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General debate

**United Nations Conference on Housing and Sustainable Urban
Development (Habitat III) regional report for Africa:
transformational housing and sustainable urban development in
Africa**

Note by the secretariat

The present report was prepared by the United Nations Economic Commission for Africa (ECA) and the Regional Office for Africa of the United Nations Human Settlements Programme (UN-Habitat), in collaboration with the Habitat III secretariat. A significant number of experts from different countries of the region representing various constituencies, including academia, civil society, United Nations agencies and programmes and governmental institutions, contributed to the preparation of the report.

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Habitat III regional report for Africa: transformational housing and sustainable urban development in Africa

Executive summary

1. In recent years, Africa has registered impressive economic growth underpinned by improved policies, security, governance, and growth of services sectors, prices and production of primary commodities. In 2016, a real gross domestic product (GDP) growth rate of 4.3 per cent is projected for Africa, considerably higher than the world growth rate of 2.9 per cent. Yet this economic growth has not been associated with industrialization, productive employment and improved living standards. Growth has not been inclusive as it has not benefited the majority of Africans.

2. Recognizing the need for inclusive and sustainable growth, African leaders have defined, through Agenda 2063: The Africa We Want, a long-term vision and strategy for structural transformation of their economies. Structural transformation of the continent through industrialization, high value added services, higher agricultural productivity and the transition of informal employment into formalized employment are imperative to ensure that Africa's economic growth translates into more inclusive development through increased and decent job opportunities and enhanced fiscal space.

3. At the same time, the continent is undergoing a major transition fuelled by rapid urban growth with significant implications for its structural transformation agenda. Africa is the world's fastest urbanizing region and is expected to become majority urban by about 2035. As much of the urbanization in the continent is yet to happen, African countries have a unique window of opportunity within which they can prioritize and enhance planned urban development so as to reap two critical rewards simultaneously, namely:

(a) Reverse the debilitating/negative outcomes of current unplanned urban development and human settlements, including rapid growth of informal settlements, rising informality, jobless economic growth and urbanization, increasing fragmentation, exclusion and inequality, and low productivity;

(b) Harness the full potential of Africa's urban growth and the development of human settlements to serve as a transformative force for inclusive and sustainable development at local, the subnational, national, regional and global levels and in key areas of economic diversification, value addition, employment creation, agro-industrialization, domestic resource mobilization, low-carbon economies and green infrastructure.

4. Rapid urban growth and urbanization present unprecedented opportunities to accelerate transformation and capacity to respond to Africa's development challenges. Harnessing urbanization for Africa's growth and transformation calls for consideration of five broad priority areas:

(a) *Industrialization, productivity and employment.* If well planned and managed, African cities and human settlements offer a unique advantage to achieve economic diversification and industrialization, and increase productivity and job creation, driving growth at the subnational, national and regional levels. It is therefore important to harness urbanization for Africa's structural transformation as the region's top priority. So far, however, urbanization has been taking place in Africa without industrialization, resulting in lost opportunities to transition from low- to high-productivity economic activities through the advantages associated with urban growth.

(b) *Housing and basic services.* While most African countries have made progress since 1996 in improving the lives of slum dwellers, in line with the Millennium Development Goals, there is still a long-term challenge of land and housing supply, in terms of both quantity and quality, as well as that of affordability, security of tenure and social inclusion. Severe gaps remain in the provision of basic services and infrastructure, with a growing trend of commercialization and privatization resulting in affordability challenges, further exclusion of the majority poor, and fragmented human settlements. At the same time, growing urban demand for housing, basic services and infrastructure present considerable opportunities to stimulate domestic manufacturing, job creation and productivity. Providing basic services to all for equitable, inclusive and sustainable urban and human settlement development remains critical.

(c) *Demographic dynamics.* Population trends in Africa are closely linked to patterns of urban growth and transformation. In particular, the significantly lower dependency ratio of urban populations relative to rural populations and disproportionate youth migration to

urban areas are observed. Africa's youthful population presents considerable opportunities and challenges for sustainable urbanization. In turn, rapid urban growth also has implications for the social and economic changes that underlie the demographic dividend, including more productive employment, education, empowerment and the like. Urbanization strategies and policies would have to consider the increasing potential and needs of youthful urban populations, and how to harness this as an asset.

(d) *Climate change, disasters and environment.* Urban areas and urban local governments have a central role to play in acting as key drivers towards low-carbon economies in Africa, in ways that reverse lock-in into unsustainable fossil fuel-dependant production and consumption patterns. Urban areas have a significant role to play in the greening of Africa's economic diversification through industrialization. Yet the climate change agenda in Africa remains largely oriented to rural environments, agriculture and tourism, with the urban contributions and opportunities less appreciated. Linking sustainable urban and human settlements development with resilience is a critical priority for the region.

(e) *Urban systems, policies and institutions.* Effective planning and governance constitute key elements for inclusive and sustainable cities and human settlements. Pre-emptive and integrated subnational, national, regional and local development planning serves as an important framework to ensure the sustainability of cities and human settlements. Urban planning and management backed with adequate financial and human resources are needed, as well as data for evidence-based responses to emerging challenges and opportunities. Effective decentralization to strengthen the decision-making powers and capacity of local authorities to generate and invest revenues remains important. People-centred urban development through community-driven participatory approaches and promoting consultative frameworks are essential for inclusive governance.

5. Efforts to optimize the role of urbanization in Africa's growth and transformation would need to take into account trends which are specific to the region. In this respect, three characteristics of urban growth in Africa are pertinent:

(a) *Intermediate cities and human settlements.* The fastest rates of urban population growth in Africa are taking place in intermediate cities and small towns, which suffer significant infrastructure, governance and finance deficits that need urgent responses. This trend does, however, offer opportunities for early interventions through comprehensive planned development, infrastructure and industrialization that exploit rural-urban linkages and the envisaged and necessary agricultural modernization, in particular to set them on low-carbon growth pathways in areas of spatial design, energy, buildings, services and transport.

(b) *Population growth in both urban and rural areas.* In Africa, there is a rural population that is growing in tandem with the urban population. Natural population increase is a dominant factor in both urban and rural areas. While the rate of rural population growth will continue to decline in Africa, the absolute number of people living in rural areas will keep rising to more than 1 billion by 2050. This calls for a deeper understanding of rural-urban linkages and continued investment in agriculture and rural development.

(c) *Consumption cities and human settlements.* Africa's urbanization has been accompanied by a growth in consumption cities, where industrialization and manufacturing are declining or are yet to develop. Rapid urbanization in Africa is delinked from economic growth and industrialization, contrary to the experience of other world regions. Rapid urbanization is thus taking place amidst rising unemployment and inequality.

6. Habitat III presents a critical opportunity for Africa to reinvigorate commitments to housing and sustainable urban development. The global outcome document of Habitat III will serve as a milestone in strengthening Africa's response to rapid urbanization in line with Agenda 2063, which already acknowledges the need to transform cities and human settlements to become productive, inclusive and equitable.

7. Given the scale and speed of urban growth in Africa and the related implications, urbanization cannot be seen as solely a local development or sectoral issue. It is a national development and strategic issue that requires a cross-sectoral approach. In this sense, mainstreaming urbanization into national development planning can offer the necessary integrating framework to harness its potential as a driver of development at various levels.

8. While advancing towards a new outcome to guide policies and interventions on housing and sustainable urban development, the norms established by and commitments made at Habitat II remain valid and relevant, especially to Africa. The lessons in this report highlight the need to

ensure a focus on a broad conceptualization of human settlements and habitat that takes into account, inter alia, shelter, rural–urban continuum and local innovations as much as economic transformation.

I. Introduction: the context

9. Since Habitat II in 1996, Africa has witnessed sustained economic growth and urbanization compared with the 1980s and 1990s. This improved economic performance has brought confidence and optimism, yet challenges remain, including increasing unemployment, poverty, inequality and informality. This dynamic has compounded the demand for further investments and policy reforms to ensure that growth and transformation are inclusive.

10. Over the past two decades, African countries have redoubled their commitment to development through regional programmes on agriculture, infrastructure and knowledge creation. The experience from these programmes, together with the global commitments to sustainable development through the Millennium Development Goals, has informed Agenda 2063, at the core of which is a commitment to achieving structural transformation. Rapid urban growth and urbanization present unprecedented opportunities to accelerate transformation and capacity to respond to Africa's development challenges. Habitat III and the related regional review also present an opportunity for Africa to consider how urbanization linkages can offer pathways to achieve Africa's priorities for inclusive and sustainable growth and transformation at all levels of the development endeavour.

11. The objective of the present regional report is to provide inputs to the global Habitat III process on progress in implementing the commitments from Habitat II (1996) oriented to identifying trends, opportunities, challenges and priorities in housing and sustainable urban development across the expanse and diversity of the Africa region for the next 20 years. It highlights the what, where and how of possible policy interventions and programmes necessary to achieve sustainable urban development in support of Africa's structural transformation agenda covering all five subregions of the continent: North, West, Central, East and Southern Africa.

12. The report builds on the Habitat III national reports received as part of the preparatory process. It further draws on data and knowledge from the United Nations system; international, regional and subregional development organizations; and regional and global visions and commitments, such as the 2030 Agenda for Sustainable Development, the Common African Position on the Post-2015 Development Agenda, the African Union's Agenda 2063, the New Partnership for Africa's Development, and other decisions taken in the framework of the African Ministerial Conference on Housing and Urban Development and the African Union Specialized Technical Committee on Public Service, Local Government, Urban Development and Decentralization. Consultations with national and regional experts were also undertaken. Consequently, while evaluating progress in implementing the Habitat II outcomes, the report looks to future priorities for housing, human settlements and urbanization in Africa, in line with the continental vision for structural transformation, as crystallized principally in Agenda 2063.

13. The report has seven parts. Part II gives an overview of the nexus between urbanization and development in Africa. It outlines key urban growth and urbanization trends in Africa from a demographic perspective, while pointing to the linkages with sustainable development from a social, environmental and economic perspective. The discussion provides context for issues examined in more detail in later parts of the report.

14. Part III articulates the economic dimension of urbanization in Africa. It considers the linkages between urbanization and Africa's socioeconomic structural transformation, agglomeration economies, industrialization and diversification, regional integration, opportunities in urban commodity demand and rural–urban linkages, supply and quality of jobs, and the informal economy. It also stresses that Africa should develop a distinct form of urbanization in which there are synergies and complementarities between urban and rural development.

15. Part IV focuses on social equity and the challenges of slums, housing availability and affordability; provision of basic services (water and sanitation, energy, transport, public space, safety and security); and the environmental and economic costs of urban sprawl. It also looks at the critical need for densification and for a sector-wide approach to increase supply and affordability of housing and services through participatory approaches and partnerships to promote inclusive cities.

16. Part V considers the environmental dimension of urbanization in Africa. It focuses on the challenges and opportunities for environmental sustainability in light of rapid urban growth, including resource requirements the urban economy–environment nexus, the ecological footprint, and the need to plan for climate change and for Africa to grasp opportunities of low-carbon green and blue economies.
17. Part VI underlines the importance of strong, accountable and robust institutions, the key role of participatory approaches, and the need to take urgent actions to mobilize national and local resources for the development of inclusive and sustainable settlements and cities.
18. Part VII outlines key conclusions and recommendations to ensure that development in Africa’s cities and human settlements leads to inclusive prosperity for all, and furthers the region’s long-term vision for growth and transformation.
19. Some key policy issues and directions are also highlighted at the end of each part. Importantly, cross-cutting issues such as gender, governance and capacity-building are also reflected in the analysis and outline of policy interventions.

II. Urbanization and development

20. Since the adoption of the Habitat Agenda and the Istanbul Plan of Action in 1996, Africa has witnessed profound transformations. It has been registering sustained economic growth; it is more politically stable and peaceful; its population has grown and composition patterns have changed; urban growth and urbanization in megacities, medium and small towns have reached a critical mass; the role and systems of economic development have become more efficient and aligned to local needs; and new partnerships, particularly with emerging economies, have contributed to increased infrastructure investments and economic growth.
21. In particular, a key shift since 1996 is Africa’s drive and commitment for structural transformation. Africa’s long-term vision and strategy to accelerate inclusive and people-centred development are clearly articulated in the African Union’s Agenda 2063. As defined by the African Development Bank and ECA, key elements of Africa’s structural transformation should be:
- A reallocation of resources from less productive to more productive sectors and activities; an increase in the relative contribution of manufacturing to GDP; a declining share of agricultural employment to total employment; a shift in economic activity from rural to urban areas; the rise of a modern industrial and service economy; a demographic transition from high rates of births and deaths (common in underdeveloped and rural areas) to low rates of births and deaths (associated with better health standards in developed and urban areas); and a rise in urbanization. It is associated with a fundamental change in the structure of the economy and its drivers of growth and development.
22. Yet recent empirical evidence suggests that structural transformation could take place without much change in labour productivity, as has been the case with many African countries.
23. Agenda 2063 promotes a structural transformation that repositions African cities and human settlements as critical levers of change. This underlies a recognition of the need to transform urban areas to act as national and regional cores that drive integration and industrialization to enhance productivity and competitively expand job opportunities and improve living standards. The role of urbanization as a driver of sustainable development has been recognized by Africa’s leaders at the highest levels (box 1).

Box 1

Recognition of urbanization as a development factor in Africa

Some observations from African leaders regarding urbanization in Africa:

- (a) “Cities and other settlements are hubs of cultural and economic activities, with modernized infrastructure, and people have access to all the basic necessities of life including shelter, water, sanitation, energy, public transport and ICT. We are cognizant of the rapid urbanization rates in Africa and the importance of having the necessary infrastructures and amenities for an improved quality of life. We are therefore committed to expanding urban infrastructures and developing a planned approach to rapid urbanization and the emergence of new cities, as well as promoting urban and rural planning. This includes increasing decent and affordable housing, improving sanitation

and hygiene services, promoting access to social and economic amenities in human settlements and increasing the efficiency of delivery and use of physical facilities and amenities, including waste management, transportation and energy.”

- (b) “Undertake to expand and develop urban infrastructure and develop planned approaches to rapid urbanization and emergence of new cities.”
- (c) “Determined to reap the potential benefits of cities and towns as centres of economic growth and places of opportunity and prosperity for all African people in the course of economic development and structural transformation.”

24. Even at 40 per cent urbanization, Africa’s urban population has reached a critical mass that can and should be captured to spur structural socioeconomic transformation. At this level of urbanization, African cities already contribute between 50 per cent and 70 per cent to the continent’s GDP. While current urban growth has been characterized by consumption cities, informality, urban sprawl, increasing inequality and the formation of persistent slums, Africa has a unique window of opportunity to intervene and reverse these trends. Africa can and should develop human settlements and cities whose production and consumption patterns are not as resource-dependent as current models, that are inclusive and take maximum advantage of the industrious youth and women of the continent, and whose innovativeness has been demonstrated in the informal economy pursuits and leadership outcomes wherever they have been granted the opportunity.

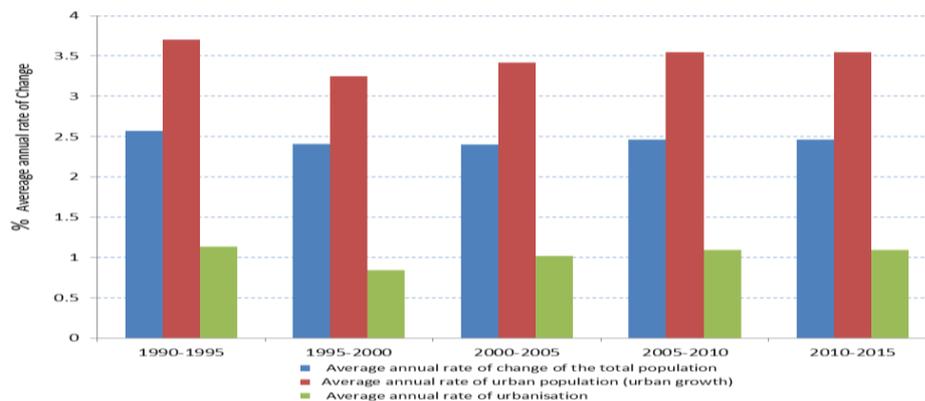
25. If the potential of urbanization as a driver of Africa’s transformation is to be harnessed, it needs to be well planned and sustainable. This requires a transition of rural–urban landscapes that structure both rural and urban economy, ecology and society in ways that reward the present generation with a higher quality of life but without endangering and diminishing the living standards of future generations. According to a recent report, “This structural shift is underpinned by proper planning, supported by enforceable laws that bring about rapid economic progress and the equitable development of citizens. When rural–urban shift is properly managed alongside industrialization and planned urban space, it tends to lead to higher productivity and, eventually, rising living standards and better quality of life”.

A. Demographic trends and drivers of urbanization

26. Over the 25-year period reflected in figure 1, Africa’s urban growth has been consistently high, at an average 3.49 per cent, compared with an average total population growth of 2.46 per cent. Thus, on balance, urbanization has increased at an average of 1.03 per cent yearly since Habitat II in 1996. The contribution to urban growth of rural to urban migration, though still very significant, has declined from 40 per cent in the 1970s to below 30 per cent since the late 1990s. In Africa, there is a rural population that is growing in tandem with the urban population, so natural population increase is a dominant factor in both urban and rural areas. The third driver of urban growth and urbanization is administrative reclassification of peri-urban areas and rural settlements into urban areas.

Figure 1

Trends in urban growth versus urbanization in Africa: 1990–1995 to 2010–2015



Source: Plotted using data from *United Nations World Urbanization Prospects* (2014).

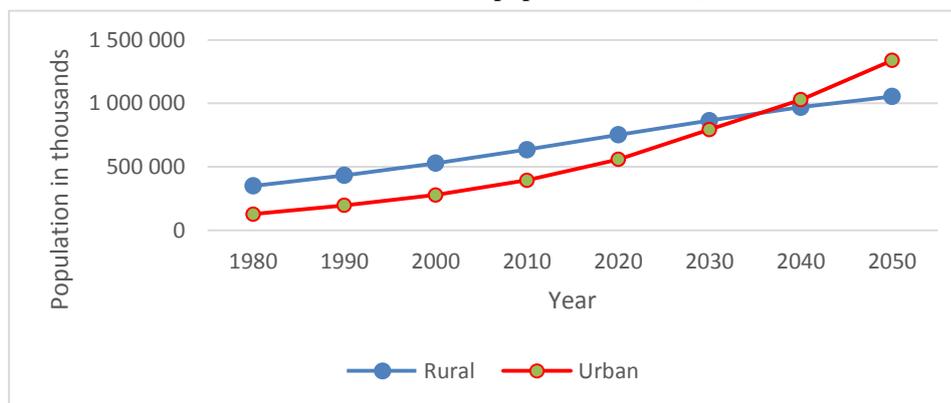
B. Urbanization and urban growth patterns

27. Africa's current population of 1.186 billion is expected to reach 1.679 billion (16 per cent of world total) by 2030, assuming a growth rate of between 2 per cent and 2.5 per cent. About 55 per cent of Africa's population is expected to reside in urban areas by 2050, with urban dwellers increasing from 471 million in 2015 to about 1.34 billion in 2050 (figure 2). By about 2035, Africa will be majority urban with over 50 per cent of its population living in urban areas (figure 2).

28. Urban growth is the increase in the urban population that occurs as a result of any or a combination of rural to urban migration, natural increases, boundary changes or reclassification of rural villages/territories into urban areas. On the other hand, urbanization is the proportion of the national population that resides in urban areas. This proportion increases when the overall rate of population change in urban areas is higher than the overall national rate of population change; if urban and rural populations are growing at the same rate, there is no urbanization increase – just urban growth. As figure 1 indicates, urban growth rates are higher than urbanization in Africa. This is explained by the concomitant growth of rural populations.

Figure 2

Africa's urban transition: rural and urban population trends, 1980–2050



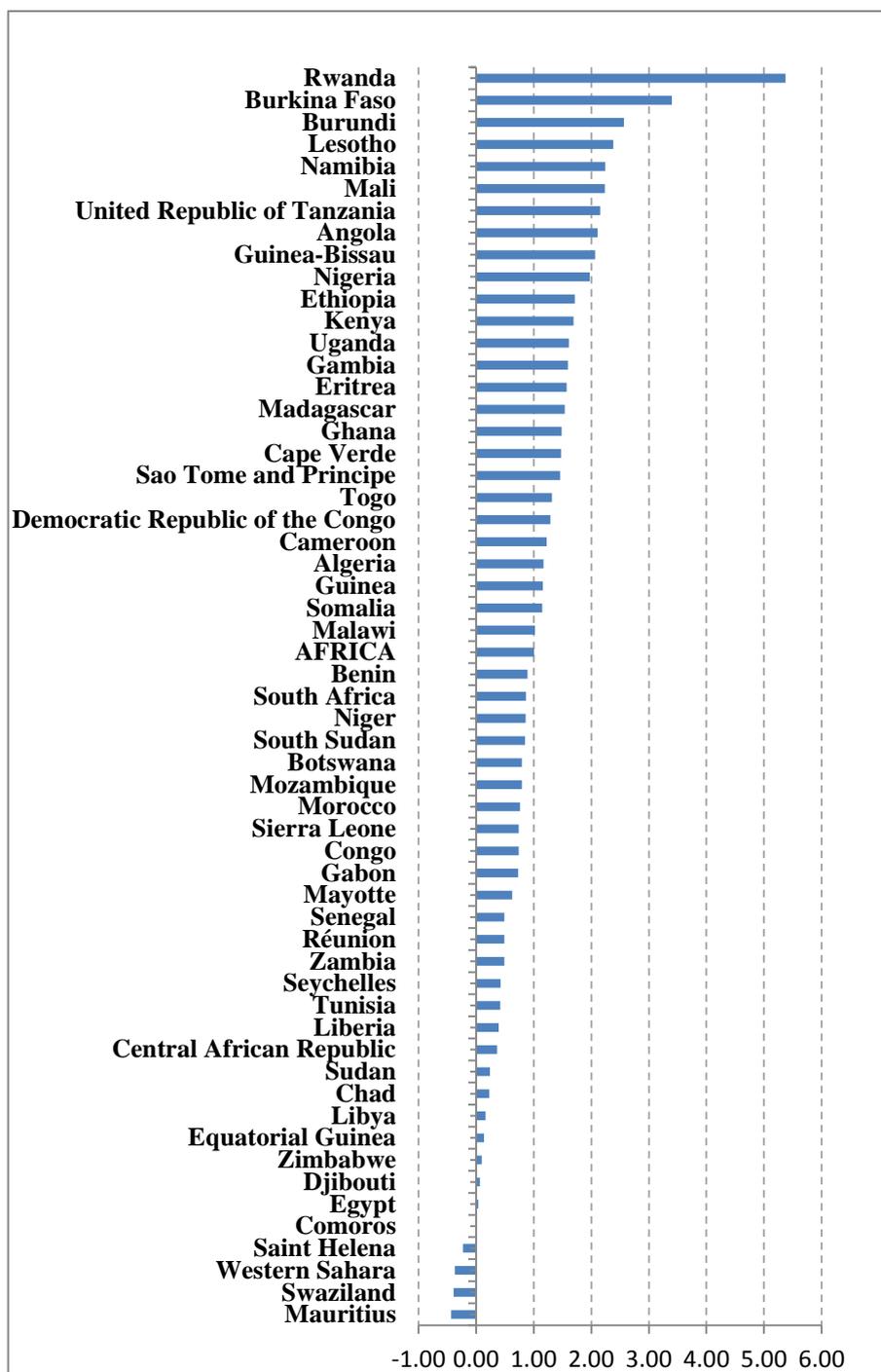
Source: UN DESA, 2014.

29. The driver for the continental increase will be high fertility in large countries – mainly the Democratic Republic of the Congo, Ethiopia, Nigeria, Uganda and the United Republic of Tanzania – whose contribution to total growth will drive Africa's urbanization. Overall, rapid decline in urban mortality rates and increased life expectancy contribute further to urban growth.

C. Continental diversity

30. There is significant diversity, temporal and spatial variation, in urbanization rates and urban growth across regions, within and between countries as well as within urban areas. As figure 3 shows, the majority of countries have seen rapidly expanding urban populations, while a few have seen slow, stagnant and even declining urbanization rates. Those countries with high urban growth and high urbanization rates and large aggregate populations include Angola (2.17%), Ethiopia (1.73%), Ghana (1.58%), Kenya (1.70%), Mali (2.15%), Nigeria (urbanization rate 1.90%), Uganda (1.50%) and the United Republic of Tanzania (2.07%). This group of countries is significant in the future urbanization of Africa in that they are countries with both large overall populations and urban populations, and they have high fertility rates, meaning that both their population growth rates and sizes will grow significantly in the period leading up to 2030 (UN DESA, 2015). There are also countries with high urbanization rates but small aggregate populations such as Burkina Faso (3.08%) and Rwanda (6.68%). Rapid urbanization in these countries will have a great impact at the national and subregional levels, but less so at the aggregate continental level.

Figure 3
Average annual rate of change of the urban population (1995–2015)



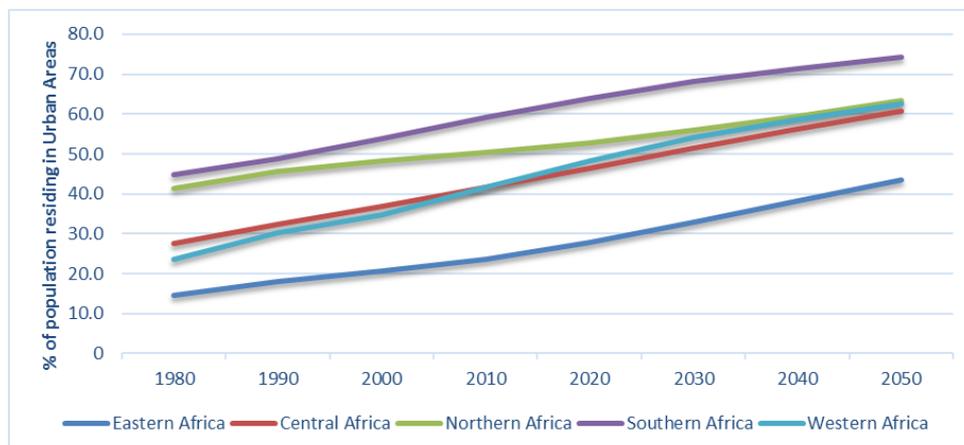
UN DESA, 2014.

31. A third group of countries has experienced below 1 per cent rates of urbanization. They include Central African Republic, Chad, Djibouti, Egypt, Libya, Niger, Senegal, Sierra Leone, Sudan, Tunisia, Zambia and Zimbabwe. There is a fourth group in which countries have registered negative average urbanization rates since 1990–1995. Since the 1990s, this trend has been observed in Southern Africa, especially in Mauritius and Swaziland. The main drivers behind this trend (stagnant urbanization and de-urbanization) include urban economic decline and loss of jobs; higher cost of living in urban areas than in rural areas; and better or free education, health services and food in rural areas than in urban areas; and HIV/AIDs. However, this trend has reversed since the new millennium, due to the revival of copper mining towns in Zambia, an influx of international migrants in the case of South African cities, and in Lesotho with the establishment of textile manufacturing in Maseru, the capital of Lesotho.

32. A comparison of trends at the subregional level shows further diversity. In 2015, Southern Africa had the highest proportion of its population in urban areas (61.6%), followed by North Africa (51.6%), West Africa (45.1%), Central Africa (44%) and East Africa (25.6%). Between 1980 and 2050, the proportion of people residing in urban areas has been consistently highest in southern Africa, followed by North Africa, and lowest in East Africa, and will continue to be so in the future (figure 4). By 2025, the proportion of people in urban areas in West and Central Africa will become comparable to that of North Africa.

Figure 4

Proportion of population residing in urban areas, by subregion

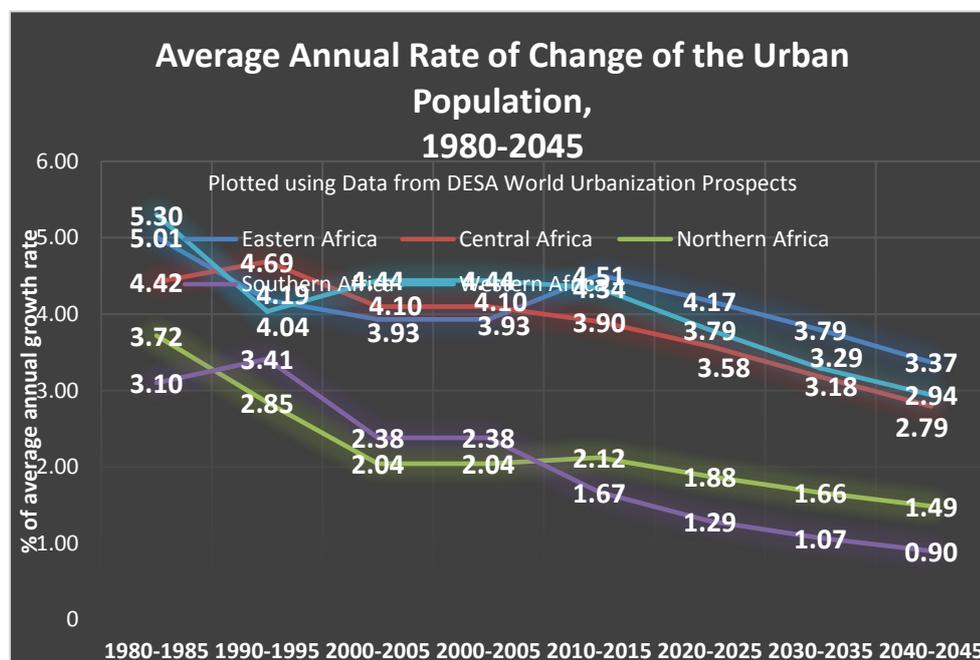


Source: UN DESA, 2014.

33. Reverse patterns are observed when considering the urbanization rate or the average annual rate of change of the urban population (figure 5). Those subregions that have the lowest proportion of urban population today are registering higher urbanization rates. Although Eastern Africa has the lowest proportion of urban population today, it has the highest annual rate of change of the percentage urban.

Figure 5

Average annual rate of change of the urban population (1980–2045)



Source: UN DESA, 2014.

D. Diversity within nations and cities

34. These diversities and variations are more pronounced at the subnational and national levels when different urban settlements are considered. Within cities, growth is not uniform across spatial zones, with peri-urban areas usually growing the fastest. The continent's major urban agglomerations are dominated by coastal megacities with strong global connections. Africa's big

cities are growing. Africa's megacities, Cairo, Lagos and Kinshasa, manage populations larger than those of the continent's 36 least populous countries. Yet their overall contribution to urbanization is declining. Instead, rapid urban growth and urbanization are taking place in small towns, intermediate cities and peri-urban zones of large cities (box 2). Future urbanization is likely to shift from megacities to intermediate cities and small towns, with the bulk of the growth absorbed in informal settlements and informal economies.

Box 2

The contribution of intermediate cities and small towns

Rapid urbanization in Africa is taking place in small towns and intermediate cities. This is illustrated and confirmed by census data, for example, from Malawi and most recently by the 2010 census data from Ghana. The contribution to urban growth of the Accra metropolis, the largest urban area, declined from 23.6 per cent in 1970–1984 to 9.6 per cent in 2000–2010, while that of intermediate city Kumasi metropolis rose from 10.3 per cent to 20.2 per cent. The contribution to urban growth from the 15 largest urban settlements declined from 52.7 per cent in 1970–1984 to 45.9 per cent in 2000–2010. Future growth will come from small settlements whose population sizes are currently below a quarter of a million. Hence, as is emphasized in the *State of African Cities* reports from UN-Habitat (2008, 2010), major investments in infrastructure, housing, water and sanitation as well as institutional capacity are needed in these small towns as much as in the megacities.

Sources: Ghana Statistical Office, 2010; UN-Habitat, 2008, 2010.

E. Urban primacy

35. The dominance of one large city (primacy) is a common feature in African countries. For example, Rwanda, with a low level of urbanization of 28 per cent, has 35 per cent of its urban population in Kigali, the capital city. In Ethiopia with a 20 per cent urbanization level, 17 per cent of the urban population lives in Addis Ababa, the capital city – a decline, however, compared with 1996, when the urbanization level was 14 per cent and Addis Ababa had 27 per cent of the total urban population. Primacy can reverse if economic conditions change drastically, as illustrated by the case of Maseru, whose share of the urban population declined from 60 per cent in 1986 to 44 per cent in 1996, but rose to 46 per cent by 2006 following establishment of textile manufacturing that attracted more rural immigrants to the city.

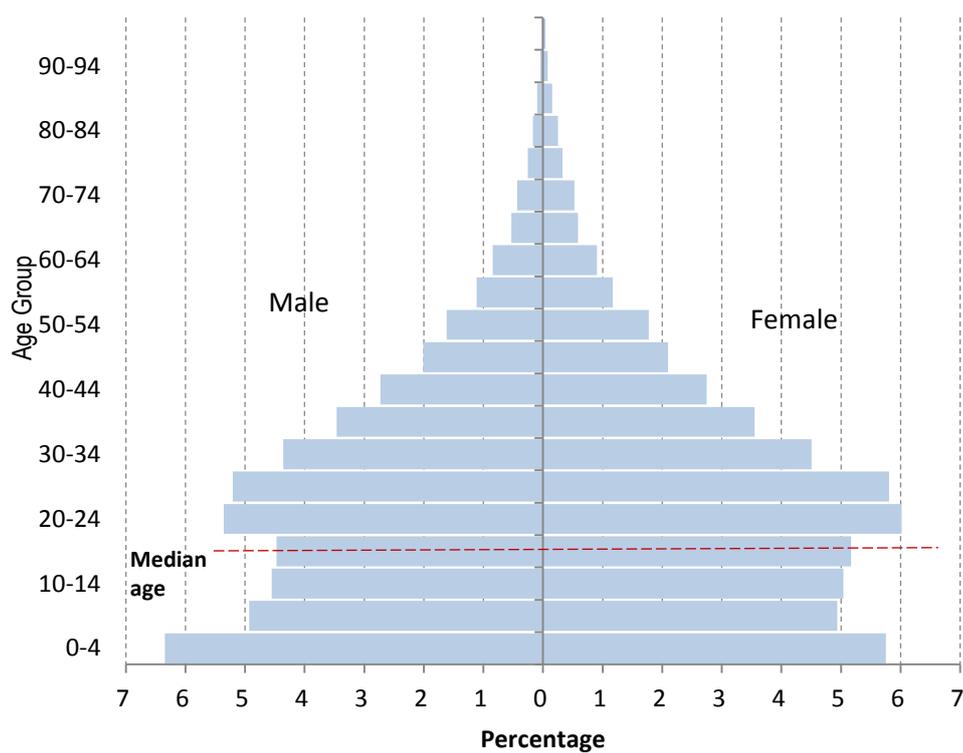
F. From youth bulge to youth dividend

36. The demographic dividend in Africa has critical implications for sustainable urbanization. In particular, the significantly lower dependency ratio of urban populations relative to rural populations, disproportionate youth migration to urban areas, and the importance of the urban transition for social and economic changes that underlie the demographic dividend, including more productive employment, education and empowerment, are noteworthy. The linkages between population and urbanization dynamics are clearly articulated in the Addis Ababa Declaration on Population and Development in Africa Beyond 2014 (ECA/ICPD/MIN/2013/4).

37. In particular, Africa has witnessed declining fertility rates. Yet population growth remains significant and population is dominated by young people, where the urban median age is below 25 years – the “youth bulge”, as illustrated in cases such as Ghana and Zambia (figures 6 and 7). The decline in fertility rates is higher in urban areas than in rural areas. Urban areas also show a higher median age than rural areas.

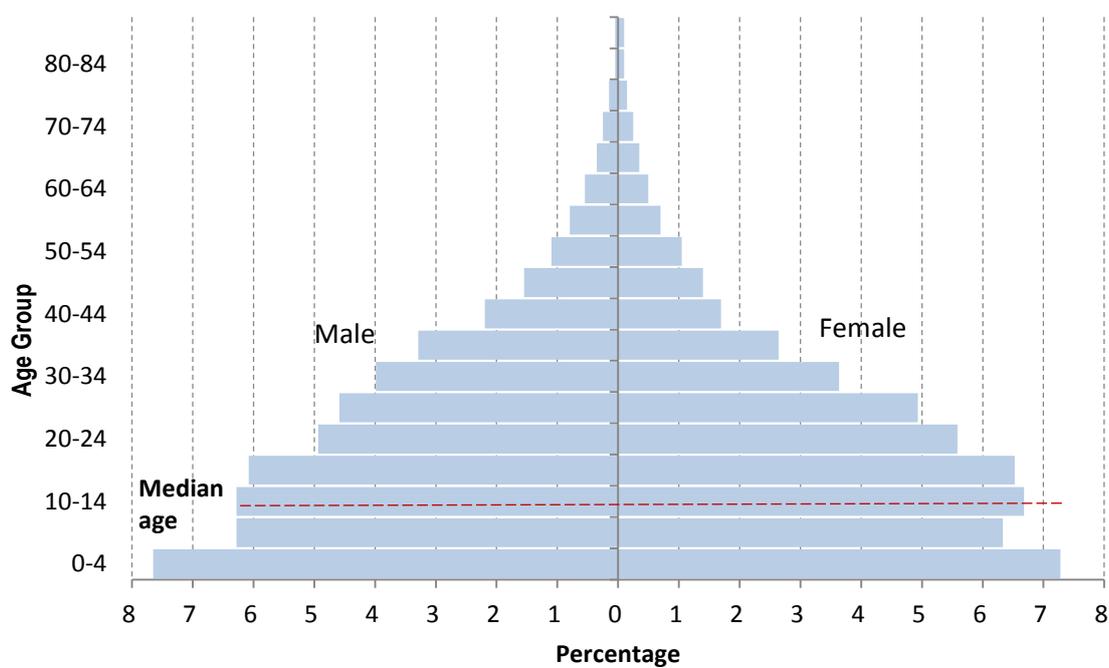
38. Africa's urban age structure shows the potential for an emerging new productive, innovative, working and consuming class. Studies show that a large swathe of African countries has witnessed growth of an emerging middle class that could promote demand for local industries and services, especially in food, apparel, finance, telecommunications and real estate. According to McKinsey and Company (2012, p. 2), households with discretionary income are projected to rise from 85 million in 2012 to 130 million in 2020, with the bulk of these in urban areas. Consumer spending in urban areas is expected to triple to US\$ 2.2 trillion.

Figure 6
Greater Accra population age–sex structure, 2010



Source: Ghana Statistical Office, 2010.

Figure 7
Urban Zambia population age–sex structure, 2010



Source: Zambia 2010 Census of Population and Housing.

1. Growing urban spatial footprint

39. Change in urban land use per capita over time is an important indicator of land-use efficiency and a vital input for the spatial planning process. The spatial footprint of rapid urban growth in Africa is rapidly expanding. In the Comoros, the surface area of the capital Moroni has increased more than fivefold from 185 ha in 1982 to more than 1,000 ha in 2007. A study by UN-Habitat, New York University and the Lincoln Institute of Land Policy is currently collecting information on this indicator in a stratified global sample of 200 cities. Currently, 194 cities have been analysed using freely available LANDSAT satellite imagery in three time periods – circa 1990, 2000, and 2015. Globally, the analysis shows that land use per capita increased from 220 m² to 278 m² between 1990 and 2015.

40. An analysis of African cities that fall from within this sample shows that land use per capita increased from 141 m² to 161 m² between 1990 and 2015. In other words, land use per capita for the Africa region in the sample is about half the global average. It has been increasing, but at a slower rate than the world average or the average in less developed countries.

2. Implications of urbanization for sustainable development

41. Agenda 2063 outlines a vision of an Africa that is prosperous and inclusive, and has environmentally sustainable growth and transformation pathways founded on good governance. Rapid urbanization offers opportunities to accelerate progress towards this vision of Africa. Evidence around the world suggests that deliberate strategies to link national development and urban development planning generate positive interactions, or “spillovers”, that improve economic performance and well-being.

42. Specifically, urban growth is an important factor for the structural transformation of Africa through industrialization, high-value-added services, higher agricultural productivity, and the transition of informal employment into formalized employment, which are imperative to ensure that economic growth translates into more inclusive development through increased and decent job opportunities and enhanced fiscal space. Urban growth and the attendant agglomeration benefits present advantages which can be harnessed to advance manufacturing and industrial production, including in relation to agriculture.

43. However, urban growth and urbanization in Africa have in most cases been unplanned and poorly managed, and thus characterized by informality, inequality and poverty, while posing growing risks for the environment. The demographic transition with lower fertility and mortality presents opportunities but also challenges associated with urban growth. Vulnerability to climate change can derail Africa’s recent development gains, given weak resilience and reliance on climate-sensitive sectors such as agriculture and natural resources. Institutional frameworks and capacities necessary to plan for and manage urbanization remain constrained or absent, especially in intermediate cities, where the bulk of Africa’s urban growth is taking place.

44. African Governments have made significant progress in improving availability and quality of population data, including the production of timely censuses; 27 African countries have conducted credible censuses since 1996. In recent years, accessibility to these data has improved through online depositories and databases that make it easy to use and question data. However, African Governments report limited capacity to expand and maintain the momentum. At the national level, censuses are static and very poor at providing accurate data on the nature and magnitude of aspects such as circular migration. They also fail to fully capture the economic contributions of the informal economy.

45. Stronger national registry/administrative data – to monitor internal population movements in the shortest time possible, and identify the corresponding needs for services and public infrastructure – are needed. Such data, complemented by periodic, targeted surveys to identify vulnerable populations within the overall “urban advantage” that appears frequently in urban–rural disaggregation, may also be relevant. Subnational and city-level population projections may further enhance monitoring of urban trends and conditions, including towards implementation of Agenda 2063 and the 2030 Agenda for Sustainable Development.

46. African populations are growing in both rural and urban areas. This means that investment is required in both domains: one cannot choose between the two. The need for a complementary approach to urban and rural development across human settlements is critical in Africa.

3. Policy issues and directions

47. Africa is the fastest-urbanizing region in the world and will enter the urban age in about 20 years, when 50 per cent of its population will be urban, presenting considerable opportunities and challenges for the region's growth and transformation agenda, as outlined in Agenda 2063. The bulk of Africa's urban growth will take place in intermediate cities and towns, where capacity to plan for and manage urbanization may be relatively more constrained.

48. Major investments are needed to address the associated acute urban infrastructure challenges, housing, water and sanitation, as well as institutional capacity in small and medium-sized towns, as much as in the megacities. This is costly but imperative to reduce transaction costs, improve the investment climate, enhance mobility and livelihoods, and foster greater inclusion.

49. For structural change to happen, policies, regulations and strategies are needed that will make Africa's emerging small and medium-sized towns not just a collection of new consumer markets for global goods and sources of cheap skilled labour, but a place for innovations and thousands new competitive and highly distributive small and medium-sized enterprises (SMEs).

50. The urban transition, if accompanied by continued economic growth, will create an expanding middle class. This is an opportunity for growth and transformation. The challenge for policymakers is to craft strategies that enhance local production (creating decent jobs and needed services) and redistributing this production to emerging small and intermediate towns.

51. Urban growth in Africa is and will continue to be associated with an expansion of a youthful globally connected and better educated workforce. The challenge for policymakers is to ensure that this workforce has appropriate skills to compete and attract investments to Africa; to turn the youth bulge into a youth dividend by investing in human capital and skills in science and technology required for structural transformation. These are strategies that will make Africa's youthful population both global economic producers of value added goods as well as consumers.

52. Africa's population continues to exhibit circularity characterized by rural–urban, urban–rural, urban–urban, rural–rural and cross-border movements. While development policy acknowledges this reality, it needs to enhance translation of this knowledge into programmes of action including greater coordination and collaboration on regional cross-border territorial economic planning.

53. Production of quality statistics and research on human settlements and sustainable development should be enhanced to provide rigour in the collection of data, in broadening and deepening the quality of analysis and data available in a usable way to a wider audience of policy stakeholders, and to monitor the implementation of the New Urban Agenda and the Sustainable Development Goals and progress towards the achievement of Agenda 2063.

III. Urbanization and the economy

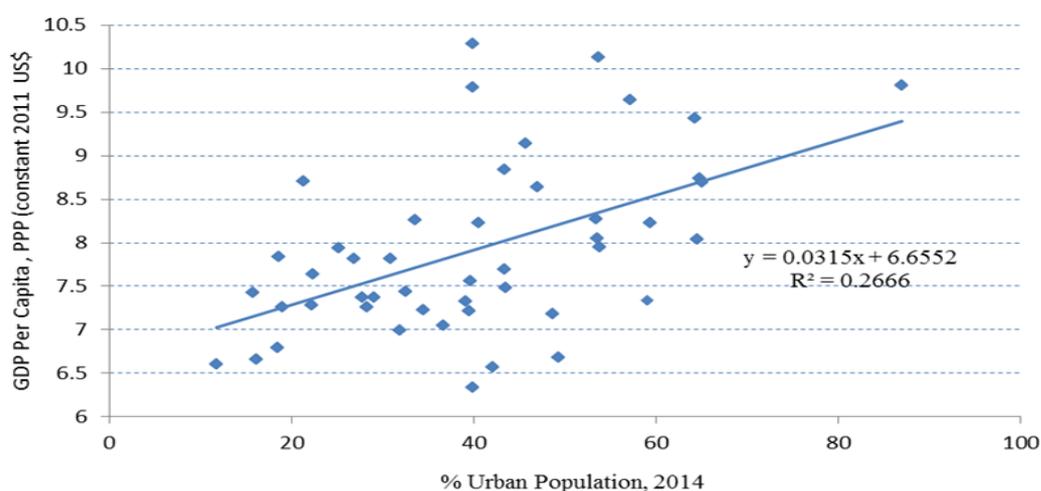
A. Africa's quest for structural economic transformation

54. The Habitat Agenda emphasized that diversified urban economies that create and support decent employment are a prerequisite for effective socioeconomic development, integrated well-functioning housing, and improvement in the standard of living. The Habitat III framework presents an opportunity for Africa to further articulate how urbanization strategies and planned urban growth can be an impetus to economic structural transformation for inclusive people-centred development. Structural economic transformation and inclusive growth is the first of six pillars in Africa's Agenda 2063 priorities. At its core is the pursuit of economic diversification, industrialization and value addition, infrastructure development, modernization of agriculture, food security, and home-grown innovations and technology. Women and youth are envisaged as major actors in and beneficiaries of this transformation.

55. Over the long term, there is significant positive correlation between levels of urbanization and economic growth. Urbanization – which, through agglomeration, spurs competition, specialization and increased productivity – is also associated with improved delivery of basic services (water and sanitation, health care, education, transport, etc.), as well as information, knowledge sharing and participation. Economic growth, if driven by industrialization, stimulates demand for infrastructure and spatial agglomeration of people, production and consumption activities (figure 8).

Figure 8
Africa's urbanization and GDP per capita, 2014

Source: Plotted Using GDP Data from the World Bank Data Portal



56. With 40 per cent urbanization level in 2015 and sustained economic growth since the 1990s, African cities already exhibit their potential as the future drivers of continued growth and transformation. In Kenya, five of the largest cities – Eldoret, Kisumu, Mombasa, Nairobi, and Nakuru – generate 70 per cent of the country's GDP. In Botswana, cities generate on average 75 per cent of a country's GDP.

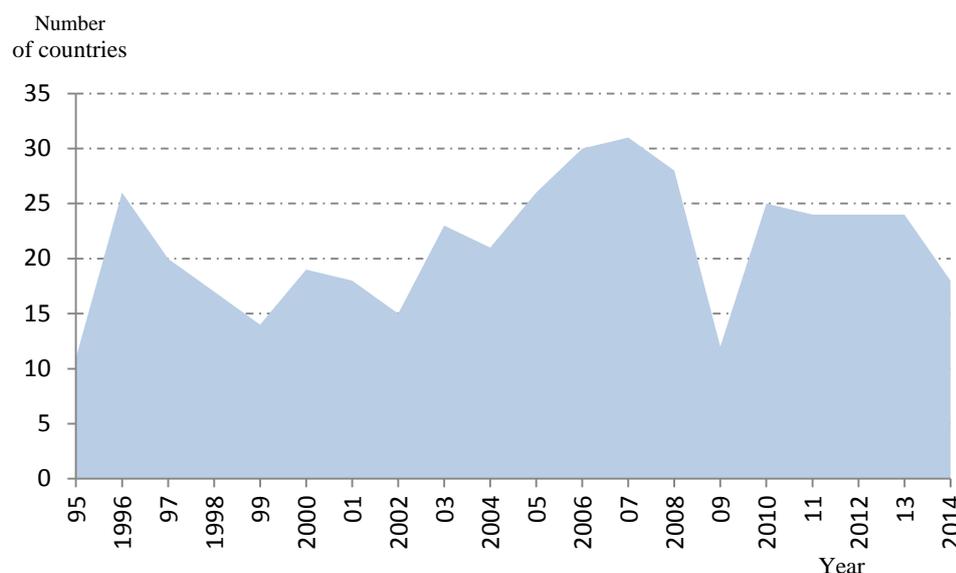
57. According to recent studies, consumption spending of US\$ 860 billion by Africa's urban households in 2008 was more than such spending in India or the Russian Federation, and was projected to grow to US\$ 1.4 trillion by 2020. The continent's largest consumer markets, each over US\$ 25 billion, are Alexandria, Cairo, Cape Town, Johannesburg and Lagos. Durban, Khartoum, Luanda and Pretoria are among the markets in the US\$ 15 billion–US\$ 25 billion range, while a range of rising urban markets of around US\$ 10 billion per year include Addis Ababa, Dakar, Ibadan, Kano, Nairobi and Rabat. Structural transformation aligned to these urban markets will be spurred by emerging home-grown companies able to compete locally and in global markets.

58. Aware of Africa's demographic, urbanization, economic and agro-climatic diversity, dynamic strategies and policy frameworks will be needed to achieve structural transformation. These have to be simultaneously inward-looking agro-industrialization growth strategies to meet food and commodity demands of the urban markets and exploit rural–urban linkages; and outward-looking growth strategies of value addition to enhance regional integration and exploit expanding global markets.

B. Trends and drivers

59. Data from the African Development Bank show that Africa's average real annual GDP growth of about 5 per cent over the 1996–2015 period was above that of the 1970s and 1980s. Over the 20-year period, the number of high-growth countries in Africa (above 3 per cent yearly) increased from 11 in 1995 to peak at around 31 in 2007 (figure 9).

Figure 9
Countries with real GDP growth rate above 3 per cent



Source: Computed and plotted using statistics from the AfDB Data Analysis Portal.

60. Commodity production and firming commodity prices over the period contributed about 25 per cent to the growth driven initially by demand from the BRICS (Brazil, Russian Federation, India, China and South Africa) countries. The robust economic growth has been achieved due to political stability, improved governance, low inflation, and strong and firming domestic consumer and business-to-business demand for goods and services (tourism, finance, telecommunications, retailing and education). Construction and investment in large infrastructure projects have also boosted growth.

61. Crucially, Africa's economic growth rate since 1996 has surpassed the average population growth rate, in marked contrast with the previous two decades. The real GDP per capita growth average of 2.4 per cent yearly was higher than the average rate of urbanization (1.1%) for a significant number of countries. But it has remained lower than the average 3.49 per cent urban growth rate. Between the 1960s and the 1990s, Africa's urbanization rates occurred at much lower levels of income and economic growth than on other continents. Consequently, Governments were left with insufficient capacity to finance capital investments in urban infrastructure, housing and services. On the other hand, trends from the past 20 years point to potential transformation towards African economic growth and diversification, with a strategic role to be attributed to urbanization.

C. Potential and lost opportunities

62. The African Union Commission (2014, p. 7) is rightly concerned that Africa's spatial economies remain enclave- and outward-oriented, with up to 80 per cent of exports and imports traded with the rest of the world and not within the region. While the diversification of trade partners to include BRICS and other emerging regions is welcome, further transformation is needed in regional reorientation and integration of city economies as a way to contribute to Africa's goal of economic transformation.

63. Diversification is a major element of Agenda 2063. Africa's economic growth has diversified beyond oil and minerals and commodities to agriculture, retail, transport, tourism, financial, telecommunications and services. In some countries, services (including tourism) now account for up to 60 per cent of GDP. The pool of foreign investors has also expanded beyond traditional investors to include the BRICS countries. There is also a firming trend of African investors and African diaspora investing in Africa, notably in Egypt, Ethiopia, Ghana and Nigeria. This trend is likely to continue, given that, despite Africa's many challenges to investors, returns on investment far exceed those in mature markets.

64. In several countries, diversification and industrial growth are also a result of explicit industrialization policies that combine industrial zones, development corridors, priority sectors such as agro-processing and technology, and mechanisms to attract both domestic and foreign investment. With such elements, Ethiopia's Growth and Transformation Plan witnessed average growth rates of 12 per cent for industry and services between 2003 and 2013.

65. Africa's urbanization and urban growth have been characterized as consumption cities, where industrialization and manufacturing are declining (e.g. Southern Africa) or yet to develop. As African Governments have recognized, removing this structural weakness is a priority as the economic growth since 1996 has been "jobless growth" or growth with jobs created in low-productivity informal and service sectors, mostly in urban areas.

66. UN-Habitat and the African Development Bank have both recognized that African centres of economic activities have shifted dramatically and have been increasingly concentrating in urban areas during the last 50 years. Cities now account on average for around 55 per cent of the GDP of African economies. In sub-Saharan Africa, towns generate over 80 per cent of economic growth. In some African countries, the shift from rural to urban employment accounts for 20 to 50 per cent of productivity growth. Examples of these linkages include Cairo (Egypt), the Gauteng region (South Africa) and Lagos (Nigeria), which are the economic hubs of their countries. While Gauteng is South Africa's smallest province, accounting for only 1.4 per cent of the country's size, it concentrates 40.6 per cent of the manufacturing output and more than one third of South Africa's GDP. Economic concentration can also be instrumental for the development of rural areas. For example, food consumption typically reaches US\$ 25.8 million a year in a West African city of 100,000 inhabitants and US\$ 174 million a year in a city of 500,000 inhabitants, providing a bigger market for agricultural production.

D. Agro-industrialization and rural–urban linkages

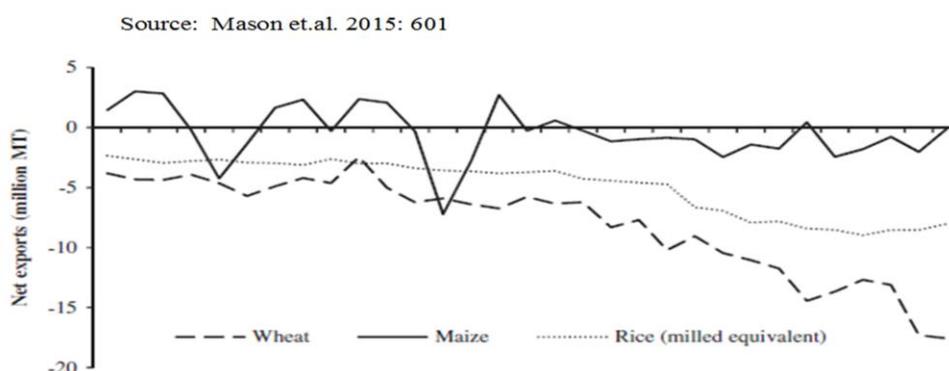
67. Since 1996, agriculture's decline in share of GDP has been offset by the expanding services sector (now 50 per cent of GDP) rather than by manufacturing, as historically experienced in the rest of the world. Growing African urban populations generate rising demand for agricultural products and offer opportunities for structural transformations in value addition. However, the products to meet this demand are still largely imports. African urbanization has not enhanced "farm–non-farm economic synergies that spur broad-based development", in line with Africa's Agenda 2063 (box 3).

Box 3

Opportunities for agricultural-urbanization-led transformation

Growing African urban populations generate rising demand for agricultural products and offer opportunities for structural transformations in value addition. However, if the products to meet this demand are imported, then there are few “farm–non-farm synergies and minimal prospects to spur broad-based development” in line with the African Union’s Agenda 2063. Africa imports US\$ 25 billion worth of food staples every year (World Bank, 2015a), including imports for staple cereals that could be produced on the continent. Cereals and wheat consumption trends in particular offer insight into this structural weakness and missed opportunity for urbanization-linked structural transformation. Between 2000 and 2009, total sub-Saharan Africa wheat consumption grew by 650,000 metric tons per year or 4.2 per cent per year, and outpaced that of maize and rice (Mason and others, 2015). In most African cities, expenditures on wheat exceed those on other cereal staples (maize and rice) across all households but especially among the middle- and upper-income groups, even in Southern Africa, where maize is the dominant staple.

Sub-Saharan Africa Net Exports of Wheat, Maize and Rice, 1980 – 2010



However, the challenge is that per capita grain consumption and expenditure are rising at a time when the continent is more dependent on imported staples. West and Central Africa have almost zero wheat production while, overall, the continent has negative net exports for wheat, maize and rice. In 2010 alone, sub-Saharan Africa imported US\$ 5.1 billion worth of wheat. Nigeria, Ethiopia, Sudan, Kenya and South Africa took 54 per cent of these imports and 63.8 per cent of total wheat consumption. Together, they accounted for about 45 per cent of the population during 2000–2010.

Urban populations, particularly the middle- and upper-income groups, consume much of the imported wheat. Statistically, it is not urbanization per se that leads to increase in wheat consumption. Rather, it is

E. Infrastructure gaps: Africa – powerless continent

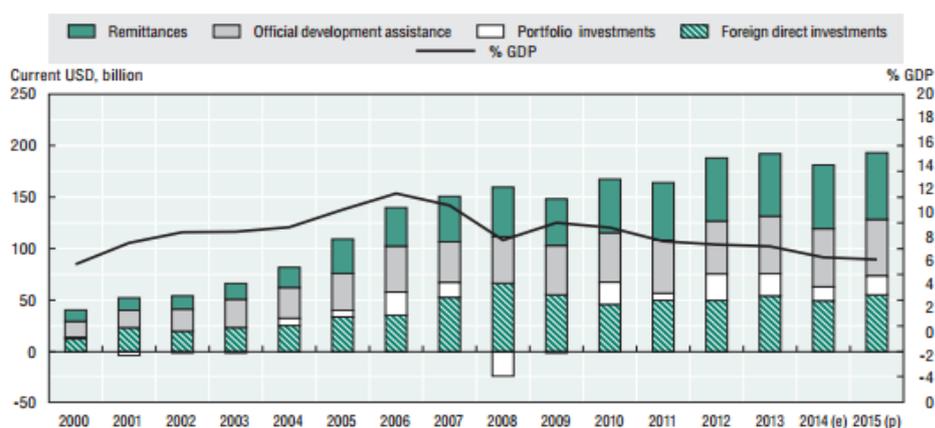
68. Throughout Africa, power deficits have worsened, leading to blackouts, rationing and disruption to industrial production and everyday life. Despite recent important infrastructure investments made in some African countries, cities or built environment investment and construction that are major drivers of transformation elsewhere still contribute marginally to Africa’s economies, mostly due to this lack of adequate supply of power.

F. Leakage economies and the imperative of local resource mobilization

69. Africa’s structural transformation will not happen without the continent taking charge of financing its development. Yet Africa’s debt burden endures and, when combined with systemic and sustained illegal financial outflows, the continent is a net creditor to the world. The Africa Economic Outlook calculated that between 2003 and 2012, Africa lost an annual average of US\$ 60.3 billion (close to 4 per cent of GDP) through illicit financial outflows, in which large corporations are the biggest culprits, facilitated by corruption and weak governance (ECA, 2015). This compares against annual average foreign direct investment of US\$ 42 billion. These illicit

financial outflows are resources that would make a significant contribution to Africa's development. In addition to plugging the leakages, Africa needs to enhance policies and practices that encourage and reassure its own people to invest more in Africa, including saving with the home-grown banks, and invest in opportunities emerging in urban infrastructure projects. Combined with firming diaspora remittances over the last 20 years (US\$ 64.6 billion in 2015), the illicit financial outflows show that Africans could be more than able to finance their own development. As stressed by the Africa Union Commission, "It is a damnation of Africa's financial leadership that 'Africa is rich but Africans are poor'". Yet diaspora Africans still pay on average 12 per cent in money transfer charges (the highest in the world) which amount to about US\$ 1.8 billion per year – enough to educate 14 million children (ODI, 2014). Consequently, Africa should continue to pressure financial institutions and other Governments to redouble efforts towards reducing money transfer charges to Africa to at most 5 per cent to be at par with the rest of the world (figure 10).

Figure 10
Financial flows to Africa, 2000–2015



Source: ECA (2015), p. 45, available from <http://www.africaneconomicoutlook.org/en/outlook/>.

70. At the city level, efforts to improve municipal finance and local revenue generation capacity and performance have been observed. This has helped to finance infrastructure and service investments in some cases. Yet this has not matched the level of investments required to respond to rapid urban growth in African cities. Potential revenues have not been fully exploited in the case of many urban centres. Furthermore, local and national authorities still have a long way to go in terms of maximizing urban land value capture through appropriate policies and legislation (box 4). Variables and weak climates for investment (for both international and domestic investors) and high costs for doing business mean that investments in urban areas remain limited, especially in terms of foreign direct investment. Often forgotten by economic planners is that unavailability of planned, surveyed and serviced urban land for lease or purchase is a major constraint to investments. This constraint can only be addressed through long-term planning in a framework of decentralized local government with capacity and predictable national policies. The private sector could have a role to play in this regard. For example, between 1998 and 2000, the Government of Botswana allocated 865,580 m² of unserviced residential blocks of land in Gaborone to the private sector through open tender. The private sector has also participated in servicing industrial land in Gaborone and additional residential blocks in Gaborone and Jwaneng.

Box 4

Land-based financing in urban areas

One important pattern among highly urbanized countries is that they tend to rely more heavily on land-based taxes. A review of 64 Organization for Economic Cooperation and Development (OECD) and non-OECD countries shows a strong positive correlation between the urban population percentage and land-based taxes as a percentage of GDP.

Urbanization and reliance on land-based taxes

(Recurrent taxes on immovable property as a percentage of GDP)

Urban population (% of total)	World Bank income level				Number of countries
	Low and lower middle	Upper middle	High	Total	
Less than 60%	0.277	0.460	0.358	0.347	15
61% to 79%	0.415	0.430	0.653	0.531	28
80% or more		0.443	1.543	1.330	21
Total	0.327	0.439	1.063	0.751	64
Number of countries	11	19	34	64	

Source: Urbanization data from World Bank, available from <http://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>.

The above table illustrates this point. While the average land-based tax revenue for these countries is about 0.75 per cent of GDP, the average among highly urbanized high-income countries is more than 1.5 per cent of GDP. What the table suggests is that, as urbanization intensifies in a country, and especially if income levels increase, land becomes increasingly important in financing sustainable urban development.

With the rapid rate of urbanization in Africa, competition around land will drastically increase between rural and urban and between various usages of land. During the African Ministerial Conference on Housing and Urban Development in Bamako in 2010, African ministers recognized the need to tackle land issues in the rapid urbanization process in Africa. Because of inappropriate or inadequate land policy, administration and management, more than 60 per cent of people in African cities live in slums and informal development. This percentage is even higher in post-conflict countries. It was recognized that land policies need to be developed to facilitate land governance that enhances gender equality, decentralized land management and grassroots participation, urban equity, efficiency and sustainability. Africa's rapidly growing cities need to be strategically guided for longer-term sustainability.

G. Informal economy, small and medium-sized enterprises and employment creation

71. Despite economic growth, the ability of African cities to create sufficient quantity and quality of jobs is a present and future challenge. Formal and informal economy work and livelihoods contribute strongly to the growth and economic sustainability of cities. Africa's positive economic growth has not been accompanied by high productivity and job-intensive activities, including manufacturing. Rapid urbanization is thus taking place amidst high unemployment and underemployment, insecure and unhealthy jobs, poverty and rising inequality.

72. In sub-Saharan Africa, informal employment comprises 66 per cent of all non-agricultural employment. For example, in Kenya as much as 76 per cent of the labour force is now in the informal economy as "own account enterprises". Across the continent, informal economy workers are engaged in trade, manufacturing, transport and construction, as well as private non-domestic and domestic services sectors. Therefore, rather than existing as marginal activities at the periphery of urban economies, statistics demonstrate that informal economy workers and enterprises make up a substantial proportion of core workers and enterprises in African cities, and are engaged in some of the most critical sectors.

73. Municipalities such as Accra, Durban, Kumasi and Nairobi have informal economy policies that have benefited both the workers and the local authorities. Informal traders pay for operating permits and rental for the spaces they utilize. In the 2013/14 financial year, Durban municipality collected R6 million from rentals and R10 million from monthly payments by traders. Thus, while it may not contribute directly to the national treasury, the informal economy contributes directly to the local authority finances. However, municipalities face pressure from powerful economic and political interests that see the informal economy as a problem and ignore the jobs and income that it generates.

74. According to research by Women in Informal Employment Globalizing and Organizing (WIEGO) and the International Labour Organization, since 1996, advances have been made in the collection of data on and analysis of the informal economy. But these advances need to become more institutionalized in official statistics at city, national and regional levels. In particular, these advances in informal sector data collection need to be integrated into household and labour force surveys that are undertaken in most countries. Governments and local authorities are encouraged to use data on the informal economy in the preparation of national accounts in order to better reflect the informal sector's true contribution to GDP. In addition to the infrastructure support that local authorities provide to the informal economy, Governments need to invest in programmes that enhance productivity, diversification and value addition in the informal economy, including in its services sector, to promote decent work and facilitate mobility for cross-border traders.

75. Most African countries have implemented or are formulating city-level local economic development and, crucially, youth-focused and gender-aware national job creation and employment programmes with emphasis on strengthening SMEs, vocational training and skills development. In Kigali, these programmes (locally called Agakiriro and Hanga Umuriro – “Create your own jobs”) created 115,000 non-farm jobs between 2011 and 2014. Several countries – including Ethiopia, Kenya, South Africa and Zimbabwe – have affirmative action policies with regard to procurement, credit and land allocation to promote the participation of women, youth and the poor in local economic development.

76. Countries continue to face constraints such as weak sustainability of SMEs, limited decent jobs, lack of access to credit/finance for small entrepreneurs, and competition from imported products. Urban economy programmes are often compromised by poor financing, fragmentation, lack of coordination and duplication of efforts across sectors. The inclusive structural transformation of African economies provides a way forward to support economic growth, sustainability and inclusive development. International Labour Organization Standard No. 204 (2015) concerning the transition from the informal to the formal economy provides a road map for policies to preserve and strengthen existing livelihoods in order to increase productivity and livelihood security. Government strategies and appropriate regulatory frameworks to make existing livelihoods more productive, coordination across different government levels and with relevant stakeholder bodies, providing means for informal workers or economic units to obtain recognition of existing property and enterprise rights and land/urban space access, and national employment policies, are all part of an integrated process of formalization.

H. Policy issues and directions

77. African urbanization and rapid urban growth are highly likely to continue for the next 50 years. Currently, in most countries, urbanization is not taking place in tandem with industrialization, even though urban agglomerations offer considerable opportunities and advantages for increased productivity and industrialization. The challenge is to give more attention to the economic role of cities for growth, decent job creation, productivity, innovation and competitiveness, as well as rural and agricultural development. Countries need to plan, prioritize and manage urbanization, turning it into an effective engine for transformative employment, creating equitable economic growth. For that purpose, member States need to integrate urbanization into national development planning processes and frameworks, as well as in sectoral policies, including industrial, agriculture and rural development, and investment policies.

78. While Africa's urbanization is a powerful asset for development, it can only be harnessed when cities are properly planned and adequately serviced. The spillovers of the agglomeration economies will depend on the capacity of national and local governments to adopt and implement the right policies, establish the right institutions and legal framework, as well as the needed infrastructures and services. Unleashing the potential of urbanization requires mainstreaming it into national development planning processes, to provide an overarching vision and framework for urbanization to drive transformation as a transversal megatrend. As a determinant of the spatial dimensions of growth and transformation, urbanization need is not only a sectoral issue but rather an underlying factor across all sectors of development. It should thus be located at the core of national visioning and planning.

Moreover, evidence needs to be collected and analysis undertaken on the role cities could play in supporting and accelerating economic growth of member States, including through development of research and tools to better measure the wealth-generating capacity of cities.

79. African countries need proactive urban and territorial planning to harness urbanization as a driver of growth and structural transformation. Rather than persist with an aversion to urbanization, policymakers should promote needed investments in productive and public services and infrastructures to increase investments, promote job creation, improve productivity, diversify the economies, and sustain technological innovation.

80. To accelerate industrialization while meeting increasing urban demand for agricultural products, African Governments should intensify policies that encourage agricultural value addition and local production, taking advantage of urbanization, urban markets and economies of scale to create decent employment and exploit rural–urban linkages to transform rural economies and livelihoods.

81. African Governments should focus on making cities more productive with, among others, manufacturing and agro-industries for both value addition and job creation. Systems of cities at subnational and national levels to optimize competitive advantages for growth and transformation should be promoted. Urban competitiveness needs also to be optimized to attract investments, including foreign direct investment. There is also a need to develop urban economies to take advantage of green economies and improvements in information and communications technology (ICT). In most countries, there is a strong presence of local pension, insurance and banking institutions, whose role in supporting employment creation remain poorly explored.

82. Resource mobilization and, in particular, municipal finance revenue generation and investment policies and capacities, need to be enhanced so that local, subnational and national governments can take full advantage of potential revenues and investments of urban areas. The potential of land value capture – as well as efficient fiscal systems and efficient budget and taxation processes – needs to be harnessed.

83. The continued and increased informality of African urban areas needs to be addressed by enhancing awareness on the role the informal economy is playing and adopting policies that link the informal sector to local, subnational, national and regional value chains. These policies will contribute in transforming low-productivity informal sector activities into higher value added products and services.

84. The potential of the housing sector as an economic driver should be tapped to shape cities, create jobs, promote local industries, and respond to the huge demand.

IV. Urbanization, housing, social inclusion and equity

85. The Habitat Agenda (1996) outlined principles that could address the causes of urban poverty, which have led to limited access to housing, safe water and sanitation, inadequate waste management, air and noise pollution, and inadequate health services. These principles and targets were also taken into consideration as development issues to be addressed in the Millennium Development Goals, especially Goal 7 targets and Goals 9, 10 and 11. While the Habitat Agenda and the Millennium Development Goals frameworks enabled many African countries to forge local and international partnerships to invest in improved urban housing, water and sanitation, the high proportions and numbers of people living in informal settlements remain of grave concern because of the extreme embodiment of multidimensional exclusion in African cities.

86. According to the African Development Bank, 81.7 per cent of Africans live on less than US\$ 4 per day, and 60.8 per cent are falling below the US\$ 2 per day mark. There is therefore a vicious circle between income and living conditions, where individuals are unable to provide decent and quality housing which would in turn also have a positive outcome on the health and access to education and employment opportunities. This vicious circle of precursors deepens social exclusion and is deemed to affect the millions of young people who will be entering the labour force in the coming decades. However, in Africa cities, exclusion and inequality are not only driven by income or employment. Inequality is further exacerbated by other factors such as unequal access to robust or safe infrastructure and natural resources.

87. Access to public transport and public space (box 5) has also been identified as a crucial factor for social inclusion, as space and land are needed for urban and peri-urban agriculture to enhance urban food security, as demonstrated in Maseru.

88. Additionally, inadequate housing, urban poverty, increasing informality, urban sprawl, fragmentation and inequality all undermine human capital progression, which is critical for achieving structural transformation. As a response, African States have agreed to focus on people-centred urban and human settlements, also prioritized as pillar three of Agenda 2063. This part of the report will therefore highlight trends in slum prevalence, identify notable practices in housing delivery for the low-income groups, and point out priorities in housing and sustainable urban development.

Box 5

Public space in African cities

In Africa today, there is an immediate need to provide public space in cities. Public spaces take many forms, from streets to parks and playgrounds to marketplaces. They are often referred to as “the poor man’s living room”, which hints at their particular importance to marginalized groups. Well-designed and managed public spaces are thus vital components of a prosperous city and are a key asset for a city’s functioning. This is because they have a positive impact on its economy, environment, safety, health, integration and connectivity. Studies from satellite imagery have shown that the average provision of public space allocated for the street fabric in Africa ranges from 10 to 15 per cent of urban land, compared with the precautionary standard of 30 to 35 per cent. A systematic approach in addressing this inadequacy, including planned city extension, is therefore urgently required. Another associated challenge is the allocation of land for public infrastructure and other services, often through compulsory acquisition, coupled with the resistance of land rights holders, which may lead to lengthy lawsuits and inadequate compensation for public agencies. Some countries that have witnessed rapid urbanization – such as Colombia, India, the Republic of Korea, Thailand and Turkey – have used land readjustment mechanisms to address such issues. Such initiatives will, however, need to be tailored to the local context, be participatory and ensure inclusive outcomes.

Source: Lesotho Habitat III National Report, 2015.

A. African cities without slums

89. A good number of African urban dwellers live in slums, which weakens urban systems and public space that could otherwise be optimized as social space or used for economic activities and public infrastructure.

90. In order to monitor progress on the goal of a world without slums, the United Nations, i.e. UN-Habitat and its partners, defined slum and secure land tenure indicators that were subsequently adopted as key Millennium Development Goal 1 indicators on urban poverty and deprivation. Households living in slums, are households where one or a group of individuals living under the same roof in an urban area, lack one or more of the following five conditions (UN-Habitat, 2006, p. 31):

Durable housing: A house is considered “durable” if it is built on a non-hazardous location and has a structure permanent and adequate enough to protect its inhabitants from the extremes of climatic conditions, such as rain, heat, cold and humidity.

Sufficient living area: A house is considered to provide a sufficient living area for the household members if *not more than three people* share the same room.

Access to improved water: A household is considered to have access to improved water supply if it has a *sufficient amount of water* for family use, at an *affordable price*, available to household members without being subject to *extreme effort*, especially on the part of women and children.

Access to sanitation: A household is considered to have adequate access to sanitation if an excreta disposal system, either in the form of a *private toilet* or a *public toilet shared with a reasonable number of people*, is available to household members.

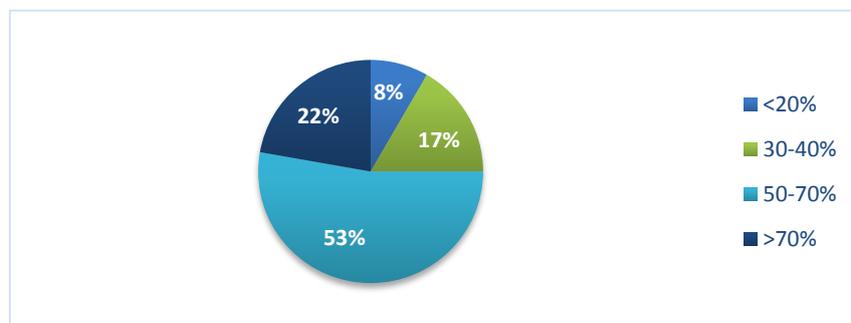
Secure tenure: Secure tenure is the right of all individuals and groups to effective protection against forced evictions. People have secure tenure when there is *evidence of documentation* that can be used as proof of secure tenure status or when there is either *de facto* or *perceived protection against forced evictions*.

B. Trends in African population living in slums

91. Since the 1990s, the availability of data on slums has improved. Fifty-three per cent of the countries for which data are available had 50–70 per cent of their population living in slums in 2014 (figure 11). The proportion of urban Africans living in slums has fallen: in Africa, excluding North Africa, the drop was from 67.6 per cent in 1995 to 55.9 per cent in 2014, while in North Africa the slum proportion fell from 28.3 per cent to 11.9 per cent. This could be attributed to the national level housing strategies and programmes, which have alleviated the dire housing shortages in some countries, such as Egypt, Ethiopia and Morocco.

Figure 11

Proportion of urban population living in slum areas, 2014



Source: UN-Habitat, *World Cities Report, 2015*.

92. These aggregate trends, however, have a tendency of masking significant regional and national variations. The national Habitat III reports highlight the variations in the housing crises also evidenced by the high percentage of urban population living in slums: for instance, the Democratic Republic of the Congo (58%), Egypt (38%), Ethiopia (73.9%), Madagascar (72%), Malawi (65%), Rwanda (63%) and Zambia (65%). The absolute numbers of those living in slums have also increased because of the increase in the total population of people living in Africa. Some countries, according to national Habitat III reports, that have witnessed an increase in the total population of people living in slums include Nigeria and South Africa. Further, country variations are witnessed in the proportion of those living in urban slums. The variations in countries include a significant decline in slum proportions because of improved conditions, stagnant proportions of the slum population and an increase in the proportions of slums residents – in other words, worse slum conditions.

C. Improvement in slum conditions

93. The proportion of those living in urban slums declined substantially in some African countries, due to improved conditions, while progress has been less significant elsewhere. Yet within these broad categories, there are a range of subgroups:

(a) First, there were significant declines in the proportion of populations living in slums in countries with very large populations projected to be greater than 90 million by 2020, such as Egypt, which witnessed a decline in the slum population from 50.2 per cent in 1990 to 10.6 per cent in 2015; Nigeria, from 77.3 per cent in 1990 to 50.2 per cent in 2015; and Ethiopia (decline from 95.5 per cent in 1990 to 73.9 per cent in 2015). While Egypt is already highly urbanized, Ethiopia and Nigeria are not. For these countries, the absolute numbers of those in slums continues to grow due to natural population increase, even if the proportion of the population living in slums has declined;

(b) Second are the improvements in countries with large national populations projected to reach 45 million–55 million by 2020, such as South Africa, from 46 per cent to 23 per cent; Uganda, from 75.0 per cent to 53.6 per cent; and the United Republic of Tanzania, from 77.4 per cent to 50.7 per cent. Like Egypt, South Africa already has a high urbanization rate compared with Uganda and the United Republic of Tanzania, where future growth in slum populations is expected. Therefore, although Uganda and the United Republic of Tanzania registered declines in the proportion of residents living in slums, these proportions of slum inhabitants are still more than 50 per cent of the total population;

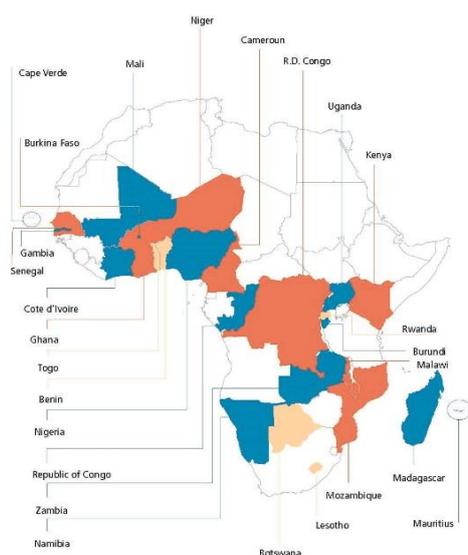
(c) The third subgroup is comprised of countries with medium-sized populations projected to have a population between 20 million and 40 million by 2020. These include Madagascar, Niger and Ghana – whose slum population declined from 65.5 per cent in 1990 to 37.9 per cent in 2015 – Angola and Morocco, from 37.4 per cent in 1990 to 13.1 per cent in 2015. However, Madagascar still has over 70 per cent of its population living in slums. Angola's drawn-out civil war,

which ended in 2002, resulted in millions of refugees settling in unserved informal peri-urban settlements (museques). Sociopolitical stability and oil-driven economic growth in the last decade have enabled the Government to implement urban development and housing programmes and provide community-driven improved water and sanitation services. However, the housing programmes are highly centralized and deliver unaffordable houses. Ghana also emerged from decades of political and economic turmoil that had left urban infrastructure and services a neglected sphere. Political stability and improved governance have enabled progressive investments in urban development strategies and housing programmes, though much remains to be done.

(d) The fourth subgroup is the case of improved conditions in countries with small populations. These include post-conflict countries such as Rwanda, whose slum population declined from 77.3 per cent in 1990 to 53.2 per cent in 2015, and Guinea, Mali, Senegal and Sierra Leone, although the proportions of slum inhabitants are still above 50 per cent of the total population.

Box 6

Participatory Slum Upgrading Programme in Africa



In 2008, UN-Habitat launched the Participatory Slum Upgrading Programme (PSUP), in collaboration with the African, Caribbean and Pacific Group of States and financed by the European Commission.

The PSUP approach aims at giving a sustainable solution to slum problem by the year 2030, in line with sustainable urban development and the 2030 Agenda for Sustainable Development.

PSUP transforms the lives of slum dwellers through advocacy and action on the ground by implementing in situ, incremental, climate-compatible, human rights-based, integrated, city-wide and participatory slum upgrading, thus enforcing the right to adequate housing for all and securing the sustainability of the responses.

The PSUP is currently being implemented in 35 countries in the African, Caribbean and Pacific Group of States region, of which 25 are in sub-Saharan Africa (see map). PSUP

activities have varying programmatic and political focus, which denotes the progressive outcome levels in three consecutive implementing phases. The key achievements of PSUP in Africa include the following:

- 6 National Urban Development and Slum Upgrading and Prevention Policies developed and approved (Burkina Faso, Cameroon, Cabo Verde, Kenya, Ghana and Uganda);
- 25 countries have adopted no-eviction approach to slums after signing memorandums of understanding with UN-Habitat and committing to inclusive, rights-based approaches addressing slum challenges;

Countries in the PSUP

PHASE 1: Urban Profiling

The urban profile is a city-wide overview and needs assessment.

PHASE 2: Action planning and programme document formulation

Cities prioritize interventions on the neighbourhood level and develop one or more pilot slum upgrading projects.

PHASE 3: Project implementation

Pilot projects developed in phase 2 are implemented.



68,000 slum households in nine countries have been targeted to achieve improved living conditions through physical implementation projects within the 2012–2016 PSUP project period; More than one third of PSUP funds have gone to benefit slum neighbourhood households through community-managed projects; 120 cities in Africa have documented and analysed urban challenges, with particular focus on slums, through an integrated

city-wide approach;

1,000 local and national government, civil society and community members and representatives have engaged in capacity development activities on city-wide slum upgrading approaches. PSUP supports participatory, in situ and incremental slum upgrading as an appropriate tool to provide adequate housing for low-income urban residents.

Source: UN-Habitat.

94. There are also subgroups in the category of countries that registered stagnant or worsening slum conditions. These include:

(a) The Democratic Republic of the Congo, whose proportion of slum inhabitants was 76.4 per cent in 2005 and 74.8 per cent in 2015 in a very large country with a national population projected to be over 90 million in 2020. Conflict and socioeconomic and political instability have hindered investment in urban development and housing;

(b) Kenya, is another country with a large population whose proportion of slum residents remains over 50 per cent. It registered minimum worsening slum conditions, partly due to a rapid influx of internally displaced refugees from rural areas following the post-election violence in 2007–2008;

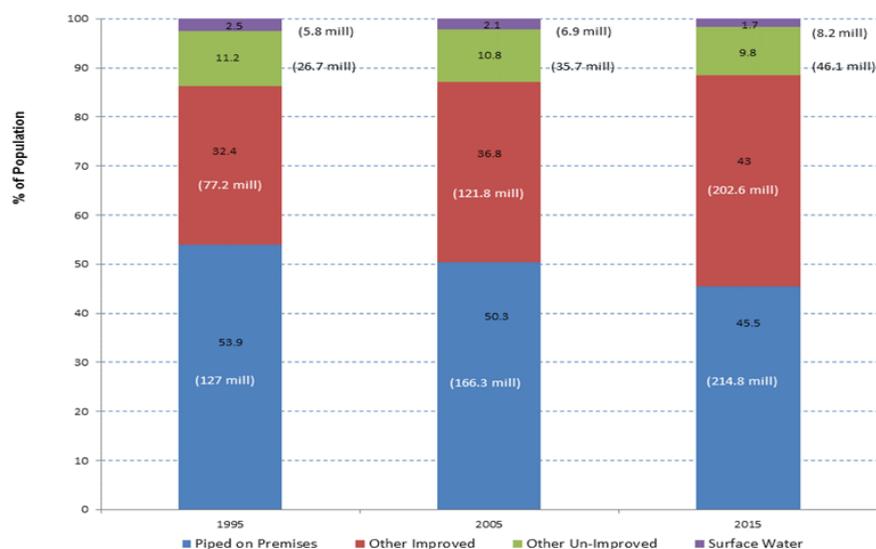
(c) The Southern African countries that registered increases in the proportion of slum dwellers had varied factors that led to the deterioration in slums conditions in those countries. For Mozambique, a country with persistently high economic growth in recent years, this deterioration shows that economic growth alone is not a sufficient condition to eliminate urban poverty. Deteriorating slum conditions have also been significant in Zimbabwe, a country whose proportion of people living in slum conditions had been as low as 4 per cent at the turn of the century. The deterioration of slum living conditions in Zimbabwe was a result of overcrowding exacerbated by a combination of demolition of informally produced housing and deterioration in the provision of some public services such as water and sanitation.

95. These scenarios therefore imply that, while celebrating the successes, it is critical to note that policy failures and changes in political and economic conditions can quickly reverse those hard-won gains made in the development. The diverse slum outcomes are driven by equally diverse underlying processes. The proceeding sections will focus on water and sanitation, security of tenure, land and housing delivery and housing finance, while urban sprawl will be dealt with in part V and the governance and the financial health of local authorities in part VI.

D. Water and sanitation provision

96. Appropriate land use, urban administration and natural resources management are vital in decreasing the risks associated with air, water and soil pollution. Clean water and sanitation have always been critical basic services whose provision improves the quality of lives and reduces the prevalence of slum-like conditions. Countries have reported progress with access to safe drinking water and sanitation. In Sudan, for example, 82 per cent and 90.6 per cent of the population of Khartoum State had access to safe drinking water and proper means of sanitation in 2008. However, available evidence shows that Africa's urban population with access to improved clean water and sanitation has risen in aggregate terms but declined in proportionate terms since 1996. According to the World Health Organization (WHO)/United Nations Children's Fund (UNICEF), the urban population with access to potable water declined from 53.9 per cent (127 million people) in 1995 to 50.3 per cent (166 million people) in 2005 and was about 45.5 per cent (215 million people) in 2015, which is well below the Millennium Development Goal target of 90 per cent drinking water coverage by 2015. Although the proportion of Africa's urban population using open defecation decreased marginally from 7.6 per cent to 6.3 per cent between 1995 and 2015, the corresponding absolute population of those using open defecation increased from 17.9 million to 29.7 million, an increase of 11.8 million (figure 12).

Figure 12
Proportion of urban population using piped water on premises, 1995–2015



Source: WHO/UNICEF, 2015.

97. The decline in the proportion of urban residents with piped water on premises was largely due to rapid urban sprawl with populations settling in peri-urban informal settlements devoid of water and sanitation infrastructure. Another factor is the decline in the capacity of service provision in some countries – such as Algeria, Kenya, Namibia, Zambia, Zimbabwe and the United Republic of Tanzania – which experienced declines in the proportion of people with access to potable water. While the total proportion of people with improved urban water supply is high and even above the Millennium Development Goal target of 90 per cent, some African countries have fallen short of maintaining or improving the access to potable water. In other scenarios, countries with low coverage well below the Millennium Development Goal target of 80 per cent realized more than 25 per cent gains in expanding improved access to urban water supply. These countries include Angola, Ethiopia, Liberia and Mali. The significant regional, country and city level variations that defy simple regional categorizations are noteworthy.

98. In many countries, local authorities or national departments are working in partnership with other stakeholders such as the private sector and civil society to realize synergies as well as roll out public infrastructure programmes and projects. However, there are several variations in the delivery of these programmes and projects, as box 7 illustrates.

Box 7

Service delivery variations and multiple deprivations at the local level – the case of Cucuaco, Luanda

Only 20 per cent of the 970,000 residents of Cucuaco had access to public water connections and 37 per cent spent at least half an hour a day fetching water. The municipal Government operates tanker trucks to deliver water. However, these often break down and residents then resort to use of surface water or buy water from private suppliers, which is more expensive than the public water. Water was not the only challenge for these households:

- 67 per cent of children dropped out of primary schools because they were too expensive (31 per cent of households); too far away, or did not consider education important;
- Only 71 per cent of residents were connected to the sewer system, compared with 29 per cent for the City of Luanda as a whole;
- 70 per cent of households lacked weekly solid waste collection compared with 9 per cent for the city as a whole.

Source: Compiled from the Development Workshop (2014).

Box 8

Trends in urban health

When health indicators for low-income groups in urban and rural areas are combined, poor urban residents have often recorded equivalent or worse health indicators than their rural counterparts – and far below those of the urban middle- and high-income groups. A review of the rural and urban maternal health care across 23 African countries in the 1990s revealed that, while on average the urban poor received better antenatal and delivery care than rural residents, they were more disadvantaged in countries with improved maternal health care services. This implies that, where health sectors are least effective, both rural and urban care seekers are equally at a disadvantage. However, in circumstances with adequate health care systems and care, the urban middle and upper classes are at an advantage.

For the urban poor, health services are routinely overcrowded and often managed by overstretched health workers. With the rise of unregulated, private providers in urban areas, poor urban residents are increasingly paying for services that are delivered at no cost in rural areas at public health posts. For those living in slums, health-care seeking can require long travel to facilities located on the outskirts of slums, and transport and cost can both act as barriers to care. The urban poor often receive poorer quality of services in both public and private-sector facilities compared with affluent urban residents. The urban poor also face unhealthy and often risky living conditions that can contribute to poor health outcomes. Ultimately, the “urban health advantage” masks disparities between the low-income and affluent in urban areas.

In most countries, health-care workers are already disproportionately concentrated in urban areas, although not necessarily serving the urban poor. To avoid neglect of rural areas, innovations are needed to ensure that urban investments also benefit rural areas, for instance through health worker rotations, new uses of mobile technologies and other rural–urban health system linkages. These innovations need also to move outside the traditional boundaries of the health system, to develop transport, resource and financial linkages between rural and urban areas that facilitate connections and reduce inequality across the spatial divide. A major challenge for the coming decades is the creation and evaluation of such innovative health system structures, responding to urban growth in a way that also yields investments in rural care.

Source: Extract from Framework of Actions for the Follow-Up to the Programme of Action of the International Conference on Population and Development beyond 2014.

E. Sustainable land and housing delivery

99. Many African Governments continue to battle challenges around legal security of tenure, equal access to land and housing for all, and protection from arbitrary evictions. In many countries, the majority of urban residents who are slum dwellers occupy or possess land with the rights and records largely secured by informal systems that are not recognized by central Governments. It is therefore necessary for domestic laws relating to property rights, land administration, marital relationships and inheritance to be coherent with central government laws and strengthened to acknowledge the right to secure tenure and adequate housing, in order to affirm the equal rights of both men and women.

100. The plurality of informal power dynamics in many African cities currently determines how land is used, serviced (or not), leased or made available for coherent and systematic planning and regulation, and the absence of strong local democratic associations has led to the perpetual power of these de facto property and commodity systems to the detriment of the population at large.

101. The vulnerable groups, in particular women and young people, are affected the most because they often have a limited knowledge of the legal systems or the ability to interpret legal documents such as land titles, cadastral surveys or even tenancy agreements. Further, their access to legal redress or channels for dispute resolution is often constrained by the cost, limited capacity in the judicial system and potentially the gender bias in law and/or practice. This leaves the poor vulnerable to evictions and land-grabbing by land barons, private developers and investors. According to UN-Habitat, the practice of forced evictions persists with significant violations of human rights to privacy, property, livelihoods and housing. The major barriers to securing land and housing are the highly technical and expensive conventional land registration and administration systems, compounded by weak capacity and limited participation of the beneficiaries of such services.

102. Inadequate staff numbers and capacity compound planning and management dynamics at both the national and local government levels in many countries. Urban planners; architects; property, traffic and transport management; urban economists; and environmental specialists feature as major areas of need. Several countries – including Botswana, Ethiopia and Uganda – have taken a local low-cost approach to train and boost expertise in order to minimize brain drain.

F. Housing finance

103. Furthermore, research shows that, throughout Africa, households, irrespective of income levels, finance and construct the bulk of their own houses. Although housing markets are developing, private developers are concentrated in the commercial sector, with the affordable housing sector in particular dominated by informality. Except for Southern Africa, the proportion of households using mortgages as a source of finance is small. This calls for Governments and local authorities to increase their contributions in delivering affordable housing, especially in urban areas, for excluded groups such as women, older persons and youth, especially the increasing numbers of university students. Mortgages in Africa account for less than 1 per cent of commercial bank assets and only 3.1 per cent of GDP, except for Namibia and South Africa, where this percentage is slightly higher. But it is noteworthy to signal that the context of rapid urban population growth (especially the growing middle class) and economic growth since 2000 has contributed to an emerging mortgage market in countries such as Kenya, Morocco, Nigeria, Rwanda and the United Republic of Tanzania.

G. Degree of security

104. Title deeds are an important security for low-income households. Within the informal system, however, households are vested on the understanding of a security that is socially determined and sanctioned. In Maputo, residents reported being aware of a World Bank-funded land titling programme, but had not attempted to regularize their land. These residents felt secure on the land and had invested in housing, even without legal titles. This understanding has led to the emergence of intermediate forms of land and housing development, including in situ upgrading of informal and squatter settlements in Botswana, Mauritius, Morocco, South Africa and Uganda. Governments have also provided housing subsidies that enable households to develop their own houses, as illustrated in the case of South Africa. The South African housing policy transitions highlight the need for continuous learning, a holistic system approach and community engagement.

105. In most cases, Governments have not recognized the legitimacy of or provided legality to the continuum of locally appropriate land tenures and land rights that prevail between individual freeholds in the formal systems and the informal systems. However, local level research points to the need for Governments and lenders to recognize legal pluralism of tenure, rights and markets. The experiences of Social Tenure Domain Models and Tools (STDMs) developed since 2000 (Global Land Tool Network, 2014) have proven to be cost-effective, flexible, affordable, pro-poor, gender-sensitive and based on participatory approaches and techniques to land information collection and record management. These models have also been shown to be a context-sensitive route to regularization of land rights and informal systems that are likely to have greater local acceptance and impact when compared with the other regularization programmes. STDMs were developed and tested in partnerships, including with Slum Dwellers International, Cities Alliance, International Federation of Surveyors, local residents, the Land Tenure Network, UN-Habitat, and the International Institute for Environment and Development. In Uganda, slum dwellers working in partnership with ACT Together (a local NGO) in eight municipalities have spearheaded use of STDMs to create land information databases that would have taken local authorities decades to create. They have used these as a springboard for strategic planning, improvements in tenure security and delivery of basic needs services.

106. Also through the Africa Land Policy Initiative, the tripartite consortium of ECA, the African Union Commission and the African Development Bank, African Governments have demonstrated their commitment to improving land governance through the endorsement of the Africa Land Policy Initiative's Framework and Guidelines by African Heads of States and Government and the adoption of the Declaration on Land Issues and Challenges in Africa in 2009, which addresses both urban and rural concerns. The African Union Agenda 2063, the collective vision and road map for Africa for the next 50 years, also calls for speeding up of actions related to urban land management. During the gathering of the African Ministerial Conference on Housing and Urban Development in Ndjamena in 2014, African ministers

acknowledged the central place of land for investment and municipal financing, including housing and infrastructures developments.

H. Housing and affordability: notable programmes, practices and challenges

107. The Habitat Agenda goal to promote the right to housing defined affordable housing as that where household expenditures on house rents or prices do not take an undue proportion of household income. African Governments have used a variety of approaches and models to realize adequate housing from the aspect of affordability with varying degrees of success (box 9), all of which are yet to realize a desired outcome.

I. A sector-wide approach to land and housing delivery

108. A sector-wide approach indicates that many African States experience supply-side bottlenecks, especially relating to land, as well as availability and affordability of construction materials and housing finance. For example, the cost of a 50-kg bag of cement ranges from less than US\$ 10 in Botswana, Ghana, Lesotho, Mali, Morocco, Nigeria, Senegal, South Africa and the United Republic of Tanzania, to more than US\$20 in Eritrea and the Democratic Republic of Congo. Interventions to reduce the cost of cement to below US\$ 8 would have significant positive impacts on housing and infrastructure development in many African countries, and the need for a sector-wide approach has been acknowledged since the 1980s.

109. The renewal of state-provided mass urban housing is a welcome development, as witnessed in Algeria, Angola, Egypt, Ethiopia, Morocco, Rwanda and South Africa. But the emerging affordability and rights challenges point to the need for broad city- and sector-wide approaches.

Box 9

Notable programmes and practices in housing and land delivery

Algeria. The Algerian State committed itself to improving the living conditions of its people. Over the past five decades, the State has built more than 5 million housing units. The occupancy rate thus fell from seven persons per unit in 1977 to five persons in 2013. Hence, “precarious” dwelling units house only 4 per cent of the urban population. Those units are being provided through upgrading and construction of alternative housing. Two million new units have been planned for the period 2015–2019.

Egypt. In Egypt, the Social Fund for Development supports local development through providing SMEs with necessary funding, and by offering training and technical support; and provides business incubator services. Furthermore, it supports public works programmes. During 2011–2013, the Fund financed about 49,000 small enterprises and 449,000 micro enterprises, and granted 45,000 permanent licenses to different projects.

Ethiopia. Since 2006, the Integrated Housing Development Programme introduced in Ethiopia and funded through government bonds has led to the construction of more than 396,000 condominium housing units of various sizes. The programme cost reached US\$ 153 million by 2011. Building materials and equipment were exempted from taxes, a decision that helped increase the supply of affordable housing units and reduce their cost substantially, thus making them affordable to an appreciable percentage of low-income groups.

Morocco. Morocco has developed several programmes to improve access to adequate housing: 51 out of 85 townships and urban centres were declared slum-free between 2004 and 2014. Thus, about 306,000 households saw their living conditions improve. Construction of new housing units reduced the estimated deficit of 1.24 million units in 2002 by half in 2013. The target for 2016 is to reduce it to 400,000 (i.e. about one third). Since 2010, 736 contracts have been signed to deliver 1.26 million social housing units and by 2014, 366,000 units were under construction.

Rwanda. The Kigali City Master Plan was adopted in 2013 and it is integrated with the Land Administration Information System. At the local level, all 30 districts in Rwanda prepared Local Development Plans. With the operationalization of One-Stop Centers in all 30 districts, and the introduction of Geographic Information System- and web-based planning and construction permitting efficiency and transparency, urban development and management have increased substantially. Also, the percentage of people living in slums dropped from 90 per cent in 2007 to 63 per cent in 2011 as a result of the legalization process that boosted a private land and real estate market, combined with the adoption and enforcement of urban planning documents.

South Africa. Between 1994 and 2014, the Government of South Africa spent about R125 billion (US\$ 8.87 billion) on human settlements development, and R16 billion (\$1.14 billion) on other infrastructure projects for redeveloping human settlements. The Government, together with the private sector, has delivered 5,677, 614 formal houses since 1994, and over 3.7 million were subsidized houses for low-income households, enabling 12.5 million people to access secure accommodation. The housing market has since increased from R321 billion to R4,036 billion between 1994 and 2014. Between 2004 and 2008, banks invested R53.1 billion in housing finance loans through the Financial Services Charter, and R42.9 billion in 2009 to the benefit of almost 2 million families. The Government has spent R125 billion on human settlements development and R16 billion on infrastructure. Home ownership remains the priority and 353,666 rental units in previous

government ownership were transferred into ownership of tenants. Overall, about 56 per cent of all subsidies were allocated to women-headed households.

The above are some indicators of the success of the South African housing programmes. However, these programmes have been criticized for the poor quality construction, space being very small, for lack of integration into larger policy frameworks, and continued dominance of low-income house developments at the periphery of major urban centers. Housing has also not been used effectively to pursue social integration.

Sources: Algeria Habitat III National Report, 2014; Egypt Habitat III National Report, 2014; Ethiopia Habitat III National Report, 2014; Morocco Habitat III National Report, 2014; Rwanda Habitat III National Report, 2015; South Africa Habitat III National Report, 2014.

1. Tackling exclusion and inequality

110. Inequality is associated with limited access to power and resources at various levels, i.e. globally, regionally, within countries, within settlements and within households. It is now 20 years since the adoption of a people-centred agenda, the World Summit for Social Development, where member States pledged to eradicate poverty and focus on productive employment, while reducing underemployment; and enhance social integration as overriding objectives of development. Since social integration aims to create “a society for all”, in which every individual has rights and responsibilities, and an active role to play, such an inclusive society must be based on respect for all human rights and fundamental freedoms, cultural and religious diversity, social justice and the special needs of vulnerable and disadvantaged groups, democratic participation and the rule of law.

111. The relationship between poverty and social exclusion in Africa is complex and interrelated, as poverty is both a driver and an outcome of social exclusion. People are often excluded from participating in economic, social and political areas of life because they lack the education, health and self-esteem to do so. On the contrary, people stuck in chronic poverty also suffer from stigmatization and discrimination. At the same time, being excluded as a result of one’s identity or location is a major driver of poverty.

112. In this respect, the employment dimension manifests itself differently in Africa. Rather than unemployment or jobless households, the main barrier to inclusion in terms of the labour market is the lack of decent jobs in the formal economy and the fact that most Africans, particularly those from marginalized groups, eke out a meagre living in the informal economy.

113. High levels of unemployment and increasing inequalities reinforced by sprawl and its correlated spatial marginalization by class, race, gender and ethnicity result in cumulative disadvantages are associated with increasing urban violence, crime, theft and disorder, disease and premature deaths. Safety and security are a major concern for individuals, households, large firms and SMEs throughout most African countries, although there are variations across and within countries and even within cities. Some of the urban violence is increasingly taking place in the home and disproportionately affects women, children and the poor.

114. Over the past few years, Africa has been trying to focus on inclusive growth in order to establish economic growth trajectories that are highly labour-absorptive. This is becoming a challenge because many African economies are small, and are adversely inserted into globalized value chains, where the terms of exchange are not always favourable. However, as a response, African Governments have debated these structural obstacles and committed themselves to strengthening regional integration and intra-Africa trade, and prioritizing industrialization as a way of transforming African economies. However, neither inclusive nor resilient growth is possible if Africa’s human potential – i.e. investments in health and education – remains under-invested in. The skills and knowledge of the urban workforce are a central determinant of the dynamism and long-term durability of growth.

2. Urban crimes and violence

115. Urban safety and security are important concerns in African cities and human settlements. Many countries acknowledge that within national boundaries, crime levels have increased in every sphere – i.e. people-related, property and institutional crime, especially in slum areas. Murder, armed robbery and sexual violence (rape) per thousand people for countries in Southern and Eastern Africa (Botswana, Kenya, Lesotho, South Africa and the United Republic of Tanzania) have increased in slums as well as slum neighborhoods in the large cities such as Abuja, Cape Town, Johannesburg, Kinshasa, Lagos and Nairobi, which are said to have recorded the highest incidence of crime. South African cities registered the highest incidence of crime. On the contrary, countries such as Algeria, Egypt, Ethiopia, Ghana, Morocco and Sudan are among those where murder incidence was reported as low. The existence of endemic violence against women and children in the home and community

blights livelihoods and affects the poor most. Neighborhood crimes also affect businesses and dampen investment.

116. In most countries, there is recognition that perceptions of inequality, poverty and grievances related to livelihood opportunities, access and use of resources degenerate into conflict and create conditions of insecurity. However, that has not always been the case, given that there are countries with high inequalities and yet with relatively low crime rates and levels of insecurity. Participatory community policing to prevent crime and to support/complement national police forces is a common intervention adopted in many countries, although with varying degrees of effectiveness. Crime incidence has been said to decline significantly where participatory slum improvements are implemented. In countries such as Kenya and South Africa, there has been increased use of electronic surveillance in critical public spaces such as parks, transport hubs, sports facilities, shopping centers and institutions. Privatization is another major feature in which private security guards now outnumber police officers, implying that only the rich can afford access to security services. Yet such privatization increases the sense of inequality.

3. Spatial, social and economic fragmentation and limits of privatization

117. The limited public sector housing and weak basic services have led to the adoption and introduction of private sector models of provision and management, which are not affordable to the majority of urban residents. The result has seen an upsurge of gated communities and spatial segregation of urban residents along class lines. Social and economic fragmentation in African urban centres is further compounded by mobility and public space deficiencies. Indeed, private sector solutions to housing problems create challenges in terms of sustainability and affordability, and lead to spatial fragmentation and new forms of exclusion and inequalities. A key driver of limited access to education, urban services and employment in Africa has been the gap in transport, especially public transport. Affordable and accessible public transport remains weak in urban areas, although some progress has been made in a few cases (e.g. Cape Town and Johannesburg bus rapid transit, Lagos bus rapid transit, Addis Ababa and Rabat light rail transit). Fatalities and injuries related to road traffic accidents are a major emerging safety and security issue, alongside urban terrorism and violence against women and young people (youth and children). A further characteristic of urban centres in Africa is the lack of public spaces in urban areas, with a number of implications for social integration, trust, security and environmental sustainability.

4. New forms of urban insecurity

118. As reported in the *State of African Cities Report 2014*, sovereign wars and conflicts in Africa have been on the decline since the 1990s. Violent conflicts in the 1980s and 1990s led to cross-border displacements, influx of refugees into urban areas and rapid growth of cities such as Freetown, Gulu, Kinshasa, Luanda, Maputo and Monrovia. Today, Africa's urban areas experience periodic socioeconomic-related riots, xenophobic attacks and new forms of security threats from conflicts and terrorism. These are phenomena that require new planning tools, and collective regional and local policy responses.

J. Policy issues and directions

119. To make further progress in addressing the housing and services challenges, in line with Agenda 2063 and the Sustainable Development Goals from the 2030 Agenda for Sustainable Development, African countries would need to adopt national proactive and sustained policies to deliver housing and basic services. There is an urgent need for Governments and local authorities to increase investments and enhance the role of the state in responding to the challenge of availability, affordability and quality of housing, by providing different process and outcome alternatives, such as affordable housing, rental and homeownership options, and rental price stabilization. Women and youth remain critical groups that require greater attention in this regard. Fundamentally, there is a need to shift from "housing policies" to well-financed and designed national programmes that deliver housing solutions to different economic and social groups. The continued responsibility of the state in the provision of housing and services needs to be emphasized, given the limitations of the private sector providing affordable housing and services to all.

120. In addressing security of tenure, African Governments should recognize the plurality of tenures, rights and urban land and housing markets. There is therefore a need to adopt and utilize participatory social tenure and mapping tools to improve local land information management. Governance reform will also be required in order to realize the aspirations of Agenda 2063 in this area.

121. Urban sprawl should be addressed, again through participatory measures, as it constitutes a major driver of exclusion and fragmentation in African cities. Urban terrorism, xenophobia and service-related riots should be addressed through planning for urban security.

122. The provision of affordable housing and accessible public transport is a necessary public good that must be prioritized in African urban areas as a means of enhancing access to education, services and employment, and reducing the carbon footprint and the massive use of cars. It is therefore imperative that cities rethink their service delivery models to focus on affordability while enforcing quality standards in the short and long term.

123. The creation, maintenance and further development of public spaces should constitute a key element of urban planning processes to enhance social and economic integration, as well as respond to environmental concerns. Including gender dimensions in urban planning will reinforce these goals.

124. The massive service and infrastructure deficits in Africa should consider the use of regulated informal systems for service delivery as vital options that could be used to progressively improve access to basic services and establish a viable fiscal model. This would call for an integrated and strengthened private and informal private system to grow the local economies, enhance livelihoods and well-being in urban areas enshrined on a coherent national and local institutional architecture to ensure deliberate effective urban management.

125. Public investments – such as developing urban infrastructure networks and systems to ensure a sustainable metabolic flow of money, resources, goods and services, and strategic infrastructure investments, appropriate planning and institutional coordination – can greatly improve the imperatives of inclusive growth, resilient growth and human well-being of the African people in urban areas.

V. Urbanization and the environment

126. Through urban-based manufacturing, transportation and built environment, cities consume environmental resources and produce wastes that damage the environment and contribute to climate change. Heavy dependence on fossil fuel energy, typical even in the continent's most advanced cities, exacerbates the environmental challenges. Yet at the same time, cities have the potential to transform and produce significant environmental benefits on the continent. With its needs and demands for huge infrastructure investments, and in the context of Agenda 2063, Africa has a unique opportunity to configure its infrastructure to lead in the emerging low-carbon economy as opposed to replicating the fossil fuel-dependent models used thus far. While the framework for such transformation is being devised, practical regional and national programmes at scale remain few and far below the needs and ambitions of most African countries.

A. Trends and drivers

127. A major trend and environmental challenge facing urban Africa is spatial expansion and urban sprawl that is a feature of all types of cities: from “new” towns such as Abuja and Lilongwe, to those in rapidly growing economies such as Abidjan, Accra, Addis Ababa, Algiers, Beira, Cairo, Casablanca, Khartoum, Kumasi, Luanda, and Maputo. Urban spatial expansion or sprawl has adverse environmental and economic impacts, including conversion of prime agricultural land into squatter and informal settlements. There is a strong positive correlation between transport-related carbon dioxide (CO₂) emissions and land-use change, such as that resulting from built development. There are also impacts on hydrological systems and flood risks are associated with badly managed urban expansion. Environmental degradation associated with resources extraction (timber, construction materials) and disposal of wastes is another category of negative impacts. Wood fuel and kerosene are still the primary sources of energy for the majority of Africa's urban residents.

128. A matrix of drivers contributing to urban sprawl includes macroeconomic factors of globalization and economic growth; microeconomic factors of rising living standards, availability of cheap land and transformation of rural agrarian economies to higher-income uses at the urban fringe; demographic, political economy and policy factors such as boundary changes, weak planning regimes or urban expansionist policies; transport and infrastructure related pricing, investments or availability of cheap motor vehicles; housing policy and household preferences for peri-urban living due to costs or lifestyle and real or perceived inner city problems of congestion, pollution, lack of safety, poor services and high cost of land and rents. Conflict in the rural hinterland has also led to large numbers of urban refugees who settle in the urban periphery, as was the case in Gulu, Luanda, and parts of Nairobi (ODI, 2010). Among the key responses to urban sprawl is the need for compact city strategies and designs.

B. Spatial and social mobility and transport

129. The transport sector is at the “crossroads” of multiple city economic issues and raises a range of additional urban environmental challenges, but also opportunities, intertwined with that of urban sprawl, productivity and low-carbon economies. The transport sector accounts for up to 24 per cent of

carbon dioxide emissions (due to congestion, use of fossil fuel, old and poorly maintained vehicles and urban sprawl). With a rising middle class, the availability of low-priced second-hand vehicles and rising car ownership, this trend will continue. African Governments report rapid increases in registered vehicles and private car ownership, most of these being in urban areas. For instance, between 2002 and 2012, registered cars in Botswana increased by 146 per cent, and in Uganda a 1,168 per cent increase was reported for the 1991–2011 period.

130. Fatalities from road traffic accidents/incidents are now a major cause of death in Africa, due to poor and congested roads, poorly maintained vehicles, poor driver attitudes and indiscipline and lack of enforcement of rules. The environmental, ill-health, economic and human costs related to urban Africa's poor transport infrastructure congestion and accidents are substantial. In Uganda, daily traffic congestion causes not only ill-health and lost production time, but also loss of 140,000 litres of fuel (estimated at US\$ 200 000.00 per day) burnt by idling cars stuck in traffic jams. Traffic congestion, as a result of poor traffic management, hampers the country's economic development and productivity through time lost, with an estimated loss of US\$ 610,000 daily in the city of Nairobi and its environs. Despite the large number of pedestrians in African cities (for example, 46 per cent of all trips in Maseru), there is a chronic shortage of protected sidewalks and pedestrian crossings, making walking and cycling perilous activities.

C. Notable programmes and projects

131. These huge transport-related costs can be reduced and low-carbon economy benefits realized with adequate investments in road infrastructure. These include bus rapid transit programmes (metro-buses) such as in Cape Town, Johannesburg and Lagos; urban light rail such as that of Addis Ababa, Johannesburg's Gautrain and Rabat; and urban designs that promote cycling and walking. The demonstration effect of Gautrain and the Addis Ababa light rail has been such that Nigeria and Senegal are also planning their own and the Gautrain is due a further 200km expansion.

132. Meanwhile, bus rapid transport programmes have created thousands of new jobs and reduced congestion and travel times by up to 40 per cent, and plans are underway to introduce them in Accra, Dar es Salaam, Kampala and Mauritius. Further, investments are needed in road and drainage upgrades, provision of more urban public spaces, cycle lanes and safe walkways for pedestrians to decongest city centres, as in the case of the Nairobi–Thika Highway project in Kenya (box 10). The Greater Kampala metropolitan area has a similar plan due for implementation.

Box 10

Short-term gains: the Nairobi-Thika Highway Improvement Project

The Nairobi-Thika Highway is a 45 km eight-lane highway with nine related interchanges between Nairobi's busy central business district and the town of Thika to the east. The road's improvement has benefited 100,000 residents in Kasarani, Kiambu and Thika by reducing their commuting time from three hours to 30 minutes. It has decongested Nairobi traffic, improved connectivity, and opened up opportunities for people and businesses. In addition to direct employment in construction and maintenance of the highway, there are strong multiplier effects along the highway corridor and rural urban linkages. Funding for the project was a partnership between the African Development Bank (US\$ 186 million) and the Government of Kenya (US\$ 84 million). However, the highway project has induced more people to use cars, and new bottlenecks are emerging in the transport systems. In the coming years, Nairobi will have to consider investment in low-carbon public urban light rail. The form and function, with a core central district and key suburban nodes and anchor institutions such as Nairobi's international airport, the Westlands and Gigiri neighbourhoods and Nairobi Hospital, lend themselves well to the design and delivery of an urban light rail system.

Source: African Development Bank, 2014a.

D. Buildings and energy

133. Industrial, commercial and residential buildings all use materials and consume energy, and are therefore direct and indirect contributors to greenhouse gas emissions. The continent faces a major energy crisis that is crippling economic development and urban productivity. In the largest economy, Nigeria, 40 per cent of production costs for manufacturers comes from provision of power, compared with less than 10 per cent for comparable economies elsewhere. African countries are making efforts to adopt cleaner energy sources. For example, in Egypt, natural gas is the main source of power (78%) and in East Africa's Rift Valley, the potential for geothermal power (9,000 MW) could make it the biggest source of energy in countries such as Ethiopia and Kenya. Currently, the two countries

generate only 7.3 MW and 167 MW, respectively. Some countries have been registering progress with respect to improvements in energy efficiency in buildings. For example, in Algeria almost 25 per cent of energy has been saved in housing and accompanying public facilities since 1990.

E. Greenhouse gases and climate change

134. The African region is among the most vulnerable to climate change, although it contributed the least to the problem of greenhouse gas emissions. For instance, Ethiopia, with rapid economic growth over the last 15 years, generates 2 tons of CO₂ equivalent per capita, compared with the 10 tons of CO₂ per capita average in the European Union and 20 tons of CO₂ per capita in Australia and the United States of America. Rwanda, another rapid economic growth country, had low greenhouse gas contributions of 0.6 tons of CO₂ per capita, while Morocco's emissions rose from 1.84 tons of CO₂ per capita in 1994 to 2.50 tons of CO₂ per capita in 2004.

135. The low greenhouse gas contributions notwithstanding, member States have engaged with the climate change agenda, embracing both mitigation and adaptation within the framework of the Kyoto Protocol and the United Nations Framework Convention on Climate Change. However, Africa's national reports for Habitat III show that, although many actors are addressing climate change and environmental issues, the policies and programmes are dominated by a rural environment, agriculture and tourism focus. The urban dimension is marginal except in a few countries such as South Africa. Often, political will and critical climate change knowledge are lacking. Divergent views and lack of harmonized actions prevail in the urban sphere, and the role of urban local governments and urban planners is still peripheral. Yet urban areas are central to the development and implementation of sustainable interventions if the climate change impacts of power generation, transport, waste generation and housing are considered. Most countries have developed disaster risk management plans and put in place decentralized implementation structures and operational programmes, although continuous assessment is often lacking and preparedness is inadequate. The recently adopted Sendai Framework for Disaster Risk Reduction 2015–2030 (UNISDR 2015) offers a new framework for the continent to forge and strengthen partnerships for effective mainstreaming of disaster risk reduction.

Box 11

City-level decoupling

Most of the resource flows that support cities are finite, so continuing global economic development will depend on decoupling growth from escalating resource use. This decoupling will require innovation for more efficient management of resource flows to replace traditional approaches to urban development that have implicitly assumed a never-ending supply of resources. The infrastructures that provide cities with transportation, information, sewerage, water, and energy distribution will determine how resources flow through urban systems. The design, construction and operation of infrastructures also shape the "way of life" of citizens and how they procure, use and dispose of the resources they require. City-level infrastructures are therefore key to increased efforts to promote resource efficiency and decoupling at the city level, as well as well-being and access to services of their citizens.

Source: UNEP (2013b).

F. Urban water scarcity

136. Urban Africa faces increasing water scarcity due to droughts and lack of investment in water infrastructure. Urban residents have resorted to borehole drilling to extract water from underground aquifers. But aquifers are depleting fast and need better management and replenishment. Compounding the problem is obsolete infrastructure resulting in up to 30 per cent "unaccounted" for water, i.e. water lost between pumping station and consumers due to leakages, illegal extraction and non-payment. Few coastal cities have explored the potential of purifying seawater. But the costs are still prohibitive for most countries. Elsewhere, where surface water is abundantly available, the challenge is purification. Also needed are programmes to reuse effluent/wastewater to irrigate parks and peri-urban gardens. Water pricing policies also have a role to play in managing supply and demand.

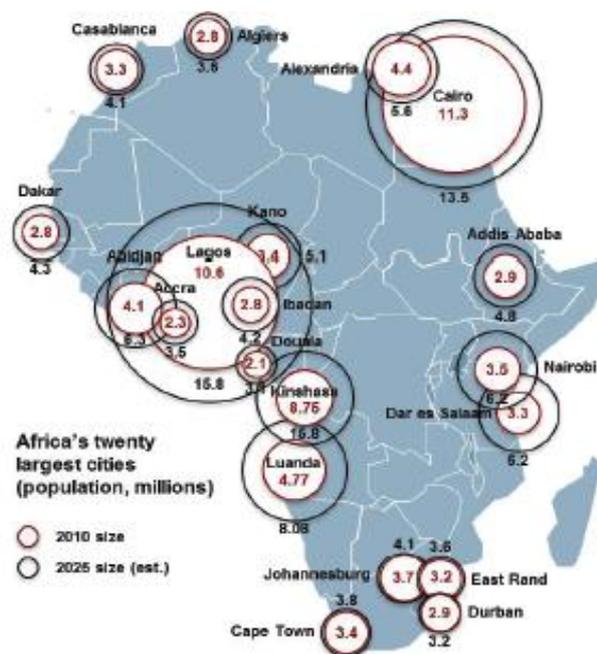
G. Cities in low-elevation coastal zones

137. One of the biggest environmental threats to emerge in coming years is sea-level rise and the potential of flooding of cities in low-elevation coastal zones with the associated damage to infrastructure, commerce and livelihoods. Cities at risk include some of Africa's largest and most developed cities located in these low-elevation coastal zones – coastal areas less than 10 metres above sea level (for instance, Abidjan, Accra, Alexandria, Beira, Cairo, Cape Town, Dar es Salaam, Durban, Lagos, Luanda, Maputo, Mombasa and Tunis). Together they are home to about 12 per cent of Africa's urban population (figure 13). But flooding is also a major concern in inland-Highveld urban areas, especially in the unplanned informal settlements.

138. However, Agenda 2063 correctly identifies a range of blue/ocean low-carbon economic opportunities in these coastal agglomerations, including wind energy and water transport, which should be promoted and developed through priority programmes at the national, subregional and regional levels.

Figure 13

Africa's major low-elevation coastal cities



H. The waste age

139. Africa's rapid urban population growth and emerging middle class have resulted in increased volumes and complex composition of wastewater and municipal solid waste, leading to the emergence of a new "waste-age" for Africa. E-wastes, plastics and disposable baby nappies are basic examples of such new wastes. National and local governments have insufficient resources and capacity to manage this growing waste problem, and waste management is often one of the largest budget items for urban authorities. Waste management deficiencies create environmental and health problems for society compromising quality of life and economy. Wastes generate gases such as methane and chlorofluorocarbons that are damaging to the atmosphere and contribute to climate change. Efficient waste management is needed not just to reduce these emissions but also to reduce the level of fire hazards, air and environmental pollution, some of which has significant health consequences. Leachates from poor management of dumpsites and landfills lead to water and environmental pollution. Opportunities for recycling, anaerobic digestion and energy from waste options are yet to be pursued vigorously in Africa; in South Africa, only 4.5 per cent of household waste was recycled, compared with the OECD average of 24 per cent.

I. Financing the low-carbon economy

140. Most African countries have made negligible use of climate change finance made available through the Clean Development Mechanism facility. The recently concluded twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change Conference made US\$ 10 billion available to finance green economy programmes. This time around, African countries should explore and tap into these

resources to use them in a catalytic way to upscale and mainstream clean energy, clean transport, clean buildings and blue economy programmes.

J. Policy issues and directions

141. With the awareness that the global economy has entered a new low-carbon phase, and noting the resource requirements and climate change impacts of Africa's urban growth, it is clear that there needs to be a radical transformation in perspective if the continent is not to be marginalized in an emerging global low-carbon economic phase.

142. There is an urgent need to address weak urban planning and enforcement of plans, and lack of investment in drainage infrastructure, combined with poor waste management, that contribute to unhealthy cities whose major victims are the poor.

143. Planning as an instrument of urban management to reduce the ecological footprint of cities is urgently needed to address urban sprawl patterns and dispersed cities that consume more energy and generate more pollution per capita than compact cities. In other words, what is needed is spatial restructuring of the urban morphology to achieve much greater densities – and a richer mix – of housing, jobs and amenities at the neighbourhood level. It seems the biggest hurdle to make the above planning interventions work is a combination of lack of political will, weak institutional governance and inappropriate laws, rules and regulations.

144. With this political context, planning needs to proceed with models that ensure that new developments are not car-oriented or to create cities where not having a car is an advantage, not an impediment. This is especially important for developments designed for low-income households, most of which are currently placed away from the urban and employment core. A dense network of public transport would reduce the spatial exclusion and inequalities, as well as congestion and greenhouse gases associated with transport.

145. Rising urban populations and emerging new clean and green technologies offer opportunities to create a green and circular economy in Africa, through recycling and recovery of materials from waste, including organic manure and energy to achieve significant shifts from and reductions in the use of fossil fuels. In other words, beyond the technologies, structural transformations will require the promotion of sustainable behaviours that foster recycling of waste, use of public transport, walking, cycling (soft mobility), growing of food locally, changing diets, and use of parks.

146. Africa needs to take advantage of the new window of opportunity created by Sustainable Development Goal 11 and the global attention/consensus on climate change to mobilize resources to support the urban agenda towards low-carbon economies and sustainable urbanization.

147. Overall, Africa's urban climate change policy is in its infancy. To avoid mistakes of the past, African Governments need to build data collection capacity and address the lack of high-quality data on climate change, improve use of greenhouse gas inventories, upscale renewable energy and clean power generation; upscale use of appropriate technologies for industry, transport and buildings; and invest in traffic management and infrastructure to reduce congestion, pollution and accidents.

VI. Urbanization and governance

A. Good governance: a cross-cutting driver for transformative development

148. Good governance in Africa implies strengthened institutions, effective checks and balances, adequate regulatory and legal frameworks, and robust enforcement mechanisms, which all minimize corruption. However, most African urban areas are lacking in effective and democratic urban governance and management, caused by the limited implementation of national decentralization programmes and ambiguity over the urban responsibilities of central and local governments, among other factors.

149. Good governance should therefore be emphasized in all aspects of Africa's urbanization and transformation agenda. The Habitat Agenda recognizes that sustainable human settlements can only be achieved through decentralized, accountable, citizen-driven and financially secure local authorities. It calls for decentralized and locally accountable urban governance embracing increased citizen participation in decision-making on issues that affect them; the ability of people to select and de-select those who represent and those who govern them; and increased local fiscal autonomy, i.e. freedom to set and collect taxes and user charges, to borrow funds and to pick and choose

contractors for projects. This part of the report reviews progress on governance since 1996 and underlines the need to act on irreversible decentralization.

B. Trends and drivers – decentralization and governance

150. In the framework of Agenda 21 and the Habitat Agenda, civil society and local governments have been mobilized to become key stakeholders in urban development and service delivery. In order to engage citizens in participatory development, most African countries have since the 1990s adopted constitutions and statutes that provide for decentralized local governance. But evidence shows that in practice there is incomplete decentralization at the level of the State (central Government) versus local authorities (local Government) as well as between all levels of Government and citizens. This incomplete decentralization has heightened tensions in centre–local relations that compromise delivery of sustainable urban development. In some countries, decentralized State administrations are still responsible for local governments.

C. The centrality of local resources and local government finance

151. Increased local fiscal autonomy is an important indicator of decentralized local governance. However, most urban areas remain financially weak and dependent on central Governments, exemplified by data from Botswana. The two largest sources of revenue for local governments are central Government grants (as much as 75 per cent in most cities) and “own income”, usually from land/property tax or rates, rents and charges for municipal services such as water and refuse management. In Africa’s highly informal urban economies, local governments face difficulties in collecting taxes, rates and user fees from business, residents and institutions alike. Land, which should be the major contributor to own revenue, is poorly managed, with large parts of the developed city not captured in the rating system, especially in countries emerging from conflict and cities with rapid urban sprawl and growth of informal settlements of both the rich and the poor. For instance in Maseru, only 10 per cent of potential income from land is collected.

D. Indebted local governments

152. Confronted with poor-quality services and deteriorating infrastructure, residents’ refusal to pay becomes endemic; unwillingness to pay is a major challenge. Local authorities depend on central government for grants and loans, especially for capital developments, with close to 70 per cent of their own-source revenue spent on paying staff salaries. Yet central governments tend not to enable local governments to make timely disbursements of these grants. A fatal trend is one where central government departments do not pay or delay payment for water, or refuse removal and other services provided by the local authorities to central government institutions. This situation leaves local authorities heavily indebted and unable to pay for recurrent expenditures, let alone capital developments. Other challenges are unfunded mandates – situations where local authorities are expected to deliver services for which no matching central government grants are allocated. Central governments can also veto decisions and strategies designed by local authorities.

E. Political patronage and corruption

153. Weak local government finances are also compounded by a culture of political patronage, where some voters expect the elected to reward them with unpaid services and resources in return for votes. Hence, corruption is tolerated at all levels of governance. Corruption kills, is a security threat and aids the illicit financial outflows of up to US\$ 60 billion a year, as was noted previously. Without transparent and accountable mobilization and management of resources, Africa’s transformative agenda will not progress adequately.

F. Alternative sources of financing

154. Some local governments have made attempts to roll out “cash and carry”, “cost recovery” or “pay as you go” governance, whereby residents pay at the point of consumption for services such as water, electricity, transport, parking, health, education, registration fees or any other public service. However, these schemes appear to penalize the poor more than the rich. There is a genuine issue of affordability and equity in provision and charging for municipal services. Hence, civil society and social movements have often mobilized to oppose cost recovery programmes.

G. Notable experiences with performance-based grants

155. In order to promote local authority performance in revenue collection, planning and delivery of municipal services in a transparent, participatory and accountable manner, development partners and many Governments have, since the 1990s, piloted the use of performance-related grants. These have been used in countries ranging from Kenya, Mozambique (ProMaputo project), Swaziland,

Uganda, the United Republic of Tanzania and Zimbabwe (see table below) to Mali and Ethiopia. The positive results for Maputo were replicated recently in Ethiopia.

Improved local government finance: the case of the PROMAPUTO project, Mozambique

<i>Indicator</i>	<i>Base year value (2006)</i>	<i>Target value (2009)</i>	<i>Achieved at end of project (2010)</i>	<i>Achieved in 2020</i>
Revenue collection	US\$ 3.5 million	US\$ 7.7 million (120% over base year)	US\$ 9.8 million (180% over base year)	*
Solid waste collected and deposited at dump	253 tonnes per day	600 tons per day	650 tons per day (in 2011)	*
Average time to process a new request for a construction license	8 months	3 months	28 days	*
Audit finalized within six months of end of financial year and made publicly available	Not done	Annual	Done for 2008, 2009 and 2010	*

Source: See <http://documents.worldbank.org/curated/en/2012/02/16187076/mozambique-promaputo-maputo-municipal-development-program-project>.

156. In Ethiopia, the Ministry of Urban Development, Housing and Construction supported performance-related grants to 19 local authorities, with a primary beneficiary base of 2.85 million people (50 per cent female) in terms of access to improved water and sanitation, roads, drainage, waste disposal and new markets. At the end of the project, all participating cities had increased their “own-source revenue” by 135 per cent between 2008/09 and 2012/13. By 2012/13, all cities had cleared their audit backlogs (of between five and seven years in 2008) and submitted timely unqualified external audits for 2012/13. Grants from the central Government also increased by similar magnitudes. Thus, both central Government grants and own revenue will increase if there is sustained economic growth and good governance.

157. In Benin’s largest cities, between 1999 and 2004, the decentralized management project exceeded revenue collection targets. In Senegal, following decentralization, simple street addressing helped improve service provision and tax billing. As a result, municipal tax billing increased by 50 per cent, with 90 per cent collection rates. Similar results were registered in Burkina Faso, Guinea, Mauritania and Togo.

158. These pilot programmes achieved improved revenue collection, capacity-building and service provision, largely due to their participatory, locally driven “learning by doing” approaches, political support, stability, predictability and explicit rewards for staff that met targets. The pilot programmes also highlight the need to tailor programmes to different types of cities, for large primary cities separate from the medium and small towns. However, the sustainability of these interventions can only be fully assessed after the expiry of funding from development partners. This is the crunch point: sustainability will depend on continued growth in urban and national economies to provide the revenue base on which central Governments can continue with performance-related grant disbursements.

H. Unfunded mandates

159. The national context determines the nature and structure of these grants. South Africa’s Local Government Equitable Share formula incorporates principles and elements of equity as well as own-source revenue correction factors, and seems to be a good practice. The formula’s good practice revolves around continuous participatory and transparent review, to account for changing circumstances, to account for different types of municipalities, and to minimize occurrence of unfunded mandates, i.e. situations where local authorities are expected to deliver services for which no matching grants are allocated.

I. Borrowing

160. The legal and institutional capacity to borrow and set service tariffs is a key aspect of decentralized governance that exists in many countries. But generally, local authorities can only borrow or set tariffs with the approval of the central Government. In practice, the creditworthiness of urban local authorities is weak, especially where central Government is equally un-creditworthy. In some cases, central Governments can block the setting of financially viable tariffs and enforcement of fees owed to local authorities. This leaves many local authorities with a huge financial gap – highly indebted and unable to pay for capital developments, salaries and the costs of the services they provide.

J. Commercialization and privatization

161. If global trends are an accurate indicator, commercialization of services and “pay as you go” may continue to expand (smart water and electricity meters, for example). To enhance the chances of success for such programmes, local governments would have to invest more in participatory governance, as exemplified in participatory budgeting. Enhanced dialogue should be instituted with informal economy stakeholders to transform the informal economy into a major contributor and partner in the delivery of services and infrastructure, and with poor households, to ensure pricing is affordable and equitable. The revenue base for both national and local governments has to increase faster than the increase in needs, and measures should be taken to collect all debts owed to local authorities and to expand on existing good practices.

K. Innovative governance

162. Across the continent, there has been growth in what can be viewed as “frugal innovations”, in which ICT has been adapted to enable money transfers, marketing and paying for goods and services. While frugal innovations may be seen as an expansion of the private sector in provision of services, in the short term they have benefited many at the bottom of the development pyramid in Africa, through facilitating greater financial inclusion, access to information and services, participation in political activity and governance, and access to education and health, as well as business opportunities. Most countries recognize but are yet to fully exploit the advantages from ICT and new innovations for e-government, e-legislation, e-health, e-education and e-commerce. Nationwide programmes are at the infancy stage. For example, Botswana’s ICT policy (Maitlamo) is a comprehensive programme that includes broadening access to the Internet and free training use of computers for the poor. Skills and infrastructure remain some of the major challenges for such programmes. Community-based systems have also facilitated urban governance and development processes in innovative and cost-effective ways (box 12).

Box 12

Role of community in urban development – *Umuganda* in Rwanda

Umuganda (translated as coming together to achieve an outcome) is an example of an approach to community engagement in urban development. In traditional culture, community members would call upon their families, friends and neighbours to help them complete a difficult task. The benefits of *Umuganda* are not merely economic; it builds community involvement and strengthens cohesion between persons of different background and levels. By reaping the rewards of volunteer labour and by having more capital to invest in the country (more than US\$60 million since 2007), *Umuganda* contributes to growth and development. Successful projects include building schools, medical centres, hydroelectric plants, rehabilitating wetlands and creating highly productive agricultural plots.

Source: Rwanda Habitat III National Report, p. 38.

L. Governance and the rule of law

163. Urban planning and management laws are often discredited because they are outdated and are not socially necessary or relevant. New compacts are needed to design socially necessary and relevant regulations for urban management: compacts and laws that are binding to both leaders and ordinary citizens.

M. International, regional and local partnerships

164. Aware that urbanization and urban growth are accompanied by proliferation of informal settlements and a huge infrastructure gap, there is need for a profound step change in international development partnerships. A stronger emphasis on urban development will be required to share expertise, mobilize resources for infrastructure and build capacities.

165. Partnerships are important for major urban projects where urban local authorities depend on central Government to borrow and implement the projects or pass on the loans to urban local authorities. In Angola, urban management and service delivery is still provided by central Government departments. Projects such as the US\$ 3.5 billion urban development and housing project (Kilamba City) in Luanda, completed in 2012, was funded with external loans. Likewise, Addis Ababa's US\$ 475 million urban light rail, completed in 2015, was financed through external loans advanced via the central Government. The Nairobi–Thika Highway Improvement Project (box 10) was partly funded using African Development Bank loans to the Government of Kenya. It is important that future infrastructure projects adopt low-carbon technologies, especially in housing, energy, transport, water and sanitation, as well as minimize the debt burden for future generations.

N. Capacity limits

166. Most national and local governments in Africa face technical, human and financial limitations to plan for and manage rapid urbanization. Urban planning, management, legislation and governance are also performing poorly relative to the rapid rate of urbanization, and are thus not yet ready to manage ongoing or forecasted urbanization.

O. Data and knowledge limitations

167. This challenge constrains evidence-based strategies, plans and decision-making, and precludes long-term visioning, monitoring and evaluation of implementation.

P. Collaboration and cooperation between different tiers of government

168. There is a need for a contract between local and central governments around objectives, and results with accountability frameworks and indicators. A multiplicity of often contradictory programmes and policy initiatives strangle the capacity of local authorities to operate effectively.

Q. Administrative structures are not adapted to development

169. Very often, administrative structures are not adapted to and flexible enough for the new role to be played by cities. Structures are still static, while urbanization is rapidly transforming spatial configurations, and structures are not adapted to the potential role of city clustering.

R. Local planning is not contextualized into national planning

170. Countries are not taking urbanization into account in their national development planning as a transversal megatrend. There is limited attention by national development and economic planners to the role urban areas and urbanization could play in the process of development.

171. In planning for a national territory, national urban policies should be based on a national consensus for an appropriately differentiated model of urban governance and management. This implies that small towns with micro-economies and populations cannot operate like secondary cities or metropolitan hubs and therefore the national and provincial/district Governments have to play an active role in pursuing substantive functional and fiscal decentralization for metropolitan areas and secondary cities. National urban policies should define the rationale for staggered decentralization as institutional capabilities of local authorities expand, and should be monitored in a systematic fiscal and legislative reform agenda.

S. Policy issues and directions

172. In delivery of services and expanding of cost-recovery policies, municipalities have to continuously address the threefold challenge of affordability, unwillingness to pay and unwillingness to enforce payment. Governments and municipalities should also engage more with citizens to ensure that rights are not compromised, enhance affordability and equity, and avoid social tensions witnessed in some cities, especially relating to privatization of services. More so, while importance is paid to local solutions to address these challenges, unsustainable patterns of urbanization go well beyond the local and national content, into the international systems of governance, trade and regulation.

173. Given that a city's financial strength is a key element of urban governance and ability to deliver services, greater emphasis should be placed on increasing the share of "own-revenue" generation and income available to spend per capita. Equally, future monitoring should emphasize tracking of improvement in own-revenue as a share of total revenues. Based on the experience of pilot programmes implemented by some countries in partnership with key stakeholders since the 1990s, there is scope to expand the use of performance-based grants to local governments. Performance in raising own-revenue from urban land should be a central performance indicator.

174. Land, which is potentially the main source of revenue for local authorities, is poorly managed. Member States should enable local authorities to invest more in efficient land management and revenue collection and to optimize land value capture. In their relations with local governments, central Governments should strive to ensure that there are no unfunded mandates.

175. Capacity development and multilayered collaboration will need to be strengthened to enhance national and local governance capacity and performance. There is need to open new streams of support to research and development at Africa's universities. The structural transformation agenda will demand local innovations to solve local problems in ways that require trust and partnerships between governments, universities and the private sector.

176. The Habitat III national reports reveal that in many African countries, there continues to be minimal participation by the general population in urban development planning processes and corresponding policymaking. In this regard, African countries should introduce and enforce processes that allow citizens, including vulnerable groups, to participate in development planning and policymaking. This calls for a deep urban governance reform that will create the appropriate mechanisms for deliberation, moderated conflict, cooperation, co-production and mutual learning so that the best possible decisions are taken in the development of cities.

VII. Conclusions and recommendations

A. Urbanization for structural transformation

177. Rapid urban growth and urbanization present an unprecedented opportunity to accelerate Africa's transformation and capacity to respond to its development challenges. Evidence from across the world suggests that linking economic and urban development generates positive interactions or spillovers that improve economic and social well-being.

178. Submissions in the Habitat III national reports as well as voices at the regional consultative meetings confirmed that, compared with 20 years ago, there is greater appreciation across Africa, that urban growth and urbanization can no longer be ignored. African Governments are more united around a structurally transformative vision for a peaceful, integrated, prosperous continent, as expressed in the African Union's Agenda 2063. Consequently, policymakers should harness this momentum to galvanize citizens and mainstream urbanization and urban management issues in all national development and sectoral programmes.

179. This report reaffirms the continued validity of the Habitat Agenda principles and goals and their relevance for the New Urban Agenda. It further reiterates the importance of housing and sustainable urban development for Africa's growth and structural transformation. Agenda 2063 will be operationalized in an urban age where Africa will be 50 per cent urbanized by 2035 and an urban labour force of 1.1 billion (more than India or China) will account for significant global production and consumption. Thus, if well planned and managed, urban growth and urbanization offer an opportunity for creating decent jobs, enhancing living standards and sustainable development.

180. In order to harness urbanization for structural transformation, cities and human settlements need to be well planned and managed in line with national development targets. This calls for mainstreaming urbanization in national development planning. It further requires national urban policies to create a framework for strategies and responses towards sustainable urbanization. Preparing for future urban growth through urban planning, management and legislation is essential, including in intermediate urban areas, where most of Africa's urban growth is expected to take place.

B. Demographic trends and policy actions

181. Data from Habitat III national reports and United Nations-World Population Prospects show that over the 25-year period of 1990–2015, Africa's urban growth has been consistently high, at an average 3.49 per cent, with urbanization at an annual average of 1.03 per cent. The key drivers of

the rapid urban growth will continue to be natural increase, rural to urban migration, regional migration and administrative reclassification of peri-urban areas and rural settlements into urban areas. Other key demographic features include primacy, youth bulge and rising middle class; diversity across regions, within countries and within cities; declining fertility and mortality rates; rising life expectancy; and improving literacy levels, including for girls.

182. The continent's major cities continue to grow. Most of these are globally-oriented low-elevation coastal cities that will require infrastructure to reduce risks of climate change and sea level rise. But future urban growth and urbanization will be in intermediate and small towns, mainly in the interior. This calls for disaggregated interventions to boost capacity and infrastructure in all types of cities, and to foster development that integrates small towns and rural agriculture investments.

183. All stakeholders consulted agree that Africa has to turn its youth bulge into a demographic dividend and avoid it turning into a demographic albatross. For this to happen, investment will be needed in social infrastructure and human skills, especially in entrepreneurship, science, engineering and technology, to give Africa's youth the capacity to compete in an increasingly globalized world as well as to create their own jobs.

C. Economic productivity through urbanization

184. Since the 1990s, Africa has witnessed average economic growth rates of above 3 per cent as a result of political stability, better policies, improved governance, firming domestic markets in services, infrastructure investments and rising commodity prices due to demand from the BRICS countries. But the growth has neither translated into jobs nor have its benefits been equitably shared. The expanding urban market for goods and services has been satisfied through increasing imports, including those for staple food cereals that could be produced locally. The analysis shows that, for Africa's urbanization to be sustainable, and to achieve the structural transformation envisioned in Agenda 2063, investments in agro-industrialization are required that take advantage of rural-urban linkages in small and intermediate towns, focusing on value addition, regional integration, diversification and increasing labour productivity in SMEs and the informal economy.

185. For Africa to harness the significant potential of urbanization and urban growth and to mitigate the real and likely debilitating negative effects, concerted policy interventions will be needed in at least four interconnected spheres of urban financial health: urban institutions and governance; physical health, spatial planning and design; political will; and commitment. These are underlined in the following section.

D. Inclusive urbanization for inclusive societies

186. Since 1996 and within the context of the Millennium Development Goals, and working with international partners, many countries have invested in improved urban health, water and sanitation services, leading to reduction in the proportion of people living in slums. However, the quantity, quality and affordability of services, land and housing remain a major issue for the majority. The increasing resort to commercialization and private sector-led solutions in the provision of urban infrastructure, housing, water, refuse, security and other services has increased urban fragmentation, gated communities and inequalities between the rich and the poor. These experiences and evidence point to the need for greater and not less intervention by the state to balance the deepening and unsustainable gaps in private-sector solutions.

187. Additionally, central and local authorities are urged to take a sector-wide approach to tackling land and housing delivery: supply-side bottlenecks (land, construction materials), administration, institutional frameworks and finance. This requires coordination based on clear and participatory strategies at all levels and sectors of society and the economy.

188. Evidence analysed for this report shows that productive and safe cities tend to be those with equitable distribution of land and services. Measures need to be put in place to widen access to affordable land and housing. This suggests that priority should be towards enhanced security of tenure, especially for the poor, and to recognize and confront the scourge of land grabbing by the rich and developers acting in collusion with corrupt politicians and officials.

E. Decentralized governance, citizen empowerment and resource mobilization

189. Habitat III national reports data confirm that sustainable cities are cities for all and not just for a few. This can be achieved through actions that foster greater participation of all citizens in urban governance and management at the local level. Simultaneously, national Governments should promote decentralized local government and urban management in ways that empower cities and

citizens – politically, financially and technically – in all aspects of everyday life, in delivery of shelter and sustainable settlements (housing, land, finance, infrastructure, social services, etc.).

190. Governments have enacted laws and constitutions that are potentially redistributive and transformative in the areas of land reform and administration, gender equality and decentralized local Government. However, the national reports for Habitat III, research evidence and civil society inputs indicate that issues of justice (especially for women on land issues), empowerment and devolution are still major gaps in policy debates, development practice and everyday life. Solving the multiple problems of urban poverty, gender, income and social inequalities that plague Africa requires adequate and irreversible empowerment of all citizens, especially women, those operating in the informal economy, and those living in informal settlements and slums. As acknowledged in Africa's Agenda 2063, the informal economy should be supported to stimulate value addition and decent jobs as a priority.

191. Land, which has the potential to be the main source of revenue for urban local authorities, is poorly managed. The emphasis should remain on enhancing local government capacity to deliver services, increasing the share of own-revenue generation and income available to spend per capita. This will require central Governments to invest more in efficient land management and revenue collection and to optimize land value capture and to address corruption in land administration.

F. Environment, inclusive spatial designs and infrastructure

192. With urbanization, growing economies and an emerging middle class, increase in complex consumption patterns, the associated infrastructure, transport, mobility and waste problems are likely to worsen. Analysis of case studies shows that building more and bigger roads will not resolve mobility and congestion problems. What works are triple actions that expand low cost–high frequency public transport to enhance mobility of the majority poor. But to reduce traffic jams, congestion and related socio-environmental problems, actions will be needed to limit the use of cars by the rich – for example, through economic penalties, charges, spatial exclusion and expensive parking. Maximum benefits from these two interventions will only be realized if combined with determined interventions to reduce urban sprawl in favour of compact cities, high density, and public spaces for pedestrians, buses, trams and cycles. These interventions are political, not technical: there has to be political will and a step change by national and local government leaders to commit to these political frameworks within which the fruits of technical planning can be realized.

G. The future of urban green economies

193. Aware that the world is entering a phase of low-carbon economies, Africa has no option but to restructure itself accordingly. Redoubling of actions is needed to invest in green growth and to expand technologies in and use of solar power, wind power, thermal energy and biofuels supported by appropriate institutional, tax and financial incentives, as well as investment in infrastructure and education. Given their regulatory powers and their role as employers, as providers and consumers of goods and services (the local authority divided), urban local governments have a potential lead role in mainstreaming the low-carbon economy practices. This is an underutilized dividend that governments should no longer ignore or undermine.

H. Cross-cutting actions

194. Issues of governance, gender, data collection, effective analysis and monitoring were identified as cross-cutting in all aspects of housing and human settlements, and should be integrated in all policy actions. Production of quality urban population statistics and research on human settlements and sustainable development should be enhanced to provide rigour in the collection of data, in broadening and deepening the quality of analysis, and to make data available in a usable way to a wider audience of policymakers and stakeholders. Better data are also needed on critical variables of the informal economy and its contribution to GDP, cities and their contribution to GDP, circular migration, urban mobility, accurate estimates of the contributions of service sectors and digital transactions to Africa's economy.

195. Across Africa, opportunities from expanding and improved ICT have been adapted to enable money transfers, marketing and paying for goods and services, political mobilization and social interaction. However, many central and local authorities are yet to fully exploit the advantages of ICT and new innovations for deployment in e-government, e-commerce, e-legislation, e-health, e-education and e-commerce. Investments in infrastructure, education and capacity have to be speeded up in this sector.

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