CITIES AS GROWTH POLES
IMPLICATIONS FOR RURAL DEVELOPMENT

A PAPER PRESENTED BY:

DR. MANDLA S.V. GANTSHO

VICE-PRESIDENT
OPERATIONS VICE-PRESIDENCYIII
INFRASTRUCTURE, PRIVATE SECTOR,
REGIONAL INTEGRATION & TRADE

ON THE OCCASION OF THE

ANNUAL MEETINGS SEMINAR HELD IN
MAPUTO, MOZAMBIQUE

MAY 14-15, 2008
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1. Introduction

1.1 No regional development concept or theory has received greater attention among economists, regional planners, governments and development agencies than growth pole theory. The growth pole concept originated from British Economist, Sir William Petty (1623-1687), who was fascinated by the high growth in London during the 17th century and conjectured that strong urban economies are the backbone and motor of the wealth of nations.

1.2 However, it was the French Economist, Francois Perroux (1903-1987), who is credited with formalizing and elaborating on the concept. Since then, the growth pole concept has been subject to various definitions and interpretations, and its application has spread across the globe considerably. Monsted (1974) and Parr (1999) agree that the widespread use of the growth pole concept is reflected in the number of conferences and publications on the subject, as well as the apparent positive outcome of its application in developed countries in Western Europe, particularly in Great Britain, France and Italy.

1.3 Regional development based on growth pole strategy became popular in developing countries in the 1960s, mostly in Latin American Countries, with national governments filled with optimism about its benefits for economic growth and social progress (Angotti, 1998). Ironically by the 1970s, the interest in the growth pole concept in developing countries had dwindled, after its application failed to yield the anticipated outcome (Gilbert, 1974; Conroy, 1973; Moseley, 1973). This fact notwithstanding, there is still some belief in the growth pole concept today, as could be revealed in the literature and various programs aimed at expanding development via viable cities. The current debate is whether the growth pole is still a viable strategy for jumpstarting the economies of the African region.

1.4 This paper is premised on the notion that urbanization can precipitate economic development in the African region (Hanson, 2007). To echo the sentiment expressed by Blessing Uchenna Mberu, a Nigerian sociologist (Hanson, 2007), “If there is any hope for development in Africa, urbanization must be a part of it”. By gaining a better understanding of the growth pole concept and its implications for growth in developing countries, we will be better informed if such a concept has a viable place in the African development context.

2. Scope of Paper

2.1 The paper covers the following interrelated issues:

- The theoretical underpinnings of growth pole theory
- Linkage between cities as growth poles and urbanization
- Conditions for urbanization to generate growth
- Urbanization challenges in Africa
Impacts of rapid rate of urbanization
Are African cities engine of growth?
The role of the African Development Bank in redressing challenges of urbanization
What can be done to strengthen rural-urban linkages to accelerate economic growth and poverty reduction
Strategic Options for Moving Forward

3. Growth Pole Theory: origins and definition

3.1 Growth pole theory, as originally formulated, assumes that growth does not appear everywhere at the same time, but it manifests itself in “points” or “poles” of growth (Perroux, 1950; 1955). With variable intensities, the growth spreads by different channels and eventually affects the economy as a whole (Vanneste, 1971). It is widely argued that Perroux’s initial concept of growth pole denoted an individual plant; one that occupied an abstract economic space, rather than a specific geographical space such as a city or region (Vanneste, 1971; Monsted, 1974; Mitchell-Weaver, 1991). In his latter writings, as Vanneste (1971) points out, Perroux refined his concept of growth pole as a dynamic unity in a defined environment. The unit is simple or complex: (a) a firm, or (b) group of firms not institutionalized, or (c) group of firms institutionalized, such as private and semi-public undertakings.

3.2 Based on these features of the growth pole concept, other authors (Davin, et al, 1950) associated a functional attribute to the concept. They postulated that a growth pole is formed when an industry, through the flow of goods and incomes which it is able to generate, stimulates the development and growth of other industries related to it (technical polarization); or determines the prosperity of the tertiary sector by means of the incomes it generates (income polarization); or stimulates an increase of the regional economy by causing a progressive concentration of new activities (psychological and geographical polarization). To the extent that the growth pole concept has a functional character, Vanneste (1971) argues that it would be wrong to neglect the spatial aspect and the geographical implications of the concept.

3.3 If the growth pole has a local geographical base, then it is safe to assume that it can induce external economies in local firms. This means that growth is induced not only through direct trading between firms located in the same geographic area, but also through a structural change in the region. In that sense, Monsted (1974) asserts that local trade and business, which are not even directly associated with the growth pole will experience high demand induced by better resources and wages in the region. Bhandari (2006) thinks that the geographical aspects of growth poles are now considered to be the most important facet of growth pole theory.

3.4 So, then, what is a growth pole? As already pointed out, the growth pole concept involves an enormous confusion of ideas, which makes it extremely difficult to put forward a clear definition of it. The Geography Dictionary (2004) defines growth poles as follows:
“A point of economic growth. Growth poles are usually urban locations, benefiting from agglomeration economies, and should interact with surrounding areas, spreading prosperity from the core to the periphery”.

This definition presupposes a linkage between growth poles, economic growth and urbanization, as well as potential interaction effects. The linkage is so crucial that it deserves further discussion.

4. Linkage between Cities as Growth Poles and Urbanization

4.1 To better understand the linkage between cities as growth poles and urbanization, it is important that we define the salient terms such as: urban area, urbanization, and urban growth. By an urban area, we mean a settlement or a locality defined as “urban” by national statistical agencies, generally on the basis of population concentration. An urban area may also be defined in terms of land use types and industrial categories. Thus, an urban area may be defined as an area characterized by social, economic and institutional activities which are predominantly based on the manufacture, production, distribution, or provision of good and services other than agricultural uses, or the extraction of natural resources in unprocessed form, or low density residential development.

4.2 Urbanization is defined as: (a) the social process whereby cities grow and societies become more urban; (b) the process of the formation and growth of cities; or (c) a historical transition from being mostly rural to predominantly urban. In statistical terms, urbanization reflects an increase in the percentage of a country’s total population that lives in towns and cities. This number represents the level of urbanization of a country. The rate of urbanization is the speed at which the percentage of the total population living in towns and cities is growing.

4.3 Although urbanization is a global phenomenon, yet the level and rate of urbanization vary significantly across geographical areas, regions and countries. Table 1 illustrates this point. On one hand, Africa has the lowest level of urbanization, approximately 39 percent in 2007, compared to 48 percent in Asia, 72 percent in Europe, 78 percent in Latin American, and 81 percent in North America. On the other hand, the rate of urbanization in Africa since 1950 is the highest among all the continents in the world. Also, within African itself, there are differences across regions.

<table>
<thead>
<tr>
<th>Region</th>
<th>Percent of Total Population Urban</th>
<th>Rate of Urban Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Total</td>
<td>29.1</td>
<td>39.1</td>
</tr>
<tr>
<td>More Developed</td>
<td>52.5</td>
<td>68.8</td>
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</table>
4.4 Levels and rates of urbanization are relatively higher in the southern, northern and western regions than they are in the eastern region (see Table 2). Giving the overall rates of urbanization in African, it is projected that over 50 percent of Africans will live in urban areas by the year 2030 (United Nations, 2008). Rapid rate of growth in urban populations necessarily entails rapid rate of growth both in the size and number of urban places.

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</tr>
</thead>
<tbody>
<tr>
<td>African Region</td>
<td>14.5</td>
<td>27.9</td>
<td>35.9</td>
<td>39.9</td>
<td>50.0</td>
<td>4.7</td>
<td>4.3</td>
<td>3.9</td>
<td>3.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Eastern Africa</td>
<td>5.3</td>
<td>14.7</td>
<td>20.7</td>
<td>23.7</td>
<td>27.9</td>
<td>5.7</td>
<td>5.0</td>
<td>3.9</td>
<td>4.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Middle Africa</td>
<td>14.0</td>
<td>29.0</td>
<td>37.2</td>
<td>42.9</td>
<td>55.3</td>
<td>4.3</td>
<td>4.1</td>
<td>4.2</td>
<td>4.1</td>
<td>3.5</td>
</tr>
<tr>
<td>Northern Africa</td>
<td>24.8</td>
<td>40.3</td>
<td>48.4</td>
<td>52.0</td>
<td>61.3</td>
<td>4.5</td>
<td>3.8</td>
<td>2.4</td>
<td>2.3</td>
<td>1.9</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>37.6</td>
<td>44.7</td>
<td>53.9</td>
<td>58.8</td>
<td>68.8</td>
<td>3.4</td>
<td>2.9</td>
<td>1.9</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Western Africa</td>
<td>9.9</td>
<td>27.3</td>
<td>38.3</td>
<td>44.6</td>
<td>56.5</td>
<td>6.0</td>
<td>5.0</td>
<td>4.0</td>
<td>3.5</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: The United Nations (2008), Population Division, The Department of Economic and Social Affairs

4.5 According to a report by the World Bank Africa Region (2001), by 2020, Africa will have 11 mega-cities of 5 million inhabitants or more and almost 3,000 cities with populations of more than 20,000 each. This is an increase of about 300 percent from 1990. The big question that comes to mind when we look at these statistics of urbanization in Africa, is whether Africa’s urbanization will prove beneficial for people’s lives. This issue will be dealt with in the latter part of this paper, but for now, let us investigate whether a linkage exists between cities as growth poles and urbanization.
4.6 As already pointed out, the growth pole concept was originally conceived within “economic space”, but later transposed into “geographical space”. By conceptualizing growth pole in spatial terms, economists sought for a link between growth pole theory and urban accumulation and concentration (Monsted, 1974; Parr, 1999; Bertenelli and Strobl, 2003). The assumption was that cities – with their accumulation and concentration of population and capital resources (agglomeration economies) - could become growth poles. That being the case, Penouli (1972) and Friedman (1966) have treated growth poles as centers from which innovations and progress are diffused.

4.7 A historical trend has been documented from the developed, industrialized countries suggesting that growth and development start from points of accumulation and concentration within a geographic area (growth poles). The argument is that these growth poles have the potential of giving birth to other centers of accumulation and concentration. The process is seen as a natural progression in the urbanization process, where relative growth in a country’s urban population is accompanied by an even faster increase in the economic, political, and cultural importance of cities (World Bank, 2000).

4.8 The conclusion is that the level of urbanization is highest in the most developed, high-income countries and lowest in the least developed, low-income countries. Table 3 depicts this more succinctly and Figure 1 illustrates the income differentials graphically. Therefore, it has been speculated that cities are, and can become, the engines of growth in today’s industrializing, developing nations (Bloom, et al, 2008; United Nations, 2008a; Henderson, 2003; National Center for Policy Analysis, 2000). However, it must be pointed out that some countries in Africa, including Angola, Botswana, Nigeria and Mozambique saw higher than world annual average growth in GDP per capita during the past, with oil discovery in some of these countries accounting for their higher growth rates.

### Table 3.
**Urban Population Growth Rate Compared to Annual GDP Per Capita Growth Rate 1950-2030 Regions of the World**

<table>
<thead>
<tr>
<th>Region</th>
<th>Rate of Urban Growth (%)*</th>
<th>GDP Per Capita Growth Rate (%)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Total</td>
<td>3.0 2.7 2.1 1.9 1.5</td>
<td>2.26 1.46 2.30</td>
</tr>
<tr>
<td>Africa</td>
<td>4.7 4.3 3.9 3.2 2.9</td>
<td>1.21 0.28 1.0</td>
</tr>
<tr>
<td>Asia</td>
<td>3.5 3.6 2.5 2.3 1.8</td>
<td>3.63 3.75 3.4</td>
</tr>
<tr>
<td>Europe</td>
<td>2.0 0.79 0.21 0.17 0.14</td>
<td>2.79 1.32 2.05</td>
</tr>
</tbody>
</table>

Latin America/
4.4 The Caribbean 4.4 3.0 2.0 1.5 0.98 1.77 1.28 1.5
North America 2.7 1.2 1.4 1.2 0.86 2.24 1.71 1.6
Australia/New Zealand 2.8 1.2 1.4 1.0 0.82 2.22 1.77 1.6

Sources: * The United Nations (2008), Population Division, The Department of Economic and Social Affairs

Figure 1: Countries by Nominal GDP
Source: IMF (2005)

4.9 The growth pole approach to economic development in developing countries was formulated on the presumption that by deliberately focusing of investment at a limited number of centers, a necessary condition for development would be satisfied (Parr, 1998). As a result, the growth pole concept generated considerable intuitive appeal among policy makers. The role of economists, urban and regional planners, and allied social scientists became important in providing insights to governments and national leaders in their efforts to unravel the complexities of the growth pole strategy, as they grappled with high levels of urbanization. As Thayer Watkins (Darwent, 1969) put it, “The policy makers presumed that economists could supply the technical analysis needed to make sense of the policies based upon the concept of growth poles”.

4.10 The conception of cities as growth poles in the urbanization process sparked a momentum to jumpstart economic growth in developing and industrializing countries in the 1960s and 1970s, mostly countries in Latin America and Southeast Asia, by pursing a growth pole strategy. Planners and development economists set about identifying locations, which they believed, could act as growth poles or growth centers in the national urban system. Naturally established cities were activated as growth poles and strategically located points in a region were artificially induced as growth poles. These poles tended to be secondary cities within the national urban hierarchy --- places that could grow to fill the gap between the primary city and smaller places (Mitchell-Weaver, 1991).

4.11 When the economic concept of growth pole was linked specifically to that of geographical poles of investment, it gave rise to dialectical relationship between the concepts of growth and development (Mitchell-Weaver, 1991;
Monsted, 1974). Based on the writings of Perroux in the late 1960s, Mitchell-Weaver (1991) offers an important distinction between growth in a region and development in a region.

4.12 Growth is defined as “a steady rise of the indicator of a dimension of the total economy in the region or a nation”, while development is defined as “a combination of mental and social changes in population, which enables total production to grow, both cumulatively and permanently”. In other words, economic growth can be stimulated through cities as growth poles without being accompanied by development.

4.13 A recent World Bank publication titled: Beyond Economic Growth – Meeting the Challenges of Global Development (2000), sheds more light on the difference in national urban policies that seek to maximize growth in terms of increasing national wealth (i.e., an increase in the quantity of resources available to a society), and national policies intended to promote development, which focuses on equitable distribution of the national wealth among social groups to enhance their quality of life. In short, development connotes a qualitative change or expansion in a country’s economy in connection with technological and social progress.

5. Conditions for Urbanization to Generate Growth

5.1 In establishing the potential conditions that must prevail for urbanization to generate growth, we should bear in mind that we are talking about economic growth in the classical sense, instead of development as already defined. Economic growth, which is a quantitative change or expansion in a country’s economy, is conventionally measured as the percentage increase in gross domestic product (GDP) or gross national product (GNP) during one year. Economic growth comes in two ways. An economy can either grow extensively by using more of the resources available to the country, such as physical, human, or natural capital; or intensively by using the same amount of resources more efficiently.

5.2 There is extensive literature on urbanization and economic growth. Based on historical trends, as documented by the United Nations (2007), Council on Foreign Relations (2007), and Grimm, et al, (2008), as well as empirical evidence (Wen, 2005; Njoh, 2003, Bloom, et al, 2008), there is a commonly held perception that urbanization fuels economic growth. In other words, there is a positive correlation between the percentage of a country’s level of urbanization and the country’s level of income, as measured by GDP or GNP. The United Nations (2007), for instance, expresses it emphatically that: “no country in the industrialized age has ever achieved significant economic growth without urbanization”.

5.3 Various authors, including Parr (1999), Henderson (2000) and Kessides (2005), have identified a number of factors as necessary prerequisites for urbanization to generate economic growth. These are discussed in turn.

(a) Possession of a critical population mass
There is a positive correlation between the proportion of a country’s population living in urban areas and the country’s level of income. High population concentration in urban areas brings about economies of scale and richer market structures, lower costs of providing public facilities and infrastructure, and faster diffusion of knowledge. However, economic growth is generated at certain optimal level of urban concentration. Excessive urban concentration creates congestion and higher cost for production and degradation of quality of life, while insufficient urban concentration prevents the synergistic effects of economies of scale and a dense customer base.

(b) A favorable economic environment for fostering growth-minded entrepreneurs

Urban centers serve as platforms for showcasing entrepreneurial expertise. The role of cities as engines of economic growth does not stem from merely physical concentration of people and firms, but also from the city’s ability to create an environment where economic agents can easily interact to use productive resources efficiently and to create goods and services. Urban areas must possess the ability to attract capital and labor from other regions.

(c) The prevalence of the capacity for innovation

Creating a competitive economy requires not only risk-taking entrepreneurs, but also innovative ideas, mobilization of available local and international knowledge, skills and technology. These are elements that are mostly fostered in an urban setting.

(d) Equally important conditions that should prevail for urbanization to result in economic growth include the following:

- Stable economic and strong political institutions;
- Availability of public facilities/infrastructure, including transportation, potable water, sanitation and waste management systems;
- Efficient urban governance;
- Comprehensive growth management policies for sustainable urban growth, and reduction of social and environmental problems;
- Provision of information technology and faster diffusion of knowledge;
- Respecting the rights of women and the urban poor;
- Availability of jobs and the city’s ability to match them with available skills, both local and expatriate labor force.

6. The Challenge of Rapid Urbanization in African

6.1 Urbanization is inevitable for today’s developing nations and regions, as it was in the industrialized, economically advanced counties. However, the conditions under which urbanization has been occurring in developing countries, such as the rate of urbanization, and the challenges and opportunities presented by urbanization, differ considerably. In this section of the paper, we will explore some of the challenges of urbanization facing the African region. Most of the evidence presented in this section is based on empirical work of numerous authors and development agencies, particularly the World Bank and the United Nations,
and their affiliates. One such a remarkable study is that of Christine Kessides (2005), a Lead Economist of the Africa Region of the World Bank.

- **Highest Rates of Urbanization and Lowest Rates of Urban Economic Growth**

6.2 Generally, the literature and statistics confirm that the African region has been experiencing the fastest rate of urbanization in the world, yet it is the least urbanized continent (see Table 3). The average Africa country’s urban population grew by 4.5 percent per year in the 1950-85 period while the GDP per capita grew at the rate 1.21 percent during that timeframe. Africa’s urban growth rate showed a slight decline to 3.9 percent per year in the 2000-05 period, while the GDP per capita decline at a greater rate to 0.28 percent.

6.3 If the current economic and population trends in Africa remain unchanged, it is expected that by the year 2030, the urban population will grow at an annual rate of 2.9 percent (the highest in the world) and the GDP per capita will grow at an annual rate of 1.0 percent (the lowest in the world) and still lacking behind the rate of urban growth. The implication is that the African region will continue to experience the fastest rate of urbanization in the world, without being accompanied by economic growth necessary for generating resources and employment opportunities to accommodate the urban population.

6.4 According to (Kessides, 2005), one reason for this is that much of Africa’s resources - physical, financial, and intellectual capital – are concentrated in urban areas but they are underutilized. Growth pole theory suggests that concentration of population and accumulation of capital in urban areas spur economic growth (agglomeration economies). In the context of cities in Africa, a mere concentration and accumulation of firms and population do not guarantee that agglomeration economies will be realized because African urban economies are latent with structural constraints.

6.5 Particularly, total factor productivity in African industry is much lower and the share of indirect costs is much higher, compared to the low-income Asian countries, therefore hampering African export competitiveness. The World Bank African Region has observed that the growth that is taking place in industry and services derives mainly from “small scale, informal enterprises using low skills and low capital endowments, operating mainly in response to domestic demand and therefore limited by it. How cities in African maximize their rapid urban growth to their economic advantage is a challenge. This leads us to the second major urbanization challenge faced in Africa: dealing with burgeoning urban poverty.

- **Urban Poverty and Income Inequalities**

6.6 Due to the fact that urbanization in Africa has not contributed proportionately to growth in GDP per capita, poverty in the region is becoming predominantly an urban issue. At present, a third or more of urban residents in Kenya, Malawi, Mozambique, Nigeria and Ethiopia live in poverty (Kessides, 2005). Another report predicts that by the year 2025, half or more of the urban residents in countries such as Benin, Kenya, Mauritania, Mozambique, Nigeria and Senegal will live in poverty (World Bank, 2001).
6.7 The phenomenon of urban poverty in African reflects the existence of dysfunctional economic and institutional structures. For instance, the urban population is basically dependent on cash income for all goods and services. As such, macroeconomic shocks tend to hit the urban poor harder. This phenomenon has been exacerbated by income inequalities among city dwellers. African cities face the challenge of staggering income inequalities among city dwellers, which is forcing the poor to bear the brunt of negative aspects of urbanization, such as poor health, malnutrition, and higher child mortality rates. Urban poverty in Africa is not mainly a function of urbanization, nor is it a sign of failure of the urban economies.

6.8 Much of the deprivation in the cities relate to institutional mechanisms that perpetuate social exclusion and inequalities between the urban poor and their rich counterparts. The political and socio-economic externalities of urban poverty in Africa are likely to be more than could be borne by municipal governments, as related to crime, instability, spread of disease, malnutrition, and environment degradation.

- City Governance and Finances

6.9 Poor public services and city management obstruct economic growth in Africa. As Kessides (2005) puts it, African “cities have clearly not lived up to their productive potential because of widespread neglect and bad management”. Rapid urbanization and failing economies are expected to put great stress on the ability of local governments to efficiently manage their cities. Most municipal elected officials and staff lack the skills and technology for efficient financial planning and service delivery. Local revenue in Africa does not exceed 1 percent of GDP on the average. The tax and borrowing authority for African cities, especially those facing rapid population growth, are not adapted sufficiently to their expenditures and service delivery obligations.

6.10 In such circumstances, argued Kessides (2005), “it is a little wonder that in many African cities firms and households subsist by their own grit, and that public services are almost nonexistent outside the wealthy neighborhoods”. Additionally, there is lack of intergovernmental coordination in the provision of urban essential services, resulting in duplication and overlap. This situation has been documented as prevalent in cities across the continent, including Malawi (Mwafongo, 1991), City of Maseru in Lesotho (Leduka, 1991), Abidjan-Cote d’Ivoire (Attchi, 1989), and Kinshasa (Mbuyi, 1989). This institutional bottleneck is compounded by apparent incompetence and corruption in the collection of the revenues due to local governments (Silitslena, 1996).

6.11 Moreover, city governments in Africa have not created an environment where entrepreneurship and economic modernization can be fostered. The failure in enhancing effective city management has a very high opportunity cost, both by lowering returns to urban assets and by provoking negative outcomes such as environmental degradation and social distress. Future conditions might be worse for African cities if the current economic, financial and managerial structures remain unadjusted. Unless economic growth accelerates substantially, there will be insufficient resources to fund the backlog of investments, let alone meeting
future requirements. Over-stretched central governments’ budgets are unlikely to fund the needed investments, as declared by Hicks, (1998) and Silitshena (1996).

- **The Environment**

6.12 The main conclusion reached at the 2007 World Forum on Rapid Growth of Cities, organized by the UN-Habitat in Vancouver, Canada was that rapid urbanization has serious implications for the environment. Finding solutions to the environmental problems associated with rapid urbanization in African is becoming a huge challenge for Africans governments, besides the sluggish urban economic growth. The environmental issue is also emerging as a top agenda item in national and international forums.

6.13 The UN-Habitat (1989) defines an environmental problem as either an inadequate supply of a resource essential to human health or the presence of pathogens or toxic substances in the environment that can damage human health or physical resources such as forests, fisheries or agricultural land. The environmental crisis is intricately related to:

- city governments’ inability to provide public facilities (potable water, sanitary sewer, transportation) at an affordable cost;
- lack of political will to establish modern land use planning strategies and growth management legislation;
- absence of culturally desirable land tenure reforms; and
- unavailability of housing finance systems thereby creating affordable housing shortage, all of which have resulted in proliferation of urban slum and squatter settlements and environmental deterioration (Kessides, 2005; Silitshena, 1996).

6.14 A World Bank study (1997) shows a linkage between environmental and infrastructure dimensions of urbanization in Sub-Saharan Africa and health of the people. The study identifies the sources of a number of environmentally related diseases and health hazards, including: limited water supply, sanitation, and solid waste disposal facilities; poor water resources management and poor drainage systems; overcrowded housing and poor ventilation; and exposures to vehicular and industrial air pollution.

6.15 Epidemiological statistics have also revealed that residents of African cities tend to suffer from a host of environmental related health problems. The World Heath Organization (1998) reports that in Accra (Ghana), the top four diseases are malaria, upper respiratory tract infection, skin diseases, and diarrhea; and in Kampala (Uganda), the leading causes of death are malaria, diarrhea, respiratory tract infection, and AIDS.

- **Urban Planning in the Face of Urbanization**

6.16 The term *planning* symbolizes a decision-making process, having vision and future prospects as point of reference, rather than reacting to conditions when they become deteriorated. In its generic meaning, “planning is a conscious effort to define systematically and think through a problem to improve the quality of decision making” (Levy, 1991). This paper focuses on *urban land use planning*, which is the ability to understand the interconnectedness
and complexities of urban land use decisions made by governments and individual land/property owners within a city. Land use decisions within a city have a lot of economic, social, and political implications. For example, the location of land uses, such as residential, commercial, industrial and institutional, and the density, intensity, and their functional relationship tend to have impact on the spatial organization of the city. Land use decisions also affect the economy of the city and the demands that are placed on the community for public facilities and services.

6.17 Land use planning practice in African cities has had different trajectory, stemming from colonial governments. According to The Economist Magazine (1990), most African cities “were designed with grandeur and selfishness of empire, spread-out, tree-lined suburbs separated by open land from the barracks for African laborers”. In many Commonwealth African countries, Ling (1988) observed that town planning was initiated by the colonial government as mere physical master land use plan to support the colonial administration, without consideration of its social, political and economic impact. The crust of the matter is that the colonial master planning approach has continued to provide a blueprint of city planning since attaining political independence (Kajugira, 1988).

6.18 As pointed out already, most post-independent African governments lack the political will and commitment to establish the institutional and legal framework that will promote comprehensive city planning, based on modern principles and practices of planning, with the goal of improving the health, safety and general welfare of urban residents. There is a lack of appropriate policies that is necessary to enhance the fiscal ability of city governments, ensure the provision of adequate infrastructure and services, and attract capital and entrepreneur for investment.

6.19 A recent case study from a Nigerian city reveals that the prevailing ineffectiveness in land use management can be attributed to a land use planning approach that is disjointed and uncoordinated (Aribigbola, 2007). So, it can be conjectured that the challenge of African urbanization is not about the rate at which Africa is urbanizing, but the lack of appropriate planning and growth management tools to take advantage of the urban growth.

6.20 Dr. Jeffrey Sachs opined that effective urbanization requires good urban planning, especially comprehensive planning approach, that integrates planning of water, energy, transportation, public health, sanitation systems, and affordable housing in decent neighborhoods. He also stressed that “the problems of rapid urbanization will not be solved by markets but by establishing links between the urban planners and the macroeconomists” (Sachs, 2002).

- Infrastructure

6.21 Poor infrastructure and inadequate infrastructure services are among the major factors hindering African cities to serve as engines of development locally and to compete in the international markets. It is essential to make a distinction between the terms infrastructure and infrastructure services. Juma and Bell
(2006) use the term infrastructure to represent the facilities, structures, associated components, and institutional arrangements that facilitate the flow of goods and services among individual households, firms, and governmental entities. Infrastructure therefore includes:

- Public utilities, such as energy, telecommunications, water supply, sanitation and sanitary sewer, and waste disposal facilities;
- Public works, such as irrigation systems, schools, housing, and hospitals;
- Transportation facilities, such as roads, railways, ports, waterways, and airports; and
- Research facilities, such as laboratories and related equipments.

On the other hand, infrastructure services include the provision, operation, and maintenance of the physical facilities of the types of infrastructure listed above.

6.22 Africa’s ability to solve the problems of rapid rate of urbanization and initiate and sustain economic growth depends in part on its capability in providing the necessary infrastructure and infrastructure services. According to Holloway (2000), the availability of infrastructure attracts firms to certain locations, which creates agglomeration economies and reduces production and transaction costs.

6.23 The availability of infrastructure is a critical determinant of the destination of foreign direct investment (Dupasquier and Osakwe, 2006). Indeed, infrastructure is one of the key factors that investors consider in deciding on the location, scope, and scale of their investments. Given their physical, organizational and institutional complexity, infrastructure facilities and services require a great deal of technical capabilities and intergovernmental coordination, which is lacking in many African cities. Unfortunately, private sector participation in infrastructure investment has not taken root in Africa, as compared to Asian and Latin American countries (Juma and Bell, 2006).

6.24 Another infrastructure challenge in Africa has to do with the colonial heritage, which has created barriers to economic growth in African cities. According to Torero and Chowdhury (2004), African countries inherited a highly dispersed and unevenly distributed infrastructure from the colonial period. Njoh (1997) observed that in the case of Cameroon, the colonial development strategies focused solely on connecting natural and mineral resources to ports for export markets. Admittedly, such infrastructure strategy failed to integrate the continent and simulate local industrial development (Commission for Africa, 2005; Ridley and Lee, 2005).

6.25 Moreover, the development of urban settlements in Africa did not follow a pattern similar to the development of cities in other parts of the world, which were built around commerce and industry. Cities in colonial Africa were established mainly as administration centers and trading posts (World Health Organization, 1998). This also helps to explain why urbanization in Africa has not been accompanied by economic growth, resulting in inadequate financial and administrative resources to meet the demand for infrastructure services in the cities. Since the 1990s, globalization has presented
opportunities for nations, but lack of investment in telecommunication technology has prevented African countries from fully exploiting these opportunities (World Health Organization, 1998; Lall and Pietrobelli, 2002).

- **Conflicts and Urbanization**

6.26 National and ethnic conflicts are a part of the urbanization challenges confronting Africa today. A 1998 WHO Report reported that 22 African member countries were either engaged in some form of conflict or emerging from one. Besides destruction of infrastructure, wars take a severe toll on African cities. They lead to rapid influxes of large population groups, place excessive pressure on infrastructure and lead to the emergence of large unplanned settlements, with negative health consequences.

7. **The Cost of “Uncontrolled” Urban Growth in Africa**

7.1 To *control* urban growth or the process of urbanization does not connote curtailing, restricting or preventing urbanization or the rate of urban growth. It simply means the adoption of appropriate economic, demographic, institutional and administrative measures aimed at promoting efficient and cost-effective management of urban growth. Viewed in this sense, uncontrolled urbanization is quite likely to be costly economically, socially, politically, environmentally and demographically.

7.2 From the foregoing discussion and the numerous articles on the issue of rapid rate of urbanization in Africa, it can be surmised that the challenge is so overwhelming to the point of being uncontrolled and consequently costly. The cost of uncontrolled rate of urbanization in Africa does not require any further studies, discussions, or interpretations. The cost is apparent in Accra, Lagos, Yaounde, Cape Town, Kampala, Maputo, Kinshasa, Khartoum, Dar-es-Salaam, and Nairobi, just to mention a few cities in Sub-Saharan Africa.

7.3 The 2005 African Ministerial Conference on Housing and Urban Development (AMCHUD), held in Durban, South Africa, expressed the following concern:

> “Very few [African] countries have managed to direct and harness the development attributes of towns and cities. In fact, the challenge of rapid urbanization has not yet been considered as a priority issue in development. It is high time this anomaly is rectified and the urbanization agenda is taken up at a Continental level; not only in terms of declarations and affirmation of commitments, but in developing a concerted framework of action that can guide and reinforce individual national initiatives. Indeed, this approach can also reinforce Africa’s quest for closer integration”.

- **Economic Cost**

7.4 The economic cost includes high unemployment, particularly among recent graduates from schools and colleges; high levels of poverty; low productivity per capita due to poor health of the labor force; food insecurity; low cash incomes and inability of households to afford basic urban services, including housing in decent neighborhoods that has created slums and squatter...
settledments; limited revenue sources for urban governments to meet the public facility requirements of urban residents; and cities feeling the full exposure to pressures of global competition, and national debt crisis.

- **Urban Facilities and Infrastructure Cost**

  7.5 Due to inadequate capacity of existing infrastructure systems and services, and limited fiscal ability of municipal governments to fund expansion of the systems to meet the growing demand, African cities are experiencing poor sanitary condition, insufficient potable water, deplorable solid waste and storm-water management; and high transportation cost impeding the growth of a balanced city system and development of external markets.

- **Environmental and Environmentally Related Health Cost**

  7.6 The environmental impact of rapid rate of urban growth in Africa tends to be associated with the economic and infrastructure costs. The environmental cost manifests itself in the presence of pathogens or toxic substances in the environment, which can damage human health or essential natural resources such as forest, fisheries or agricultural land. Poor economic standards in cities result in crowded or cramped living conditions, which coupled with lack of basic infrastructure, contribute to the spread of communicable diseases such as tuberculosis, influenza, malaria, cholera, and meningitis. Among children, diseases such as mumps and measles take a heavy toll. House accidents, particularly among children, are common from fires, kerosene cookers and lanterns. Equally costly is the unhealthy, unsafe working environment due to pollution, inadequate lighting, poor ventilation, limited space, and noise.

- **Social and Political Cost**

  7.7 The social and political cost of rapid rate of urbanization in Africa manifests itself in unrest and strife, due to the prevalence of overcrowding, economic despair, and general feeling of hopelessness among the urban poor, majority of whom are rural-urban migrants. There is also a spate of frustration in some cities due to discrimination, economic inequality and unequal access to basic urban services, which is also compounded by urban management crisis.

- **Rural Impact**

  7.8 The cost of uncontrolled rapid rate of urbanization in Africa is inextricably intertwined with the rural fringes or the peri-urban areas. The classical terminology used to describe unplanned urban growth spilling over to surrounding rural agricultural areas is *urban sprawl*. The cost of urban sprawl is very prohibitive. In the African context, urban sprawl may result in premature conversion of rural agricultural and timber land to urban uses such as commercial and low density residential development for urban residents, thereby causing rural land prices to escalate; degradation of environmentally sensitive land such as wetlands, flood plains, watersheds (resulting in lowering the natural levels of lakes and rivers), deforestation.
7.9 Urban sprawl also places undue cost burden on local governments to extend infrastructure to long distances. Another significant impact of unplanned high urban growth rate in Africa has to do with its demographic impact in rural areas. It is now being observed that some countries in Africa are experiencing a “reverse migration” of urban-rural in nature. Most recent rural-urban migrants who are faced with abate hardships in the cities are migrating back to their rural roots, who are likely to face limited opportunities for economic advancement in the rural areas. In this case, there is the tendency to transfer the acquired urban socially unacceptable behaviors and crimes to the otherwise stable rural milieu.

8. Are Cities of Africa Engines of Growth?

8.1.1 It has been argued that strong urban economies are the backbone and engine of a nation’s wealth. This notion stems from the growth pole concept. The growth pole concept seems to suggest that as countries become more urbanized or industrialized and less dependent on agriculture, urban areas are more likely to become important for fostering positive externalities, nourishing innovation, providing a hub for trade, and attracting human capital accumulation.

8.1.2 However, empirical studies conclude that urbanization per se is not the driver of income growth (Bloom and Khana, 2007). Their finding is that at low levels of economic development, the association between level of urbanization and income per capita is week. That implies that simply concentrating firms and people, in a specific geographic location, does not necessarily guarantee that agglomeration economies will be achieved for the region. Urbanization may, therefore, be a necessary but not a sufficient condition to generate and sustain economic growth.

8.1.3 The conditions considered sufficient for cities to serve as growth engines are those already highlighted in Chapter 5 of this paper under challenges of urbanization in Africa, including:

- Well-managed cities and towns;
- Fostering entrepreneurship;
- Promoting economic modernization and diversification;
- Reducing urban poverty by offering a deeper labor market, higher income earning opportunity, and better infrastructure and services; and
- Creating the practical necessity for effective local governance and administration.

8.4 As already pointed out, most African cities lack these prerequisites for economic growth. The United Nations, in the State of World Population 2007: Unleashing the Potential of Urban Growth (2007), however, holds the viewpoint that the potential benefits of urbanization far outweigh the disadvantages, and that the challenge is learning how to exploit its possibilities. It goes on to advise that “reacting to challenges as they arise is no longer enough, cities need pre-emptive policies”.

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8.5 The latter sections of this paper will highlight some of those policies and provide examples from African cities and countries that are on the cutting edge of responding to the challenge of high rate of urban growth.

9. **Is the Growth Pole Strategy an Economic Growth Option for African Countries?**

9.1 There is a view that the use of the growth pole concept as growth diffusion theory does not work for African nations (Mabogunje, 1971; Mitchell-Weaver, 1991; Kessides, 2005). In similar vein, Mitchell-Weaver (1991) argues that development models based on hypothetical relationships posited to exist in a mature capitalist urban economic system is inappropriate in most third world countries.

9.2 The crucial question to address is whether the growth pole concept itself is flawed or it is its application and timing for African Countries that is questionable. Whatever it is, the growth pole approach as described in this paper has not attracted much attention in Africa, compared to Asia and Latin America. Nevertheless, through international partnerships and governments’ commitment to redress the negative repercussions of high rate of urban growth in Africa, the interest in the growth pole concept has been aroused.

9.3 Three pilot projects in Africa have been discussed in Annex 1. These include:

- The Alexandria City Development Strategy and Growth Pole Project in Egypt,

- The Madagascar Integrated Growth Poles Project involving
  - Antananarivo-Antsirable Growth Pole
  - Nosy Be Growth Pole and
  - Taolagnaro (Fort Dauphin) Growth Pole

- The African Millennium Cities Initiative involving seven cities, namely Kisumu (Kenya), Blantyre (Malawi), Kumasi (Ghana), Akure (Nigeria), Bamako-Sgou (Mali), and Louga (Senegal)

9.4 The Government of Egypt requested a US$100 million investment from the World Bank to start the Alexandria Growth Pole Project. The project’s objective was to (a) support economic growth in Alexandria City through better management of existing local assets; (b) upgrade squatter settlements, while ensuring the socio-economic integration of the poor; and (c) improve the environment in the vicinity of Lake Marriot. The Alexandria city report (covering 2003-2005), which is Phase 1 of the project has completed the following aspects of the development strategy:

- Alexandria Local Economy Assessment and Comprehensive Report
- Alexandria Tourism Development Strategy
- Surveying Squatter Settlements and Setting up an Urban Upgrading Strategy
- Comprehensive Strategic Development Plan for Lake Marriot Zone
9.5 The Madagascar Integrated Growth Poles Projected was initiated in September 2005 with a World Bank grant of approximately US$130 million intended to assist the Government of Madagascar to “foster broad based economic growth in three export processing zones in Madagascar”.

9.6 The Millennium Cities Initiative (MCI) is the most recent African experience with the growth pole strategy. It is a United Nations’ African development initiative established in the Earth Institute of Columbia University (New York City) led by Dr. Jeffery Sachs. Among other things, the MCI intends to assist through research and policy analysis selected seven mid-sized cities across sub-Saharan Africa, located near Millennium Villages, to achieve the Millennium Development Goals, by transforming the communities from sub-subsistence lifestyles.

9.7 The selected cities\(^1\) range from 120,000 to 1.3 million inhabitants and continue to experience rapid population growth. The plan is to assist them to enhance their absorptive capacities through a balanced industrialization process which is expected to prevent them from growing into mega-cities with the attendant infrastructure problems and mega-slums.

9.8 The MCI is expected to improve capacities of the selected cities to attract investors and durable investments to spearhead the development of a sound industrial base that can sustain the burgeoning inner and peri-urban populations through domestic enterprise development and employment generation; and to serve as “regional urban centres in Africa, with the resulting employment and economic growth effects”.

10. Policy Implications of Growth Poles as Engines of Economic Growth in Africa

10.1 The pertinent question to address is whether the above growth pole pilot projects will turn out to be examples of economically sustained growth for Africa’s future, or like their predecessors of Latin America they are doomed for failure? We can speculate an answer by considering some of the reasons for which the growth poles in other urbanizing countries in the 1960s and 1970s did not realize their expectations and hence their abandonment. Parr (1999), lists the following reasons:

(i) The strategy is inappropriate

10.2 The strategy is inappropriate when the pursuit of the growth pole strategy and the related concentration of infrastructure are not in keeping with the character of the location or the region in which it is being pursued. In the cases described above, their appropriateness is defined in terms of their locational advantages of being resource-based (historical heritage, tourism, manufacturing and/or agro-based).

(ii) The strategy is not feasible

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\(^1\) These include Kisumu (Kenya), Blantyre (Malawi), Kumasi (Ghana), Akure (Nigeria), Bamako-Sgou (Mali), and Louga (Senegal).
The growth pole strategy is not feasible when various enabling factors are absent, such as: (a) sufficient capital outlay for successful implementation of the strategy; (b) effective policy instrument by which the strategy can be implemented; and (c) an administrative capacity equal to the task of implementing and coordinating the strategy. In the cases described above, their feasibility is attested to by the international and domestic partnerships upon which they are designed, in terms of funding, planning and implementation, as well as the national government’s commitment to ensure their success.

(iii) **The strategy is unrealistic**

10.4 The strategy is unrealistic when it is based on wrong assumptions and no careful planning analysis to guide its application and implementation. In the cases described above, the expectations are formulated on the basis of appropriate data and analysis pertaining to specific aspects of the growth poles, such as infrastructure needs, economic and social impact, and environmental impact analysis.

(iv) **The logic of the strategy is violated**

10.5 The strategy is violated when measures adopted for implementation are counterproductive and inconsistent with the goals, objectives and policies of the growth pole. The cases described above have built-in project monitoring mechanism. In a sense the growth poles are based on sound and modern planning principles and practices.

10.6 We may, therefore, conclude that for growth poles projects to be successful, they should be based on appropriate strategies that are feasible and realistic. An important component of the growth pole strategy, as indicated above, is a strong, efficient city governance and management. The African Ministerial Conference on Housing and Urban Development (2005) underscored the critical role that urban governance plays in city management and poverty reduction.

10.7 The Conference, among other things, recommended networking with other cities for the purpose of exchanging information, sharing experience and best practices on urban development and city management. The South Africa Cities Network (SACN) provides an excellent example by setting the following key goals to guide its interventions:

- Promotion of good governance and management of South African cities through information sharing
- Analysis of strategic challenges facing the cities, particularly in the context of global economic integration and national development
- Strengthening linkages between cities, towns, and rural areas.

11. **Policy Implications for Rural Development**

11.1 Projections based on available data point to an Africa where over half of its population will reside in areas defined as urban, by the year 2030. This
growth in urbanization is not only in terms of population concentration, but also in spatial expansion of urban centers. As already pointed out, the process of urbanization is inextricably intertwined with the rural fringes or the peri-urban areas. Thus, cities are a part of a larger ecological system than the city limits administratively. As advanced technology and the global economy penetrate remote rural areas, urban and rural areas will become more linked and interdependent.

11.2 It is in this light that Steve Bass (2004)\(^\text{2}\), has called for “ditching the dichotomy” of rural and urban areas when it comes to adopting development strategies. Thus, an urban growth strategy designed and implemented in isolation of the surrounding rural areas is sub-optimal and can only be detrimental and costly for the concerned region as a whole. Some of the associated costs include:

- Proliferation of urban sprawl;
- Premature conversion of rural agricultural land and timberland into urban uses;
- Escalation in urban-fringe land prices;
- Degradation of environmentally sensitive land and imbalance in the ecological system;
- Lowering water quality due to disturbance of the natural hydrological function;
- Impairing the quality of rural living.

11.3 The link between rural and urban areas is shaped by location-specific conditions, such as demographic, ecological, socio-cultural and political conditions, which are diverse in nature. Therefore, gaining a proper understanding of the rural implications of planning for cities as centers of economic growth should constitute an essential component of the urban planning analytical framework. The title of this paper is an attempt to highlight the need for a better understanding of the interrelatedness of the urban and rural milieu, in our efforts to make our cities more functional and economically viable.

11.4 City planning should be approached within a regional context. The goal of such a development approach should be to enhance the functionality of the human-economic-environmental interactions for sustainable economic growth. If a city is well-planned and managed efficiently, it can relieve pressures on surrounding rural areas by concentrating populations for productive ventures, achieving economies of scale in such areas as energy, housing, transportation, and promoting land use connectivity. Similarly, successful rural development should stimulate and support urban development; and urban development should serve as a key impetus to rural development. Tacoli (2008) has suggested that for rural-urban linkages to generate sustainable economic growth and to reduce poverty, the linkages must be based on the policies grounded in a careful understanding of the local context. This calls for policy oriented research and analysis that underscore the rural-urban linkages.

A number of innovative and flexible regional planning tools and development strategies are been employed in other areas that could be considered in the African context. The approaches may differ due to variations in local and historical circumstances. Nevertheless, the underlying principle is basically the same. It is the recognition of the importance of enhancing urban-rural linkages in national development process. These strategies may include sector planning that allows the conversion of rural/agricultural lands to other uses while protecting environmentally sensitive areas, maintaining the economic viability of agriculture, and providing for cost-effective delivery of public services and basic infrastructure to the rural areas.

Countries like India (Mukherjee, 2007; Bhandari, 2006) and Estonia (FAO, 1997) have resorted to the growth poles strategy as the planning tool to accomplish rural developments that are functionally linked to the urban system. African governments should take advantage of the availability of local and international organizations and processes for the application of advanced growth management and policy tools. The two examples are briefly discussed below.

(i) The Indian Growth Pole Strategy for Rural Development

In order to attract private sector initiative to accelerate employment-generating activities in the rural areas, the Indian government adopted a rural development strategy titled: Providing Urban Amenities in Rural Areas (PURA) with the sole objective of stimulating high growth in rural economies. PURA envisages a combination of physical, electronic and knowledge resources at the local level in selected rural settlements by:

- selecting a ring of 10 to 15 villages,
- connecting them with high quality transportation and telecom system,
- setting up key education and health facilities around the ring,
- attracting industry and commerce to the ring, and
- enabling internet connectivity for linking up with “far-flung areas”.

(ii) The Estonia National Agricultural Policy

After regaining political independence Estonia adopted in 1995, a National Agricultural Strategy for the development of the rural economy. An important objective was to promote the development of competitive enterprises, efficient markets structures and international trade relations. The strategy viewed the development of competitive enterprises, efficient markets structures and international trade relations as necessary prerequisites to achieving the broader goal of improving the rural standards of living (FAO, 1997).

In order to accomplish this vision of rural development, the strategy conceives a concrete program of developing regional growth centers aimed at strengthening local governments’ financial and administrative capabilities, and improved channels for effective citizen participation in solving problems of common concern. For this to occur, the Estonian government is seeking to promote the emergence of regional growth poles through additional investments in infrastructure and the provision of transitory incentives for industries and services to locate in those poles.
12. THE EXPERIENCE OF THE AFRICAN DEVELOPMENT BANK

Background

12.1 The Bank Group adopted an Urban Development Policy only recently in 1992, to guide its development assistance in the urban sector of its Regional Member Countries (RMCs) and also forge strategic partnerships with key stakeholders and development partners operating actively in the sector. The policy aimed to:

- improve productivity in cities and large towns;
- develop secondary towns as poles for regional economic growth; and
- strengthen small towns as market places, health care centers and locations of higher education and training institutions for the neighboring rural areas.

12.2 Although the urban policy recognized the importance of an integrated approach to urban development, the Bank Group continued to favor fragmented, stand-alone, sector-specific interventions. Unfortunately, most RMCs did not also focus adequate attention on the challenges and opportunities of sustainable urban development. Consequently, urban development did not receive the priority attention it deserved in national development plans and poverty reduction strategy papers (PRSPs).

12.3 Since the Bank’s Country Strategy Papers (CSPs) are aligned to the PRSPs of RMCs, the urban sector did not receive the requisite attention it deserved in the past. Between 1967 and 2007, roughly 15-20% of the cumulative financing provided by the Bank Group went to support the urban sector. It is against this background that the Bank is currently revising its Urban Development Strategy.

The Bank’s Vision for Urban Development

12.4 The Bank’s vision for urban development in Africa is:

*to make of African cities and towns, healthy environments for their citizens to live and work; and places that are increasingly globally competitive and bankable with a strong development base and, which, above all, are well governed.*

12.5 In line with this Vision, the Bank will assist RMCs to boost the viability and competitiveness of their cities, as engines of growth, to foster sustainable economic and social development through strong urban-rural linkages, and strategies to catalyze the achievement of the MDGs in Africa. The Bank’s Urban Development Strategy will hinge on three critical pillars as follows:

- infrastructure delivery;
- urban decentralization and governance; and
- private sector development.

12.6 Under the infrastructure pillar, the Bank’s development assistance will emphasize support to urban, urban-rural, and inter-urban infrastructure for the next five years. The priority areas will include:
- Support for basic urban infrastructure development (mainly in the MICs) as well as rural infrastructure (mainly in the LICs);
- Capacity building support for infrastructure maintenance and management;
- Strengthening municipal finance and access to capital markets;
- Promotion of Public-Private Partnerships (PPPs); and
- Improved access to adequate and affordable housing

12.7 **Under the Urban Decentralization and Governance pillar,** municipal and local authorities would be strengthened to enhance fiduciary controls, financial transparency and accountability as well as fiscal self-sufficiency in order to assure sustainability of public investment in urban centers. They would also be assisted to discharge the economic and social responsibilities assigned to them by central governments. To this end, the Bank will:

- Assist RMCs with the fiscal decentralization process;
- Assist RMCs to build or strengthen the capacity of municipalities in:
  - financial and administrative management;
  - their systems of revenue collection;
  - the management of public-private partnerships, especially in infrastructure service delivery; and
- Strengthen the existing municipality networks (such as CAN, ASCN, etc.,) and brokering new networks.

12.8 Given the sheer magnitude of the infrastructure gap in Africa⁴, it is now widely accepted that the public sector alone cannot meet the challenge, and the private sector has a critical role in helping to bridge the financing gap. Indeed, in the past decade or so, private capital flows and foreign direct investment have overtaken ODA as the dominant source of investment capital globally.

The private sector is, therefore, poised to become a major force in the development of Africa’s urban areas, especially in the areas of infrastructure service delivery, industry and manufacturing, commercial services, and possibly in the provision of taxpayer-financed basic social services such as healthcare and education.

12.9 **Under the private sector development pillar,** the Bank will:

- Provide technical assistance for the promotion of legal and regulatory frameworks that help to reduce transaction costs for business development. In addition, the Bank will assist with reforms aimed at promoting of the rule of law and the protection of property rights, in order to make the environment more attractive for foreign investors;
- Assist municipalities to build public-private partnerships in various sectors. This will include, *inter alia,* building the managerial capacity of municipalities and the development of policy and regulatory frameworks as well as toolkits for the design and implementation of PPPs, with priority on infrastructure service delivery.

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⁴ Conservative estimates put this at US$20 billion annually
12.10 In addition to the three strategic pillars, the Bank intends to redress the cross-cutting issue of environmental challenge in urban centres of Africa. Environmental threats that emanate from unplanned urbanization growth and unregulated development processes, coupled with the recent challenge of climate change have gained increasing attention due to the rate at which slums and urban poverty are growing in the peri-urban areas of Africa.

12.11 The Bank Group will, therefore, focus its assistance in the development of pollution observatories and early-warning systems as well as the design of action plans aimed at reducing pollution, the promotion of sustainable technologies and enhanced access to clean and renewable energy sources. It will also strengthen the capacity of municipalities and the private sector to adopt environment-friendly urban planning and enforcement of environmental safeguards, and capacity development to manage climate-related catastrophes.

12.12 In situations where municipalities have attained full financial autonomy from central governments and have the right to borrow on their own balance sheets, the Bank will explore new lending instruments such as:

- Adjustable Program Lending
- Infrastructure Lines of Credits
- Agency Lines of Credit
- Municipal Development Funds (MDFs) or Urban Infrastructure Funds (UIFs) and
- Support for Sub-national Access to the Capital Markets

12.13 In addition to these financing instruments, the Bank Group will continue to support urban development investment initiatives through other traditional operational modalities and non-financing instruments such as CSPs (which would be adequately covering urban issues), advocacy and policy dialogue, advisory services and capacity building.

13. Policy Recommendations: Strategic Options

1. Adopt a Two-Pronged Approach

- The implication of the foregoing experience is that African Governments need to adopt urbanization theories to the specificities of their predominantly agrarian economies. If industrialization is a necessary prerequisite for sustainable urbanization and economic development, then for the predominantly agrarian economies of sub-Saharan African countries, a two-pronged approach targeting both the rural and urban economies is needed to build and establish optimum balance and linkages between them.

- Neither urban nor rural development should be advanced at the expense of the other; both must be developed hand-in-hand to optimise synergies between them by addressing demographic dynamics, health, education, and forward-backward linkages in agribusiness development.

- On the urban front, the absorptive capacities of cities need to be enhanced by providing adequate infrastructure, such as affordable housing, electricity, water and sanitation services and public transportation.
The astronomical growth in urban populations, coupled with the attendant growth of slums in the peri-urban centers, poses a serious challenge of rising urban poverty. Public action is needed to transform the slums of the urban poor into legitimate communities that can contribute their fair share to the development effort as economic agents and not a social burden to national governments.

As the cities and urban centers grow, their governance becomes a key challenge; hence there is also a need to strengthen their capacity for good governance, including maintenance of the infrastructure and social service provision. Cities cannot expand to absorb surplus rural labor if land tenure policies are a major hindrance to land acquisition by potential investors.

The business environment in cities and urban centers must be attractive, with minimum bureaucratic bottlenecks, to facilitate private sector-led growth, because the civil service usually has very limited absorptive capacity for employment generation.

On the rural front, opportunities need to be created to make rural life more bearable, so that rural centers can also retain their human capital for agricultural, agribusiness and off-farm activities instead of losing them to the urban centers where opportunities may be limited. This would, inter alia, entail developing rural infrastructure including schools and health clinics and feeder roads to enhance market access for farming households.

2. **Build Agribusiness as the Initial Industrial Base**

For predominantly agrarian economies of Africa, the development of agribusiness and agro-industrial enterprises should be the starting point of any sustainable industrialization process. This must be underpinned by a well-developed private sector, which indeed holds the key to agricultural and overall economic growth in Africa.

To date, most Africa’s exports are mainly in the form of raw and semi-processed primary commodities with little value-added. Industrial growth must, therefore, be tailored to match the agrarian and manufacturing bases to ensure optimum use of the factors of production.

Agricultural markets and agribusiness need to be developed to serve as the primary links between the rural economy and the urban and export economies. This is necessary because the degree to which public and private sector investments in agriculture contribute to poverty alleviation, productivity gains, food security, and economic growth depends on the proper functioning of input and commodity markets and the performance of agribusiness enterprises.

Efficient agribusiness systems are needed to communicate market signals and incentives to rural households, assist in balancing market-related risks, match commodity supply and market demand, and stimulate consumer demand and producer supply response. Furthermore, efficient agribusiness systems help to increase household incomes, while at the same time reducing food costs to urban consumers -- thereby providing a “double” development and poverty-
alleviation impact. It reduces post-harvest losses, improves value-added to agricultural commodities, and stimulates diversification to specialized high-value crops.

3. **Strengthen the Capacity for Urban Governance**

- As cities and urban centers grow in geographical size and population, the capacity for urban governance becomes more critical. If not planned properly, congestion can place severe strains on public utilities (such as water supply and sanitation), energy and even air quality and the general environment.

- Massive human and vehicular traffic can add to the congestion of the city and make life and movement of goods and services unbearably difficult. Without an appropriate environmental policies and/or their enforcement, the waste disposal system can become a serious health hazard and only exacerbate the problem of air pollution from vehicular movement and industrial gases released into the atmosphere.

- To minimize and/or avert these problems, cities and urban centers need to build their capacity for:
  - Defining a tailor-made urban development strategy that is costed with a time-line of its implementation; and
  - Financing the urban development plan.

- To be relevant, the urban strategy must address the anticipated growth population and the associated demand for social services, including housing, transportation, health and education. It should also strike an appropriate balance between economic development, environmental sustainability and the quality of life of city/urban dwellers.

4. **Bridge the Infrastructure and Social Services Gap**

- Agribusiness and agro-industry development can be catalyzed by supporting funding for installation, rehabilitation, and operation of critical infrastructure of “public good” nature that connect rural to urban centers and help integrate the rural economies with the more advanced urban economies.

- Such critical infrastructure includes feeder roads, telecommunications systems, public utilities (water supply and sanitation, and energy), ports and other transport facilities. Market access is key to a sustainable increase in supply response at the farm gate, for without improved access to markets, increases in agricultural productivity cannot translate into higher incomes.

5. **Undertake Policy-Relevant Applied Research**

Given that urban populations tend to grow much faster than the absorptive capacities of cities to house them and provide basic social services and transport infrastructure, more applied research is needed to redress the challenges of providing low-cost and affordable housing, waste disposal and environmental management practices, as well as an efficient public
transportation system. In this regard, the best practice example of the City of Vienna that promoted, funded and used research by local universities on sustainable housing and construction, resource management and waste disposal is worthy of emulation.

6. **Promote Fiscal Decentralization to Empower Rural Communities and Local Governments**

- Given that powerful interest groups have political clout and are usually domiciled in the capitals, there is a dire need to mobilize public action to deliberately empower rural communities and local governments to take charge of their own development. This can be done by:
  
  - Building and strengthen Local Government Institutions to manage the development of rural economies;
  - Promoting an equitable budgetary process through fiscal decentralization that targets local municipalities and district governments;
  - Adjusting educational curricula to address middle management and technical skills gap necessary for industrial growth; and
  - Locating government-owned industries in or near to the rural centers where raw materials are produced and providing incentives to the private sector to do likewise.

7. **Encourage Urban Planning Networks to Share Best Practices**

- The African Sustainable Cities Network (ASCN) has been spearheading efforts in this direction. Since June 2000, some 31 African cities have participated in the ASCN. Local Government and local stakeholders have signed Resolutions on capacity building and exchanges between the cities to assist them to develop locally appropriate responses to their environmental and social problems. Specific actions include:
  
  - Network on Exchange of Information among core ASCN cities;
  - A Pilot Project involving seven core cities which received training, program support and grants for local pilot projects;
  - A Charters Project forging partnership North-South partnerships with municipalities in Europe;
  - Organize regional conferences to share experience and best practices; and
  - Develop performance indicators that would enable the ASCN to measure progress in the development and implementation of local action plans.
ANNEX 1: Growth Pole Pilot Projects

A. EGYPT: Alexandria City Development Strategy and Growth Pole Project

The Background

9.3 Alexandria City is located north of Egypt, on the shores of the Mediterranean Sea. With population of about 3.7 million, Alexandria City is Egypt’s second largest city. Due to poorly managed urbanization, the City was facing a number of challenges in improving the living conditions of its residents: 30 percent of the residents dwelt in squatter settlements and only 25 percent of the labor force had jobs. The fragile ecosystem of the City was under threat, due in part to pressure of urbanization and partly due to lack of environmental institutions and legal framework for adequately addressing the environmental problems. At the same time, Alexandria City had huge potential for development stemming from its cultural heritage, its skilled labor force, and the availability of large tracts of vacant land that could be used to address the pressures of urbanization. Regrettably, the City lacked a clear vision of its future and a strategy for tackling long-term economic development.

Time for Action

Alexandria City called on the Cities Alliance for assistance to formulate a long-term City Development Strategy (CDS) for the City based on a broad-based citizen participatory process. The City enlisted the support of the World Bank, the Cities Alliance members, the United States Agency for International Development (USAID), and the German International Technical Cooperation for Sustainable Development (GTZ). The Government of Egypt requested a US$100 million investment from the World Bank to start the Alexandria Growth Pole Project. The project’s objective was to (a) support economic growth in Alexandria City through better management of existing local assets; (b) upgrade squatter settlements, while ensuring the socio-economic integration of the poor; and (c) improve the environment in the vicinity of Lake Marriout.

The Report Card

In March 2006 Mohamed Bassiouny, Secretary General of Alexandria Governorate, presented a report on the Alexandria City CDS and Growth Pole Project. The full report is available at the Cities Alliance website: (www.citiesalliance.com). The report covers the period 2003-2005, which is Phase 1 of the project. The report listed the aspects of the development strategy completed, including:

- Alexandria Local Economy Assessment and Comprehensive Report
- Alexandria Tourism Development Strategy
- Surveying Squatter Settlements and Setting up an Urban Upgrading Strategy
- Comprehensive Strategic Development Plan for Lake Marriout Zone

B. Madagascar Integrated Growth Poles

The Madagascar Integrated Growth Poles Projected was initiated in September 2005 with a World Bank grant of approximately US$130 million. According to the World
Bank Press Release No. 2006/024/AFR, the project is intended to assist the Government of Madagascar to “foster broad based economic growth in three export processing zones in Madagascar”.

**Project Objectives**

- Establish appropriate incentive measures to achieve rapid growth
- Develop the instruments to ensure equitable, sustainable growth
- Develop physical and institutional infrastructure strategies to meet infrastructure needs and improve access to infrastructure
- Increase household incomes leading to poverty reduction
- Strengthen the capacity of local authorities to formulate, prepare, implement, and manage medium and long-term integrated of future development projects
- Ensure catalytic and demonstration effects on other regions in Madagascar.

**Project Components**

**Component A: Establishing Growth Poles**

Three growth poles are established and centered around tourism, manufacturing, agribusiness and mining sectors, as follows:

1. **Antananarivo-Antsirable Growth Pole**

   Supporting export led growth. Developing off-site investments allowing the creation of an information communication technologies business park in Antananarivo, and provide technical assistance for an industrial and agribusiness zones in Antananarivo and Antsirable.

2. **Nosy Be Growth Pole**

   Supporting tourism led growth. Accommodating approximately 2,000 international-level hotel rooms by 2010, and establish regulatory environment to expand the tourism industry.

3. **Taolagnaro (Fort Dauphin) Growth Pole**

   Supporting mining and tourism led growth. Opening up the landlocked region of Taolagnaro to facilitate the growth of tourism and agribusiness; and to catalyze private sector growth in the mining sector.

**Component B: Economic and Infrastructure Needs Assessment**

To conduct: (a) an assessment of the Minimum Infrastructure Platform (MIP) for economic and institutional infrastructure needs in the three Growth Poles, to attract private investment essential to unleash the growth potential of the key sectors in the Growth Poles; and (b) feasibility studies for the major infrastructure sectors, including water supply and sanitation, power supply, transportation and port.

**Component C: Environmental and Social Impact Assessment**
To conduct environmental and social impact assessments in the three Growth Poles, as well as identifying mitigation measures and costs.

Component D: Business Environment Assessment

To undertake survey and analysis for the three Growth Poles, identifying the major business environment constraints and policy recommendations for improving the business environment.

C. The African Millennium Cities Initiative

The latest African experience with the growth pole strategy is the Millennium Cities Initiative (MCI). The MCI is a United Nations' African development initiative established in the Earth Institute of Columbia University (New York City) led by Dr. Jeffery Sachs. Among other things, the MCI intends:

- To assist through research and policy analysis selected seven mid-sized cities across sub-Saharan Africa, located near Millennium Villages, to achieve the Millennium Development Goals, by transforming the communities from subsistence lifestyles: marked by hunger, disease and extreme income poverty, to commercial agricultural and non-agricultural activities. The selected cities range from 120,000 to 1.3 million inhabitants and continue to experience rapid population growth. The plan is to assist them to enhance their absorptive capacities through a balanced industrialization process. This, it is hoped, will prevent them from growing into mega-cities with the attendant infrastructure problems and mega-slums.

- To improve capacities to attract investors and durable investments to spearhead the development of a sound industrial base that can sustain the burgeoning inner and peri-urban populations through domestic enterprise development and employment generation; and to serve as “regional urban centers in Africa, with the resulting employment and economic growth effects”.

REFERENCES


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