



UN  HABITAT

**URBANIZATION CHALLENGES AND
OPPORTUNITIES IN KENYA**

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Honourable Musalia Mudavadi, Deputy Prime Minister and Minister of
Local Government,
Honourable Mutula Kilonzo, Minister for Nairobi Metropolitan
Development,
Excellency Mrs. Elizabeth Barbier, French Ambassador to Kenya,
Permanent Secretaries,
Colleagues,
Ladies and Gentlemen,

I wish first to express the warm congratulations from our Executive Director to the French Cooperation for organizing the present Seminar on “Urban Development in Kenya: Towards Inclusive Cities” and my own congratulations to the Ministers for their insightful and visionary statements.

Less than three weeks after the fourth session of the World Urban Forum, this initiative is particularly welcome and timely. As you may know, UN-Habitat has recently published the first “State of African Cities Report” in which a substantive chapter is devoted to East Africa, including to its largest cities of Addis Ababa, Nairobi and Dar Es-Salaam, and to its smaller agglomerations.

Before presenting the challenges that the current urbanization process is bringing to Kenya, I wish to clarify the demographic background of this process based on the most recent and most official UN and CBS statistics.

In 1970, Kenya had a total population of 11.3 Million inhabitants out of which 10 % were living in towns and cities. In 1990, the total population reached 23.4 Million out of which 18 % lived in urban areas. In 2008, the total population has reached 38.6 Million out of which only 21.5 % live in towns and cities. Kenya is therefore still an extremely rural country. Compared to other African countries (averaging 39 % urban) it is clearly under-urbanized. The rate of urban growth, which was around 5 % until 1990, is now stabilized at 4 %. The urban population of 8.3 M in 2008 is expected to increase to 13.7 M in 2020. At present, Nairobi (3.2 M) and Mombasa (0.93 M) represent together half of the urban population. The population of Nairobi is expected to double in the next 20 years and be close to 7 M in 2030; its metropolitan area (NMR) could reach 10 M within one generation. On the other hand, the network of medium-sized cities, essential to ensure a balanced territorial development, is still underdeveloped, both

demographically and in terms of institutional capacities. Kenya has a problem of insufficient urbanization and of inequitable and unbalanced urban development.

Compared to the countryside, cities are places of higher risks (due to factors such as density, pollution, difficult self-production, insecurity, inequality...). They are also places of higher opportunities (thanks to better education and health services, solidarities, rights and, above all employment). This explains why rural-urban migrations have not been influenced by public policies anywhere in Africa.

Any urban development policy should aim at guiding the urbanization process by reducing the risks and maximizing the opportunities. The question to be discussed during our present seminar is the following: how can we organize, manage and guide urbanization which has been rather chaotic for the last thirty years? The response from town planners and experts is well known: by planning urban development and by managing efficiently city expansion. Unfortunately, the response from politicians is often a bit different. From their point of view, the urbanization process can be largely self-managed and spontaneous. Why is there such a distance between urban specialists and decision-makers? Probably because of the rural electoral basis of many leaders and also because of some misunderstanding of the challenges and opportunities offered by the urbanization process. It seems that we, urban experts, have not been able to advocate convincingly the cause for which we have gathered here today.

According to UN-Habitat, Sub-Saharan Africa has witnessed and is still witnessing a phenomenon known as the urbanization of poverty. This phenomenon is linked to three factors: rapid urban growth, lack of decent urban jobs and weaknesses in urban planning and management. Kenya is a good case in point. Its urban population has increased from 1.16 million in 1970 to 4.27 million in 1990 and 8.3 million today. It is expected to reach 20.7 million in 2030 and 40.8 million in 2050. This urban growth, potentially positive as it contributes to alleviate overpopulation in fragile or overexploited rural areas, has not been accompanied by sufficient economic growth which could have generated the necessary employment opportunities and related incomes. Simultaneously, inequalities between the wealthy and the poor have decreased in rural areas and increased in cities (the urban Gini coefficient rose from 0.426 to 0.447 between 1997 and 2006) as analyzed in the “State of the World Cities Report” launched last month. Large cities are

more and more divided between slums and residential areas. Social inequalities and spatial divides are mutually reinforcing.

Ladies and Gentlemen,

In view of this situation, what are the fundamental challenges (and related opportunities) of the urbanization process currently on going in Kenya? The first one is to boost economic growth by establishing infrastructure investment as a top priority. The Asian experience clearly demonstrates the link between infrastructure development and economic success. And of course, economic growth should be synonymous of decent and productive jobs. This is the first pillar of sustainable development, almost self-evident. The backlog of infrastructure investment in Kenya is enormous, particularly in the area of roads, electricity and water supply. I arrived in Nairobi in 1988 and while the population has increased by 250% since (from 1.25 to 3.2 Million), traffic has probably been multiplied at least by five, but the road network has hardly expanded by twenty per cent. Deteriorated roads, power cuts and water shortages are creating a serious handicap for the local industry and discouraging of number of foreign investors. Infrastructure development is also a prerequisite for the improvement of the urban environment. In this regard we appreciate the decision of the Government to rebuild the Thika highway and bring it to international standards. This is a signal of renewed interest in intra-urban and inter-urban infrastructure. Government-driven Public-Private Partnerships (PPP) is certainly a good way to go in this area, as mentioned by Minister Kilonzo.

The second challenge is to ensure better access to basic services for all urban dwellers. By basic services we mean healthcare, primary education, drinking water, sanitation, public transport, domestic energy and security. They are indispensable to reduce poverty and meet the Millennium Development Goals. Central and local governments should address these challenges in a comprehensive and integrated way. This implies various actions at the policy, financial and managerial levels. In terms of policy, UN-Habitat is finalizing international Guidelines on access to Basic Services which focus specifically on the promotion of partnerships between local authorities and service providers, as well as on the financing and cost recovery of basic services. Once approved by our Governing Council, the Guidelines will be disseminated as a basis for legislative reforms, together with training tools and support programmes. Kenya will certainly take advantage of this possibility.

In terms of financing, governments should review their fiscal arrangements and tariffs. Basically commercial services should be financed through user fees while non commercial services should be financed through budgetary allocations. In all cases, a system of cross-subsidization in favour of the poorest groups needs to be designed and enforced. In terms of management, the potential for progress is generally considerable, particularly in medium-sized and small towns, in Kenya and in all African countries.

The third challenge is to support the urban poor, women and men, and their communities in their daily efforts aiming at improving their housing and living conditions. Essentially, this means facilitating access to a number of inputs indispensable to the development of affordable and adequate housing. This should start by improving access to urban land and housing finance, the two major components of any housing policy. Inefficient land markets have probably been the greatest obstacle to sustainable urbanization in Kenya. The shortage of affordable land can be identified as the main cause of the proliferating slums which represented 55 % of the urban population in 2005. I first went to Nairobi in 1980 and visited the site and services scheme which was being implemented in Dandora. In my view, and despite its shortcomings, this was a good programme which should have been replicated at a much larger scale. Supporting the incremental development of housing through micro-credit should also be more vigorously promoted as well as the promotion of private rental housing options. Actions at community level for slum upgrading, mobilizing local NGOs and CSOs, should equally benefit from public incentives and technical support. The Kenya Slum Upgrading Programme (KENSUP), coordinated by the Ministry of Housing, is a first step in that direction.

In recent years, housing production in Kenyan cities has been dominated by the informal sector due to insufficient political will to address the needs of the urban poor. UN-Habitat believes that the informal sector should be guided and enabled rather than harassed in order to contribute to an overall housing delivery system in which the formal sector should also play its full role. Improving access to basic services, land and finance is essential to achieve the Millennium Development Goal 7. Some pilot initiatives have been launched in recent years but a lot remains to be done in this area.

The fourth challenge is to design and implement realistic city strategies and to improve urban governance. Such actions will bring fruits in the medium

and long terms but they are a *sine qua non* if the previous challenges are to be met in a sustainable manner. As rightly stated by the Deputy Prime Minister, Kenya lacks a comprehensive urban development policy. In fact, Nairobi and the majority of African cities do not possess any serious and updated urban development plans at the moment. This is why UN-Habitat has welcomed the creation of the Ministry of Nairobi Metropolitan Development whose main task is precisely to develop an ambitious strategy and a related metropolitan plan to the year 2030.

In our view, a city development strategy (CDS) should combine a long term vision with short term actions, it should associate spatial planning with investment planning and it should mobilize all concerned stakeholders. UN-Habitat has promoted the CDS approach all over the world since the Istanbul Summit of 1996. In Kenya, it will require an in-depth review of the urban governance system which is currently both extremely fragmented and overlapping. We all know that many ministries are involved in urban development at both the policy and the implementation stages. We also know that several levels of government have a say in urban affairs, from the Local Government Ministry to the provinces and city authorities. And we know that many public and private actors are involved in the production of urban infrastructure. We are discussing with these various partners the best entry points for UN-Habitat technical support. Recently, we have signed a cooperation agreement with the Ministry of Nairobi Metropolitan Development to assist in the preparation of a Nairobi Metro Master Plan. This work will have to incorporate the governance review that I have just mentioned, including a review of the municipal finance system. Clearly, Kenyan local authorities need to be strengthened and sometimes merged or consolidated. Decentralization of responsibilities and financial resources should be pursued in accordance with the international Guidelines on Decentralisation adopted by our Governing Council in 2007. Managerial and technical capacities of municipalities should be strongly developed, particularly in small towns and medium-sized cities, if decentralization is to be successful.

Ladies and Gentlemen,

Each of the above-mentioned urbanisation challenges can and should be seen as an opportunity for improving urban productivity, reducing urban poverty and inequality, and ensuring environmentally sustainable development. Recently, East Africa has performed quite well in economic

terms; Kenyan GDP grew by 6.1 % in 2007. This growth is partly due to better commodity prices on international markets and partly to new urban investments. Nairobi alone contributes more than 50 % of the country's GDP. The towns and cities of Kenya are already the engines of modernisation, industrialisation and economic growth. They also have a positive impact on rural areas and agricultural development. But they could be more efficient and more socially inclusive provided there is enough political will at all levels. Decision makers have to understand the synergies between urban and rural development. They have to understand that intermediate-size towns or market towns constitute an essential link between urban and rural areas. They have to understand the emerging role of urban corridors, for instance between Nairobi, Thika and Mavoko, which combine agricultural, industrial and service functions. As repeatedly mentioned during the recent session of the World Urban Forum, it is possible to move from chaotic cities to harmonious cities provided good policies and strategies are adopted, investments are mobilised, stakeholder participation is secured and human development is recognized as the ultimate goal of our societies. This is indeed our vision for Nairobi, Mombasa and even smaller Kenyan agglomerations.

Ladies and Gentlemen,

Finally, I must also invite the international community to recognize the potential role of Kenyan cities in achieving sustainable development and therefore to drastically increase its technical and financial assistance to the urban sector in this country. In that perspective, I congratulate once again the AFD and IFRA for having taken the initiative of organising our present meeting. Several colleagues from UN-Habitat will actively participate in your deliberations. Our current activities in Kenya will be introduced after the tea-break. We will listen carefully to each and every speaker and invite all of you to learn from each other viewpoints.

You can count on UN-Habitat's commitment to the development of our beautiful host country and its peoples, and on our continuous support to sustainable urbanization all over the world.

I wish the present Seminar on Urban Development in Kenya full success.