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Article

# Coping with Migration-Induced Urban Growth: Addressing the Blind Spot of UN Habitat

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**Abstract:** The demography of cities in the 21st century will be shaped, to a large extent, by migration. This paper argues that the rights-based approach to urban policy advocated in the preparatory work of Habitat III, the UN Conference on Housing and Sustainable Urban Development to be held in October 2016 in Quito, Ecuador, may not be conducive to this goal. The approach lacks a contextual and dynamic understanding of urbanization. It implicitly assumes that a growing and expansive urban economy would primarily benefit the rich and harm the poor. The resulting containment policies to stop “urban sprawl” and defend “the right to the city” can, however, be counterproductive if adopted in cities in less developed countries (LDCs) that grow fast due to internal migration. Attempts to limit urban growth may merely lead to more informal settlements, less affordable housing, and increasing costs of doing business. In other words, it may benefit the rich and harm the poor. LDCs should, therefore, refrain from adopting defensive urban policies mostly advocated by more developed countries (MDCs) and, instead, plan for sustainable urban expansion designed to improve access to essential urban services and to create a level playing field for newcomers in business. In this context, urban policies may build upon the basic insights of the late urbanist Jane Jacobs. She recognized that the vital function of cities is to provide affordable infrastructure and an institutional environment that enable migrants and other marginal urban communities to contribute to urban prosperity and problem-solving with their skills, networks, and entrepreneurial minds. The resulting social and economic empowerment increases access to essential human rights and ensures that cities become more inclusive, resilient, and sustainable.

**Keywords:** migration; urbanization; entrepreneurship; innovation; urban expansion; Jane Jacobs

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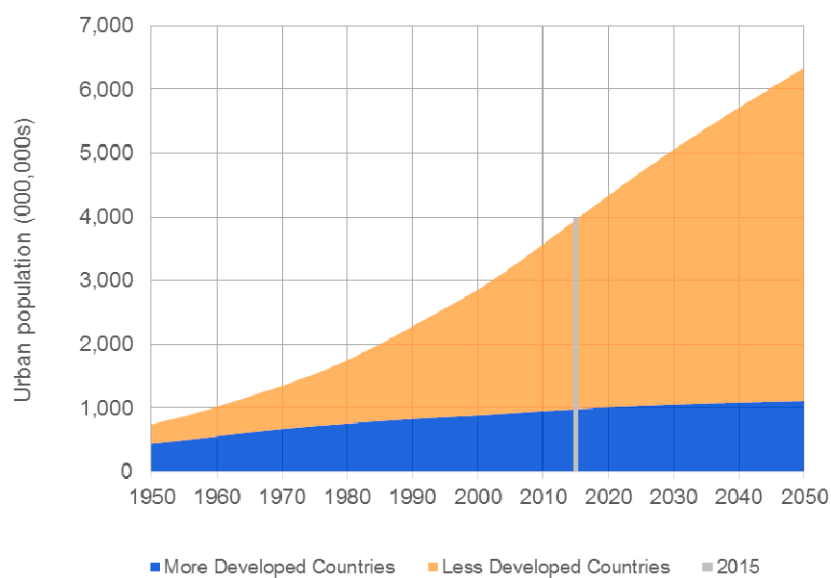
## 1. Introduction

According to the World Migration Report [1], migration has been, and will be, one of the main drivers of urban growth. The number of migrants has reached a billion people in 2014, of which almost 250 million live and work outside their own countries. The remaining 750 million are internal migrants moving from rural to urban areas within their own country. The demographic change due to migration is also reflected in the share of the global population living in urban areas. The share of the urban population has increased from 30 per cent in the 1950s to 54 percent in 2014, and is expected to reach 66 percent by 2050 [2]. This means that, by then, the total urban population will exceed the number of the global population today. In the same period the number of cities with more than a million inhabitants is expected to increase from currently 80 to 533 [3]. Close to 90 per cent of this urban growth is expected to take place in Asia and Africa [2] (see Figure 1).

In this context, less developed countries (LDCs) with high population growth rates and high internal migration rates face much greater urban challenges than More Developed countries (MDCs) where population growth and internal migration is relatively low. LDCs face the additional challenge

of having fewer public resources available to cope with fast urban growth mainly due to internal rural-urban migration.

The World Bank estimates that 78 percent of the 1.4 billion poor people who live on less than US\$1.25 a day, are located in rural areas where two thirds of the extremely poor are engaged in agriculture [4]. In many LDCs, the agricultural sector is in desperate need of structural change since there are too many farm households that primarily produce for themselves. These semi-subsistence farms attract little investment and are hardly integrated into the formal agricultural value chains that mostly supply the growing demand for food in cities.



**Figure 1.** Urban growth in less and more development countries from 1950 to 2050 (Source: Lincoln Institute of Land Policy, 2016 [5]).

The current population growth, combined with economic stagnation in many rural areas in LDCs, is reflected in the fact that small-scale farms are not growing, but actually shrinking, in size [6]. Lack of off-farm employment force the offspring to stay on the farm, and since national environmental regulation in most LDCs prevents them from further expanding their farmed land through deforestation, the only option left is migration [6]. In view of the fact that many of the millions of small-scale farms in LDCs are struggling to produce sufficient food for themselves, it is misleading if the authors of the Habitat III Issue Paper on Urban-Rural Linkages [7] claim that small-scale farming would significantly contribute to boosting food security and reducing poverty. The FAO State of Food and Agriculture Report [8] writes of the 500 million family farms—not small-scale farms—that make a significant contribution to global food security. This matters because family farms are not necessarily small in size. Family farms in the United States, Canada, or Brazil can be very large, for example. The precarious situation of millions of small-scale farms has, in fact, become one of the main push factors of rural-urban migration in LDCs. They constitute the largest share of internal migrants worldwide [1].

In view of the fact that it is cities rather than countries as a whole that face the greatest challenges in coping with migration, the International Organization of Migration (IOM) argues that the issue should be at the frontline of urban planning and sustainable development. IOM, therefore, titles its most recent World Migration Report “Migrants and Cities: New Partnership to Manage Mobility” [1]. Its authors note with great concern that the issue of migration is largely omitted from the global debate on urbanization. In this context, the World Migration Report should also influence the preparatory work for the “New Urban Agenda” to be adopted by the forthcoming UN Conference on Housing and Sustainable Urban Development (Habitat III) in October 2016 in Quito, Ecuador. Yet, the need for

urban expansion continues to be neglected in UN Habitat reports. Symptomatically, the World Cities Report 2016 by UN Habitat [9], advocates a rights-based approach, which implicitly frames urban expansion as a threat. The report seems to assume that the growing risk of social exclusion in urban civic spaces can be addressed by merely advocating “the right to the city”. There are, again, parallels to agriculture, where many countries have embraced “the right to food” approach that largely remained political rhetoric [6,10]. After all, “Rights cannot be wished into existence. They need institutions to become realities” [11] (p. 149).

The reason why UN Habitat institutions fail to sufficiently address the internal migration challenge may be rooted in the fact that the global discourse on sustainable urbanization is largely shaped by the Global North, which is mainly affected by international migration rather than internal migration [1].

South–North dominated international migration reshapes rural areas as much as urban areas in MDCs. Rural settlements in these countries are affected by gentrification and a growing shortage of young and employable local people willing to stay and operate and maintain private and public services in rural settlements. Therefore, rural settlements in MDCs are increasingly dependent on migrants from abroad who see the vacant positions in these rural, but relatively affluent places as an economic opportunity [12].

In return, it is internal migration, and to some extent South–South migration, that is rapidly transforming LDCs in the Global South. Since the rural areas often lack employment opportunities in LDCs, the migration challenge in the Global South is essentially about rural-to-urban migration and, thus, a challenge of coping with urban growth [1].

In this paper, we highlight the problems of the current “Zero Draft” of the New Urban Agenda published in May 2016 by UN Habitat [13]. Building upon the ideas of Jane Jacobs and recent empirical research that largely confirms her holistic approach to urban development, we discuss how to better integrate the migration challenge into the urban policies of the Global South. In this context, we highlight the need to transform informal into formal urban economies in LDCs in general and Sub-Saharan Africa in particular. This urban transformation requires institutional reforms and farsighted plans for “urban expansion”—a term that does not exist in the “Zero Draft”. The successful implementation of policies designed to facilitate sustainable urban growth will be illustrated by means of concrete examples in Europe and the United States in the 19th century and emerging economies in the 21st century. We conclude the paper by advocating a dynamic and contextual understanding of urbanization. Such an understanding refrains from merely implying that the priorities in urban policies of the Global North must also be adequate to effectively address the urban challenges of the Global South.

## 2. Migration and Sustainable Urbanization

Migration to cities can either be a social, environmental, and economic burden, or a great stimulus to economic growth, poverty reduction, sustainability, and life quality. If urban policies treat migration as a minor concern, then the needs of migrants are likely to be ignored, leading to their exclusion from the cultural and economic life of cities [14]. The result will be higher crime rates, more discrimination, more economic inequality, and more political polarization between those who portray migrants as a threat to urban life and prosperity and those who merely see them as objects of charity [15]. In this context, Jane Jacobs talked of the “Discriminatory Use of Capital” [16] (p. 220), which has led to urban segregation and the suppression of the economic right to entrepreneurship not just of migrants but also women and ethnic minorities. This kind of discrimination is still a bitter reality with countless ethnic minorities today—often not because of deliberate racism but due to well-meaning foreign aid agencies and international NGOs that aim at supporting ethnic identity and tradition. Often such ‘development’ strategies are in line with the interests of the local elite that aim at limiting economic freedom in order to prevent social mobility [17]. In accordance with the perception of their donors and taxpayers in the Global North, aid agencies and NGOs often declare the customs and traditions of discriminated ethnic communities as unsuitable to participate in a formal market economy [16,18]. Instead, they

pursue alternatives to protect these “vulnerable” communities by providing them with microcredit and capacity development programs. These are often designed to promote labor-intensive practices, acquire “appropriate” technology and stimulate the informal trade with traditional products [16,19]. Such projects are meant to promote “sustainable livelihoods” and “urban resilience” suggesting that the poor are being empowered to lift themselves out of poverty. However, often they merely encourage them to do things that they would do anyway; namely consuming and selling goods produced in the neighborhood. It may actually discourage them from expanding their business network beyond their poor and hazard-prone informal neighborhoods [20]. Residents in informal settlements who benefit from foreign-funded “sustainable livelihood” programs may find it even harder to move their business into the formal economy. They put up with subsidized informal markets designed to promote self-sufficiency. Such markets co-exist with expanding and profitable formal markets that benefit from an institutional environment that allows them to attract investment, create new jobs, and add to the prosperity of cities through growth-oriented entrepreneurship and innovation [21]. Growth-oriented entrepreneurs in the informal sector who want to go beyond subsidized “self-sufficiency” must search for alternative sources of capital. Very often these are illegal or disreputable sources, e.g., capital from extortionate slum ownership, organized crime, and profits derived from political graft. These undesirable trends toward tapping into shadowy sources of finance is partially also due to misguided urban planning and urban social policies; they make it impossible for migrants and other discriminated communities to access capital legally [16,17].

### 3. Undermining the City’s Potential for Economic Integration

Urban policies in LDCs that are primarily focused in their poverty reduction strategies on upgrading informal settlements may, therefore, hamper the vital function of cities, which is “to serve as primary developers and primary expanders of economic life” [22] (p. 193). Throughout history, cities served as a means to an end for people in search for economic opportunities [6]. They benefited from accessible capital, skilled labor, social networks, and a dependable infrastructure that lowered the transaction costs of doing business, these cities prospered and served as engines of economic and technological change that reduced poverty, created new jobs, improved living conditions, public health and educational levels. Today, modern transport, housing, energy, telecommunications, water and sanitation infrastructure, as well as essential business services, allow entrepreneurs to invest their time and funds into their core businesses designed to commercialize innovative goods and services that meet the high expectations of customers not just within the city, but also in other domestic cities and metropolitan areas abroad [22].

Most of the Habitat III Issue Papers reveal little understanding of the role of urban entrepreneurship and innovation in the creation of wealth, jobs, poverty reduction, and environmental solutions. Even though the three Habitat III Issue Papers in the Area “Urban Economy” address many of the dynamic and contextual challenges, the remaining 19 papers largely embrace the rights-based approach derived from supposedly universal principles of urban development. Neither the problem of discriminatory use of capital, nor the fact that migrants regard cities primarily as a means to an end to earn a living, are addressed in the preparatory work of Habitat III [7].

This may be related to the fact that neither the “three-pronged” approach of urban planning (1. rules and regulation, 2. urban design, and 3. financial plan) [23] nor the rights-based approach advocated in the Zero Draft of the New Urban Agenda [13] and the World Cities Report 2016 [9] take into account the roots of the dynamics of cities. After all, it is entrepreneurial migrants that largely account for economic, cultural, and social change. In order to be able to employ their skills and make their business prosper, they depend on the legal protection of their entrepreneurial rights [24]. This is, however, hardly a priority if urban policy makers frame urban growth merely as a problem that may lead to environmental problems, social inequality, and decreasing urban life quality, unless properly regulated.

#### 4. Financing Urban Development: Why Public-Private Partnerships Matter

City governments in LDCs are confronted with growing internal and cross-border migration and face many trade-offs. To improve the situation of cities, the local authorities must invest massively in urban infrastructure and urban expansion and simultaneously find innovative means to finance urban development. However foreign aid agencies from MDCs are often unwilling to help fund urban expansion in LDCs. Especially, if making room for urban expansion is likely to lead to public resistance organized media-savvy NGOs that support the cause of those who refuse to be resettled in return for compensation. In view of reluctant foreign donors, a lack of foreign currency reserves and insufficient tax revenues, city governments often fund infrastructure projects through the issue of government and municipal bonds as well as low-interest loans offered by the World Bank or the Chinese government [25]. This is a risky strategy in view of debts that are likely to be accumulated in the process.

In turn, cities in MDCs that already have advanced export-oriented industries do not face these challenges. They are in a position to invest generously in all of the public goods that make cities attractive places to live in and to do business. It is obvious that the priorities of such cities have shifted over time. The need to address material needs has become less urgent while the demand for measures designed to improve urban life quality and to provide support for certain urban life-styles has increased. It reflects the changing urban preferences during the economic transition from an industrial and a post-industrial society that is largely concerned with post-material values [26].

In order to secure finance while remaining in charge of the priority setting process cities in LDCs should, therefore, not rely on conditional foreign-aid grants—but they should not become too dependent on pre-financed Chinese investment neither. Instead, city governments should focus on the creation of purpose-oriented public-private partnerships (PPPs) with leverage and lots of positive effects in terms of technology and know-how transfer.

PPPs for large infrastructure projects that involve a transparent bidding process should not be equated with “privatization”. Even though city authorities contract firms for particular projects or give temporary concessions for operating and maintaining infrastructure, they retain, in most cases, the power to plan and coordinate urban development as demand grows over time. In addition, public authorities must still manage externalities, set the terms under which projects are realized, enforce project delivery and, subsequently, monitor contract execution [27]. In this way, overall responsibility for the delivery of public goods remains in the hands of the public authorities and is not handed over to the private sector.

PPPs may not be a silver bullet to solve all of these problems. Many of them, in fact, failed because the institutional arrangement was inadequate or expenses went off-budget and, consequently, could not be recovered because of an overestimated demand. However, PPPs are based on a process of trial and error that is likely to improve over time. In this context, it can be expected that transaction costs for PPPs continuously fall thanks to technological change. In return, the rates of success may increase thanks to improved institutional designs of PPPs. An example is the system of urban highways built in Santiago de Chile from 2000–2008. It comprises 225 kilometer of paved roads amounting to a total cost of US\$ 3 billion. The funding to pay for the investment is to come from toll collections over the next 20–30 years. Tolls are charged according to the use and time of day through an electronic device attached to each car. Every month, users receive a bill and pay it like any other utility [27]. This type of road-pricing also helps to eliminate congestion problems and improves environmental quality. In addition, effective public-private partnerships designed to build and operate basic utilities, schools, and hospitals help to solve acute practical problems related to urban growth. The more highly developed the urban economy becomes through PPPs, the more likely the public sector acquires the means and competences to supply the basic public goods and services in a more cost-effective way and in better quality.



## 5. The Importance of Contextual Thinking

Jane Jacobs argued that a city must be understood as a reciprocal and self-sustaining system that has a particular history and operates in a particular environment shaped by its physical, economic, and political nature [16]. In this context, a city does not grow “on its own” but is always part of a larger trade network of cities on the regional, or even global, level. Such networks are inherently unstable due to volatile trade. A change of rules in one city can lead to a shift in economic activities in another city. Since the prosperity of city economies depends on trade and knowledge exchange with other cities, urban economies are permanently exposed to external shocks. Yet, the more diversified and differentiated a city economy, the more resilient it becomes toward such external shocks. In this context, Jane Jacobs mentions the case of Los Angeles (LA) after World War II [16] (pp. 150–154). Since the city greatly benefited as a supplier of weapon systems for the US army, the urban economy of LA was widely expected to decline after the end of the war, resulting in increasing unemployment rates. Yet, the opposite happened because the city economy had already reached a level of diversification that made it easy to transfer skills of existing declining businesses into new and fast growing businesses. Moreover, the urban economy of LA acquired an amount of excessive capital that could be spent on one of the most expensive things: the process of economic trial, error, and development [16]. The process is expensive because of the great number of enterprises that must find initial capital. Many of them will not succeed and there will be no return on investment. In turn, those enterprises that eventually reach breakeven, require larger amounts of capital to scale up.

Such success stories often emerge from unexpected parts of cities. Entrepreneurs re-using older and smaller buildings to start their business used to play a vital role in hosting small and innovative businesses that eventually contribute to urban renewal, not through top-down urban planning of innovation clusters but bottom-up economic recovery [28]. Innovative companies, thus, help to diversify the urban economy, attract new investment, create well-paid jobs and become attractive to immigrants. Since the formal economy is growing, newcomers will not run the risk of becoming stuck in an informal and unregulated business. Instead they will quickly integrate and rise in the social urban hierarchy by earning a decent living through hard work and eventually the creation of a growth-oriented business. This does not just create additional jobs in the city, but also helps increase the urban stock of human capital and reduce poverty outside the city, thanks to increasing remittances [24].

## 6. Conflicts between Migrants and Locals

Successful migrants may constitute a threat to all those local workers and employers involved in established economic activities of the urban economy. This conflict between those who benefit from the status quo and those who induce change through entrepreneurship can never be put to rest—except in feudalist economies where the position in the social hierarchy is assumed to be God’s will [21].

In this urban struggle the incumbents are the insiders who insist on their “their right to the city” and well-paid employment for themselves; immigrants, in return, are often the outsiders who are not in a position to make any entitlement claims. Migrants can also be easily blamed by politicians, elected by the incumbents, for social problems and unwanted change [14]. In case incumbents succeed in making the city less attractive for migration, the city may risk to eventually lose its economic vibrancy and become more and more involved in “transactions of decline” [22] (pp. 182–203) subsidizing all kinds of urban constituencies and businesses with particular claims of entitlements. The economic decline of a city can only be prevented by a government that protects the weak and still incipient interest of the newcomers to enhance their probability to succeed as entrepreneurs [22]. The UN Habitat issue paper on migration and refugees in urban areas [7] commends the integration of migration policies in urban planning. The paper acknowledges the potential of migrants to energize urban labor markets and stimulate urban consumption, and it points out the challenges related to the uncertain legal status and discrimination of migrants. However, there is no mention of the role of migrants as agents of change who are, first of all, asking for the protection of their entrepreneurial rights.

## 7. The Importance of Understanding the Dynamics of Cities

The focus on urban planning and regulation advocated in the preparatory work of Habitat III [7,9,13] tends to neglect the role of city governments as facilitators of endogenous economic growth. Local authorities need to create an institutional environment for their city that encourages investment in public goods and help lower the transaction costs of business. The resulting prosperity will then also improve the life quality of all urban residents [29]. A strong and dynamic private sector improves a city's tax revenues and helps it to better obtain the terms for municipal borrowing [30]. This, again, provides the necessary means for the local authorities to render the urban area more beautiful, environmentally friendly, and to provide generously for socially disadvantaged residents. However, the powers of a city are limited since they are always part of a country with a national government that tries to appropriate the revenues of cities to fund projects on a national scale. Sometimes such projects can also benefit the city economy (e.g., the build-up of a national transportation and communication network, new demand for its goods from subsidized economies elsewhere, contracts from the military). However, very often spending on the national level results in inflated bureaucracies of ailing national industries or benefits particular regions not because of their economic, but rather their political, importance [16]. A resilient city can bear such wealth transfers easily. However, cities that are strongly dependent on a particular commodity-based industry are more vulnerable to external shocks and, consequently, less able to bear wealth transfers. In fact, "company towns" may eventually become beneficiaries of government subsidies themselves, which does often not stop but accelerate their economic decline [31].

Urban planners who grasp the importance of the dynamics of cities must start with field research designed to understand the needs of its active economic agents and their global networks [32]. Economically-active urban residents are constantly concerned with finding solutions to problems in their neighborhood, as well as in their particular business. Often, their activities extend far beyond the city itself. Growth-oriented urban entrepreneurs prosper by replacing imported goods in the local market with goods of their own making. Later, they may sell them even beyond the urban economy, if they are able to produce them cost-effectively and in good quality. As such, entrepreneurs contribute to the gradual diversification and differentiation of the city and make it more resilient. In view of the bottom-up creation of wealth through economic activities, urban planners who want to address the "causes" of poverty have not understood the dynamics of cities. Poverty has no cause but is merely the absence of prosperity. Thus, only prosperity has causes. Analogically, heat is a result of active processes; but cold is not the result of any processes, it is only the absence of heat. In this context, the great cold of poverty and economic stagnation is merely the absence of economic development [16] (p. 121). If urban planners, therefore, aim at reducing urban poverty they need to first understand how the urban economy grew historically and how that growth relates to the growth in other cities. Based on these insights of embryonic urban growth they must anticipate the future prospects of the city and prepare accordingly [24,33].

## 8. Urban Private Sector Initiatives that Create Markets for Environmental Goods

According to Jane Jacobs, economic development is largely driven by the expansion of urban economies. They start with export-led growth to more mature and affluent metropolitan areas but eventually learn how to replace the expensive imports from this economically more advanced areas and thus make the urban economy grow through the increasing purchasing power of its own residents [16]. Endogenous urban growth is also likely to transform the hinterland of cities, leading to more investment in productive agriculture and to the emergence of "company" towns as a result of the outsourcing of the manufacturing sector into less expensive locations [22]. This sort of spatial reorganization seems to be efficient because it takes advantage of agglomeration economies by shifting employment in central urban areas from low-productivity to high productivity activities. This also leads to the accumulation of human capital and a higher ability to convert new knowledge and techniques into commercially viable new products and services. The accumulation of learning and



knowledge in cities eventually make them the hubs of a global knowledge-based economy [28]. The process makes cities not just more competitive but also better in preserving culture and traditions by always finding a new use for old practices and techniques. Jane Jacobs even argued that more stagnant economies preserve less because they care less [28]. Prosperous economies have also more means available to take care for those left behind and helping them re-integrating in society [34].

Finally, prosperous economies also tend to be better at creating new secondary markets out of urban waste products. They improve environmental management by contributing to a circular economy, not in response to regulation but new business opportunities. The business of re-using solid waste to create new secondary markets was already very advanced in the 1960s despite the fact that there were no environmental regulations that provided incentives for recycling [16]. Many companies competed for collection rights by offering fees for waste concessions. In this context, Jane Jacobs illustrates how cities that took the lead in reclaiming their own, mostly solid waste had higher rates of related “development” work that led to new products and the creation of new markets through a process of trial and error. Many local firms that obtained capital to start manufacture, have subsequently invested in the necessary gathering and processing equipment to re-use waste as inputs for new products. Eventually they exported not just the recycled products to other cities and towns but also the equipment they developed for processing it [16] (p. 111).

It is essentially the upcycle process of a circular economy that solves acute practical problems. The process also leads to new markets that increase economic abundance and generate true wealth [35]. Moreover, these secondary markets often prove to be an opportunity for migrant workers and entrepreneurs to generate an income in the urban economy, since these kind of economic activities are not attractive to established and prestige-oriented urban dwellers who do not want to be associated with the waste-business [36]. The business of re-using waste in urban economies is a great example to illustrate how private sector initiatives are often contributing more to the provision of public goods than the public sector can do through urban planning. The waste recycling business contributes to the economic integration of migrants and converts a cradle-to-grave urban economy into a cradle-to-cradle urban economy [35]. It illustrates why the public sector should not just regulate the private sector, but also be supportive of its important contribution to the public good. Instead of merely replacing private sector initiatives with often less effective public sector waste programs, the public sector could engage in public-private partnerships to ensure that worker safety is continuously improved and further innovation in waste-recycling encouraged [19].

## 9. Addressing Migration Challenges by Taking the Perspective of Migrants

Migrants can turn into assets that contribute to urban prosperity and sustainability if the city government acknowledges their presence, recognizes their potential, and supports them in their entrepreneurial initiatives. In this context, urban policies also need to respond to challenges resulting from migration-driven growth. However, such responses should not be based on attempts to limit migration as China has done through its discriminating hukou system, but by anticipating the growing needs of migrants [37].

City governments must first of all understand that migrants see a city as a means to an end [16]; they move to a city because of business opportunities. In this context, city governments must refrain from making concessions to incumbents that lobby for excessive regulation and zoning to protect “their right to the city”. Such containment strategies tend to rise the cost of doing business, as well as the cost of housing for newcomers, which increases the rents of property-owning incumbents. Policy-makers who manage to keep the costs of doing business for migrants low will benefit in the long run. After all, it will accelerate economic and social integration and eventually lead to new markets created by the global networks of migrants. Entrepreneurial migrants enhance the linkages of the city to other important economic centers and may eventually become important tax payers that help fund the provision of urban public goods [38,39].

Congestion problems may crowd out agglomeration benefits resulting from growth through migration. Cities must therefore expand the supply of land and invest in transport infrastructure. Space and mobility are both factors of production and consumption goods with positive income elasticity [27]. This explains why the surface covered by cities has expanded more than its population. Contrary to popular belief, cities have become less dense despite efforts to limit the growth of cities and increase urban density. After all, people who earn more also want to have more living space and become more mobile [33]. The claim that urban expansion will lead to a proportional loss of urban forest area sounds plausible in view of increasing demand for urban space and mobility needs. Yet, a recent study on the development of urban forest area in the fast-growing Chinese city Shenzhen reveals that there may be negative drivers of urban deforestation and fragmentation on the short resulting from migration, but in the long run, de-fragmentation and reforestation takes place, thanks to the city's growing prosperity [40].

## 10. Bracing for Urban Expansion in LDCs

Even though urban areas occupy less than 2 percent of the Earth's surface, they concentrate 80 percent of the economic output, between 60 and 80 percent of energy consumption, and approximately 75 percent of CO<sub>2</sub> emissions [41].

The Habitat III Issue Paper on Urban Ecosystem and Resource Management [7] largely follows the "containment paradigm" designed to limit boundless urban expansion, also known as "urban sprawl". Cities are seen as centers of wealth creation, but also the largest consumers of valuable natural resources and ecosystem services in their hinterland, as well as in other regions of the world with which they are connected through trade.

Even though the Habitat III Issue paper acknowledges that urban areas also develop great solutions to environmental problems, both UNEP and UN Habitat consider the contribution of cities to better environmental management mainly in improved energy and resource efficiency. It is all about the minimization of negative externalities resulting from wealth accumulation and population growth. It does not, however, address the positive externalities that an innovative urban private sector can generate through the commercialization of environmentally friendly innovation that goes beyond niche production. Innovation and subsequent imitation help replacing old polluting and energy-intensive products and practices with environmental friendly alternatives. These UN institutions also neglect the potential of the private sector to create a circular economy that converts waste products into markets for environmental goods. If the private sector is not generating more of these markets, it is because governments focus on regulating negative externalities and neglect the creation of incentives for the private sector to create more positive externalities [42].

In search of the "smart growth", "sustainable urban growth management", or "compact city", the Global Report on Human Settlements 2013 on Planning and Design for Sustainable Urban Mobility [43] selects best-case practices realized in affluent cities that managed to contain urban sprawl through progressive urban mobility planning. The authors suggest that these best-case practices "are directly applicable and relevant to the unique problems of cities in developing countries" [43] (p. 103). The problem with such a recommendation is that cities in LDCs face completely different challenges. Their focus should be on preparing for urban expansion rather than on containing urban sprawl. Moreover, all of the great initiatives in MDCs to make cities more green, better accessible through sophisticated public transport systems, and more bicycle-friendly streets first of all reflect their economic affluence making possible the financing of all of these projects in the first place.

The situation in LDCs could not be more different. Research using higher quality satellite imagery to measure changes in urban development in seven selected cities in Sub-Saharan Africa between 1990 and 2014 show that 90 percent of residential development that took place in this period was either informal with no paved roads or completely unplanned with no discernible layout [44]. Moreover, only very few roads in these cities have the breadth to serve as arterial roads. Instead, there is a maze of relatively narrow roads across the urban area, which creates constant congestion problems and makes

connectivity across the city very costly. The difficulty of developing a functioning public transport system and trunk infrastructure on such a road network also makes it challenging to upgrade the largely informal and unplanned settlements [44].

Yet, most African cities have developed master plans through the past five decades. All of them required the hiring of lots of consultants and international experts, but hardly any of these plans worked in practice or were actually ever implemented [45]. Additionally, the more recent alternatives, such as Community Planning and City Development Strategies (CDS), face similar challenges because they are time-consuming and expensive (and, therefore, mostly funded by foreign donors), they are too complicated to implement, and they fail to accommodate the main challenge of African cities, namely population growth [44].

The need to prepare for urgent expansion is felt in most cities in LDCs since they all share similar challenges. According to Lamson-Hall and Shlomo Angel [44] these fast growing cities need a basic action plan concerned with the preparation of realistic maps based on forecasts of urban growth, securing the land necessary for that expansion, rolling out the trunk infrastructure for that land (preferably a 1 km × 1 km grid of 30-m-wide arterial roads) and ensuring the selective protection of public spaces in the expansion zone.

Good historical examples of creative urban policies that braced for urban expansion in the face of growing internal migration can be found in Europe and the United States alike during the age of industrialization in the 19th century [46,47]. It was the almost life-threatening negative externalities resulting from explosive urban growth that led to massive investments in urban development in the form of public-private partnerships. This helped to decrease the share of new residents forced to settle in hazard-prone and poorly planned areas with limited access to resources and economic opportunities, which are essential for making a city resilient. As a consequence, the informal sector ceased to grow despite increasing migration. The reason for the shrinking informal sector was the improved capacity of the formal urban economy to accommodate and economically integrate newcomers to the city. Alas, the preparatory work of Habitat III hardly discusses these historical examples even though Sub-Saharan Africa faces similar challenges today.

## 11. The Challenges of Informal Settlements

Cities in Sub-Saharan Africa have to cope not just with the highest rural-urban migration rates, but are also confronted with a growing number of refugees from regions of war and extreme economic distress. These African arrival cities are unable to offer the millions of migrants who arrive every year much prospect of improved material circumstances if the respective governments lack the means to invest in infrastructure due to low tax revenues and expensive terms for municipal borrowing. Moreover, cities in LDCs in Sub-Saharan Africa lack a vibrant formal private sector that has the ability to grow through trade and the creation of new markets [24]. The Habitat III issue paper on migrants and refugees in urban areas [7] does not, however, address the potential of creating more economic opportunities for migrants. Instead it is merely concerned with the potential vulnerabilities and discrimination that migrants might face when they move to cities. However, it was precisely the environmental vulnerabilities, food insecurity, and the discrimination they faced as agents of change in traditional rural societies that may have induced these mostly internal migrants to move to large and diversified cities. True, they continue to be vulnerable and discrimination will also remain a reality in the city of destination, but both problems can be more effectively addressed by promoting economic empowerment through the creation of businesses and decently paid jobs in the urban formal sector. Coping with the vulnerabilities of migrants should, therefore, not be restricted to public initiatives to bridge humanitarian and development concerns as the UN Habitat III paper suggests. Addressing the dire situation of migrants and refugees in cities in LDCs in the long run makes it necessary to incentivize people to move beyond the informal economy. Especially newcomers who often have no choice but working in the informal economy, cannot count with any legal protection and are prone to be exploited by powerful rent-seeking incumbents [48]. Again, there are lessons to be learned on how

to integrate an informal economy that is largely disconnected from a city's trade with other cities, into the formal economy that is strongly embedded in a global trade and knowledge exchange networks.

The UN Habitat III issue paper on urban informal settlements [7] does not address the urgent need for private sector investment to better integrate informal businesses into the formal economy. Instead, its authors merely call for inclusive urban development that is based on the right to adequate housing in accordance with the international guidelines of urban and territorial planning [49]. The issue paper does not see the growth of slums as a consequence of lack of jobs in the formal sector, but rather as a result of lack of affordable housing.

Oddly, the Habitat III issue paper on housing [7] attributes the shortage of affordable adequate housing to the lack of effort to produce cheap housing with local material. In return, the World Bank, the main lender to support improvement in housing conditions, is blamed for embracing the private sector while moving "away from the poverty orientation that was for many years the core focus" (p. 2). It reveals the old-fashioned bi-polar framing within UN Habitat that private sector investment would go at the expense of poverty reduction. Many studies show that the reverse is actually true [19]. LDCs with less dependence on foreign aid and a strong domestic private sector tend to be better at improving the life quality of the urban poor [50–53]. After all, it is the private sector that ultimately makes housing affordable through the development of new residential areas in all price categories of housing. Moreover, the private sector creates the desperately needed jobs that allow the poor to pay for decent housing. The most simple and smallest apartments constructed by private companies and subsidized through public housing programs will remain unaffordable to the poor if they are stuck as survival entrepreneurs in the informal economy.

## 12. Foreign aid for Urban Development as "Transactions of Decline"

The lack of tax revenues in many cities with large informal settlements is often compensated by conditional foreign aid and loans, but with foreign support comes foreign advice and, consequently, a shift in priority-setting. Foreign donors prefer to fund projects that are popular with their constituencies back home, but do not necessarily address the needs of local city residents. Cities that become dependent on foreign aid are more likely to create employment in the public sector. The resulting bureaucracies make it costly to do business and, thus, lower the chance of cities to become embedded in a global network of trade and investment [16]. In this context, there is empirical evidence that a high dependence on foreign aid can produce the same "Dutch disease" effects, like a high dependence on extractive industries [51]. Both generate a lot of revenue for the government, which may or may not be spent on welfare programs. Yet, this kind of government and (in the case of foreign aid) donor spending does not result in more productive investment but tends to merely enhance the consumption of imported goods and services (including payments for expensive foreign consultants and development experts), enhancing public debt in view of the absence of a corresponding increase in the value of exports [16,54,55]. Moreover, currency appreciation and inflation make exports more expensive while imports become cheaper, undermining the competitiveness of goods produced in the local domestic formal economy [51]. Finally, subsidies, welfare programs, and the spending power of foreign stakeholders (multinational companies involved in mining, foreign aid agencies, foreign NGOs) increase the cost of living, as well as the costs of building up a domestic business in the formal sector. The resulting lack of business opportunities and formal employment further pushes the urban poor into the informal sector where they may enjoy the short-term benefits of foreign-funded slum-upgrading programs (a preference of Western donors and, consequently, UN Habitat) [19,56] but will have little prospect to improve the lives of their offspring in the long run. These "transactions of decline", as Jane Jacobs calls them [22], are unlikely to enable a transition from an informal to a more formal urban economy in LDCs.

### 13. The Risk of Making African Cities “Company Towns”

Another problem is that the formal sector in African cities may run a double risk of becoming dominated by large bureaucracies consisting of large public and private corporations involved in the business of extracting primary resources, as well as government institutions, foreign aid agencies, UN agencies, and foreign NGOs. They tend to employ the best qualified locals who feel mainly attracted by the high salaries and generous social benefits. Graduates from universities in African cities desperately try to obtain one of the few well-paid jobs offered by the large bureaucracies. If they fail to obtain one, they are likely to end up in the informal sector, just like those who did not enjoy any formal education [21].

The bureaucracies involved in foreign aid hardly ever care about innovative entrepreneurs in cities since they are not considered to be in need of support. Instead their goal is to mitigate economic inequality by subsidizing programs designed to improve rural livelihoods. They also support research projects at national universities and research institutes aiming at developing “appropriate technology” for rural empowerment. Alas, as Jane Jacobs already noted in 1985 [22], subsidizing programs to improve rural livelihoods often end up in “transactions of decline” making these rural regions more dependent on external support and more disconnected to nearby urban economies. Moreover “appropriate” technology often turns out to be wholly inappropriate because “it puts the cart before the horse”; that is, it is directed toward improvements in rural productivity which inherently cannot be feasible economically without prior city development (p. 151). Mostly these “appropriate technologies” are not further pursued by the local people once external funding stops because people can simply not afford them [42]. This also applies to efforts to upgrade informal settlements through the introduction of technologies that are designed to make use of cheap labor and local materials.

Yet, all the failures of such projects using “appropriate” technology are hardly documented because they remain popular with donor agencies and their constituencies in affluent countries. They have a romantic appeal with donors—for the same reasons as subsistence farming does [10,19,22,42].

### 14. The Reality of Informal Settlements

Informal settlements assume the characteristics of slums covering vast islands of informality that face unsanitary conditions and underinvestment due to numerous governance and coordination problems. Most of its dwellers are trapped in poverty. They suffer from a lack access to basic urban services and infrastructure, legal protection, secure property rights, decent income opportunities, and adequate and affordable housing. While it is often thought that dwellers of informal settlements occupy rent-free vacant public lands, most of them are actually rent-paying tenants, especially if they live in close proximity of the city center. Land and housing markets in informal settlements are mostly dominated by a few powerful and well-connected individuals who must fear little legal consequences for evicting tenants that are unable to pay for rising rents. The assumption that informal housing would also be affordable housing has therefore been empirically falsified [48]. Empirical research further showed that despite generous funding from aid agencies and foreign NGOs to improve and upgrade informal livelihoods, the human development indicators largely remained unchanged from 1999–2009 [48].

### 15. Why Limiting Urban Growth May Lead to More Economic and Social Inequality

The language chosen in the vision of the draft for the New Urban Agenda [13] meant to be approved at Habitat III in Quito in October 2016 can hardly be objected. It is about envisaging cities and settlements that are people-centered, inclusive, equitable, protective, caring, participatory, supportive of socio-cultural expressions, promoting diversity and gender equality and ensuring access to essentially public services, public spaces, quality of life, etc. Yet, underlying this all-inclusive and “caring” language is the paradigm of “urban sprawl” containment that was popularized by urban planners in MDCs and is now increasingly becoming a global paradigm.



The application of this paradigm has the unintended side effect to make housing directly or indirectly more expensive because containment means constraining the supply of cheap housing. London has become one of the most expensive cities to live in the world. One important reason is the focus on preserving the so-called “Green Belt” that surrounds the center of London, consisting mostly of farming land and golf courses. This containment strategy combined with low residential property taxes have created little incentives to expand the supply of housing. As a result, London actually has become less affordable, less inclusive, and less diverse in terms of businesses. The city, therefore, faces growing social and economic inequality caused by the massive transfer of wealth from those who have to pay rents to those who own property in London [57]. In other words, the trend runs counter to all the noble goals of the zero draft of the New Urban Agenda.

Urban planners in London who favor containment of urban growth are obviously unfamiliar with the historical roots of their city’s success. Between 1714 and 1840, London’s population grew from 630,000 inhabitants in 1714 to nearly 2 million in 1840, and reached its first maximum size of 8.3 million before World War II. During this period, the city surface expanded from one square mile to 600 square miles, thanks also to opening of the London Underground in 1863. The efficient public transport system enabled its poorer residents to leave the crowded center and move into more spacious and more affordable suburban areas [47].

In 1947, Britain raised its housing standards substantially and implemented them through the Town and Country Act. This Act slowed down the growth of the city, but since it coincided with strong economic growth linked to the need for urban reconstruction after World War II, household incomes rose to a level that would make the housing standards look appropriate. Unfortunately, the British government decided to also implement the Act in its colonies. As a consequence, African governments inherited building standards after independence that were completely inappropriate for their stage of economic development. Housing in the formal sector of cities thus became essentially unaffordable to poor city dwellers resulting in the expansion of the informal sector [47].

## **16. Why Exporting Urban Planning Approaches from the Global North to the Global South May Not Be a Good Idea**

Government responses to urban challenges in LDCs are still influenced by donors from MDCs that continue to see the growth of cities as a problem rather than an opportunity. The urban policies they propose over the past five decades evolved from supply-driven (e.g., public housing development programs) to support-driven (slum-upgrading policies)—although governments in LDCs tend to return to supply-driven approaches because slum-upgrading policies largely failed to improve living standards [58]. Many of the early slum-upgrading programs funded by the World Bank, influenced by the idea of minimal state intrusion, did not deliver and there is no evidence that the more recent support-driven approaches to promote tenure and participatory slum-upgrading are any better in reducing poverty on the long run [59].

Nevertheless, slum-upgrading continues to be perceived by UN Habitat as the sustainable alternative to housing development programs. Apart from its lack of effectiveness in supporting the scaling up of businesses in the informal economy, the slum upgrading programs are estimated to cost three times more than extending infrastructure to large formal housing developments [56,60]). It, therefore, seems logical to reconsider the supply-driven approach, especially in view of the high urbanization rates and overcrowded informal settlements in African cities. Estimates concerning total housing needs in Africa have been set at around 4 million units per year with over 60 percent of the demand required to accommodate urban residents [44]. Urban expansion plans would allow African cities to overcome the current constraints faced by the growing size of informal settlements and make formal housing more affordable [44]; yet, there is no mention in the zero draft version of the New Urban Agenda of UN Habitat of the need to prepare for urban expansion [13]. The language chosen in the vision of the zero draft version can hardly be objected; it is about envisaging cities and settlements that are people-centered, inclusive, equitable, protective, caring, participatory, supportive of socio-cultural



expressions, promoting diversity and gender equality, and ensuring access to essentially public services, public space, and quality of life [13]. Yet, underlying this all-inclusive and “caring” language is the framing of urban growth as a risk to be contained rather than an opportunity to be promoted. As a consequence, “urban sprawl” is portrayed as one of the main problems of sustainable urbanization. Suburbanization is often despised for its generic development and its monotonous urban scape [61].

### **17. Understanding Urban Growth and Its Potential to Address Social and Environmental Challenges**

Cities need an institutional environment that encourages entrepreneurship and innovation, the main drivers of a dynamic and diversified urban economy. This generates jobs in the formal sector and effectively responds to the negative social and environmental externalities of urban growth, such as congestion and pollution, through the creation of new markets for environmental goods [42].

In this context, Jane Jacobs writes of the valuable inefficiencies and impracticalities of activities in cities [16]. They are linked to the permanent process of tinkering with new ideas and how to make commercial use of them. Exorbitant amounts of energy and time are invested in the process of developing new work and the high rates of commercial failure make the process inefficient, but very valuable, for a city’s long-term development. This is because once a business succeeds in adding new work to old work, this new work will generate an entirely new market that is characterized by increasing returns and high employment rates. Such new work also helps to solve problems resulting from urban growth and increasing affluence.

### **18. Looking at Migrants as an Asset Rather than a Burden for Sustainable Urban Growth**

Throughout history, cities thrived whenever they were attractive to migrants in search of a better future. More than 30 million migrants from Europe arrived in New York in the 19th century [46]. Istanbul had to absorb most of the 1.2 million Turks who were forced to leave the Balkans after the end of World War I and, later, the 400,000 people that were forcibly exchanged after the Greek-Turkish War (1920–1922) as a result of the Treaty of Lausanne in 1923 [62]. By 1950, 14 million Germans had fled or been expelled from Eastern Europe into the cities of Allied-occupied Germany and Austria [63]. All of these refugees may have caused huge humanitarian challenges in their arrival cities but, in the long run, they helped to boost the economic prosperity of these cities because, as outsiders in their city of arrival, they had no other choice than working hard and become entrepreneurs [21,24]. Recent empirical evidence confirms a high correlation between high levels of entrepreneurship and subsequent employment growth across and within cities [64], largely confirming the basic line of argumentation of Jane Jacobs [16,22].

Entrepreneurship tends to be lower in cities with less diversified economies where most employment is created by large established private and public organizations [64]. If a high share of employment is absorbed by such entities, the costs of setting up a new company tend to raise. The crowding out of risk-taking entrepreneurial activities takes place because large incumbents, which can also offer more attractive and secure employment, tend to shape the regulatory environment that indirectly creates barriers to market-entry for smaller companies that cannot afford to comply with the rising costs of doing business [64]. This may explain why migrants focus on moving to large megacities with highly diversified economies.

### **19. Misinterpreting the Legacy of Jane Jacobs**

Despite her critical views on subsidies and aid, Jane Jacobs can hardly be called “a neoliberal”. In fact, she is best known for her leftist activism against modernist urban renewal in American cities in the mid-20th century. Her bestselling book “Life and Death of American cities” [65] was a powerful rejection of modernist urban planning that ignores the importance of taking into account the needs of local urban citizens and their communities and understanding how such urban communities contribute to a livable, vibrant, and prosperous city. She criticized modernist planners for deducing their urban

designs from “rational” principles without doing prior field research. Not listening to the active citizens involved in urban community businesses and neighborhood development activities inevitably leads to an irresponsiveness to people’s needs and expectations. Jacobs, therefore, argued that modernist urban renewal approaches would destroy urban communities and innovative urban economies by creating isolated, unnatural urban spaces.

This resonated very much with urban civil rights movements in New York that mobilized against “slum clearance” of valuable neighborhoods in Manhattan, such as Greenwich Village. The success and importance of her work is comparable to Carson’s book “silent spring”. Carson published her book in the 1960s [66]. It eventually became the “bible” of the US environmental movement and the struggle against intensive agriculture. Both women shaped the identity of the 68 Generation. Their views were, however, much more pragmatic than those of their followers. Jane Jacobs was an advocate of a dynamic and contextual understanding of urban development and rejected the politics and activism of identity. She regarded cities as enablers of economic and social empowerment and admired their ability to constantly renew themselves, not through rigid master plans, but endogenous economic growth. She would probably be frustrated with the current rights-based approach to sustainable urbanization because it implies a rather static and defensive view of urbanism that is primarily focused on protecting the rights of incumbents. For Jacobs, the emergence of cities starts with exporting something to a more affluent and established urban settlement elsewhere. The growing exports allow the city to import goods and services, which its entrepreneurial residents are not yet able to produce themselves. However, through a process of trial and error, they learn how to produce imported goods and services themselves—and eventually to even export them once they have reached a quality and price that is competitive. This process of import replacement is helping a city to become less dependent on external shocks related to the supply and demand of its main export products and to embark on a process of endogenous change. The ability to generate revenues through diverse export goods and services decreases the risk of a city to use debt to finance its infrastructure needs. Jacobs discards the concern of neoclassical economists who argue that import substitution would lead to efficiency losses because such processes take place even without subsidies and import tariffs. It is the way cities diversify and create new markets through innovation and imitation. The “efficiency” argument that everyone should do what can be done in the most cost-efficient way may make sense in a comparative static trade equilibrium model. It ignores, however, the power of human ingenuity, as well as the fact that the impracticalities and inefficiencies of cities who invest a lot of energy in trial and error to create new markets based on innovation contribute to a city vibrancy and economic success on the long run. Cities that only invest in efficiency improvements of existing industries may end up like Manchester after the decline of the textile industry at the end of the 19th century, or Detroit after the decline of the car industry in the second half of the 20th century. They become shrinking cities [67].

## 20. Discussion

In this paper, we have discussed the challenges and opportunities of sustainable urbanization in consideration of growing international, as well as internal migration in the 21st century. Since cities in MDCs and cities in LDCs have different problems and, thus, different priorities in their efforts to achieve inclusive and sustainable urban development, a contextual and dynamic understanding of sustainable urbanization is required. In this context, urban planners should re-visit the work of the late urbanist and interdisciplinary social scientist Jane Jacobs who was primarily concerned with the understanding of the embryonic growth of cities. She recognized the importance of the expansion of urban economies to address the major social and environmental long-term challenges in the face of population growth and increasing affluence in formerly poor countries.

Cities in MDCs and LDCs today find themselves at different stages of economic development. While cities in MDCs are the product of structural change that began with the process of industrialization in the 19th century. This process started more recently in LDCs, and the great economic transition from rural to urban life is expected to take place in the near future in many of

them. As a consequence, LDCs also face completely different migration challenges. While MDCs are largely concerned with south–north migration, LDCs must cope primarily with internal migration. Its cities face the great challenge of accommodating millions of migrants arriving from economically stagnant rural areas.

In MDCs, most rural economies are well integrated into larger metropolitan economies. The gap in the quality of rural and urban infrastructure of MDCs is, thus, relatively small and the local economies are relatively diversified, even in rural areas. The main challenge in rural areas is not poverty, but gentrification. The urban areas of MDCs face, first of all, legacy problems that make it difficult and costly to respond quickly to new sustainability challenges through the renewal of infrastructure and housing. Moreover, stakeholders in affluent cities tend to focus on the defense of the status quo, framed as “the right to the city”. Urban politics is, thus, dominated by local incumbents who are largely concerned with domestic issues. They welcome densification strategies and urban renewal as long as it does not take place in their backyard. International migration challenges are hardly addressed by the incumbents of cities in MDCs because south–north migration is not seen as an urban, but a national, challenge. As a consequence, migrants often do not figure prominently in urban planning and policies in MDCs.

Cities in many LDCs, however, cannot ignore the issue of migration because internal migration will inevitably shape and transform urban areas in LDCs in the 21st century. They have to prepare for the forthcoming expansion now. In this context, the Global Migration Report 2015 [1] is a wake-up call. It rightly points out that UN Habitat bureaucrats do not yet seem to grasp how much migration is affecting the process of urbanization in LDCs. There is great concern that cities in the Global South may not obtain the necessary political and financial support for urgent need for controlled and sustainable urban expansion. As a result, informal settlements will have to accommodate the increasing numbers of migrants from rural areas. Life in such settlements is, however, difficult, costly, and hazardous. Moreover, migrants who are stuck with badly paid and irregular informal jobs without any legal protection have hardly any opportunity to improve the economic circumstances of their families by adding to the prosperity of the city.

In return, a minority of established affluent urban residents live in modern, formal, and often gated parts of the cities that are highly cosmopolitan and globally well-connected. This is exactly the unequal and segregated world that no one desires. However, if urban planners continue to recommend LDCs to adopt urban policies of MDCs that are largely focused on containing urban expansion, derogatively called “urban sprawl”, then cities in LDCs will make it impossible for migrants to make use of their skills and entrepreneurial spirit to set up new businesses in the formal sector that contribute to the prosperity of cities. In this context, policies designed to regulate and limit urban growth will hamper the essential function of cities, which is, according to Jane Jacobs, to enable people to add “new work” to “old work”. This development process is essentially about the ability to create new markets through innovation and imitation. These new markets are the source of job growth in the formal sector, as well as the economic base on which a highly-diversified urban economy can prosper, promote the economic integration of minorities and migrants, and become more resilient in view of the growing global environmental and economic challenges. Jane Jacobs illustrated as early as 1969 how the economic actors in the urban economy were already highly involved in the creation of markets for environmental goods; New York already had a profitable circular economy based on a highly sophisticated and technologically advanced recycling business for solid waste. All this took place before the Environment Protection Agency (EPA) was established in 1971. Alas, most of the urban planners involved in the preparatory work of Habitat III still frame entrepreneurship and innovation as a threat to be regulated rather than an opportunity to be promoted for the sustainable urbanization. According to the World Migration Report, the priorities of urban planning proposed by UN Habitat reflect the concerns of the Global North rather than those of the Global South.

The launch of an Atlas of Urban Expansion (the 2016 Edition will be published before Habitat III) [68] may help to raise more attention regarding the urgent need to address urban expansion

in LDCs. The tripartite partnership behind this launch comprises New York University, UN Habitat and the Lincoln Institute of Land Policy. The partnership has the advantage of looking at cities from a pragmatic, rather than an ideological perspective. The Atlas contains maps and data on urban expansion in 200 cities for 1990, 2000, and 2015. It also has data on the shares of the expansion areas of cities (areas developed between 1990 and 2015) that are laid out before they are occupied. The main message is that merely talking about urban expansion instead of preparing for it is reckless and irresponsible.

## 21. Conclusions

Migration-induced urban growth is one of the major global sustainability challenges that is mainly affecting the Global South. Its fast growing cities need to urgently prepare for urban expansion.

This paper expresses concern that the current “Zero Draft” of the New Urban Agenda to be adopted at the Habitat III conference in October 2016, is unlikely to effectively address this challenge since it tends to reflect priorities of countries in the Global North. Their priorities in urban development are reflected in the choice of indicators designed to measure progress on Goal 11 on sustainable urbanization of the UN Sustainable Development Goals (SDGs). One major urban sustainability indicator to be measured is “change in land consumption per capita”. Donors in the Global North will surely be willing to provide generous funding for the necessary data gathering since “urban sprawl” reflects one of their major urban concerns. There is however a great risk that this indicator will be used to frame urban expansion as unsustainable, assuming that land is not to be consumed at faster rates than population growth.

Nevertheless, the renewed commitment of the SDGs to science, technology and innovation for sustainable development [69,70] also reflects a better understanding of the potential of vibrant and innovative city economies to make society more resilient, inclusive, and sustainable.

Jane Jacobs, as well as recent empirical research on urban development discussed in this paper, confirm the view that active urban policies that respond to growing migration through urban expansion plans and an institutional environment that enables change through entrepreneurship and innovation are more effective in achieving the SDGs than reactive policies designed to restrict urban growth through costly, but often ineffective, regulation. Yet, this message does not seem to have arrived with city governments in MDCs and those who set the agenda for the Habitat III conference in October 2016. There is an urgent need to address, timely, this blind spot in order to avoid stunted urban development. The way the “their right to the city” is interpreted in the preparatory work of UN Habitat has little to do with its original meaning [71]. The misleading interpretation is likely to inadvertently lead to a less humane insider-outsider society with urban incumbents as the insiders who insist on their “the right to the city” and migrants as entrepreneurial outsiders who may challenge insider privileges and consequently be framed as a threat to sustainable urbanization. Yet, as pointed out in this paper, migrants can greatly contribute to sustainable urban growth if city governments are willing to protect the entrepreneurial rights of outsiders—as opposed to the insiders “right to the city”—and, thus, allow them to contribute to the vibrancy and prosperity of cities.

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