



African Millennium Cities Initiative

Earth Institute, Columbia University

Under the leadership of

Jeffrey D. Sachs, Director, Earth Institute

In cooperation with the
Columbia Program on International Investment
and supported by the
UN Millennium Project

26 May 2006

African Millennium Cities Initiative (MCI)

Objectives: To assist through research and policy analysis, seven mid-sized cities across sub-Saharan Africa (see Appendix A), located near Millennium Villages (see Appendix C), to achieve the Millennium Development Goals (MDGs). The project will initially focus on policy analysis impacting foreign direct investment (FDI), with a view to creating employment, stimulating domestic enterprise development and fostering economic growth. In addition to foreign investment, the MCI will promote an integrated City Development Strategy. The MCI will draw upon, and strengthen, the MDGs work already underway by adding a focused urban-based component.

Overall, the Initiative will demonstrate through its research and policy analysis that more FDI can be attracted to regional urban centers in Africa, with the resulting employment and economic growth effects. The Initiative will also produce urban development strategies issuing from the Initiative's own MDG-based needs assessments that will apprise municipal and national governments and their donors of the accurate, actual costs of achieving the MDGs.

Team: The Millennium Cities initiative is led by a team based at the Earth Institute at Columbia University and the Columbia Program on International Investment¹ and is supported by the UN Millennium Project (UNMP); both institutions are working closely together, under the leadership of Prof. Jeffrey D. Sachs (see Appendix B).

Context: Attracting foreign direct investment to sub-Saharan Africa is difficult, as reflected in the region's small fraction of global FDI flows. Moreover, the bulk of these flows is in extractive industries such as hydrocarbons and precious metals, and is not sufficient to promote sustained economic growth. However, given rapid urbanization, and the potential economic and social problems this creates, employment and economic growth in cities is of paramount importance. Hence, without much greater FDI inflows, and the jobs and technology transfer that FDI can induce, Africa's cities will not achieve the Millennium Development Goals by the target date of 2015. In turn, without consistent, measurable progress in urban areas, which constitute an ever-growing proportion of national populations, the countries themselves will not be able to realize the MDGs.

There are, fortunately, new opportunities to attract FDI into sub-Saharan Africa (SSA). These opportunities result from improved governance and economic policies in the region, greater activities by South African (and other developing world) multinational companies, improved market access for SSA in Europe and the United States, the possibilities offered by the Clean Development Mechanism, and commitments of donor resources to upgrade African infrastructure. The major initial goal of the Millennium Cities Initiative is to build on these favorable trends and provide research-based policy analysis to help turn them into substantially increased flows of FDI.

In addition, the Millennium Cities initiative is positioned to capitalize on unique synergies with the Millennium Village Project (see Appendix C). The latter is a major, philanthropically financed research effort designed to promote and achieve

¹ A joint program of the Columbia Law School and the Earth Institute.

the MDGs in *rural* Africa by demonstrating the efficacy of community-led integrated rural development based on the recommendations of the UN Millennium Project (see

also Appendix C). The Millennium Village Project is helping farming communities to make the transition from "sub-subsistence" (hunger, disease, extreme income poverty) to commercial agricultural and non-agricultural activities. The Cities and Villages projects will work hand-in-hand to harness economic synergies.

The Millennium Cities Initiative will cooperate with other international organizations to bring the attention of international investors to seven regional-scale cities close to the Millennium Villages (see below for list, Appendix A for city descriptions). These regional scale cities are important for several reasons. For the most part, they are already sizeable (ranging from 400,000 to two million, with one exception); they are growing rapidly; and they represent the best chance for balanced industrialization that avoids the dilemmas of mega-cities with their mega-slums and infrastructure problems.

Geographic Focus: The selected cities are in six of the African focal countries of the Millennium Village Project and UN Millennium Project. The initial Millennium Cities are the following:

Kisumu, Kenya
Blantyre, Malawi
Kumasi, Ghana
Akure, Nigeria
Bamako - Segou, Mali
Louga, Senegal

These cities, all key urban centers proximate to Millennium Villages, are described briefly in Appendix A. Through this choice of cities, the Millennium Cities Initiative and the Millennium Village Project can also help to foster farm-to-market connections, and both projects can draw upon strong relationships with policy makers and communities at the village, municipal, district, regional, and national levels in all of the project countries.

In all cases, the authorities of the cities involved, as well as the highest national authorities, have strongly requested and supported this project.

Cooperation: The Initiative will conceptualize and initiate the required activities and catalyze in a focused manner international organizations (especially UNCTAD, MIGA, UNIDO, UNDP, African Development Bank) to generate FDI in order to advance development efforts.

An Advisory Board consisting of recognized business leaders is being formed to provide advice as to how to move the Initiative forward.

Need for the Project:

- Focused approach on a selected number of cities;
- Little attention so far to regional cities;
- Little attention to urban-based MDG strategies;
- Possibility of partnerships with the Millennium Villages for maximum leverage.

Timeline: five years, divided into two phases (Years I-II, Years III-V).

Targeted Outcomes:

Based on its research and policy analysis, the Initiative will help:

1. To identify investment opportunities in the Millennium Cities, improve the capacity of these cities to attract investment, strengthen mechanisms for dialogue between foreign investors and city administrations, and bring a number of investors to consider investments in them.
2. To give several cities an economic boost by disseminating research results that might interest multinational companies in ventures that will generate jobs and stimulate domestic enterprise development, raise the cities' profiles for investors, and commit to responsible environmental stewardship.
3. To help the participating cities and their competent authorities, in cooperation with other international organizations, to elaborate City Development Strategies to help achieve the Millennium Development Goals.

PHASE I:

Year I Goals: to identify and inform appropriate foreign investors about the Millennium Cities.

Relevant steps include the following:

- Work with cities and international businesses to identify potentially fruitful investment opportunities;
- Gather information on existing and planned infrastructure of relevance for FDI;
- Research and characterize the regulatory framework for foreign direct investment and strengthen the capacity of cities to attract investment and benefit from it;
- Consult and work with local and national authorities as necessary to improve the business environment and public-private sector relations;
- Develop an instrument to facilitate the negotiating of durable contracts ("Investment Contract Aid Facility");
- Identify a cluster of interested investors and bring them to consider possible investments;
- Examine possibilities for risk mitigation.

Year II Goals: to promote infrastructure improvements and assist in developing longer-term strategies in critical sectors.

Relevant steps include the following:

- Assist municipal government in developing funding proposals for infrastructure improvements, including those identified by the potential investors;
- Work as necessary at the national level to make the business climate more attractive to FDI;

- Act as liaison between investors and relevant municipal, regional, and central government partners to follow up on commitments and move project implementation forward;
- Help the Millennium Cities to develop MDG-based city development strategies in cooperation with other stakeholders (international organizations, communities, NGOs, business community, etc.).

PHASE II:

Years III – V Goals: To assist the cities in securing durable investments, completing and disseminating MDG-based City Development Strategies to spur accelerated achievement of the MDGs in these and other urban areas.

- Complete MDG-based City Development Strategies;
- Submit City Development Strategy to national government authorities as well as potential development partners;
- Continue to serve as liaison between investors and government to help shepherd projects to fruition;
- Follow up on other issues that emerge from Phase I, in light of experience gained and as needs arise.

RESEARCH AND TEACHING OPPORTUNITIES:

The Millennium Cities Initiative includes a number of valuable research and teaching components, including the following:

Research:

- Participation in the research and policy analysis tasks discussed above;
- The development of prototypes for MDG-based City Development Strategies, involving not only their substantive content, but budgetary requirements and a record of methodologies employed, as well. These prototypes, which have heretofore not been explicitly formulated, can then be applied in other, similarly sized and situated cities and towns to generate honest enumerations and costings of what it will take for each to actually achieve the Millennium Development Goals;
- The development, testing, refinement and utilization of an "Investment Contract Aid Facility" that will facilitate contract negotiations that can be durable and fair, to both the cities and their investors;

Teaching:

Under appropriate staff supervision, graduate students will be able, where feasible, to have hands-on experience in the following activities:

- Consulting, in Year I, with local and national governments and diverse citizen constituencies to gather information regarding local infrastructural assets and gaps, as well as the business and regulatory environment;
- Creating and publishing a six-month Update Newsletter with current information and analysis on regional foreign-direct-investment issues. The newsletter will also provide a platform enabling participating cities to reach potential investors;

- Helping, in Year II, to guide the process of carrying out MDG-based needs assessments in the Millennium Cities, in such social sectors as health, education, housing, access to safe water, etc., in partnership with local government, in consultation with urban constituencies and under supervision of faculty and staff;
- Publishing analytical papers, in an "Occasional Papers Series" at Columbia's Program on International Investment, to be prepared in the context of the MCI that will capture some of the experiences gained during Year I and II, with a view to disseminate them widely and to use as a basis for up-scaling the MCI to a larger number of cities.

APPENDIX A: City Profiles²

Kisumu, Kenya: Kenya's third largest city (est. 500,000), situated on the Kavirondo Gulf, an arm of Lake Victoria, Kisumu is a regional hub with the potential to become the leading commercial, industrial, and administrative center in the Lake Victoria Basin. The city faces severe challenges, though, from the combination of declining railway and ferry use; cheap subsidized imports; a slump in fishing, sugar, cotton and rice production due to environmental degradation, adverse weather conditions, and inaccessible markets, as well as tremendous population pressure. Kisumu has one of Kenya's highest poverty levels (48% in 2004); severe shortages in housing, water, sanitation, and appropriate solid waste disposal have slowed development, and the disease burden (untreated HIV/AIDS, malaria and other infectious diseases) is very high. Over 60% of the population lives in peri-urban settings practicing unregulated, subsistence-level urban agriculture, thereby silting the lake and deforesting the surrounding hills. Yet the city is undergoing a resurgence in regional trade and tourism, and is working to improve its production and its infrastructural capacity with an eye toward regaining its footing as an investment and tourist destination.

Possible Business Opportunities: Agro-processing activities include refined sugar, frozen fish, textiles, beer, sisal fiber, ethanol, and molasses; there is room for expansion in banking, insurance, Internet technology, and telecommunications. Plans for improving rail and air access have been budgeted for at the national level, and will, along with the revival of the ferry service, enhance opportunities for tourism, as well as convenient business access to Uganda and Tanzania.

Blantyre, Malawi: Malawi's most populous city (est. 700,000), Blantyre is also the country's chief commercial and industrial center, with road, rail, and air links to all parts of the country and rail links to Indian Ocean ports in Mozambique. Key industries are cement, food and tobacco-processing, and textiles, with the latter ripe for revitalization, given the potential for locally produced cotton. The City Assembly has developed extensive plans for improvements both in infrastructure and in the delivery of essential services, but has few resources with which to implement its plans. HIV/AIDS has had a debilitating presence (over 20%) on the urban community, which has rallied in a concerted and creative fashion to address the crisis, although the cost in human resources is immeasurable. Malawi is still suffering famine as a result of the 2005 draught; child and maternal mortality rates are extraordinarily high, and life expectancy currently stands at roughly 37 years.

Possible Business Opportunities: Successful private and joint ventures include fish farming and a range of agro-processing activities, with opportunities for expansion into tea blending and the processing of oranges, tomatoes, potatoes, mushrooms, and coffee. Other opportunities include the revitalization of cotton and textile production; tourism (focused on wildlife viewing and eco-tourism), and Internet technology and telecommunications, as well as ready access to regional markets and transnational partners in South Africa, Zambia, Mozambique and Tanzania.

² The possible business opportunities listed below have been identified on the basis of preliminary research, on-site visits and interviews in the field. Each possibility listed will be followed up with further, and more comprehensive, on-the-ground research.

Kumasi, Ghana: With a population of 1.2m (daytime ca. 2m), Kumasi is the capital of the Ashanti region and Ghana's northern hub. Gold-mining, teak harvesting, and agro-processing dominate the economy; the rail and airport require upgrading before the potential in those industries can be maximized. Kumasi boasts a bustling downtown and marketplace; yet much of the city's population lives and farms in peri-urban settings, having been forced off the farms by crop failure and lack of market access.

Possible Business Opportunities: Hotels are much in need, both for business and tourism (including eco-tourism); Internet technology is eagerly awaited, and there is room for banks and insurance firms ready to finance and insure small-scale entrepreneurs. Cotton textile, leather goods, hardwood (teak) furniture production, fish farming, and cocoa processing (chocolate, butter, cosmetics) also have substantial underutilized potential, and the municipal authorities are keen to develop an industrial zone where such activities might take place. The airport renovation is expected soon, and plans for a new international airport are also underway.

Akure, Nigeria: Akure, population 350,000, is the capital of Ondo State, the largest state in Nigeria's southwest and in the Yoruba cultural region. Endowed with an abundance of natural resources – bitumen deposits and liquid natural gas, extensive tropical forest reserves, a natural port and river – Ondo State is well positioned for an economic take-off.

The government in Ondo State has made development a top priority and has committed substantial resources to infrastructure, water management, agriculture, and job training programs. Akure is the key trading center for a farming region growing yams, cassava, maize, bananas, rice, palm oil, okra, and pumpkins; cocoa is the most important local commercial crop; cotton, palm, and teak are also processed for export. Other industries include electronics manufacturing, bottling, banking; weaving, pottery-making, and the marketing of cocoa. Akure is also a tourist destination and departure point for visitors to the nearby Osse River. Connected by road to Lagos and Ibadan, the city has an airport, a state specialist hospital, the Federal University of Technology (FUTA), an agricultural school, teachers college, and a bevy of media outlets.

However, Akure still lacks essential infrastructure: the reliable supply of water and power, as well as proper drainage and solid waste disposal. While a major road construction program, dam rehabilitation and solar-powered borehole installations are well underway, rapid in-migration has exacerbated downtown congestion, a serious housing shortage, the infectious disease burden, unemployment, and pollution.

Possible Business Opportunities: The most lucrative opportunities appear to lie in the extraction industries; in the export capabilities opened up by the port has been upgraded, and in the port expansion itself (through concessions, etc.). Agro-processing, furniture-making, electronics, Internet technology, the insurance industry, and tourism all have room for expansion and modernization.

Bamako – Segou, Mali

Bamako (pop. 1.3m), Mali's administrative and economic capital, is a river port and regional trade center located on the Niger River, in the south-west of the country. The river port is vital to the nation's economy, with 24% of Mali's GDP generated from the city, 25% of the national consumption, and 70% of Mali's 243 industrial enterprises. However, the city's geographical location is economically challenging, particularly with regard to trade, as the region is remote and far from the coast.

Cotton ginning leads manufacturing activity; other industries include pharmaceuticals, chemicals, textiles, ceramics, farm machinery, battery production, river fishing, and tobacco processing. However, aggressive farming and agro-pastoral activities constitute a threat to the fragile ecosystem and foster desertification.

Rapid urbanization, coupled with a weak economy, has resulted in poor living conditions and sanitation, high unemployment, an unacceptable disease burden, and fragile civic and social structures. An express highway leads from the city center to the international airport, and a rail line runs between Bamako and Dakar.³ Bamako is connected to the Manantali Dam (capacity: 200 mw) through a 1,500-km transmission grid. There remain serious infrastructural gaps, particularly in the energy and transportation sectors.

Segou, a lovely, former French colonial city of roughly 400,000, is an important historic Malian site situated on the banks of the Niger River. Well-governed and relatively small, Segou has much to offer as an agro-processing and textile manufacturing center. Two large rice companies are located there, as well as milk packaging and other smaller concerns. Telecommunications and Internet coverage are inadequate, affording opportunities in that area. With its quaint charm and delightful breezes, it holds appeal also as a potential tourist destination, given the right mix of accommodations, eateries, and river- and lake-based recreational activities. The District of Segou is also home to the cluster of 11 farming communities that participate in the Millennium Village Project.

Possible Business Opportunities in Bamako: Agro-processing and textile production, both of which capture the production generated by the Millennium Villages and other rural areas, are promising sectors with room for development, as are chemical and pharmaceutical plants and banking and insurance. Tourism, too, should play a role: Bamako is an easy flight away from the ancient trade nexus Timbuctou, on the edge of the Sahara, enabling the visitor to observe the transition from nomadic, desert communities to settled Sahelian farms.

Possible Business Opportunities in Segou: Prospects exist in low-overhead agro-processing and manufacturing (rice products, e.g., white rice and animal meal; dried fruits and fruit juices; textiles), aquaculture, and tourism; land prices, the river, and the town itself make Segou attractive, and easy access to Bamako, with its air links, infrastructure, technical expertise, and sophisticated service sector, completes the missing link from farm to international markets.

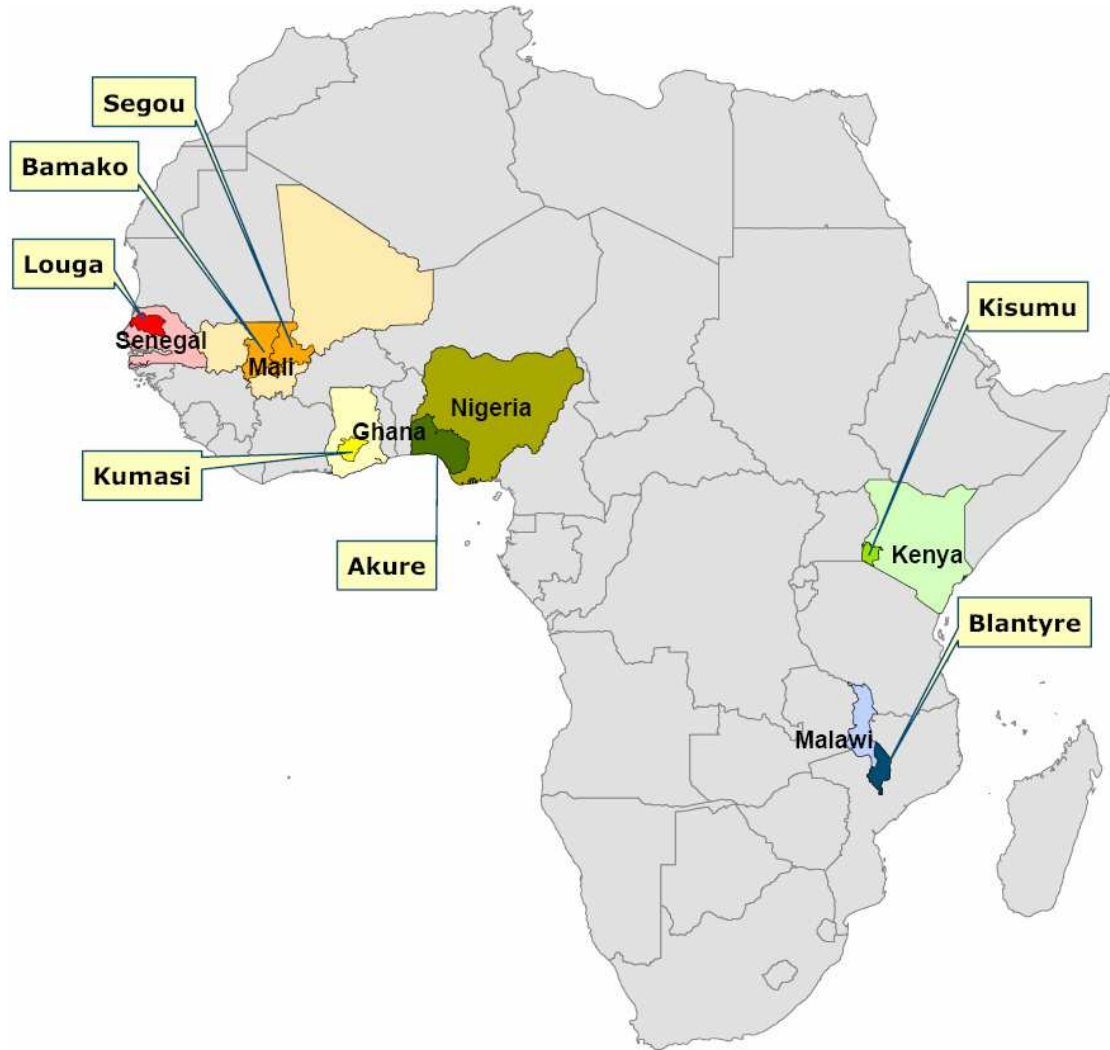
³ The railway, 1,284 km long, is run by the Canadian company, Canac-Getma, and moves about 60,000 tons of freight traffic monthly.

Louga, Senegal: With a population of roughly 120,000, Louga is the smallest of the Millennium Cities designated thus far. Yet it shares the problems of cities many times its size. As farming has become less viable because of soil depletion, adverse weather conditions, and environmental degradation, migration to the city,

particularly among young men, has drastically increased, placing a crushing strain on its infrastructure, which in turn has rendered its industries less competitive. Nevertheless, there are some 6,000 entrepreneurs in Louga, as well as some 30,000 artisans, with talents ready to be tapped for overseas markets.

Possible Business Opportunities: Western markets can readily be found for the clothing, accessories, leather goods, house wares, and furniture produced in Louga, whether in European department stores or America's high-end boutiques; residents attest to the need for micro-credit financing, which would likely boost artisanal production significantly. As in the other cities located within an hour of Millennium Villages, agro-processing and aquaculture are obvious areas worth pursuing; in addition, an hour away is one of Senegal's largest cattle farms, making meat and dairy processing a viable option. Tourism, too, is a possibility, with deep-sea fishing, nice beaches, and the pleasant Lac de Guiers close by. Louga offers an array of cultural attractions, as well: the venerated Louga dance team, which has represented Senegal in international competitions, is in residence in the city.

MAP OF MILLENNIUM CITY LOCATIONS



APPENDIX B

MCI Leadership Team:

Dr. Jeffrey D. Sachs is the Director of The Earth Institute, Quetelet Professor of Sustainable Development, and Professor of Health Policy and Management at Columbia University. He is also Director of the UN Millennium Project and Special Advisor to United Nations Secretary-General Kofi Annan on the Millennium Development Goals, the internationally agreed goals to reduce extreme poverty, disease, and hunger by the year 2015. Sachs is internationally renowned for his work as economic advisor to governments in Latin America, Eastern Europe, the former Soviet Union, Asia and Africa, and his work with international agencies on problems of poverty reduction, debt cancellation for the poorest countries, and disease control. He is a Research Associate of the National Bureau of Economic Research. Sachs has been an advisor to the IMF, the World Bank, the OECD, the World Health Organization, and the United Nations Development Program, among other international agencies. During 2000-2001, he was Chairman of the Commission on Macroeconomics and Health of the World Health Organization, and from September 1999 through March 2000 he served as a member of the International Financial Institutions Advisory Commission established by the U.S. Congress.

Sachs' research interests include the links of health and development, economic geography, globalization, transition to market economies in Eastern Europe and the former Soviet Union, international financial markets, international macroeconomic policy coordination, emerging markets, economic development and growth, global competitiveness, and macroeconomic policies in developing and developed countries. He is author or co-author of more than two hundred scholarly articles, and has written or edited many books.

Dr. Karl P. Sauvant is Special Advisor to the UN Millennium Project and Executive Director of the Columbia University Program on International Investment. Until July 2005, he was the Director of UNCTAD's Division on Investment, Technology and Enterprise Development, the focal point in the UN system for matters related to foreign direct investment (FDI), as well as a major interface with the private sector. He created the World Investment Report and was its lead author from its inception in 1991 until 2005. Dr. Sauvant was also responsible for a wide range of policy-oriented studies on FDI, including co-editing a 20-volume *Library on Transnational Corporations* and an association over three decades with some 150 United Nations publications on FDI. He has also launched and implemented a number of technical assistance projects in this area.

Dr. Susan M. Blaustein, Earth Institute Policy Advisor to the UN Millennium Project, is also a director of the Millennium Promise Foundation. Prior to her work with Millennium Cities Initiative and the Millennium Village Project before that, she was a senior consultant and analyst with the International Crisis Group, a Brussels-based think tank focused on conflict prevention, and for the Coalition for International Justice, a Washington-based NGO supporting the efforts of international criminal tribunals to prosecute gross human rights abusers in Rwanda, the former Yugoslavia, Cambodia, East Timor, and Sierra Leone. Dr. Blaustein also reported from the Balkans and Southeast Asia for such publications as *The New Yorker*, *Harper's*, *The Wall Street Journal*, and the *Los Angeles Times*; she is finishing a book about the Rwandan genocide.

Guido Schmidt-Traub, is Associate Director at the UN Millennium Project. He manages the day-to-day activities of the Project, has coordinated the development of MDG needs assessments, and led the Project's advisory work in several focus countries. His technical work focuses on economics, infrastructure, environmental sustainability, and urban development. Previously, Guido was a Partner at IndexIT Scandinavia, a strategic advisor for technology companies, and concurrently managed a private investment fund for European technology companies. Prior to that, he worked on assignments as an environmental economist. Guido holds a MPhil in Economics from Oxford University, where he was a Rhodes Scholar, and a Masters in Physical Chemistry from the Free University Berlin.

APPENDIX C

The UN Millennium Project:

The UN Millennium Project, directed by Prof. Jeffrey D. Sachs of Columbia University, was commissioned in 2002 by UN Secretary-General Kofi Annan to put forward practical strategies for achieving the Millennium Development Goals. Following the January 2005 release of *Investing in Development – A Practical Plan to achieve the MDGs* and its thirteen companion reports, the Project was extended through to 2006 to advise on the implementation of its recommendations. A central focus of the UN Millennium Project's effort is to work with UN Country Teams in 10 African countries to support the preparation of MDG-based national development strategies. The countries are Ethiopia, Ghana, Kenya, Malawi, Mali, Nigeria, Rwanda, Senegal, Tanzania, and Uganda. In addition, the Project collaborates with UN agencies to support Millennium Villages in each of the 10 African focus countries.

The Millennium Village Project:

The Millennium Village Project is a community-level initiative that complements the national-level policy focus emphasized by governments and the UN Millennium Project to accomplish the Millennium Development Goals. Its purpose is to empower impoverished African rural communities to accomplish all the MDGs by 2015, using the recommended investment of \$110/capita per year over 10 years, of which \$10 are the villagers' contribution, \$30 from the government, and \$70 from the international community.

The African Green Revolution, with its mission to apply science and technology in an environmentally sustainable manner, enabling Africa to double or trip food yields, is part of the on-the-ground interventions that make up the Millennium Village Project. Equally important interventions in education, gender, health, environment, energy, water and sanitation, and information technology are being implemented in the villages.

During Year One in Sauri, Kenya, the first Millennium Village, the village Agricultural Committee developed a specific farm input strategy that combined the planting of hybrid maize seeds with mineral fertilizers and nitrogen-fixing trees. A mass extension and training program, together with a good rainfall, allowed Sauri residents to achieve an average maize yield of 4.8 tons per hectare in the 2005 long rainy season. Those farmers who accepted farm inputs agreed to provide 10 percent of their surplus to the school meals program in Sauri, feeding over 1500 children in the 2005-6 school year. The community also build a health clinic, which is fully operational, and all people in the village are sleeping under long-lasting, insecticide-treated bed nets to fight malaria.

Other Millennium Research Villages are being established in Senegal, Mali, Ghana, Nigeria, Ethiopia, Kenya, Uganda, Rwanda, Tanzania and Malawi; in different agro-ecological zones that cover 90 percent of sub-Saharan Africa. The research investment in these 12 villages will provide the critical insights and solutions for scaling up within surrounding Hunger Hotspots areas (Millennium Villages Type 2), with a total population of about 300 million people – as well as in other Hunger Hotspots in rural Africa (Millennium Villages Type 3), with an additional 200 million people. Together with national strategies and the work of the Millennium Cities Initiative, the Millennium Villages will help scaling up the proven technologies and policies that will make the attainment of the MDGs in Africa a reality.