

UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA

HIGH LEVEL POLICY DIALOGUE ON DEVELOPMENT PLANNING IN AFRICA

***Theme: Integrating Urbanization in National Development
Planning in Africa***

7-9 June 2016

Yaoundé, Cameroon

Capacity Development Division (CDD)

In collaboration with the Social Development Policy Division (SDPD)

CONCEPT NOTE

I. CONTEXT AND RATIONALE OF THE HIGH LEVEL POLICY DIALOGUE

In recent years, Africa has registered impressive economic performance and future prospects remain strong. In 2016, a real GDP growth rate of 4.3 per cent is projected for Africa, considerably higher than the world growth rate of 2.9 per cent.¹ However, concerns remain about the inclusiveness and sustainability of this growth performance as Africa continues to face a host of challenges including high unemployment, inequality and poverty, among others. In general, employment continues to be dominated by low productivity and vulnerable jobs, largely in the informal sector, which is particularly concerning in light of the youth bulge in the region. This leads to the question of whether the current growth patterns in African countries are likely to lead to structural transformation.

Structural transformation implies, among other things, a declining share of agriculture employment; a shift in economic activity from rural to urban areas; the rise of a modern industrial economy as well as a demographic transition to lower rates of births and deaths. It entails the re-allocation of factors from low to high productive economic activities. However, African economies continue to be dominated by low productivity traditional agriculture and service provision rather than higher productivity manufacturing.² Accelerating structural transformation is thus a priority for Africa, as the continent seeks to translate economic growth into inclusive and sustainable dividends.

Indeed, many African countries have started defining or redefining their long-term visions/strategies with the main goal of accelerating and/or achieving structural transformation. Quite often, the visions and strategies aim at propelling countries to middle income status in the medium term, with strong emphasis on diversification, industrialization and linkages to the global economy. The new generation of national development strategies is also being informed by new and emerging trends such as demographic trends, climate change, global value chains, and new development partners among others, all of which are in line with the global and continental development frameworks.

Among the new and emerging trends is the wave of urbanization that is sweeping across most of Africa. Indeed, while Africa's population is currently estimated to be 40% urban, in less than 20 years it is projected that, more than 50% of Africa's population will be living in urban areas, and by 2050 this will have risen to 60%. If the projections are realized, this will profoundly change the profile of the continent, and will present a challenge for policy-makers in their efforts to manage urbanization strategically for Africa's structural transformation³. Urbanization is multidimensional in nature, as it affects the social, economic, political, cultural and environmental aspects of development in a cross cutting way.

¹ UNECA (2015) "Economic Report on Africa: Industrializing through Trade"

² UNECA (2015) "Economic Report on Africa: Industrializing through Trade"

³ UNDESA (2014), "World Urbanization Prospects: Highlights"

Indeed, beyond demography, urbanization is shaping socio-economic trends and conditions in Africa. Already, it is estimated that 55% of Africa's GDP is generated by urban areas⁴. For instance, despite accounting for around 5% of the national population, Nairobi generates 20% of Kenya's GDP.⁵ Lagos state, with its sprawling metropolitan urban core, accounts for 35.6 per cent of national GDP and 62.3 per cent of national non-oil GDP.⁶ Moreover, the expansion of the middle class in Africa is a largely an urban phenomenon. By 2020, Africa's major cities such as Cairo, Johannesburg and Lagos will be locus of the region's largest consumer markets. Indeed, the spending power of just 18 African cities is projected to reach \$ 1.3 trillion by 2030.⁷

The rapid urban transition unfolding in Africa presents both opportunities and challenges. Evidence around the world suggests that linking economic and urban development generates positive interactions and spillovers that improve productivity and wellbeing. The agglomeration impacts of urbanization offer advantages of a large pool of labor, a greater local market, easier access to suppliers and specialized services, lower information and transaction costs, and more diversified contact networks. These factors increase the potential productivity of cities and make urban centers "engines of growth and development".

In the case of Africa, the linkages between urbanization and economic diversification have been limited especially in terms of the production of tradable and manufactured goods. This has been attributed to the income effects of natural resource endowments and resource rents largely spent on urban goods and services giving rise to "consumption cities" dominated by non-tradable services. Africa's urbanization is taking place in the absence of industrialization contrary to the experience of most developing countries. Accelerated structural transformation would require a shift of Africa's cities to nodes of production, through the expansion of higher productivity manufacturing⁸.

Despite the recognition in Agenda 2063 and Agenda 2030, of the role urbanization plays in the transformation of the continent, the integration of urbanization into African national and regional policy frameworks as a cross cutting factor has been limited. Indeed, few African countries have adequately integrated urbanization in their national development plans as a mega trend of considerable proportions shaping all aspects of growth and transformation including industrialization and agricultural modernization. And yet, planning plays a fundamental role in determining a country's development objectives, as well as to ensure a rational allocation of national and external resources to support strategic development goals. Thus, development

⁴ AfDB (n.d.), "Urban Development Strategies: Transforming Africa's Cities and Towns into Engines of Economic Growth and Social Development"

⁵ Idem

⁶ Ministry of Economic Planning and Budget (n.d.) "Lagos State Gross Domestic Product Survey: 2010"

⁷ McKinsey (2010), "Lions on the Move: The progress and potential of African Economies"

⁸ Gollin, D., R. Jedwab and V. Dietrich (2013), "Urbanization with or without Industrialization"

planning can be a vehicle for the integration of urbanization in African countries' long-term development vision.

A strategic national response to the urbanization wave in Africa must also be accompanied by strategic sectorial national urban policies as important instruments to optimize the opportunities, and minimize negative externalities of urbanization informed and guided by national development planning.

It is in this context that the Capacity Development Division (CDD) of ECA, in collaboration with ECA's Social Development Policy Division (SDPD), has organized this High Level Dialogue. The theme of the meeting is: ***“Integrating Urbanization in Development Planning in Africa”***, and it will assemble Senior Planning Officials from all 54 African countries. The meeting will be held in Yaoundé, Cameroon, from 7 to 9 June 2016.

II. SCOPE AND OBJECTIVES OF THE POLICY DIALOGUE

It is in recognition of the necessity of promoting coordination and coherence among African planners that ECA has facilitated this series of High Level Leadership Policy Dialogues of African Planners and Chief Executives of planning bodies in Africa. The current High Level Policy Dialogue is the fourth of such Policy Dialogues, which began in 2014. The first was held in Johannesburg in March 2014, and focused on “Enhancing Coordination between the NEPAD Planning Agency and National Planning Bodies of African Countries”. The second was held in Kigali in September 2014, with the theme: “The Process, Substance and Key Goals of the AU Agenda 2063”. The third, held in Cotonou, Benin, focused on “The Impact of the Data Revolution on Development Planning in Africa”.

The objective of the current High Level Policy Dialogue is threefold:

- Provide an opportunity for African Planners and Chief Executives of planning bodies to discuss the role played by urbanization in national planning processes.
- Offer a forum for participants to share knowledge on the policy implications of integrating urbanization into national planning, and ultimately, the structural transformation agenda.
- Provide a platform for African Planners and Chief Executives of planning bodies to harmonize and coordinate their actions as they move forward with the integration of urbanization in national planning processes.

III. EXPECTED OUTPUTS

At the conclusion of this High Level Policy Dialogue, it is expected that:

- Development Planners from all 54 African countries are informed, aware and do share a common understanding of urbanization as an opportunity to improve African's economic

and social performances, including integrating urbanization in the overall framework of development planning;

- Recommendations will be made on:
 - Structural and programmatic implications of integrating urbanization in planning frameworks and processes including data and statistics requirements;
 - Establishment of a “community of practice” of development planners (interacting with policy-makers, urban planners, partners and other stakeholders) to collectively share experiences and learning on the integration of urbanization in national planning; and
 - Identifying different alternative means of promoting coordination and coherence for efficient integration of urbanization in development planning in Africa.

IV. PARTICIPANTS

This High Level Policy Dialogue will bring together African Planning Director Generals, and higher official in charge of national planning, as well as African Urban Planning Directors.

V. DATE AND VENUE

This High Level Policy Dialogue will take place on 7-9 June 2016, in Yaoundé, Cameroon.

VI. CONTACTS

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