

**URBAN AFRICA:
BEYOND DEVELOPMENT AS USUAL**

Workshop Report -16 March 2018, Berlin

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Background

“Urban Africa: Beyond development as usual” took place in Berlin on 16 March 2018. More than 50 ‘urbanists’ – scientists, policymakers, entrepreneurs, and activists – from Ethiopia, Ghana, Nigeria, South Africa, Germany, Austria, and the UK, attended to discuss the dynamics and the implications of rapid urbanisation in Sub-Saharan Africa. The workshop was organised by the Alfred Herrhausen Gesellschaft in cooperation with LSE Cities, GIZ and the Habitat Unit of the Technische Universität Berlin.

This document captures the engaging discussions and highlights the main themes which emerged during the workshop. It is not a comprehensively edited report and does not state agreed upon policy recommendations or demands. Even so, the organisers hope participants and associated colleagues find this report helpful for their respective areas of work. Alfred Herrhausen Gesellschaft and LSE Cities will take the workshop’s outcomes into consideration when designing the forthcoming Urban Age Conference which is scheduled to take place in Addis Ababa on 29-30 November 2018.

Introduction

In recent years, development narratives for Sub-Saharan African countries have been ‘urbanised’ with increasing references to processes of social change and the role of cities for sustainable development. However, diverging propositions exist for development related interventions and critical choices will be important in the continent’s rapidly expanding cities.

A new urban dimension and the uncertainties linked to appropriate action and intervention are also increasingly felt by international agencies, donors and foreign stakeholders engaged in Sub-Saharan African countries. There is a considerable risk that African decision-makers and the international development community underestimate urbanisation as a critical driver of development and fail to understand African urbanisation dynamics. Germany’s involvement in development is an instructive example: while there is a clear commitment to address the major developmental challenges, there is need to further discuss how this commitment can be translated to adequate policy responses, approaches for cities, and how dialogue and direction *from* developing nations can be promoted.

Against this backdrop, the Alfred Herrhausen Gesellschaft with their partners LSE Cities, the Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Habitat Unit of the Technische Universität Berlin organised this one-day workshop in Berlin to:

- better understand the varied dynamics shaping urbanisation in Sub-Saharan Africa,
- reflect on current paradigms and routines of engagement with urban development, and
- discuss broader implications and alternative responses to key challenges.

PART I: URBAN AFRICA: MYTHS, REALITIES, PARADIGMS

At a glance: In this session, experts pointed out that it is difficult to transfer insights on European urbanisation and industrialisation to African cities. Whereas in Europe and in many other parts of the world, industrialisation and urbanisation have been largely interrelated, this is not the case in many Sub-Saharan African countries. Participants of the workshop emphasised the disparity between growth of the urban population and formal employment, in part resulting from a lack of industry and manufacturing in Sub-Saharan Africa. Consequently, some experts stressed investment in manufacturing and industry to promote jobs.

The role of foreign partners in African development was also debated, in particular the role of China, whose significance in the region as a provider or financier of infrastructure has risen markedly over recent decades. Today, China is Africa's single most important trading partner as a country (second only to the European Union) and donates as much as Germany.

In this session, experts underlined that understanding urbanisation in Africa from a European point of view can prove challenging. Whereas in Europe, urbanisation and industrialisation were mutually reinforcing trends, Africa's growing population is left without access to formal employment opportunities. Europe, for example, went through industrialisation and urbanisation simultaneously, creating jobs in growing cities.

By 2035, the working-age population in African countries will be larger than in Europe or the US. While this creates great economic potential, the disparity between population growth and job growth is a significant challenge. Many African cities have not experienced the industrial, manufacturing phase of urban development as Europe did in the 19th century. The large informal workforce shows a very active community, but formal economic opportunities are not seized and employment is rare. Instead, up to 86 percent of employment in Africa is informal if one takes both rural and urban areas into consideration. In cities the percentage is lower at 61 percent.

While the line between what is considered 'informal' and what is considered 'formal' is fluid, participants stressed that informality essentially is the result of the absence of governance or the result of the presence of contradicting governance systems at the same time. The infrastructure deficit hampers socio-economic development. According to the experts, population growth exacerbates the problem, and the combination feeds into the perpetuation of inequality and poverty. In a predominantly informal labour market, wages are not only low, but often irregular – sometimes so irregular that people cannot pay for transport or other services. Some attendees underlined that this observation needs to be taken into account, especially when planning policy interventions and investments. While challenged by the need to finance infrastructure, they argued that it was important to find a way that is inclusive of the poor who

represent the majority of the citizenship in African urban areas, and to also provide infrastructure and transport for them. Forty percent of the Sub-Saharan African population live on less than US\$1.25 per day, while a quarter of the population is undernourished. This is compounded by a high birth rate in the region. The population is expected to double by 2045. By 2100, 40 percent of the world is forecast to be African.

Working with local governments on the development agenda appears to be central, as is considering how to set up a transparent subsidiarity structure of responsibilities and power when it comes to urbanisation. However, the problem seems to lie not in the lack of acknowledgement of these objectives, but in a chronic implementation lag. For example, in the lead-up to the launch of the Sustainable Development Goals (SDGs) and the United Nations Conference on Housing and Sustainable Development in Quito, Habitat III, the African Union adopted the African Charter on the Values and Principles of Decentralisation, Local Governance and Local Development. As of today only four countries are willing to hold themselves accountable to this commitment.

Structural transformation, according to attendees, needs to deal with the imperatives of infrastructure, growth, employment and sustainability. They underlined that Africa requires partners for this. China was mentioned as a key collaborator for most African countries, particularly since 2006. Today, China is Africa's single most important trading partner by country, and already the second most important trading partner after the European Union. Moreover, it provides a number of soft loans for energy, transport and infrastructure. The investment amounted to US\$90 billion between 2000 and 2015, covering a range of countries, not all of which are rich in natural resources.

China has contributed to economic growth in Africa, particularly in countries with natural resources, which export commodities to China. For those countries, one percentage point growth in China means a two percentage point growth at home. African countries without natural resources also benefit. A one percentage point growth in China is still equivalent to a one percentage point growth for them.

The Chinese engagement has been driven strongly by its economy's demand for resources. However, this appears to be changing, with China moving from an export-driven economy to one that is more driven by local consumption. In the discussion it was stressed that it remains to be seen what impact this change will have on African countries and if perhaps other countries will benefit more than before.

Politically, China has largely refrained from projecting its own models, preferring instead to keep a low profile. But that may be about to change, with China's President Xi Jinping officially opening a so-called "new era" in foreign relations. China's impact on African society, however, goes back well beyond this announcement. With regard to urbanisation, China has built a significant amount of infrastructure in African cities such as roads, housing, government buildings, and stadiums. According to estimates, around one third of all Chinese engineering contracts worldwide were based in Sub-Saharan Africa in 2013.

While there has been significant debate on China's economic involvement in Africa, surveys of the Afrobarometer show that the African view of China overall is very positive, with only the US being more popular. Some attendees highlighted that developed countries have chosen not to invest comparably. At the same time, they said that European worries about China's stronghold now are – at least to some extent – unsubstantiated. If Europe were to seriously consider a comprehensive partnership and consistent policies towards Africa, it would be welcomed by its African partners.

For all foreign actors engaged in development work, it seems to be important to realise that they cannot bypass the African national authorities authority. At the same time, improving development requires cooperation and partnership that needs to go hand-in-hand with constructive and critical input. An integrated approach was proposed, because all sectors are being affected in the massive social, economic and political processes of African urbanisation.

African urban growth does not coincide with economic growth. A paradigm shift could be necessary to reconnect the two factors and gain a different understanding of how to best support African cities. It would require African decision-makers and foreign partners to re-think their role, re-assess interests and re-examine projects. Experts agreed that understanding how this can be achieved requires further discussion.

PART II: THEMATIC DEEP DIVES

1. Economic Development

At a glance: In this session, attendees discussed how to deal with the so-called ‘demographic trap’, the infrastructure gap, and comparatively weak governance structures which are found in many Sub-Saharan African countries and which all hamper economic development. Overall, participants stressed the importance of foreign partners taking an attitude of co-creation and allowing for grassroots experimentation rather than rolling out preconceived projects. It was pointed out that African youth seem to be particularly mindful not to build on ‘broken systems’ and non-functioning structures within society and are looking to develop new ones instead. Digitalisation was mentioned as a key enabler in this, but the lack of basic infrastructure and of social safety nets often inhibit further development.

Furthermore, it was suggested that from a macroeconomic point of view, development of the agricultural sector should be a priority in order to foster economic development. To fund urgently needed infrastructure, tailored financial solutions need to be developed.

Countries in Sub-Saharan Africa include many of the economically least developed countries worldwide. Only five African countries have a diversified economic base with substantial GDP per capita. Despite Africa having substantial economic potential and being home to many of the most rapidly expanding economies globally, achieving the SDGs with current economic growth remains elusive. According to a presentation, the region would need a double-digit growth rate between now and 2030. To achieve this, several factors would need to be dealt with.

One seems to be the demographic trap. While Africa has had an average annual economic growth of 4.6 percent since 2000, most of this growth and benefit has been ‘eaten up’ by population growth, which grown, on average, by 2.7 percent per year since 1995. Some participants suggested that African states could set targets for population growth and work to implement and monitor them.

In particular, and as discussed in the previous session, the job market currently cannot keep pace with population growth. For example, approximately 200,000 young Ghanaians, around half of whom have a

degree, are joining the workforce every year. The economy, however, is growing by between 5,000 and 8,000 jobs a year. This results in around 190,000 people trying to thrive in the informal economy. A lack of data means little is known about the specific impacts this has. At the workshop questions discussed in this regard were: Is informality always the opposite of regulation? How do you turn 'informal' into 'formal'? How much space does the informal need in order to be innovative?

To the latter point, attendees argued that informality could also have a positive effect for urban development, namely when utilising local ingenuity. Urban planning, too, could seek to harness this potential, and city governments should be careful not to stifle innovation with premature or unnecessary regulation. It was suggested that policymakers and funders might consider providing sufficient space for experimentation and piloting projects on a trial-and-error basis to create ideas for national policymakers.

In regard to foreign partners, some participants considered it important to facilitate co-creation instead of rolling out preconceived projects. They argued that the people impacted by problems themselves are often the ones to come up with the most suitable solutions, such as building an off-the-grid solar system to feed electricity into households plus connecting them to the Internet. Many African youth seem to be particularly mindful not to build on "broken systems" and are looking to develop new ones instead. Digitalisation was mentioned as a key enabler in this. As a problem, however, a lack of resources was identified again, as entrepreneurs have no room for failure or a safety net. Rising living costs exacerbate the problem in many cities.

As another major hurdle to achieving the SDGs, the infrastructure gap of an estimated US\$90 billion in Africa was discussed. Africa's largest infrastructure deficits are found in power and roads. According to research from The World Bank Group (WBG), the 48 countries of Sub-Saharan Africa (with a combined population of 800 million) generate roughly the same amount of power as Spain (with a population of 45 million). Much of this is generated and consumed in South Africa.

It was discussed that infrastructure financing must look beyond aid and that governments have to find alternative financing solutions that are economically feasible. The observation was made that African banks often display large deposit overhangs, and the question was raised whether parts of these could be made available as credit in order to help kick-start private sector investment in infrastructure.

African governments can look to domestic sources of capital as well as International Development Partners such as the World Bank Group and the African Development Bank. There are a significant number of international players looking at the African continent for places to invest into properly structured projects that offer a reasonable rate of economic return, particularly when they involve public-private partnerships (PPPs). Participants noted that the prerequisites for PPP are complicated.

Again, digitalisation is creating opportunities to resolve the lack of infrastructure and territorial fragmentation: Africa is the first continent on which the mobile telephone has played a major role in problem solving from the outset, ranging from the fields of education and health to the distribution of energy. Hundreds of thousands in East Africa have been provided with smart solar collectors, which use a SIM-card to connect to mobile telephone networks. Mini-grids, fed by solar or wind-driven power plants, are emerging in large numbers. Modern block-chain software is fuelling the race to develop the future standard and platform for smart electricity grids.

In Africa an urban middle class has emerged that has direct access to the global communications and knowledge society. This middle class has in some places become large enough to impact national futures. Yet many foreign development organisations still take the poor African subsistence farmer as the model for development, overlooking how digitalisation has allowed completely new models to emerge. Digitalisation in Africa is not only about leapfrogging, there are new ideas to be shared *from* Africa.

2. Infrastructure and Transport

At a glance: In this session, experts discussed transport as a key strategic tool in shaping cities, pointing out the pivotal role accessibility and connectivity have for people in order to participate in economic activities. Building on previous discussions, attendants of the workshop noted that in many cities in Sub-Sahara Africa, population density is not matched by an appropriate number and variety of employment opportunities. Appropriate responses to this may include connecting fragmented areas via affordable transport solutions, or promoting so-called ‘hyper-sufficiency islands’ where the need to commute is significantly reduced.

As in other sessions, it was emphasized that local needs have to be taken into account when planning transport solutions and possibilities to incorporate the ‘informal’ into the ‘formal’ should be looked at. Again, digitalisation was mentioned as a game changer, as new technology can provide opportunities for integrating existing physical infrastructure with new, on-demand services.

Sub-Saharan Africa is often identified as the world region with the greatest infrastructure deficit. This gap is widely perceived as highly problematic for urban development. Transport plays a pivotal role in providing access for people to economic goods and services – at the same time, poorly designed infrastructure can further ‘lock-in’ fragmentation of a city for decades to come.

Financing this infrastructure is not straightforward, as it is unclear when – or whether – cost recovery models, for example, can work. With the majorities of African urban economies being informal, and wages therefore being low and irregular, citizens cannot pay for transport to the extent that would easily make transport infrastructure projects economically attractive. Again, more innovative and collaborative financing solutions are called for.

Participants of the workshop largely agreed that transport infrastructure solutions – like other policy interventions – should address the key challenges of inequality, informality and poverty. The paradigm that infrastructure is a public good often appears central in relation to the understanding of the Global North as inclusive urbanism. Instead “splintered” urbanism is often found where “ghettos” of hyper access, and at the same time, areas of zero access to infrastructure are extending inequality.

Again, an integrated approach was deemed necessary, thinking not only about transport but also about affordable housing and room for economic activity. It was suggested that policymakers ought to consider the impact they have on livelihoods when implementing a transition from an ‘informal’ to a ‘formal’ setting. One practical example could be the gradual formalisation and digital upgrade of

mopeds/taxis/minibuses. For Nairobi's 'matatus', its shared minibuses, mobile tracking and mapping has made it possible to produce a matatu map, in part formalising this transport solution. Therefore a "digital system upgrade" needs to involve existing operators.

Another example presented during the workshop came from Johannesburg where investment in mass transit was implemented as a response to the issue of inequality. So called "corridors of freedom" are planned to connect the city. These are an example of how first understanding - where, when and how frequent people move between parts of the city, and then building public transport, mixed use areas, and social facilities around this can serve to counter fragmentation of the city.

3. Governance

At a glance: In this session, participants recognized that informal socio-economic and spatial structures dominate Sub-Saharan African cities. They need to be taken into account in governance and urban planning processes – that is, a holistic approach is needed in order to understand and manage formal and informal infrastructure within cities. At the same time the absence of official structures in many Sub-Saharan African cities does not imply the absence of structures altogether.

However, the establishment of formal structures is by no means straightforward. National governments often do not regard local governments as equal. For urban policy implementation this presents a problem, as it results in urban planning without fully understanding local needs or in assigning tasks without making available the necessary resources. The attending experts proposed that foreign partners consider supporting subsidiary governance models and working with local governments, while taking (new) African forms of governance into account.

Sustainable urban planning needs better staff and better training/education. The significant shortage of qualified staff could – supported by development actors – be alleviated through training and capacity building programs and by establishing beneficial networks.

In this session, experts pointed out that most urban growth in Sub-Saharan Africa is informal and also unmapped and unmeasured. This is true for large, but also for small and medium-sized cities.

A recurring question with regards to governance was: How can a predominantly entrepreneurial and informal economy be transformed into a connected system of cities where institutions promote investment and infrastructure at a sufficient scale to lift a country out of poverty?

Various participants agreed that a first step would be to acknowledge that Africa's future, too, is urban. Following from that, framing conditions for local governments, which differ from country to country, could be established across the three tiers of government – federal, state, and local – with subsidiarity as an important design criterion when assigning powers and responsibilities. Subsidiarity is a universal principle. It means: The right person is doing the right thing for the right reason. The core question hence would be how to match a top-down perspective of an enabling framework for urban governance with a bottom-up

perspective in which cities have sufficient capacity and resources to capitalise on their potential as generators of employment and inclusiveness for all residents (i.e., leaving no one behind).

However, other participants were concerned about African governments not being prepared for far-reaching structural reforms. Their argument was that the national governments tend to not regard local governments as strong partners. They were sceptical, therefore, whether subsidiarity could in fact be implemented in this way.

Where official governance fails, other actors step in to take control, undermining government structures. This already happens in many cities (e.g. gang controlled areas, or where fundamentalist groups dominate). Right now, there are several governance systems ruling cities. Several participants agreed on needing more authoritative data collected by the communities themselves to enter into dialogue with officials. Dysfunctional property rights are a case in point: Participants stated that in most African cities, it is almost impossible to find out who owns the land, how it came to be owned, and how it can be transferred. Little land is publicly owned. This alone makes a transition from an informal to a formal context extremely difficult in practice. Opportunities for extortion arise at the same time. However, long-term planning and economic investments start with functioning real estate markets.

Furthermore, lack of sufficiently qualified staff was identified as particularly severe at city level when cities are benchmarked internationally. According to a survey from the global partnership Cities Alliance, African cities chronically lack personnel and skills, sometimes by as much as 80 percent when benchmarked against international standards. Even compared with other developing countries (e.g., India), the gap in terms of personnel and their skills is pronounced. Skilled workers are often poached into more lucrative jobs in the private sector or with foreign NGOs.

To conclude, participants agreed that a greater focus should be put on capacity building, potentially through learning networks, exchanges and executive education. It was stressed that cultural differences between Sub-Saharan African countries and countries from the Global North should be respected.

PART III LEARNINGS AND OUTLOOK

In the last session, participants were asked to share which questions and insights they had found most significant during the day. The following list seeks capture to what emerged as key points during the course of the workshop.

It became evident that policy interventions in African cities are facing three significant challenges: inequality, informality, and poverty. Key in addressing those subjects is connecting the urban question with the macroeconomic aspects.

Key Points

1. The issue of informality

African city governors, as well as foreign donors, need to come to terms with informality. That said, while being advised not to neglect the innovative potential of informal spaces, informality should not be romanticised. Informal solutions evolve where no formal options, such as employment, exist. Approximately 61 percent of urban employment is informal. Such conditions are unstable and expose people to precarious working arrangements. With regards to governance, marked lack or complete absence of formal governance structures presents fertile ground for parallel structures and thus illicit and criminal control.

The significant involvement of China in Sub-Saharan Africa requires developed countries of the Global North, organisations and donors to reassess their involvement in Sub-Saharan Africa. According to experts, China's loans and investments were welcomed because African leaders saw no other options to address urgent needs in their countries. At the same time, developed countries called to commit to good governance in Africa. Nevertheless developed countries should focus their efforts and their resources on constructing and consolidating institutions of accountability, while making aid and assistance conditional to progress in promoting good governance and reducing corruption.

African governments must meet these demands prior to receiving aid disbursements. Critical voices said that giving aid to governments with broken institutions is akin to throwing money out the window and offers no incentives to African governments to get their institutional houses in order.

2. Invest in capacity building

To decrease African dependency on foreign support, the most sustainable investment could be in capacity building in the region (e.g. via networks or supporting education). African cities face a lack of personnel and skills of up to 80 percent when compared with other cities internationally. However, investing in and rolling out preconceived projects should be avoided. Instead, local needs and realities should be considered to co-create sustainable urban futures with the people concerned. For example establishing a "Local Leadership Academy" for urban management or strengthen the network of Local Leadership academies in/for Africa was mentioned as an idea.

3. Governance: Subsidiarity is needed

African cities are facing multiple challenges with expansive population growth, insufficient access to public infrastructure, inequality, informality and poverty. Local intermediaries are needed to wrestle with the many tasks and find solutions. This could most effectively be done through a subsidiary form of governance together with change agents from local stakeholders leading the change in their cities. A “new thinking” in terms of institutional structures and forms of governance, able to consider local needs, is proposed with decentralisation an important criterion. Decentralisation could help in making government more accountable and responsive. The concept of subsidiarity already starts with local communities, not with city governments. It is based on putting people at the centre and empowering them, as well as establishing clear roles and responsibilities of who should do what and how. This needs to be discussed and negotiated between all stakeholders.

4. The question of funding

Africa is a resource-rich continent with enormous economic potential. At the same time, there is a huge need for infrastructure investments, especially for Africa’s rapidly growing cities. In order to fund these large-scale projects a combination of fiscal instruments (e.g. broadening the tax base) and innovative financing solutions (e.g. public-private partnerships, blended finance) needs to be implemented – urgently, and at a large scale.

5. The challenge of population growth

Recent projections from the United Nations say that by the year 2045, the current population of Sub-Saharan Africa is set to double, reaching about two billion people. Experts consider this as one of the major challenges for the continent in terms of providing food, resources, infrastructure and employment – particularly as Africa has skipped the industrial phase of its development. Even as selected countries experience positive economic growth, the high birth rate in these countries “eats into” this growth. Therefore, some participants argued that more active management of population growth may need to be called for.

Despite all the challenges, however, the participants emphasised the potential of Sub-Saharan Africa as well as the willingness of organisations and government partners of the Global North to be part of a sustainable, integrated structural transformation in African cities. A further discussion with African partners on the topics debated at the workshop would be highly welcomed to find the best way for actors of the Global North to assist African urbanisation in the future.

Contacts

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|---------------------------|---|--|
| Elisabeth Mansfeld | Alfred Herrhausen Gesellschaft, Programme Manager Cities | elisabeth.mansfeld@db.com |
| Philipp Rode | LSE Cities, Executive Director | p.rode@lse.ac.uk |
| Günter Meinert | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Programme Manager, Policy Advice for Urban Development | guenter.meinert@giz.de |