



**Second Roundtable**

**Workshop Report**

## **Urban Africa**

Beyond Development as usual

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**Background**

Germany's commitment to work with African partners and deepen African-German development cooperation is increasing. We therefore need a thorough reflection on whether current cooperation and development activities are still fit to address Africa's core challenges and, at the same time, recognize the continent's huge potential. What current cooperation frameworks will need to further integrate is an **urban perspective**: The African continent is undergoing a structural transformation connected with a **rapid process of urbanization** which requires more attention from all stakeholders involved.

On 28 March 2019, Alfred Herrhausen Gesellschaft, the London School of Economics and Political Science, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Technische Universität Berlin invited a group of 54 leading researchers, representatives of government institutions, policy makers, development specialists, and practitioners from Africa and Europe to the second Urban Africa roundtable in Berlin. This year's Urban Africa roundtable aimed to:

Beyond  
Development  
as usual



- Discuss urbanization dynamics and challenges faced by sub-Saharan African cities and urban regions.
- Reflect on existing African-German cooperation frameworks and discuss how such frameworks can be improved and extended to more effectively address current shortcomings.
- Discuss the relevance of the urban dimension in German-African development activities and how it can be strengthened in the future.

In order to deepen our understanding of urban dynamics, the morning of the roundtable served to underline the importance of cities, to identify the key urban challenges in sub-Saharan Africa, and to understand how much the urban dimension is reflected in German development initiatives.

In the afternoon, experts worked on three key topic areas in separate breakout sessions that emerged out of the first Urban Africa roundtable in Berlin and the Urban Age Conference in Addis Ababa, which were both hosted in 2018. Those topics were: Integrated urban governance, urban job creation, and the financing of infrastructure.



**Part I:**  
Introductory Session

**Why do cities matter?** Cities are our future. Since the beginning of the new millennium, half of mankind has been living in urban areas. The crucial role of cities becomes even more apparent when looking at urbanization rates and their correlation with economic growth. It is unclear, however, whether the promise of more economic prosperity will hold true for those places that exhibit the highest urbanization rates globally. Especially in Africa, growing cities can be regarded as both the problem and the solution. Almost 15 years of research within the Urban Age program have demonstrated the importance to understand the physical dynamics of cities in order to understand their social dynamics as well as to acknowledge the interdependencies and complex relations cities are embedded in. Research has further revealed the diverse growth patterns of cities which should caution against “one-size-fits-all” solutions. Examining the urban form of specific cities, the Urban Age program has also generated valuable knowledge on the impact of inner-city density on efficiency, environment, and inclusion. In this context, the important role of urban public goods was stressed. Leaving these public goods, such as urban infrastructure, to the private sector could come with severe unintended consequences such as, for example, uneven provision or dynamic pricing. Finally, it was highlighted that it is critical how cities are governed, and that this governance requires a clear vision.

**What are Africa’s urban challenges?** Participants identified at least three fundamental challenges of African cities, which are, first, economic and employment imperatives, second, environmental pressures and climate impacts and, third, weak and distorted governance systems. Concerning the latter, it was emphasized that informality – besides employment and housing – also relates to the complexity of outdated and inappropriate regulatory frameworks. But how can we tackle Africa’s urban challenges despite this complexity? Recommendations that were discussed included the recognition of urbanization as part of national policymaking and a more prominent cities agenda for key actors (as well as pan-African and international bodies), and enhancing knowledge and innovation networks on the African continent itself. Furthermore, the participatory formulation and adoption of National Urban Policies should be promoted that can serve as a linchpin between macro-economic, environmental, and territorial policies. One particular challenge constitutes the financing of sustainable infrastructure in cities which will require the joint effort of knowledge institutions, international task forces, and a more decentralized research and development model.

*At a glance: Keynotes and input from participants set the stage for the workshop, first, by demonstrating the relevance of cities and urban research in general; second, by providing insights into the challenges faced by African cities in particular; and third, by outlining the current engagement of Germany with Africa in order to understand how much the urban dimension is reflected in it.*



**What is the urban dimension of Germany's cooperation and development work with Africa?**

In recent years, the cooperation across the African continent has become a top priority for the German government. This manifested itself in the "G20 Compact with Africa", which was initiated under the German G20 presidency in 2017 and focuses on private investment on infrastructure. However the urban dimension remains unspecified. Another initiative is the "Marshall Plan with Africa" by the German Federal Ministry for Economic Cooperation and Development, which acknowledges urbanization and puts cooperation in an entirely new dimension: it is not about development cooperation, but about economic development. Private sector investments are key to stimulate growth. The re-

vised Africa Policy Guidelines by the German government (adopted on 27 March 2019), which is a framework document across the German ministries on cooperation with Africa, emphasizes peace and stability, sustainable development, control migration, workforce, and civil society partnership. On the last page and very briefly it mentions urbanization as engine of growth. The presentation then moved on to different spatial approaches to refugee flows and camps in the context of migration within and out of Africa, such as Paul Romer's idea of so-called charter cities or the creation of special economic zones. These approaches, their framing as well as the overall narrative of African-German cooperation were controversially debated in the subsequent discussion and criticized by the participants.

**Recommendations:**

1. Consolidate the policy recognition that urbanisation matters for the long-term prosperity of the African continent.
2. Promote the participatory formulation and adoption of NUPs as the linchpin between macro-economic, environmental and territorial policies
3. Enhance the knowledge system in Africa on sustainable infrastructure solutions that are affordable and culturally appropriate
4. Tackle the infrastructure finance conundrum confronting poor African cities
5. Promote a decentralised model R&D on sustainable infrastructure transitions



**Engagement of German and international organizations in urban Africa:** This session covered the “supply side”: What kinds of engagements with African countries, cities, and companies exist, how are they working, and how can they be “urbanized”. For the workshop in general and for this part in particular, a cross-sectoral group of relevant organizations was brought together in order to stimulate debate between the public, private, and non-profit sector as well as research institutions. The key was to initiate the discussion of whether Germany is adequately positioned to work with African partners and whether the urban dimension is adequately reflected here. A selected number of participants were asked to briefly present their organizations’ engagement in the field of urbanization in Africa.

It became clear that these organizations are already deeply engaged in Africa, for instance in the field of finance, development work, economic cooperation, and entrepreneurship.

Whereas some organizations share a strong urban perspective, others do not frame their projects officially as “urban” despite the profound urban impact of their activities. The majority of participants made the case for a narrative that views African urbanization as an opportunity and African cities as hubs of innovation. This narrative is said to be important to counterbalance the perception that limits itself to migration and poverty. Several organizations also emphasized the need to direct research and other activities more towards small and intermediate cities as well as the urban-rural continuum in Africa. Finally, an organization stated that an overall strategic approach of German institutions on urban development in Africa can’t be described clearly. It was emphasized that it is more important to bring together the different bits to advance urbanism and understand what the institutions we need are. Therefore it was commented that besides the well-chosen topic areas for this workshop aspects relating to social cohesion and digitalization should be equally taken into account.



## Part II: Breakout Sessions

The aim of the breakout sessions on integrated urban governance, urban job creation, and the financing of infrastructure was to place a special focus on the following questions:

- What are the underlying ideas or drivers that inform our current engagements?
- What has worked? What has failed? Do we need new paradigms and approaches?
- Who needs to be engaged?
- What formats and frameworks of engagement are needed? How can they be enabled?
- How can impact be measured and improved?

### Workshop I – Integrated Urban Governance

Key problem statement:

*Urban governance is a mode of organizing policy around place-based intervention, which requires horizontal integration instead of functionally organized sectors and silos.*

Since the 1990s, integrated governance has been variously seen to take advantage of synergistic effects and to improve policy coherence. At the same time, experts have criticized “the integration of everything”, which is said to be overambitious, costly, and might lead to unclear responsibilities. Given these tensions, integrated governance is a prominent subject

in public administration, policy, and planning. For the urban context, key concepts and empirical examples of integrated urban governance were presented in three introductory keynotes:

- 1. The Urban Nexus Approach:** This talk outlined how the Urban Nexus approach, which is applied by the GIZ for instance, aims at breaking silos between jurisdictions, sectors, and institutions, as well as its application in concrete development projects. German development agencies can play a key role in coordinating multi-stakeholder interactions and pushing for more citizen engagement.
- 2. Urban knowledge integration:** The capabilities of cities to create, utilize, and coordinate local knowledge is crucial for their efforts of integrating urban governance. International cooperation should work towards establishing and smoothing knowledge transfers, e.g. between European cities and specific initiatives in African cities. It is important, however, to pay attention to the characteristics of the respective regional or local context.
- 3. The case of Germany:** To broaden the scope of the debate, the German approach of “Integrated Urban Development” was introduced which gained prominence since the German re-unification. This approach can be characterized by policy integration that is initiated from the national level with the strong involvement of civil society.

**At a glance:** This session explored two concrete policy integration challenges in the case study city of Addis Ababa. For this, main concepts of integrated urban governance were first introduced and examined through the lens of how urban governance in a Sub-Saharan African context can engage with coherently steering the physical development of cities. This was followed by a discussion of frameworks, key stakeholders, and means of engagements assisting integrated urban governance as part of international cooperation efforts, focusing on German and European development cooperation with urban-level partners in Africa.



### The Addis Ababa Governance Challenge

With the implementation of the Addis Ababa Structure Plan (strategic integration) and the need for a better coordination of transport and utility infrastructures (infrastructure integration), this group worked on two real integration challenges faced by the Ethiopian capital. Main hurdles of these projects that were discussed and could be tackled together with the international community included the lack of “institutional memory”, the need for more vertical coordination with higher tiers of government as well as the trade-off between more civil engagement and the political pressure to deliver results.

Main anchor points for international cooperation and development learned from the case of Addis Ababa:

- Assume the role as “convening power”: First, by supporting the participation of civil society in policy and project formation processes whilst acknowledging the novelty of these practices in the African urban context; and second, by pushing for city representatives to have a say in national decisions that impact their city.
- Support existing networks and help to establish city-to-city networks to enhance cross-city learning.

- Assist in providing training programs for city officials.
- Support a better communication of urban development projects to the public.
- Assist in creating (digital) channels to collect and store data as well as platforms to manage information.

In terms of priorities as part of international cooperation the main tensions that were identified for integrated urban governance during the workshop were:

- first, coordination efforts that focus either on the relationships between local actors vs those between international actors,
- second, addressing the broader political context which provides the basis for integrated governance vs technocratic / technical assistance to address concrete integration challenges while accepting existing institutional frameworks
- third, working with people and social systems of governance vs embracing digital solutions that may replace coordination requirements between social groups
- forth, a bilateral twinning of city experiences on specific issues vs enhancing general urban knowledge sharing independent from context



## Workshop II - Urban Job Creation

Key problem statement:

*Informality is an important dynamic to better understand and address the African employment crisis: Up to 60 per cent of the labor force is trapped in informal and therefore vulnerable employment.*

The employment challenges of African cities are well established. It is understood that until African economies are able to effect a profound structural transformation that can reverse premature deindustrialization, it will be impossible to solve the employment challenge. In order to define ways in which this can be achieved, four presentations each from a different perspective formed the basis for the workshop:

**1. A macro overview:** This presentation provided a critical reflection on the mainstream narrative of informal employment in African urban areas, which often resembles a “crisis narrative”. In the African context, however, the underlying assumption that urban waged employment is the norm needs to be challenged. It was further demonstrated how this predominantly pessimistic view can be re-framed in a more positive and context-sensitive way, namely by “flipping the script” or “thinking beyond the proper job”. This can be achieved

e.g. by celebrating the entrepreneurial youth and digital “leapfrogging” technologies or by harnessing what already exists.

**2. Industrial Parks:** This talk presented ongoing research in Ethiopia on the potential of industrial parks and free trading zones to accelerate economic development, increase infrastructural development across the country, establish new trade networks, and accelerate job creation for unemployed youth and women. These zones are planned and designed to fulfill environmental, safety, and ethical standards and thus meet international investment criteria. First results indicate, however, that these centrally planned and FDI-driven approaches, which sometimes come with a whole infrastructure network to plug them into global production chains, often fall short to achieve their employment objectives: Targets are not reached, employees have to commute long distances to work and are underpaid. This is due to a substantial lack of knowledge of local conditions and insufficient interaction with the regional economy, e.g. 90% of building materials are imported. Between 1995 and 2016, the trade deficit of Ethiopia increased with an annual rate of 23.1%, taking up 20.3% of GDP. In 2018, balance of trade was -2.8 USD, in which the export value was 740 USD, and the import value was 3.5 billion USD.

**At a glance:** *The aim of this session was to uncover the roots of the employment challenges in African cities and explore opportunities of German-African cooperation. Experts in this group specifically addressed the issue of informal employment and carved out the tension between large scale approaches such as industrial zones and alternative models aiming at generating employment at the entrepreneurial level.*



**3. A practitioner perspective:** This enthusiastic statement for the important role of small and medium-sized companies demonstrated what can make these companies successful in the African context. This factors include the perseverance of entrepreneurs and their ability to adapt, being financially and statutorily compliant, as well as their ability to invest in the skills of their employees. It was stressed that (international) investors should take these factors into account.

**4. A German development perspective:** Based on one specific project that trained female bus drivers, this presentation exemplified how Public Private Partnerships – combining public and private as well as foreign and local knowledge – can contribute to urban job creation in Africa. Aim was to upgrade employability of mechanics and commercial drivers in the transport and logistics sector in Ghana. Through skill trainings they formalized the employment as commercial drivers of at least 600 drivers (at least 10% women).

This case study was also used to demonstrate how public employment programs can lead to positive spill-over effects into the private or informal domain.

Main outcomes of this session:

- We need to enrich the discourse around the “notion of a proper job“ with new working alternatives that better suit the African urban context and establish criteria to assess it. For that we need to rethink the distinction between formal and informal employment and put an emphasis not only on quantity but on quality.
- International cooperation and development should try to assist in creating new approaches towards urban job creation in Africa that can bridge the gap between the extremes of large scale, top-down projects and micro-entrepreneurship. To achieve this, international activities should focus on solutions for making industrial zones more sustainable and develop approaches to scale up entrepreneurial innovation.
- A sustainable approach to urban job creation will need to build upon and leverage existing knowledge and economic structures.
- German-African cooperation can play a central role in advancing the field of education and training. In the short term, this can be achieved by the promotion of vocational training. In the medium to long term, the curriculum of schools and universities should be more aligned with skills and knowledge that are required in the future.



### Workshop III – Financing Infrastructure

Key problem statement:

*Most African cities and towns are simply too poor to meet the bankability criteria even of development banks. At the same time, there is excess finance in the international system.*

It is well established that there is a massive infrastructure backlog across African countries. This is particularly acute in cities and towns that are characterized by large informal/slum settlements, poor and unsafe public transport, and high levels of inefficiency. An Africa urbanizing without a growth in industrial and tradable/modern service jobs further perpetuates unemployment, poverty, and informality. Yet Africa's economy is concentrated in cities, with less than 25% of Africa's GDP derived from agriculture and natural resources. The fact that strategic and explicit prioritization of cities and urban jobs is missing from national development planning and sector policies is leading to underinvestment in cities. In order to fully grasp the nature of this shortfall, different institutional perspectives presented by experts from international organizations, national and supranational development banks as well as a global city-network kick-started the discussion.

**What are the reasons for the shortfall in infrastructure finance? What is not working in the current system?** The first challenge of approaching these questions is the difficulty in clearly quantifying the finance cap, which is also due to low quality data at the urban scale. What is more, the scenarios for upper middle income and less developed African countries vary considerably. Participants further stressed several institutional deficiencies in Africa such as the lack of a spatial perspective in national infrastructure development plans, limited fiscal decentralization and autonomy, and the difficulty in working directly with cities because of, inter alia, local currencies, low institutional capacities, and the fact that cities struggle to give guarantees.

Concerning the investor side, sectorial approaches that still dominate conventional investment frameworks as well as poor alignment with the private sector were addressed. Furthermore, a critical reflection took place about the growing amount of infrastructure investments coming from China, which do not pay sufficient attention to (local) demand and may therefore entail unintended consequences.

*At a glance: The goal of this session was to unpack the reasons for the shortfall in infrastructure finance in urban Africa and discuss the applicability of a broader paradigm that allows for a green growth path, enables more sustainable infrastructure investments, and drives urban inclusion.*



### What should future approaches of international cooperation and development build upon?

- One major challenge constitutes the need to shift the parameters of investors and the way they look at potential partners. It can be seen as a good sign that all development banks participating in the discussion could already relate to a variety of successfully funded projects in African cities; some of established urban divisions.
- On the other side, cities need to be better equipped to define their own funding priorities: Their abilities to decide what kind of infrastructure they need, which infrastructure drives sustainable growth, what “kind of money” this infrastructure requires, and how to make a strong case for these projects, needs to be strengthened.
- It will be important, however, to also enhance and “democratize” infrastructure development plans at the national level due to their profound local impact.
- Moreover, the education pathways of the different players in this field should be more aligned: We need more spatial analyses within economics and more financial expertise in the field of (urban) planning.
- The dispelling of an anti-urban myth which states “rural development will slow urbanization as policies to improve cities will stimulate rural migration.”

### How to unlock municipal finance?

1. The No. 1 hurdle is not the lack of available funding but a lack of institutional readiness:
  - E.g. increase project preparation capacity as even national appropriations are not fully utilized
  - Bankability relies on increased transparency around municipal finances
  - Many investments will not immediately generate higher tax income and will continue to require grant funding
2. There is a trade-off between municipal autonomy and bankability
  - Sub-sovereign entities have a lower debt-capacity as they have a limited tax base and often lack access to capital markets
  - Credit ratings of municipalities are often capped at the sovereign rating of their countries
3. Municipalities require local currency funding
  - Cities usually have no ability to generate foreign exchange income
  - Municipal treasury departments often lack the experience to manage foreign exchange risk
  - Strengthening local capital markets and private sector participation can benefit infrastructure delivery
  - National Development Banks can act as intermediaries to reach smaller municipalities
  - Transparency and reliability of procurement processes can help to attract private sector investment



### Part III: Conclusion and Outlook

The workshop ended with a moderated discussion of all participants during which the different groups reported back the main outcomes of their session, which are highlighted in the previous sections. It became clear that an urban or spatial perspective is, so far, not adequately reflected in international development and cooperation frameworks and that in order to find concrete answers to the pre-defined questions of the breakout sessions (see p. 7), more time and joint effort is required.

In this final session it was further stressed that it is now high time to transfer the very strong knowledge base about the concrete challenges and constraints of African cities that has been established over the course of the Urban Age conference in Addis Ababa and two Urban Africa roundtables into the respective organizations. All participants are invited and encouraged to further expand the Urban

Africa network by continuing the cross-sectoral exchange. One group of actors that was specifically mentioned in this context are universities, both in Europe and in Africa, whose extensive knowledge should be included and leveraged in the scaling discussion.

Participants also highlighted the necessity to jointly create a compelling story that shifts the narrative of urbanization in Africa from challenge to opportunity. It will be important, however, to make this story not only compelling but also concrete - e.g. by using the key learnings of the three topic areas of this roundtable. Participants pointed out that we would otherwise risk falling back into more fundamental debates that have already been discussed in the context of the Sustainable Development Goals or the New Urban Agenda. What we need to do, however, is to drive these debates forward and turn them into action.



### What are next steps to become more actionable?

- The Urban Age Program, which is represented by Alfred Herrhausen Gesellschaft and LSE Cities at the London School of Economics and Political Science, and the Addis Ababa City Government, which is represented by the Addis Ababa City Plan and Development Commission, established the Urban Age Addis Ababa Task Force as part of a two year cycle program. The task force team will work together with the city government to provide capacity building and client side advisory. It will be structured around key aspects of urban governance combined with a focus on compact growth and density in Addis Ababa.

- The Urban Age Addis Ababa Task Force can be complemented with, and is open to, additional associated partners and their areas of expertise. Organizations that are genuinely interested are invited and encouraged to approach Elisabeth Mansfeld (AHG) and Philipp Rode (LSE Cities) with a strong proposal of how they wish to contribute to the task force.
- The Alfred Herrhausen Gesellschaft will, together with partner organizations, continue working towards a deeper embeddedness of a city perspective in international (development) policies and a flourishing partnership between Africa and Europe.
- The team of the Alfred Herrhausen Gesellschaft would be grateful to hear of any connections or joint projects that were triggered by the Urban Africa roundtables and to receive feedback or ideas for future endeavors.



Cities

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