Increasing population growth in Africa's megacities a challenge for authorities

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3 May 2019

Megacities, cities with a population of at least 10 million, are sprouting everywhere in Africa. Cairo in Egypt, Kinshasa in the Democratic Republic of the Congo and Lagos in Nigeria are already megacities, while Luanda in Angola, Dar es Salaam in Tanzania and Johannesburg in South Africa will attain the status by 2030, according the United Nations.

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Abidjan in Côte d'Ivoire and Nairobi in Kenya will surpass the 10 million threshold by 2040. And by 2050 Ouagadougou in Burkina Faso, Addis Ababa in Ethiopia, Bamako in Mali, Dakar in Senegal and Ibadan and Kano in Nigeria will join the ranks — bringing the total number of megacities in Africa to 14 in about 30 years.

The number of people living in urban areas in Africa will double to more than 1 billion by 2042, according to the World Bank.

The University of Toronto's Global Cities Institute, which monitors cities' population growth and socioeconomic development worldwide, forecasts that Lagos will be the largest city in the world by 2100, housing an astonishing 88 million people, up from 21 million currently.

In a 2016 paper titled *African Urban Futures*, published by the Institute for Security Studies, an African independent research organisation that aims to enhance human security on the continent, researchers Julia Bello-Schünemann and Ciara Aucoin wrote: “The current speed of Africa’s urbanisation is unprecedented in history. For some it is the ‘single most important transformation’ that is happening on the continent.” They add that African “cities and towns will increasingly shape the lives of people living on the continent".

Africa’s demographic transition, caused by the “youth bulge”, an increase in the population of people between 15 and 29 years of age, will continue to fuel a move to the big cities because “young people are generally more prone to migrate to urban areas” than older people, according to Bello-Schünemann and Aucoin.

While millions of rural Africans move to cities in search of high-paying jobs and a better quality of life, these burgeoning metropolises also offer strong incentives to investors foreign and domestic.

Power of population

Lagos is a prime example of the economic power in Africa’s megacities. From its technology hub ecosystem — Africa’s largest — to its successful banking sector and prosperous film industry, venture capitalists see many investment opportunities in Nigeria’s commercial capital.

According to a report by the telecom trade body GSM Association, there are 31 tech hubs in Lagos, 29 in Cape Town and 25 in Nairobi. The value of innovative tech spaces to African economies is massive, as investors pump capital into startups and hence contribute to countries’ GDPs.

In 2017 outgoing Lagos State Governor Akinwunmi Ambode announced that the state’s GDP had reached $136bn, about a third of Nigeria’s GDP ($376bn) and more than the combined GDPs of Ghana ($47bn) and Tanzania ($52bn).

Steve Cashin, founder and CEO of the private equity firm Pan African Capital Group, believes that investors are focusing on Africa’s megacities because of market size.

“My firm does a lot of business in Liberia, and one of the main constraints to growing businesses and attracting investment there is the population size and density. When the entire country’s population is just about 4 million, and you’re likely only to reach a small fraction of that, it is harder to make a compelling business case,” says Cashin.

A single Lagos district can be a market the size of an entire country such as Botswana. Because people in Lagos are concentrated, companies can benefit from lower fixed costs and easier distribution. “The economics are just more attractive,” he adds.

Overstretched infrastructure

But highly populated cities have both positives and negatives. Rapid urbanisation strains already overstretched infrastructure and creates complex problems for local governments.

For example, the population of Kinshasa is forecast to grow by 61 people every hour until 2030. People will have to look for jobs and use public transport and other social services.

Bello-Schünemann and Aucoin elaborate: “Most of Africa’s urban residents live in informal settlements or slums, lack access to basic services, face precarious employment conditions and are vulnerable to various forms of urban violence.”

They add: “Global climate and environmental changes, and pressure from water, food and energy insecurities, compound the challenges for human development and the complexities of contemporary urban governance on the continent.”

Around 75% of homes in Kinshasa are in slums, and Lagos has dozens of them: places like Somolu, Bariga and the floating slum of Makoko. If infrastructure growth fails to keep up with increasing population, more slums will develop, experts warn.

To address these problems, Africa’s fast-growing cities require all-inclusive infrastructure development, advises Cashin. “The importance of deliberate and thoughtful urban planning cannot be understated, not only for the efficiency and productivity of these cities but also for the safety of its inhabitants.”

He adds that “proper urban planning requires significant upfront investment” and that “local governments also need to harness the potential of these rapidly growing cities by making strides to formalise the economy”.

Informal economies

In sub-Saharan Africa the informal economy — economic activities that are not regulated and therefore not taxed — represents up to 41% of GDP and provides 85.5% of total employment, reports the International Labour Organisation, the UN body that sets international labour standards and promotes social protection.

Without collecting enough taxes, cash-strapped city authorities cannot finance critical infrastructure such as roads, hospitals and power.

Some local administrations depend on foreign direct investment (FDI) or opt for the BOT system — build, operate, transfer — in which investors finance a project (such as a bridge) and recoup their investments by, for example, collecting tolls for a limited period.

The State of African Cities 2018, a UN report, says that Johannesburg, Lagos and Nairobi are the leading FDI attractions in sub-Saharan Africa.

Private investors often accompany financing with technological know-how. For example, smart city projects across South Africa, such as Melrose Arch in Johannesburg, require a diverse range of talent not often found in that country. Foreign investors with expertise in this field can draw on their own experience and contacts to put a skilled team in place.

In sum, the key to urban planning and attracting investors is to plan with an eye toward future population growth, notes Jonathan Hall, assistant professor at the University of Toronto's Department of Economics and Munk School of Global Affairs and Public Policy. He adds that, “People will continue to move to the megacities until unemployment is so high, and the infrastructure is so overstretched, that their quality of life is roughly the same in the city and the countryside.”

Authorities managing Africa’s megacities have their work cut out for them. Investors who are attracted to densely populated cities are also repelled by a lack of infrastructure and incompetent city authorities.

“Cities need strong, competent and democratic governments…[that can] work with their low-income populations, rather than, as all too often happens, evicting them,” says David Satterthwaite, senior fellow with the Human Settlements Group at the think tank International Institute for Environment and Development.

Article published courесty of Africa Renewal.