

POPULATION GROWTH AS A CATALYST FOR ECONOMIC DEVELOPMENT IN SUB-SAHARAN AFRICA

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ABSTRACT

Over the next 40 years, Africa will have the fastest growing cities in the world. About 800 million Africans will either migrate to, or be born in, urban areas in the next four decades. By 2050 Africa's cities and towns will house nearly 1.5 billion people, 60% of the region's projected population. Globally, urbanization has proved an unstoppable process. International trends show that urbanization generates significant opportunities for growth, poverty reduction and environmental sustainability. This paper sets out to review both the challenges and opportunities inherent in population growth across Sub-Saharan Africa and proffer strategies that can be deployed to promote economic development in the region. The study employs the desk top instrument in data collection by assessing literature on urbanization, population growth and economic

Introduction:

Africa is in a historic period of demographic change. In the early 1990s, two-thirds of all Africans lived in rural areas. Around 2030, Africa will enter its urban age with 759.4 million people - half of its total population - living in cities. It is projected that by 2050 there will be more than 1.2 billion African city dwellers. That means that by 2050 there will be more people living in African cities than the combined urban and rural populations of the Western hemisphere (UN-HABITAT 2008). In 2007, Africa was still the least urbanized region in the world with only 38.7 percent of the continent-wide population residing in settlements classified as

development relating to Sub-Saharan Africa. Secondary data was retrieved from journal articles, books and reports. The study recommends the adoption of City Enabling Systems (CES) in order to achieve economic development in Sub-Saharan Africa.

Keywords: *Population growth, Urbanization, Economic Growth, Sub-Saharan Africa*

Cities. The African population is geographically very unevenly distributed and there are significant intra-regional urbanization differences within Africa, as shown in Table 1.1 below. The East Africa region is the least urbanized of the world, but urbanizing rapidly. The North Africa and Southern Africa regions have the continent's highest urbanizations figures and their average annual rates of urbanization, as expected, are now declining. They nevertheless continue to be rapidly urbanizing regions. The rapid urban population growth in Africa is, contrary to common wisdom, not absorbed by its largest cities. In the foreseeable future, the intermediate cities (towns with less than 500,000 inhabitants) will be the localities where two-thirds of all African urban growth is occurring (UN-HABITAT 2008).

The implications of this swift urban growth are clear: African governments should start strengthening the governance capacities of their intermediate and smaller cities so that these fast-growing towns will be prepared for rapid increase in new and additional demand for urban spatial planning, urban housing, urban services and urban livelihoods. The larger African cities, however, will also continue to grow, albeit that their annual growth rates are now declining. But since these lower growth rates apply to ever-larger urban populations, these cities will, in absolute terms, still see more and more people added. The larger African cities will absorb the remaining one-third of the continent-wide urban growth and, consequently, both the number and average size of Africa's cities larger than 500,000 inhabitants is on the rise. In 1950, Alexandria and Cairo were the only African cities exceeding one million inhabitants. In 2005, there were 43, with an average

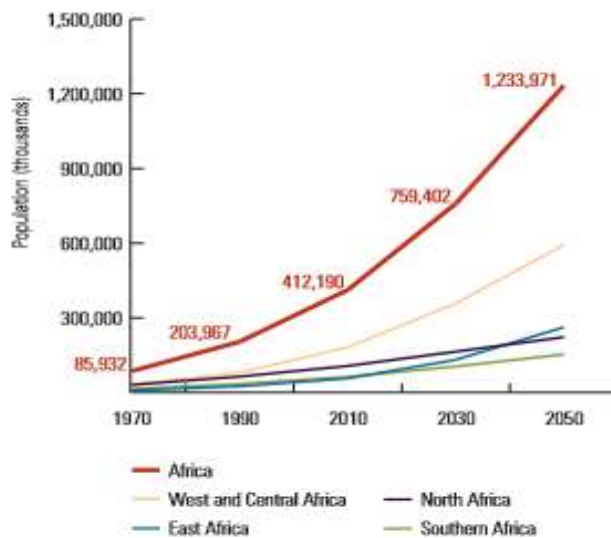
size of 2.5 million and a combined population of more than 110 million. In 2015, there will be 53, with an average size of 3.1 million and a combined total exceeding 168 million inhabitants (OECD, 2017).

Table 1.1: African Regions' Urbanization Rates, Urban and Total Population and Growth Rates

	Percentage urban 2007	Average annual urbanization rate 2005-2010	2007 Population (thousands)		Average annual total population growth rate 2005-2010
			Urban	Total	
North Africa	50.92	2.40	99,855	196,108	2.40
West and Central Africa	41.75	4.02	162,109	388,299	4.03
East Africa	20.48	4.05	50,629	247,267	3.92
Southern Africa	45.60	2.56	60,779	133,299	1.47
Africa	38.70	3.31	373,372	964,973	3.31

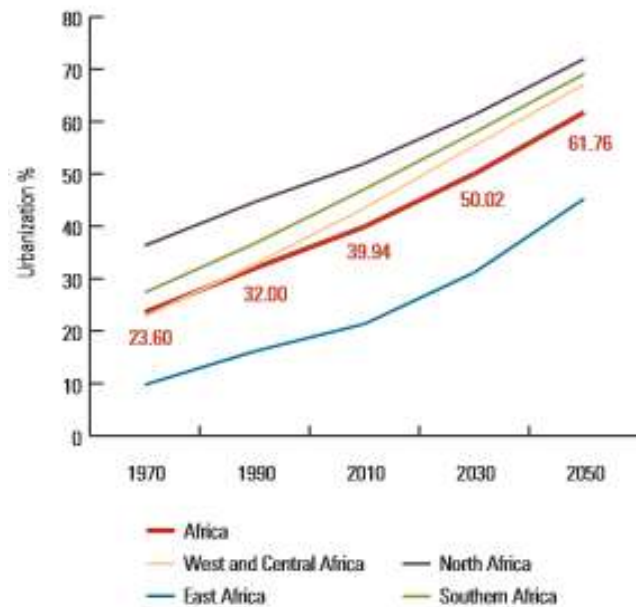
Source: UN-HABITAT 2008

Figure 1.1: African Regions' Urbanization Trend 1970- 2050 (Percent)



Source: UN-HABITAT 2008

Figure 1.2: African Regions' Urbanization Trend 1970 - 2050



Source: UN-HABITAT 2008

Average size of 3.1 million and a combined total exceeding 168 million inhabitants (OECD, 2017).

Over the next 40 years, Africa will have the fastest growing cities in the world. Figures 6.1 and 6.2 show the dramatic growth projected for 2010-2025. About 800 million Africans will either migrate to, or be born in, urban areas in the next four decades. By 2050 Africa's cities and towns will house nearly 1.5 billion people, 60% of the region's projected population (UN-HABITAT, 2010). African cities are already the fastest growing in the world, and by 2050, the continent could be home to up to 15 mega-cities of more than 10 million inhabitants. Even highly urbanized Egypt will see its urban population double by 2050.

These urbanization dynamics will create growing demand for urban land and services. Declining fertility rates in urban areas will be offset by declining household sizes and mortality rates, as well as rising economic

activity, per capita incomes and education levels. Africa's demographic dividend will be reaped or lost in its cities.

Urban Transition

Importantly, around 70% of Africa's urban growth will take place in secondary cities. While large infrastructure investments and often-idiosyncratic institutional arrangements will continue to be required in the largest metropolises, the needs of secondary cities will also have to be systematically addressed. These rapidly growing secondary cities will be home to more than half a billion new residents who will be seeking services, opportunities and shelter in market towns that typically have very little existing infrastructure but are not bound by scarcity of land. How African leaders manage this massive urban transition will determine the extent to which countries in the region become effective partners (and competitors) in the global economy. These seismic demographic shifts will generate growing pressure for urban land, services and economic opportunities. Africa's cities will be the loci of much job creation. The size of urban markets, rising income of urban residents, and concentration of economic activity could make cities dynamic centers for higher productivity jobs - offering the prospects of a better life to more than one billion people. If policymakers respond appropriately, these shifts offer a pathway to sustained and inclusive growth. If people are illiterate and unskilled, cities dysfunctional, and economies trapped in extractive activities and crony capitalism, urban areas will be poor and violent - offering only the desperation of hopelessness to residents holding only the prospect of growing inequality and instability. Well-managed urban areas will be a critical prerequisite to a future of dignity and equitable opportunity (World Bank, 2016).

The ability of urban areas to become "the engines of economic growth" directly determines the rate and sustainability of national economic performance, and hence the development outcomes and political stability of the country. In rapidly urbanizing countries virtually all GDP growth is concentrated in the cities even as the rural share of GDP growth steadily

declines. Those countries that are addressing the urbanization challenge effectively are achieving near double-digit growth rates, those that are not continue to reap uneven economic performance and instability.

Globally, urbanization has proved an unstoppable process. International trends show that urbanization generates significant opportunities for growth, poverty reduction and environmental sustainability (UNDESA, 2018; Turok and McGranahan, 2013). This is because urban centers:

- a) Make a disproportionate contribution to productivity growth and job creation. They have the potential to function as sources of economic dynamism by virtue of the spatial concentration of productive activity, entrepreneurs, workers and consumers. Dense constellations of firms and workers bring markets and suppliers in close proximity to facilitate the sharing of infrastructure, services and information, the matching of the distinctive requirements of firms for different types of premises, and innovation in products and processes;
- b) Provide economies of scale for the financing and development of major facilities, particularly through leveraging local and national tax bases for public infrastructure investment (such as for integrated public transport systems or ports);
- c) Are dynamic sites of social, political and cultural interaction and fusion. With rising personal mobility, they are places where people from many different languages, traditions and belief systems come together. Long recognised as the centres of creativity and innovation, cities are also the most likely places for political unrest to emerge; and
- d) Are vital in efforts to curb the use of non-renewable resources, to reduce pollution and other forms of environmental degradation and to promote climate mitigation and adaptation. Higher density, more compact cities with mixed land uses can reduce the amount of energy needed for transportation and community services.
- e) However, urban growth can also be associated with growing levels of inequality, and environmental damage. These trends are

pronounced in many African cities, where inequality is conspicuous, levels of social exclusion are high, and the environmental sustainability of urban settlements is low.

Public policy will play a major role in determining how African countries capture the benefits of the urban transition, while mitigating its risks. But policy will have little influence on the underlying urban transition itself. Africa's urban moment is now - even as its cities swell with the population influx, they are not yet choked or overwhelmed by it. Most countries have the physical space, the physical networks and the embryonic institutions to meet the challenge - but only if they start acting now. Core factors that will determine the extent to which the cities fulfil their prospective role as drivers of economic growth include:

- the level, quality and competitiveness of their services;
- the efficiency and sustainability with which these services are delivered;
- the predictability of their governance and accountability functions;
- the reliability of their regulatory implementation and business environment;
- the effectiveness of the operation of their land, housing and transport markets;
- their ability to strategically plan and implement initiatives that address environmental challenges;
- and enhanced liveability derived from high-standard infrastructure linkages to attractive hinterlands.

These are the attributes necessary to make African cities globally competitive, attracting international investment, opening up local capital markets and local investment, encouraging businesses to locate there, and fostering dynamic new business initiatives and a thriving start-up/innovation culture as well as a nurturing environment for micro and small enterprise development.

Urban growth will require the transformation of millions of hectares of land for businesses, housing, public spaces and circulation (Kombe, 2010). Physical expansion will require increased capacities of the associated water and sewerage systems, sanitation and solid waste management, roads and drainage, parks and recreation, electricity supply, and urban transport—all of which are to be provided on a massive scale by cities which, for the most part, have failed to meet much less pressing service demands to date. Recent studies have shown that despite the economic gains made by Africa over the past decade, and to a much greater extent than in Asia, there has been a significant increase in urban slums and a worsening of urban poverty levels (UN-HABITAT 2007). Innovation will be key to providing services in these conditions. This massive change in land use is a huge institutional and financial challenge. But this transformation also offers an enormous opportunity for the region. Just as China's urbanization has lifted half a billion people out of poverty, assembling, servicing and mobilizing investment on millions of hectares of new urban land could create enormous numbers of jobs, assets and opportunities for inclusive growth across the whole region. Exploiting this opportunity will require a radical re-conception by governments of their role and functions in a broadly based and accelerating urban development process. Embracing the inevitability of massive demand for serviced urban land and acting in a timely fashion to meet that demand represent a fundamental prerequisite to ensuring that the region's urban growth is productive, environmentally sustainable, and equitable (UN-HABITAT 2007).

Urban Policy Challenges

To realize their potential as effective engines of growth, African cities must meet six challenges that are common throughout the region.

1. The development of political and institutional platforms that enable cities to effectively support equitable growth. City-level authorities require sufficient actual authority, resources and accountability over core urban management functions in order to guide and coordinate urban

development in responding to the demands of urban growth. Actual authority requires:

- a) The assignment of adequate authority over key urban development functions, particularly those of spatial planning and control, land and housing development, basic infrastructure services (such as water, solid waste, sanitation and energy) and public transportation services.
- b) Clear accountability of staff to city level leadership, particularly in the case of senior administrators and technical specialists, including authority to hire, fire and compensate staff appropriately, and protection from the all-to-frequent rotation of officials between local authorities.
- c) A transparent and predictable fiscal and financial framework for urban infrastructure investment and management, including the provision of adequate local revenue sources with sufficient discretion over rate-setting, and a predictable and fair basis for the transfer of national revenues to local governments. Basic policy frameworks exist in most African countries, but implementation is uneven. Entrenched interests impede functional, personnel and fiscal decentralization in many countries, skewing resource allocation in favour of central agencies that are not directly accountable to citizens. Excessive regulatory control of devolved powers, such as interference in tariff-setting, or highly unpredictable resource transfers prevent effective medium term planning and delivery.

2. Effective partnerships between locally elected officials and their constituencies. A significant number of African countries now have cities/local governments run by officials who have been selected through some form of a popular election process. This establishes the framework for systems of transparency, accountability and inclusion in the management of the cities, including consultation in the formulation of development plans and the annual capital budget, public scrutiny in the management of public funds and the assignment of contracts, and public oversight in the operation and management of public assets. However,

continued regulatory over-reach by central government and dependence on unpredictable central transfers prevents local officials and citizens from establishing performance-based delivery contracts and accountability mechanisms that address citizens' real needs and priorities.

3. Adequate technical skills and organizational capacity to effectively and efficiently manage complex urban systems. Most African cities are operating with very low bases of technical and management capacity across all the essential competency areas. Firstly, staffing complements are often un-affordably large but still lack the suitable skill profiles necessary to undertake their functions effectively. Continued control over senior and specialist positions by central agencies exacerbates these capacity shortfalls, as ill-timed rotations and inappropriate deployments weaken the capacity of city leadership to hold officials to account – and to establish effective capacity to provide and operate services. Qualified staff are reluctant to move to fast-growing secondary cities and towns and this is exacerbated by poorly developed (or no) schemes of service for local governments. The result is a self-fulfilling prophecy, where the view that cities are too weak to be entrusted with the responsibilities denies them the one fundamental ingredient essential to building their capacity – “learning by doing”. Secondly, the tools for effective planning and management are undeveloped and the regulatory authority for enforcing the application of these tools is often subject to centralized authorization (or even direct management). Hence, key elements in the development of well-functioning cities, such as

- (i) market regulation (land use, setting and collection of fees, directing the location of infrastructure investments to influence/manage housing development, coordinating public transport) and
- (ii) forward planning (funds are severely limited and/or unpredictable, limiting the value of producing realistic plans that enjoy effective consultation with communities) that has the requisite tools for implementation and enforcement, are generally not functionally effective (if they are available at all).

4. Getting the basics right to support growth. A fourth set of common challenges constrains the ability of cities to fulfil their economic potential. Many cities in Africa are already demonstrating their robustness in taking advantage of the benefits of agglomeration, serving as the locus for job creation, the emergence of dynamic micro and small business activities and innovation focused on local market opportunities, and providing the context in which virtually all the GDP growth is taking place across the continent. However, much of the accelerating economic activity in the cities is taking place because of the “natural” abilities of dense agglomerations to act as incubators despite the costs inherent in their inefficient functioning (UNCHS 2001). Faster growth requires key reforms in:

a) Service delivery, where levels of access and deficiencies in the quality and reliability (24/7) of the services represent significant additional costs to economic activities and discourage potential investors. The lack of technical and management expertise in the service delivery agencies, the limitations on their ability to ring fence their finances, the lack of proper regulation and tariff setting, the absence of incentive and accountability systems to foster sound performance, are factors commonly found across urban service delivery entities in most African cities;

b) Undeveloped land and housing markets that confine economic growth to the informal sector, and weaken the ability of cities to finance land and infrastructure development from rising urban land values. Weak property rights systems, in particular, typically constrain the efficient functioning of urban land and housing markets. The constraints arise from uncertain ownership rights, poor title recording systems and complex legal processes to assert property rights for purposes of investment and development. One of the consequences of the poor functioning of the land, housing and housing finance markets is the rapid growth of un-serviced squatter settlements (disproportionately large in Africa as compared to other rapidly urbanizing regions);

c) Costly spatial planning, where the absence of effective planning tools, and land use management and building regulatory regimes, as well as the inability to plan realistically in the absence of predictable capital development funding, result in:

(i) uncontrolled settlement straining already low-capacity service delivery agencies;

and

(ii) the expansion of the cities along the same settlement patterns as introduced under colonial regimes - - viz very low densities that add substantially to the costs of infrastructure and transportation, and undercut the potential agglomeration benefits of urbanization

5. A fifth set of common challenges revolves around managing cities for the impacts of climate change. Outside of the metropolises, most African cities are relatively new with modest sized populations, so future settlement patterns, which will house the majority of the urban settlers will be new, allowing for provisions to be made for the cities to contribute to global initiatives to reduce carbon emissions, and for them to take measures to cope with the impacts of climate change. But the economic dependence of a significant number of landlocked countries on a relatively limited number of coastal cities raises the stakes on the capacity of African ports to address the prospects of sea level rise. Similarly, many of the major economic centers in the interiors are located in areas highly vulnerable to flooding and/or highly dependent on stressed water resources. These vulnerabilities are accentuated in part because central agencies have yet to take the lead in developing policies, strategies and funding to deal with climate change that include enabling arrangements empowering cities to define and pursue their critical role in tackling the climate change agenda. Moreover, the specific actions and related instruments necessary to deal with climate change impacts - - more efficient, denser and well planned spatial development patterns, more efficient and integrated public transport and traffic management systems, and bulk infrastructure and drainage networks as well as land use and building standards designed to cope

with shifts in weather patterns - - are lacking (African Development Bank, 2013).

6. A final set of challenges will increasingly focus on the roles of major metropolitan areas, regional clustering of cities with complementary economic functions, and regional links to key coastal port cities. Some countries are making substantial progress both within their own boundaries and across national borders, e.g. the Gauteng triple metropolis is increasingly well integrated and is directly connected to Maputo, and Cairo is well connected to coastal cities to the north and east. However, similar corridors/clusters in the rest of the continent are largely at the discussion stage (UN-HABITAT 2008).

The Way Forward

The above challenges notwithstanding, Africa is in the early stages of urbanization and an ambitious vision for the way forward is plausible and is outlined below. In 2050, 1.5 billion Africans would live in well-managed urban centers with adequate access to basic services, land and shelter. These cities would play a critical role in the continent's social and economic wellbeing, with vibrant urban economies providing a growing source of employment, driving economic growth and playing a leading role in the continent's political and cultural life. Ongoing investment in and maintenance of urban infrastructure services will be financed from this growth, particularly through expanding efficient land markets and providing an effective platform for African enterprises to compete globally. By 2050, Africa's urban centers, ranging from regional metropolises to primary economic centers, secondary commercial centers and tertiary market towns, would:

1. Serve as effective platforms for driving economic growth and job development. Prospective local and global investors would be able to take for granted infrastructure network standards and health and education systems that are world class. The supporting service and market-oriented environments would effectively incubate small and medium size businesses. The service efficiency and proximity

attributes of cities and towns would be fully exploited, encouraging technology, service and product innovation. Expanded economic activity would have generated robust fiscal bases promoting the participation of the capital markets in the funding of the cities. Economies of scale promoting regional integration would be realized in the development of urban clusters – mega-cities linked by mega-corridors (for example Mombasa-Nairobi-Kampala in East Africa and Lagos-Accra-Dakar in Western Africa) and efficient coastal cities that form the market entry points for the rest of the continent (for example the Johannesburg/Maputo corridor).

2. Operate within sound national institutional and regulatory frameworks enabling cities to function as systems in which public sector regulation and public sector goods investment are private sector friendly, thus promoting the emergence of a flourishing private sector, including in the land and housing markets and in urban transportation services.
3. Operate within sound political and fiscal enabling frameworks, based on firmly grounded legislation and regulation, clearly identified functional assignments for service delivery, and reliable fiscal systems ensuring adequate, predictable resource flows to meet functional responsibilities within effective upward and downward oversight structures.
4. Operate with well-functioning social contracts, whereby budgeting, investment decisions, and operational performance follow transparent and accountable procedures, routinely meet satisfactory audit standards, and deliver services to standards that address citizen expectations.
5. Generate steadily improving standards of living. Efficient spatial planning would enable cities to capture economies of scale (reversing the colonial inheritance of diseconomies of scale in city form). Routine and effective collaboration with central agencies would maximize the scale benefits and related efficiency gains in both the systemic management of the urban economy, and in the

integrated planning and operation of service delivery. More efficient connectivity of the cities to their unique African hinterlands would enhance quality of life opportunities and strengthen rural economic opportunities.

6. Significantly reduce urban poverty by increasing access to infrastructure, health and education services through the sustained, accelerated delivery of infrastructure works in slum/squatter settlements, complemented by “portable” tools (conditional cash transfers/vouchers) being made available to qualified households.
7. Address climate change imperatives through sound national policies that institutionally and fiscally equip cities to: develop and implement programs for mitigating generation of greenhouse gases through efficiency gains in transportation systems, management of solid waste, and well-planned settlement patterns and land use systems; promote adoption of eco-friendly technologies and practices including energy-efficient site planning and building systems; and introduce programs for adapting to the impacts of climate change.

Conclusion

To realize the desired economic development, African governments must radically transform their approaches to African cities. Instead of focusing almost exclusively on sporadic, externally-financed support for discrete infrastructure investments, a broader approach is required that develops the systems necessary to underpin sustainable investments in urban infrastructure and services. This does not relegate the need for infrastructure investments to a lower priority, but rather suggests that an iterative strategy be developed in which countries establish systems that enable the effective management of urban growth – or City Enabling Systems (CESs) - that:

- i) Clearly define the assignment of functional responsibilities to urban governments

- ii) Establishes the legal and regulatory frameworks for the functional and fiscal operations of urban local governments.
- iii) Determine predictable sources of local revenues, including a transparent architecture for central-local fiscal transfers.
- iv) Introduce guidelines and practices that support good governance and strengthen accountability, and
- v) Support the development of enhanced institutional capacity and performance of urban local government.

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