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### **Subprogramme 9 of the Economic Commission for Africa**

#### **Report on Urbanization**

##### **I. Introduction**

1. The urban transition currently underway in Africa is inevitable, irreversible and beneficial in many respects. To support African member States in harnessing the potential of urbanization for their transformative agenda, the Economic Commission for Africa (ECA) has established the Urbanization Section under the Social Development Policy Division. The Section generates authoritative analytical policy insights into the growing and urgent debate on Africa's urban future.

2. The present report sets out the strategy for ECA work on urbanization drawing on extensive consultations with various experts, including member States, United Nations organizations, regional organizations, academia, the private sector and civil society organizations. It outlines the rationale, focus and means of implementation of ECA support to member States in the area of urbanization, taking into account related trends, challenges and opportunities.

3. The ECA strategy is informed by regional priorities for transformation as outlined in Agenda 2063 and its first 10-year action plan and in the Sustainable Development Goals set out in the 2030 Agenda for Sustainable Development, specifically Goal 11 which aims to make cities and human settlements inclusive, safe, resilient and sustainable. The strategy also covers the ongoing preparatory process for the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III), to be held in 2016, at which a new urban agenda is expected to emerge.

##### **II. Urbanization in Africa**

4. Urbanization is a dominant and inevitable trend in Africa and elsewhere. Together with Africa's demographic transition, urbanization represents one of the most decisive determinants of economic and social development on the continent. The urban population in Africa will double over the next two decades, making it

imperative to effectively steer the growth process. Available evidence makes a compelling case for urbanization to be prioritized as a megatrend with enormous implications for Africa's growth and transformation.

Box 1

#### **Urbanization in Africa: facts and figures**

- Africa's urban population has grown substantially: one hundred years ago, 8 per cent of the population was urban, rising to 35 per cent at the end of the twentieth century and to 40 per cent today.
- Africa is the least urbanized yet fastest urbanizing continent: over the period 2005-2010, African's urban areas grew 1.7 per cent faster than the global urban growth rate.
- Africa will be majority urban in 20 years: Africa will enter its urban age by 2035 when 50 per cent of the population will live in urban areas.
- Africa's urban growth will take place mainly in secondary cities: African cities with less than 500,000 inhabitants are now absorbing about two-thirds of total urban population growth.
- Africa's population growth is faster in urban than in rural areas: in most African countries (52), urban populations are growing faster than rural populations.
- Africa's urban population will triple in 35 years: Africa will need to prepare for the tripling of its urban population to 1.23 billion persons by 2050.

5. Given this demographic shift, the majority of Africans will live in cities by 2050, demanding employment, jobs, shelter, services and participation in governance processes. African Governments therefore need to plan in advance for predominately urban populations. This shift from rural to urban majorities represents an invaluable opportunity for accelerating Africa's transformation agenda.

### **III. Urbanization and structural transformation in Africa**

6. Africa has made remarkable progress in economic and social development in recent years. Real gains have been made and Africa has an unprecedented opportunity for sustained socioeconomic growth, shared prosperity and poverty reduction. Despite this strength, there is mounting evidence that rapid gross domestic product (GDP) growth has done little to tackle Africa's development challenges, including poverty, limited social services, unemployment and inequality.

7. The structural reason behind this shortfall is that growth continues to be driven mostly by exports of primary commodities, which are produced in economic enclaves with limited value addition or linkages to the rest of the economy. For decades, low productivity in the agricultural sector has constrained industrial production and competitiveness in many countries, which in turn has impeded the growth of the manufacturing sector.

8. There is now consensus among African leaders and stakeholders that a structural transformation of the continent's economy is necessary to promote sustainable development and translate its recent impressive growth rates into job creation, quality social services and enhanced human development.

9. Structural transformation is widely recognized as a process that entails the reallocation of factors from less to more productive economic activities. It implies a declining share of agricultural employment; a shift in economic activity from rural to urban areas; the rise of a modern industrial economy; and a demographic transition to lower birth and death rates. It has also been linked to improved human development, rising incomes and better living conditions.

10. Historically, urbanization has been closely associated with structural transformation. Evidence from around the world suggests that linking economic and urban development can generate positive interactions and spillovers that improve productivity and well-being. When planned and managed effectively, urbanization contributes to economic dynamism and sustainable poverty reduction.

11. Urban areas offer economies of scale, agglomeration and location, thereby lowering transaction costs. They also centralize infrastructure, services, knowledge, skills and innovation, essential for productivity. Moreover, cities can be highly efficient: it is easier to provide water, sanitation, health, education and other social and cultural services to people living close together. These factors make urban centres engines of growth and development, as clearly illustrated by the experiences of East Asian countries.

12. None of the Asian emerging countries were able to achieve high economic growth and industrialization without building effective and competitive cities, which became important nodes of innovation, information, knowledge exchange and economic production, strongly linked to global value-chains.

13. Yet, few African countries have adequately factored urbanization into their national development planning. Urbanization has not been integrated in national development visions and strategies and there is still a limited grasp of its potential to drive development and structural transformation.

#### Box 2

#### Linkages between urbanization and the structural transformation agenda in Africa

Transformation agenda	Urban factor
<b>Development planning</b>	Unleashing the potential of urbanization requires mainstreaming it into national development planning processes as a dominant and unavoidable trend, and enabling the process to be guided effectively at the national and local levels
<b>Economic growth</b>	Long-term growth requires an efficient framework of urban centres that produce industrial goods and high value services, and transportation networks to link national economies with regional and global markets
<b>Industrialization</b>	Urban agglomeration improves resource efficiency in industrial production by enabling intra-industry and inter-industry interactions where urban clusters have been deliberately promoted to enhance economies of scale
<b>Social development</b>	Indicators of human development are consistently higher in cities compared to rural areas, given that cities are more cost effective in service and housing delivery, among other things
<b>Regional integration</b>	Urbanization patterns at the regional level, including the emergence of city regions, urban corridors and mega urban regions, are causing physical and economic reconfigurations that constitute the backbone of regional integration
<b>Agriculture and rural development</b>	Urban centres that are well connected to rural areas increase rural incomes, living standards and productivity, including agro-processing and value addition

<b>Technological change and innovation</b>	Urban centres are hubs of innovation and change given that they contain related enterprises, creative forces and human resources
<b>Green economy</b>	Massive urban infrastructure requirements and ongoing investments present an opportunity to adopt greener technologies, promote density, invest in connectivity and avoid investments that are difficult to reverse in the future

14. The link between urbanization and economic development in Africa has been weak as shown by the diverging trends of urbanization, which is growing, and industrialization, which is stagnant or even declining. Although urbanization has the potential to make economies and people more prosperous, most African countries have found themselves grossly unprepared for the spatial, demographic, social, cultural, economic and environmental challenges associated with it.

15. Africa still faces many urbanization challenges. Urban basic services and infrastructure are absent, inadequate or deteriorating, including housing, water, sanitation and transport. In most African countries, exceptionally rapid urban population growth has outpaced economic growth over the past 30 years, contributing to the urbanization of poverty. Formal economic development has not been bolstered by the urban trajectory or by urbanization derived from economic development. Africa is urbanizing with a lower GDP per capita than other regions, resulting in unemployment, social exclusion and poverty, in a context marked by low levels of economic diversification.

16. A reactive approach to urban management has seen the proliferation of chaotic, unplanned, sprawling and under-serviced settlements, where socioeconomic and physical deprivation is rife, insecurity is dominant, organized policing is ad hoc at best and employment is mostly informal, insecure and poorly paid. Growing environmental degradation and vulnerability to disasters pose serious risks for urban populations and infrastructure. The paucity of data on all aspects of urbanization further constrains effective planning.

17. Urbanization can only contribute to greater economic dynamism and sustainable poverty reduction if it is effectively planned and managed. While Africa's urbanization is a powerful asset for development, it can only be harnessed if cities are properly planned and adequately serviced. The spillovers of agglomeration economies will depend on the capacity of local and national Governments to adopt and implement the right policies and establish the right institutions, legal frameworks and necessary infrastructures and services.

18. An overarching urbanization vision and framework to drive transformation as a transversal megatrend is vital for unleashing the potential of urbanization. As a determinant of the spatial dimensions of growth and transformation, urbanization is not only a sectoral issue but also an underlying cross-sectoral development factor. It should thus be at the core of national development visions and plans.

19. Urbanization is already considered a key factor of socioeconomic growth and transformation in some African countries, such as Ethiopia and Rwanda. Ethiopia has embraced the potential of urbanization as a development factor by mainstreaming it as a key pillar in its Growth and Transformation Plan, in support of its vision to double GDP per capita and achieve middle income status by 2025. The Rwandan national development vision, as set out in its Vision 2020 and Economic Development and Poverty

Reduction Strategy II, describes urbanization as a growth and transformation factor.

#### IV. An urbanization narrative towards Agenda 2063

20. The need to align Africa's transformation agenda with the urbanization agenda has become quite urgent, both at the national and regional levels. Governments need to take a leading role in steering urbanization forces to drive transformation. Africa's urbanization presents an unprecedented opportunity to accelerate the region's transformation agenda so as to respond to its development challenges.

21. Agenda 2063 acknowledges that urbanization is a direct outcome of structural transformation: an increased share of manufacturing leads to a sustained decline in agricultural production and employment. The Agenda stresses that urbanization implies important spatial interactions at the national level that can present transformative opportunities for Africa, but also serious challenges. It also highlights that urbanization is a long-term phenomenon that will shape Africa's development in the coming years, and that strategies are needed to ensure that the benefits of urbanization are maximized and its negative effects are mitigated.

22. In line with Agenda 2063, ECA work on urbanization is premised on the following:

(a) ***Urbanization is an inevitable megatrend:*** urbanization is a dominant megatrend in Africa, which has the fastest urban growth rate globally at 4.5 per cent. By 2035, Africa's population will be predominantly urban and the size of the urban population will have doubled. Urbanization, together with an increase in the number of young Africans and the potential demographic dividend, represents a decisive determinant of Africa's economic, social and political development in the coming years;

(b) ***A paradigm shift is under way to recognize urbanization as an asset:*** urbanization in Africa was once seen as too fast and unmanageable and needing to be constrained. A greater focus should be placed on the opportunities that urbanization offers for enhanced prosperity and well-being at the national and local levels, beyond the dominant narrative around negative externalities. Many policymakers, at the global, regional and national levels, now recognize that urbanization is not only inevitable, but is also a powerful force for transformation. This is clearly reflected in Agenda 2063;

(c) ***Industrialization and economic transformation will not happen without urbanization:*** rapid urbanization presents an unprecedented opportunity to accelerate transformation and increase capacity to respond to Africa's development challenges. Evidence from around the world suggests that linking economic and urban development generates positive spillovers that improve economic production and well-being. Experience has shown that population prosperity and density go together as high productivity requires agglomeration economies, larger markets and better connectivity. None of the emerging countries of Asia were able to achieve high growth and industrialization without building effective and competitive cities that have become important nodes of innovation, information, knowledge exchange and economic production, with strong links to global value chains;

(d) ***African centres of economic activity are shifting towards urban areas:*** in Africa, urban areas already contribute over 55 per cent of the region's GDP and social indicators are consistently higher in urban areas.

In Africa, excluding North Africa, urban areas generate over 80 per cent of economic growth. In some African countries, the shift from rural to urban employment accounts for 20-50 per cent of productivity growth. Examples of thriving urban centres include Cairo, Lagos and Johannesburg, which are the economic hubs of their countries.

## V. ECA urbanization strategy

23. The ECA mandate is to assist African countries in formulating and implementing policies and programmes that lead to sustainable economic growth and inclusive development, with particular emphasis on accelerating structural transformation. In line with this, ECA work on urbanization will focus on supporting African member States to formulate and implement urbanization policies and programmes that result in sustainable and inclusive development, with particular emphasis on accelerating structural transformation.

24. As a knowledge institution, ECA will undertake research and generate knowledge to inform policy in the area of urbanization. Work on urbanization will also be aligned with the priorities of Agenda 2063 and the New Partnership for Africa's Development (NEPAD), as well as the internationally agreed Sustainable Development Goals (SDGs) set out in the 2030 Agenda and more specifically Goal 11, which is highly relevant as its aim is to make cities and human settlements inclusive, safe, resilient and sustainable.

25. ECA work will bring coherence and consistency to the narrative on Africa's urbanization and its linkages to the structural transformation agenda. This requires a shift away from viewing urbanization as a problem, towards seeing it as a powerful tool for development and a strategy against unemployment, lack of adequate housing and limited access to basic services. ECA work will thus shed light on the real and potential contributions of urbanization to Africa's development, so as to mainstream it into national development strategies. It will further strengthen partnerships among pan-African institutions to advance the role of urbanization as a key transformation factor.

26. To support member States in their efforts to shape urbanization processes that promote Africa's transformation in an inclusive and sustainable manner, in accordance with Agenda 2063, ECA will focus on the following priorities:

### (a) Urbanization and national development planning

<b>Rationale</b>	Unleashing the potential of urbanization requires mainstreaming it into national development planning processes
<b>Objectives</b>	Acknowledge the urgent need to support member States in responding to Africa's development challenges by taking advantage of urbanization as a dominant and unavoidable trend, through national development planning processes
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Analyse and disseminate to policymakers the contribution of urbanization to national development and overall structural transformation</li> <li>• Foster policy dialogue and engagement between economic, urban, territorial, industrial and development planners for a cross-sectoral and integrated approach to urbanization in the context of national development planning</li> <li>• Develop guidelines to mainstream urbanization into national development planning through national training workshops in selected African countries</li> </ul>

**(b) Urbanization and economic growth**

<b>Rationale</b>	Cities have enormous potential to drive economic growth and transformation
<b>Objectives</b>	Generate and disseminate evidence on the role of cities in supporting and accelerating economic growth, including through the development of research and tools to better measure the wealth-generating capacity of cities
<b>Activities</b>	<ul style="list-style-type: none"> <li>Analyse the contribution of urbanization to national growth and development by measuring macroeconomic indicators at the urban level, including GDP</li> <li>Raise awareness and build consensus among national economic, urban, territorial and development planners on methodologies to measure and monitor wealth generated by cities</li> <li>Develop guidelines and tools to estimate the wealth generated by cities, to be disseminated through training workshops in selected African countries</li> </ul>

**(c) Urbanization and industrialization**

<b>Rationale</b>	Historically, industrialization has been closely linked to urbanization
<b>Objectives</b>	Given the need for member States to develop and implement industrial policies, knowledge and data will be generated on the role of cities in the industrialization process of the continent
<b>Activities</b>	<ul style="list-style-type: none"> <li>Analyse the contribution of urbanization to industrialization and develop a framework for future monitoring</li> <li>Raise awareness and build consensus among national development experts on the importance of urbanization for industrialization, including for the development of the private sector and small and medium enterprises</li> <li>Develop guidelines and tools to strengthen the capacities of planners in linking industrial policies with urbanization processes through national training workshops in selected African countries</li> </ul>

**(d) Urbanization, regional trade and integration**

<b>Rationale</b>	Traditional city-based urbanization is moving towards regional urbanization patterns, including the emergence of city regions, urban corridors and mega urban regions
<b>Objectives</b>	Emerging regional urban reconfigurations that constitute the backbone of the regional integration process will be documented and policy approaches will be developed to better harness these new configurations and dynamics to enhance the regional integration agenda
<b>Activities</b>	<ul style="list-style-type: none"> <li>Analyse linkages between urbanization and the regional integration agenda of the African Union, including NEPAD regional programmes</li> <li>Raise awareness and build consensus among regional planners and regional economic communities on the linkages between regional integration and urbanization</li> <li>Develop guidelines and tools to strengthen the capacities of member States and regional economic communities in assessing and harnessing the role of urbanization in regional integration, including through training workshops organized in selected subregions</li> </ul>

**(e) Urbanization, agriculture and rural development**

<b>Rationale</b>	For African cities to serve as engines of growth, there must be strong economic linkages between urban and rural areas
<b>Objectives</b>	When compared with other regions, such as Asia, urban-based economic activities in Africa (i.e. industry and services) have performed poorly and the link between urban incomes and the performance of the rural economy has remained weak. Knowledge, data and tools will be developed to improve linkages between cities and rural areas so as to enhance productivity in the agriculture sector
<b>Activities</b>	<ul style="list-style-type: none"> <li>Analyse the contribution of urbanization to rural and agricultural development and formulate a framework for future monitoring</li> </ul>

	<ul style="list-style-type: none"> <li>• Raise awareness and build consensus among national development experts on the importance of urbanization for agricultural and rural development</li> <li>• Develop guidelines and tools to strengthen the capacities of planners in linking rural and agricultural policies to urbanization processes through national training workshops in selected African countries</li> </ul>
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**(f) Urbanization and social development**

<b>Rationale</b>	Rapid urbanization can generate considerable social benefits when it is well planned and managed, including through cross-sectoral development strategies and frameworks
<b>Objectives</b>	Knowledge, data and methodologies will be strengthened to highlight and reinforce linkages between urbanization and social development, including employment creation, improved livelihoods, access to services, poverty reduction, gender equality and youth empowerment
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Analyse the contribution of urbanization to social development and develop a framework for future monitoring</li> <li>• Raise awareness and build consensus among national development experts on the importance of urbanization for social development</li> <li>• Develop guidelines and tools to strengthen the capacities of planners in linking social policies with urbanization processes through national training workshops in selected African countries</li> </ul>

**(g) Urbanization, climate change and the environment**

<b>Rationale</b>	Increased environmental awareness and climate change pressures are adding new constraints on cities in their role as drivers of structural transformation
<b>Objectives</b>	Knowledge and tools will be developed for policies and strategies on the urban dimension of climate change in terms of adaptation and mitigation
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Analyse linkages between urbanization and climate change and develop a framework for future monitoring</li> <li>• Build consensus among national development experts on the importance of addressing the issues of urbanization in response to climate change challenges and environmental degradation</li> <li>• Develop guidelines and tools to strengthen the capacities of planners in linking adaptation and mitigation strategies and policies to urbanization processes through national training workshops in selected African countries</li> </ul>

## VI. Implementation methods

27. The following methods include a combination of policy research to generate knowledge and data, and of monitoring, capacity-building, technical assistance and partnership-building.

(a) **Evidenced-based policy research and knowledge:** given that policy options must be based on clear evidence through calibrated research, sound statistics and continued learning, ECA will generate the necessary knowledge to build Africa's new narrative on urbanization in the different focus areas highlighted above. Research will be strategic in nature and aimed at effectively influencing development outcomes that make a difference to Africa's transformation. When developing policy options and knowledge, ECA will leverage potential and strengthen relevant regional, subregional and national institutions as knowledge providers. It will also contextualize international norms in the African context and, based on sound data and research, will develop concrete policy options to broaden the solution paths available to member States. Field or prototype projects will also be undertaken to compile good practices and distil lessons that can contribute to knowledge creation and the design of toolkits, templates and guidelines;

(b) **Data and monitoring:** a reliable statistical basis is of fundamental importance for ECA, given that Africa must be able to build its own narrative, including on urbanization. ECA has been revamping its statistics programme to strengthen national statistical systems so as to provide requisite statistics that support sound policy analyses and decision-making. In that framework, the Urbanization Section will ensure that data on urbanization and SDG 11 are compiled and fed into national and international development processes, in accordance with the outcome document of the 2012 United Nations Conference on Sustainable Development, which calls for support to be given to regional commissions, such as ECA, to collect and compile national inputs so as to inform global efforts towards the achievement of development goals;

### Box 3

#### **ECA support for the implementation, monitoring and evaluation of Goal 11 in Africa**

ECA may provide technical support to African member States to strengthen the implementation and monitoring of Goal 11 on cities and sustainable human settlements, by facilitating regional progress reporting, dialogue and exchange and by developing methodological frameworks. Specifically, ECA is well positioned to:

- Support member States in monitoring implementation through the development of an indicator framework, methodology and toolkit
- Organize an awareness raising and training workshop at the subregional level on the indicator framework and related monitoring
- Support monitoring at the regional level, including through a regular regional progress report based on national inputs and reports
- Organize regional meetings to facilitate regional exchange, learning and coordination so as to aid implementation and monitoring, including in coordination with other pan-African institutions and existing regional frameworks
- Establish an online platform for national experts and other stakeholders to further facilitate continual dialogue and exchanges on best practices and innovative implementation solutions

(c) **Capacity-building and technical assistance:** ECA aims to offer its member States a basket of policy options and practical solutions for their development challenges. To deliver knowledge, ECA policy options will be packaged and delivered in ways that positively affect policy dialogue. Knowledge delivery will be undertaken through interdivisional cooperation and substantive partnerships. Methodologies and tools to enhance the capacities of member States in improving planning, implementation, monitoring and reporting on urban policies will be developed. Knowledge delivery will be strategic and effective, and engagement with member States will seek to influence Africa's transformation agenda. Advisory services are also offered by ECA, upon request, to the African Union Commission, regional economic communities, member States and intergovernmental organizations in thematic areas, including urbanization;

(d) **Partnerships:** ECA recognizes that partnerships based on comparative advantage and pooling of resources are critical to maximizing Africa's development. Partnership with the African Union Commission is of crucial importance. This is already ongoing under the Regional Coordination Mechanism (Cluster 4 on environment, population and urbanization). It is also taking place within the framework of the African Union Specialized Technical Committee on Public Service, Local Government, Urban Development and Decentralization and the Subcommittee on Urban Development and Human Settlements. NEPAD, given its regional scope, and regional economic communities will also be important ECA partners in the area of urbanization. In addition, partnerships with United Nations agencies working in the area of urbanization will continue to be strengthened. For instance, the United Nations Human Settlements Programme (UN-Habitat) is mandated by the United Nations General Assembly to promote the twin goals of socially and environmentally sustainable towns and cities and

adequate shelter for all. Moreover, the United Nations Environment Programme has recognized the growing need to address global environmental concerns from an urban perspective and to take into account the urban dimension of global environmental issues. Furthermore, collaboration will be enhanced with other regional economic commissions in the area of urbanization.

## **VII. Way forward**

28. The urban transition currently underway in Africa is a powerful and inevitable force. If harnessed through appropriate policy frameworks and strategies, rapid urbanization offers an unprecedented opportunity to accelerate transformation and increase capacity to respond to Africa's development challenges. As latecomers, African countries have one unique advantage over others: they can learn from previous mistakes, optimize the urban advantage and proactively rectify any distortions. Conversely, ignoring the spatial implications of economic trends heightens the risk of producing imbalanced, exclusionary and destabilizing effects.

29. Governments need to play a leading role in steering urban development by creating a framework to guide and engage all key actors at the national and subnational levels (states, regions and municipalities). Importantly, urbanization must be mainstreamed into national development planning as a positive and transversal growth and transformation factor. A national vision for urbanization in the context of development planning must recognize the power of urbanization in propelling and guiding inclusive economic growth and reducing poverty in urban and rural areas. Such a framework must be founded on a more optimistic perspective of urbanization, which confronts prevailing negative perceptions. It would also orient and guide public interventions in strategic regions and urban areas while serving as a frame for required legislative and institutional reform.

30. In line with Africa's transformational vision and agenda, ECA will continue supporting member States in harnessing the potential of urbanization as a growth and development factor, with a focus on strengthening the evidence base and capacity for policies and strategies. ECA support to member States will be premised on the notion that urbanization is a positive force and a core factor for inclusive growth and transformation, including industrialization and agricultural modernization. This is particularly timely and necessary in view of the forthcoming third United Nations Conference on Housing and Sustainable Urban Development, to be held in 2016, at which a new urban agenda is expected to emerge that will define global priorities for the next 20 years. ECA work on urbanization, building on partnerships with key actors and stakeholders, will put in place a strategic approach towards setting the narrative and policy priorities for Africa's urbanization as a necessary foundation for realizing the region's long-term vision of inclusive growth and transformation.