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# The Promise of Urban Growth

*Adegoke Taylor, a skinny, solemn thirty-two-year-old itinerant trader with anxious eyes, shares an eight-by-ten-foot room with three other young men, on an alley in Isale Eko several hundred feet from the Third Mainland Bridge. In 1999, Taylor came to Lagos from Ile-Oluji, a Yoruba town a hundred and thirty miles to the northeast. He had a degree in mining from a polytechnic school and the goal of establishing a professional career. Upon arriving in the city, he went to a club that played juju—pop music infused with Yoruba rhythms—and stayed out until two in the morning. “This experience alone makes me believe I have a new life living now,” he said, in English, the lingua franca of Lagos. “All the time, you see crowds everywhere. I was motivated by that. In the village, you’re not free at all, and whatever you’re going to do today you’ll do tomorrow.” Taylor soon found that none of the few mining positions being advertised in Lagos newspapers were open to him. “If you are not connected, it’s not easy, because there are many more applications than jobs,” he said. “The moment you don’t have a recognized person saying, ‘This is my boy, give him a job,’ it’s very hard. In this country, if you don’t belong to the elite”—he pronounced it “e-light”—“you will find things very, very hard.”*

*Taylor fell into a series of odd jobs: changing money, peddling stationery and hair plaits, and moving heavy loads in a warehouse for a daily wage of four hundred naira—about three dollars. Occasionally, he worked for West African traders who came to the markets near the port and needed middlemen to locate goods. At first, he stayed with the sister of a childhood friend in Mushin, then found cheap lodging there in a shared room for seven dollars a month, until the building was burned down during the ethnic riots. Taylor lost everything. He decided to move to Lagos Island, where he pays a higher rent, twenty dollars a month.*

*Taylor had tried to leave Africa but was turned down for a visa by the American and British Embassies. At times, he longed for the calm of his home town, but there was never any question of returning to Ile-Oluji, with its early nights and monotonous days and the prospect of a lifetime of manual labor. His future was in Lagos . . . .*

*“There’s no escape, except to make it,” Taylor said.’*

◀ A young woman smiles from her tent-like hut built right under the shade of the most luxurious hotel in Dhaka, Bangladesh.

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## This Iceberg is Growing

“The growth of cities will be the single largest influence on development in the 21st century.” These were the opening words of UNFPA’s 1996 *State of World Population Report*.<sup>2</sup> This statement is proving more accurate by the day.

Until now humankind has lived and worked primarily in rural areas. But the world is about to leave its rural past behind: By 2008, for the first time, more than half of the globe’s population, 3.3 billion people, will be living in towns and cities.<sup>3</sup>

The number and proportion of urban dwellers will continue to rise quickly. Urban population will grow to 4.9 billion by 2030. In comparison, the world’s rural population is expected to *decrease* by some 28 million between 2005 and 2030. At the global level, *all* future population growth will thus be in towns and cities.

Most of this growth will be in developing countries. The urban population of Africa and Asia is expected to double between 2000 and 2030. It will also continue to expand, but more slowly, in Latin America and the Caribbean. Meanwhile, the urban population of the developed world is expected to grow relatively little: from 870 million to 1.01 billion.

This vast urban expansion in developing countries has global implications. Cities are already the locus of nearly all major economic, social, demographic and environmental transformations. What happens in the cities of the less developed world in coming years will shape prospects for global economic growth, poverty alleviation, population stabilization, environmental sustainability and, ultimately, the exercise of human rights.

Yet surprisingly little is being done to maximize the potential benefits of this transformation or to reduce its harmful consequences. The International Conference on Population and Development (ICPD) clearly recommended that: “Governments should strengthen their capacities to respond to the pressures caused by rapid urbanization by revising and reorienting the agencies and mechanisms for urban management as necessary and ensuring the wide participation of all population groups in planning and decision-making on local development.”<sup>4</sup>

This Report urges farsighted analysis and pre-emptive action to those purposes. The expected increases are too

### 1 SOME DEFINITIONS

- a) *Urban*. Settlements or localities defined as “urban” by national statistical agencies.
- b) *Urbanization*. The process of transition from a rural to a more urban society. Statistically, urbanization reflects an increasing proportion of the population living in settlements defined as urban, primarily through net rural to urban migration. The *level* of urbanization is the percentage of the total population living in towns and cities while the *rate* of urbanization is the rate at which it grows.
- c) *Urban growth*. The increase in the number of people who live in towns and cities, measured either in relative or absolute terms.
- d) *Natural increase*. The difference between the number of births and number of deaths in a given population.
- e) *The urban transition*. The passage from a predominantly rural to a predominantly urban society.

large, and the changes will happen too fast, to allow governments and planners simply to react.

An outstanding feature of urban population growth in the 21<sup>st</sup> century is that it will be composed, to a large extent, of *poor* people.<sup>5</sup> Poor people often fall through the cracks of urban planning; migrants are rejected or simply ignored in the vain hope of deterring further migration.

Realistic planning for future urban growth calls for explicit consideration of the needs of the poor. It also requires gender analysis: The particular needs and capabilities of poor women and girls are often unaccounted for and assumed to be the same as those of poor men and boys. And, as population structures change, attention to youth and the needs of the elderly will become ever more important.

The present chapter describes some of the main trends in the urban transformation, some of the obstacles and some of the possibilities, as a starting point for discussion of a new approach.

Box 1 offers some definitions. Defining the basic terms “urban” and “rural” in a universal way has always been problematic.<sup>6</sup> As globalization advances, the division of human settlements into “rural” and “urban” can also be

seen as increasingly artificial. Better transportation and communications bring cities, villages and farming areas ever closer. Rural areas come to look more like towns, while informality is transforming cities' housing, services and workforces, and even production and consumption. But since mindsets, planning efforts and data are still compartmentalized, the rural-urban distinction is still necessary, although imprecise.

Countries have their own definitions, and the speed of urban growth itself continually changes city boundaries. However, the deficiencies of these data are less significant when analysing broad trends and prospects of urban growth at the world and regional levels, as will be done in this Report.

### Urbanization's Second Wave: A Difference of Scale

Comparing future to past trends helps put current urban growth trends into perspective. The *scale* of current change is unprecedented—though *rates* of urban growth in most regions have slowed. The underlying socio-

economic and demographic factors behind the urban transition in developed and less developed countries also differ, as explained in Box 2.

The first urbanization wave took place in North America and Europe over two centuries, from 1750 to 1950: an increase from 10 to 52 per cent urban and from 15 to 423 million urbanites. In the second wave of urbanization, in the less developed regions, the number of urbanites will go from 309 million in 1950 to 3.9 billion in 2030. In those 80 years, these countries will change from 18 per cent to some 56 per cent urban.

At the beginning of the 20<sup>th</sup> century, the now developed regions had more than twice as many urban dwellers as the less developed (150 million to 70 million). Despite much lower levels of urbanization, the developing countries now have 2.6 times as many urban dwellers as the developed regions (2.3 billion to 0.9 billion). This gap will widen quickly in the next few decades.

At the world level, the 20<sup>th</sup> century saw an increase from 220 million urbanites in 1900 to 2.84 billion in 2000.<sup>7</sup> The present century will match this absolute

## 2 THE SECOND WAVE<sup>1</sup>

The huge increases in urban population in poorer countries are part of a "second wave" of demographic, economic and urban transitions, much bigger and much faster than the first. The first wave of modern transitions began in Europe and North America in the early 18th century. In the course of two centuries (1750-1950), these regions experienced the first demographic transition, the first industrialization and the first wave of urbanization. This produced the new urban industrial societies that now dominate the world. The process was comparatively gradual and involved a few hundred million people.

In the past half-century, the less developed regions have begun the same transition. Mortality has fallen rapidly and dramatically in most regions,

achieving in one or two decades what developed countries accomplished in one or two centuries, and the demographic impacts of these mortality changes have been drastically greater. Fertility declines are following—quite rapidly in East and South-East Asia and Latin America and more slowly in Africa.

In both waves, population growth has combined with economic changes to fuel the urban transition. Again, however, the speed and scale of urbanization today are far greater than in the past. This implies a variety of new problems for cities in poorer countries. They will need to build new urban infrastructure—houses, power, water, sanitation, roads, commercial and productive facilities—more rapidly than cities anywhere during the first wave of urbanization.

Two further conditions accentuate the second wave. In the past, overseas migrations relieved pressure on European cities. Many of those migrants, especially to the Americas, settled in new agricultural lands that fed the new cities. Restrictions on international migration today make it a minor factor in world urbanization.

Finally, the speed and size of the second wave are enhanced by improvements in medical and public health technology, which quickly reduce mortality and enable people to manage their own fertility. Developing and adapting forms of political, social and economic organization to meet the needs of the new urban world is a much greater challenge.

increase in about four decades. Developing regions as a whole will account for 93 per cent of this growth, Asia and Africa for over 80 per cent.

Between 2000 and 2030, Asia's urban population will increase from 1.36 billion to 2.64 billion, Africa's from 294 million to 742 million, and that of Latin America and the Caribbean from 394 million to 609 million. As a result of these shifts, developing countries will have 80 per cent of the world's urban population in 2030. By then, Africa and Asia will include almost seven out of every ten urban inhabitants in the world.

The impact of globalization on city growth patterns marks a critical difference between past and present transitions.<sup>8</sup> Cities are the main beneficiaries of globalization, the progressive integration of the world's economies. People follow jobs, which follow investment and economic activities. Most are increasingly concentrated in and around dynamic urban areas, large and small.

However, very few developing-country cities generate enough jobs to meet the demands of their growing populations. Moreover, the benefits of urbanization are not equally enjoyed by all segments of the population; left out are those who traditionally face social and

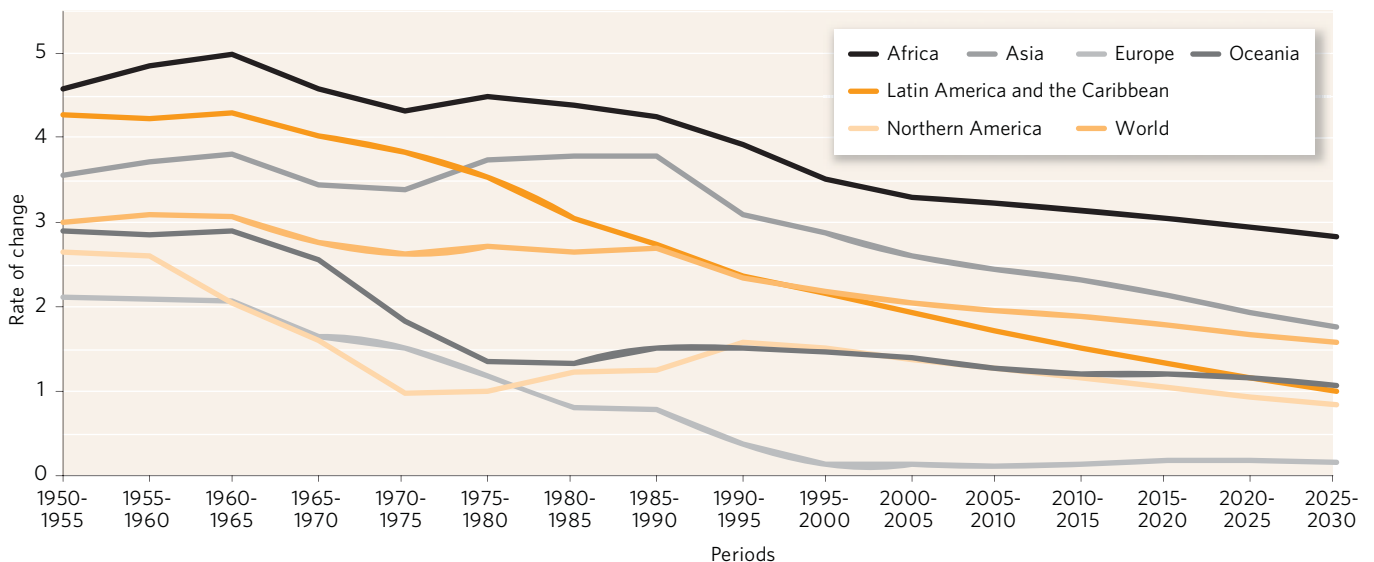
economic exclusion—women and ethnic minorities, for example. As Chapter 2 describes, the massive increase in numbers of urbanites, coupled with persistent underdevelopment and the shortage of urban jobs, are responsible for conditions that can outmatch the Dickensian squalor of the Industrial Revolution. Nevertheless, like Adegoke Taylor in the story presented at the beginning of this chapter, rural-urban migrants generally prefer their new life to the one they left behind.

### The Future of Urban Growth: Rates, Speed and Size<sup>9</sup>

Over the last 30 years, two patterns have gripped public and media attention: the speed of urban growth in less developed regions and the growth of mega-cities (those with 10 million or more people). Focusing on these two aspects can be misleading today.

In the first place, the real story is no longer the rapid *rates* of city growth but the absolute *size* of the increments, especially in Asia and Africa. The fact is, the overall rate of urban growth has consistently declined in most world regions (Figure 1).

**Figure 1: Average Annual Rate of Change of the Urban Population, by Region, 1950-2030**



Source: United Nations. 2006. *World Urbanization Prospects: The 2005 Revision*, Table A.6. New York: Population Division, Department of Economic and Social Affairs, United Nations.

In the second place, the mega-cities are still dominant, but they have not grown to the sizes once projected. Today's mega-cities account for 4 per cent of the world's population and 9 per cent of all urban inhabitants. This is an important slice of the urban world, but it will probably not expand quickly in the foreseeable future, as shown in Figure 2. Many of the world's largest cities—Buenos Aires, Calcutta, Mexico City, São Paulo and Seoul—actually have more people moving out than in, and few are close to the size that doomsayers predicted for them in the 1970s.<sup>10</sup>

Some large cities are still growing at a rapid rate, but this is not necessarily bad. In a globalized economy, and in regions such as East Asia, rapid growth may be a sign of success rather than a cause for apprehension." To be sure, some of the mega-cities associated with poverty grew very fast over the last 30 years. But these are increasingly seen as exceptions.

Among today's 20 mega-cities, only six grew at rates consistently above 3 per cent a year over the last 30 years.

The others experienced mainly moderate or low growth. Over the next 10 years, only Dhaka and Lagos are expected to grow at rates exceeding 3 per cent a year. Six will grow at rates under 1 per cent.<sup>12</sup>

### Smaller Cities: Home to Half the Urban World

Although smaller cities are less often in the news,<sup>13</sup> 52 per cent of the world's urban population continue to live in settlements of less than 500,000 people. As Figure 2 indicates, smaller cities have always had more than half of the total urban population during recent decades. Moreover, they are expected to account for about half of urban population growth between 2005 and 2015. This graph also shows that larger cities slowly increase their slice of the urban pie over time, but, for the foreseeable future, the smaller cities will predominate.

The continuing role of smaller cities in absorbing urban population growth offers both comfort and concern. The case of Gaborone, presented in Box 3, reflects

### 3 PLANNING FOR THE URBAN POOR IN A BOOM TOWN

Gaborone, the capital of Botswana, illustrates many of the challenges faced by rapidly growing small towns. Since 1971, the city's population has jumped from 17,700 to more than 186,000 people, and is expected to reach 500,000 by the year 2020. In the process, Gaborone is being transformed from a dusty administrative post to a thriving financial, industrial, administrative and educational hub.

Gaborone is fortunate by comparison to many other small cities, because revenues from the country's diamond mines have eased its growing pains. Nevertheless, it faces low-density sprawl; high unemployment rates; a 47-per-cent poverty rate; the proliferation of the informal sector; high HIV/AIDS prevalence rates; residential segregation; and insufficient infrastructure, as well as inadequate water supply and sanitation.

In its brief history, the city has drafted several master plans, each of which has become quickly outdated. To regulate the settlement of its rapidly growing population, the city provided plots of land—free at first, then at nominal cost. Today, fully serviced plots belong to the state, which charges rents on them, but the houses belong to the plot titleholder for a period of 99 years. In order to prevent speculation on the plots, plot holders are not allowed to sell houses for ten years.

This approach has accommodated poor and middle-income people, but not the very poor, who end up in informal settlements where housing is unplanned, difficult to reach and not connected to water and sewage services. Open channels for storm water drainage are often filled with mud, sand or rubbish, leading to recurrent floods and the spread of diseases.

The prospect of accommodating half a million people by the year 2020 makes present problems look like the tip of the iceberg. City fathers talk of creating a sustainable city, but this dream is threatened by the dimensions of impending growth, as well as by the lack of trained planning personnel, critical information and a realistic long-term strategy.

Realizing the vision of a much-expanded and sustainable Gaborone calls for policymakers to act on lessons learned from experience in the city and elsewhere. It calls for the active involvement of the urban poor—the social group most affected by the transformation—and the firm commitment of national and local policymakers to making strategic decisions now in order to prepare for inevitable growth.

both aspects. The good news is that necessary actions are, in principle, easier in smaller cities. For instance, they tend to have more flexibility in terms of territorial expansion, attracting investment and decision-making.

The bad news is that smaller cities generally have more unaddressed problems and fewer human, financial and technical resources at their disposal. Smaller cities—especially those under 100,000 inhabitants—are notably underserved in housing, transportation, piped water, waste disposal and other services. In many cases, poor urban people are no better off than poor rural people. The situation is particularly grave for women, who bear a disproportionate burden of providing the household’s water, sanitation, fuel and waste management needs.<sup>14</sup>

Smaller cities may benefit from the worldwide trend towards political and administrative decentralization, under which national governments are devolving some of their powers and revenue-raising authority to local governments. Theoretically, this opens up new opportunities for each local government to display its unique advantages, attracting investment and economic activity.<sup>15</sup> Globalization, which increasingly decides

where economic growth will occur, may encourage this process because there is less need to concentrate certain economic activities.<sup>16</sup>

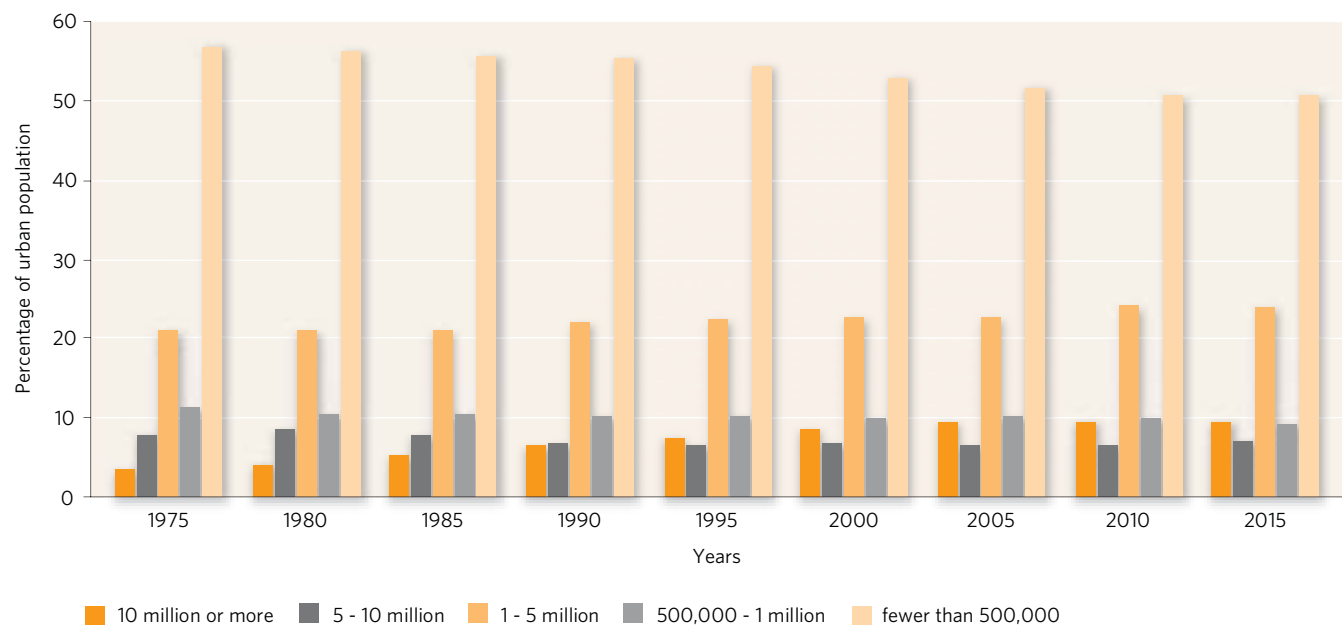
Many smaller cities cannot yet take advantage of decentralized government; but with improved governance, better information and more effective use of resources, combined with the inherent flexibility of smaller cities, decentralization could improve local authorities’ capacity to respond to the challenge of urban growth. The local level also provides greater opportunity for the active participation of women in the decision-making process. This could improve accountability and delivery of essential services.<sup>17</sup>

### Different Speeds, Different Policies

The timing and rhythm of urbanization vary considerably among less developed regions (see Figure 3). General trends mask wide local variations by country and by city. This Report comments only on a few salient features.

Case studies in different regions and countries reveal that policymakers have usually been loath to accept urban growth and that many have attempted to avoid it by reducing rural-urban migration.

**Figure 2: Urban Population, by Size Class of Settlement, World, 1975-2015**



Source: United Nations. 2006. *World Urbanization Prospects: The 2005 Revision*, Table A.17. New York: Population Division, Department of Economic and Social Affairs, United Nations.

Latin America and the Caribbean have had a precocious and rapid transition in comparison to other less developed regions.<sup>18</sup> In 2005, 77 per cent of the region's population was defined as urban, and a higher percentage of its population than Europe's lived in cities of more than 20,000 inhabitants. The Latin American urban transition took place in spite of many explicit anti-urban policies. On the whole, the urban transition has been positive for development. A proactive stance to inevitable urban growth would have minimized many of its negative consequences, particularly the formation of slums and the lack of urban services for the poor.

The Arab States of Western Asia range from very high to low urbanization levels, with most in an intermediate stage.<sup>19</sup> Urban centres dominate the economies of most of these countries, and rural-urban migration is still strong in several of them. Coupled with natural increase (that is, more births than deaths), this generates some high rates of urban growth. Government policies are generally hostile to migration, which helps to limit the supply of housing for the urban poor, who often find themselves in informal settlements.<sup>20</sup> As elsewhere,

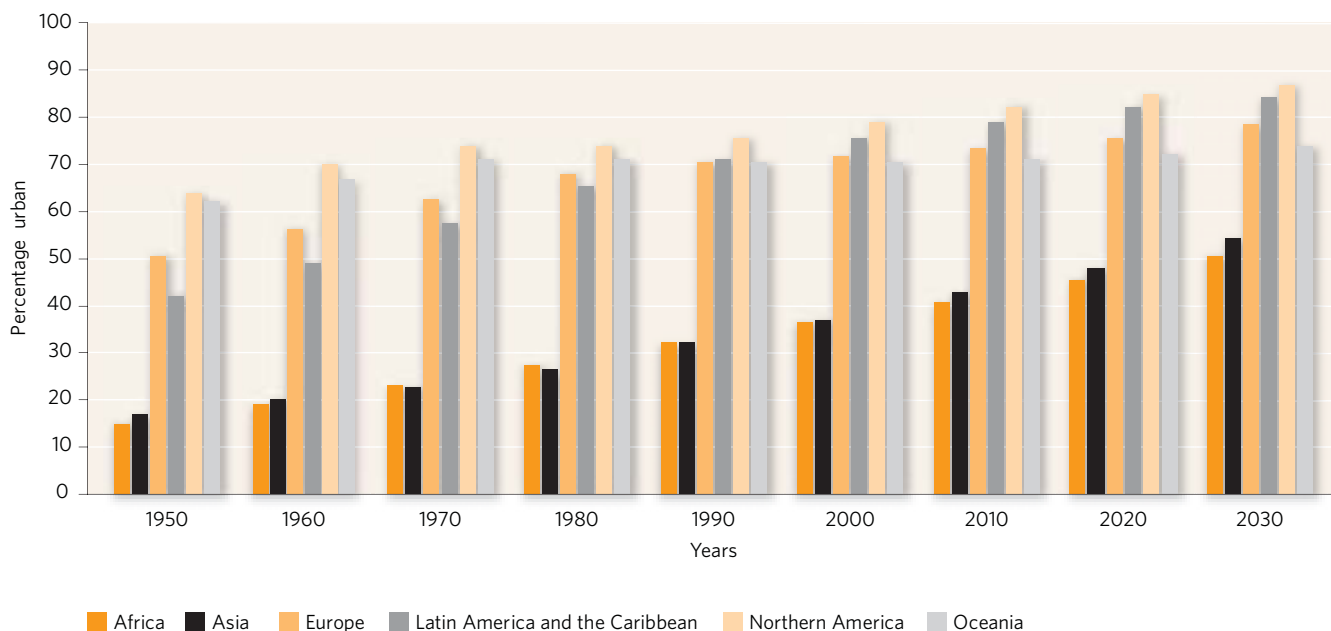
failure to plan ahead for urban growth increases density and slum formation in these neighbourhoods.

Asia and Africa are undoubtedly the biggest story, because of their large populations and their prospects for huge urban growth. In 2005, Asia had an urbanization level of 40 per cent, and Africa, 38 per cent. In spite of political opposition to urbanization in many countries, rates of urban growth are expected to remain relatively high over the next 25 years, with marked increases in the urban population of both continents and of the world.

Despite being the least urbanized region in the world, sub-Saharan Africa has an urban population that is already as big as North America's.<sup>21</sup> The pace of urban growth has tapered off recently, reflecting slower economic growth and rates of natural population increase, as well as some return migration to the countryside. Still, the region is expected to sustain the highest rate of urban growth in the world for several decades, with underlying rates of natural increase playing an important role.

Certain features of migration and urbanization in sub-Saharan Africa are unique, for example, predominance

**Figure 3: Percentage of Population at Mid-year Residing in Urban Areas, by Region, 1950-2030**



Source: United Nations, 2006. *World Urbanization Prospects: The 2005 Revision*, Table A.2. New York: Population Division, Department of Economic and Social Affairs, United Nations.



of smaller cities, low population density, high prevalence of circular or repeat migration and links to HIV/AIDS. In some parts of the region, the primary influence on urbanization is the movement of people uprooted by drought, famine, ethnic conflicts, civil strife and war. In recent years, many cities have lost their traditional health and social advantages over their rural counterparts. The impoverishment of urban life has become one of the more conspicuous challenges facing the region.

Despite these features, much migration to urban areas has had a positive impact both on the economy and on the migrants themselves.<sup>22</sup> Many are comparatively poor, especially on arrival, yet migrants generally express a preference for the city over the rural life they left behind.

Policymakers in the region, however, appear to be increasingly averse to urban growth. People living in rural poverty are less concentrated, less visible and less volatile. They lack the potential for mass mobilization and urgent political demands typical of the urban poor. Yet urbanization and urban migration in Africa probably benefit both individual migrants and national economies. Despite conditions of life for the urban poor, given their resources, constraints and opportunities, migrants' decisions are quite rational.

The vast and heterogeneous Asia-Pacific region contains some of the largest and richest economies, as well as some of the smallest and poorest. It is home to three fifths of the world's population, half of its urban population and 11 of the 20 largest cities in the world. Asia-Pacific's urban population has increased by five times since 1950, yet levels of urbanization are low in all but a few countries.

China and India together contain 37 per cent of the world's total population; thus, their approaches to urban growth are particularly critical to the future of humankind.

India's urban areas still hold less than 30 per cent of the total population.<sup>23</sup> This is expected to rise to 40.7 per cent by 2030. This relatively low level is partly attrib-

utable to a stringent definition of "urban" in India (for instance, it excludes peri-urban areas). Even with such a definition, urbanites are expected to number some 590 million in 2030.

Indian policymakers hope to further retard urban growth by implementing the National Rural Employment Scheme enacted in 2005. Through it, the Government assumes the responsibility for providing a legal guarantee for 100 days of employment in every financial year for every rural household with an adult member willing to do unskilled manual work.<sup>24</sup> It

remains to be seen what impact this will have on rural-urban migration.

Natural increase is the major factor in India's urban growth. Employment opportunities in the formal sector are not expanding and much of the urban labour force works in the informal sector; but this does not prevent migrants from coming in search of the intangible advantages, opportunities and amenities of larger cities. Poverty in small towns has always been higher than in the

million-plus cities and medium-size towns; also, between 1987-1988 and 1993-1994, urban poverty declined more sharply in the million-plus cities than in medium cities and small towns.

As elsewhere, the absolute increase in urban population has challenged the ability of urban authorities to meet increased demands for housing and services. Voluntary associations and Organizations of the Urban Poor (OUPs) have, however, made remarkable advances in addressing these problems, in the face of considerable odds.

India's urban trajectory contrasts sharply with that of China,<sup>25</sup> where the size of the urban population was strictly controlled between 1949 and 1978, and city life was the privilege of a minority. Subsequent economic policies, however, favoured coastward migration to rapidly growing urban centres in special economic zones. Eventually, migration restrictions were slackened and official bias against cities declined as they became the engine of China's rapid economic growth.

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China is now a major world manufacturing centre, and almost all of its factories are located in or near cities. The country has more than 660 cities, according to government data. While urban-rural economic disparities might even have widened, living in cities no longer brings automatic privileges. It is projected that, in less than a decade, more than half of the Chinese population, some 870 million people, will be urbanites. It will then have 83 cities of more than 750,000 people, only six of which will house more than 5 million inhabitants. The coastal location of many of these cities is a cause for concern, because of the eventual impacts of global warming on low-lying coastlands (Chapter 5).

China is now at the peak of its urban transition. Given its low urban fertility—an outcome of family planning policies, rising costs of education and shifts in the lifestyle aspirations of urban dwellers—rural-urban migration has been a much more important contributor to urban growth in China than in most other developing countries. It is officially estimated that some 18 million people migrate from rural areas to cities every year, with men predominating. The scale and speed of the transformation are unprecedented; it is accompanied by a variety of environmental and social problems, and yet it is ineluctable.

### Basing Policies on Facts, not Biases

Policymakers have understandably been much concerned with the speed and magnitude of urban growth. Many would prefer slower growth or none at all; slower growth would theoretically give them more flexibility to deal with urban problems. Generally, they attempt to slow growth by restricting incoming migration but, as Chapter 3 argues, this rarely works.

Moreover, such efforts reflect a poor understanding of the demographic roots of urban growth. Most people think that migration is the dominant factor; in fact, the main cause today is generally natural increase. Reclassification of formerly “rural” areas and residents as “urban” also contributes to urban growth.

In developing countries, city growth during the “second wave” (see Box 2) is being driven by higher rates of natural increase than in Europe and North America at the height of their urbanization processes.

The latest comprehensive research effort to separate natural increase from other components of urban growth puts the contribution of natural increase at about 60 per cent in the median country.<sup>26</sup> The remaining part of urban growth—roughly 40 per cent—is a combination of migration and reclassification.

As time passes and as countries become more urban, the proportion of urban growth attributable to natural increase inevitably rises. That is, the higher the level of urbanization in a country, the smaller the pool of potential rural-urban migrants, and the larger the pool of urbanites contributing to natural increase.

Of course, country experiences vary a good deal. In India, a recent assessment of the components of urban growth 1961-2001 found that the share of growth attributable to urban natural increase ranged from 51 per cent to about 65 per cent over the period.<sup>27</sup> Some 65 per cent of current urban growth in Latin America stems from natural increase, despite steep declines in fertility rates, especially in urban areas.<sup>28</sup> China, where migration has recently predominated, is unusual.<sup>29</sup>

Given the greater importance of natural increase and the failure of anti-migration policies, it seems obvious that fertility decline is much more likely than migration controls to reduce the rate of urban growth. Since high fertility in rural areas often underlies rural-urban migration, lower fertility in both rural and urban areas can decelerate urban growth. Such a reduction would give policymakers more time to prepare for the expansion of the urban population.

Policies that aim to slow urban growth should therefore shift their attention to the positive factors that affect fertility decline—social development, investments in health and education, the empowerment of women and better access to reproductive health services. On reflection, it is surprising how rarely this agenda has influenced policy decisions, as opposed to an anti-migration approach.<sup>30</sup> This topic is taken up in the final chapter of this Report.