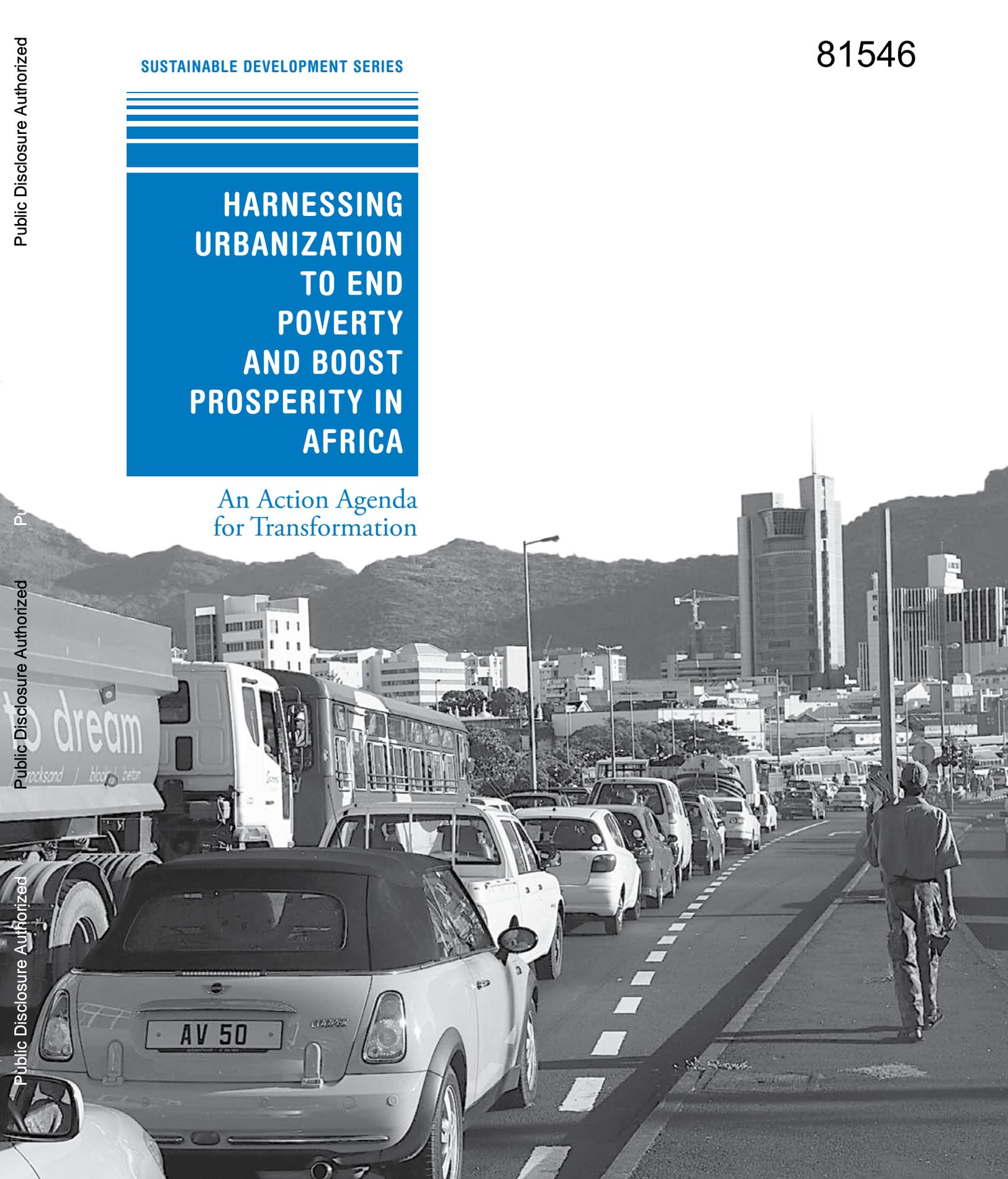


**HARNESSING
URBANIZATION
TO END
POVERTY
AND BOOST
PROSPERITY IN
AFRICA**

*An Action Agenda
for Transformation*



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SUSTAINABLE DEVELOPMENT SERIES

HARNESSING URBANIZATION TO END POVERTY AND BOOST PROSPERITY IN AFRICA

An Action Agenda
for Transformation

The new Africa Region Sustainable Development Series aims to focus international attention on a range of topics, spur debate, and use robust, evidence-based, informed approaches to advance policy dialogue and policy-making. This is the second tranche of publications in this new Series which synthesizes a large body of work from disparate sources, and uses simple language to convey the findings in an easily-digestible format.

Acknowledgements

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Foreword

Urbanization is the single most important transformation that the African continent will undergo this century. More than half of Africa's population will live in its cities by 2040. This translates into a population growth of more than 40,000 new urban inhabitants per day between now and 2040.

Well-managed urbanization has the potential to propel growth, enable job creation and end poverty. There is global evidence that there are strong correlations between urbanization, economic growth and poverty reduction—in fact, middle income status is always accompanied by urbanization. Cities are engines of economic growth, attracting and galvanizing entrepreneurs and productive capital, and this potential can also be harnessed to achieve reductions in poverty.

While the potential that well-managed urbanization offers for accelerating Africa's growth is significant, the current challenges are vast. Insufficient coordination, management, financing and planning of Africa's cities are threats to efficient, inclusive and sustainable development. Avoiding the unnecessary costs associated with increased urban sprawl, inefficient land markets and transport systems, increased pollution, poor planning, and delayed or deferred investment is therefore imperative.

Africa needs to act urgently on three key priorities in order to address these challenges and reap the economic and social benefits of urbanization. Strong commitment and broad consensus is needed to: reform the policy and legal framework for better integration of city planning and management; increase the scale and quality of investments in infrastructure; and strengthen the institutions and systems that make cities both competitive and sustainable.

This is the overarching message of this paper, which explores how the World Bank can help Africa harness the potential benefits of urbanization. By publishing this paper ahead of the October 2013 Annual Meetings of the World Bank and International Monetary Fund, we seek to inform the international community about the steps the World Bank Group can take to galvanize action, provide strategic technical assistance and financing, deliver state of the art knowledge support to inform policy and investment decisions, and forge new partnerships that can help Africa achieve improved growth, more jobs, cleaner cities, and further advance the quality of livelihoods, particularly for poor people.

Jamal Saghir
Director, Sustainable Development
Africa Region
The World Bank, Washington, DC
September 2013



Kibera, Kenya
Photo: Karl H. Mueller

Acronyms and Abbreviations

AAA	Analytic and Advisory Activities
AfD	Agence Française de Développement
CIDA	Canadian International Development Agency
DFID	Department for International Development
DRC	Democratic Republic of Congo
DRM	Disaster Risk Management
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GiZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HE	Household Enterprises
IMF	International Monetary Fund
MDGs	Millennium Development Goals
NGOs	Non Governmental Organizations
SIDA	Swedish International Development Cooperation Agency
SSA	Sub-Saharan Africa
SSATP	Sub-Saharan Africa Transport Policy Program
SWFs	Sovereign Wealth Funds
UATP	African Association of Public Transport
UCLGA	United Cities and Local Governments of Africa
UITP	International Association of Public Transport
UN HABITAT	United Nations Human Settlements Programme
WBG	World Bank Group
WHO	World Health Organization

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Ghana. Photo: Arne Hoel / World Bank

Executive Summary

This paper aims to address **three fundamental questions** facing Africa's policy makers today:

- Why is it urgent to get Africa's urbanization right;
- What may be the possible vision for Africa's urban future; and
- What should be the priorities of Africa's policy makers in order to realize the vision.

Investing in cities is central to the next stage of Africa's development. In the face of rapid urbanization, there is a narrow window of opportunity to harness the potential of cities as engines of economic growth, and use this as a powerful leverage to achieve sustainable development and poverty reduction. The potential gains that can be realized through urbanization are not guaranteed; therefore, building efficient, inclusive and sustainable cities is a priority. This requires a high level of commitment and consensus on strategic policy directions across a wide range of stakeholders at all levels. However, given the long-term and integrated nature of planning and decision making required, this is a vital step.

The well-being of millions in Africa, and the development fortunes of many countries will be shaped by the decisions of urban managers and policy makers. Cities already account for more than two-thirds of the economic output in most developed countries and the trend in Africa is similar. Africa is experiencing rapid urbanization—over 450 million new urban dwellers are expected between 2010 and 2040, with half of Africa's population living in urban areas by 2040. However, most African cities do not have sufficient policy coordination, suffer from inefficient planning, and lack adequate infrastructure and services.

The good news is that most of Africa's urbanization is yet to happen and there is still time to get it right. Despite its rapid urban growth, Africa is less than halfway through the urbanization process—and in some countries, a large number of people reside in rural areas. However, over the next few decades, the typical African city will double its population and many new cities will be built. This is the critical juncture when Africa can “get ahead of the curve” on urbanization and maximize the benefits and opportunities of agglomeration. Doing so requires a clear vision, strategic priorities and urgent action.

The next phase of Africa's development should set the stage for efficient, inclusive and sustainable urbanization. Investment in making cities efficient is likely to provide the highest

returns in the face of an uncertain and fast-changing global economy. But efficiency enhancements should go hand in hand with strengthening inclusion to ensure that poor people are not left behind. Higher population densities found in cities create opportunities for new business and employment of the growing number of youth, while at the same time improving access to, and the quality of, public services and housing. However, while urbanization can speed up economic transformation and foster inclusion, it may come with social and environmental costs. Rapid urbanization, if well managed, can curb urban sprawl, deteriorating access to services, greater inequality, and increased crime. The concentration of people in cities also elevates the risks and costs associated with extreme weather and natural disasters resulting from climate change. A vision for the future must, therefore, plan to avoid the costs of degradation, illness, pollution, congestion and other negative consequences of poorly managed urbanization, and adapting to risks and strengthening resilience to shocks.

Realizing the vision will require African policymakers to develop clear priorities in three key areas: (i) securing policy and regulatory commitments that lay a solid foundation for long term, integrated development; (ii) scaling up investment in strategic and transformative infrastructure, basic services and the urban environment; and (iii) building sound institutional and financial systems at all levels—national, regional and local—to enable effective implementation. These priorities will clearly differ in substance from one country to the next and will therefore need to be tailored to specific requirements of a given city or urban regime.

Recognizing the vast heterogeneity of African countries and cities, the World Bank Group customizes assistance to the needs of individual clients. Using its comparative advantage as a knowledge and lending institution, the WBG will blend knowledge, partnerships and investments to meet client needs: working closely with national and local governments and other service providers to strengthen their policy and regulatory regimes; leveraging financing for integrated solutions; and developing innovative institutional and financing systems that promote inclusion and improve sustainability.

The WBGs support will focus on three key areas: Metropolitan areas and large cities; secondary and tertiary cities; and informal settlements. This will include both multi-sectoral investment programs that integrate a basket of services (e.g. upgrading of electricity, water, sanitation, roads, drains in unplanned settlements); and sector specific projects (e.g. in urban water, solid waste and transport) to improve the effectiveness of service delivery. In so doing, the Bank will develop strategic partnerships with international development partners, bilateral, NGOs, regional associations and research institutions to harmonize solutions for urban development.



Sierra Leone. Photo: Arne Hoel / World Bank

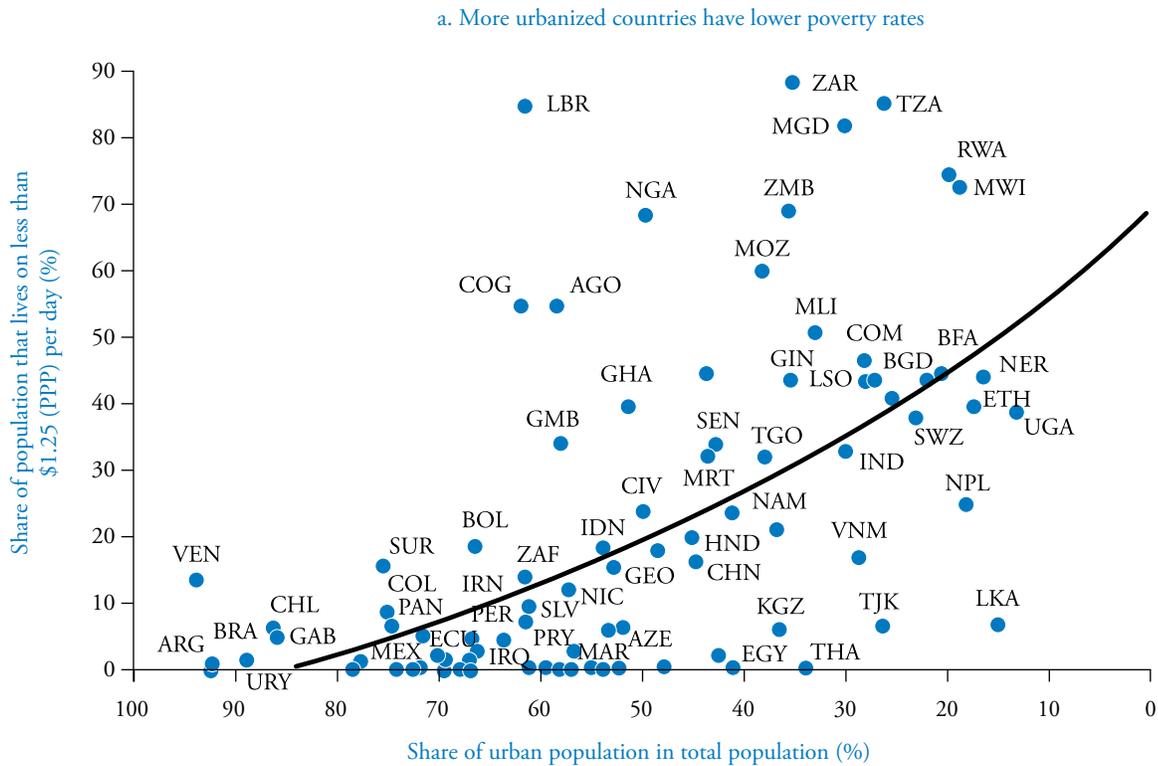
1 Why is it Urgent to get Africa's Urbanization Right?

Investing in making cities efficient is central to the next stage of Africa's development. Cities are engines of economic growth, attracting and galvanizing entrepreneurs and productive capital. In fact, 80 percent of global economic activity is generated in cities; activities that benefit from density and proximity—of goods, people and ideas. However, a lot depends on the quality of infrastructure and services that these cities offer, and how they are managed. In a number of African countries, steady GDP growth has provided the means to invest more in infrastructure and services. Over the next two decades, many other countries in Africa are set to benefit from greater prosperity arising from recent natural resource finds. In order to preserve this stock of real wealth and leverage these resources as the springboard for Africa's subsequent diversification, it is critical that this wealth is invested wisely for the benefit of both current and future generations. As predicting future needs and opportunities is impossible, the investments chosen need to be generic: suited to a range of possible outcomes and activities. Cities offer the opportunity for harnessing such generic capital, as they provide a space for ideas to be implemented, and for knowledge exchanges to lead to innovation. Most viable opportunities for diversification that arise will be found in cities, but their success will require that cities provide adequate services and function efficiently.

Cities also enable cost effective delivery of crucial services to the poor. They provide both the “lived” and “worked” environment for poor people. While the “worked” environment determines their opportunities for income, and worker productivity increases strongly and systematically with city size, the “lived” environment determines opportunities for recreation and socialization, better quality housing, and access to public goods and services. Cities have the potential to reap major economies of scale and scope in both. For example, high-quality public services are far more cost-effective in dense cities than provided to a dispersed population: it costs almost three times as much to provide piped water in sparsely populated areas.¹ More urbanized countries which enjoy these economies of scale and scope also appear to have achieved lower poverty rates, as well as higher levels of GDP per capita (Figures 1a and 1b), which increases their ability to improve the quality of infrastructure and services and expand access to services for poor households. Countries with more

¹ The price is approximately US\$0.70 to US\$0.80 per cubic meter to provide piped water in urban areas, versus US\$2 in sparsely populated areas.

Figure 1: Nexus between Urbanization, Poverty and Prosperity



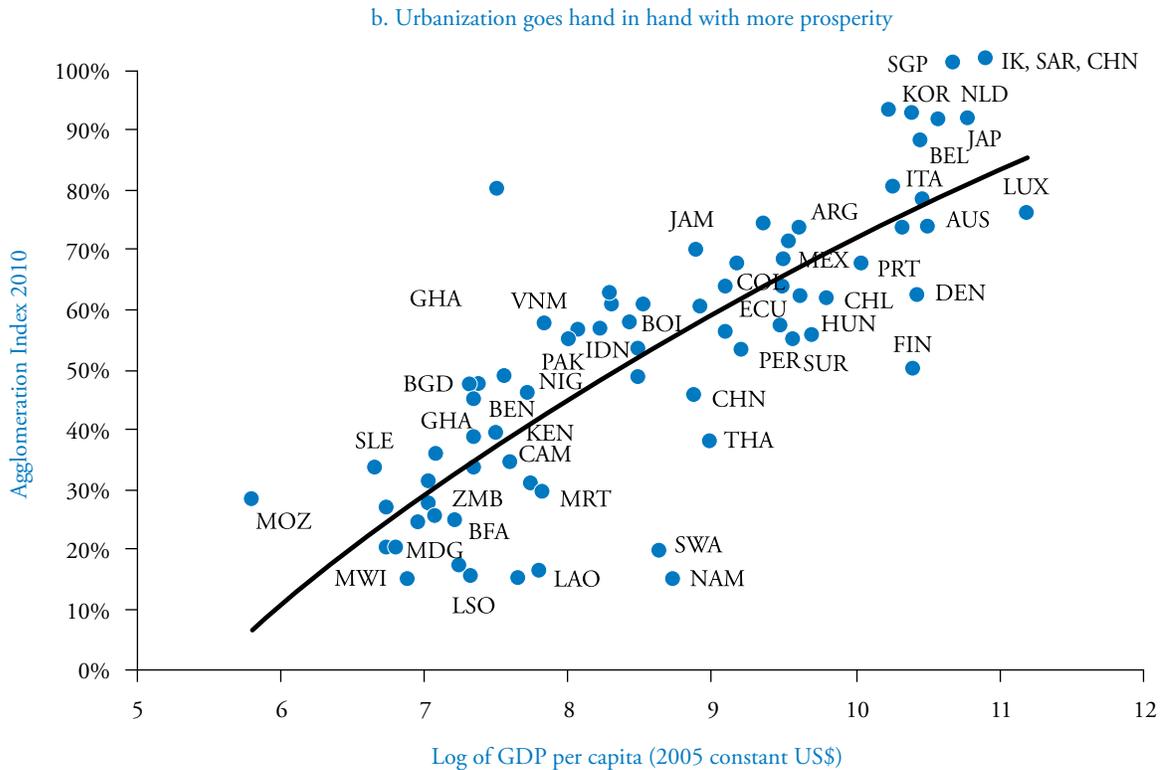
Source: World Bank. 2013. “Global Monitoring Report 2013: Rural-Urban Dynamics and the Millennium Development Goals”.

than 60 percent of their population living in urban areas are expected to achieve 50 percent more MDGs on average than those with urbanization rates of 40 percent or less.²

The gains that can be realized through urbanization are not automatic. Building effective cities requires a high level of commitment, and consensus on strategic policy directions across a wide range of actors at all levels. This coordination is critical for design and implementation of long-term integrated urban development plans that can be both costly and complex. Yet achieving economies of scale and scope depends upon such coordination between different agents. Coordination of three distinct investment processes is particularly critical: (i) public investment in infrastructure; (ii) enterprise investment in productive capital; and (iii) household/private investment in housing. But each layer also faces its own coordination challenges. For example, firms with common objectives can gain from clustering together. The decisions of individual agents are sequential, so that in the

² Global Monitoring Report 2013: Rural-Urban Dynamics and the Millennium Development Goals. The World Bank.

Figure 1: Nexus between Urbanization, Poverty and Prosperity (Cont'd.)



Source: World Bank. 2013. “Global Monitoring Report 2013: Rural-Urban Dynamics and the Millennium Development Goals”.

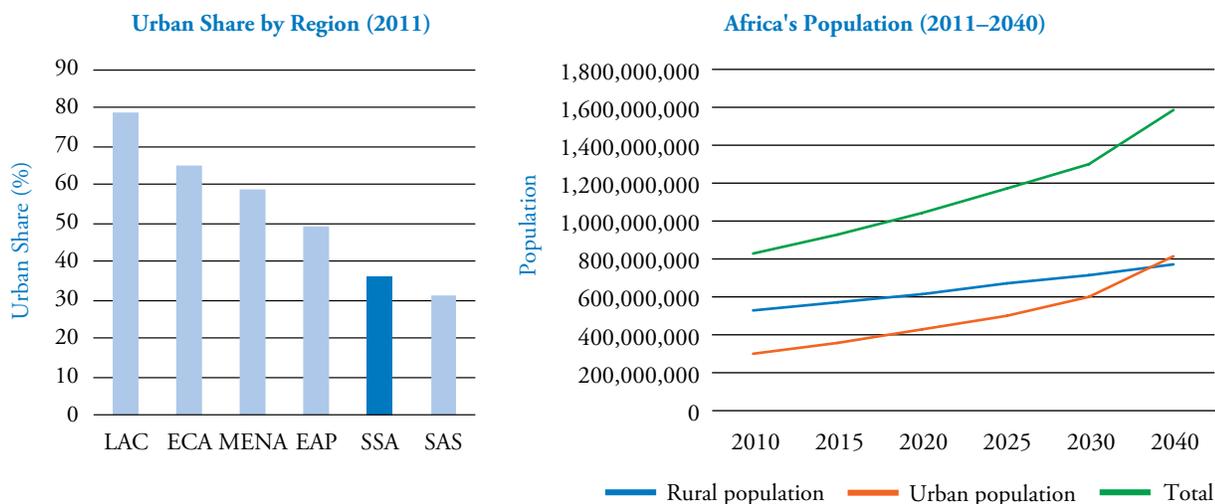
absence of coordination, the evolution of a city is highly unlikely to be efficient, either from the perspective of the quality of life or the productivity of workers. This integrated approach to planning can only be achieved through cooperation across agencies at all levels, and cities can play a lead role in galvanizing their constituents and partners to make this happen.

In many parts of Africa, the process of urbanization has not been well-managed. The typical African city has grown rapidly but without sufficient policy coordination and with neglect of planning and disregard for regulations. As a result, the living environment does not provide decent housing or adequate public services for poor people. Informal or unplanned and under-serviced settlements are a common feature of many cities. In addition, the largely informal nature of the “worked” environment is also an important factor in failing to raise productivity. In many cities, increasingly high levels of congestion, pollution, illness, disease, crime and insecurity add a huge burden to the economy through lost time and opportunity. A further challenge for Africa is that urbanization in some mineral and oil-rich countries is occurring without structural transformation and industrialization. Because successful urbanization is primarily about coordinating various types

of investment, it is very difficult and costly to correct mistakes retrospectively. In this context, “getting it right” requires that urbanization is given due attention, and the necessary investments properly planned, and quickly executed.

The good news is that most of Africa’s urbanization is yet to happen and there is still time to get it right. Despite its rapid urban growth, Africa is less than halfway through its urbanization process. In the next 20 years, cities in the developing world will triple their built-up area (from 200,000 to 600,000 square kilometers) and double their population (from 2 to 4 billion). In Africa, over 450 million new urban dwellers are expected between 2010 and 2040, with half of Africa’s population living in urban areas by that year (Figure 2). The combination of natural population growth, and the shift in population from rural to urban areas, implies that in the next few decades the typical African city will more than double its population and many new cities will be built. The key policy challenge is therefore to ensure that the next phase of urbanization takes lessons from the past into consideration. Policymakers at national and local levels will need to strengthen their hand with sharp policy instruments. They will also need to harness greater flows of revenue from natural resources and steady GDP growth to get on the right urbanization path. Given Africa’s heterogeneity, while Africa’s cities may share many similar traits, the choice of policy instruments and investments must be customized (Box 1).

Figure 2: Urbanization in Africa Compared to Other Regions

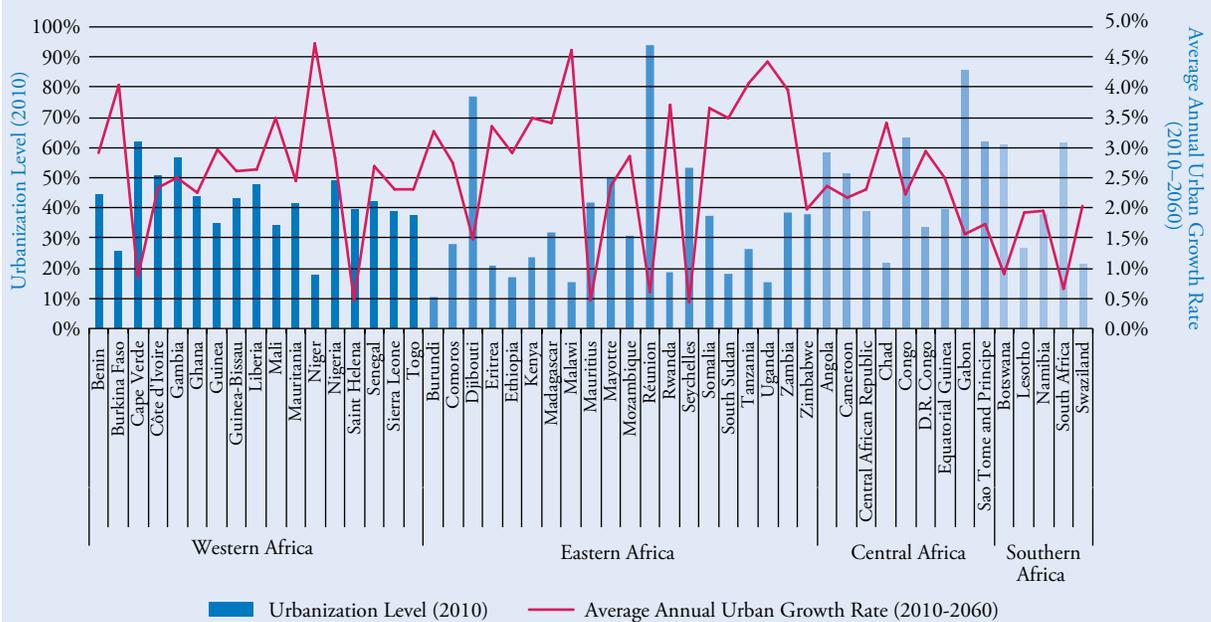


Source: World Population Prospects 2010 Revision and World Urbanization Prospects 2011 Revision.

Box 1: Characteristics of Africa's Urbanization

Sub-Saharan Africa is a collection of widely heterogeneous countries and cities with high differentiation in their patterns of urbanization. For example, there are 13 countries with urbanization levels above 50 percent while 7 countries have below 20 percent urbanization levels. In addition, 7 countries have an average urban growth rate for 2010–2060 of less than 1 percent while 21 countries are projected to have above 2.8 percent (signaling a quadrupling in fifty years).

Urbanization Levels (2010) and Average Annual Urban Growth Rate (2010-2060) of Sub-Saharan African Countries



Source: United Nations Secretariat, Population Division of the Department of Economic and Social Affairs. “World Population Prospects: The 2010 Revision” and “World Urbanization Prospects: The 2011 Revision”; Simkins. Forthcoming. “Urbanization in Africa and its relation to the demographic dividend: 2010 to 2060”.

Despite the heterogeneity, Africa’s urban areas can be characterized by six key features that collectively, describe the continent’s urban challenges. The features are:

1. **Low levels of productivity** due to inefficient transport systems, poorly functioning land markets and the informal nature of most employment;
2. **Infrastructure investment lags** behind population growth thus leading to more inefficiency;

3. **Cities are largely informal**—70 percent of Africa’s urban population lives in informal settlements and 60 percent of total urban employment is in the informal economy;
4. **Urbanization is fueling poverty reduction**, particularly in secondary cities and towns, driven partly by the informal economy;
5. The **urban environment is being degraded** and cities are becoming increasingly vulnerable to climate change; and
6. Cities are negatively affected by **limited financing and weak institutional and fiscal systems** for urban development and management.



Ghana Market Scene. Photo: Arne Hoel / World Bank

2 The Vision: Efficient, Inclusive and Sustainable Urbanization

Urbanization will be an integral part of Africa's development path and African policymakers will require a well-designed strategy to manage the process and embrace its benefits. A focus on urbanization and cities can improve economic efficiency, deepen inclusion and enhance sustainability.

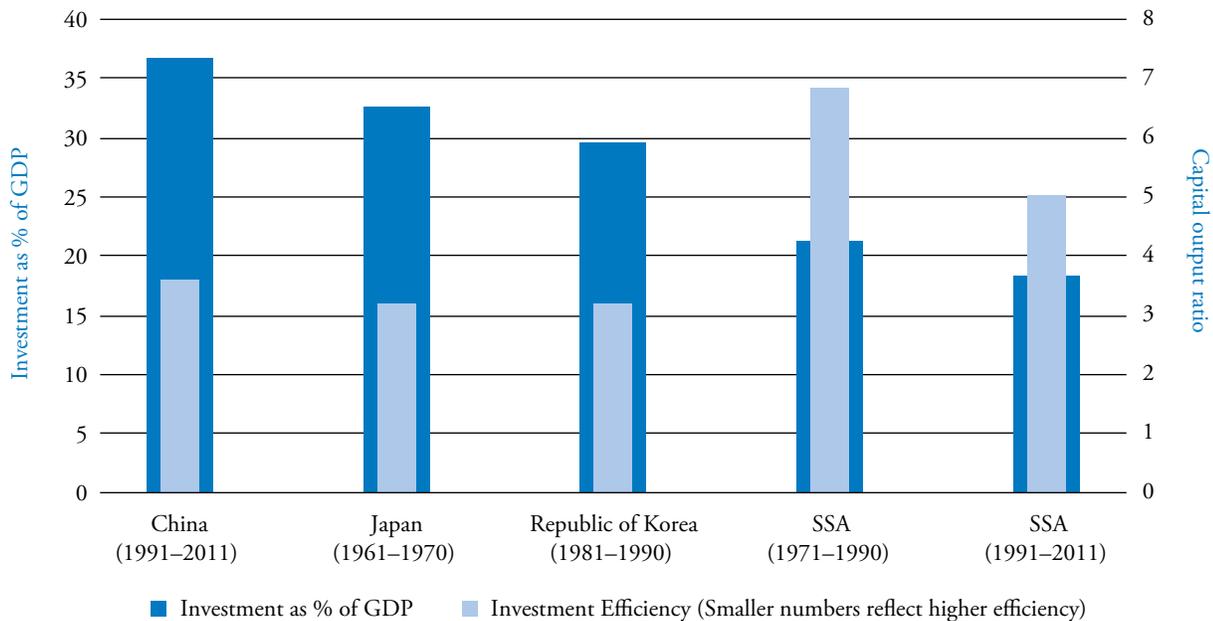
Efficient Cities

For Africa, investment in making cities efficient will yield positive returns in the face of an uncertain and fast-changing global economy. This will require Africa's rapid urbanization to be matched by adequate investments in housing, transport and other basic infrastructure and services. Examples from East Asian countries such as China, Japan and the Republic of Korea show that stepping up investment in infrastructure during periods of rapid urbanization is critical. For instance, China boosted its capital investment (including infrastructure, housing, and office buildings) from 35 percent of GDP in 1980 to 48 percent in 2011, while seeing a dramatic increase in urban population from 18 percent in 1978 to 52 percent in 2012.

In contrast, capital investment in Africa has remained around 20 percent of GDP for over 40 years (see Figure 3). Between now and 2040, when Africa is expected to reach an urbanization rate comparable to that of China today, a spatial transformation needs to take place. China's transformation was led by its cities, aggressively boosting investment and job creation by attracting low-skilled manufacturing industries that benefited from economies of scale and access to markets. However, as highlighted in Box 2 below, another key factor for the urban transformation was the institutional development and the integrated strategic planning of large-scale public investments—complemented by efforts to stimulate enterprise investment in productive capital.³

³ World Bank. Forthcoming. "China Urbanization Study, 2013".

Figure 3: Capital Investment to Support Urbanization—Africa and East Asia



Source: World Bank staff calculations based on Data Development Platform, CIEC. Investment figures are calculated using Gross Fixed Capital formation as percentage of GDP.

Box 2: China’s Urbanization and the Forces that accompanied its Transformation: Specialization, Agglomeration and Migration in Cities

Much of China’s urbanization and industrialization was enabled by the way it opened up the economy to foreign investment and built the infrastructure required by an industrial economy. Three economic forces, also witnessed in other developed countries, supported the rapid urbanization: agglomeration, specialization, and migration. Shenzhen, Zhuhai, and Shantou in Guangdong Province were the first cities to allow entrepreneurs to start businesses while relaxing price controls, protectionist policies, and regulations.

The urbanization process was complemented by large-scale public investment. Gross capital formation rose from 35 percent of GDP in 1980 to 48 percent in 2011. As a result, while in 1990 China had no limited-access highways, by the end of 2010, an average prefecture had about 220 km of such highways.⁴ Similarly, the length of the rail network in an average

⁴ Baum, Snow, and Turner 2012. Transportation and the Decentralization of Chinese Cities.

prefecture increased from 142 km to 210 km over 1990–2010. These magnitudes of investment are comparable to those seen in the Republic of Korea during its period of rapid urbanization, as Korea moved into high income status.

This large-scale investment in infrastructure promoted the double-digit rates of growth, an average of 10 percent annually recorded over the last 3 decades, and China became the world's second largest economy. It also increased incomes, raised living standards, and ultimately made China the world's largest exporter and manufacturer. Real per capita income increased 16 times over 1978–2012, and half a billion people were lifted out of poverty. The urban population in China jumped from less than 200 million to more than 700 million, accelerated by large groups of people moving from rural to urban areas to work in the manufacturing and service sectors as China developed its export-oriented industries and special economic zones. Going forward, the Government of China aims to increase the share of the population living in urban areas to almost 60 percent (i.e. more than one billion people) by 2020.

Notably, the public investment in infrastructure was coordinated and complemented with efforts to stimulate enterprise investment in productive capital. As illustrated in the case of Shenzhen, substantive and strategic infrastructure investments (e.g. the construction of an international port), combined with market-oriented pilot reforms and urban transformation, turned Shenzhen from a small hamlet to a competitive center for manufacturing, services and trade. Shenzhen's leaders gave businesses strong incentives to innovate and provided private property rights. Today, businesses in computers, communication, electronics, and machinery are five times more concentrated in Shenzhen than in China as a whole. Shenzhen is home to some of China's most successful firms, such as BYD and Huawei. Rapid economic change through urbanization has more than tripled incomes, from US\$4,000 in 2000 to US\$14,000 in 2010 (2005 prices)—surpassing Thailand and Indonesia, and making Shenzhen comparable to the Republic of Korea of the mid-1990s.

Source: World Bank. Forthcoming. "China Urbanization Study, 2013".

Inclusive Cities

Making urbanization more inclusive should go hand in hand with efficiency enhancements.

Ensuring that urbanization helps to achieve poverty reduction is a key priority and could make the difference in efforts to achieve the MDGs. Higher population densities found in cities can create opportunities for employment of the growing number of city dwellers, while at the same time improving access to, and the quality of, public services and housing. As an illustration, East Asia's success in achieving poverty reduction, driven to a great extent by China, is intrinsically correlated to its move to higher levels of urbanization. While statistical correlations do not imply causality, there is strong supporting evidence that urbanization provides the economic conditions

for industrialization. In 1980, the urbanization rate in East Asia was similar to that of South Asia and Sub-Saharan Africa. Between 1980 and 2010, the rate of urbanization doubled in East Asia to 50 percent, and the urban poverty rate decreased from 24.4 percent to 4.3 percent.⁵ By contrast, in Sub-Saharan Africa, where the urbanization rate increased from 23 percent in 1970 to 37 percent in 2011, urban poverty decreased only marginally from 41.5 percent to 33.6 percent.

Box 3: Urbanization and Poverty Reduction—The Role of Secondary Cities in Tanzania

A survey that tracked more than 3,300 individuals from households in rural Kagera, Tanzania during 1991/4–2010 found that about 50 percent of respondents who exited poverty did so by transitioning from the agricultural/on-farm economy into the rural/non-farm or secondary town economy. Only one in seven exited poverty by migrating to a large city, although those moving to a city experienced growth in consumption. This conclusion, along with evidence from 51 other developing countries, points to a general trend that rural diversification and secondary town development led to more inclusive growth patterns. This follows because more poor people are likely to move to the rural nonfarm economy and secondary towns, than to distant cities.

The lessons from this study underscore the importance and the benefits of investing and building sustainable, well-planned and efficient secondary cities to create a more balanced urban system that can absorb the rural to urban migration and contribute to inclusive economic growth and poverty reduction.

Source: Christiansen et al. 2013. “Urbanization and Poverty Reduction — The Role of Rural Diversification and Secondary Towns”. Policy Research Working Paper 6422, World Bank.

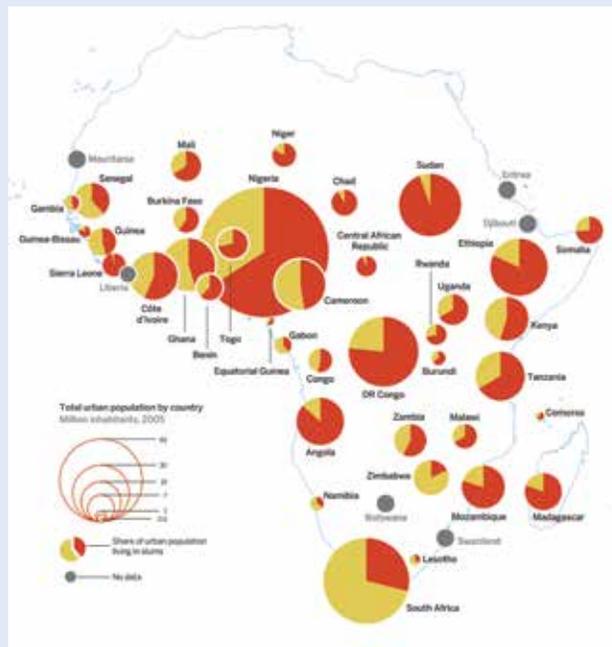
As the nature of cities in Africa is heterogeneous, ensuring that urbanization becomes a vehicle for inclusion and poverty reduction will require location-specific solutions (see Box 3). What most cities have in common is the large numbers (approximately 70 percent) of households that live in informal settlements, and the significant portion (at least 60 percent) of urban employment that is generated in the informal economy (see Box 4). It is clear that the physical, regulatory and financing solutions to addressing informality are not easy to achieve. It will require goodwill and commitment to resolve the costly and socially complex task of upgrading and developing infrastructure and services in existing settlements (“brownfields”). However, tapping this latent potential is critical to the future of African cities and must therefore be a key part of the vision.

⁵ World Bank. 2013. “Global Monitoring Report 2013: Rural-Urban Dynamics and the Millennium Development Goals”.

Box 4. Cities: A potent weapon to target growing informality in Africa

African cities are growing rapidly, but are increasingly characterized by informal firms, settlements and slums. About 70 percent of Africa's urban population lives in informal settlements and 60 percent of total urban employment are in the informal economy. On average, 40–50 percent of households rely on non-farm household enterprises (HEs—non-farm enterprises operated by a single individual or with the help of family members) as an income source.

HEs have been responsible for the majority of the non-agricultural employment growth in SSA, and this trend is likely to continue for several decades. The growth of informal HEs as a share of the labor force is not necessarily due to regulatory or economic growth failures, but because the informal economy is often the appropriate option for non-farm employment in low-income SSA countries.



Source: World Bank based on figure by Pravettoni and UNEP/GRID-Arendal, 2011 with data from UNDESA, 2010.

In this context, and especially in addressing the low-income segment of African countries, the informal economy should be seen as part of an integrated job and development strategy. In addition, since the informal sector is often a downstream supplier of goods and services to the formal sector, improvements in its productivity will have a spill-over effect to the rest of the economy.

To realize the potential of the informal sector for productive employment and growth, interventions at the city level will be crucial. Urban density and agglomeration economies offer potentially powerful tools to address the challenges of informal firms and settlements efficiently. Taking the example of infrastructure and services provision, the spread of their costs rises with urbanization due to economies of scale—making it possible to recover the costs of serving informal households and firms.

City governments can support the informal sector through various policies and capital investments. One important area is land and housing policies. Experience from the Philippines and South Africa demonstrates that targeted interventions, focused on slum improvements and provision of in-situ services and security, can have knock-on effects on entrepreneurial activity and can lead to better investments in health and education at the household level.

Source: Fox, Sohnesen. 2012. “Household Enterprises in Sub-Saharan Africa—Why they matter for growth, jobs and livelihoods”. World Bank Policy Research Working Paper.

Sustainable Cities

While urbanization can speed up economic transformation and foster inclusion, it may also have a down side. The byproducts of a more dense and populated environment are greater congestion, worsening pollution, the spread of disease, and higher concentrations of people and assets at risk, in areas prone to natural hazards like coastal cities. If left unregulated and in the face of poor planning, the benefits of cities can be overshadowed by their costs. Crime, too, can grow in poorly-planned cities with clusters of deprivation. A vision for the future must therefore plan to avoid the costs of degradation, illness, wastage and other negative consequences of poorly managed urbanization.

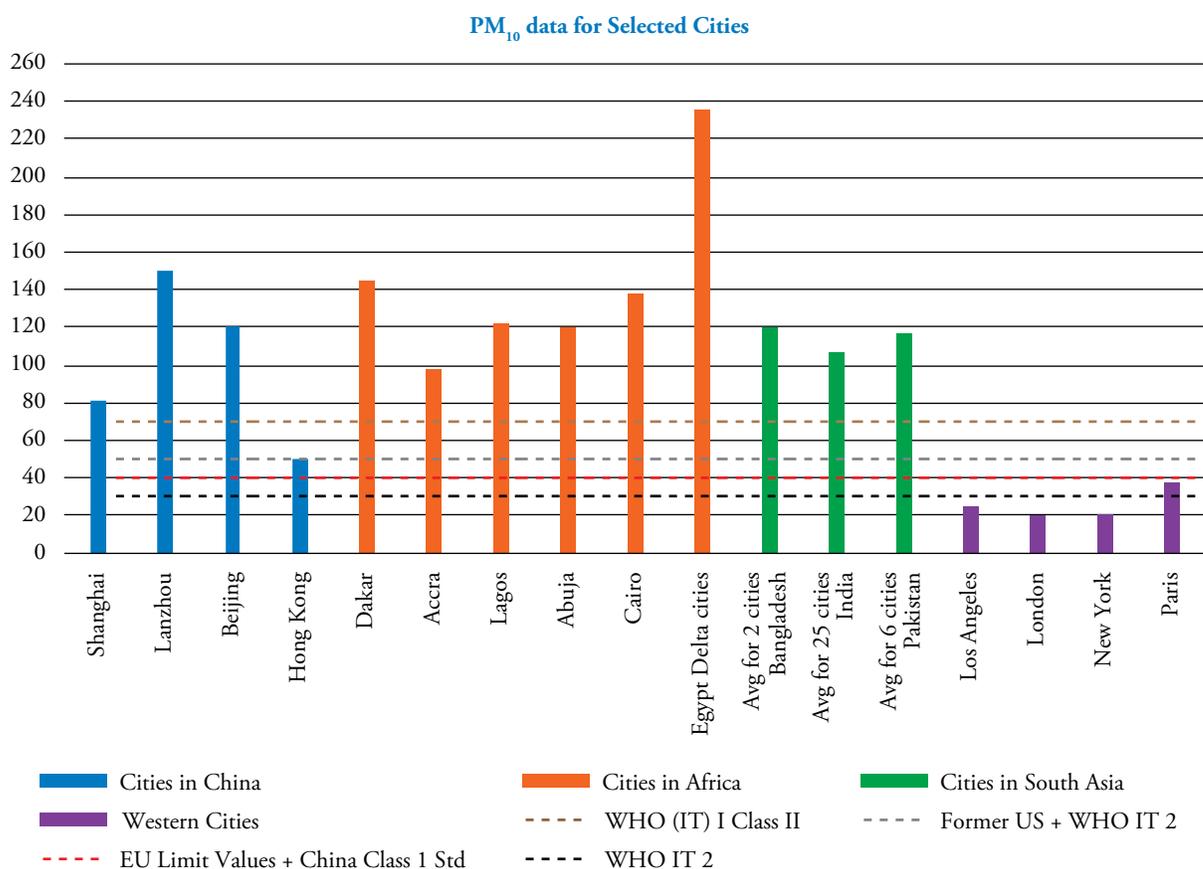
Recent studies from 18 countries in SSA indicate that inadequate sanitation infrastructure in Africa’s urban areas is costing the economy around US\$5.5 billion every year amounting to between 1 percent and 2.5 percent of GDP.⁶ The majority of these costs are due to premature deaths, including children under the age of five, due to diarrheal disease. Nearly 90 percent of these deaths are directly attributable to poor water, sanitation, and hygiene. Other significant costs are productivity losses from poor sanitation.

Air pollution in some cities in Africa is far worse than that found in comparators in East Asia (Figure 4). Rapid urban development and associated economic growth also exacerbate environmental challenges. In Africa, while most cities are still relatively small, the trend is already worrisome as air pollution

⁶ *Economic Impacts of Poor Sanitation in Africa*, Water and Sanitation Project, 2012.

in cities such as Accra, Abuja, Dakar, and Lagos far exceed WHO standards, and are above those of cities at a later stage in the industrialization cycle. In some cities the rate of pollution is as high or even higher than that of Beijing. Africa can and should avoid the mistakes that have been made in Asia. By way of illustration, countries like China are now facing high and escalating costs of environmental degradation. Premature mortality linked to air pollution is estimated to have risen from 418,000 to 514,000 between 2001 and 2010 despite a 25 percent reduction in average particulates (due to the increase in the total overall urban population)—and the economic costs of air pollution have been estimated to be between US\$100 billion to more than US\$300 billion per year.⁷

Figure 4: Air Pollution in Selected Cities



Source: Urban outdoor air pollution database, Department of Public Health and Environment, WHO, 2011.

⁷ World Bank. Forthcoming. “China Urbanization Study, 2013”.

As increasing numbers of people will be located in cities that are already at high risk to climate change natural disasters, policies and investments that increase sustainability are essential. Not only must environmental externalities generated by urbanization be properly addressed but the risk and costs of damage to infrastructure must also be reduced. Along Africa's long coast line, a significant number of cities and towns are located in river deltas or coastal areas directly exposed to sea-level rise, coastal surges, land subsidence, coastal erosion and other growing risks. In Namibia for example, after the 2009 major floods the costs for reconstruction and improved standards of the transport infrastructure were estimated to be nearly US\$350 million and costs are expected to rise in the future. Scenarios for climate change show that a 2 or more degree rise from global warming in Tanzania could cause a sea level rise of 5 to 19 cm by 2030, submerging vast areas of land; and it is likely that without adaptation, this would lead to between 67,000 and 852,000 people being forced to migrate to urban areas.⁸

Successful urbanization is primarily about coordinating various types of investment. At the same time, these investments have long-term effects and must therefore be made with a long-term perspective. As urban policies lock in development patterns for decades to come they must be well thought out and designed at the outset. For example, the Netherlands—a country that is largely below sea level—has shown the benefits of long-term sustained effort to address complex environmental issues. Protected by hundreds of kilometers of dykes built over hundreds of years, the country has sustainably reclaimed significant land, with visible economic and social impact. As a result, the port city of Rotterdam now hosts the biggest port in Europe, generating over 600 million Euros in operating income annually.

⁸ World Bank. 2013. "Four Degrees—Turn Down the Heat—Climate Extremes, Regional Impacts and the Case for Resilience".



Kibera, Kenya. Photo: Ira G. Peppercorn / The World Bank

3 Priorities for Africa's Policymakers

Policy and Regulation: The Basis for Integrated Urban Development

In order to achieve more efficient, inclusive and sustainable cities, it is imperative that decision makers take urgent action at policy and regulatory levels to build a solid foundation for long-term development. This is particularly important, as the coming era, in which climate change will be a game changer, requires decisions to be made on the basis of careful analysis of the benefits and costs of options that can change the development path of the continent for the better. Reorienting policy and regulatory action for transformative change requires careful analysis of the key challenges driving urbanization as they pertain to any given country, particularly given the heterogeneous nature of urbanization patterns across the continent (see Box 1). However, urbanization is understudied and data is limited relative to other regions—this is a key constraint. Therefore, generating the evidence with which to understand how the location-specific drivers of development influence one's options and choices is an urgent priority (see Box 5).

To be able to achieve the highest rates of return, investments in African urban regions will have to be thought through carefully at different levels and by different actors in government, the private sector, and households. At the global level, two factors that have guided decision-making and investments in urban development—density and connectivity—are relevant to Africa. These can be used as filters through which to assess whether cities are ultimately more efficient, inclusive and sustainable.

Getting density right: Africa's population is urbanizing rapidly, but the average population density on the continent (77 people per square kilometer) is still among the lowest in the world. The agglomeration index⁹ in the World Development Report 2009 gives Africa a score of 30 percent, compared with about 50 percent for the rest of the world.

⁹ The agglomeration index is an alternative measure of urban concentration and economic density, based on three factors: population density, the population of a large urban center, and travel time to that large urban center (WDR 2009).

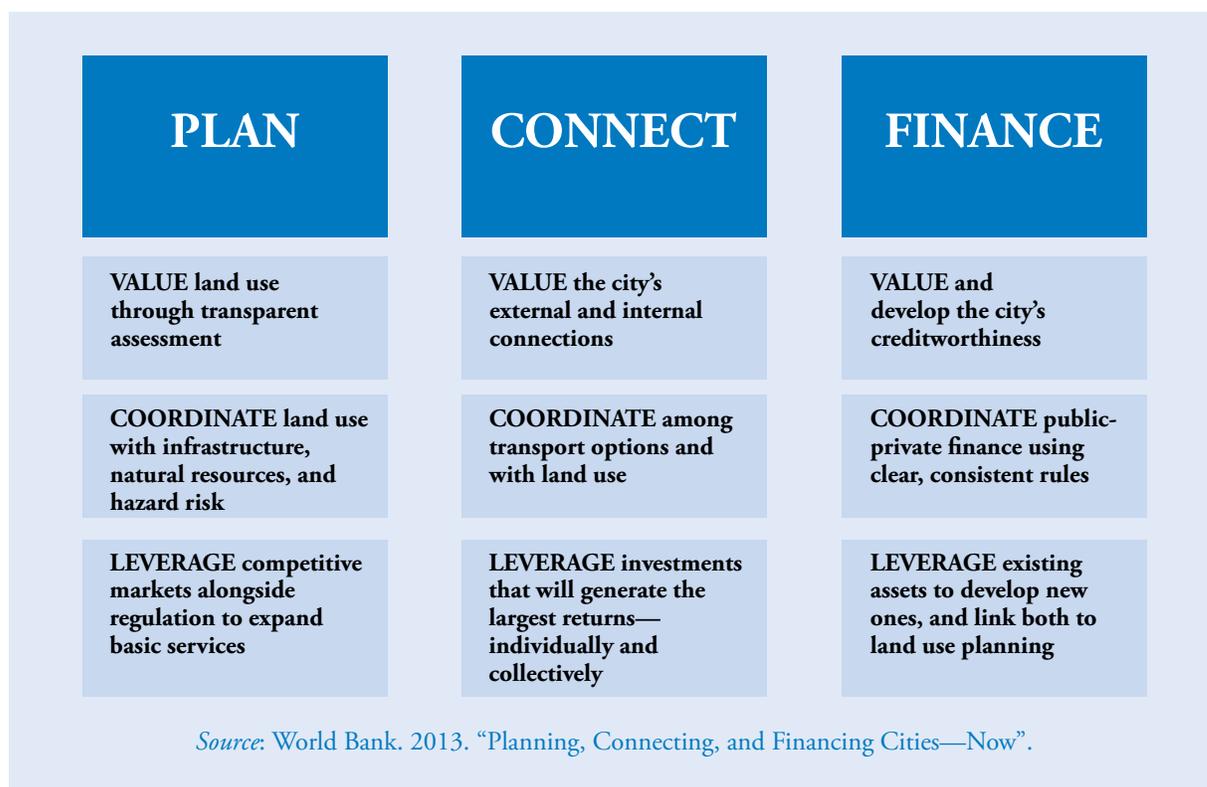
Density matters because the concentration of people and firms in towns and cities can generate scale and agglomeration economies, leading to a rise in economic productivity and driving growth. Currently, economic densities in African cities are low. For instance, the economic density in New Delhi is more than sixty times higher than Accra (Accra's GDP/sq km is US\$0.65m whereas Delhi's GDP/sq km amounts to US\$40m) (Figure 5). Getting density right is key for competitiveness as firms choose to locate in areas where the work environment is productive and efficient, and ensures access to a good living environment.

The challenge in Africa will be to get the level and type of density right—harnessing market forces to encourage concentration and promoting convergence in living standards between villages and towns and cities. Integrated development plans that enable better synergy across networked water supply, sewerage, electricity, drainage and transport systems—while complex to prepare—can create a strong backbone around which business, housing and industry can converge. Without such a backbone, bottlenecks such as congestion, poor services and low quality of life emerge, ultimately reducing economic productivity.

Box 5: Managing Urbanization through Planning, Connecting and Financing Cities

To think comprehensively about how policy and investment choices can influence the pace, magnitude and impact of urbanization and city development, the World Bank has developed a program of diagnostics called Urbanization Reviews. At the heart of the diagnostic approach are three dimensions of urban development—**planning, connectivity and finance**—that are required to realize and maximize the gains from urbanization and create sustainable development. Inefficient urban planning means that urbanization has not been accompanied by increases in productivity, quality and quantity of public services and instead has been singularly unequal in terms of welfare. Lagging investments in transport and other networked infrastructure within and across urban regions saps the gains from agglomeration. And these problems are exacerbated by the lack of robust fiscal and institutional frameworks for management of finances. To be able to achieve the highest rates of return, investments in urban regions have to be thought through carefully at different levels—spatial and institutional. The process will involve different sectors of government, the private sector, and households.

- **Planning**—charting a course for cities by setting the terms of urbanization, especially policies for using urban land, rightsizing density and expanding basic infrastructure and public services.
- **Connecting**—making a city's markets (labor, goods, and services) accessible to other cities and to other neighborhoods in the city, as well as to outside export markets.
- **Financing**—finding sources for large capital outlays needed to provide infrastructure and services as cities grow and urbanization picks up speed.

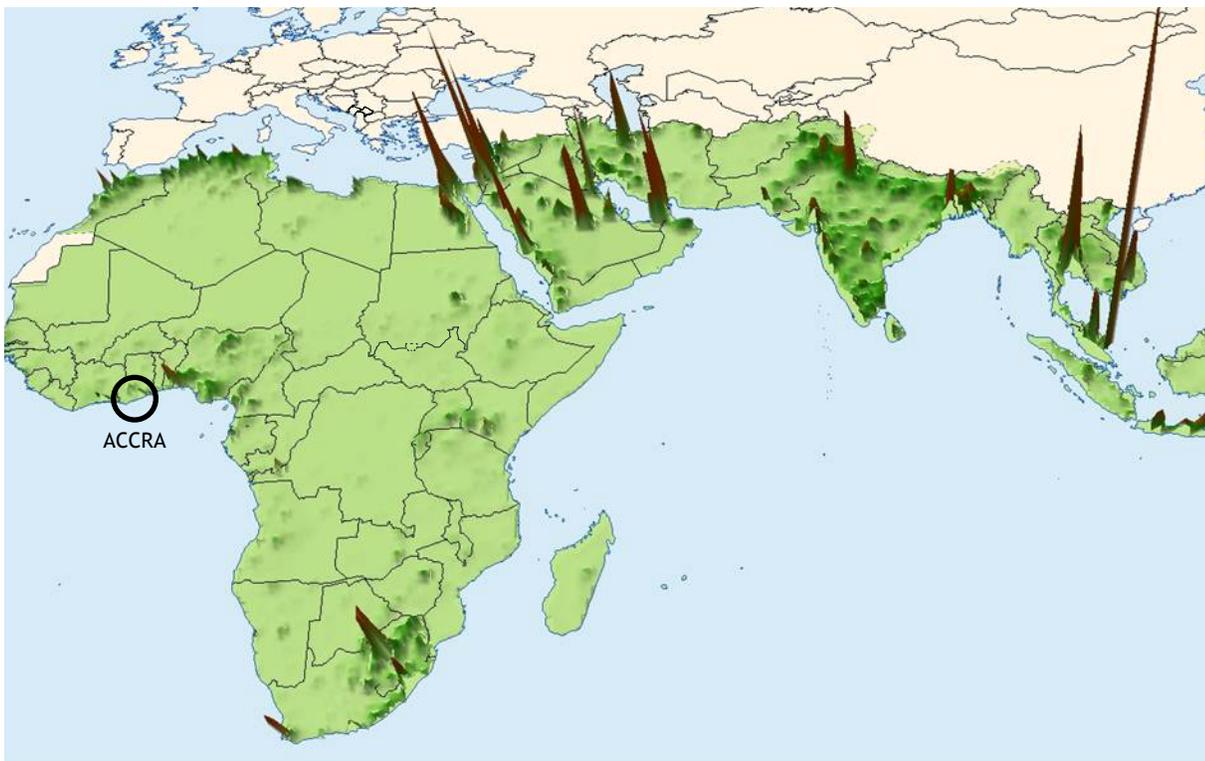


Strengthening Connectivity: Cities do not prosper in isolation. Their success as engines for economic growth is closely linked to how well they are connected with domestic and international markets. Many cities in Africa have relatively poor connectivity with other cities within the country and with cities in the region. They face significant challenges in reconciling the growing demands for transport with the current levels of infrastructure. This applies to connectivity within and between cities. Cities also face implicit and explicit trade barriers at national borders, and even within countries (e.g. road blocks), which need to be addressed to improve connectivity. Recognizing this, countries such as South Korea and China deliberately put in place strategic policies and regulations to focus and steer urbanization in a direction that maximizes the benefit of density and connectivity.

While China implemented several large scale transport investment projects to close the gap in economic development between leading and lagging regions—connecting them and thereby creating ideal conditions for interregional trade and movement of goods and services—South Korea based its regional development plans on the principles of convenient location, flexible regulation, and efficient connections. As the demand for urban land increased, the government assembled land in Seoul's periphery for five new cities strategically positioned within 20–25 kilometers of the city's central business district.¹⁰ Densification was encouraged by fluid urban development guidelines on

¹⁰ Kim 1999; Korea Land Company, n.d.

Figure 5: Economic Density: African Cities Compared with Selected International Cities



Note: Economic Density is measured by GDP/sq km.

Source: World Bank. 2009. “World Development Report 2009: Reshaping Economic Geography”.

issues such as floor area ratio and land conversion and the new cities were connected to Seoul’s core area with metro links and with bridges across the Han River.

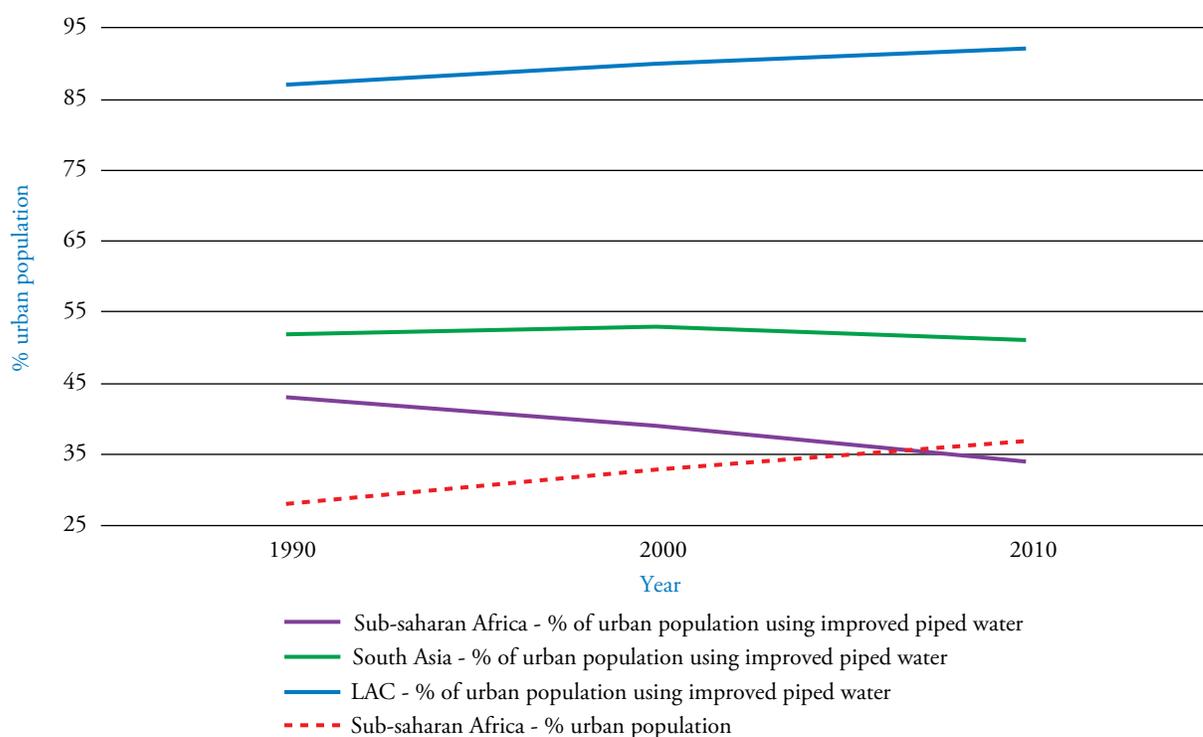
Investing in Infrastructure: The Foundation for Sustainable Urbanization

Getting ahead of the curve will require Africa to significantly scale up the level of its investments in strategic and transformative infrastructure, basic services and the urban environment. The investment needs for both poverty alleviation and growth are immense, and the pace at which the gap is being closed is significantly behind other continents. Countries that have seen major transformations in their economies have deliberately invested in making sure that they keep up with, or ahead of, rising demand. It is therefore a concern that many countries in Africa are witnessing a widening gap between those with and without access to basic services (Figure 6), and a decline in the quality of existing infrastructure and services.

Expansion of basic services: The provision of infrastructure and public services should be cheaper and more efficient in denser areas—but in African cities, where investments lag behind growth, informality and unplanned development is widespread. This is in part a result of inappropriate policy and regulations, which deter investments in areas that are already informal. These policies are costly as they lead to coping strategies that are often inefficient and more expensive. In addition, they also place a greater burden on the environment as coping strategies often lead to increased pollution, degradation, and illness.

Investment—whether public or private—in upgrading, expanding and improving access to infrastructure and services is therefore crucial to create and reap the benefits of density, particularly for poor people. This is true in “brownfields”—the informal settlements where most people already live and work; and “greenfields”—where expansion is taking place and it is most likely people will live and work in future.

Figure 6: Declining Level of Services in Africa’s Urban Areas



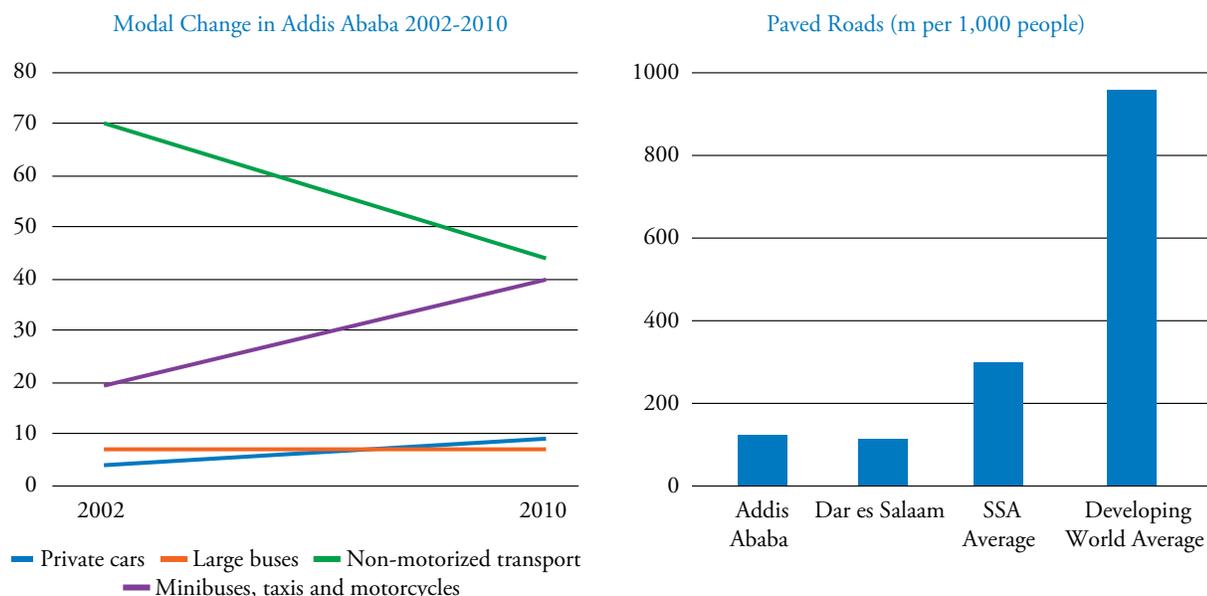
Source: Water and Sanitation Program. 2012. “Progress on Drinking Water and Sanitation, 2012 Update”.

Infrastructure for Economic Transformation: While the scale of investment required for all infrastructure sectors calls for greater selectivity and prioritization, decisions must be made in integrated manner that takes into account cross-sectoral linkages and leverage. For example, within the transport sector, inadequate investment in urban roads and other forms of transport has led to high levels of congestion within cities (Figure 7), and in many cities this can be blamed on the poor interface and coordination between responsible institutions at all levels. Africa’s distance from world markets is primarily affected by poor domestic connectivity—long distances without good networks (both rail and road) within countries. Low inter-regional transport costs are also critical to fostering industrial competitiveness, particularly in the context of retaining trade and manufacturing competitiveness. However, Africa has one of the lowest road densities in the world, second only to Latin America. Unlike Latin America—where the bulk of the population lives largely along the coast, making it unnecessary to build roads into the interior—a third of Africa’s population is living in landlocked countries far away from global markets and often disconnected from regional markets.

Institutional and Financing Systems: Effective Management and Delivery of Services

Building the institutional and financial systems that can make sound policies and take hard decisions to guide and enable strategic investments is a third priority. Africa must intensify its efforts to generate credible knowledge, to inform decisions and enable implementation of solutions

Figure 7: Lagging Investments in Transport Infrastructure



Data source: UITP and UATP 2010, SSATP 2002, Diagnostic 2008.

Data source: Africa Infrastructure Diagnostics 2008.

that can transform the continent. Sound institutions are required at all levels—national, regional and local, and cooperation is required between them. Several countries in Africa have started the process of building this capacity in the context of decentralization and devolution policies that put households and enterprises at the center of decision making.

Decentralization leads to greater responsibilities being allocated to local government, but this is not always accompanied by the **transfer of resources and capacity**. As a result, city and local government institutional and financial capacity and resources often fall far short of what is required by their rapidly expanding urban economies. For instance, cities in South Africa spend 15–20 times more per capita on total budget expenditures and 10–100 times more per capita on capital expenditures than what is spent in the majority of other cities in Sub-Saharan Africa. In the context of greater decentralization, designing institutional and financial systems to support and incentivize cities and towns to make the necessary investments is therefore being scaled up. Across the continent, public finance and fiscal systems and capital markets are under-developed, and challenges exist in multiple areas including efficiency and effectiveness in public spending, cost recovery mechanisms, fiscal responsibilities of central and municipal governments, inter-government transfers and functioning of the capital market.

Compounding these challenges, **intergovernmental institutional and fiscal frameworks are weak** and often biased against urban investments. Water utilities and other public agencies that currently do not have the right framework to provide incentives for efficient, cost-effective urban services, nor sufficient capacities to do so, must be allowed to undertake reforms to address high levels of non-revenue water, intermittent supply, uneconomic pricing policies, low rates of collection, inefficient levels of staffing and low levels of customer satisfaction.

In the least developed countries, **direct municipal debt financing on capital markets is not widespread**. Its viability depends on the existence of adequate legislative and regulatory infrastructure, sufficiently developed capital markets, and technically and financially adept bond issuers. In many African countries these conditions do not exist, therefore, developing this mode of financing represents a crucial challenge, not least for its potential to collect and transform local savings.¹¹ Any such system must be coordinated with national level fiscal policies to ensure that debt levels are affordable and sustainable. Efforts to build financial capacity, through improved financial management systems, are ongoing, but require policy and regulatory support at both national and local levels.

In thinking about financing of infrastructure, African policymakers will also have to consider viable options for converting natural resource wealth into sustainable growth. For resource-rich states with relatively weak banking and financial institutions, inflow of resource rents can cause rapid appreciation of the exporting country's currency and distort the local production economy, as exports become less competitive and labor shifts into the extractive industry. This phenomenon,

¹¹ Paulais. 2012. "Financing Africa's Cities, The Imperative of Local Investment". Agence Française de Développement and the World Bank.

known as “Dutch Disease”, must be squarely faced, as it can significantly retard development and put at risk the gains made with regard to economic growth, social equity, and poverty reduction. Recent evidence also suggests that mineral investments tend to heavily crowd-out other kinds of FDI that can create jobs. This makes the challenge of job creation and planned investments for urbanization even more complicated and challenging in mineral rich economies. For example, as sub-Saharan Africa’s second-largest producer of crude oil, Angola had relied on the revenue from oil for 80 percent of its annual revenue and almost half of its GDP. When oil prices fell in 2008, Angola was forced to take a US\$1.3 billion loan from the IMF to offset the loss in revenue. Avoiding this and moving to a model that ensures sustainability is essential. One option that has proven successful in many countries is the use of sovereign wealth funds (see Box 6).

Box 6: Sovereign Wealth Funds as an Instrument for Financing Urban Infrastructure and Building a Larger Asset Base.

Sovereign Wealth Funds (SWFs) have great potential in helping developing and fragile countries turn booms of lucrative commodities into long-term growth and sustainable development.

SWFs are state-owned investment funds that are established to manage, dispense, and invest surplus national income, usually from lucrative natural resource exports. Although financed primarily with foreign currency, SWFs are managed separately from a country’s official foreign currency reserves. By investing strategically in the domestic economy, an SWF can encourage a more diversified export sector. These investments also encourage the governments of fragile states to save and invest excess revenue in a sustainable, long-term way, leaving money for future generations and capitalizing on projects that match long-term development goals.

In Africa, several countries with large scale natural resource exports have introduced or are in the process of setting up different types of SWFs, including Nigeria, Ghana, Angola, Tanzania and Mozambique.

African SWFs can boost their local economy through allocating part of their assets to growing sectors in the country. The Angolan SWF has been a vocal leader in its intention to target sectors vital to local development, including agriculture, power and transport. Similar efforts will have to be made by other countries that are trying to create their own SWF, such as Tanzania and Mozambique, to meet their long-term development goals.

Sources: Hameed, Lamb. 2013. “Sovereign Wealth Funds in Commodity-Rich Fragile States”. Center for Strategic & International Studies; Das, Lu, Mulder, and Sy. 2009. “Setting up a Sovereign Wealth Fund: Some Policy and Operational Considerations”. International Monetary Fund Working Paper. WP/09/179; Davis. 2013. “Sovereign Wealth Funds: The Potential of Tanzania and Mozambique”. Ventures Africa.



Sierra Leone. Photo: Arne Hoel / World Bank

4 Working With Africa to Support Efficient, Inclusive and Sustainable Cities

The World Bank Group supports Africa's urban development by **promoting the economic productivity, social inclusiveness and environmental sustainability and resilience of urban areas in Africa**. To achieve this, it is working closely with national and local governments and service utilities, and is focused on their priorities of (i) tackling urbanization at the policy and regulatory level to build a solid foundation for long-term, integrated development; (ii) significantly scaling up the level of investments in strategic and transformative infrastructure, basic services and the urban environment; and (iii) building sound institutional and financial systems at all levels—national, regional and local—to enable effective implementation of the policies and investments. To do so, it uses three directly related instruments (Figure 8):

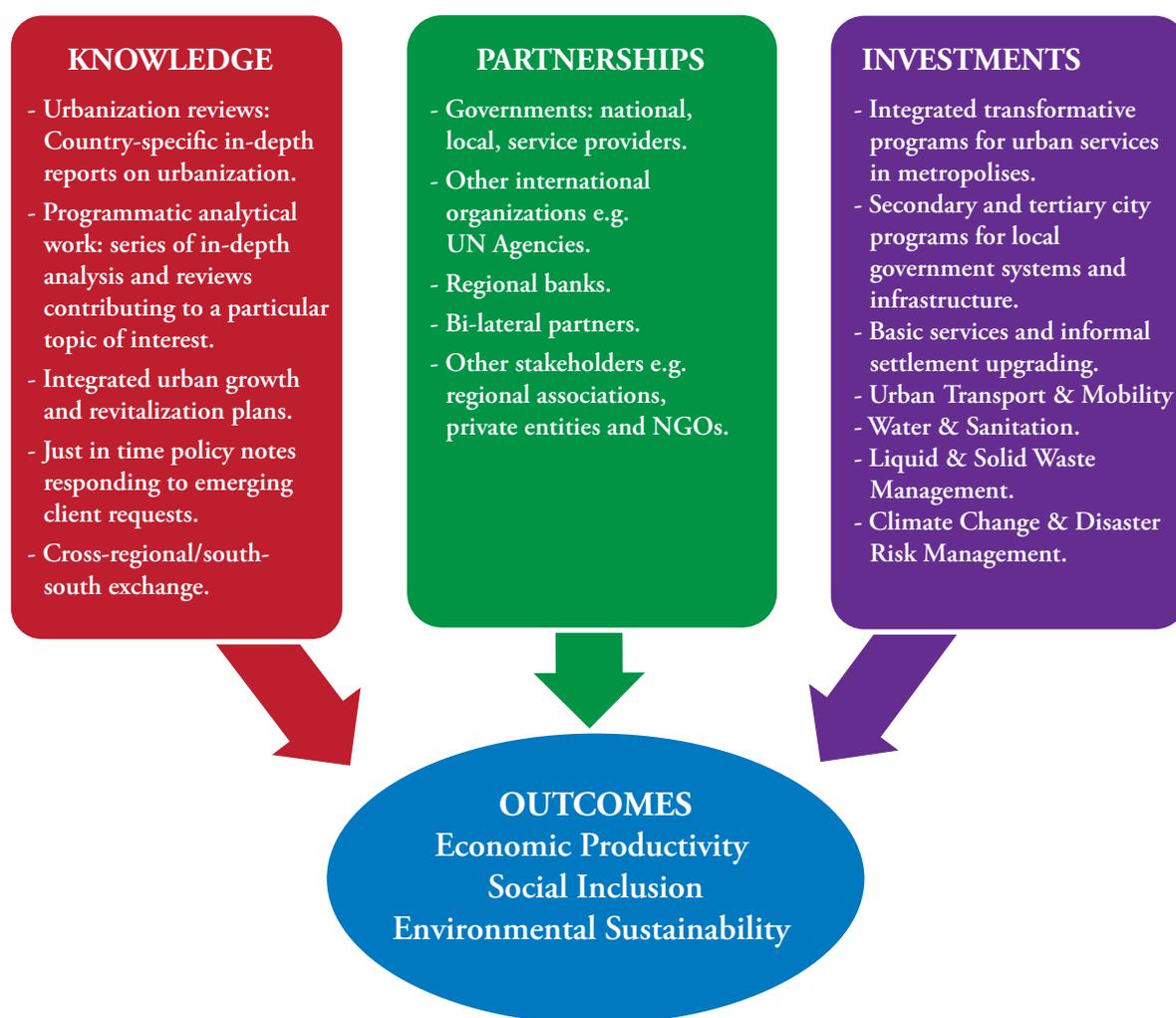
- **Knowledge products** based on international best practices and experience;
- **Partnerships** with main stakeholders, international, regional and domestic partners; and
- **Investments** in integrated and transformative infrastructure, systems strengthening and basic service delivery.

Recognizing the vast heterogeneity of African countries and cities, the World Bank Group tailors the use of these instruments to meet the needs of individual clients and varying contexts.

These instruments are applied across various spatial areas focusing not only on metropolitan and large cities, but also secondary or tertiary cities; and within these cities, focusing on delivering basic services in informal and unplanned areas. Specific advice and financing are also provided in the following key thematic areas:

- Basic service delivery and infrastructure upgrading;
- Urban transport and mobility;
- Water supply and sanitation, including national water sector projects;
- Liquid and solid waste management; and
- Climate change and disaster risk management.

Figure 8: Knowledge, Partnerships and Investments: Achieving the Desired Outcomes



Knowledge Products

The Bank utilizes its knowledge and research expertise in order to provide relevant, timely and strategic advice to Governments and key stakeholders. This knowledge is derived by tapping global experience as well as through evidence gathered from homegrown operational experience in countries. In this, the Bank is uniquely placed to combine operational experience with analytical work; thereby addressing the knowledge gap and expanding the availability of robust data. Various knowledge products are offered including in-depth analysis and reviews, just-in-time policy notes responding to emerging client requests, and facilitation of cross regional and South-to-South knowledge exchange. Currently, the research agenda in Africa includes the following key thematic areas:

- **Urbanization reviews:** Country-specific in-depth reports focusing on urban development and its drivers, within and across systems of cities; assessing their real and potential contribution to national economic growth, and identifying impediments and opportunities for harnessing and unlocking the growth potential of cities.
- **Urban mobility and transport:** Integrating land use planning with urban transport systems, reviewing the impact of urbanization on urban mobility and city efficiency, and provision of policy advice for cities, including “green development”—integrating different transport modes.
- **Basic services and affordable housing:** Understanding land use and tenure, housing markets, supply and demand, and the informal housing sector; providing specific policy advice on how the housing sector can be made more efficient and can better cater to the urban poor.
- **Spatial development and Integrated urban growth:** Analysis of the spatial evolution of cities over time, through data collection and analysis (satellite imagery, geographic information systems); to identify the types, and implications of, urban form in African cities and how this can be oriented to enhance efficiency in existing and future settlements.
- **Institutional and fiscal systems:** Regional overview of the existing institutional and fiscal or financing systems for urban management and their key challenges; and recommendations on priority areas for policy action, inter-governmental institutional and fiscal diagnostic analyses; specific and prioritized analytic and policy advisory activities in response to client demand.
- **Urban Environment:** research on environmental impacts arising from urbanization and climate change, particularly the generation of waste and environmental asset degradation, and steps taken to address these; relevant international experience, strategies and financing approaches to effectively mitigate these impacts; urban populations affected by climate change; and strategies and policies to improve urban resilience and mitigate the impact of disasters.

Building Partnerships

The urban sector cannot operate successfully in isolation. Urbanization requires coordination across multiple actors and integration across multiple sectors. Building partnerships is therefore fundamental to the quality of urbanization. The World Bank Group works with a range of development partners to build synergies and consensus and leverage much needed resources for urban development. The main objectives of the partnerships are to:

- Influence policy, investment and institutional and financing frameworks by developing and disseminating high quality knowledge and advice in a client friendly time-frame and format;
- Leverage financial or non-financial investment in cities, focusing on best practice in integrating interventions with scale up potential; and
- Facilitate knowledge exchange among and capacity building of key urban stakeholders.

Key external partners typically include a full range of sectors—water supply, sanitation, urban transport, planning, energy agencies as well as regional banks (Africa Development Bank, Islamic Development Bank), key bilateral partners (DFID, AfD, SIDA, CIDA, GiZ), UN agencies, (including UN Habitat), regional stakeholders (including UCLGA), and other private and non-governmental organizations involved with urban issues (including Cities Alliance).

Leveraging Investments

The World Bank Group customizes its support to operations in order to address the specific needs of clients in the areas of integrated policy, regulation and planning for strategic and transformative infrastructure, improved access to basic services and the development and strengthening of institutional and fiscal systems. These investments accommodate a wide variety of urban forms and development patterns in African countries and cities, and are characterized as those that:

- cut across boundaries—metropolitan, urban-rural, national (e.g. small towns water supply, inter-municipal roads);
- aim to build and sustain infrastructure investment to increase urban resilience against climate induced events; and
- seek to adapt to the changing environment and mitigate negative urban environmental externalities, including pollution and solid waste.

Investments are focused in the following areas:

Metropolitan areas and large cities: Primary or capital cities are increasingly taking on a metropolitan form that requires development practitioners and politicians to develop networked infrastructure systems that integrate services across multiple sectors and political and administrative divides. The Bank supports a range of lending activities that seek to foster meaningful spatial transformation and stimulate economic competitiveness by creating jobs, scaling up access to infrastructure and services, and strengthening local governments and service delivery entities. It does so through metropolitan-wide public works programs that target cross-cutting infrastructure to shape and transform fast growing urban areas and get ahead of demand. For example, in the Nairobi and Accra Metropolitan Areas, the WBG is providing support for improved urban management and service delivery through a series of projects that address urban land use and transport systems, solid waste landfill and collection systems, water supply, distribution and wastewater networks and facilities.

Secondary and tertiary cities: Most of the growth in urban areas is currently taking place in the numerous small and medium cities scattered across the continent. These cities are experiencing extremely high rates of growth, but are still small enough to positively influence their urban form. Due to their large numbers, in most countries, mechanisms for simultaneously working with a critical mass of cities are needed. This is often quite challenging, but is necessary to stimulate growth

across the country. The Bank supports these cities through multi-city and multi-sector programs that simultaneously provide support for a range of investments to increase productivity in the urban areas and their surrounding communities and economies such as the Performance for Results Programs underway in 18 towns in Tanzania and 14 in Uganda. The cities are enabled through a series of institutional strengthening and capacity building activities that aim to incentivize better governance, service delivery and accountability.

Basic service delivery and infrastructure in informal settlements: Given the highly informal nature of most African cities today, a dual strategy that emphasizes backward looking (brownfields) interventions to upgrade existing settlements and forward looking (greenfields) interventions to pave the way for planned and serviced settlements is necessary. As most of the poor are housed in informal settlements, efforts focus on finding appropriate solutions to the problems of inadequate infrastructure and services in both large and small city contexts. Informal settlement upgrading projects, such as the ones supported in Mauritania and planned in Congo Brazzaville, focus on simultaneously improving a basket of municipal infrastructure including electricity, water supply, sanitation, drainage, road improvement, solid waste and other related services that are lacking or inadequate. For emerging and rapidly expanding cities, a greater focus on new sites and services and stimulating housing development will be required.

Deepening reforms through sector specific engagement: Although urban development typically requires a combination of different but related services to be bundled together, planned and managed in an integrated manner, there are clear advantages to working within a sector (on a vertical axis) to develop or improve services within a single city or across multiple cities through: policy, regulatory and institutional reform; institutional capacity development and restructuring; development of networked services and related facilities (e.g. dams, wastewater ponds, bus depots); and targeting improvements in access to services to poor households. Typical single sector investments include: water and sanitation service expansion; multi-modal urban transport systems; resilient flood management systems; decentralization and city management; and solid waste collection and management. Examples include the reform of the Senegalese water utility, Senegal des Eaux, which has raised water supply coverage levels nationwide, or the reform of Lagos Metropolitan Area Transport Authority, which is improving mobility along prioritized corridors; and promoting a shift to more environmentally sustainable urban transport modes.

Annex: World Bank Key Urban Activities in Africa

	Metropolitan and sector-wide interventions	Secondary/tertiary city interventions	Basic services and informal settlement upgrading
Economic Productivity & Job Creation	<ul style="list-style-type: none"> Integrated, large-scale, sustainable and transformative programs for urban services focused on water, sanitation, transport, solid waste and drainage infrastructure systems (e.g. the development and execution of an urban mobility plan, not just a major urban road). 	<ul style="list-style-type: none"> Multi-sector programs providing significant local discretion in the selection of infrastructure priorities in line with local needs; Increasing productivity of urban areas and enhancing market and service access of surrounding communities and economies (e.g. goods markets, local transport hubs, district-wide roads, clinics, schools); Sector-specific interventions e.g. water sanitation, waste management, urban transport, flood control/DRM. 	<ul style="list-style-type: none"> Basic service delivery and informal settlement upgrading targeting the urban poor in both “greenfield” and “in-situ” contexts (“brownfield”).
	<ul style="list-style-type: none"> Strengthening the institutional systems and organizational capacities of service delivery entities e.g. utilities, cross-jurisdictional metropolitan authorities, city governments; Strengthening the fiscal and financing systems for infrastructure, e.g. intergovernmental fiscal transfer systems, tariffs and local taxes. 		
Social Inclusion	<ul style="list-style-type: none"> Community involvement in sub-project planning and execution and enhance downwards accountability of local governments. 		
	<ul style="list-style-type: none"> Using smart technologies (institutional systems permitting) to improve efficiency of cities or sectors, improve accountability and expand citizen participation in planning and implementation. 	<ul style="list-style-type: none"> Sites & services; Access to basic services and incremental housing opportunities (“from slums to housing for the poor”) to increase the productivity of the urban poor; Emphasize the benefits of community planning and support shifts in land use and subsidy policy to provide increasingly secure tenure and encourage appropriate densities. 	

Continued on next page

World Bank Key Urban Activities in Africa (continued)

	Metropolitan and sector-wide interventions	Secondary/tertiary city interventions	Basic services and informal settlement upgrading
Social Inclusion	<ul style="list-style-type: none"> • Provision of sanitation, waste water treatment services and flood control & management. 		
	<ul style="list-style-type: none"> • Implement activities which: <ul style="list-style-type: none"> ▸ Strengthen waste management and disposal (the “brown agenda”); ▸ Reduce the deterioration of environmental assets that deliver environmental services; ▸ Reduce climate change impacts (primarily emissions); ▸ Improve the resilience of the built environment to climate change. 		<ul style="list-style-type: none"> • Reduce the vulnerability of the urban poor to climate change impacts and disasters through resilient infrastructure design and well sited settlements.

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