

**Remarks by Ms. Maimunah Mohd Sharif, United Nations Under-Secretary General
and Executive Director, UN-Habitat**

The Second Africa: Open for Business Summit

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**Chairperson,
Your Excellency, Professor Tijjani Muhammad-Bande, 74th President of the UN
General Assembly,
Excellencies,
Distinguished Representatives of International, Government and Private Sector
Organizations,
UN Colleagues,
Ladies and Gentlemen,**

I am delighted to participate in this important Summit and to say a few words about Africa's readiness for business. In doing so, I would like to highlight the contribution of urbanization to Africa's potential for business.

The African Union envisages that the implementation of the United Nations Sustainable Development Goals, Agenda 2063: The Africa We Want, and the African Continental Free Trade Area, among other agendas, will increase the rate of diversification and transformation of Africa's economies; boost employment opportunities; increase competitiveness of African industrial products through harnessing the economies of scale of a continent-wide market; and enhance the continent's ability to meet its import needs from its own resources.

UN-Habitat believes that a key policy required in the structural transformation of the continent's economies is investment in well-planned urbanization, especially in the urban infrastructure and services necessary for boosting productive capacity and industrialization.

Empirical evidence shows that very few countries have ever achieved sustained economic growth and rapid social development without urbanizing. The transition from low- to middle-income country status is almost always accompanied by a transition from a predominantly rural to a predominantly urban economy.

Cities have agglomeration benefits that reduce costs of infrastructure and socio-economic services, drive innovation, as well as enhance business development and job creation. Higher densities that characterize urban settlements enable agglomeration and scale economies, resulting in greater productivity.

At present, cities and towns account for 70 per cent of the world's gross domestic product (GDP): that is 55 per cent of GDP in low-income countries, 73 per cent in middle-income countries, and 85 per cent in high-income countries. Recent empirical evidence suggests that cities and towns, as the main source of employment, can be a pathway out of poverty. This is one of the main reasons why poverty has declined markedly in some countries, such as China, whose urban-based and industry-focused growth strategies have been very effective.

Cities are and have always been centres of change and innovation. Their concentration of people, resources and activities is conducive to the development of creative systems. In recent decades, innovation boosts have been achieved through smart urban industrial policies that provide spaces such as industrial or science parks, allowing industries to cluster, thus fostering a basis for inter-industrial knowledge exchange and technology learning. Industrial and science parks as well as special economic zones can stimulate productivity, innovation and growth of local industries. They can also drive transformative structural changes, including the bundling of public services and provision of greater efficiency of limited government funding for infrastructure.

However, to take advantage of the opportunities offered by urbanization, African cities and towns must continue to improve the adequacy, sustainability and reliability of their infrastructure systems, including electricity, roads, water and sanitation. Many sustainable and smart solutions are available today, thus enabling Africa to benefit immensely from technological leapfrogging. African cities and towns must also address the challenges of extreme poverty and rising inequality, in their multiple dimensions, including low incomes and poor access to adequate housing and basic services. African cities and towns must further put in place policies and strategies supportive of private sector investment in order to create wealth and jobs.

In conclusion, urbanization is vital for delivering sustainable development, not only because the urban areas of the world are expected to absorb almost all future population growth, but because they have the potential to concentrate economic activities and influence social change. They have the ability to help the world to overcome some of its most serious challenges, including poverty and inequality, as well as to reduce ecological footprints through densification. Thus, investment in well-planned urbanization, with efficient and sustainable infrastructure, is critical in ensuring Africa's readiness for business and achieving sustainable development. Much of this investment will have to come from the private sector.

As highlighted by UN Deputy Secretary-General Amina Mohammed back in June 2015, "Cities are where the battle for sustainable development will be won — or lost if we fail". If we succeed, cities and towns can be powerful engines of industrialization, economic growth and social development. Cities and towns must therefore be part of the solutions required to open Africa for business.

Thank you.