1980 and 43 were poorer than they were in 1970 (Bandow, 1997).

Additionally, Knack (2001) found that high levels of foreign aid can erode bureaucratic and institutional quality, triggering corruption, and encouraging rent-seeking behavior. The most ardent critics of aid programs, especially Bauer (1971) and Friedman (1958), attack foreign assistance on the grounds that politicians will not allocate aid efficiently when measured against the goals of aid programs. These scholars argue that recipient countries will consume capital inflows and that lack of domestic savings reflects lack of opportunities. There is also evidence that the effects of foreign aid can be mitigated by other non-economic factors. Situations of state failure, like ethnic conflict, genocide, and revolution can all potentially influence the extent to which aid impacts growth.

According to Djankov et al. (2005), foreign aid provides a windfall of resources to recipient countries and may result in the same rent-seeking behavior as documented in the “curse of natural resources” literature (see Djankov et al., 2005 for a review). Djankov et al. (2005) discussed the curse of natural resources and document its magnitude. Using data for 108 recipient countries in the period from 1960 to 1999, they found that foreign aid has a negative impact on democracy. For comparison, they also measure the effect of oil rents on political institutions and concluded that foreign aid is a bigger curse than oil. However, Djankov et al. (2005) only used international cross-sectional statistical analysis without analyzing the effects of aid on specific countries or on specific projects.

Because most of the literature on foreign aid and aid's impact on economic development in the recipient countries focus on the relationship between aid and economic growth using international cross-sectional statistical investigations rather than individual country case study (Mosley et al., 1987), the need for specific-country case study is imperative. The present dissertation was designed to fill this gap in the literature.

### **2.3.4 Impact of Official Development Assistance (ODA) on Urban Regeneration in Africa**

Official Development Assistance (ODA) is a term that is frequently erroneously used interchangeably with foreign aid. However, ODA specifically refers to an aspect of foreign aid that has a grant element and is provided by a governmental agency for the specific purpose of enhancing economic growth and social well-being (Rudel, 2005). For instance, development assistance with political or military undertones, such as from the United States to Israel or Taiwan, would not qualify as ODA under the parameters set out above because they lack a grant element (Rudel, 2005). For this research, the funding provided by the UNDP Federal Ministry of Environment Africa Adaption Project to the MFS project, with the primary aim of addressing urban settlement challenges and increasing economic activities in the Makoko area, fulfils the requirements of ODA.

The overall goal of economic development is improvement in human well-being. Nigeria possesses a stark dichotomy of wealth and poverty. Although the country is rich in natural resources, its economy cannot yet meet the basic needs of the people. Such disparity between the growth of the GDP and the increasing poverty is indicative of a skewed distribution of Nigeria's wealth. Given Nigeria's history of wide income disparity, which has manifested in large-scale poverty, unemployment, and poor access to healthcare, the disconnect between the country's economic growth and human development, must be addressed towards increasing the well-being of its people.

Despite rich cultural endowment and abundant human and natural resources, the 2010 Human Development Index (HDI) ranked Nigeria 142<sup>nd</sup> out of 169 countries, indicating low levels of human development. This underscores not only the limited choices of Nigerians, but also defines the critical development challenges being faced by government. A review of Nigeria's 2006

census reveals that the majority of Nigeria's 140 million citizens are below the poverty line. More troubling is that by most indexes the majority have been denied basic amenities even in the teeming urban centres. The dearth of potable water, good housing, reliable transportation systems, affordable healthcare facilities, basic education, sound infrastructure and security in Nigeria has been widely reported.

Serious donor assistance to African urbanization began in the early 1970s, with the advent of the World Bank's urban programme (OECD, 2017). The World Bank has employed a wide variety of approaches in disbursing ODA to African cities, from sites to services, through support for improved urban services hitherto referred-to as the urban management approach, with the recent emphasis on selective slum upgrading through participatory projects, along with capacity building for both national and local government institutions (OECD, 2017).

Both major cities and slum areas in Africa have been simultaneously affected by three major trends. First, the overall high rate of growth that the poorest cities and slums have experienced. Second, political and administrative decentralization without equal level of fiscal decentralization. Third, the democratization of the economies at large. These three fundamental problems have gradually been addressed by individual countries with the help and support from donor agencies and from the NGO community or from community-based organization, through delivery of essential services such as water, sanitation, health services, education, public transport, and waste disposal.

Despite huge challenges caused by the emergence of slum areas and with their rapid population growth, ODA has made tremendous difference. This is because, as this slum areas grow in population, they produce significant human capital resources that could be harnessed for productive economic gain. As countries become more productive, the proportion of the urban population living in slums with poor access to essential basic services declines.

Finally, given that Africa received substantial portion of foreign aid over the period 1995–2010, one might hope for greater impacts on the ground. However, it should be noted that the needs of African cities are far greater than those which the collective assistance of the international community can possibly satisfy on a continual basis. The international community has played an important role in the opening of these possibilities. Improvement will be slow, but there are

visible changes. It is clear that African cities, their local populations, and their local governments, are much more connected to a wide range of solutions to their service and administrative challenges than they were before, and as a result are much readier to engage in creative efforts to respond to their own needs.

### **2.3.5 Slum Upgrading**

In recent years, there has arisen a determination to introduce urban development to upgrade slums through "...instituting city master plans and urban 'regeneration' or beautification strategies. These plans and strategies often incorporate forced evictions as a means of clearing land to make it available to private investors or for profitable development." (Farha et al., 2011, p. viii).

While non-eviction slum upgrading has the advantage of eliminating violent reactions that can arise from troublesome slum dwellers resisting eviction or relocation, forced evictions of the poor remain common in slum upgrading projects (Farha et al., 2011). This was the case with the forced evictions from Makoko, an overcrowded low-income community with poor housing conditions and social amenities that typify any slum area (Adeyemi & Anderson, 2014; Amnesty International, 2006).

Upgrading slums produces improved housing conditions, increased business activities, better environmental conditions, improved transportation, health facilities, and recreational areas for slum dwellers. Slum upgrading also keeps the social and cultural communities of slum dwellers together and does not disrupt their proximity to their sources of employment and livelihood. In general, slum upgrading reduces the huge economic and financial cost associated with displacement (Werlin, 1999). Consequently, slum upgrading has proved to be the least expensive method of improving the housing condition of slum dwellers (Werlin, 1999).

However, writers such as Gilbert and Gugler (1992) have given slum upgrading very negative reviews, portraying the process as expensive and producing minimal impact in improving slum conditions (Bassett & Gulyani, 2007). Some notable slum upgrading projects were considered wasted investments due to the failure to recover costs and to maintain the provided utilities and infrastructure, causing these services to breakdown or deteriorate. There is a healthy debate regarding why these failures occur. In contrast to Turner's notion that housing decisions fail when

they are not made by local dwellers without outside interference (Turner, 1976; Turner & Fichter, 1972), Werlin contends that slum upgrading can only be successful with dedicated participation from both local and external actors (Imparato & Ruster, 2003; Werlin 1999).

This philosophy of slum upgrading with focused participation by both local and external stakeholders following the community action plan model was implemented in The Makoko Floating School (MFS), a scalable project located within the Makoko area on the Lagos Lagoon. The present study of the MFS project considered whether stakeholder engagement and ODA translated to an increased social impact for the local community. Before reviewing Makoko in the specific, it is important to first review the challenges of waterfront communities in general.

## **2.4 Makoko and other Waterfront Communities**

### **2.4.1 The Challenges of Waterfront Communities**

Broadly speaking, waterfront communities are groups of people with similar socio-economic backgrounds who settle at the banks of rivers or on other inland water ways. This is a global phenomenon with examples on every continent. In developing countries however, these waterfront communities are typically inhabited by low skilled, poorly educated and low-income urban poor. They are attracted to the employment possibilities and the infrastructure of a nearby cities. Like flood plains, waterfront communities are a cheap and practical alternative for informal settlement. “Informal settlement inhabitants settle on waterfronts like rivers, lagoons, and lakes because of the strategic location to the heart of city, nearness to their source of livelihood, and for cultural reasons” (Navarro, 1994).

Slums on water generally have worse living and environmental standards than slums on land because the inhabitants of water communities settle in areas that are not suitable for habitation, like high-risk flood plains. “In general, waterfront communities share similar problems with other slums, such as lack of infrastructure like clear water supply, roads, drainage facilities, sanitation facilities, waste collection management, and flood management techniques, so its inhabitants are more often prone to health problems, such as diseases and accidents” (Tovar, 2006).

However, most research does not classify waterfront communities, whether formal or informal, as poor communities. Waterfront communities exist because of the ancestral occupation of the inhabitant and the corresponding need to have access to the water body for fishing or agricultural

benefit, whether from a lagoon, lake, or river. Waterfront community residents may have traditional and cultural values, but also have the advantage of having easy connection to the city centre, and thereby have access to formal employment and informal activities in the city. Therefore, poverty cannot be used as an indicator for settlements located on water.

A widespread solution to slum formation in waterfront communities, worldwide and in Nigeria, has been forced eviction. The forced evictions that took place in Makoko in 2012 was typical of Nigeria's approach to urban resettlement. In fact, according to an Advisory Group on Forced Evictions (AGFE) report, almost two and a half million people were forcefully evicted in Nigeria between 1995 to 2005 (Amnesty International, 2006; Farha et al., 2011). In the case of Makoko, its strategic location on the bank of the Lagos Lagoon made it both a key gateway into mainland Lagos and a prime location to target for slum upgrade development.

#### **2.4.2 Makoko Waterfront Community**

Makoko, often ironically referred-to as the “Venice of Africa,” is a slum neighborhood located in Lagos, Nigeria. Depicted in Figure 1 below, much of Makoko is called a “paradox of living” because Makoko rests in structures constructed on stilts above Lagos Lagoon, but resident lack easy access to clean drinking water. The Makoko community is also called “the fishing village” because it was established in the 18th century primarily as a fishing village and because the community residents largely earn their living through fishing and fishery business.



**Figure 1.** Makoko Settlement.  
(Source: Heinrich Böll Stiftung Nigeria, 2014)

The official population of Makoko is 85,840, but the area was not officially counted as part of the 2007 census and the population has been estimated to be much higher. Historically, the Makoko has been essentially self-governing, with security provided by local vigilante groups (Adeyemi & Anderson, 2014).

In July 2012, Nigerian government officials destroyed dozens of Makoko residences after giving inhabitants 72 hours notice of eviction. The purpose of the destruction of this historic community was to redevelop what was viewed as prime waterfront. However, the adverse living conditions in the area continue to persist, with NLE Works survey respondents rating the Makoko area poor in sanitation, health, utilities, and security (Urbannext.net, 2017). For these reasons, the Makoko waterfront community underwent a significant slum upgrading process, including the construction of a floating school, using both local input and ODA. This development justifies the need for the present study, which investigated whether the inflow of ODA to the Makoko area translated into positive social and economic outcomes for the residents.

## **2.5 Summary of Key Themes and Concepts**

From the literature reviewed in this chapter, it is clear that there is no universal agreement on the effectiveness of foreign aid as a catalyst for economic growth in recipient countries. Some researchers, such as Burnside and Dollar (2000), view foreign aid as having a positive impact due to its role as a means of income transfer from developed countries to developing countries. Conversely, Boone (1996) opposes this view and instead posits that foreign aid had no impact on key social welfare indices, such as infant mortality and primary education. Still other researchers, such as Sam et al. (2003), suggest that the question should be disaggregated by aid type, arguing bilateral aid promotes growth while multilateral aid may not.

The majority of studies on the effect of aid on development have been conducted on a multinational cross-sectional basis, without going into depth on any specific case. The present study will contribute to the literature by assessing the singular case of the Makoko Floating School, exploring the extent to which received foreign aid was translated to economic growth.

The literature also provides evidence that the desirable aspects of economic growth, such as urban regeneration efforts, have unfortunately translated into forced evictions targeted primarily at slum dwellings. Further, slum upgrading initiatives have tended to disrupt close-knit

low-income communities, leading to resistance from these communities. Prior to the MFS project, Makoko was one the more notorious slum areas in Lagos State. This study examines how the level of community participation and stakeholder engagement impacted the outcomes of the Makoko Floating School project.

# CHAPTER THREE

## RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter details the research approach and strategy of the present study, including the sampling, the data collection, and the data analysis methods. This chapter ends with the limitations of the study.

### 3.2 Research Approach and Strategy

This research employed an inductive, qualitative approach because this approach allows the development of explanatory theories and the construction of hypotheses that best describe the observed phenomena (Sofaer, 1999). Further, the approach was based on the need to effectively and efficiently address the research questions.

The research questions are meant to guide the researcher in the selection of the requisite research strategy and data collection and analysis procedures (Saunders et al., 2009). Therefore, in consideration of the need to connect with the perceptions of the local communities, a combination of a single case study and survey questionnaire strategies were employed to evaluate the impact of ODA on the Makoko community. Further, the case study involved in this analysis and the social status of the respondents warranted an interpersonal relationship for effective collation of results. The process involved obtaining information directly from the targeted respondents at Makoko community by distributing questionnaires. The questionnaires were used to gather cross-sectional primary data regarding community participation in Makoko upgrading project and the role the facilitators played in assisting these communities, while the semi-structured interviews were used to gain rich text on the phenomenon under observation. Data for this qualitative research were analyzed using content analysis.

### 3.3 Sampling

In undertaking a research endeavor, attention must be given to the feasibility of collecting and analyzing every possible case within a population, bearing in mind considerations regarding scope, time, and cost. Hence, the researcher opted for a sampling method accounting for the

difficulties inherent in collating and analyzing questionnaires from Makoko's entire population of over 85,000 cases.

The study sample was obtained using a stratified random sampling technique. Stratified random sampling is a method of sampling that involves the division of a population into smaller groups (strata), which are determined based on shared attributes or characteristics of members (Saunders et al., 2009). The stratified random sampling technique was used to select the respondents with the ultimate objective of collating the responses to answer the research questions. Some of the attributes considered in acquiring a stratified sample included education level, gender, occupation, age, and marital status demographics. The households were randomly selected in line with these factors to minimize the risk of bias tainting the results. The adoption of a stratified random sampling method improved the integrity of this research, allowing for a wide range of views to be considered (Gorman & Clayton, 2005), hence allowing the results to be considered from a variety of perspectives (Taylor & Bogdan, 1998).

The sample was limited to 50 households, with the goal of contrasting their economic position in 2010 (before the commencement of the MFS) and in 2015 (after its completion and operation) to judge the impact of stakeholder involvement in the success of the MFS. The potential participants were contacted individually and personally by the researcher.

Data were collected from residents of Makoko community in Lagos, including members of the Makoko Community Development Association, youths, and leaders. In keeping with the objective of this research to apply stakeholder theory to the study, these groups and persons were interviewed because they were identified as direct stakeholders in the Makoko community, and therefore can shed light on the level of community participation in the MFS project.

Each participant was required to sign an informed consent form that addressed elements related to protecting the confidentiality of participant identities and data collected from them, and both the risks and benefits to participants. Each participant was informed about the purpose of the study, procedures, and that they have the right to withdraw from the process at any time if they wanted to, without any consequences.

### **3.4 Data Collection**

Both quantitative and qualitative data collection techniques were employed in this study. The quantitative techniques included the questionnaires distributed while the qualitative data were obtained via semi-structured interviews that lasted on average for about 20 minutes per respondent. An example of an item included in the questionnaire is, “Did Makoko Community Development Association/residents participate in recent Makoko upgrading project (demolition of houses/construction of floating school)?” This question was included to determine the respondent’s view regarding the level of community participation in the MFS project. Another question, “What type of compensation would you prefer?” also alluded to the perception of community participation, in this case as it applied to consultation with the community and the type of compensation desired by those evicted from their homes due to the construction of the MFS.

### **3.5 Data Analysis**

A qualitative approach is an inherently iterative process that allows researchers to constantly compare theory and data by “iterating toward a theory which closely fits the data” (Eisenhardt, 1989, p. 541). The analysis of qualitative research involves aiming to uncover and / or understand the big picture by using the data to describe the phenomenon and what this means. Both qualitative and quantitative analyses involve labeling, coding, and analysis of all the data in order that similarities and differences could be recognized.

Qualitative data were analyzed using content analysis. Content analysis is a method for the categorization of oral and behavioral data, including classification, summarization, and tabulation (Hancock, 1998). The qualitative researcher can either set the pre-coding for the research from inception or develop the pre-coding system as the research is conducted.

Data were analyzed on two levels: (a) the basic or manifest level, which included a descriptive account of the data (what was said, but no comments or theories as to why or how), and (b) the higher-level (latent level), which included a more interpretive analysis concerned with the response as well as what may have been inferred or implied. Information collected from respondents was tabulated, analyzed, and presented based on the predefined themes from the stratified sampling techniques, such as age, gender, and occupation.

### **3.6 Limitations**

This research was limited by the sample. Steps were taken to provide a reliable and comprehensive sample towards a robust information gathering process, but the defined sampling strata may not have adequately captured some respondent categories, as not all potential participants were readily available and locating all potential participants would have been financially prohibitive. Therefore, the results of the present study only include the responses of study participants, which may not have fully captured the totality of the views of the MFS community.

Additionally, the questionnaire items were based on the literature review, and may not have captured the nuance of respondent perceptions. Further, all study data were self-report, which relies on honesty and opens the possibility that some participants might have been reluctant to fully reveal their views. It is also possible that some participants may have mis-understood some items, leading to responses that did not accurately reflect their actual views.

Finally, this research did not attempt to define the right or wrong way to perceive the impact of ODA in economic growth and development. Instead, it only describes the perceptions of local stakeholders regarding better ways of ensuring foreign aid make substantial impact on the host community whilst supporting the good governance framework to ascertain its effectiveness within the stakeholder's theory.

# CHAPTER FOUR

## DISCUSSION OF FINDINGS

### 4.1 Introduction

The purpose of this chapter is to present the research findings from the study data. This chapter begins with the demographics of respondents, followed by the key findings of the study. These findings are interpreted in the context of addressing each of the research questions and sub-questions, consistent with the objectives of the study. All data that underpin the discussion in the chapter are provided in Appendix 2.

### 4.2 Respondents Demographics

Respondents demographics are displayed in Table 2. The 50 respondents were surveyed across gender, age, education, and occupation. Table 2 shows that the majority of respondents were male (64%), indicating that the research sampling strategy attracted more male participants than female participants.

The age distribution of the respondents was diverse, with the plurality of respondents (48%) between the ages of 31-49 years, and with 20% representation in both the 18-24 age group and the 25-30 age group. The remaining 12% were 50 years of age or older. Therefore, most (88%) respondents fell within the working-age population of 18-49 years (Table 2).

Table 2 shows that the education level of participants was generally low, characteristics of a low-income community. One-quarter of participants (24%) had only informal education and half of participants (50%) had only primary education, while 20% had secondary education. Only 6% of participants had tertiary education.

Overall, 58% of respondents engaged in their own businesses and operate within the informal sector of the economy, with only 15% being fishermen, a surprising low number given that Makoko is a waterfront area. This suggests that either the sample is not representative of the wider population residing in Makoko or that excessive fishing and/or environmental pollution diminished the viability of the fishing as a source of livelihood. Makoko has no visible presence of industrial capacity or vibrant services sector that could have provided higher income. The low education level may also be why the Makoko residents engage in primarily low-skilled labour.

**Table 2. Demographic Characteristics of Respondents (50)**

Demographic	Frequency	Percent (%)
<b>Gender</b>		
Male	32	64
Female	18	36
<b>Age</b>		
18-24 years	10	20
25-30 years	10	20
31-49 years	24	48
50 & above	6	12
<b>Education</b>		
Informal	12	24
Primary	25	50
Secondary	10	20
Tertiary	3	6
<b>Occupation</b>		
Fisherman	15	30
Business	29	58
Others	9	18

*Source: Author's estimate from research data*

The Makoko population appears quite entrenched, with over 76% of the respondents having lived in the area for 11 years or more (Appendix 2, Table 5). This implies that the sample is valid towards acquiring the perceptions of Makoko respondents regarding the impact of ODA and community involvement on economic growth from the MFS project. Further, the duration of their residency in the area would suggest that the community may be a close-knit, social community that might resist any initiative that leads to possible eviction from their homes.

The survey results revealed data that complemented the assertion previously made that Makoko was a slum area with low level of access to basic infrastructure like potable water, affordable housing units, access to formal education, and health care facilities. Interestingly, the responses to the question “(Are) Community organizations involved in public infrastructure provision?” revealed strong support of the notion that local community organizations were perceived to be actively involved in decision-making with respect to the provision of public infrastructure within the Makoko area (Table 3).

**Table 3. Community organizations Involved in Public Infrastructure Provision**

Type of Organization	Yes	No
Community Development Unions	Y	
Age grades	Y	
Women organizations	Y	
Youth associations	Y	
Socio-cultural organizations	Y	
Faith-based organization	Y	

*Source: Author's estimate from research data*

Therefore, it can probably be inferred that respondents believed that most community-based organizations were being carried along as interested stakeholders in the development of the community. Most respondents (64%) indicated that slum upgrading initiatives were needed in the community (Appendix 2, Table 15). It is interesting that a greater percentage of respondents (44%) preferred collaborative community participation upgrading while only 24% of the respondents preferred government-controlled upgrading (Appendix 2, Table 14). Therefore, incorporating Freeman's stakeholder's theory, this suggests ODA has a greater chance of increasing its impact in low-income communities such as Makoko where the process identifies each stakeholder group and its professed interest and ensures combined management of the process with all interested groups (Freeman, 1984; Queiroz, 2009). Furthermore, this support for participatory development has support in the literature, where the community action plan model is posited to ensure the effectiveness of foreign aid in achieving rapid urbanization and improving per-capita income and standard of living of low-income communities (Desai, 1995).

### **4.3 Key Findings**

#### **4.3.1 Do local communities view foreign aid as a key determinant of the level of economic activities in the area?**

This study was designed to investigate the extent to which the presence of ODA, a form of foreign aid, has had a positive impact in Makoko, a low-income community. Therefore, the answer to this question has significant implications for the eventual outcome of this research. In response to the survey question regarding access to basic infrastructure in Makoko (Appendix 2, Table 8), the respondents indicated that the community did not have access to a secondary school, as there were no educational structures present at Makoko as at the time this survey was conducted. It can also be inferred that, due to Makoko being a slum area, governed by the

economic rationale of maximum financial return on investment, the probability of attracting private investors to build schools in this area would be low. Additionally, given their low bargaining power, the ability of the low-income inhabitants of Makoko to pressure local and state government functionaries to apply public funds to the construction of schools in this area would also be severely limited. Hence, the investment focus in this area would almost totally be reliant on socially-conscious investors who are not restricted by capitalistic motives and on ODA from international bodies and governmental agencies focused on poverty alleviation and social welfare.

Consequently, the construction of the MFS project by NLE Works, in collaboration with the Heinrich Boell Foundation and the UNDP, could address the infrastructure need of Makoko through the provision of secondary school education which had hitherto been absent. Further, the Makoko Community Development Association residents participated in the project by providing paid labour for the demolition of existing houses and the erection of the floating school. Additionally, building materials such as wood, recycled plastic barrels, and aluminum roofing sheets were procured locally, bringing much-needed capital flows into the area (Urbannext.net, 2017).

In MFS, NLE Works introduced the Makoko community to sustainable, environment-friendly construction techniques by teaching timber joinery techniques to local carpenters (Urbannext.net, 2017). MFS was wholly built by local carpenters, under instruction from NLE Works, as a movable building that would not be vulnerable to flooding and storm surges, as well as being fully adaptable for renewable energy, waste recycling, and rain-water harvesting. This building model can then be applied by the local carpenters to future construction works in this waterfront community.

Based on the evidence above, it can be proffered that the community viewed foreign aid as impactful on economic activities of local communities through employment generation, technology transfer, and investment focus, given the positive impact of the MFS project in Makoko.

### 4.3.2 To what extent do community think Foreign Aid can help achieve the Rapid Urbanisation Process of Low-Income Communities in Nigeria?

The urbanization process in low-income communities can be likened to the slum upgrading process in slum settlements. Given that it has been previously established that Makoko area has the characteristics of a slum, this study would reference slum upgrading in addressing this research sub-question. In Table 4 below, in response to the question, “Do you think upgrading can be successful in Makoko?”, the majority (64%) of respondents were confident that slum upgrading could be conducted successfully in Makoko.

**Table 4. Do You Think Upgrading can be Successful in Makoko?**

Response	Frequency	Percent
Yes	32	64
No	18	36
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Author’s estimate from research data*

Interestingly, when answering the question, “Do you think Makoko as a community is able to work together to upgrade the settlement themselves?”, an equal percentage (64%) were skeptical of the ability of the slum upgrading process to be successful without outside assistance (Table 5).

**Table 5. Do you think the Inhabitants of Makoko have the Time and the Skill to Upgrade Their Housing Individually?**

Response	Frequency	Percent
Yes	18	36
No	32	64
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Author’s estimate from research data*

From these responses, it can be inferred that, although urbanization was desirable to the inhabitants of Makoko, the sticky issue is the capability, capacity, and motivation of local agents to drive this process. However, the respondents commented favourably about the zeal and enthusiastic nature of the project coordinators and financiers and how the inputs of the head of various community-based organization heads were incorporated into the process to make it a success. This view has support in the stakeholder theory literature, which emphasizes on the

importance of incorporating the interests of stakeholders into the decision-making process (Mitchell et al. 1997).

The evidence provided here thus suggests that financial aid can help to achieve the rapid urbanization process of low-income communities because these foreign institutions have the capability, capacity, and commitment to drive these projects, especially where the interest of stakeholders is taken into consideration during the process.

### **4.3.3 What has been the Impact of Foreign Aid on Per-Capita Income and Standard of Living for Low-Income Communities in Nigeria?**

Given the evidence provided in Section 4.1.2 regarding the impact of ODA on the economic activities in local communities, it is apparent that foreign aid, as typified in the MFS project, has impacted the per-capita income and standard of living of the Makoko community. Despite the unavailability of per-capita income figures for the Makoko community prior to and after the MFS project, it can be inferred that there is extra income to the Makoko community directly due to the employment of local carpenters and the patronage of the local saw mill.

Additionally, the presence of a secondary school in the community would confer a multiplier effect in yielding savings from expenditure on transportation for children attending schools in nearby communities in the short term, and in the long term, an increased standard of living for better-educated children who could then go on to have increased earning power through access to higher-skilled jobs beyond Makoko. However, this change may not necessarily translate to an improved standard of living in Makoko.

### **4.3.4 To what Extent has Foreign Aid Enhance or Increase in Community Based Organizations (CBO)/Community Based Union (CBU) Contribution to Economic Growth of Low-Income Communities in Nigeria?**

This research sub-question was addressed in the context of the community action plan model (Hamdi & Goethert, 1997). This model posits that communities and their groups should take ownership of the initiation, planning, design, implementation, and maintenance of development projects in their environments (Hamdi and Goethert, 1997). By applying this model to the MFS

project, this research would be best positioned to determine the extent to which ODA enhanced the contribution of CBOs and CBUs to the empowerment of the Makoko community.

CBOs and CBUs are vital to community development and the fabric of low-income communities, where educational levels and government representation are minimal. While they cannot claim absolute representation of every member of the community, given that membership is typically optional, they constitute a sufficient representation of the community and function as a competent channel of communication, particularly in the case of interactions with individuals or groups not indigenous to the area. CBOs and CBUs also aid in the proper monitoring of the activities of community organizations by the government and ensure fruitful partnership between the communities and government agencies in basic service provision. This is especially important for post-project monitoring towards ensuring the sustainability of development projects. Unfortunately, due to lack of enabling legislation and lax corporate governance culture in Nigeria, there exist no local legal restrictions that compel projects being managed and financed by foreign aid to maintain proactive relations with community organizations in recipient communities.

Social and Economic Rights Action Center (SERAC) and Center on Housing Rights and Evictions (COHRE) are two of the CBOs that respondents identified as being very active in the Makoko community in terms of dealing with government officials regarding improving the local living and environmental conditions. The organizations noted to have a presence in the area were age-grade associations, as well as women, youth, and faith-based organizations. However, respondents complained about the lack of collaboration or participation by these or any other CBOs and CBUs the conceptualization of the MFS project. Table 6 shows the stages at which respondents participated in the project.

**Table 7. At What Stage did you Participate in Project?**

Stage	Frequency	Percent
Initiating	9	18
Planning	11	22
Design	9	18
Implementation	21	42
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Author's estimate from research data*

Of the 50 respondents, only 9 (18%) reported that they participated in the initiating stage and only 11 (22%) reported that they participated in the design stage of the project. A higher percentage of respondents (42%) indicated they participated in the final implementation stage. This suggests that community participation in the early stages of the project were minimal.

This perceived lack of collaboration could be attributable to a number of factors. Firstly, it could have resulted from the apathy of Makoko indigenes towards participation in the process. The respondents expressed low expectations, in that not everybody would be involved, and that low expectation carried through the process. Furthermore, participants intimated concerns that the political class and community elders did not show any accountability or transparency in the past, and they expressed no indication that the situation would be different this time around.

Secondly, the perceived lack of collaboration may also have been due to poor communication by the project coordinators during the project conceptualization stage regarding possible previous collaboration with stakeholders. This is because, when asked how those who participated in the different stages of the project were selected, the respondents said that the selection process was internalized within the different groups that were consulted. However, the lack of participation in the MFS project has the inherent risk of alienating the local community, contributing to a laissez-faire attitude towards the project's sustainability. It is for this reason that proponents of the community action plan model require that communities are actively consulted in the initiation, planning, design, implementation, and maintenance of development projects to ensure that the project's objectives are achieved (Hamdi & Goethert, 1997).

Present evidence suggests that, where CBUs and CBOs are sidelined in the provision of ODA-funded projects, the outcome of the project is negatively impacted due to negative perceptions in the recipient community. This probable eventuality lends credence to the assertion that foreign aid can enhance an increase in CBO/CBU contribution to economic growth in low-income communities where there is effective coordination among parties. Such coordination would ensure the presence of informed and motivated recipient communities and reduce incidences of community apathy.

#### **4.4 Summary of Findings**

The main objective of this study was use the context of stakeholders' theory to investigate the impact of ODA on low-income communities in Nigeria, using the MFS as a case study. To achieve this objective, four sub-questions were articulated to highlight the phenomena. Findings clearly suggest that ODA has a positive impact in low-income communities.

The first and third sub-question investigated the relationship between foreign aid and economic activities in low-income communities, with the latter sub-question specifically narrowing the focus to the economic indices of per-capital income and standard of living. The evidence presented here suggests that ODA brought tangible short-term economic benefits to Makoko, including paid employment to local carpenters and the suppliers of raw materials. Additionally, ODA also can achieve longer-term social and economic benefits due to the multiplier effects on the local community arising from the construction of Makoko's first school.

The second sub-question evaluated the impact of foreign aid on the urbanization of low-income communities. The findings suggest that, while the upgrading of the Makoko area was highly desirable to most of the respondents, there was skepticism regarding the ability of this development to be achieved without external support. Hence, foreign aid interventions can impact positively on urbanization because these foreign institutions have the capacity and commitment to effectively implement developmental projects.

The final sub-question investigated the degree to which foreign aid could impact the contribution of community organizations towards economic growth in low-income communities. The findings revealed that the involvement of communities in the conceptualization of development projects could greatly enhance the effectiveness of such projects. Community organizations, acting as intermediaries, can serve as a necessary channel for effective communication between foreign aid providers and recipient communities to ensure a positive perception of development projects.

# CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

Makoko settlement is a community characterized by inadequate housing, poor living conditions, and poor environmental conditions. By definition, a slum is an area deprived of the basic services and infrastructure required by its inhabitants. Makoko settlers have been resident in the area for generations, which negates the Lagos state's classification of the area as being a new squatter settlement. However, the growth and expansion of the slum is visible, as housing units spring up spontaneously along roadsides and drainage lines, and sprawl further into the lagoon. Makoko's growth is not isolated from its strategic location in the city centre, but dwindling income levels contribute to why the settlement continues to grow despite the very poor environmental, economic, and housing conditions.

### 5.2 Conclusion

This purpose of this study was to use stakeholders' theory as it relates to sustainable economic growth in the developing world and Sub-Saharan Africa (SSA), towards evaluating the impact of stakeholder involvement in the deployment of ODA in the low-income community of Makoko, Nigeria. The findings of this research provide strong evidence that collaborative stakeholder management and community participation enhance the impact of ODA-financed projects in low-income communities. These results may have been limited by the negative disposition towards local authorities prevalent in such a disenfranchised community and the consequent tensions compounded by low education levels, which may have hindered the establishment of a more robust sample population and may also have served to taint the views of the respondents.

In the extant literature, researchers appeared uncertain about the effectiveness of foreign aid in addressing the economic challenges of recipient nations. On the one hand, the naysayers purport that foreign aid tends to encourage dependence among recipient nations and leads to undesirable consequences, like corruption. Conversely, supporters of foreign aid argue that it serves as an important means of income transfer when accompanied by the appropriate economic and fiscal policies. Results of the present study show that, in conditions where no

economic imperative exists, foreign aid is required to ensure equitable and fair economic outcomes.

The lack of government support for infrastructure development results in poor living conditions. Communal life offers admirable potential to adapt to climatic change and rapid urbanization in coastal cities. The Makoko Waterfront Regeneration Plan - a comprehensive people-centered development framework submitted to the Ministry of Physical Planning in Lagos in October 2013 by Lookman Oshodi of Urban Spaces Innovation - is an example of such an urban development initiative.

The assumption of a regeneration plan is that upgrading of infrastructure and transformation of the communities can be achievable if the requisite financial and developmental support is available. Huge networks that include professionals, public authorities, activists, and community members, already continually collaborate in upgrading the precarious low-income settlements of the region. Nonetheless, the sustainability and scalability of such endeavors can only be assured by significant inflows of foreign aid by way of ODA and by incorporating community participation in an effective stakeholder interface.

With sizable developmental assistance, Makoko has the potential to become a thriving urban area, given its waterfront location and proximity to Lagos city centre, the commercial nerve centre of the country. But Makoko first requires effective redesign and planning, creation of job opportunities, and provision of key social amenities to spark of economic activities. Hoelzel (2014) advocated that sustainable, environment-friendly urban development initiatives act as a driver for new economies, given the example of the construction of Neighborhood Hotspots powered by renewable energy.

In the light of the findings from this research and the compelling case for properly articulated and financed urban regenerative projects like MFS, the next section provides a set of recommendations being proffered for consideration towards achieving this laudable objective.

## **5.3 Recommendations**

### **5.3.1 Policy Recommendation**

There is need to increase the level of collaboration between developmental aid providers and community organizations towards ensuring community participation and the achievement of the

development objectives. Therefore, it is recommended that the Nigerian National Assembly passes a legislative bill that provides the requisite statutory backing and legal guidance to registered community organizations regarding their interactions with foreign aid donors. This legislation should lay out the foundations for a mandatory registration process to enhance the level of trust between the local government authorities, community organizations, and foreign donor agencies. This will engender proper government monitoring of the activities of community organizations and will ensure a more fruitful partnership between the communities and government agencies in basic service provisions.

### **5.3.2 Community Development Programmes**

The presence of pockets of apathy observed within the Makoko community towards participating actively in communal development projects, combined with the apparent lack of trust between community members and community leaders, suggests that the government should provide community sensitization programmes, training workshops, short courses, and other learning and development initiatives. These initiatives would serve to increase the pace of capacity-building among community members and leaders and will equip them with the necessary skills to actively partake in project development, including financial literacy, project management, conflict resolution, team working, and other relevant skills.

### **5.3.3 Makoko on Land**

In view of the prevalent anxiety in the Makoko community regarding the classification of the area as a squatter settlement and the consequent risk of forced evictions, it is recommended that tenure security be provided to give the local population a sense of security. This could be achieved through verification and registration of land ownership, ensuring efficient collection of property taxes from property owners, and future adherence to the National Building Code. While some local landlords may initially experience resistance from having to pay a backlog in property taxes, effective communication and sensitization by the government prior to any implementation ought to convince landlords that the benefits of a secure land title and protection from forced eviction significantly outweigh the cost of what is ultimately a statutory duty.

#### **5.3.4 Community Participation in Slum Upgrading**

In view of the possible rupture of close social networks present in low-income settlements like Makoko, it is recommended that CBOs and CBUs are consulted and incorporated into future upgrading projects in the Makoko area. This will ensure that organizations such as SERAC and COHRE, who are involved in the local community and have a better understanding of local needs, can ensure that local needs are reflected in the planning, designing, and implementation of such upgrading projects.

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# APPENDIX

## APPENDIX 1: RESEARCH QUESTIONNAIRE

### Demographic Data

### Date & Time of Interview:

- 1) Name:
- 2) Age: 18-24 { } 25-30 { } 31-49 { } 50 and above { }
- 3) Sex: Male { } Female { }
- 4) Do you live in Makoko water community? Yes { } No { }
- 5) How long have you live in the community? 1-10years { } 11-20years { } 21-30years { } 30 and above { }
- 6) What level of education do you have? Informal { } Primary { } Secondary { } Tertiary { }
- 7) What is your occupation?
- 8) Access to basic infrastructure in Makoko

	Yes	No
Secured housing tenure		
Access to water		
Access to safe water		
Access to sanitation		
Access to electricity		
Access to primary school		
Access to secondary school		
Access to health facilities		

### 9) Socio-economic characteristics of respondents

	Yes	No
High income class		
Middle (Upper) income class		
Middle (Lower) income class		
Low-income class		
Membership of one CBOs		
Membership of more than one CBOs		

10) Community organizations involved in public infrastructure provision.

Type of Organization	Yes	No
Community Development Unions		
Age grades		
Women organizations		
Youth associations		
Socio-cultural organizations		
Faith-based organization		

11) Sources of funds for community organizations.

Sources of fund	Yes	No
Levies		
Dues		
Fines		
Interest on loans to members		
Donations		
Loans from banks		
Interests on money deposited in the Banks		

12) Identify organization in your community \_\_\_\_\_

13) Are you a member of any association located in Makoko? \_\_\_\_\_

14) Do the association members help each other? \_\_\_\_\_

15) If the association members assists, how do they assist each other? \_\_\_\_\_

16) Is there any benefit in living close to the lagoon? \_\_\_\_\_

17) How do you get to the market?

- a. Walking{ } b. Public transport{ } c. Canoe{ }

18) What do you think is the best way to solve the housing condition in Makoko if you believe it is poor? a. Upgrading { } b. Relocation{ }

19) How would you like the upgrading of Makoko to be carried out?

- a. Self help upgrading { } b. Collective community participation upgrading { } c. Government controlled upgrading { } d. Other { }

20) Do you think upgrading can be successful in Makoko?

Yes { } No { }

21) Do you think Makoko as a community is able to work together to upgrade the settlement themselves? Yes { } No { }

22) Do you think the inhabitants of Makoko have the time and the skill to upgrade their housing individually? Yes { } No { }

23) What factor hindered support for the successful implementation processes in Makoko upgrading project?

\_\_\_\_\_

24) What possible factors can you identify that enhanced participation in Makoko upgrading project?

\_\_\_\_\_

25) Did Makoko Community Development Association/residents participate in recent Makoko upgrading project (demolition of houses/construction of floating school)?

\_\_\_\_\_

26) If yes, at what level (none { } indirect { } consultative { } shared control { } full control { }

\_\_\_\_\_

27) At what stage initiating, { } planning, { } design, { } implementation { } maintenance) { }

\_\_\_\_\_

28) How where those (residents/association representatives) who participated selected?

\_\_\_\_\_

29) What type of compensation would you prefer?

a. Land compensation { } b. Housing compensation { } c. Monetary compensation { }

**THANK YOU**

## APPENDIX 2: SURVEY RESULTS

### Frequency Table

**Table 1: Sex**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	32	64.0	64.0	64.0
	female	18	36.0	36.0	100.0
Total		50	100.0		

**Table 2: Age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24 years	10	20.0	20.0	20.0
	25-30 years	10	20.0	20.0	40.0
	31-49 years	24	48.0	48.0	88.0
	50 & above	6	12.0	12.0	100.0
Total		50	100.0		

**Table 3: Do you live in Makoko water community?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	40.0	40.0	40.0
	No	30	60.0	60.0	100.0
Total		50	100.0		

**Table 5: How long have you live in the community?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-10years	12	24.0	24.0	24.0
	11-20years	22	44.0	44.0	68.0
	21-30years	9	18.0	18.0	86.0
	30 and above	7	14.0	14.0	100.0
Total		50	100.0		

**Table 6: What level of education do you have?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Informal	12	24.0	24.0	24.0
	Primary	25	50.0	50.0	50.0
	Secondary	10	20.0	20.0	20.0
	Tertiary	3	6.0	6.0	100.0
Total		50	100.0		

**Table 7: What is your occupation?**

		Frequency	Percent	Valid Percent	Cumulative Percent
	Fisherman	15	30	30.0	30.0
	Business	29	58.0	58.0	88.0
	Others	9	18.0	18.0	100.0
Total		50	100.0		

**Table 8: Access to basic infrastructure in Makoko**

	Yes	No
Secured housing tenure		N
Access to water	Y	
Access to safe water		N
Access to sanitation		N
Access to electricity	Y	
Access to primary school	Y	
Access to secondary school		N
Access to health facilities	Y	

**Table 9: Socio-economic characteristics of respondents**

	Yes	No
High income class		
Middle (Upper) income class	Y	
Middle (Lower) income class		
Low-income class	Y	
Membership of one CBOs	Y	
Membership of more than one CBOs	Y	

**Table 10: Community organizations involved in public infrastructure provision.**

Type of Organization	Yes	No
Community Development Unions	Y	
Age grades	Y	
Women organizations	Y	
Youth associations	Y	
Socio-cultural organizations	Y	
Faith-based organization	Y	

**Table 11: Sources of funds for community organizations**

Sources of fund	Yes	No
Levies	Y	
Dues	Y	
Fines	Y	
Interest on loans to members		N
Donations	Y	
Loans from banks		N
Interests on money deposited in the Banks		N

**Table 12: How do you get to the market?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Walking	21	42.0	42.0	42.0
	Public transport	17	34.0	34.0	76.0
	Canoe	12	24.0	24.0	100.0
Total		50	100.0		

**Table 13: What do you think is the best way to solve the housing condition in Makoko if you believe it is poor?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Upgrading	32	64.0	64.0	64.0
	Relocation	18	36.0	36.0	100.0
Total		50	100.0		

**Table 14: How would you like the upgrading of Makoko to be carried out?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Self help upgrading	10	20.0	20.0	20.0
	Collective community				
	Participation upgrading	22	44.0	44.0	64.0
	Government controlled upgrading	12	24.0	24.0	88.0
	Other	6	12.0	12.0	100.0
Total		50	100.0		

**Table 15: Do you think upgrading can be successful in Makoko?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	32	64.0	64.0	64.0
	No	18	36.0	36.0	100.0
Total		50	100.0		

**Table 16: Do you think Makoko as a community is able to work together to upgrade the settlement themselves?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	36.0	36.0	36.0
	No	32	64.0	64.0	100.0
Total		50	100.0		

**Table 17: Do you think the inhabitants of Makoko have the time and the skill to upgrade their housing individually?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	36.0	36.0	36.0
	No	32	64.0	64.0	100.0
Total		50	100.0		

Source: Fieldwork, 2015

**Table 18: If yes, at what level**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None	3	6.0	6.0	6.0
	Indirect	8	16.0	16.0	22.0
	Consultative	22	44.0	44.0	66.0
	Shared control	8	16.0	16.0	82.0
	Full control	9	18.0	18.0	100.0
Total		50	100.0		

**Table 19: At what stage**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Initiating	9	18.0	18.0	18.0
	Planning	11	22.0	22.0	40.0
	Design	9	18.0	18.0	58.0
	Implementation	21	42.0	42.0	100.0
Total		50	100.0		

**Table 20: What type of compensation would you prefer?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Land compensation	12	24.0	24.0	24.0
	Housing compensation	18	36.0	36.0	60.0
	Monetary compensation	20	40.0	40.0	100.0
Total		50	100.0		

### APPENDIX 3: GLOSSARY OF TERMS

<i>Foreign aid</i>	Money, food, or other resources given or lent by one country to another
<i>Multiplier effect</i>	A phenomenon whereby a given change in a particular input, such as government spending, causes a larger change in an output, such as gross domestic product.
<i>Signaling</i>	Indicate the existence or occurrence of (something) by actions or sounds
<i>Slum</i>	A squalid and overcrowded urban street or district inhabited by very poor people.
<i>Laissez-faire</i>	French for “Let (people) do (as they choose).”
<i>Per-capita income</i>	For each person; in relation to people taken individually