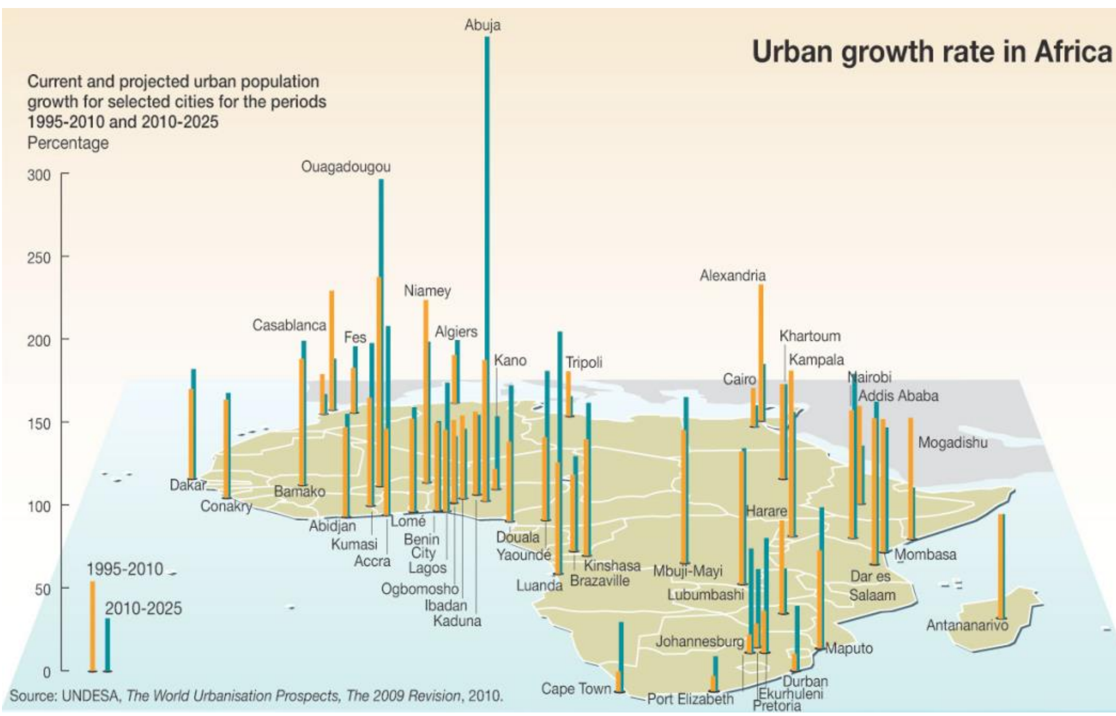
CHAPTER 6: URBANIZATION

I. Introduction

Over the next 40 years, Africa will have the fastest growing cities in the world. Figures 6.1 and 6.2 show the dramatic growth projected for 2010-2025. About 800 million Africans will either migrate to, or be born in, urban areas in the next four decades. By 2050 Africa's cities and towns will house nearly 1.5 billion people, 60% of the region's projected population (UN, State of the African Cities, 2010) (See Figure 6.3). African cities are already the fastest growing in the world, and by 2050, the continent could be home to up to 15 mega-cities of more than 10 million inhabitants. Even highly urbanized Egypt will see its urban population double by 2050.

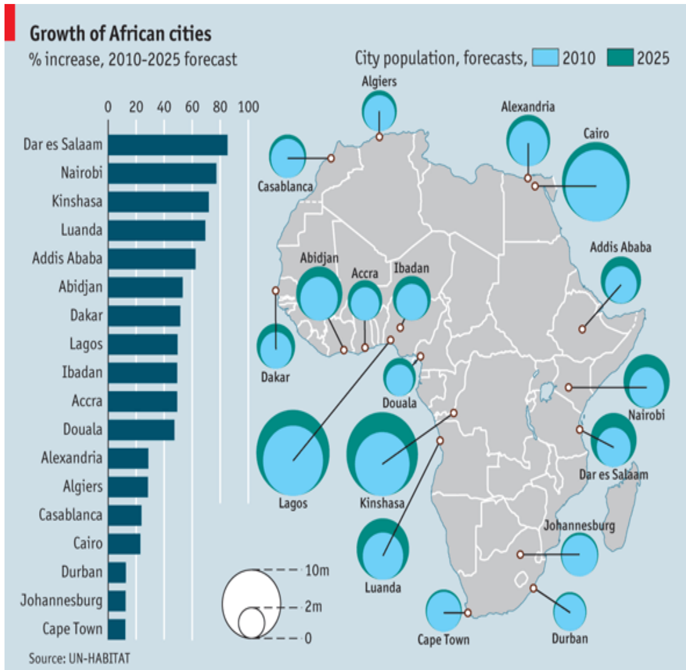
This urban population will be relatively young. With projected population growth rates in excess of 2%, the median age will continue to drop from the current 19.7 years (ibid). The number of youth will increase from 205 million today to anywhere from 330 to 450 million, the majority of whom will live in urban areas. These demographic shifts can lead to higher productivity and per capita incomes or to unmanageable social tensions, violence, and conflict. The "Arab Spring" demonstrates how youth disillusionment can rapidly gain momentum, particularly in urban areas where access to services and opportunities has lagged.

Figure 6.1: Urban Growth Rate in Africa



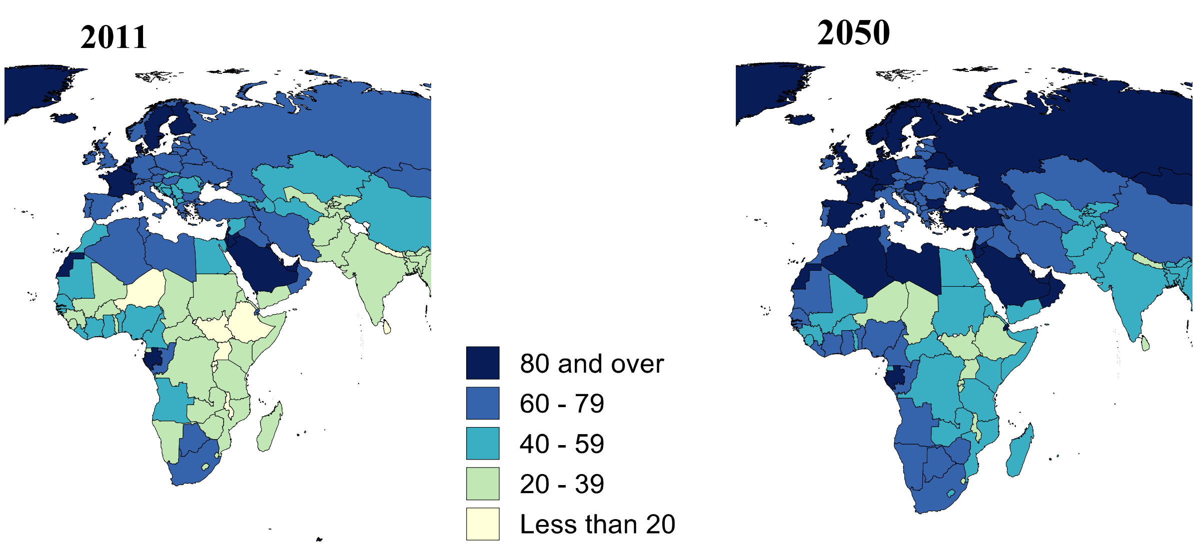
Source: Riccardo Pravettoni, UNEP/GRID-Arendal

Figure 6.2: Growth of African Cities



Source: The Economist

Figure 6.3: Percentage of Urban Population of Africa 2011 and 2050



Source: UN: World Population Prospects DEMOBASE extract. 2012

These urbanization dynamics will create growing demand for urban land and services. Declining fertility rates in urban areas will be offset by declining household sizes and mortality rates, as well as rising economic activity, per capita incomes and education levels. Africa's demographic dividend will be reaped or lost in its cities.

Section II describes the massive urban transition that lies ahead for Africa. It also points to the potential of urban centers, appropriately managed, to contribute significantly to productivity increases, growth and achievement of Vision 2050. Section III lays out the challenges of urban policy that African economies must overcome to realize this potential. Section IV outlines the vision for African cities in 2050 and for their management. The chapter concludes with an Action agenda for realizing the vision.

II. Urban Transition

Importantly, around 70% of Africa's urban growth will take place in secondary cities. While large infrastructure investments and often-idiosyncratic institutional arrangements will continue to be required in the largest metropolises, the needs of secondary cities will also have to be systematically addressed. These rapidly growing secondary cities will be home to more than half a billion new residents who will be seeking services, opportunities and shelter in market towns that typically have very little existing infrastructure but are not bound by scarcity of land.

How African leaders manage this massive urban transition will determine the extent to which countries in the region become effective partners (and competitors) in the global economy. These seismic demographic shifts will generate growing pressure for urban land, services and economic opportunities. Africa's cities will be the loci of much job creation. The size of urban markets, rising income of urban residents, and concentration of economic activity could make cities dynamic centers for higher productivity jobs—offering the prospects of a better life to more than one billion people. If policy-makers respond appropriately, these shifts offer a pathway to sustained and inclusive growth. If people are illiterate and unskilled, cities dysfunctional, and economies trapped in extractive activities and crony capitalism, urban areas will be poor and violent—offering only the desperation of hopelessness to residents holding only the prospect of growing inequality and instability. Well-managed urban areas will be a critical prerequisite to a future of dignity and equitable opportunity.

The ability of urban areas to become "the engines of economic growth" directly determines the rate and sustainability of national economic performance, and hence the development outcomes and political stability of the country. In rapidly urbanizing countries virtually all GDP growth is concentrated in the cities even as the rural share of GDP growth steadily declines. Those countries that are addressing the urbanization challenge effectively are achieving near double-digit growth rates (China, Ethiopia, Ghana, Uganda), those that are not continue to reap uneven economic performance and instability.

Globally, urbanization has proved an unstoppable process. International trends show that urbanization generates significant opportunities for growth, poverty reduction and environmental sustainability. This is because urban centers:

a) Make a disproportionate contribution to productivity growth and job creation. They have the potential to function as sources of economic dynamism by virtue of the spatial concentration of productive activity, entrepreneurs, workers and consumers. Dense constellations of firms and workers bring markets and suppliers in close proximity to facilitate the sharing of infrastructure, services and information, the matching of the distinctive requirements of firms for different types of premises, and innovation in products and processes;

b) Provide economies of scale for the financing and development of major facilities, particularly through leveraging local and national tax bases for public infrastructure investment (such as for integrated public transport systems or ports);
c) Are dynamic sites of social, political and cultural interaction and fusion. With rising personal mobility, they are places where people from many different languages, traditions and belief systems come together. Long recognised as the centres of creativity and innovation, cities are also the most likely places for political unrest to emerge; and
d) Are vital in efforts to curb the use of non-renewable resources, to reduce pollution and other forms of environmental degradation and to promote climate mitigation and adaptation. Higher density, more compact cities with mixed land uses can reduce the amount of energy needed for transportation and community services.

However, urban growth can also be associated with growing levels of inequality, and environmental damage. These trends are pronounced in many African cities, where inequality is conspicuous, levels of social exclusion are high, and the environmental sustainability of urban settlements is low.

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

Core factors that will determine the extent to which the cities fulfill their prospective role as drivers of economic growth include: the level, quality and competitiveness of their services; the efficiency and sustainability with which these services are delivered; the predictability of their governance and accountability functions; the reliability of their regulatory implementation and business environment; the effectiveness of the operation of their land, housing and transport markets; their ability to strategically plan and implement initiatives that address environmental challenges; and enhanced livability derived from high-standard infrastructure linkages to attractive hinterlands. These are the attributes necessary to make African cities globally competitive, attracting international investment, opening up local capital markets and local investment, encouraging businesses to locate there, and fostering dynamic new business initiatives and a thriving start-up/innovation culture as well as a nurturing environment for micro and small enterprise development.

Urban growth will require the transformation of millions of hectares of land for businesses, housing, public spaces and circulation (see Annex 4). Physical expansion will require increased capacities of the associated water and sewerage systems, sanitation and solid waste management, roads and drainage, parks and recreation, electricity supply, and urban transport—all of which are to be provided on a massive scale by cities which, for the most part, have failed to meet much less pressing service demands to date. Recent studies have shown that despite the economic gains made by Africa over the past decade, and to a much greater extent than in Asia, there has been a significant increase in urban slums and a worsening of urban poverty levels. Innovation will be key to providing services in these conditions.

This massive change in land use is a huge institutional and financial challenge. But this transformation also offers an enormous opportunity for the region. Just as China's urbanization has lifted half a billion people out of poverty, assembling, servicing and mobilizing investment on millions of hectares of new urban land could create enormous numbers of jobs, assets and opportunities for inclusive growth across the whole region. Exploiting this opportunity will require a radical reconception by governments of their role and functions in a broadly based and accelerating urban development process. Embracing the inevitability of massive demand for serviced urban land and acting in a timely fashion to meet that demand represent a fundamental prerequisite to ensuring that the region's urban growth is productive, environmentally sustainable, and equitable.

III. Urban Policy Challenges

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

1. The development of political and institutional platforms that enable cities to effectively support equitable growth. City-level authorities require sufficient actual authority, resources and accountability over core urban management functions in order to guide and coordinate urban development in responding to the demands of urban growth. Actual authority requires:
    a) The assignment of adequate authority over key urban development functions, particularly those of spatial planning and control, land and housing development, basic infrastructure services (such as water, solid waste, sanitation and energy) and public transportation services.
    b) Clear accountability of staff to city level leadership, particularly in the case of senior administrators and technical specialists, including authority to hire, fire and compensate staff appropriately, and protection from the all-to-frequent rotation of officials between local authorities.
    c) A transparent and predictable fiscal and financial framework for urban infrastructure investment and management, including the provision of adequate local revenue sources with sufficient discretion over rate-setting, and a predictable and fair basis for the transfer of national revenues to local governments.

    Basic policy frameworks exist in most African countries, but implementation is uneven. Entrenched interests impede functional, personnel and fiscal decentralization in many countries, skewing resource allocation in favor of central agencies that are not directly accountable to citizens. Excessive regulatory control of devolved powers, such as interference in tariff-setting, or highly unpredictable resource transfers prevent effective medium term planning and delivery. Even in countries that are increasing capital resource transfers to cities, central agencies earmark highly projectized investments that do not always address local priorities, are usually "one off' and not linked to more comprehensive integrated planning requirements, and do not involve adequate local consultation resulting in little local ownership of the assets.

2. Effective partnerships between locally elected officials and their constituencies. A significant number of African countries now have cities/local governments run by officials who have been

selected through some form of a popular election process. This establishes the framework for systems of transparency, accountability and inclusion in the management of the cities, including consultation in the formulation of development plans and the annual capital budget, public scrutiny in the management of public funds and the assignment of contracts, and public oversight in the operation and management of public assets. However, continued regulatory over-reach by central government and dependence on unpredictable central transfers prevents local officials and citizens from establishing performance-based delivery contracts and accountability mechanisms that address citizens' real needs and priorities.

3. Adequate technical skills and organizational capacity to effectively and efficiently manage complex urban systems. Most African cities are operating with very low bases of technical and management capacity across all the essential competency areas. Firstly, staffing complements are often unaffordably large but still lack the suitable skill profiles necessary to undertake their functions effectively. Continued control over senior and specialist positions by central agencies exacerbates these capacity shortfalls, as ill-timed rotations and inappropriate deployments weaken the capacity of city leadership to hold officials to account – and to establish effective capacity to provide and operate services. Qualified staff are reluctant to move to fast-growing secondary cities and towns and this is exacerbated by poorly developed (or no) schemes of service for local governments. The result is a self-fulfilling prophecy, where the view that cities are too weak to be entrusted with the responsibilities denies them the one fundamental ingredient essential to building their capacity - "learning by doing". Secondly, the tools for effective planning and management are undeveloped and the regulatory authority for enforcing the application of these tools is often subject to centralized authorization (or even direct management). Hence, key elements in the development of well-functioning cities, such as (i) market regulation (land use, setting and collection of fees, directing the location of infrastructure investments to influence/manage housing development, coordinating public transport) and (ii) forward planning (funds are severely limited and/or unpredictable, limiting the value of producing realistic plans that enjoy effective consultation with communities) that has the requisite tools for implementation and enforcement, are generally not functionally effective (if they are available at all).

4. Getting the basics right to support growth. A fourth set of common challenges constrains the ability of cities to fulfill their economic potential. Many cities in Africa are already demonstrating their robustness in taking advantage of the benefits of agglomeration, serving as the locus for job creation, the emergence of dynamic micro and small business activities and innovation focused on local market opportunities, and providing the context in which virtually all the GDP growth is taking place across the continent. In Tunisia for example, 9 out of 10 industrial establishments are located within one hour of a large city. However, much of the accelerating economic activity in the cities is taking place because of the "natural" abilities of dense agglomerations to act as incubators despite the costs inherent in their inefficient functioning. Faster growth requires key reforms in:

a) Service delivery, where levels of access and deficiencies in the quality and reliability (24/7) of the services represent significant additional costs to economic activities and discourage potential investors. The lack of technical and management expertise in the service delivery agencies, the limitations on their ability to ring fence their finances, the lack of proper regulation and tariff setting, the absence of incentive and accountability systems to foster sound performance, are factors commonly found across urban service delivery entities in most African cities;
b) Undeveloped land and housing markets that confine economic growth to the informal sector, and weaken the ability of cities to finance land and infrastructure development from rising urban land values. Weak property rights systems, in particular, typically constrain the efficient functioning of urban land and housing markets. The constraints arise from uncertain ownership rights, poor title recording systems and complex legal processes to assert property rights for purposes of investment and development. In Egypt for example, up to 90% of property transactions are unregistered, and 71 registration procedures are required for a transaction. One of the consequences of the poor functioning of the land, housing and housing finance markets is the rapid growth of unserviced squatter settlements (disproportionately large in Africa as compared to other rapidly urbanizing regions);
c) Costly spatial planning, where the absence of effective planning tools, and land use management and building regulatory regimes, as well as the inability to plan realistically in the absence of predictable capital development funding, result in: (i) uncontrolled settlement straining already low-capacity service delivery agencies; and (ii) the expansion of the cities along the same settlement patterns as introduced under colonial regimes - - viz very low densities that add substantially to the costs of infrastructure and transportation, and undercut the potential agglomeration benefits of urbanization. In Morocco for example, new cities ("Villes nouvelles") are being constructed miles away from economic centers.

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

development patterns, more efficient and integrated public transport and traffic management systems, and bulk infrastructure and drainage networks as well as land use and building standards designed to cope with shifts in weather patterns - - are lacking.

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

IV. Vision for 2050

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

By 2050, Africa's urban centers, ranging from regional metropolises to primary economic centers, secondary commercial centers and tertiary market towns, would:

1. Serve as effective platforms for driving economic growth and job development. Prospective local and global investors would be able to take for granted infrastructure network standards and health and education systems that are world class. The supporting service and market-oriented environments would effectively incubate small and medium size businesses. The service efficiency and proximity attributes of cities and towns would be fully exploited, encouraging technology, service and product innovation. Expanded economic activity would have generated robust fiscal bases promoting the participation of the capital markets in the funding of the cities. Economies of scale promoting regional integration would be realized in the development of urban clusters – mega-cities linked by mega-corridors (for example Mombasa-Nairobi-Kampala in East Africa and Lagos-Accra-Dakar in Western Africa) and efficient coastal cities that form the market entry points for the rest of the continent (for example the Johannesburg/Maputo corridor).
2. Operate within sound national institutional and regulatory frameworks enabling cities to function as systems in which public sector regulation and public sector goods investment are private sector friendly, thus promoting the emergence of a flourishing private sector, including in the land and housing markets and in urban transportation services.

3. Operate within sound political and fiscal enabling frameworks, based on firmly grounded legislation and regulation, clearly identified functional assignments for service delivery, and reliable fiscal systems ensuring adequate, predictable resource flows to meet functional responsibilities within effective upward and downward oversight structures.
4. Operate with well-functioning social contracts, whereby budgeting, investment decisions, and operational performance follow transparent and accountable procedures, routinely meet satisfactory audit standards, and deliver services to standards that address citizen expectations.
5. Generate steadily improving standards of living. Efficient spatial planning would enable cities to capture economies of scale (reversing the colonial inheritance of diseconomies of scale in city form). Routine and effective collaboration with central agencies would maximize the scale benefits and related efficiency gains in both the systemic management of the urban economy, and in the integrated planning and operation of service delivery. Strategic collaboration with the center would provide the "critical mass" necessary for those major investments required to establish essential city infrastructure platforms. Partnership arrangements with the private sector would be undertaken as a matter of course by the cities when service delivery efficiency gains can be made. More efficient connectivity of the cities to their unique African hinterlands would enhance quality of life opportunities and strengthen rural economic opportunities.
6. Significantly reduce urban poverty by increasing access to infrastructure, health and education services through the sustained, accelerated delivery of infrastructure works in slum/squatter settlements, complemented by "portable" tools (conditional cash transfers/vouchers) being made available to qualified households.
7. Address climate change imperatives through sound national policies that institutionally and fiscally equip cities to: develop and implement programs for mitigating generation of greenhouse gases through efficiency gains in transportation systems, management of solid waste, and well-planned settlement patterns and land use systems; promote adoption of eco-friendly technologies and practices including energy-efficient site planning and building systems; and introduce programs for adapting to the impacts of climate change.

V. Action Agenda

To realize the 2050 vision stated above, African governments must radically transform their approaches to African cities. Instead of focusing almost exclusively on sporadic, externally-financed support for discrete infrastructure investments, a broader approach is required that develops the systems necessary to underpin sustainable investments in urban infrastructure and services. This does not relegate the need for infrastructure investments to a lower priority, but rather suggests that an iterative strategy be developed in which countries establish systems that enable the effective management of urban growth – or City Enabling Systems (CESs) - that:

- Clearly define the assignment of functional responsibilities to urban governments
- Establishes the legal and regulatory frameworks for the functional and fiscal operations of urban local governments.
- Determine predictable sources of local revenues, including a transparent architecture for central-local fiscal transfers.

- Introduce guidelines and practices that support good governance and strengthen accountability, and
- Support the development of enhanced institutional capacity and performance of urban local government.

Broadly, African countries fall into three categories in respect of developing CESs:

- countries that are seriously and thoroughly attempting to create effective enabling environments for cities (e.g. South Africa, Ethiopia, Ghana, Uganda, Tanzania, Morocco, Tunisia);
- countries that are trying, with still limited success, to create effective city enabling environments (e.g. Egypt, Zambia, Senegal, Mali, Mauritania, Benin, Swaziland); and
- countries that have no serious initiatives to introduce CESs.

Clearly, the development of CESs must go hand in hand with the implementation of massive investments in urban infrastructure and services. A symbiotic relationship between the development of CESs and these investments is required, not only to ensure that current investment in infrastructure results in sustainable service delivery, but also to progressively increase the resources necessary to finance future investment.

Linking current investment financing to increased local capacity will require a focus on the strengthening the performance of city governments. National governments can utilize their inter-governmental fiscal transfer system to encourage and reward city governments in this regard. Fiscal transfers can reward progress being made by each respective city in implementing their responsibilities, as determined by independently conducted performance assessments. The rate at which the resource allocations would be scaled up would be directly linked to the demonstrated capacity of the city to effectively undertake the investments. Enhanced performance by the cities would, in turn, influence the extent to which sustainable domestic municipal finance markets would evolve, and against which funding for city development would be expanded.

A three-step approach:

To meet the 2050 vision, a wide array of initiatives will eventually be required, but for the next decade the most critical focus of governments' urban policies and strategies must be on establishing effective and well-functioning CESs, including a much more systematic approach to analyzing and subsequently addressing CES constraints.

The first step would be for countries to take a much more systematic approach to analyzing their current policy and regulatory frameworks within which urban local governments function. A clear analysis of gaps and weaknesses in CESs will allow tailored support to be provided relative to the needs of each country. The three key areas for CES assessment are:

a) Strategic Enabling Environment. For cities to manage and drive economic growth they must operate in a clear and predictable enabling policy and legislative environment. Cities should be supported to prepare realistic population growth projections over the medium term.

These should correspond to core infrastructure investment and land acquisition plans, including forward looking adjustments of urban boundaries and medium-term capital investment plans that will support productive urbanization . Analysis of the strategic environment for urban management requires a review of:

i. Enabling legislation: Delivery responsibilities and revenue assignments must be both clear and balanced allowing local governments and investors to proceed with confidence. Most countries in the region do not currently meet this requirement, with legal frameworks little changed from colonial times. These “Local Government Acts” commonly distinguish between urban and rural/traditional local authorities (as in Zimbabwe, Swaziland, Ghana, Sudan, etc.), give cities little relevant authority in urban management, and retain strong powers for central governments. Weak national Ministries of Local Government are ineffective in supporting larger cities. In a number of countries, decentralization initiatives have muddied the local government legislative environment; in Zambia, for instance, almost 20 years of political wrangling over decentralization policy has blocked effective local government reforms and performance. In Ghana, local government reforms have yet to be meaningfully implemented. Many countries, particularly in North Africa (Tunisia, Egypt), are reviewing governance arrangements and reconsidering the role and functions of local governments. This presents an important opportunity, although the specific type of enabling legislation will vary depending on each country’s specific circumstances . The “gold standard” for enabling legislation in the region is South Africa’s 1994 constitution that clearly sets out the structure and responsibilities of local governments, supported by very specific legislation delineating municipal finance regulations, PPP practices, and other key areas . Ethiopia’s federal nature required that regional states enact urban local authority legislation, with the Ministry for Urban Development as an effective central support organization.

ii. Urban Policy and City Strategies: Many countries in the region have titular “urban strategies” but most of these rest quietly on bookshelves. Effective national urban strategies will concisely focus on removing impediments to growth, rather than commanding specific outcomes. South Africa’s excellent national spatial development strategy, for instance, can be summarized as a) assuring all citizens have access to adequate basic services and b) investing heavily in areas—almost entirely urban—where growth potential is greatest. The chapter on the urban sector in Ethiopia’s current 5 year “Growth and Transformation Plan” focused on removing impediments to growth. Of course, useful national urban strategies can only be executed through realistic city level strategies. Johannesburg’s “iGoli 2002” and “iGoli 2010” set the regional standard for near-term transformation and medium term growth strategies; the 19 largest cities in Ethiopia are already implementing this two-step approach as are a number of other cities in the region. But many cities are still mired in the neo-colonial “master plan” cul-de-sac, vainly attempting to force growth into static zoning plans thereby braking the initiative of citizens, denying opportunities to the working poor, and compiling expensive infrastructure backlogs as informal settlements continue to grow.

iii. Fiscal and financial frameworks: Transparent, reliable fiscal and financial systems are critical for good urban governance and sustainable service provision. Political will is required to install and maintain effective systems, and experience shows that Ministries of Finance are the crucial levers in achieving sound intergovernmental frameworks that promote growth while limiting contingent liabilities. Analysis of the financial environment for urban management requires a review of the adequacy and flexibility of local assigned revenue instruments, the arrangements for the sharing of national revenues to finance urban development and management, and the rules and procedures for city governments to access domestic capital markets. In Egypt for example, own source revenues account for only 6% of total city revenues and 90% of this is spent on staff salaries.

b) Accountability, Transparency and Performance. For cities to effectively drive growth, local officials must be empowered and encouraged to effectively respond to local needs and priorities. With very few exceptions, elected city officials throughout the region are not primarily accountable to their constituents. Dominant political parties "deploy" local government candidates with little or no regard for management capacity, and central ministries responsible for local government frequently interfere with local officials. The effectiveness of local governments in meeting citizen's priorities can only be judged when objective evidence is available. Cities in Namibia, South Africa, Swaziland and Ethiopia commission and publicize annual reports and are independently audited, but this practice is not common in the rest of the region. Ethiopia has very successfully instituted independent annual performance assessments for its 19 largest cities and is now planning to extend its performance-based grant system to 25 additional cities. South Africa's National Treasury and Fiscal and Finance Commission both regularly assess local government performance. But these good practices are not common in the rest of the region.

c) City/Local Government Capacity. City/local government management requires a multi-disciplinary skill set quite distinct from generic public administration, but few countries in the region have addressed this core requirement. Zambia's Local Government Training Institute has been functioning at a basic level since the mid-90s, and South Africa has a disparate array of local government training programs provided through both private and public entities. Ethiopia's Civil Service College (ECSC) has, since 2006, offered an Urban Management Masters Degree based on the highly regarded IHS degree program and more than 2000 graduates have thoroughly overhauled city management across the country. Donor driven training programs come and go irregularly in many other countries. To achieve the Africa Urban 2050 vision, the region needs a steady supply of effective urban managers, and the most cost-effective delivery method is to follow the ECSC model of adapting suitable existing curricula. In addition, national local government associations should be revitalized following the example of the South African Cities Network (SACN), and local government career paths should be strengthened and brought into consonance with skilled labor market conditions.

Thorough assessment of the key elements of national CESs across the region should not be an expensive or time-consuming exercise. Based on the CES assessment, each country can define the reform and capacity building work program required to support productive urbanization. Experience in the region shows that key reforms can be designed and adapted to local realities in a short period of time. With the Ministry of Finance in the lead, Zambia completely revamped the design of its intergovernmental fiscal architecture in less than a year. Ethiopia installed its performance based grant system in about 18 months. The key to successful reforms is, as always, effective champions within key agencies. In the absence of these champions, there is no track record of effective urban reforms in the region.

The second key step is for cities to project the urban growth they must accommodate to 2050, translate these projections into requirements for expanding the supply of serviced land, and begin the incremental processes of planning, assembling and servicing that land. CES reform and capacity building are necessary but in no way sufficient. Very few countries in the region have track records in systematic urban land assembly and delivery despite the fact that developable land is readily available around most of the region's cities. With a few notable exceptions, urban investments in the region over the last 40 years have been disjointed, projectized and wholly inadequate to meet the demands of increasingly rapid urbanization. In much of the region traditional (central) authorities are reluctant to cede control of portions of their domains for urban expansion. In other countries public land management agencies are similarly reluctant. Systematic programs to acquire and service land for urban expansion must be tailored to the realities of each country, and internal strictures that make financing land acquisition nearly impossible must be reexamined.

Countries that are serious about achieving a productive and sustainable 2050 urban vision—as evidenced by clear progress in implementing CES reforms and effective capacity building--should be supported in developing and implementing medium term urban land expansion programs. The region's cities must focus on keeping ahead of demand instead of ignoring growth. Adequate supply of serviced, affordable urban land will be the key to productive private investment by both firms and households especially in secondary cities and towns. Again, defining urban land expansion requirements is a manageable exercise. South Africa's Reconstruction and Development Program (RDP) was initially defined based on work undertaken over about 18 months. Existing methodology provides an excellent entry vehicle for preparing systematic urban land expansion needs assessments throughout the region.

The third key step to achieving the 2050 urban vision for Africa is to address financing issues. Acquiring and servicing land will be possible only if cities have access to adequate finance. This involves implementation of coherent, predictable intergovernmental fiscal and financial systems consisting of three elements that work together in a unified approach:

i. Local Own-Revenue Bases: Own-revenue assignments should be matched to delivery assignments. As African cities grow in both population and economic importance, parliamentarians and national officials must transition to supportive—rather than command—roles, allowing cities sufficient autonomy to charge and collect rates, tariffs and fees adequate to sustain services and infrastructure required for growth. Africa's rising middle class must play a key role in financing the infrastructure required to support urban growth. Central government interference in setting local government tariffs is common in the region. City governments in Ethiopia, South Africa, Namibia and Swaziland are empowered to raise own-revenues largely consonant with delivery responsibilities, and are increasingly able to use these local sources of finance to invest in infrastructure to support growth – which in turn provides them with further revenues. In most other countries, authorized own revenue bases are inadequate to meet service delivery assignments. In most instances property taxes/rates are a critically important own-revenue source, with strong potential to finance infrastructure investment. In North Africa, prior to the Arab Spring, urban land values doubled every three years. Assistance may also be required in updating registries and valuations.

ii. Intergovernmental Fiscal Arrangements: Ministries of Finance must be assisted to make choices on intergovernmental transfer systems including sources and formula. Both South Africa and Ethiopia share portions of general revenues. Other countries may wish to identify specific sources, such as revenues from extraction of primary resources that are national public goods or shares of nationally collected taxes. Allocation formulae should be transparent as should conditions for disbursement of funds. The provision of funding should reward good performance by local governments. Accumulated arrearages and debts should be cleared allowing cities to begin with a clean slate. South Africa's intergovernmental fiscal framework features a constitutionally mandated division of revenues and very predictable intergovernmental grants operating through a medium term budget. Ethiopia's federal system also features revenue sharing to the regional states, and the federal government has overlaid a transparent, performance-based grant that promotes good urban governance with co-financing from the regions. Many other countries in the region—including Zambia, Zimbabwe, Kenya, and Ghana--have historical experience with relatively well-functioning intergovernmental fiscal systems that have not been maintained for a variety of reasons. And many countries have ad hoc intergovernmental systems or, as in several of the West African countries, deconcentrated systems that enforce local government dependence on the center.

iii. Domestic Municipal Finance Markets: To achieve the 2050 vision of African cities driving growth, creating jobs and effectively enabling private investment, responsive domestic sources of finance for investment by creditworthy city governments must be available widely across the region. Ministries of Finance must play crucial roles in fostering sound markets that do not impose contingent liabilities on the central fiscus. Obviously, development of sustainable municipal finance throughout the region will take time, and must in any event be based on the emergence of creditworthy, capable cities/borrowers. Until recently, very few domestic financial markets in the region have had the resources and capacity to provide municipal finance and, in any event, creditworthy municipal borrowers are in very short supply. As external/sovereign investment accelerates into the region, this picture is rapidly changing. Banks and pension funds will require support to understand how municipal financial markets work. Cities will require support to become creditworthy, both as an indicator of overall good governance and as a prerequisite to sustainable local borrowing without recourse to sovereign guarantees. In Morocco, cities have buoyant revenues and recurring budget surpluses, indicating a lack of capacity to invest.

> Mobilization of domestic municipal finance markets can be approached in a variety of ways. Medium term plans should be developed to support key domestic financiers in learning and adopting good municipal lending practices. As creditworthy cities begin to emerge lending/bonds in manageable amounts should be facilitated between cities and lender, without sovereign guarantees. In countries with relatively sound financial sectors and significant resource inflows a combination of lending regulatory reform and capacity building with lenders may be adequate. Municipal finance intermediaries are common in West Africa and may, with adequate reforms, provide a basis for sustainable lending. Specialized municipal lenders may also be feasible. INCA for example, played a key role in priming the municipal finance market in South Africa. Partners should adopt a programmatic approach, fostering domestic market development instead of crowding out through direct lending to cities.

Getting to the 2050 vision for African cities will require at least ten-year commitments from governments, cities and partners. To be successful, these commitments must encompass the three key areas of work discussed above: reforming enabling environments, getting ahead of demand for land and services, and fostering sound fiscal and financial frameworks to finance large scale programs of urban infrastructure investment.