

Urban development

The Century of Cities

Cities are where the battle for sustainable development will be won or lost – according to the United Nations. For the first time in history, the majority of the world's population lives in cities. By 2050, this figure is expected to grow to a staggering two-thirds. In less than four decades' time, the number of people living in cities will grow by 2.5 billion people, which amounts to even more than the entire population growth expected for this period. Nearly 90 % of this growth will be concentrated in African and Asian cities. This trend towards urbanisation is tied to both opportunities and challenges. Expanding metropolitan regions as well as, in particular, small and medium-sized cities can use this growth to develop their economic potential and to reduce various forms of poverty. In global terms, cities will play an ever greater role in protecting resources and the climate in particular. Already they are, for instance, responsible for more than two thirds of the energy consumption worldwide and more than 70% of global CO₂ emissions.

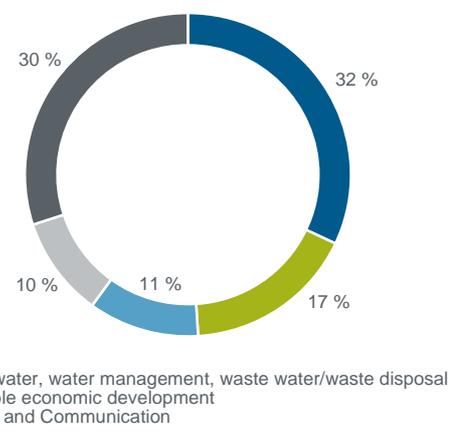
education, healthcare, work and income. Considering the rapidly rising degree of urbanisation, however, the interdependence between urbanisation and development is changing. Europe's urban population growth from 10% to 50% took roughly 150 years. In some Asian countries this trend is moving at more than twice that rate. Some of the consequences of this are cities drowning in traffic and local air pollution reaching menacing levels. Furthermore, approximately a billion people already live in urban slums, and this trend is rising.

As a general rule, lifestyles and consumer behaviour are changing in the places where people are actually able to improve their living conditions and income. The results are higher consumption of resources and greater accumulation of waste. If the urban population doubles, land consumption can be expected to at least triple. Valuable land needed to secure food or which should be protected for environmental reasons is lost to uncontrolled settlements.

The consequences of global climate change are especially obvious in cities, as these emit roughly 70% of the

KfW commitments for urban development 2014-2018

Total: EUR 23.3 billion



Source: own data

Context

The world is becoming a city. A glimpse into the past initially leads one to expect good things from this statement. Urbanisation in Europe, North America and other regions was intertwined with growth and development. In fact, access to information, innovation and better income opportunities are making cities the growth engines of numerous countries. In many cases, more than 80% of national gross domestic product is generated in cities. Social services are provided more efficiently here and ground water supply is easier and better facilitated. Shorter distances and routes as well as a broad variety of transport possibilities offer more people access to

world's greenhouse gases. At the same time they are heavily affected by global climate change. Infrastructure and industry in cities suffer particularly high losses in the event of extreme temperatures, torrential rain fall, floods, periods of drought and heavy storms.

The rapid population growth is creating immense challenges for cities. In 2016, during the Habitat III Conference in Quito the international community thus agreed on a New Urban Agenda. The goal: sustainable and livable cities for all. If urbanisation is not brought under control on a long-term basis, the downsides to this will quickly become permanent: sustainable settlement structures with energy-efficient buildings, climate-friendly transport and livable neighbourhoods with open spaces and green areas are very difficult to implement retrospectively – if at all – and come at very high costs.

The KfW development approach

KfW Development Bank on behalf of the German Federal Government is helping cities face their various and multifaceted challenges. More than half of KfW Development Bank's promotional funds are currently going to cities.

KfW helps disadvantaged population groups take part in social and economic processes and contributes to global climate protection via cities. The funds are used, among other things, for purposes of water supply and sewage treatment, energy-efficient buildings and climate-friendly mobility. In addition to developing infrastructure, the economic and political challenges in developing countries are addressed through the financing of small and medium enterprises and the strengthening of local administrations. This way, KfW Development Bank helps cities take advantage of the opportunities that come with urbanisation.



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Uncontrolled settlement of Goto when it rains. Source: KfW Group, photographer: Christof Griebenow.

Mozambique – Adapting to Climate Change

The 500,000 residents of Beira in Mozambique are particularly affected by the consequences of climate change. Torrential rain falls, often combined with heavy storms like in March 2019, are causing extreme flooding and the draining of the water is proving difficult. Large parts of the population live just below sea level, putting them in additional danger in the event of flooding. Climate change will increase the frequency and severity of these events in the future. Standing water after floods presents additional risk of diseases such as malaria. People in densely populated, uncontrolled settlements along the Rio Chiveve, uncontrolled industrial areas and parts of the city centre are affected in particular. There are also serious consequences for the local economy, and these will hit poor populations especially hard.

On behalf of the German Federal Government, KfW Development Bank together with its Mozambican partners aims to improve climate resilience in Beira and at the same time fight urban poverty. The construction of sluice structures and the rehabilitation of the river have already reduced the risk of flooding. In a second phase, a park along the river will be created providing sports, culture and educational facilities. Cycle lanes and pavements connect the inner city and the park, and a market will be restored. Medium and long term, the situation of the citizens will not only be improved economically, but the city as a whole will also become a more livable place.