

INEC/Urban

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**PRESENTATION NOTES**

High-Level Seminar on Cities as Growth Poles  
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AfDB Annual Meeting, Maputo, Mozambique

**Opening Statement**

We are honoured to be a part of this distinguished gathering.

Africa is an important region to Sida, and the bank is among our major cooperation partners in the region. This partnership with the Bank is a means to advance the overall goal of Swedish development cooperation, which is to contribute to the improvement of living conditions of poor people.

**Addressing the overall theme of the annual meeting: “Shared growth”**

The Bank has chosen a theme of this meeting – the shared growth theme - that strongly relates to the realities and challenges being faced by the region today. The theme is undeniably of common concern to all of us present, as it means “Growth that creates benefits throughout society, inclusive of the poor, women and youth, urban and rural”.

Within the context of this particular session on “Cities as Growth Poles”, “shared growth” also means “growth that encompasses the interrelated urban and rural economies”.

I would like to note three important issues relating to “shared growth” that marks Sida’s work within urban development:

*Photo illustration: Shared Growth*

- First, urban and rural development are both needed, but are not necessarily competing. On the contrary, they reinforce and complement each other, and are part of the same development process.
- Secondly, the performance of urban areas – cities, towns or other settlements – is a critical factor for poverty prevention and alleviation, and will determine the economic fate of nations and regions. Furthermore, the economic, social and

cultural environments in an urban centre brings benefits, hopes and opportunities - even for the poor<sup>1</sup>.

- Third, the growth of slums and the millions of people living in health-threatening conditions is an unacceptable reality. Economic growth must therefore be shared by the slum dwellers.

*Graphical illustration: Growth of Slums*

Our vision therefore is for towns and cities in developing countries to become equitable and sustainable urban societies – veritable engines of economic, social and cultural development that will benefit urban as well as rural populations.

**The link between urbanization and economic growth**

The year 2008 indeed marks a milestone. For the first time in history, more than 50 percent of the world's people – 3,3 billion -- now live in urban areas<sup>2</sup>. The trends show that future population growth will mainly be urban, and that almost all population growth will take place in cities of developing countries (accounting for 90% of total increase over the next 30 years)<sup>3</sup>.

*Graphical illustration: Unequal Growth*

The debate continues regarding the challenges and opportunities brought about by urbanization. In the face of competing views on this very complex issue, the robust relationship between urbanization and economic productivity (over the last 40 years) has been undeniably established by empirical data.

*Graphical illustration: Getting richer?*

In Africa, however, some countries stagnate in the face of continued urbanization. And a few have not been able to sustain rapid economic growth with urbanization. These are among the important questions and challenges we have to carefully examine and deal with.

**The role of urban centres in rural and regional development<sup>4</sup>**

Urban centres (cities, towns, settlements) are critical to the economic and social development of their surrounding rural region. This is done in various ways. They are markets for agricultural produce, but also important labour markets for rural population seeking non-farm employment opportunities.

*Photo illustration: Rural-Urban Linkages-1*

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<sup>1</sup> Tannerfeldt, G and Ljung, Per, "More Urban, Less Poor", 2006.

<sup>2</sup> United Nations Population Fund, State of the World Population 2007.

<sup>3</sup> Leipziger, D., Commission on Growth and Development, 2007.

- As markets for agricultural produce, urban centres have some clear advantages:
  - They stimulate agriculture production, with a more diversified demand for higher value products, such as vegetables, fruit and dairy products. Producing for local urban markets is hence compatible with intensification and diversification.
  - As markets they many times are more stable than the often unpredictable export markets;
  - Domestic urban markets also provide better prospects to small-scale farmers as there are fewer barriers than when entering export trade.

*Photo illustration: Rural-Urban Linkages-2*

- Urban centre as labour markets also contribute to poverty reduction.
  - This is done as non-farm employment opportunities are mostly located in urban centres (cities and small towns) and, increasingly, in per-urban areas.
  - It provides an opportunity for income diversification and decreased vulnerability both at individual level as well as household level. Remittances have thus become an important part of rural household income.

### **The issue of food security in Africa**

*Photo illustration: Food Security*

Related to our discussion on the rural-urban linkage is the important challenge of food security. All over the world, food is becoming scarce, expensive and unaffordable. The crisis affects the world's poor like a plague and is driving many to protest and riot, as has been the case in various countries lately.

The UN Food and Agriculture Organization has noted a startling new trend being revealed by this crisis, which is that as well as being rural, the profile of the new hungry poor is also urban. Furthermore, the food crisis is a threat to both people and political stability, and many countries in Africa are most vulnerable to its effects.

The crisis serves to underscore the strong linkages and interdependence between the urban and rural productive sectors. It is also a grim reminder of the need for policies that address the particularities and special needs of both the urban and rural sector.

Furthermore, these policies must facilitate – not restrict or hinder – integration of both sectors in such critical areas as agricultural development, migration, trade, fiscal reform,

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<sup>4</sup> Briefing Note prepared for Sida, Human Settlements Group, International Institute for Environment and Development (IIED), May 2006

land tenure, etc. The potential for a supply response from rural areas surrounding urban centres need to be realized, as food prices increase.

### **Neglected development opportunities and the role of ADB**

#### *Photo illustration: Addressing Neglected Development Opportunities*

The discussions in this session on harnessing the benefits of cities for overall economic growth serves to highlight major development opportunities that have been neglected, and which we need to urgently address as policy-makers, development financiers, etc.

The consequences of urbanization has not yet been fully realized and taken seriously and the vision of sustainable urban development still is far from reality in Africa and elsewhere.

#### *Photo illustration: Urbanization is Inevitable*

The ADB certainly has a role cut out for it when it comes to promote urban development in Africa. I understand that an Integrated Urban Policy and Strategy is under preparation within the bank. That is welcome. It is our conviction that the adoption and operationalisation of such a strategy will facilitate more effective interventions for sustainable urban development;

Urban development should not be seen as a new sector or operational area. It is rather the case that each one of the four prioritized operational areas in the proposed ADB mid-term strategy [infrastructure, governance, private sector development and higher education] have urban as well as rural dimensions to them.

The provision of infrastructure is an obvious case, where demand of rural as well as urban areas, and the linkages between them, need to be met. The same applies to private sector development, and the need for an improved investment and business climate that stimulate the creation of employment opportunities.

I would also emphasize that the bank also has a critical role in the area of governance, as many of the bottlenecks to urban development are related to issues such as regulatory frameworks, local governance and accountability. As a respected knowledge bank, ADB may play an important role in promoting urban policies that are pro-poor – policies that include poor people in the development process rather than marginalizing them.