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WEST AFRICAN FUTURES

SETTLEMENT, MARKET AND FOOD SECURITY

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ECONOMIC CONCENTRATION AND SETTLEMENT

The World Bank's World Development Report 2009, "Reshaping economic geography", advocates a major adjustment of urbanisation and rural development policies incorporated in an "overarching" spatial theory of economic development. For many years, the idea has prevailed that flows of migrants towards urban centres did not respond to a need for labour, placed an additional burden on town management and led to the impoverishment of urban areas and the deterioration in the living conditions of these originally rural populations. The World Development Report 2009 has revised this perception and proposes a positive understanding of the relationship between urbanisation and economic growth. Drawing on the Bank's work, this note analyses the transformation of the rural-urban relationship in progress in West Africa and the development issues it engenders. Building on the argument advanced in previous briefing notes, it places the link between urbanisation and economic growth in a food security perspective.

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1 THE GEOGRAPHY OF ECONOMIC DEVELOPMENT

Do economies grow faster if they are concentrated? This question lies at the heart of the World Development Report 2009 (WDR 2009). The report provides a comprehensive description of the geographical dimension of economic development. While the social and institutional changes underpinning development, in particular the shift from an agricultural to an industrial and service-based economy, have been fully documented, its equally important spatial transformations have been less closely examined eventhough "Place is the most important correlate of a person's welfare" (WDR 2009, p. 1).

The report shows that economic development is to a large extent based on the exploitation of economies of scale and the movement of goods and services across space. In such a context, changes in the spatial distribution of the population and territorial development therefore become more determining factors than natural resources or "endowments". These changes manifest themselves in a:

- → Concentration of activities (increase in the size of production units, proximity of firms to suppliers and customers) and people (expansion of the labour market and local demand);
- → Reduction in distances-times between economic agents and markets (expanding markets and reduction in transaction costs);
- → Lowering of all natural and institutional barriers to trade (borders and regulations).

The concentration of activities and people, the decline in the cost of transportation and the removal of all barriers to the free movement of people, goods and information therefore all appear to be a synonym for economic development. They are both the means to, and the outcome of, economic development, in a mutually reinforcing process. In terms of public intervention, the aim is to design policies and institutions that can help developing countries benefit from economic concentration while maintaining spatial disparities reasonable and the solution lies in the better integration of areas into markets (WDR 2009).

The concentration of activities and people appear to be a synonym for economic development.

"DEVELOPMENT IN 3D"

The World Bank's argument rests on three pillars referred to as "Density, Distance and Division".

- → "Density refers to the economic mass per unit of land area, or the geographic compactness of economic activity" (p. 49).
- → "Distance refers to the ease or difficulty for goods, services, labor, capital, information, and ideas to traverse space. [...] In this sense, distance is an economic concept …" (p. 75).
- → "Divisions [...] arise when borders are poorly managed. They range from moderate restrictions on the flow of goods, capital, people, and ideas to more severe divisions triggered by territorial disputes, civil wars, and conflicts between countries … But it is the persistence of divisions between nation-states that sets the processes of economic geography apart for countries and regions" (p. 97).

Excerpted from WDR 2009

2 URBANISATION AND ECONOMIC DEVELOPMENT

Since "Economic concentration at the local scale is most conveniently measured by the rate of urbanisation – the growth of economic and population density in towns and cities" (WDR 2009, p. 8), urbanisation is central to the WDR 2009.

"No country has grown to middle income without industrialising and urbanising. None has grown to high income without vibrant cities" (WDR 2009, p. 24). Urbanisation and the concentration of economic activity in towns, cities and metropolitan areas, is a sign of the spatial transformations that accompany development. This relationship between the urbanisation level and GDP per capita is expressed in the figure 1 (page 4).

The authors of the WDR 2009 distinguish between three phases of urbanisation [1] with corresponding levels of development: incipient urbanisation – less than 25 % urbanisation rate; intermediate urbanisation – about 50 %; and advanced urbanisation – more than 75 %. The corresponding per capita GDP levels (in constant 1990 USD) for each of these three urbanisation levels across countries are:

- An average per capita GDP of USD 2 500 would apply to countries with a urbanisation rate below 50 % (low-income and lower-middle income) and a GDP of USD 3 500 would correspond to a urbanisation level of 50 %;
- An average per capita GDP of USD 9 000 would apply to countries with a urbanisation rate between 50 % and 75 % (upper-middle income) and a GDP of USD 10 000 – 11 000 would correspond to a urbanisation level of 75 %;
- An average per capita GDP of USD 21 000 would apply to countries with a urbanisation rate above 75 % (high-income).

Furthermore, the report states that the "Relationship between development and economic concentration is positive and roughly linear when comparing developing countries with a GDP per capita of less than USD 10 000. But this relationship starts to level off when higher-income countries are included in the sample" (WDR 2009, p. 84).

However, the pace of urbanisation is not linear. The urban share of population rises faster in the early phases of development – between 10 % and 50 % – which correspond to the transition from a rural to an urban economy, a phase accompanied by a large shift of people moving from rural to urban areas. This transformation is completed when countries reach per capita incomes of USD 3 500, equivalent to upper-middle income. The second phase of urbanisation proceeds at a much slower pace and is linked to a within-urban evolution (WDR 2009, p. 57).

PRIORITISING POLICIES

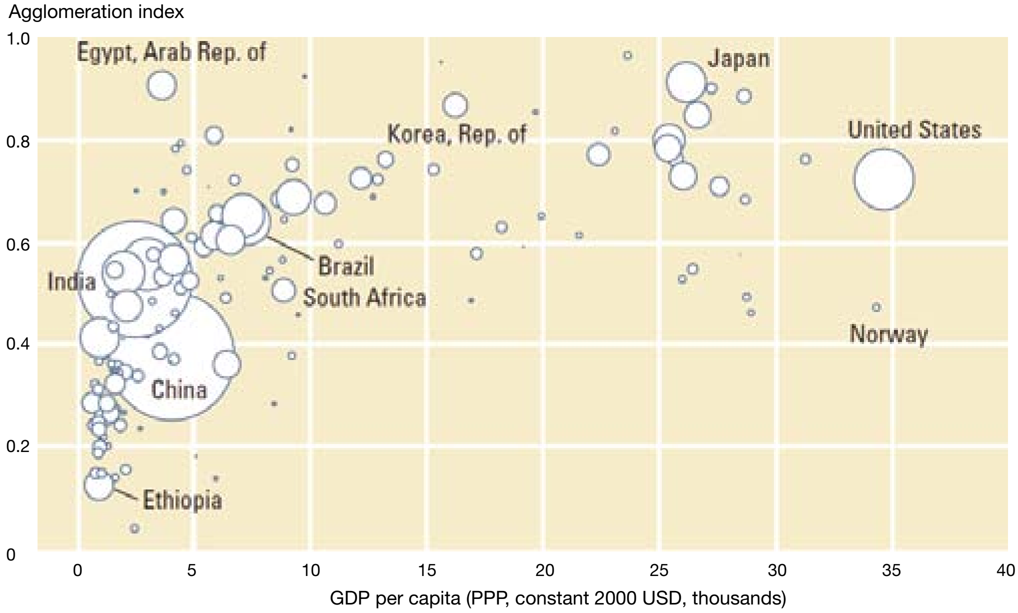
With regard to urbanisation, "The arguments and evidence in World Development Report 2009 can set priorities for policies at different stages of urbanization, essentially providing the elements of an urbanization strategy. Each territory or area within a nation has a specific geography. But the principles are quite universal.

- In places mostly rural, governments should be as neutral as possible and should establish the institutional foundation for possible urbanization in some places. Good land policies are central, and so are policies to provide basic services to everyone [...].
- In places urbanizing rapidly, governments must put in place, in addition to institutions, connective infrastructure so that the benefits of rising economic density are more widely shared. [...]
- In places where urbanisation has advanced, in addition to institutions and infrastructure, targeted interventions may be necessary to deal with slums".

WDR 2009, p. xxii

1 Urbanisation measured in terms of a country's share of urban population in total population.

figure 1 – **Share of people living in urban agglomerations and GDP per capita**



Note:
The size of each circle indicates the population size of that country. PPP = purchasing power parity. The agglomeration index uses the following criteria: density of 150 persons per kilometer or more, access time of 60 minutes or less to a sizeable settlement, dened as one that has a population of more than 50 000.

Source : WDR 2009, page 60

3 URBANISATION IN WEST AFRICA

Most West African countries are in the early phase of urbanisation with an average rate of 34 % in 2000. The urbanisation rate in West Africa doubled between 1960 and 1980, rising from 12 % to 24 %. However, this pace of urbanisation is not unprecedented. Britain's urban share grew from 20 % to 40 % between 1800 and 1820. On average, the absolute increase in urban share in Europe and North America between 1880 and 1900 amounted to 7.7 percentage points (WDR 2009, p. 70). "The rush to cities in developing countries seems chaotic, but it is necessary. It seems unprecedented, but it has happened before. It had to have, because the move to density that is manifest in urbanisation is closely related to the transformation of an economy from agrarian to industrial and post-industrial" (WDR 2009, p. 24). A major difference today however, lies in the size, in absolute terms, of urban populations. Developing countries today have larger populations and megacities several times bigger than New York and London at the beginning of the 20th century.

The relationship between urbanisation and economic development can be illustrated by taking the urban/rural (U/R) ratio as an indicator of the urbanisation level (figure 2, beside)[1]. It shows that the positive correlation identified by the World Bank at the international level also applies – with a larger dispersion – to the 45 Sub-Saharan countries selected. In Africa, like elsewhere, urbanisation is therefore both a consequence of, and an engine for, economic growth. Hence, one can hardly conclude that Africa is "over-urbanised".

West Africa is not over-urbanised with respect to its level of development.

Figure 3 (page 6) plots growth in GDP against the pace of urbanisation measured by the variation in the U/R ratio for the 17 West African countries. With the exception of two groups of countries, the rates of urbanisation growth and GDP in the region between 1970 and 2000 seem related; countries with the highest economic growth rates were also experiencing the fastest pace of urbanisation. The findings of the WDR 2009 confirm that Sub-Saharan countries with the "fastest growth in total GDP [...] also witnessed the fastest growth in urban population [...]" (p. 59). Sierra Leone and Liberia, on the one hand, and Mauritania and Niger, on the other, appear to be special cases. The political contexts in Sierra Leone and Liberia, with its economic and social repercussions, certainly explain the distortions observed. Both Mauritania and Niger had far lower urbanisation rates at the end of the colonial period. Mauritania, which was administered from Saint Louis (Senegal) until the 1950s, established its own capital after gaining independence.

1 Already discussed in WAF No. 2, this ratio has the twofold advantage of: 1) expressing, broadly, the relationship between non-food producing consumers and producers and 2) analysing two variables – U/R and GDP per capita – that are both non-constraint.

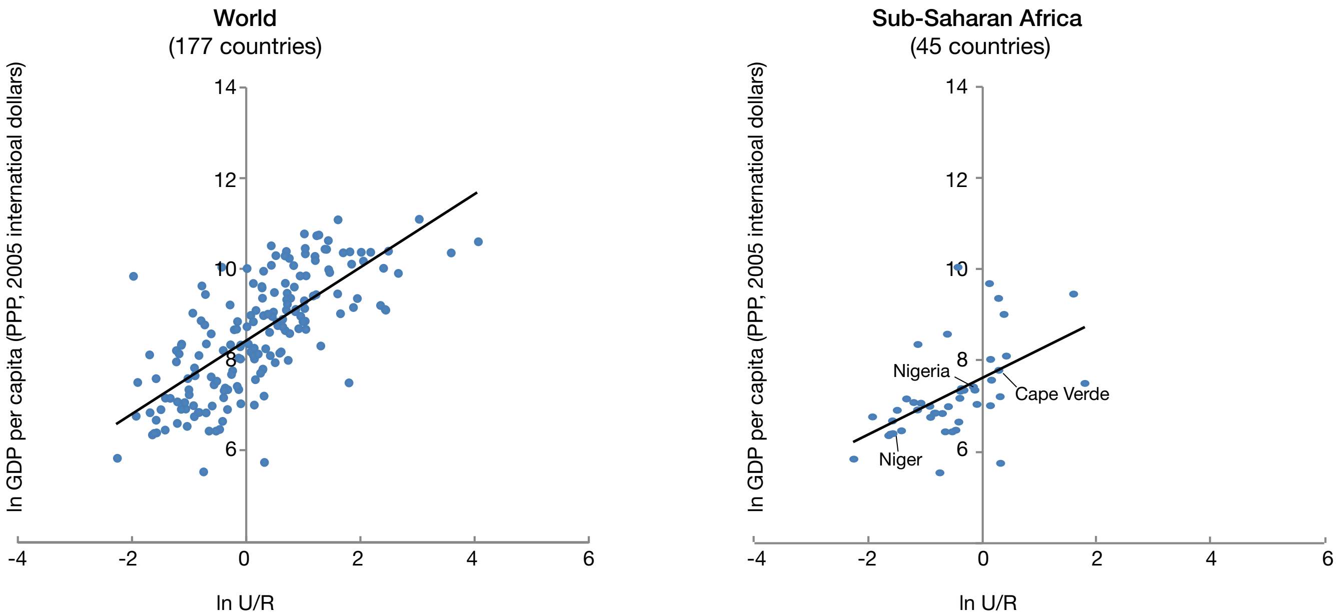
West Africa is therefore not over-urbanised with respect to its level of development. On the contrary, West Africa's urbanisation process has been held back due to structural adjustments programmes and economic and political difficulties which various countries in the region have experienced since the 1970s - 1980s. In particular, these difficulties include the sharp drop in raw material prices during the mid-70s and the ensuing financial and debt crises.

In Ghana (figure 4, page 6), the pace of urbanisation (grey line) can be seen to mirror trends in GDP (blue line). After ten years of growth, immediately after gaining its independence, Ghana entered into a phase of economic stagnation from the 1970s until the mid-1980s in which the pace of urbanisation slowed considerably. The pace of urbanisation started to pick up once growth began to recover, reaching a ratio of two city-dwellers for three rural inhabitants in 2000 (i.e. a U/R ratio of around 0.66). From this date onwards, Africapolis[2] forecast a 3.3 % annual growth rate in urban population between 2000 and 2010, followed by a 2.7 % growth rate until 2020. Given the economic performance observed between 2000 and 2010 (+5.8 % average annual GDP growth), the U/R ratio can be expected to have grown at a rate at least equivalent to the 1990–2000 period (dotted grey line). Furthermore, since the economic prospects are good, the urbanisation dynamic and its associated transformations should continue beyond 2010.

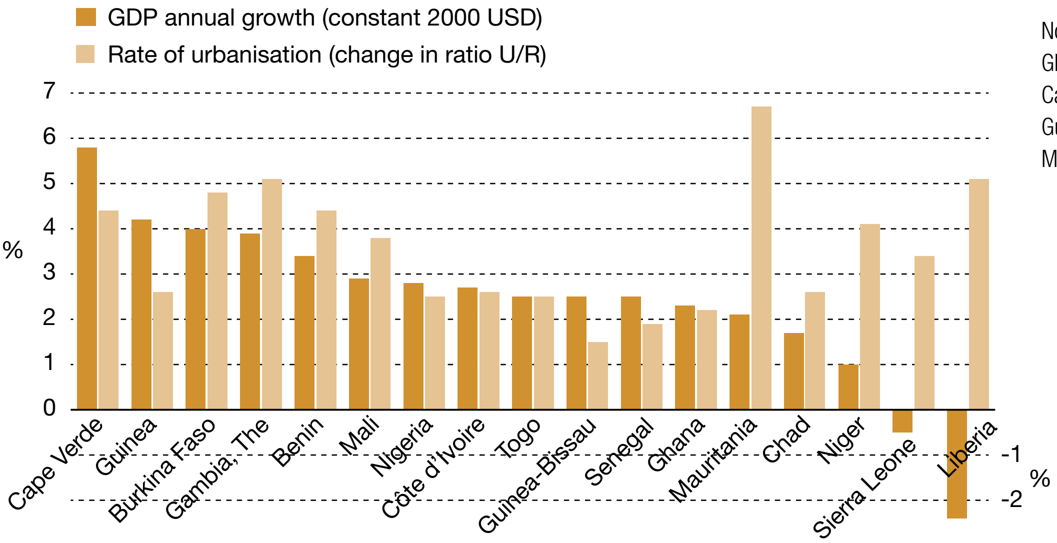
The levelling off in urban growth at the regional level, noted by Africapolis between 1980 and 2000, is also likely to be linked to the decline in GDP. In most countries of the region, as in Ghana, GDP growth has accelerated since 2000, which suggests that the pace of urbanisation may have been faster between 2000 and 2009 as predicted by Africapolis.

2 Africapolis: Urbanisation Trends 1950–2020: A Geo-statistical Approach – West Africa. Paris, 2009. www.afd.fr

figure 2 – **Correlation between GDP per capita and urbanisation level (U/R) in 2009**



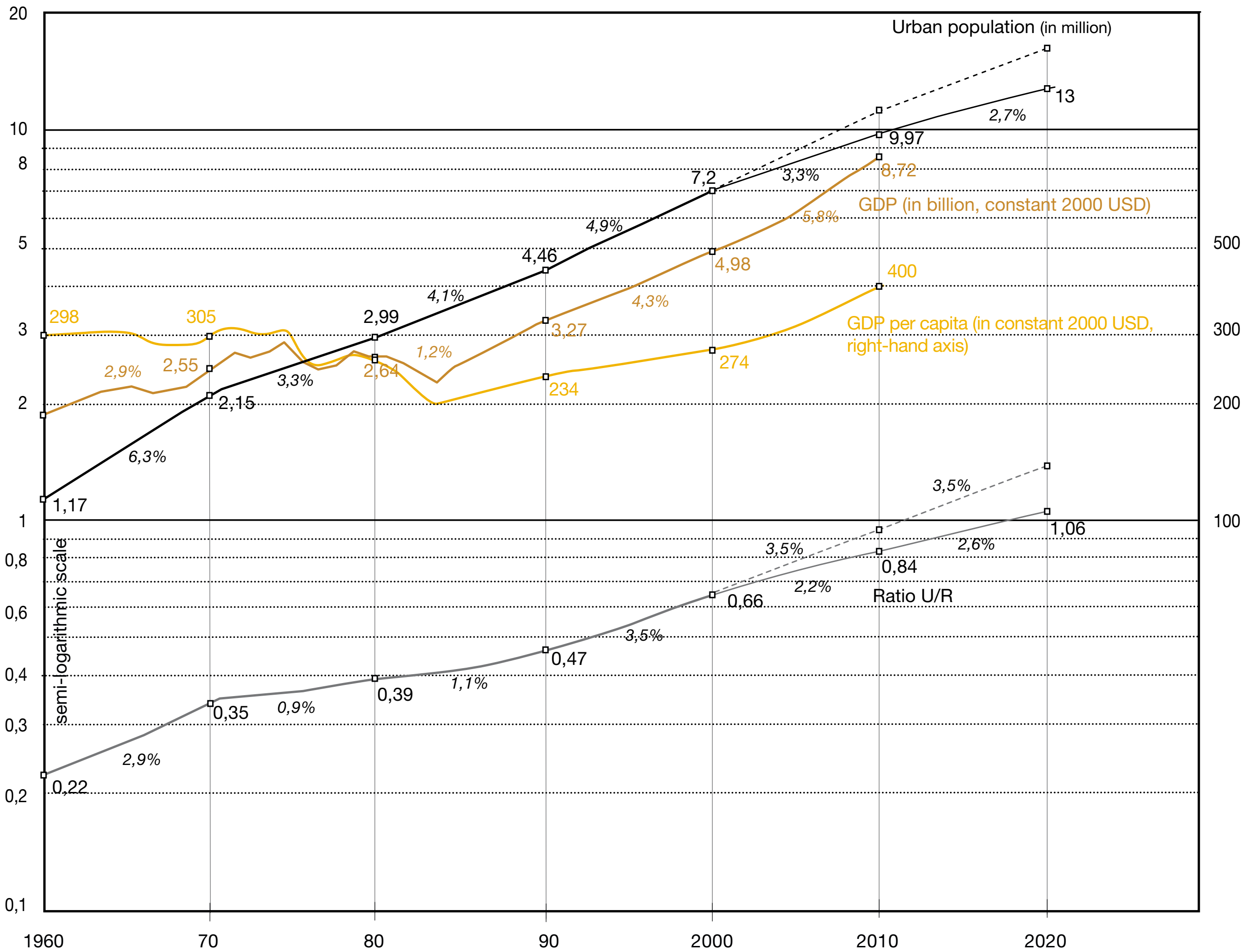
Sources: Authors' calculation, World Bank, WDI 2011 *figure 3* – **GDP growth and pace of urbanisation (1970–2000)**



Note:
GDP growth rates for Cape Verde from 1981, Guinea (1986), Mali (1976)

Sources: Authors' calculation based on Africapolis and World Bank, WDI 2011

figure 4 – **Economic performance and urbanisation in Ghana**



Sources: Authors' calculations based on Africapolis; World Bank, WDI 2011 and United Nations, Population Division of the Economic and Social Affairs Department: World Population Prospects,2009 revision

4 URBAN – RURAL TRANSFORMATION

Urbanisation is the most visible manifestation of a more complex "rural-urban transition", during which the economy is undergoing a sectoral transformation simultaneously affecting urban and rural areas. On the one hand, primary activities are replaced by secondary and tertiary activities, mostly in urban areas. On the other hand, rural areas accommodate an increasingly large non-agricultural population and diversified economic activities. The World Bank also argues that the shift from farming to industry is "helped, not hurt, by healthy agriculture, which helps towns and cities prosper" (WDR 2009, p. 9).

The authors of the Africapolis study highlight two forms of regional urbanisation: (1) the development of major cities and (2) a network of small and medium-sized towns and cities. The first form is linked to the integration of national economies into the international economy and initially started at a rapid pace before slowing down in response to the financial and economic crises. As a result of these shocks, the second form of urbanisation has now come to the fore, but also promotes the development of the domestic market (at both a national and regional level), particularly for products. This network of small and medium-sized towns provides the essential hubs for the spatial organisation of domestic markets. These towns are the "connective tissue between rural and urban areas. They act as market centers for agricultural and rural output, as stimulators of rural nonfarm activity, as places for seasonal job opportunities for farmers, and as facilitators of economies of scale [...] Towns draw sustenance from the agricultural activity of rural areas, but their prosperity also spills over to villages by providing nonfarm employment opportunities" (WDR 2009, p. 53).

The gradual creation of a domestic market based on this network of towns, the binding factor underpinning the urban-rural transformation taking place in West Africa, can be identified by the indicators of urbanisation used in this note. The table 1 (below) shows that the U/R ratio[1] has almost quadrupled from 0.14 in 1960 to 0.51 in 2000. Since the overall food balance of West Africa has not deteriorated proportionally during the same period, this means that an African farmer on average sells four times more food products to consumers in the region than in 1960 (disregarding export crops). Tradable agricultural productivity could therefore have quadrupled and a domestic market developed proportionately. On the one hand, the urbanisation process creates demand for marketed agricultural products. On the other hand, up-stream (inputs and services) and down-stream (transformation and marketing) economic activities linked to agricultural production have sustained the development of the urban network of small and medium-sized towns as well as metropolitan areas.

The network of small and medium-sized towns promotes the development of the domestic market.

1 The ratio U/R can be used as a proxy for the number of non-food producing consumers compared to the number of food producers.

▶ ***Upcoming WAF notes** will take a closer look at the relation between rural settlement transformation and market organisation.*

table 1 – **Evolution of the ratio U/R in West Africa**

Country	1960	1970	1980	1990	2000
Niger	0.03	0.05	0.10	0.16	0.18
Burkina Faso	0.03	0.06	0.11	0.19	0.25
Mali	0.04	0.09	0.17	0.22	0.28
Guinea-Bissau	0.10	0.23	0.19	0.29	0.36
Guinea	0.06	0.18	0.30	0.37	0.39
Sierra Leone	0.08	0.17	0.27	0.33	0.45
West Africa	**0.14**	**0.23**	**0.32**	**0.42**	**0.51**
Mauritania		0.08	0.28	0.58	0.54
Nigeria	0.17	0.26	0.32	0.43	0.54
Togo	0.09	0.27	0.36	0.44	0.58
Ghana	0.22	0.35	0.39	0.47	0.66
Benin	0.10	0.18	0.43	0.57	0.67
Côte d'Ivoire	0.14	0.33	0.52	0.62	0.71
Senegal	0.28	0.41	0.60	0.70	0.73
Liberia	0.08	0.18	0.39	0.64	0.81
Gambia, The	0.09	0.18	0.36	0.59	0.82
Cape Verde	0.20	0.23	0.34	0.55	0.84

Sources: Authors' calculations based on Africapolis and World Bank, WDI 2011

Glossary

→ **Agglomeration**
Continuous built-up area. Density can be measured in terms of number of inhabitants per unit of surface or in terms of maximum distance separating constructions.

→ **Urbanisation rate**
Share of the population living in urban areas at a given moment in total population.

→ **Urbanisation**
Process by which the percentage of urban population within total population increases.

→ **Urban/rural ratio (U/R)**
The ratio between urban population and rural population, a non-constraint indicator (contrary to an urbanisation rate that cannot exceed 1, i.e., 100 %), can be used as a proxy for the ratio of non-producing food consumers to producers of these products (and hence also for market-size, etc.).

→ **Pace of urbanisation**
An increase in the ratio of urban to rural population (equal to the differential between urban and rural population growth).

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Your comments are welcome!

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