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**Parallel sessions: (c) an urban lens on
national development planning**

An urban lens on national development planning

I. Introduction

1. There has been a resurgence of national development planning in Africa, with Governments recognizing the need to plan strategically to align resources and policy efforts towards achieving their development goals within the framework of a structural transformation agenda. Cities play a central role in inclusive economic development and structural transformation. They have not yet been, however, fully integrated into national development plans and are often seen as a social or demographic challenge rather than an economic opportunity. National development plans are uniquely suited to address the role of cities and urbanization in Africa's growth and transformation. While a range of sector policies, subnational development strategies and national urbanization policies can address urban issues, the national development plan is the only policy framework that can align economic and spatial planning under a common vision.

2. The present report is intended to address the role of cities in development, providing entry points for policymaking and practical guidance on bringing cities into each stage of the national development planning process. Rather than seeing urbanization as a "sector," it is argued in this report that the growth of cities is a necessary pathway to inclusive and sustainable structural transformation and economic development in Africa, most importantly through the generation of productive urban jobs. National development planners need to make hard choices to prioritize specific programmes and investment with limited resources on the basis of what will most effectively create productive urban jobs in the short and long term. This, in turn, will generate the desired improvement in human development, social indicators and well-being.

II. Africa's urban transition¹

3. The world is increasingly urban, and Africa, along with parts of Asia, is at the centre of global urbanization. Africa's urban populations have been growing since the 1950s, reaching 40 per cent of the continent's total in 2014 and projected to reach 56 per cent by 2050.² Urbanization was rapid during the post-independence period,

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¹ This section is taken from the 2017 *Economic Report on Africa* of the Economic Commission for Africa.

² See United Nations, Department of Economic and Social Affairs, *World Urbanization Prospects: 2014 Revision* (New York, 2014).

slowed in the 1990s and picked up again in the 2000s.³ Africa's urban population is likely to triple by 2050, with Africa and Asia accounting for nearly 90 per cent of the world's urban population growth.² The number of urban residents in Africa nearly doubled between 1995 and 2015 and is projected to almost double again by 2035.⁴

4. Naturally, African subregions and countries are urbanizing at varying rates. East Africa is the least urbanized region, yet is urbanizing the fastest, while Southern Africa is the most urbanized region but urbanizing more slowly. Nevertheless, the least urbanized countries are forecast to double their rate of urbanization in 35 years.² By contrast, a few countries are experiencing slow and even negative urbanization, including Mauritius, Swaziland and Zimbabwe.

5. Countries also differ in their spatial pattern of urban growth. Most have a higher share of their urban population in their largest city ("urban primacy") than other regions of the world and a few have faster growth in their largest city than in their other urban areas. Just as most of the world's fastest-growing cities are medium-sized agglomerations with populations of less than 1 million,² some of Africa's small and medium-sized cities are set to register major growth by 2030.

III. Planning for inclusive economic growth with cities in mind

6. Urbanization is associated with economic and productivity growth throughout countries and over time. As countries develop, manufacturing, services and knowledge-based sectors become the main employers and magnets of investment, and their economic performance depends to a great extent on the quality of cities and the national spatial system. Cities, through agglomeration economies, offer economies of scale and proximity between firms, workers and suppliers, an important condition for manufacturing and service sectors if they are to thrive. Density enables cities to provide public services cost-effectively. The concentration of the urban population also means the creation of a pool of labour and consumers accessible to firms. Cities are thus grounds for structural transformation.

7. While urbanization is necessary for structural transformation, it is not enough. The quality of cities can facilitate the growth of productive sectors, or can constrict it. In particular, the extent to which a city is productive and competitive matters. A productive city is a well-functioning one that reduces costs to firms and boosts production through agglomeration economies. A competitive city offers advantages sufficient for firms to compete in national, regional and global markets. Specifically, the quality of cities is based on their institutions, infrastructure and spatial layout (see table 1). Well-functioning cities, in terms of these three areas, convey productivity to firms operating there.

³ See United Nations Human Settlements Programme, *The State of African Cities 2010: Governance, Inequality and Urban Land Markets* (2010).

⁴ See Jeremy Barofsky and others, "Can rapid urbanization in Africa reduce poverty? Causes, opportunities, and policy recommendations", 7 September 2016. Brookings Institution.

Table 1
Characteristics of well-functioning and “productive” cities

	<i>Well-functioning cities bolster productivity</i>	<i>Poorly-functioning cities reduce the urban productive advantage</i>
Institutions	<ul style="list-style-type: none"> • A well-functioning property market that allows firms to find an optimum location in which to do business • Permits, taxes and regulations are clear, fast and easy to navigate • In general, markets are working well, enabling supply of land, housing, goods and services to meet demand 	<ul style="list-style-type: none"> • Land with a clear title is difficult to find • Permits, taxes and regulations are time-consuming, costly and difficult • The convergence of many constraints on economic activity leads to high transaction costs and constrained supply in markets for land, housing, goods and services. The result is a disproportionately high cost of living and labour, compared with cities at similar income levels
Infrastructure	<ul style="list-style-type: none"> • Firms can gain to access electricity and other utilities easily • Commutes are easy owing to good transit, connected roadways and space for non-motorized modes • Freight transport is fast and efficient, with easy access to transport hubs and ports 	<ul style="list-style-type: none"> • Outages and poor access to basic services raise costs • Commutes are long and unpredictable or costly, raising the cost of labour • Freight transport is costly owing to congestion and difficulty gaining access to transport hubs and ports
Spatial layout/urban form	<ul style="list-style-type: none"> • Density and the clustering of firms allows for knowledge spillovers and cross-fertilization, resulting in high rates of innovation • Residential density increases the size of consumer markets and creates a pool of labour for labour sharing and skills matching • A mixture of uses creates high levels of accessibility, lower transport costs and plenty of options for firm inputs and consumer choices • Social mix allows for labour mobility and economic mobility of households • Connectivity reinforces accessibility, allowing firms to gain access to larger markets for purchase and sale 	<ul style="list-style-type: none"> • Sprawling land use increases travel times and reliance on motorized single-occupancy vehicles, creating congestion, long commutes and inaccessibility • Separation of land use creates peak hour congestion and undermines knowledge cross-fertilization and the innovative process • Social segregation creates poverty traps and despair • Poor internal city connectivity limits accessibility, undermining all elements of agglomeration economies

8. The dysfunction that is often inherent in cities, however, can become an impediment to development. Notwithstanding such dysfunction, which is found in many of Africa’s cities, they are growing, even in places and during periods when economic growth has slowed. The implications of this shift are enormous and multifaceted. Given that a growing share of Africa’s population will be living in cities, efforts to combat poverty and inequality are to be won or lost in cities. Because of the speed and scale of urbanization in Africa, its cities are overwhelmed by demand for jobs, housing, and services. Not only do cities need to catch up with the backlog, they also need to plan ahead to accommodate future growth. This is a mammoth task of historical significance and achievable only through a national vision and coordinated action from multiple fronts. It is best achieved when considered within the national development planning framework.

IV. Reasons for prioritizing urban development

9. There are a number of reasons why planning for Africa’s urban development should be an urgent priority in national development planning. While some countries are further along the urbanization and development path than others, some general considerations apply to most African countries.

A. Pace of urbanization is greater than in other regions, and thus Africa’s urbanization requires a larger immediate response

10. Urbanization frequently occurs in a span of some 30 years, as opposed to the more leisurely pace of urbanization in today’s developed countries, which played out over 100 to 150 years, and rapid urbanization is “traumatic”.⁵ Excluding North Africa, Africa’s urban population is estimated to have doubled in the past 20 years and is expected to double again in the coming 20 years.

B. Opportunities arising from the urbanization process are transitory

11. Urbanization should be exploited when it happens. African cities are growing fast, but that does not make them productive. Productivity arises from density of economic activities in a well-laid-out and managed spatial economy. The prevalent phenomenon of slums and informality in African cities demonstrates not only the resilience and creative energy of people, but also the lost productive opportunities due to lack of planning and investment in advance of urban growth. Nevertheless, the good news is that the urban transition is ongoing and can be exploited. This will require urgent short-term and thoughtful long-term actions coordinated within a development framework.

C. Urbanization requires large investment, but doing nothing is not an option

12. Density can lower per capita costs of services and infrastructure, but that does not make urbanization cheap. Cities require massive public investment to accommodate a quickly rising population in a compact environment. Nevertheless, the return on urban investment is also high, especially when investment occurs as part of a good planning framework, is aligned with private sector investment and is paired with well-functioning revenue and land value capture tools. The costs of neglecting investment in cities are high and include foregone productivity, social and environmental costs and high future costs to retrofit a dysfunctional urban layout.

D. Good planning is critical to avoid costly long-term lock-ins arising from inefficient patterns of urban development

13. Establishing a compact and connected urban development pattern with adequate space for current and future infrastructure needs will avoid the need to expropriate developed land and demolish early improvements later, which is a costly and often socially fraught process. In addition, the fundamental infrastructure established early on will have an impact on the development pattern for decades to come and can either foster or undermine agglomeration economies.

E. Urban demographics in many African countries are presenting a limited-time dividend that can be harnessed to boost inclusive economic growth

14. The urban transition in Africa is accompanied by a demographic transition. The high ratio of young people in African cities is a potential asset that should be harnessed. Africa’s urban young people have better access to education and information technology and can amplify the demographic dividend. In East Asia, the demographic dividend accounted for one third to one half of growth during the “Asian

⁵ See Henderson, J, “Cities and development”, *Journal of Regional Science*, vol. 50, No. 1, pp. 515-540.

miracle”.⁶ Some estimates put the gross domestic product (GDP) increase arising from a one percentage point decline in age dependency at 1.1 per cent. These estimates, however, are also conditional on investment in human capital.⁷ African cities must be able to create jobs to harness the demographic dividend.

F. African cities are the site of rising consumption, which can be met by domestic production under the right policy conditions

15. On the demand side, growing urban consumption and income provide domestic firms with opportunities for industrial development and structural transformation. With an average growth rate of 5 per cent and more than a 60 per cent share of the economy during the period 2000-2011, household consumption in Africa is the dominant and growing component of GDP and a major driver of current account imbalances. There is therefore a need to turn urban consumption growth into production opportunities in sectors with comparative advantage. Food, business support services and the construction sector are good candidates to drive job creation.

16. The need for national development planning to incorporate an urban lens for a robust and more explicit consideration of urbanization is therefore pressing. Notwithstanding the complexities of African cities, a stronger consideration of urban issues in the national development and economic planning context offers high potential dividends for Africa’s economies.

V. Dispelling anti-urban myths

17. It is important to dispel prevailing myths about urbanization in order for member States of the Economic Commission for Africa to formulate and implement effective policies and strategies.

18. First, there is a prevailing perception that agriculture should be the driver of Africa’s development owing to large rural populations and comparative advantages in agriculture. Consequently, there is no need to focus on urbanization. An increase in the productivity of agriculture cannot drive development alone without growth in the other sectors. As agriculture becomes more productive, it sheds labour, triggering urbanization. If there is a lack of decent urban jobs for the rapidly increasing urban dwellers, urban poverty would increase and economic growth would become constrained. Therefore, the development of the agricultural sector and of urban economic sectors is not a zero sum game; the two can and should go together.

19. Second, there has been a perception that, because policies to improve cities will stimulate migration and serve only to make cities more overcrowded, policymakers should focus on rural development to slow urbanization. Nevertheless, Africa’s urbanization is driven more by natural growth than migration. Africa’s rates of migration peaked in the 1960s and declined after that. Africa’s urban population growth is driven by natural population growth on the basis of a fall in mortality rates in cities. Urbanization will therefore continue independently of migration or rural development.⁸ In addition, past policies of preventing or slowing migration failed.⁹

⁶ See Jeffrey G. Williamson, “Demographic dividends revisited”, *Asian Development Review*, vol. 30, No. 2, pp. 1–25.

⁷ See Paulo Drummond and others, “Africa rising: harnessing the demographic dividend”, IMF Working Paper No. WP/14/143 (Washington, D.C., International Monetary Fund, 2014).

⁸ See Annez, P.C., and R. Buckley, “Urbanization and growth: setting the context”, in *Urbanization and Growth: Commission on Growth and Development*, M. Spence, P.C. Annez and R.M. Buckley, eds.; Fox, S., “Urbanization as a global historical process: theory and evidence from sub-Saharan Africa”, *Population and Development Review*, vol. 38, NO. 2, pp. 285-310.

⁹ See Harvey, D., “Reshapnig economic geography: the World Development Report 2009”, *Development and Change*, vol. 40, pp. 1269-1277.

Policies that attempt to deter migration (through a lack of service provision) should be avoided, given their adverse economic impacts.¹⁰

20. Lastly, there have been considerations that the costs of investing in urbanization are too high, thus curtailing prioritization of the issue. Urbanizing countries, however, cannot afford not to invest in cities. As population shifts to cities, production will also shift to cities, with sectors such as manufacturing and services leading growth. Cities are the location of the future economy. Consequently, investment in cities will determine whether the future economy performs well or poorly. Urban investment is indeed costly, but it can also generate a high return on investment in terms of economic growth. Cities also generate a large and increasing share of public revenue, making urban investment financially sustainable with the right set of revenue instruments. Investment in urban services are often less costly than investment in rural services per capita to attain the same level of service. This is because, at higher densities, roads, schools, health clinics, police stations and electrical lines can serve a larger number of people in a smaller radius.

21. Unpacking such prevalent conceptualizations of urbanization in Africa is critical if national development planning is to respond to the wave of urban growth in a manner that supports growth and transformation priorities.

VI. National development planning with an urban lens

22. There is a growing commitment in Africa to bringing into focus the role of cities in inclusive growth and transformation. Cities are recognized as economic drivers in the African Union's Agenda 2063, the Common African Position on the post-2015 Development Agenda and the Common African Position on the United Nations Conference on Housing and Sustainable Urban Development (Habitat III). Notwithstanding the importance of cities in Africa's development trajectory, they are frequently an afterthought in national development and economic planning. As African countries continue to develop their national development plans and strategies, this is a critical moment to plan and invest in cities.

23. It is necessary to clarify the need to include urban issues in national development planning while national urban policies are being promoted as a key instrument within the New Urban Agenda that emerged from Habitat III in October 2016. There are several reasons for this:

- (a) Urban issues are multisectoral and require coordinated action by many ministries and subnational entities;
- (b) National development planning is needed to guide the prioritization and phasing-in of national urban policy implementation to align with national development goals;
- (c) National development planning can consider the entire national spatial system to link urban and rural development to leverage their unique roles in structural transformation;
- (d) National development planning can align policies that target the economic sector with urban interventions, given its role in defining and promoting priority sectors;
- (e) National development planning and national urban policies can provide complementary inputs to each other, with the latter's diagnostics providing critical insights into economic opportunities and barriers in cities to feed national development planning, thereby providing a clear vision of economic development priorities to inform the policies.

¹⁰ See Turok, I., and G. McGranahan, "Urbanization and economic growth: the arguments and evidence for Asia and Africa", *Environment and Urbanization*, vol. 25, No. 2, pp. 465-482.

24. Applying an urban lens to national development planning calls for consideration of four substantive areas of focus, which are discussed in the following paragraphs.

A. Targeting economic sectors that leverage urban potential

25. Economic planning should target sectors that leverage the economic potential of urbanization and cities. The ability of African economies to achieve structural transformation and broad-based economic growth hinges on their ability to create high-productivity jobs that are located mainly in urban areas. Urban firms need workers and urban populations need jobs. In addition, cities represent a huge opportunity to grow domestic production owing to rising urban demand and consumption. This is driven by urban population and income growth that is, in general, higher than the national growth rates.

26. In successfully transformed economies, urban living and urban transition have been the engines of growth. During an early stage in the urban transition, the household demand for food and other necessities and, more importantly, the demand for decent housing and associated infrastructure services provide significant levers of economic growth. Where such urban demand coincides with comparative advantages and growth-stimulating economic policies, urbanization can drive growth. Firms involved in processed food, manufactured goods, urban housing and urban infrastructure can meet the rapidly rising demand for such products and services. In addition, urban economic activities can boost rural productivity through both forward and backward value chain linkages with rural products. Urban value chains and jobs should therefore be central components of policies targeting the economic sector.

27. In the light of the above, some of the key questions for policymakers include the following:

- (a) Which sectors will create urban jobs and generate structural transformation?
- (b) Which sectors will leverage and harness urban demand for domestic sector growth?
- (c) How can cities add value to rural products through forward and backward linkages?

B. Productive cities

28. Owing to their density of economic actors and interactions, urban areas have an innate economic advantage on the basis of agglomeration economies. The productivity of cities, however, is not a given, and many African cities are falling far short of achieving their productive potential. This is due to a myriad of barriers to efficient economic functioning, including inefficient land use and disconnected sprawling development, congestion and barriers to mobility and the segregation of land use and social groups. The way in which cities are planned and managed determines in part their productivity. African cities are experiencing problems of congestion and prematurely rising costs of production factors, indicating the dire need for good urban planning, land management and investment in infrastructure, especially public transport and energy. While the fundamentals of productive urban development can be addressed in national urban policies, the intensive policy reform processes can be supported by national development planning, and costly urban investments can be prioritized to align with the specific economic sector goals within such planning. The generation of social, economic and environmental co-benefits, contributions to growth and productivity of priority sectors and the potential to prevent premature constraints on urban productivity should be considered in prioritizing urban investment.

29. Key questions for policymakers to promote productive cities through national development planning include the following:

- (a) What are the biggest barriers to the productivity and competitiveness of urban firms?
- (b) What level of investment in urban infrastructure is needed to make cities drivers of structural transformation?
- (c) How can urban investment and programmes be prioritized to best leverage urban economic advantages and align with national development priorities?
- (d) What components of urban management require national-level support and/or coordination?

C. Productive national spatial system

30. National policy decisions will shape the distribution of city sizes, economic functions and connections between cities in the national spatial system, with implications for national development. Economic planning should consider the spatial implications of priority sectors. Economic policies have a strong impact on where growth occurs, and the national spatial system has economic implications for specific value chains. National spatial planning should therefore be underpinned by economic rationale and carefully considered in national economic development planning. In other words, promoting the development of specific cities without promoting the economic sectors located there is a waste of resources. Managing the equitable and efficient allocation of population and resources across space is a complex process involving hard choices, for example, between investing in existing cities and new cities and between lagging regions and metropolitan urban areas.

31. In the long run, pairing spatial and economic planning should help to build a system of diverse and specialized cities with complementary economic functions, including linkages to small towns and rural areas. Given the resource and management capacity constraints facing African economies, however, countries may need to invest in their largest cities and metropolitan urban areas to reap agglomeration economies, while simultaneously prioritizing transport networks, linking them with strategically located secondary cities and growth centres. When implemented within a credible and long-term policy framework, such a strategic approach to infrastructure investment will also crowd in private investment, making development coordination across space and sectors possible.

32. In view of the above, key questions for policymakers include the following:

- (a) Where, within the national spatial system, can investment most cost-effectively achieve economic growth?
- (b) Where, within the national spatial system, will target sectors generate growth?
- (c) Which cities and towns require which types of investment in order to support target sectors?
- (d) How can industrial parks and special economic zones leverage existing geographic advantages for competitiveness and to facilitate spillover benefits to the rest of the economy?
- (e) How can connective linkages best bolster value chains and a productive system of complementary cities and towns?

D. Arrangements for implementation: coordination and finance

33. Urban issues are complex and multisectoral. Any successful policy on urban development will integrate the actions of an array of ministries, departments and agencies at the national and local levels, as well as the activities of the private sector. Coordination between policymaking, planning and investment programming is essential to align spatial and sector priorities, national and subnational development plans and investment between various sectors in specific regions and cities. Mechanisms for coordinated action can be codified during the national development planning process and should involve establishing processes, staffing and oversight for coordination, as well as the transparent sharing of information.

34. Implementation cannot succeed unless adequately funded. Cities require enormous investment but can also generate enormous resources. There is an array of instruments available to better link urban investment and revenue, and developing adequate subnational financial management capacity will likely play a critical role in implementing them. Land value capture and leveraging the private sector are two entry points for improving resources to fund urbanization and guide urban expansion in economically beneficial patterns. No matter which financial instruments are used at which level of governance, the most critical element is that the priority urban initiatives of national development planning receive adequate resources. Financial planning and budgeting are central to implementation.

35. Addressing implementation issues raises key questions for policymakers, such as the following:

- (a) What mechanisms can be established through the national development planning process to allow for coordination between the many public and private actors engaging in the development of cities?
- (b) How can subnational authorities be better supported to manage cities in ways that align with national development planning?
- (c) Within cities and the national spatial system, how well are public and private investment currently coordinated and how can they be better aligned?
- (d) How can investment in cities better leverage private sector contributions?
- (e) How can the potential public revenue arising from cities be harnessed better for public investment?

VII. Urban issues at each stage of the national development planning process

36. An urban lens can inform each stage of the national development planning process. In this section, the national development planning process is broken down into four general stages that can be applied across the unique practices of individual countries, examining how the urban lens can be applied in each.

A. Stage 1: diagnostics and analysis

37. The diagnostics and analysis stage can answer questions about the role of cities in economic development, including the current situation and opportunities for better harnessing urbanization for economic development. To answer such questions, stakeholder engagement will include, among others, lead and priority economic sector representatives, experts in urban development and private sector stakeholders. Data are also critical to the diagnostics and analysis stage. Data on urban issues, in particular subnational data, present a challenge for many African countries, where subnational GDP is rarely measured. In addition, data on the elements that contribute

to urban productivity, such as infrastructure, transport and mobility, build density and employment by sector and by city, are often missing. Establishing a set of select indicators to be measured and tracked over time can inform both the analysis stage and evaluation later on.

B. Stage 2: vision, goals and targets

38. During the development of a vision, goals and targets, it is important to consider the spatial component of national development priorities, including the locations in which target sectors and value chains will generate growth and the location-specific requirements for their success. Creating job-rich and productive cities and attaining the spatial integration of the national economy are critical development imperatives that need to find their articulation in the objectives of the overarching macroeconomic and priority sector plans. Goals can address the link between urbanization and economic development through the lens of urban job creation and the development of priority sectors and value chains, including urban-rural linkages, through improving the productive benefits of cities themselves and through guiding development of the national spatial system for long-term prosperity.

C. Stage 3: implementation strategies

39. Implementation is often the weakest link in even the best policies, and national development planning must address implementation shortfalls in order for any action on the role of cities to have an impact. Two critical issues in this regard are the coordination of the multiple actors and sectors engaged in urban issues and the financial resources necessary to implement policies needed to make cities the drivers of structural transformation. The coordination of urban issues cannot be done effectively by a single ministry. The economic role of cities involves many sector ministries and agencies and, importantly, the private sector.

40. With regard to financing, cities require enormous public resources but they also generate massive resources if the right policies are operating. Land value capture is an often-underutilized tool with huge potential for growing cities, which can generate significant revenue in an economically efficient way. Leveraging the activities of the private sector is also one avenue to achieve development goals and may simply be a matter of designing effective regulation to ensure that private sector investment is in line with national development planning goals. Public-private partnerships aligned with national priorities also hold high potential for generating investment in growing cities if Governments can develop the expertise needed to negotiate mutually beneficial agreements.

D. Stage 4: monitoring and evaluation

41. Monitoring and evaluation is critical to adjusting policies in response to new information and changing circumstances. Spatial data and data on urban issues are often lacking and can be bolstered through efforts in this area, in conjunction with the national statistical agency and experts in monitoring and evaluation for applied data tracking. Data on urban issues can illuminate the spatial factors influencing the process of economic growth and structural transformation.

VIII. Way forward: incorporating cities and urban issues into national development planning

42. Countries vary not only in their levels of development and urbanization, but also in the status of national development planning and the degree to which they already consider and address urbanization. Notwithstanding such contextual diversity

and specificity, it is possible to identify some possible next steps to strengthen urbanization in national development planning for inclusive growth.

43. From an institutional perspective, countries could commission an urban review in order to identify strategic policy issues to be taken up in national development planning cycles. Doing so would generate the evidence for amendments necessary to the national development planning process to strengthen both the urban policy content and the implementation and coordination aspects of the policy process. It would also be important to initiate an urban indicators and benchmarking programme, with a focus on selected data sets covering the key urban and economic development themes identified in the urban sector study.

44. Within the national development planning itself, three general approaches can be taken. A first one would be to broaden the conceptualization of the “urban sector” and bring jobs to the centre. Urban jobs should be a primary consideration in sector targeting and any programming aimed at improving cities. This is particularly so, given that urban jobs will be at the heart of Africa’s structural transformation economic development. For example, housing sector policies should focus not only on alleviating slums, but also on creating jobs in construction and its upstream and downstream linkages. Housing programmes can be brought to scale in cities by leveraging the potential of the private sector, including household savings and building value chains for domestic manufacturing and enterprises.

45. Second, in the immediate term, it is important to consider the spatial impacts and requirements of sector planning, pairing spatial planning and sector targeting of investment in a way that allows for the matching of public and private investment and that meets the needs of target sectors and accommodates the shift in population that arises from the impact of economic planning. Aligning spatial planning and sector targeting may, in some cases, mean the improved connecting of industrial and economic zones with existing cities, while, in many other cases, entail fit-for-purpose investment in target cities to meet the specific infrastructure, land and clustering needs of firms in priority sectors.

46. Lastly, an approach with a view to the longer term could lay the groundwork for the ways in which cities and the national spatial system will perform for the economy of the future. Goals can include a system of cities with complementary functions, including both large and diverse and smaller specialized cities that operate efficiently to maximize productive benefits to firms and overall economic competitiveness.