

## **DISCUSSION PAPER**

# **Megacities – A Challenge for (German) Development Cooperation**

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### **Summary**

This article builds upon the lessons learnt on urbanisation in Germany and other countries before, during and since the UN Habitat Conferences and its follow-up processes. The ideas dealt with herein are important not only for urbanisation experts but for all involved in critically looking at strategic considerations for (German) development co-operation and the far-reaching impacts of growing urban challenges to South-North relations in general. Urban development has long been neglected by German development cooperation, strikingly despite considering today's high degree and dynamism of urbanisation. The pending Millennium Goals calls for a re-thinking of (German) development cooperation as urban, particularly mega-urban areas are far beyond their immediate territories responsible as engines and trendsetters for the development of larger areas, nations, if not supranational regions. Their ecological footprint as well as their socio-economic and political outreach goes often further than comparable medium nation states.

Megacities, corresponding to the anchor country concept, understood as anchor cities in the context of (German) development cooperation, possess enormous potential for sustainable regional development, which yet has to be realized and addressed by (German) development politics. However, what kind of expertise can (German) development cooperation offer to successfully influence megaurban development? Which direction should such a development strategy take in order to ensure success?<sup>1</sup>

Keywords: anchor cities, anchor countries, development cooperation, urban development, rural development, MDGs

## **1 The megaurban challenge from the perspective of development cooperation**

Scale and complexity of 21<sup>st</sup> century urbanisation, as a state and a process, are unprecedented in human history. The extensively cited term "urban millennium" labels

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<sup>1</sup> The article reflects the personal opinion of the authors only.

the future of our planet as what it will be, a future of cities. The urban population is predicted to grow from 2.8 billion in 2000 to 4.9 billion by 2030 (UNDESA 2005a: 1). This growth will almost entirely take place in the countries of the South. With more than 900 million urbanites, accounting for nearly one third of the total urban population, to large extents living in slums at present, and with the foreseeable doubling of this number by 2030 (BMZ 2006: 265), the expression "planet of slums" (Davis 2006) – even if exaggerated – is gaining more and more validity.

At the top end of human settlements (in terms of size) megacities aggregate and even amplify all the negative attributes of cities. Their scale and complexity accumulate to a degree that makes these cities ungovernable and vulnerable in environmental, economic, social and political directions (Kraas 2003: 6; Taylor 2006: 13). However, at the same time, it is often overlooked that megacities hold enormous potential for sustainable solutions and offer chances for positive development, on both regional and international levels.

Scale matters when it comes to the implementation of sustainable development strategies. Megacities, with their size and the associated population concentration bear crucial advantages in this matter. In 2005, about 9.3% of the world's urban population lived in these ten million-plus cities (UNDESA 2005b: 1). Furthermore, cities are ideal geographical entities to develop and implement integrated solutions. They are, on the one hand, small and independent enough (compared to nation states) to play a pioneering role in the implementation of new strategies. On the other hand, they are still large and significant enough to make strong impacts ("effects of scale") (Rahmstorf and Schellnhuber 2006: 130). This becomes apparent when it comes to such issues as resource conservation or climate protection.

In most countries of the South cities generate major part of national added value. Often a single, primate megacity generates the main share of it (e.g. Bangkok, Lagos). In Asia 80% of economic growth is generated in cities (BMZ 2006: 265). Megacities, however, are far more than just engines of economic growth. They are also centres of innovation, creativity, education, social transition, hubs of information and communication, starting points for reforms (Kraas and Nitschke 2006). Moreover, they host current as well as future elites, driving middle classes and decision makers and large proportions of their globally connected populations.

Development Cooperation, which in the past has been almost entirely focused on rural development, needs to realize the impact of megacities and cities in general, in order to reach the Millennium Development Goals (MDGs). The successful achievement of the MDGs, foremost of MDG 1 and 7, depends particularly on the efforts made in cities, which still are only marginally involved in the national government dominated MDG-discourse<sup>2</sup>.

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<sup>2</sup> *Goal 1: Eradicate extreme poverty and hunger, Target 1: Reduce by half the proportion of people living on less than a dollar a day, Target 2: Reduce by half the proportion of people who suffer from*

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The Program of Action 2015, which is the German government's instrument utilised to contribute to the achievement of the objectives formulated in the Millennium Declaration, the Monterrey Consensus and the Johannesburg Plan of Implementation, include aims which are directly linked with urban development:

- boosting the economy and enhancing active participation of the poor;
- guaranteeing basic social services and strengthening social protection;
- ensuring access to vital resources and fostering an intact environment;
- ensuring the participation of the poor in social, political and economic life, and strengthening
- good governance (BMZ 2001a: 16).

Four main fields of action for (German) urban development cooperation can be derived from the Program of Action 2015: (1) fight against urban poverty, (2) sustainable urban development, (3) decentralisation and urban governance and (4) urban management (BMZ 2006: 265). Sustainable urban development on the basis of good urban governance will be of vital importance in meeting the goals set by the Millennium Campaign. Parallel to the efforts on the local level, urban policy must also start at the national and international political levels. Vertical and horizontal integration and cooperation are prerequisites for effective development, because to a large extent local processes are results of global processes and regulations (Herrle, Jachnow and Ley 2006: 4).

But what kind of expertise can (German) development cooperation offer in the field of megacity development? The biggest single German cities match the size of districts of megacities such as Mumbai, Delhi or São Paulo. But, in terms of multi-nodal mega-urban areas, the Rhine-Ruhr-Agglomeration, with its population of about 11 million is equivalent to a megacity like Rio de Janeiro (11.5 million) (UNDESA 2005b: 3). Are its development processes and problems comparable to those of the megacities of the South?

Urban development in Germany is characterized by downscaling due to the present and expected demographic developments of envisaged shrinking populations. However, the skills needed in creating more sustainable megacities, both in shrinking and expanding urban development, are – according to recent findings — only to a limited degree just 'planning skills', but more and more 'negotiation skills' (Voigt 2006). The ability to respond quickly to events and developments on the local level becomes much more important than long-term planning — as could be learned, for instance, through long histories of failure in (mega)cities of the South. Negotiation

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hunger; *Goal 7*: Ensure environmental sustainability, Target 9: Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources, Target 10: Reduce by half the proportion of people without sustainable access to safe drinking water, Target 11: Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020 (UN Millennium Project 2005: 12).

and mediation, between the stakeholders involved, is imperative to identify the most urgent problems and crises. It also helps to find ways for reaching compromises and means of solution, especially in the face of the growing number of actors involved in making the urban system work. Globalization processes are advancing on multiple levels. Gone are the days when the local government could run the city on its own. Globalization from above and below is diversifying the constellation of actors, bringing together local grass-roots organizations and multinational players in urban management. Therefore local governments and their administrative bodies need to be enabled to manage development and implement solutions, which have been jointly engineered.

German development cooperation can feed on the broad experiences of decades of participatory policy making on the local level in Germany (e.g. the Local Agenda 21 processes). Communities were urged to gather experiences in self-governance, owing to the federal state laws, which obliged them to local self-administration. As a result, German communities themselves can make valuable contributions to international development cooperation, being experts in creating and implementing flexible and innovative solutions for strongly developing cities.

German communities are, moreover, becoming increasingly active in North-South-cooperation, often as an enhancement of prior city-to-city partnership relations. Both sides of these equal partnerships benefit from mutual learning and exchange. However, not only meridional, exclusively North-South, but also South-South, City-to-City cooperation is growingly gaining importance in a globalised world. Slum dwellers from, for example, India and South-Africa exchange their ideas and experiences. Confederations, such as Slum Dwellers International (SDI), a South-African based international network of urban poor, are working together intensively today.

## **2 Why do some cities succeed?**

The question "why do some cities succeed?" is not an easy one to answer. Anyway, it is important for policy makers and development agencies alike, to decide on the general direction which to turn to, and at the same time stay flexible and open for changes. Peter Hall emphasizes this role of openness towards influences from the outside, cultural plurality, freedom and opportunities for participation, as sources of creativity and innovation that will spur positive development (Hall 1998; Taylor 2006: 14). Leautier (2006: 7) further states that "a global city performs better than a local city, for a given quality of governance", but still a "city can be well-performing whether local or global driven, by its good governance alone".

The elementary factor for success could lie, therefore, in the ability of the municipality to govern or manage the city. As a consequence, furthering effective metropolitan management, must be the key feature of cooperation efforts (Leautier 2006: 12). Of course, a well-functioning 'hard' infrastructure, which can be taken as an indicator for the quality of governance prevalent, is an essential prerequisite to par-

ticipate in globalisation and sustain knowledge economy. However, the 'soft' infrastructure – such as steering skills, flexibility, openness – is equally important (Taylor 2006: 14). An effective tool for the improvement of governance quality is capacity building. In other words, there is a need to improve 'soft' infrastructure, because grave deficits can often be found regarding qualified and efficient administrative staff, including decision makers, and connectivity to other stakeholders outside the administration.

It is self-evident that there is no one single way to success. The strategies which can be adopted or developed are countless and each city has to find the most suitable ones for its scenarios. However, the ingredients are strikingly common. Providing knowledge about practices that have worked elsewhere, sharing experience, advancing local capacities and offering decision support systems are functions that partners in the South are seeking. (German) development cooperation together with networks of researchers and practitioners can provide such knowledge and support structures.

### **3 Changing priorities – the rural and urban paradigm in (German) development cooperation**

During the twentieth century the world's rural population increased twofold, while urban population increased tenfold. Respectively the problems of the regions did multiply, but still rural poverty and unsustainable development attract much more attention and development efforts than the challenges in the urban setting. Even today poverty in the South is primarily seen as a rural phenomenon. Accordingly, urban poverty only to a limited amount plays a role in strategy papers on the development of poverty reduction, even in countries with a relatively high level of urbanisation. The need for a priority shift towards urban development was clearly stated during the ADB (Asian Development Bank) conference, "Investing in Asia's Urban Future", in February 2007 in Manila, the Philippines, co-organised by the German Federal Ministry for Economic Cooperation and Development (BMZ). The conference also had the purpose of launching the "Cities Development Initiative for Asia" (CDIA), intended to help closing gaps, such as between planning and implementation. Beyond this, German development policy in general has not set an urban focus yet and has, consequently, no overarching concept to tackle urban development problems. Although Individual projects with sectoral approaches are being run, a coherent approach to urban development is not yet existing nor until now targeted by the BMZ. However, rural development, which has for decades been a focal point of German development cooperation, is comprehensively addressed in the reference framework for rural development of BMZ (2001b). Consequently, long-standing schemes, which accredit the key role of solving urban problems to rural development, are enduring among donors (Herrle, Jachnow and Ley 2006: 3).

Promoting a radical shift towards an urban focus would certainly be the wrong way to go. Rather, promoting regional development, which addresses urban development and rural development with equal priority, needs to be at the core of a new paradigm. "If you fix the problems of the villages, you fix, as a happy side effect, the problems of the cities" (Mehta 2004: 18). This simple advice holds true to some extent, but would also fit if exchanging "villages" for "cities" as rural and urban development and the problems of both spaces are closely intertwined. A multitude of interdependencies and equalising currents exists between them, e.g. the rural hinterland of the cities benefits from a well-governed city and its markets while cities thrive on agricultural production and the resources of the hinterland. In the face of these interdependencies it is a key function of sustainable regional development to foster decentralisation and to reduce urban-rural-cleavages. Through strengthening management skills among municipal administrations, modernising administrative bodies and opening up options for participation to the local population, sustainable urban and regional development can be boosted. Capacity building is increasingly becoming a key resource and precondition for successful implementation of international cooperation. Besides measures for tackling the problems of cities, a concept is needed to approach urban areas in a way that pays adequate attention to regional integration and regional effects of urban development.

#### **4 From "anchor countries" to "anchor cities"**

In 2004, the German Federal Ministry for Economic Cooperation and Development (BMZ) designated several countries as so called "anchor countries" for German development cooperation: Argentina, Egypt, Brazil, China, Indonesia, India, Iran, Mexico, Nigeria, Pakistan, Russia, Saudi Arabia, South Africa, Thailand and Turkey (BMZ 2004: 5). From among these, German development policy currently focuses on five countries, namely China, India, Brazil, South Africa and Mexico.

Even if the concept is disputable as BMZ and the Federal Foreign Office do not share a common position on it (Nolte 2007) it goes without saying that the countries named are of outstanding importance for global development in the near future. If transferred from "anchor countries" to "anchor cities", the concept bears important strategic approaches which urban development cooperation could make use of: Anchor countries play a key role in the economic and political development of their entire regions with strong influences on neighbouring countries. These influences can be positive, when the highly dynamic development of the anchor country radiates and spurs the overall development of the region, but they can also be negative in the sense of causing regional stagnation and crisis. Their prominence is a result of their high economic performance, their economic interlinks with other nations and their role in regional integration (Stamm 2004: 7). Furthermore, anchor countries are relevant actors of global governance and increasingly active on the international arena. For instance, the Group of 77 is dominated by anchor countries. This was

vividly called into the global mind, when in 2003 the World Trade Organisation (WTO) Ministerial Conference failed due to the coordinated movement of some anchor countries (Stamm and Altenburg 2005).

Anchor countries are complex in structure and processes, showing a certain degree of disparities and fragmentation, as poor regions and those of strong economic growth coexist, particularly since this internal heterogeneity bears a substantial national and regional conflict potential. The very same characteristics, mentioned so far, can be found when examining the megacities of the South. Megacities often have, apart from their obvious demographic importance and power, a distinct functional primacy within their country and beyond their national boundaries. At present this regional primacy has too often more negative than positive effects on regional development because megacities pound their ecological footprint deep into their rural hinterland, in many cases irreversible, while at the same time draining human resources from it. This often leaves whole villages without their most productive population, weakening their social cohesion and economic power.

Corresponding to the anchor cities approach, megacities can be understood and utilized as anchor cities for German development cooperation, which can, if well governed, initiate positive regional development. The anchor city approach becomes most attractive in the face of a need for a focused approach to urbanisation and a channelling of efforts to the points from which strongest regional effects can be achieved.

## **5 Benefits of development cooperation with anchor countries with high performing economies**

Contrary to the position taken by the BMZ to co-operate with anchor countries, there is a notion which propagates the idea that anchor countries, as "winners" of economic development, need not be targeted by German development politics anymore. Consequently, this notion argues that the financial input in the bilateral cooperation with these countries would no longer be justified.

Notwithstanding the above mentioned "contrary views", there are indeed a number of reasons why cooperating particularly with anchor countries makes sense and is highly important: On the one hand, development cooperation with anchor countries is strongly influenced by foreign and economic policy. It is a strategic move to support these countries, with the notion to further incorporate them into the international political dialogue. At the same time, it strengthens bilateral ties while simultaneously benefiting Germany's own economic and political base. India for instance, in 2004 suspended the receipt of overseas development assistance from various countries, which, some believe, were not in favour of its political ambitions, making clear that it will only accept assistance on its own terms (Mehta 2005). Anchor countries are in the position to set their own priorities and they are willing and able to pay for highly-qualified assistance. China, for instance, covers 50% of all costs

involved in the InWent (*Internationale Weiterbildung und Entwicklung gGmbH* – Capacity Building International, Germany) capacity building programmes it accesses (Taube 2005).

On the other hand, the high economic performance of these countries might mislead to the assumption that the social and environmental situation would improve likewise. In reality, the economy too often flourishes at the cost of the environment and large parts of the population, especially the poor and marginalised. Although 70 to 80% of the world's absolute poor live in not more than six of the anchor countries, the fight against poverty has, with a few exceptions, not been made part of national politics in these countries (Stamm and Altenburg 2005; BMZ 2004: 10) And, to give another example, a tremendous energy consumption and CO<sub>2</sub>-emission goes hand in hand with economic development, especially in China, which is holding a share of 17,9% of the world's total energy related CO<sub>2</sub>-Emission and 14,5% of the world's total energy consumption (Germanwatch 2007: 4). This emphasises the need to engage in, and jointly redirect ongoing development. As with megacities, it is essential for the achievement of the MDGs to team up with anchor countries and make sustainability, with its social, environmental, economic and political dimensions, an integral part of their agenda.

## 6 Conclusion

(German) development cooperation needs to undergo a reorientation process. Its focus has to be widened to include urban development as a focal point, so that rural and urban issues can be dealt with in an integrated way. Sectoral approaches and singular projects do no justice to the significance urbanisation has in the world of today. In order to achieve the MDGs and in order to make (German) development cooperation attractive for the anchor countries, which Germany needs as strategic partners in the area of global governance, this change of priorities must not be neglected. In this reorientation process, megacities, understood as anchor cities, would play a leading role and serve as gateways to whole regions of the political South. The portfolio of German urban development cooperation should foremost include research, capacity building and city-to-city cooperation, which are key instruments for strengthening urban governance. Whether a city will be a winner or loser of globalization is to a large extent determined by the quality of its governance – judged upon a perspective of long-term oriented, sustainable and coherent development.

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