

Financing Sustainability by Linking Urban Planning to Capital Investment: The Case of Kenya

**Augustine Masinde,
Titus Musungu**

Introduction

Broadly two distinct but interrelated parts constitute every nation's space/ territory, either urban or rural areas. In developed countries the larger portion of the population resides in urban areas while in the most developing countries the reverse is the case. The trends are however changing as more people in developing countries such as Kenya are moving into urban areas.

If these trends are anything to go by, urban areas are going to play very significant roles in the development of this country. They may, if properly planned and managed, be key to realization of Kenya's country Vision 2030 which aims at the transformation of the country to middle income status and attainment of industrialization status in the next twenty (20) years.

Prospects of Urbanization

Prospects of urbanization are captured very well in a UN Habitat publication "The state of World Cities 2010/2011" which has outlined the role played by urban areas in national development, it states that the prosperity of Nations is intimately linked to the prosperity of their cities. No country has ever achieved sustained economic growth or rapid social development without urbanizing. "Countries with the highest per capita income tend to be more urbanized, while low income countries are the least urbanized".

Opportunities Inherent in Urbanization

Urban areas present a number of peculiar attributes that may contribute to rapid national transformation including: superior productivity, self reinforcing cumulative growth arising from clustering of cities into mega regions operating as simple economic entities; generation and diffusion of knowledge; provision of new opportunities for income generation; increasing number of livelihood options, reduction of transaction costs and more economical provision of infrastructure and services.

In Kenya urban areas are already playing a fundamental role in National development. Large portions of population migrate every year from the rural to urban areas in search of better livelihoods. This by itself is indicative of the latent potential of urban areas which has not been unlocked. Urban areas also contribute larger portion of the gross

domestic product of the country. Nairobi contributes fifty six (56%) percent of GDP to the National Kitty. Put together the contribution of urban areas to GDP would approximate about seventy percent (70%) of the total. Opportunity and potential abound for urban areas to play a much bigger role. Harnessing the potentialities through proper policies and investment will contribute to higher gross domestic product and subsequently to faster National development and transformation.

Perception of Urbanization

Though the rate of migration to urban areas has continued and accelerated since independence, perception on this phenomenon has been largely negative. Between the 60's and 80's government policies sought to stem rural urban migration and contain population in rural areas. This translated into more resource allocation towards rural development particularly in Agriculture. These policies have not changed much though there is currently more appreciation of the role of urban areas in National development.

Mzee Jomo Kenyatta, the first President of the Republic of Kenya carried the slogan "*Rudi Mashambani*" (go back to the land) to galvanize Kenyans to stay away from urban areas and engage in agricultural production in rural areas. Taking a cue from this government, policy such as Sessional Paper No 10 of 1966 on African Socialism and its Application to Planning in Kenya, emphasized more on rural other than urban development.

Vision 2030, the country Vision, has recognized urban development and proposed more investment to be directed to urban areas. While appreciating that Kenya will be a predominantly urban country by 2030, it recognizes the need to plan for decent and high quality urban livelihoods for her population. The 2030 Vision for housing and urbanization is an "*adequately and decently housed nation in a sustainable environment*". The medium term goal for 2012 is to increase the annual production of housing units from the current 35,000 annually to over 200,000. In addition, the initiative for high quality urban planning will be undertaken. Kenya's cities and towns are now poorly planned and that must change. There is an acute need therefore for an effective capacity for regional and urban development planning starting with adequate housing for those living in slums. In addition there will be better development of and access to affordable and adequate housing for the rest of the population, enhanced access to adequate finance for developers and buyers, and targeted key reforms to unlock the potential of housing sector through private public partnerships. Kenyan's new nationwide urban planning and development campaign will start with the major cities and towns. But rural settlements will be catered for as well. This will therefore require a rapid build up of urban planning and implementation capacity.

In the medium term; that is before 2010 a number of flagship projects have been identified within this vision which call for planning and investment in urban areas. This includes the following:

- The Metropolitan and Investment Plans initiative which require the preparation of metropolitan investment plans for eleven (11) regions (Nairobi and its environs) Mombasa, Kisumu, Kakamega, Nakuru, Eldoret, Wajir, Garissa, Mandera, Kitui,

Mwingi and Meru; as well as Strategic Development and Investment plans for all other municipalities.

- The Housing Development Initiative which calls for an increase in annual productivity of adequate housing with an emphasis on equity in access beginning with low income housing.
- Mortgage Finance initiative which calls for establishment of a secondary mortgage finance corporation as well as a national housing fund while also introducing housing and infrastructure bonds.
- The solid waste management system initiative which calls for relocation of Nairobi's Dandora dumpsite and development of solid waste management systems in leading municipalities and in economic zones planned under Vision 2030.
- Rehabilitate and expand urban water supply and sanitation in key satellite towns identified under the economic pillar rehabilitate and expand the Mzima Pipeline which will supply water in all coastal towns in support of tourism.
- The development of a strategy for the establishment of at least 2 special economic clusters' i.e. related industries located together to gain from economies.
- The development of at least 5 small and medium enterprise (SME) industrial parks.
- Creation of at least 10 wholesale hubs and 1000-1500 producer business groups starting with a pilot project in Maragua, Central province, that is to be extended to other regions.
- The building of one free trade port at the Coast in order to bring "Dubai to Kenya". This port will serve Eastern and Central Africa.
- Develop (3) resort cities – two new resort cities at the coast (one in the North and the other at South coast). The third in Isiolo.
- Business visitors' initiative which will attract five additional international hotels to Nairobi, Mombasa and Kisumu and also leverage Isiolo as a new high end tourist destination.

Human Settlement Policy of 1978

The Human Settlement Policy envisaged a hierarchy of large and small towns throughout the country with which new infrastructural development was to be directed. It was expected that this would promote formation of substantial new towns in rural areas. As the towns become large enough they would form urban units sufficiently viable to be served with public water supply, sewage disposal, grid electricity, improved access roads, postal and telephone services and Banking facilities. Once a centre enjoyed these basic facilities it would be in a position to attract commercial development which would enrich lives of people both in the urban and rural areas.

Additionally the policy sought to correct or ameliorate the effect of the primacy of Nairobi and selected few centers such as Mombasa Kisumu and Nakuru in to relieve pressure from Nairobi, distribute population, spread benefits of urban inaction throughout the country in order to realize balanced development.

This policy was not implemented faithfully both at the National and Local levels. Subsequently planning and capital investment did not respond or translate the policy into action. At the national level, the primacy of Nairobi particularly has been reinforced, that of Kisumu, Mombasa and Nakuru has also been strengthened albeit at the regional level. The unbalanced characteristic or pattern of urbanization has been further fortified by the springing up of urban centers along the 'development corridor' that follows the Uganda railway and along road transportation corridors/network within the same area. The rest of the national space has remained largely untouched by this process.

Despite the existence of a policy of selective concentration of development as espoused in the human settlement policy of 1978, urban development has generally taken place in an ad hoc manner. Coupled with lack of linkage, lack of planning and inadequate capital investment, an unbalanced, undesirable and unsustainable urban structure has emerged in the country. This problem is further compounded by continued and accelerated migration of people from rural to urban areas.

Capital Investment

With regard to capital investment two major characteristics stand out. Firstly capital investment to urban areas has been generally inadequate. In most urban areas infrastructural provision seems to have frozen in time. Water & Sewage systems for towns such as Kisumu have not improved or been extended beyond what was left behind at independence. At least not significantly until very recently even electricity provision had stagnated.

Urbanization Planning

Provision of housing is perhaps the most visible face of urban neglect. Due to structural adjustment policies of the 80's government withdrew from direct provision of housing, leaving provision of housing to private sector. This has not met the increased demand particularly for low income housing. In the absence of public provision, and also due to lack of planning and control of development, this sector unraveled and is now dominated by slums which characterize our townscape.

Other investment in the social realm have equally fallen back including investment in urban transportation systems, urban social services such as schools, urban retail and wholesale facilities, urban recreation facilities and generally also the maintenance of existing infrastructure both trunk and social.

Urban planning has not kept pace with the dynamics of urbanization. More often than not planning has been reactive and is done long after developments have taken place. In most of the towns, coverage of the development plans is confined to areas where the land is Government or trust land (local authority), leaving our freehold areas.

Once completed most urban development plans have been used for either allocation of land or for regulation of development by the local authorities. Rarely have plans been used as a basis for undertaking capital investment within the urban areas.

Though most local authorities are cash trapped and spend most resources on recurrent other than development initiatives, opportunities are emerging that may significantly change these scenarios. Devolved funds such as LATF (Local Authority Transfer Funds) and CDF (Constituency Development Fund) are now available. If spent on the basis of proper local planning policies, such funds would have significant positive impact on the urban areas.

There a number of critical issues that emerge with regard to urban planning and capital investment. Firstly, attempts at urban planning at national level undertaken under the Human Settlement Strategy of 1978 did not materialize since the strategy was not used as a basis for directing investment in urban areas. Secondly, urban planning has lagged behind development and where plans have been prepared; they are not the basis upon which local initiatives are undertaken to improve urban areas.

Thirdly, those prospects for the development of the country are closely linked to urbanization hence the need for up scaling of planning initiatives and availing of resources for urban projects that have been determined by the plans.

Lastly, urban planning has not been aligned to government policy and investment intentions espoused in National and Local government budgets.

Benefits Accruing From Linkage

Benefits accruing from linking urban planning to capital investment cannot be over emphasized. From a purely conceptual point of view, urban plans are nothing but a series of statements of intention which can only be realized through deliberate actions.

Urban plans propose policies and measures with regard to transportation; infrastructure, environment; economy and governance; which if not funded cannot be realized.

Planners have also been accused of not providing practical and tangible benefits to people, and not having any impact on the form or character of urban development. In response urban planners have adopted strategic action oriented planning which seeks to be more responsive to needs of urban dwellers by identifying specific problem areas for intervention.

Even this initiative would still not realize intended results until the plans are activated largely by being used to direct investment to the sectors and areas that have been identified as key to realization of the planning objectives.

Conversely urban planners have also to take cognizance of National urbanization policies, sectoral policies and investment decisions in order to align their plans accordingly.

For instance urban plans must be aligned to vision 2030 which has recognized the role of urban planning as a basis for directing investment that can transform the country in areas tourist resort cities such as; exclusive economic zones small and medium enterprise parks, Metropolitan agglomerations and Marketing hubs.

At the National level, directing investment on the basis of a National urbanization framework would lead to a more balanced urban development pattern. Through strategies such as selective concentration and Metropolitan agglomeration, economies of scale would emerge that would provide accelerated growth; income generation and employment creation.

The 1978 Human Settlement strategy had envisaged to reinforce symbiotic relationship between urban and rural areas in the country. Urban areas acting either as growth or service centre would provide markets for agricultural produce some of which would be value added; employment for excessive labour; machinery spares and other forms of input needed in the agricultural sector. While rural areas would provide raw materials for manufacturing industries and food stuff for increasing urban populations. Had this arrangement been carried forward through, increased capital investment in the identified areas both rural and urban development would have been spurred.

On the whole the formulation of a linked national urban planning and capital investment framework would unlock urban growth potentials which would lead to faster transformation of the country to middle income and newly industrialized status as envisaged in vision 2030.

Reversing the current trend of unsustainable urbanization is key to the settlement of life for urban dwellers whose population is increasing. The only way this would be achieved is by enhancing planning of urban areas and actualizing the plans through targeted by both regulation of development and provision of infrastructure investment on identified action areas.

For instance investment in large housing schemes through public investment, private public partnership and Municipal Authorities will provide employment; bridge the gap between demand and supply for housing; and additionally stem both urban sprawl and slum development.

If investment targets urban derelict areas or areas identified as needing renewal and renewal a new sheen would be out in urban areas that can further attract more investment.

Major urban areas such as Nairobi, Mombasa, Kisumu and even Nakuru have large parcels of land under decaying municipal and railway housing and yet large segments of the population of these towns live in slum areas. These are the areas that should be targeted for improvement.

By providing infrastructure towards the desired direction for urban growth planners and urban managers would have greater influence on development.

Providing Linkage

The main challenge in linking urban planning and capital development is the provision of an appropriate policy and institutional framework that would realize the desired results.

More recognition has to be accorded to urban development through the formation of an urban development policy. Urban concerns are subsumed in so many policy regimes making it difficult to coordinate the sector properly. Policies such as Sessional Paper No. 3 on National Land Policy, Housing Policy, Water policy etc touch on different aspects of urban development, making coordination difficult.

A National framework should also be put in place to oversee both planning and investment in urban area. Presently planning is undertaken mainly by the department of physical planning which does not have the Leverage and capacity in terms of finances and manpower to oversee planning all over the country. The Government should consider establishing a National Urban and Regional Planning Authority to undertake such a role

More importantly, plans prepared by the department should be used as a basis for budgetary allocation by National and Local Government. Presently plans are being used only as a basis for regulating development.

In the meantime planners should recognize the need to be involved in planning of new infrastructure but also the provision of infrastructure as a means for influencing the pattern of urban development. Involvement in the programming of infrastructure investment provides a way for planners both to influence the decision making process and to operationalise their development plans.

Additionally urban planners need to be involved in National and Municipal budget processes in order to be able to influence the pattern of service delivery, operation and maintenance, as well as pattern of investment.

This is the only way to deliver sustainable urban settlements, better livelihood for urban dwellers and acceleration of National development.

Conclusion

Given the trends in urbanization, opportunities and economies of scale associated with it, policy makers and Planners should harness this momentum to provide sustainable urban areas. Intensifying planning and investment would contribute significantly to the attainment of this objective.

References

Kenya, Republic of (1978): **Human Settlement Strategy**, Government Printer

Kenya, Republic of (Various): **Physical Planning Department Files**

Kenya, Republic of (2002): **National Housing Policy**. Government Printer

Kenya, Republic (2008): **Vision 2030**

UN. Habitat (2010): **The State of World Cities**

Nabeal Hamdi, & Reinhard Goethert (1997): **Action Planning for Cities**, England, John Wiley & Sons.

Authors

Augustine Masinde,

Director of Physical Planning, Ministry of Lands, Kenya

Titus Musungu

Ministry of Lands, Kenya