



BOLSTERING URBANIZATION EFFORTS:

Africa's approach to the
New Urban Agenda



Chapter 4

Africa's New Urban Agenda

ISSUE BRIEF FROM THE AUTHOR

PETER GRIFFITHS

Managing Editor, LSE Cities

The year is 2063. Celebration is in the air across Africa's cities—many states are celebrating a century of independence from colonial rule. The significant outlier—Liberia—enjoyed its bicentennial under the banner of “Land of the Free” in 2047 using the year of declared independence. Africa is now—willingly—the world's most important supplier of labor, much of it highly skilled. The Africa Union's (AU) celebrations of the 50-year “global strategy to optimize Africa's resources for the benefits of Africans” merge into the general sense of jubilee. Kinshasa-Brazzaville (joined after a referendum) and Lagos are now the first- and third-biggest cities in the world; Dar es Salaam, Lilongwe, Niamey, Nairobi, and Khartoum all vie for spots in the top 10. Africa's many global cities are household names. The world's cycling capital includes paths through rehabilitated equatorial African forests; many of the most livable cities are scattered across the continent; and, after major infrastructure investment and free movement, travel between African cities is generally smoother than between, say, London and Paris. Africa's bold urbanization strategy brought more benefits to Africans than could ever have been expected.

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Power shift

Back in 2016, Africa was the only region to provide a coordinated response to what should go into the United Nations' New Urban Agenda. The action-oriented document set global standards of achievement in sustainable urban development. The AU swiftly harmonized the strategy with Agenda 2063, Africa's action plan and vision for a united and prosperous future. The move was widely celebrated by the global community: Africa was finally recognizing and embracing its urban future. At the same time, what was overlooked by the international community was the subtle power shift. Africa was no longer following, but leading, on global policy initiatives. Involvement in the New Urban Agenda, while important for Africa, has been merely a stepping stone towards owning its (urban) future. After all, Agenda 2063 is an African document.

Why is strengthening cities in Africa important when considering political decisions and policymaking?

Bruce Katz

Centennial Scholar, Brookings Institution

In October of 2016, the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) reaffirmed the high stakes of ongoing urbanization in the developing world and set a new agenda for promoting sustainable and inclusive growth. It also made clear that achieving the goals set forth requires stronger sub-national leadership and capacity.

Those stakes are especially high across Africa, which is forecast to urbanize at a rate of 3.65 percent¹ annually, adding nearly 350 million new city-dwellers by 2030. The question for African cities as they expand in population and economic importance is twofold: How to grow in ways that are both sustainable and inclusive? And, what forms of governance can incentivize sustainable physical and economic growth while also housing the capacity to enable it?

These questions have grown more complex as city responsibilities have increased. Many of the most pressing economic and social challenges we face globally are distinctly urban: inequality and technological upheaval, environmental degradation and unsustainable development, energy and climate pressures, demographic change, migration, and social unrest. These dynamics require a problem-solving apparatus beyond the capabilities of national governments alone. Robust city and metropolitan governance can provide a solution.

Local governance itself is not without its own hurdles. Regional leaders must resist parochialism—understanding that collaboration with neighbors is imperative at a time when competition is global, not

local. The limits of municipal capacity within government demand a broader conception of governance, one that includes the private and civic sectors as co-stewards of the metropolitan agenda. This type of networked, distributed governance can provide “checks and balances” on any central governing party, mitigating a third unfortunately prevalent threat: corruption.

Yet, despite these challenges, localism offers benefits beyond its cost. With “policy” at the regional level delivered by cross-disciplinary networks of actors—local government, but also private sector innovators, civic organizations, and research institutions—cities are more flexible and nimble than national governments, and thus more able to experiment and solve complex problems. Many of the distinct challenges facing rapidly growing African cities—from land rights, to infrastructure, to education and training—are best solved by local authorities. And by leveraging the full value of public assets within their borders, these cities can raise local sources of capital, reducing their reliance on transfers from national governments or international aid.

Once proven in one region, innovations in governance and policy must be spread—adapted and tailored for other areas and other cities. In some ways, rapidly developing cities in Africa, especially underdeveloped mid-sized urban centers, have the opportunity to avoid the mistakes of cities in the developed world and to invent a modern form of city-building and governance that can, in turn, inform progress underway in cities across the U.S. and Europe. Through this new circuitry of innovation, we have a chance to deliver on the goals of building better cities and better nations.

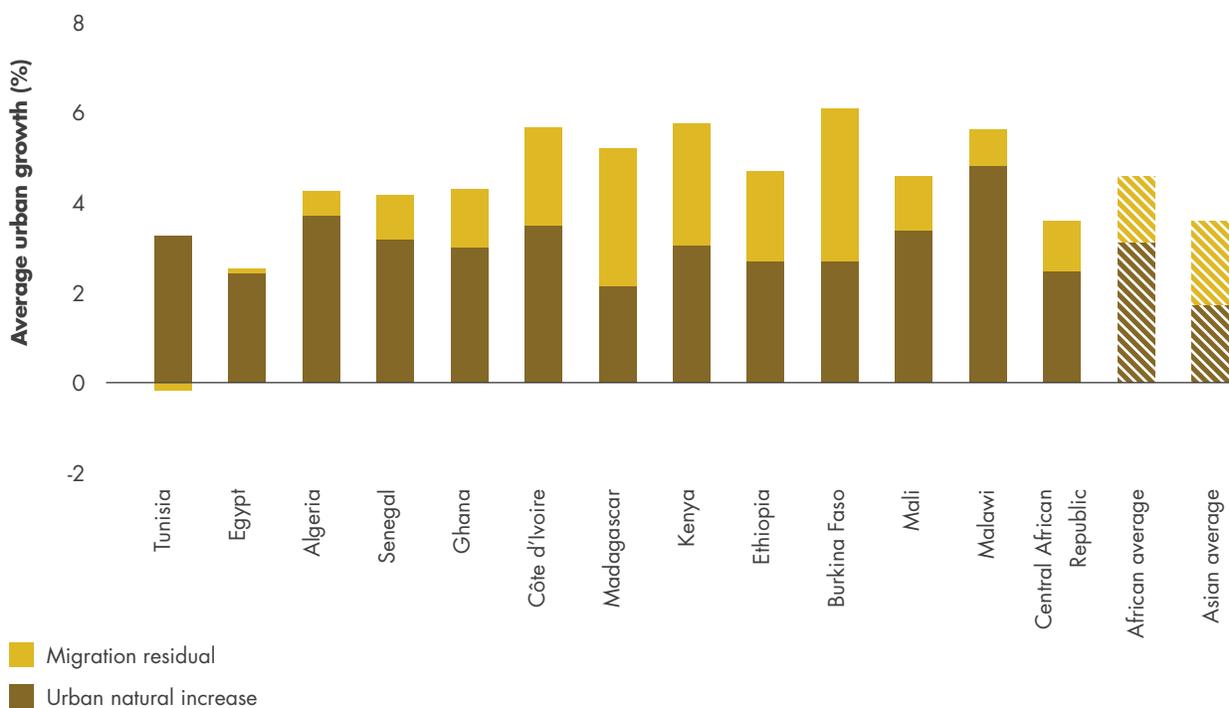
¹ United Nations World Urbanization Prospects. Available at: <https://esa.un.org/unpd/wup/>.

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There are more hints to the wind of change. Burundi, the Gambia, and South Africa’s rejection of the International Criminal Court, arguing that Africans were being unfairly singled out; campaigns like #RhodesMustFall in South Africa to “decolonize” education; pan-African internet memes clarifying that “Africa is not a country;” and even the AU’s desire for visa-free travel across Africa for all Africans, all suggest an eagerness for Africa to redefine how it engages with itself and the world. That Mpho Parks Tau—Johannesburg’s former mayor—was elected as president of the global United Cities and Local Governments signposted a growing understanding of Africa’s future clout. In essence, Africans are increasingly saying that international bodies can’t be relied on to fairly communicate Africa’s needs or Africa’s context. Some have gone as far as suggesting these bodies effectively maintain the status quo of colonial power, calling for African (or at least Global South) institutions to be built instead.

FIGURE 4.1. AFRICAN CITIES TEND TO SEE MORE GROWTH FROM NATURAL INCREASE THAN MIGRATION

Compared to other developing regions, especially Asia, African cities have increasingly seen growth in the population of their cities not from migration but rather natural increase. This type of population change occurs when births exceed deaths in that city, referred to as “mushroom cities.”



Note: The African average includes the African countries shown. The Asian average includes 12 countries: Bangladesh, China, India, Indonesia, Japan, Malaysia, Myanmar, Pakistan, Philippines, Korea, Sri Lanka and Thailand.

Source: African Economic Outlook 2016. Adapted from Web Appendix Table 3 in Jedwab, Christiaensen and Gindelsky (2015). Data available at <http://dx.doi.org/10.1787/888933350602>.

While not acknowledged at the time, Africa's involvement in the New Urban Agenda has been simply part of repositioning itself towards greater say in global decisions; it is no longer necessarily what the agenda means for Africa but rather the other way round. That UN-Habitat is headquartered in Nairobi may have been remarkably far-sighted: Africa is gearing up to run (and establish) international bodies.

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Building tomorrow's cities

However, Africa will only achieve this future if it has attractive cities, so it is appropriate that the continent is taking the lead on this issue. The New Urban Agenda suggests such cities are fairer for people and good for the environment. They are well-planned, housing is affordable without being spatially segregated, inhabitants are well connected to opportunities and each other, walking is both possible and useful as sprawl is contained and pavements are prioritized, pollution is low, energy is sustainable, technology is used creatively, and everyone is welcome (except possibly for criminals as there's an expectation that these cities are safe). Almost all of these are in some way related to urban form.

Africa already has advantages. While some people travel very long distances to work, it has arguably the most sustainable modal share: More than 70 percent of trips are done by walking and cycling in many African cities. Rapid urbanization provides an opportunity to fill in gaps in the urban fabric and densify cities to improve accessibility. Higher urban densities can improve service delivery efficiency, promote urban vitality, and facilitate more sustainable public transport, walking, and cycling. These advantages depend, however, on effective city management and urban design that minimize the negative costs of congestion and pollution. Africa's limited energy infrastructure coupled with its enormous renewable energy potential provides a clear path to cleaner cities, provided industrial and modernization policies don't encourage mode shift to private cars as has happened elsewhere.

Dar es Salaam and Kampala are imagining fly-overs that'll crisscross their cities to resolve congestion while providing infrastructure seen as critical for economic growth. New York had similar modernization ambitions in the 1940s, yet not realizing them doesn't seem to have negatively affected growth in the world's second-richest city by GDP. African cities should carefully review the potential and costs of reshaping their cities around new infrastructure. Other cities around the world have found that big highway projects can cause congestion because of the effect of induced demand. In addition,

FIGURE 4.2.

URBAN SERVICE DELIVERY OUTPACES RURAL DELIVERY IN AFRICA

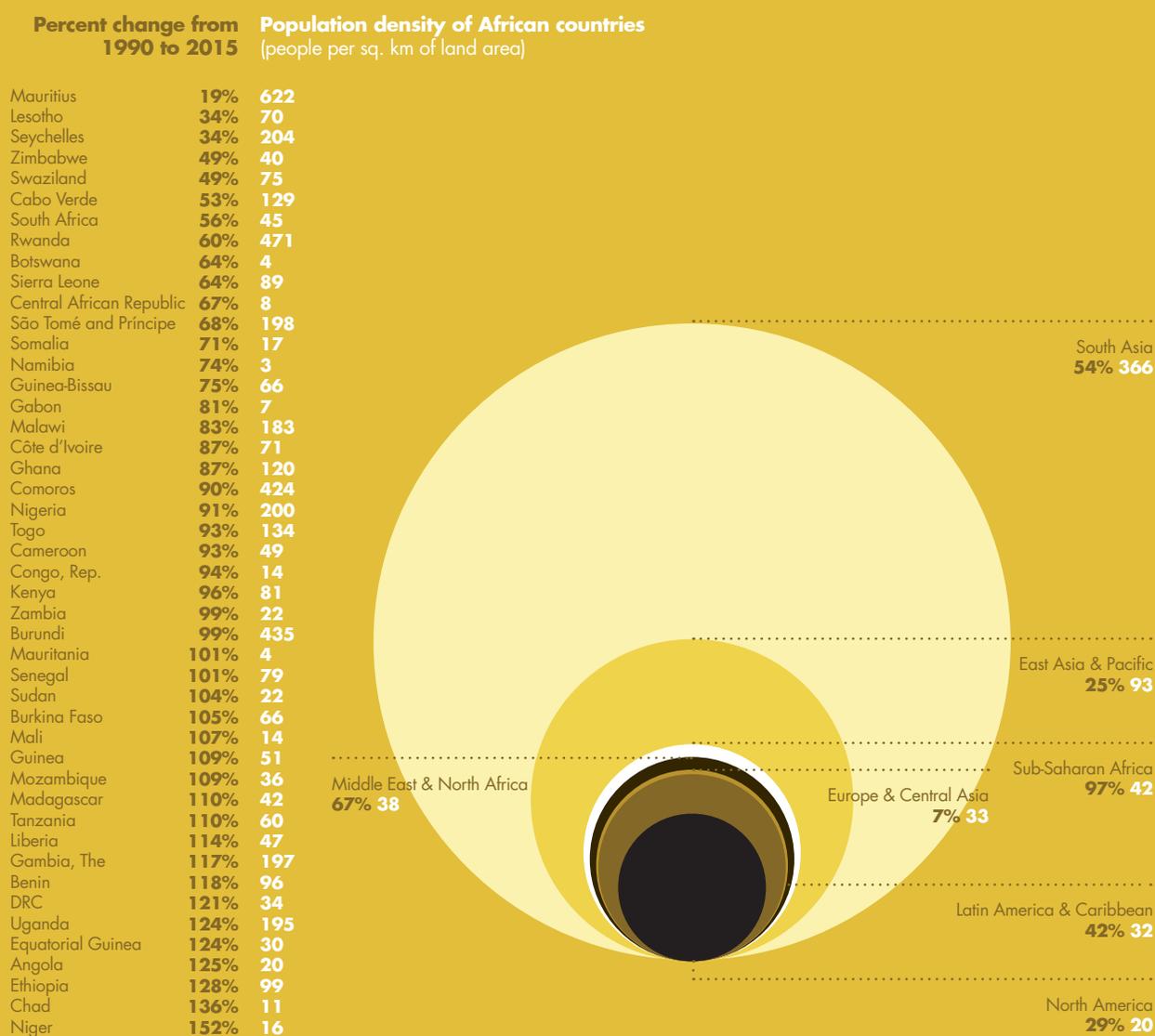
Service delivery in Africa continues to be a problem, though urban areas offer much more access to vital services such as water, sanitation, and electricity. Indeed, average access has increased in both rural and urban areas. However, as these country snapshots indicate, while access remains low in many countries, urban areas benefit much more.



FIGURE 4.3.

GROWTH IN POPULATION DENSITY

Population density—the number of people per square kilometer—in sub-Saharan Africa has increased over the last 25 years at a rate almost double any other region of the world. While some countries, namely Mauritius, Rwanda, Burundi, and Comoros, are among the most densely populated globally, even countries in Africa that are less densely populated have seen their densities double since 1990. For example, Niger, which now boasts a low population density of 16 people per square kilometer, experienced an increase of its population density by 150 percent. Burkina Faso, which has had an increase of over 100 percent maintains a population density of 66 people per square kilometer. These changes in population density come also as African countries are transitioning to become more urban, with larger proportions of people living in cities than rural areas than ever before. In smaller countries, like Rwanda, which a population density of over 440 people per square kilometer, this trend means that many cities do not have the room to grow outwardly.



Source: World Bank World Development Indicators (2015).

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Africa's urban future will benefit from better planning, but the risk is that the pendulum swings too far and that cities are over-determined, unable to adapt to change, and lacking in creativity.

they may also lead to increased inequality as it is frequently easier to clear poorer areas, like slums and even established informal areas, to make space for roads. Severance, where roads cut off interaction between communities, may be another risk to building socially inclusive cities. In years ahead, Africa should certainly prioritize transport infrastructure; however, it should ideally focus on putting people closer to opportunities first and making sure most inhabitants can both share and benefit from increased connectivity.

Densification of African cities offers both challenges and opportunities. Kigali in Rwanda is looking to put people closer together and tackle housing affordability by enforcing strict land-use policies. High-density flats also avoid scarce land being gobbled up by single-story homes. However, it is one of Africa's smallest countries: Many other countries don't have the incentive to not waste land. (For example, neighboring Democratic Republic of the Congo is two-thirds the size of Western Europe.) Given that Africa has an incredible window in which to densify cities to make sure people are both close to each other and to opportunities, the biggest risk is abundant and cheap land (although large plot sizes make them seem expensive). Without a clear vision for how to grow cities to accommodate half-a-billion people over the next 20 years, Africa's cities will continue to sprawl.

However, typology isn't the only factor that impacts social inclusion and the environment. Africa is largely un-zoned. While zoning can certainly increase the collective imagination and sharpen the vision of what is possible, mono-functional zoning simply increases the burden of travel by putting people far away from opportunities. It may also be less resilient to change, more prone to speculation (something the New Urban Agenda is opposed to), and more likely to support unattractive, deadly streets. Smaller, tighter blocks—often grown organically or informally over time—tend to support more dynamic street life. While not romanticizing slum conditions (Africans on average have better access to mobile phones than toilets), many informal areas may already have some of the DNA needed to build more attractive cities.

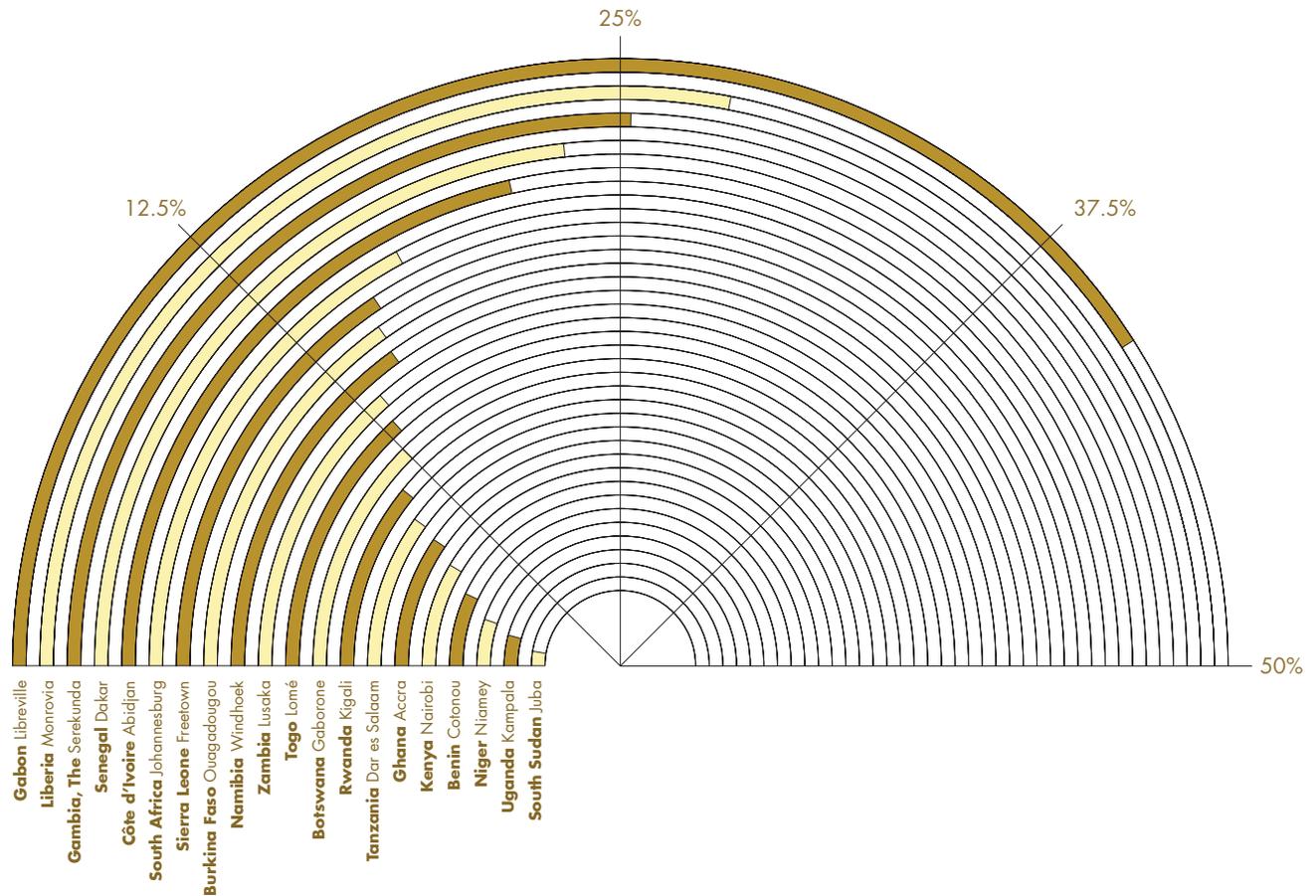
This leads arguably one of the biggest risks facing Africa's future. Throughout history, cities have flattened "slums" to later regret the loss of value. Slums and poorly serviced and informal areas are often demolished by well-meaning governments and replaced by typologies and street patterns that are less able respond to current and future needs. Clearly, Africa's urban future will benefit from better planning, but the risk is that the pendulum swings too far and that—with the promise that planning and better architecture can take Africa from poor to rich—cities are over-determined, unable to adapt to change, and lacking in creativity.

Can Africa afford this?

Many experts—pointing to examples like the Chinese-built city of Kilamba outside Luanda—believe Africa’s cities will be built by foreign interests. The lack of skills, institutional capacity, and finances present a significant challenge to Africa’s urban agenda.

FIGURE 4.4. GDP CONTRIBUTION OF MAJOR AFRICAN CITIES

Cities in Africa are not only growing in population, but in many countries, major cities dominate their economies. As seen in the image below, six cities make up over 20 percent of their countries’ GDP. Libreville in Gabon makes up almost half of its countries’ total GDP. While this is not the case in every country—South Sudan’s Juba makes up only a small fraction of its GDP—the trend is moving towards higher city contribution.



Note: These calculations were done using data from the World Development Indicators on country populations, populations of the largest cities, and GDP per capita. We compared these estimates to results from a recent report from the McKinsey Global Institute, which uses different estimations for GDP per capita in specific cities, and results were comparable for Accra and Luanda, but different for other cities. The McKinsey Global Institute uses an econometric model to predict the GDP of a city using the city population and the average per capita GDP for cities in the region. Efforts to improve the quality of the data on the GDP of cities are needed.

Sources: Country Populations: World Development Indicators, which use: (1) United Nations Population Division. World Population Prospects, (2) Census reports and other statistical publications from national statistical offices, (3) Eurostat: Demographic Statistics, (4) United Nations Statistical Division. Population and Vital Statistics Report (various years), (5) U.S. Census Bureau: International Database, and (6) Secretariat of the Pacific Community: Statistics and Demography Programme.

City populations: World Bank World Development Indicators, which use the United Nations, World Urbanization Prospects.

GDP data from World Bank World Development Indicators.

City GDP data from McKinsey Global Institute Cityscope. Available at: <http://www.mckinsey.com/global-themes/urbanization/urban-world-mapping-the-economic-power-of-cities>.

FIGURE 4.5.

FINANCING TOOLS FOR CITIES:

THE REVENUE POTENTIAL AND STABILITY OF MUNICIPAL FINANCING TOOLS IN AFRICA

Various tools to raise revenues are available to African cities, though their potential success and stability vary. The African Development Bank asked experts to rank financing tools on these factors in order to shed light on their reliability. National transfers were ranked at the top for having the greatest potential for mobilizing funding as well as the most stability, and local taxes were second. Notably, donors, while ranked third for potential revenue actually drops to fourth in terms of stability. Other potential sources highlighted include property taxes and public-private partnerships (PPPs), as well as minor sources such as remittances, local government bonds, and private loans (noted in “other”).



PRIMARY CITY

SECONDARY CITY

● Highest degree of stability ■ Highest potential for generating revenue

Note: “Other” includes local government bonds, remittances, and loans from local development banks and from private financial institutions. Survey answered by country economists of the AfDB and UNDP in 45 country offices in Africa. Response is weighted to one answer per country.

Source: African Development Bank. African Economic Outlook. 2016. AEO experts’ survey, 2016. Available at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/AEO_2016_Report_Full_English.pdf. Data available at: <http://dx.doi.org/10.1787/888933350945>.

The solutions to these problems may well be unexpected. As some advanced democracies politically close themselves off to the world, a shrewd mayor could rebrand the most culturally diverse continent as a haven for those desiring more open politics, potentially attracting a broad range of skills, while some devolution of fiscal and decision power to increasingly important big and small cities may provide fertile ground for training up new leaders. The AU, emboldened by the success of mobile money in East Africa and taking advantage of a young early adopter population, may move to introduce a common cashless currency. This could make the informal/formal divide far less relevant, help streamline burdensome taxation regulation, and ensure Africa stops being a net creditor to the world (when including illegal financial outflows) by making it more difficult to siphon off money offshore.

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Africa has so little built today that its trajectory might look quite different from what's come before in other parts of the world. Some smart city manager may even use evidence of the link between urban form and emissions to trade carbon credits to fund better city making. A billion more people will be living in Africa's cities by 2063. The world certainly has a vested interest in ensuring Africa remains the most sustainable region. However, Africa is likely to become less willing to keep subsidizing polluting nations unless it finds out that this arrangement is somehow good for Africans. Given that urbanization is partly caused by the disproportionately high effects of climate change on Africa, this seems unlikely. Expect Africa's cities to make bigger demands on global players.

Housing Africa

Vera Songwe

Nonresident Senior Fellow, Global Economy and
Development, Brookings Institution

Adequately housing Africa's growing and urbanizing population is an increasing challenge for policymakers and the private sector: According to a recent study by McKinsey,¹ by 2025 over 35 million housing units will be needed in Nigeria, Egypt, and South Africa alone, and over 90 percent of Africa's young population will live in urban areas. In 2017, policymakers should begin to focus on how to successfully prepare for this growing need.

Addressing the housing challenge is critical for growth. The real estate sector has underpinned economic recovery in many developed countries and can help Africa weather its continued slow growth by generating domestic demand, creating jobs, and increasing wealth. However, following the 2008 financial crisis there has been a latent aversion to housing finance systems. Mortgage systems are under scrutiny, and the debate around adequate regulatory structures and appropriateness of instruments to whom and in what markets persists. Meanwhile, incomes are indeed rising on the continent, but most citizens cannot afford to independently finance mortgages. On the private sector front, mortgage markets are shallow and the perception of credit risks in the sector remains high.

Some public programs, concessional financing, and a much improved regulatory environment are crucial to attract more private financing needed to support government's ability to keep pace with the demand. In 2017, then, policymakers must consider several important steps.

First, governments, working with the private sector, must develop and adopt an adequate legal and regulatory framework for housing finance. Fundamental to which

is reducing financing risks to all parties, which requires first and foremost strengthening the land titling systems and enforcing property rights to ensure robustness of security and collateral. At the same time, a robust housing finance system relies on availability of good credit information. Accordingly, governments should accelerate the development of credit information bureaus. Finally, there must be clarity regarding the role of all institutions engaged in housing finance, private banks, micro-finance institutions, pension funds, insurance companies, and others in order to ensure all systemic risks are managed.

Second, the financing role of the government must be clearly defined and should support market creation. A stable and predictable agreement on the division of risks and financing between the public and private sector must be reached, allowing for the possibility of providing blended financing to accelerate housing development. The public sector can guarantee demand-related risks by underwriting, for example, payment of housing units. Similarly, the private sector can assume all costs and quality related risks.

Finally, capital markets development must be accelerated to provide instruments needed to support the development of housing finance. There is an increasing need for local currency long-term financing and development of secondary mortgage finance markets. These markets can help smooth default and financing risks and provide banks with an outlet to trade housing loans in order to adequately manage exposure to the housing sector. With a more developed housing finance market, financial institutions can begin offering longer-term financing, which will also support demand.

¹ McKinsey Global Institute. *Lions on the move II: Realizing the potential of Africa's economies*. September 2016. Available at: <http://www.mckinsey.com/global-themes/middle-east-and-africa/lions-on-the-move-realizing-the-potential-of-africas-economies>.

Supporting secondary cities

Eyerusalem Siba

Former Research Fellow, Africa Growth Initiative,
Global Economy and Development,
Brookings Institution

Rapid urbanization is inevitable in Africa given its demographic structure and vulnerability to climate change. Thus, city planners are often left with the challenge of managing urbanization rather than designing optimal city size, since both pull and push factors affect urbanization.

Successfully managing Africa's urbanization thus involves finding the balance between getting the basics right in megacities and promoting population and industrial de-concentration into secondary cities.

In settings where there are not as many primary cities, the negatives of population density (such as congestion, high prices, and rents) hardly offset the economic incentives of locating in urban clusters (such as knowledge spillover, lower transaction costs, and cheaper provision of public goods), creating a strong inertia on businesses and workers to concentrate in primary cities. Political economy of resource allocation and public good provision across municipalities also dictate geographic concentration of population in primary cities. The problem is, though, there are not as many primary cities in a typical low-income sub-Saharan African country. Thus, productive job creation should be integral part of urban planning. Without it, urban clusters get overcrowded and informal employment rapidly expands.

Perhaps one of the biggest challenges for governments is to promote population and industrial de-concentration through secondary towns, which includes policies supporting infrastructure provision and job creation as well as ensuring connectivity not only to primary cities but also to key industries in agricultural value chains. Studies have shown that this is a very slow moving

process, though promotion of special economic zones (SEZs) and improved transport networks have proven promising in promoting the growth of secondary cities. Clearly defined land rights are also bedrock for promoting the formal housing market, curbing urban sprawl and informal settlements, and promoting free movement of labor across occupations, regions, and labor markets.

The task seems to be daunting for a typically resource-constrained developing country government. But the returns are great—ranging from structural transformation to poverty reduction in both urban and rural areas. In addition, a bit of empowerment and transfer of resources to local governments can go a long way in instilling competition among municipal governments as they improve their business environments and tax incentives in order to attract businesses and as they enter into creative partnerships with the private sector to create local solutions for local problems.

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