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**Progress to date in the implementation of the  
outcomes of the second United Nations Conference  
on Human Settlements (Habitat II) and  
identification of new and emerging challenges on  
sustainable urban development**

### **Progress to date in the implementation of the outcomes of the second United Nations Conference on Human Settlements (Habitat II) and identification of new and emerging challenges on sustainable urban development**

#### **Report of the Secretary-General of the Conference**

##### *Summary*

The United Nations Conference on Housing and Sustainable Urban Development (Habitat III), to be convened in 2016, will seek renewed political commitment for sustainable urban development, assessing accomplishments to date, addressing poverty and identifying and tackling new and emerging urban challenges in a global setting. To that end, the Conference will focus on adjusting, innovating and transcending the Habitat Agenda, while building on relevant international development goals, including the outcomes of major United Nations conferences and summits.

The General Assembly has decided that the Conference should result in an innovative, concise, focused, forward-looking and action-oriented outcome document. The outcome document should place major emphasis on how to implement the goals, principles, commitments and plan of action of a “New Urban Agenda”. The Habitat III conference will be a key vehicle for operationalizing the post-2015 development agenda, towards the realization of the “Urban future we want”. Habitat III will also be closely linked to the climate change process in the United Nations.

The present report, which is submitted pursuant to General Assembly resolution 67/216, reviews the implementation of the Habitat Agenda. It summarizes major existing and emerging urban challenges, and focuses on the major role that urbanization can play in their alleviation or resolution. Among the issues discussed in the report are the following:

(a) Urbanization has brought growth and development, including a dramatic reduction in poverty; increased national economic growth; major progress in human settlements connectivity,

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which helps boost productivity and the creation of opportunities; the merging of cities and towns into new regional spatial configurations that are conducive to faster economic and demographic growth; and a higher degree of interdependence between rural and urban areas that has helped reduce the vulnerability of rural communities and enhance the prospects of more equitable development;

(b) However, urbanization has been unable to respond to many existing and emerging challenges such as: urban sprawl, congestion, pollution, emission of greenhouse gases, emerging urban poverty, segregation, increasing inequalities and other negative externalities. All of these are associated with a model of urbanization that is not sustainable.

The present report indicates how a renewed political commitment for sustainable urban development can harness the positive role of urbanization in driving growth and sustainability, and address the challenges and reduce the negative externalities.

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## I. Introduction

1. In its resolution 66/207, on the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-Habitat), the General Assembly decided to convene in 2016, in line with the bi-decennial cycle (1976, 1996 and 2016), a third United Nations conference on housing and sustainable urban development (Habitat III) to reinvigorate the global commitment to sustainable urbanization that should focus on the implementation of a “New Urban Agenda”, which should build on the Habitat Agenda,<sup>1</sup> the Declaration on Cities and Other Human Settlements in the New Millennium<sup>2</sup> and the relevant internationally agreed development goals, including those contained in the United Nations Millennium Declaration,<sup>3</sup> and the Johannesburg Declaration on Sustainable Development<sup>4</sup> and the outcomes of other major United Nations conferences and summits, in particular the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, in June 2012, and also the post-2015 United Nations development agenda and the climate change process.
2. In its resolution 67/216, on the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-Habitat), the General Assembly decided that the objective of the conference would be to secure renewed political commitment for sustainable urban development, assessing accomplishments to date, addressing poverty and identifying and addressing new and emerging challenges. In that resolution, the Assembly also decided that the conference should result in a concise, focused, forward-looking and action-oriented outcome document. It was further decided that a preparatory committee be established to carry out the preparations for the conference.
3. The present report is submitted pursuant to resolution 67/216 and is intended as an initial report in that process, framing the relevant issues of cities and other human settlements. It examines key developments since Habitat II, held in Istanbul, Turkey, from 3 to 14 June 1996.

## II. Overview

4. Habitat II culminated in the adoption of the Istanbul Declaration on Human Settlements<sup>5</sup> and the Habitat Agenda, documents setting out goals and principles, commitments and a global plan of action for achieving the twin goals of adequate shelter for all and the development of sustainable human settlements in an urbanizing world. While significant progress has been made in many regions of the world towards those goals, Governments are currently facing urban challenges greater than ever before. This may be attributed both to the failure to implement previous policies, or shortcomings in those policies, and to the growth of rapid unplanned urbanization.
5. Cities and other human settlements serve as engines of economic development and are central to the processes of production and consumption, and the definition of social, political and economic relations. They are responsible for some 70 per cent of countries’ gross domestic product (GDP) and are now the dominant habitat for humankind. Yet cities – in particular those in developed countries – are beleaguered by high levels of pollution and increasing greenhouse gas emissions. As the process of globalization increases, they face problems of social segregation, rising unemployment and increased social conflicts. In both the developed and the developing world, cities are testimony to the challenges of sustainable development and the immense risks associated with climate change.
6. In 2001, at the twenty-fifth special session of the General Assembly, a major review was conducted of the implementation of the Habitat Agenda, resulting in the adoption of the Declaration on Cities and Other Human Settlements in the New Millennium. The irreversibility of urbanization was confirmed and the prospect of a rapidly increasing process of urbanization was recognized. The main response was to reaffirm the Istanbul commitments and to call for the actions agreed upon earlier to be redoubled to achieve the goals of the Habitat Agenda. Today, the challenges faced by an

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<sup>1</sup> *Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3–14 June 1996* (United Nations publication, Sales No. E.97.IV.6), chap. I, resolution 1, annex II.

<sup>2</sup> Resolution S-25/2, annex.

<sup>3</sup> See resolution 55/2.

<sup>4</sup> *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August–4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 1, annex.

<sup>5</sup> *Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3–14 June 1996* (United Nations publication, Sales No. E.97.IV.6), chap. I, resolution 1, annex I.

ever-growing proportion of the global population have been considerably amplified. The balance of forces has changed and new issues and opportunities have emerged. This necessitates an urgent review of the global urban agenda.

7. Moreover, the shift in the role, function and form of the city, the emergence of new forces and financial flows and the revolution in information and communications technology have impinged significantly on the goals identified in the Habitat Agenda. This has been further aggravated by speculative practices related to the use of space and territory, multiple crises, soaring unemployment, strains on financial institutions, insecurity and different forms of instability.

8. Accordingly, there is need to take stock of the lessons learned and goals achieved through an array of policies and strategies, and also of the setbacks encountered. Special emphasis should be placed on the following needs:

- (a) To harness the role of urbanization as an engine of sustainable development;
- (b) To change the relationship between cities and the natural environment, in line with recent interventions that respond to the stronger nexus between the city and the environment by minimizing ecological footprints, to the recent notions of green economy and the need to decouple urban growth from resource use and its environmental impacts;
- (c) To transform the notion of urbanization from a platform for change to a force for change;
- (d) To give more emphasis to sustainable urban development within the overall context of sustainable development;
- (e) To ensure that approaches to urban development are pro-poor and based on participatory mechanisms;
- (f) To ensure the full realization of human rights, including the rights to shelter, water and sanitation, health care and education;
- (g) To reduce inequalities and provide equal opportunities for all citizens;
- (h) To ensure accessibility to affordable housing.

9. In these first decades of the twenty-first century, there is an urgent need to revisit the Habitat Agenda and its implementation with a view to fashioning a new urban agenda that can maximize the benefits of urbanization in order to make cities more prosperous and countries more developed. This new urban agenda should address the unfinished business of the Habitat Agenda and the Millennium Development Goals and should propose strategies and actions to eliminate slums forever, to eradicate poverty and to address the persistent inequalities that are still prevalent in many cities. The new urban agenda needs to lay down conditions for a radical shift towards more sustainable patterns of urbanization, seeking to achieve inclusive, people-centred and sustainable global development.

### **III. The urban age and the transformative power of urbanization**

10. It is remarkable that, only one century ago, a mere 20 per cent of the world's population resided in urban areas. In the least developed countries, this proportion was just 5 per cent. The world has since been rapidly urbanizing and in 2008, for the first time in history, its urban population outnumbered its rural population. Accordingly, the world may now be considered to have entered an urban millennium and, by 2050, it is expected that 70 per cent of its people will be living in urban areas.

11. With more than half of humankind living in cities and the number of urban residents growing by nearly 73 million every year, it is clear that urban residents now work, think and act in ways that are different from the past – ways that are based on what might be termed an “urban mindset”. Urbanization is driving a slow but persistent process of cultural change. This has also caused the living environment to change, from a small-scale agriculture-oriented setting to a place of mass production, consumption and service. Urban spaces have also changed in their configuration and functionality, in their scale and density and in the makeup of their social, cultural and ethnic groups.

12. Urban centres attract investment and create wealth. They enhance social development and harness human and technological resources, resulting in clear gains in productivity and competitiveness. Indeed, cities have become the repositories of knowledge and agents of social, political and economic change. At the same time, however, when not properly designed and managed, cities often pay the high price of negative externalities, such as congestion, contamination and wide inequalities.

13. The fact that the majority of the world's population now lives in urban areas has a significance that extends far beyond its quantitative dimension. It means that a much more significant role is now played by the galvanizing power of proximity, and also by the economies of agglomeration – all of which constitute the basis of the transformative power of urbanization. The globalization of economic relations has also brought about the emergence of new specialized functions at different hierarchical levels, from megacities to small villages, in an immense urban web interconnected by new information and communications technologies.

14. Urbanization has been the locus of humanity's creativity and inventive spirit and the bulk of its economic activity. It is estimated that urban areas account for 70 per cent of the world's gross domestic product and a similar percentage of new job creation. Thus, urbanization has generated economic growth and prosperity for many.

15. The transformative power of urbanization is visible even in the least urbanized regions of the world: Africa and Asia and the Pacific. In Africa, 41 per cent of the total population now live in urban areas, representing 400 million people and constituting a critical mass of urban residents that has a major bearing on development outcomes. With an annual growth rate estimated at 3.4 per cent per year from 2015 to 2020, African urban areas will be growing at a rate 1.8 times faster than that of the world as a whole.<sup>6</sup> This means that some cities will double their population in 15 years, and others in an even shorter period. These figures are indicative of the qualitative dynamic unleashed by urbanization forces in a region that will become predominantly urban – accomplishing what may be termed its “urban transition” – in slightly more than two decades (2035). Although Africa's urban areas currently account for only 41 per cent of its population, more than 60 per cent of the continent's GDP is generated in urban areas.

16. The situation in Asia is even more striking. The fact that 2.08 billion people live in urban areas of the region is no longer the development scourge once feared. Having now become 53 per cent urbanized, the region has grown into a global powerhouse, generating close to 33 per cent of world output in 2010.<sup>7</sup> The remarkable economic transformation of China is driven by urbanization and industrialization; the top 10 cities in China account for 20 per cent of the country's GDP.<sup>8</sup> The economic hub of the region is almost entirely urban-based, as its cities thrive as a result of investments, infrastructure development, innovation and competitive impetus. Asian cities have become critical nodes in the system of global accumulation and regional development.

17. The positive correlation between urbanization and development is undeniable. Urban planning is an indispensable tool in harnessing the transformative power of urbanization. This requires a shift in mindset, whereby urbanization should no longer be viewed primarily as a problem, but instead seen as a powerful tool for development and a strategy to combat poverty, to provide adequate housing and to ensure urban basic services. The real challenges faced by urbanization, when its positive aspects are recognized, are the problems of sustainability in the social, economic and environmental dimensions.

18. In tackling the problem of sustainable urbanization, a three-pronged approach is needed, covering the areas of urban regulations, urban planning and urban finance. If the world's cities are to move from an unsustainable to a sustainable urban future, it is essential to identify and to coordinate efficient and implementable measures in each of those three areas.

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<sup>6</sup> United Nations, Department of Economic and Social Affairs *World Urbanization Prospects: The 2014 Revision*, (New York, 2014).

<sup>7</sup> United Nations Human Settlements Programme (UN-Habitat) and Economic and Social Commission for Asia and the Pacific (ESCAP) (2011), *The State of Asian Cities 2010/11*.

<sup>8</sup> A. Cadena, R. Dobbs and J. Remes (2012) “The growing economic power of cities”, *Journal of International Affairs*, vol. 65, No. 2: pp. 1–17.

## IV. Milestones in sustainable urbanization and international responses

19. The Millennium Summit, convened in New York in 2000, resulted in the adoption by the General Assembly of the United Nations Millennium Declaration, which, in its paragraph 19, effectively endorsed the goal of “Cities without slums”. The focus on poverty eradication and environmental sustainability mirrored that of the Habitat Agenda.
20. In 2001, the General Assembly adopted by consensus the Declaration on Cities and Other Human Settlements in the New Millennium,<sup>9</sup> in which Governments reaffirmed their will and commitment to implement fully the Istanbul Declaration on Human Settlements and the Habitat Agenda in the spirit of the United Nations Millennium Declaration.
21. In 2001, in its resolution 18/5, with a view to strengthening the coordination of international support for the implementation of the Habitat Agenda, the Commission on Human Settlements requested the Executive Director to promote a merger of the Urban Environment Forum and the International Forum on Urban Poverty into a new urban forum, which was to become the World Urban Forum, held biennially in the years in between the sessions of the Governing Council. The World Urban Forum facilitates the exchange of experience and the advancement of collective knowledge among cities and their development partners.<sup>10</sup> To date, seven sessions of the World Urban Forum have been held, and the most recent sessions have fed into the global preparatory process for the United Nations Conference on Housing and Sustainable Urban Development (Habitat III).
22. By its resolution 56/206, the General Assembly decided to transform the Commission on Human Settlements and its secretariat, the United Nations Centre for Human Settlements, including its Foundation, with effect from 1 January 2002, into the United Nations Human Settlements Programme, to be known as UN-Habitat.
23. The Habitat Agenda also served as a point of reference for the World Summit on Sustainable Development, held in Johannesburg, South Africa, in 2002. Participants at the Summit reaffirmed that sustainable development was a central element of the international agenda and gave new impetus to global action to fight poverty and protect the environment. They recognized urbanization as part of the sustainable development equation.
24. The issues of water, sanitation and sustainable human settlements were also considered at the twelfth and thirteenth sessions of the Commission on Sustainable Development in 2004 and 2005. The reports of the Secretary-General on sustainable human settlements development provided the basis for the Commission’s review of and conclusions on progress made at all levels to attain the human settlements goals and targets contained in Agenda 21,<sup>11</sup> the Programme for the Further Implementation of Agenda 21<sup>12</sup> and the Plan of Implementation of the World Summit on Sustainable Development.<sup>13</sup>
25. In its paragraph 134, the outcome document of the United Nations Conference on Sustainable Development, entitled “The future we want”,<sup>14</sup> recognized that cities are engines of economic growth which, if well planned and developed, can promote economically, socially and environmentally sustainable societies.
26. In its resolution 68/239, the General Assembly welcomed the commitments of Member States and other stakeholders to promote an integrated approach to planning, and encouraged Governments and Habitat Agenda partners to use planned city extension methodologies to guide the sustainable development of cities and other human settlements. Following its approval by the Governing Council, the UN-Habitat strategic plan for the period 2014–2019, with its new emphasis on urban legislation, urban design, urban economy and municipal finances, urban basic services and housing and slum upgrading, was also welcomed by the Assembly.

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<sup>9</sup> Resolution S-25/2.

<sup>10</sup> Report of the first session of the World Urban Forum, Nairobi, 29 April–3 May 2002, annex IV, para. 2.

<sup>11</sup> *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3–14 June 1992*, vol. I, *Resolutions Adopted by the Conference*, resolution 1, annex II (United Nations publication, Sales No. E.93.I.8 and corrigendum).

<sup>12</sup> Resolution S-19/2, annex.

<sup>13</sup> *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August–4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

<sup>14</sup> Resolution 66/288, annex.

27. By its resolution 24/1, the Governing Council recommended to the General Assembly that, beginning in 2014, 31 October of every year be designated as World Cities Day. This will provide inputs to and support for the preparatory process of Habitat III.

28. The World Urban Campaign, a platform for stakeholders to disseminate policies and share practical tools for sustainable urbanization, has actively engaged in the Habitat III preparatory process, recognizing the strategic importance of Habitat III as a means of drawing attention on a global scale to the urban agenda. The Campaign partners have initiated a strategy and drafted a position on their vision of a city for the twenty-first century, termed “The city we need”, as a contribution to the Conference.<sup>15</sup>

29. Lastly, it should be noted that the Secretary-General has submitted annual reports to the General Assembly on the implementation of the outcome of Habitat II and the strengthening of UN-Habitat, to which the Assembly has responded, often by adopting resolutions.

## V. Performance review

30. A comprehensive review of the Habitat Agenda was undertaken in 2001 at the twenty-fifth special session of the General Assembly for an overall review and appraisal of the implementation of the outcome of Habitat II and the strengthening of UN-Habitat. While the assessment was relatively positive, various obstacles and shortcomings were identified. In terms of policy, institutions and programmes, important efforts have been deployed by countries to live up to their commitments and to take specific measures in line with the global plan of action set out in the Habitat Agenda. The cumulative impact of all of the interventions has not, however, been sufficient to realize the goals of adequate shelter for all and sustainable human settlements development.

31. The preliminary results of a review and appraisal of the outcome of the United Nations Conference on Human Settlements (Habitat II), presented below, are based on the following outputs: the UN-Habitat flagship reports, *State of the World's Cities* and the *Global Report on Human Settlements*, produced alternately every two years; the global and local monitoring of the Habitat Agenda since 1996; the monitoring of the slums and water and sanitation targets of the Millennium Development Goals since 2002; regional and national reports; and the monitoring of various components of the Habitat Agenda by Governments and various development partners.

32. In general terms, the urbanization process has contributed to economic growth and development in a number of areas, including the following:

(a) *Poverty reduction and access to urban services.* Urbanization has helped reduce poverty through the creation of new income opportunities and has increased both access to and the quality of services. At the end 2010, 89 per cent of the world's population, or 6.1 billion people, had access to improved drinking water sources, one percentile point more than the 88 per cent of the target set in the Millennium Development Goals.<sup>16</sup> Poverty in general dropped from 43.1 per cent in 1990 to 20.6 per cent in 2010,<sup>17</sup> and the proportion of the world's urban poor fell from 20.5 per cent in 1990 to 11.6 per cent in 2008.<sup>18</sup> Poverty reduction is indispensable for sustainable development;

(b) *Progress in the right to adequate housing.* Currently, more than 100 countries have incorporated the notion, principle and recognition of the right to adequate housing into their constitution and national legislation. Some countries have pursued policies and strategies geared to creating policy, institutional and regulatory frameworks that facilitate the production of housing on an appropriate scale;

(c) *Economic growth.* Cities and towns are increasingly contributing to national economic growth, accounting for 80 per cent of GDP with only 54 per cent of the world's population, and also contributing with a similar percentage to the generation of new jobs;

(d) *Regional economic growth and development.* Cities are merging into new spatial configurations that take the form of megaregions, urban corridors and city regions, resulting in an economic and demographic growth faster than that of the countries where they are located. These new

<sup>15</sup> Available at: <http://mirror.unhabitat.org/downloads/docs/The%20City%20We%20Need.pdf>

<sup>16</sup> WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation (2012), *Progress on Drinking Water and Sanitation, 2012 Update*. Available at: [www.unicef.org/media/files/JMPReport2012.pdf](http://www.unicef.org/media/files/JMPReport2012.pdf).

<sup>17</sup> World Bank, *Global Monitoring Report 2013: Rural-Urban Dynamics and the Millennium Development Goals*, Washington, D.C., 2013. Available at: [http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1327948020811/8401693-1355753354515/8980448-1366123749799/GMR\\_2013\\_Full\\_Report.pdf](http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1327948020811/8401693-1355753354515/8980448-1366123749799/GMR_2013_Full_Report.pdf).

<sup>18</sup> *Ibid.*



configurations play a key role in the creation and distribution of prosperity far beyond their own specific geographic areas;

(e) *Higher connection and interdependence between rural and urban areas.* With better communications and transport infrastructure, the rural-urban continuum has become an avenue of increased interdependence, enhancing flows of people, money and information. This continuum is further stimulating global productivity and wealth, contributing to the reduction of rural poverty, but in some cases also increasing inequality;

(f) *Reinforcement of local governments.* Since the 1990s, decentralization policies and government reforms have strengthened municipal autonomy and city governments in both developed and developing countries. Decentralization has also led to the election of local authorities in the majority of developing and transitional countries. As a result of these reforms, local authorities have gained increased responsibility for the delivery of basic services, urban planning, social policymaking and environmental management, among other areas;

(g) *New forms of collaboration, coordination and synergy.* A stronger interdependence is developing among government entities at national and subnational levels, and also with other spheres of society in the urban development agenda. City authorities, regional, metropolitan and national governments, civil society and private sector actors are all playing an increasing role and exerting greater political influence in development issues.

33. The challenges associated with urbanization have been exacerbated by poor planning and management, which, in turn, is due to:

(a) *Lack of efficient and well-connected public spaces, including streets, parks and waterways.* This has resulted in increased levels of congestion, the provision of more costly and complex urban infrastructures and a loss of urban character. It has also resulted in cities with poor accessibility for the elderly and persons with disabilities;

(b) *Insufficient availability of buildable plots.* Well-connected and well-designed buildable plots are a major component of urban planning and design, together with the sufficient provision of public space. The lack of availability of buildable plots with direct access to public space often causes a rise in the prices of urban land and reduces the affordability of urban space;

(c) *Inadequate integrated planning and urban design.* This has produced massive gaps in basic provisions, including the lack of well-located and buildable plots, low densities and excessive land-use zoning, causing the disintegration of the urban fabric.

34. At the same time, however, urbanization has also been unable to find solutions to such current and emerging problems as the following:

(a) *Reduced access to affordable housing.* The retreat of the State from housing provision, the growing reliance on the private sector, the commodification of the housing market and the speculative behaviour associated with this sector and the reduction of subsidies for social housing have all dramatically reduced the possibility for low and middle-income households to obtain affordable housing;

(b) *The steady increase in the number of slum dwellers.* In many developing countries, urban expansion has often been characterized by informality, illegality and unplanned settlements. Despite the fact that more than 200 million slum dwellers enjoy better living conditions than they did 10 years ago, the absolute number of the world's slum population is still on the increase, rising from 650 million in 1990 to 863 million in 2012;<sup>19</sup>

(c) *Limited access to sanitation.* It is estimated that only 63 per cent of the world population had improved sanitation access in 2010, and that proportion is projected to increase to 67 per cent by 2015. This is well below the 75 per cent target set in the Millennium Development Goals. Some 2.5 billion people still lack improved sanitation and this, in turn, is contributing to a growing health gap in cities;

(d) *Growing health gaps in cities.* Poverty, social deprivation, poor access to services, substandard housing and crowded living conditions, unsafe food and water, inadequate solid waste disposal services, air pollution, traffic congestion and road safety are some of the factors associated with ill-health that affect urban populations. The poor – and in particular slum dwellers – have less access to health care, suffer more frequently from illness and die earlier than other segments of the

<sup>19</sup> UN-Habitat (2014), Global Urban Observatory database.

urban population. These health gaps are growing, despite unprecedented levels of global wealth, knowledge and health awareness;<sup>20</sup>

(e) *High cost to the natural environment.* Increasing levels of urbanization are producing particular environmental challenges associated with intensive land use, higher resource and energy consumption, pressure on food supplies and the growing flows of goods, people and waste. In cities that are not well planned and managed, environmental health risks are likely to increase, ecosystems to be disrupted, air and water pollution to be aggravated and natural resources to be depleted;

(f) *Aggravation of disasters in cities.* The frequency, intensity and impact on cities of human-caused and natural disasters have significantly increased since 1996;

(g) *City-based violent conflict and crisis.* According to estimates, in 2013, the total number of people across the world displaced by conflict, generalized violence and human rights violations stood at 33.3 million;<sup>21</sup>

(h) *Weak financial capacities of local governments.* Despite the increased autonomy enjoyed by many local governments, their role in urban management and fiscal decentralization remains weak, particularly in developing countries. Local governments across the world face increasing problems generating the revenues required to meet the costs of adequate service provision. The gap between the share of responsibilities borne by local governments and the resources available to them has a negative impact on their delivery of basic services, infrastructure and the provision of public goods.

35. These are some preliminary findings to be discussed during the preparatory process towards Habitat III.

## VI. Current and emerging urban challenges

36. Implementing the Habitat Agenda and achieving its goals has been affected not only by the approaches adopted, but also by the current and new challenges that have emerged over the years.

### A. Predominance of urban habitats

37. The demographic dominance of cities, which now account for more than half of the world's population, represents a major change in the global landscape since Habitat II. The demographic shift that took place in 2008 to a predominantly urban global population was not simply a milestone in the process of population dynamics. The shift signifies a different way of life, and one which has a profound impact on how human destiny will be shaped in the future. The dominance of urbanized communities in the world has added a new dimension to human activities.

### B. New factors driving urbanization

38. During the 1970s and 1980s, rural-urban migration was the second most important determinant of urbanization, accounting for between 30 and 40 per cent of urban growth. Natural increase was considered to be the most important factor, representing some 60 per cent. The less urbanized a country or a region, the greater the role that rural-urban migration was likely to play in its development. Conversely, in countries and regions that were already more urbanized, natural demographic growth was the most important factor in their continued urbanization. Over the past two or three decades, the reclassification of rural localities as urban areas has become the second or third most important factor driving urbanization.

39. According to the United Nations, those two factors (migration – both intra-national and international – and the transformation of rural settlements into urban places) account for 40 per cent of urban growth. The remaining 60 per cent is attributed to natural increase. Nearly 20 years ago, the Habitat Agenda advocated policies to reduce rural-urban migration; today, multilateral and bilateral organizations are recommending policies to encourage migration processes that will enable the poor to

<sup>20</sup> WHO and UN-Habitat (2010), *Hidden Cities: Unmasking and Overcoming Health Inequities in Urban Settings*. Available at: [http://whqlibdoc.who.int/publications/2010/9789241548038\\_eng.pdf](http://whqlibdoc.who.int/publications/2010/9789241548038_eng.pdf).

<sup>21</sup> Internal Displacement Monitoring Centre (2014), *Global Overview 2014: People Internally Displaced by Conflict and Violence*. Available at: [www.internal-displacement.org/assets/publications/2014/201405-global-overview-2014-en.pdf](http://www.internal-displacement.org/assets/publications/2014/201405-global-overview-2014-en.pdf).

move from lagging to leading areas. In this way, governments can help reduce rural poverty by making migration more efficient.<sup>22</sup>

### C. Form of the city

40. In many developing countries, urban expansion has often been characterized by informality, illegality and unplanned settlements. In many cases, urban growth has been strongly associated with congestion, erosion of the traditional pathways of urban infrastructure and the loss of urban character. With continuing population growth, including migration – and without appropriate responses and sustained solutions – this process is likely to continue.

41. The lack of availability of well-designed and accessible buildable plots, which causes urban land prices to rise, means that suitable building land is not affordable to most of the urban population, and the absence of adequately planned city extensions often results in a failure to provide sufficient buildable plots. In addition, there is a lack of the proper urban planning and design needed for balanced public spaces with buildable plots that accommodate compact mixed use and are conducive to an integrated economic and social urban structure. This lack of planning can lead in turn to misguided land-use zoning, producing segregation and urban sprawl.

42. Cities in both developing and developed countries are expanding to remote peripheries and rural areas. Between 1990 and 2010, urban land cover grew at an average rate between two and three times higher than that of urban population growth. Between 20 and 60 per cent of this expansion was in the form of fragmented built-up areas with large underused or idle spaces.<sup>23</sup> In the developing regions, the average density of cities shrank by 25 per cent between 1990 and 2000 and the evidence suggests that it continued to decline at a similar pace over the following decade. In some Asian cities, the density of built-up areas outside administrative boundaries was halved between 2000 and 2010.<sup>24</sup> A recent study projected that, by 2050, the world's urban land cover will increase as much as – or even more than – fivefold, especially in developing countries facing rapid urban growth and experiencing the process of diminishing density.<sup>25</sup>

43. The spatial expansion of cities is triggered by suburban lifestyle preferences, land and housing speculation, lack of administrative control over peri-urban areas, poor planning mechanisms, improved and expanded commuting technologies and services and the greater mobility of the population. Urban sprawl is wasteful in terms of the amount of land that is used and the energy consumed; it increases the demand for transport, raises trunk infrastructure costs and increases greenhouse gas emissions. It has contributed to an increase in private car ownership, the number of motorized trips undertaken, the distances travelled, the total length of paved roads and fuel consumption. Over the past two decades it has also led to the alteration of ecological systems in many cities.<sup>26</sup>

44. Many cities have segregated their land uses, in particular by separating places of residence, work and services, which necessitates increased mobility and car dependency. The phenomenon of social segregation is also on the increase, with people of different socioeconomic status, cultural backgrounds or ethnic origins living in isolation within gated communities.

### D. Demographic changes in cities: aging populations and the youth bulge

45. Even though the Habitat Agenda proposed the inclusion of the elderly in decision-making, insufficient measures were proposed to respond to the major demographic change under way at that time in this age group. Over the past three decades, this population sector has doubled in absolute numbers. Globally, the number of people aged 60 or over has been increasing at an unprecedented rate, rising from 8 per cent of the global population in 1950 to 10 per cent in 2000; it is estimated that it will reach 21 per cent by 2050. In 2013, the number of older persons in the world was estimated at 841 million (12 per cent of the global population), and it is expected to reach more than 2 billion in

<sup>22</sup> World Bank (2013), op. cit.

<sup>23</sup> UN-Habitat (2012), *State of the World's Cities 2012/2013: Prosperity of Cities*.

<sup>24</sup> Ibid.

<sup>25</sup> S. Angel (2011), *Making Room for a Planet of Cities*, Policy Focus Report, Lincoln Institute of Land Policy, Cambridge, Massachusetts, United States. Available at: [http://community-wealth.org/\\_pdfs/articles-publications/outside-us/report-angel-et-al.pdf](http://community-wealth.org/_pdfs/articles-publications/outside-us/report-angel-et-al.pdf).

<sup>26</sup> UNEP (2007), *Global Environmental Outlook, GEO-4: Environment for Development*, Valetta, 2007. Available at: [www.unep.org/geo/geo4/report/GEO-4\\_Report\\_Full\\_en.pdf](http://www.unep.org/geo/geo4/report/GEO-4_Report_Full_en.pdf).

2050. Projections also show that this age group will increasingly be concentrated in the developing regions.<sup>27</sup>

46. While high population growth remains a concern in the least developed countries, in many other parts of the world countries are grappling with slower population growth or even population decline.<sup>28</sup> One of every two cities in Europe and the countries of the former Union of Soviet Socialist Republics have experienced negative population growth over the past 20 years. This proportion is as high as 25 per cent in Australia, Japan and New Zealand and 20 per cent in North America. Even in developing countries, nearly 10 per cent of the cities have experienced shrinking populations.<sup>29</sup>

47. Over the past few decades, many countries in the developing regions have witnessed a decline in infant mortality, while fertility remains high. This has created a demographic momentum with countries in less developed regions characterized by relatively young populations, in which children under the age of 15 account for 28 per cent of the population and young people aged between 15 and 24 for a further 18 per cent.<sup>30</sup> Many countries are even experiencing a significant increase in the proportion in of persons aged 15 to 24, known as a “youth bulge”. There are 1.19 billion people within this age bracket worldwide and, in 2014, 88 per cent of them were in developing countries.

48. The youth bulge may turn out to be a blessing or a curse. It could represent a potential opportunity to spur social and economic development if countries harness the power of age-structure transformation. A youth bulge could also increase the risk of domestic conflict<sup>31</sup> – in a context of poor governance, poor economic performance and greater inequalities, youth bulges can be explosive, as witnessed in the unfolding of the Arab Spring.

49. These population dynamics have a critical influence on social, economic and environmental development. They place strains on consumption, production, employment, income distribution, poverty and social protection, and undermine confidence in pension funds. They also raise the stakes in efforts to ensure universal access to health, education, housing, sanitation, water, food and energy, particularly for vulnerable population groups.<sup>32</sup>

## E. Crisis of unaffordability

50. The world has recently witnessed its worst financial crisis since the Great Depression. The combination of speculative investments, high-risk financial schemes, deregulation of labour markets, the reduction of government spending and massive household debt, created by consumer credit and mortgage loans to increase consumer demand, provoked the collapse of the subprime mortgage market followed by the bankruptcy of major financial institutions. While the crisis was in the first instance a financial and economic phenomenon with disastrous consequences on stock market values, its impacts went much further, affecting the housing sector and the equity conditions of various domestic assets in different parts of the world. It also caused a severe economic contraction in global trade and

<sup>27</sup> United Nations, Department of Economic and Social Affairs, *World Population Prospects: The 2012 Revision*, Volume I: Comprehensive Tables (New York, 2013). Available at: [http://esa.un.org/wpp/Documentation/pdf/WPP2012\\_Volume-I\\_Comprehensive-Tables.pdf](http://esa.un.org/wpp/Documentation/pdf/WPP2012_Volume-I_Comprehensive-Tables.pdf).

<sup>28</sup> United Nations Population Fund, Department of Economic and Social Affairs, UN-Habitat and International Organization for Migration (2013), *Populations Dynamics in the Post-2015 Development Agenda: Report of the Global Thematic Consultation on Population Dynamics*. Available at: [www.iom.int/files/live/sites/iom/files/What-We-Do/docs/Outcome-Report-Pop-dynamic-and-post-2015-dev-agenda-14-March-2013.pdf](http://www.iom.int/files/live/sites/iom/files/What-We-Do/docs/Outcome-Report-Pop-dynamic-and-post-2015-dev-agenda-14-March-2013.pdf).

<sup>29</sup> UN-Habitat (2010), *State of the World's Cities 2008/2009: Harmonious Cities*, London and Sterling, Virginia, United States of America.

<sup>30</sup> United Nations, Department of Economic and Social Affairs, *World Population Prospects: The 2012 Revision: Key Findings and Advance Tables* (New York, 2013). Available at: [http://esa.un.org/wpp/documentation/pdf/WPP2012\\_%20KEY%20FINDINGS.pdf](http://esa.un.org/wpp/documentation/pdf/WPP2012_%20KEY%20FINDINGS.pdf)

<sup>31</sup> H. Urdal (2004), *The Devil in the Demographics: The Effect of Youth Bulges on Domestic Armed Conflict, 1950–2000*, Social Development Papers, Conflict Prevention and Reconstruction, Paper No. 14, July 2004. World Bank, Washington, D.C. Available at: [www-wds.worldbank.org/servlet/WDSContentServer?WDSID=IB/2004/07/28/000012009\\_20040728162225/Rendered/PDF/29740.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer?WDSID=IB/2004/07/28/000012009_20040728162225/Rendered/PDF/29740.pdf).

<sup>32</sup> United Nations Population Fund, United Nations Department of Economic and Social Affairs, UN-Habitat and International Organization for Migration (2013), op. cit.

production, affecting in particular the countries most dependent on the United States market.<sup>33</sup> At another level, the crisis resulted in a significant loss of trust in government institutions.<sup>34</sup>

## F. Commodification of land and housing

51. Governments in some parts of the world have played a major role in the commodification of land through the application of land expropriation mechanisms, land-use planning powers and informal and sometimes even illegal arrangements. These practices have promoted significant land concentration and land speculation, particularly by private companies. City growth in many parts of the world is dictated by real estate developers and housing finance corporations.

52. The steady commodification of land and housing has contributed to the dispersion and suburbanization of the urban poor. The supply of subsidized public or social housing has been reduced in favour of the production of middle and high-income developments. The speculative nature of this process has led to housing bubbles in many places. The housing crash in 2007 and 2008 was only the most recent and most severe in a line of such housing bubbles.<sup>35</sup> Perhaps never before has the connection between housing and the economy and finance been so obvious and unequivocally evident as it is now, after the 2008 housing crash. Housing has become a speculative asset rather than a productive one.

## G. Unemployment: youth and social unrest

53. Rising levels of unemployment remain a major global challenge. In 1996, there were 161 million unemployed people worldwide.<sup>36</sup> This figure rose to 202 million in 2013.<sup>37</sup> Global unemployment is particularly severe in the sectors of finance, construction, automobile manufacture, manufacturing in general, tourism, services and real estate – all of which are strongly associated with urban areas.

54. Unemployment rates vary widely across the world. In most developed countries rates lie between 4.5 and 10 per cent, although in 2013 some countries had rates as high as 18 per cent. In most developing countries, the unemployment rates range between 5 and 30 per cent, while in some countries they are as high as 50 per cent.<sup>38</sup> Youth unemployment is on average two to three times higher than adult unemployment;<sup>39</sup> in some countries, however, particularly in the Middle East, North Africa, southern Europe and parts of Central America and the Caribbean, it can be five to six times higher.

55. The recent global economic crisis has exposed the vulnerability of young people in the labour market. Unemployment can have major implications for cities. In the case of youth unemployment, prolonged inactivity, in other words, the condition referred to as “worklessness”, can often also lead to demoralization, depression, alienation, loss of dignity, drug-taking and, in some contexts, crime and violence. It therefore poses a serious social hazard and a threat to political stability. Youth unemployment served as a major catalyst for the Arab Spring in North Africa and the Middle East and for the recent social demonstrations in other countries too.

<sup>33</sup> W. J. McKibbin and A. Stoeckel (2000), “The global financial crisis: causes and consequences”, Working Papers in International Economics, No. 2.09, Lowy Institute for International Policy, Melbourne, Australia. Available at: [http://melbourneinstitute.com/downloads/conferences/mcKibbin\\_stoeckel\\_session\\_5.pdf](http://melbourneinstitute.com/downloads/conferences/mcKibbin_stoeckel_session_5.pdf).

<sup>34</sup> D. Luttrell, T. Atkinson and H. Rosenblum, “Assessing the costs and consequences of the 2007–09 financial crisis and its aftermath”, Federal Bank Reserve of Dallas (DallasFed), Economic Letter vol. 8, No. 7, September 2013. Available at: [www.dallasfed.org/assets/documents/research/ecllett/2013/el1307.pdf](http://www.dallasfed.org/assets/documents/research/ecllett/2013/el1307.pdf).

<sup>35</sup> Daily Kos (2011), “De-commodifying housing”, 18 August 2011. Available at: [www.dailykos.com/story/2011/08/18/1008351/-De-commodifying-Housing](http://www.dailykos.com/story/2011/08/18/1008351/-De-commodifying-Housing).

<sup>36</sup> ILO, “Global employment situation”, Global Employment Trends Brief, January 2007. Available at: [www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_elm/---trends/documents/publication/wcms\\_114295.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/---trends/documents/publication/wcms_114295.pdf).

<sup>37</sup> ILO, *Global Employment Trends 2014: Risk of a Jobless Recovery?* (Geneva, 2014). Available at: [www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_233953.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_233953.pdf).

<sup>38</sup> UN-Habitat (2012), *The State of Arab Cities 2012: Challenges of Urban Transition* (Nairobi, 2012). Available at: [www.citiesalliance.org/sites/citiesalliance.org/files/SOAC-2012.pdf](http://www.citiesalliance.org/sites/citiesalliance.org/files/SOAC-2012.pdf).

<sup>39</sup> ILO (2014), op. cit.

## H. Rising inequalities in cities

56. Inequality has become a universal concern. Differences in access to opportunity, income, consumption, location, information and technology are now the norm, not the exception. Gender inequalities persist in many countries and contexts (rates of secondary education, access to decent employment, political representation and the gender-based nature of the HIV pandemic). Youth inequalities are manifested in discrimination in access to education, differentiated levels of employment and livelihood opportunities, lack of participation in decision-making and prejudice against sexual preferences.<sup>40</sup>

57. Slums – the most visible manifestation of urban poverty and inequality – continue to grow in most developing countries, reinforcing other forms of inequality. Inequalities are present in the urban space, as many cities are divided by invisible borders and very often by physical divides that take the form of social, cultural and economic exclusion. For the majority of the world's population, income disparities are wider today than they were a generation ago. It is estimated that more than two thirds of the world's urban population live in cities in which income inequality has increased since the 1980s. With the exception of most countries in the Latin American and Caribbean region, income and wealth inequalities have increased since the early 1980s, including in developed regions.<sup>41</sup>

58. Income inequalities combine with other forms of inequality in the social, legal, cultural and environmental spheres,<sup>42</sup> reinforcing the deprivation faced by many groups and individuals based on gender, age, ethnicity, location, disability and other factors. Inequalities generate an urban geography of concentrated disadvantages.

## I. New forms of urban poverty, risk and marginalization in developed countries

59. An increasing number of urban residents in developed countries experience or are at risk of poverty or social exclusion. In the European Union, 24 per cent of the population falls in this category, 1 out of 10 people live in severe material deprivation, and 17 per cent live on less than 60 per cent of their country's average income.<sup>43</sup> In general terms, these numbers are growing. In many other cities, the persistence of intergenerational poverty and economic disadvantage is inextricably linked to location;<sup>44</sup> it is also linked to ethnic or racial inequality and the historic marginalization of indigenous populations. In addition to these more conventional forms of poverty, however, new forms of social exclusion and marginalization are emerging: people who are infrastructure-poor, immigrant poverty, young people at risk, and vulnerable elderly, among others.<sup>45</sup>

## J. Amplification of different types of crises and associated protests

60. Since 2008, the world has faced a veritable cascade of crises of all types, from financial and economic to environmental, social and political. Such acute problems as soaring unemployment, food shortages and attendant price rises, strains on financial institutions, insecurity and political instability have demonstrated that cities around the world are, to varying degrees, exposed at least as much to the destructive as to the more beneficial effects of international markets, including their social and political repercussions.

<sup>40</sup> UNICEF and UN-Women (2013), *Addressing Inequalities: Synthesis Report of Global Public Consultation*, Global Thematic Consultation on the Post-2015 Development Agenda. See also UN-Habitat (2010), *State of Urban Youth Report*, which deals extensively with the notion of equity and polarization in cities and proposes policies to address the lack of a level playing field.

<sup>41</sup> World Bank (2008), *2008 World Development Indicators*, Washington, D.C. Available at: <http://data.worldbank.org/sites/default/files/wdi08.pdf>. OECD (2011), *Divided We Stand: Why Inequality Keeps Rising*, OECD Publishing. Available at: <http://dx.doi.org/10.1787/9789264119536-en>.

<sup>42</sup> Poor urban planning increases inequality in cities by limiting job opportunities, aggravating gender disparities, intensifying crime, limiting the access to public goods and reducing forms of social capital. UN-Habitat, CAF (2014), *Construcción de ciudades más equitativas: políticas públicas para la inclusión en América Latina*, Nairobi. Available at: [http://publicaciones.caf.com/media/39869/construccion\\_de\\_ciudades\\_mas\\_equitativas\\_web0804.pdf](http://publicaciones.caf.com/media/39869/construccion_de_ciudades_mas_equitativas_web0804.pdf).

<sup>43</sup> European Commission (2014), "Poverty and social exclusion", European Commission Directorate General for Employment, Social Affairs and Inclusion, March 2014. Available at: <http://ec.europa.eu/social/main.jsp?catId=751>.

<sup>44</sup> P. Sharkey (2013), *Stuck in Place: Urban Neighbourhoods and the End of Progress Toward Racial Equality*, University of Chicago Press, Chicago, 2013.

<sup>45</sup> M. E. López (2010), "Addressing new forms of poverty and exclusion in Europe", in *World and European Sustainable Cities, Insights from EU Research*, European Commission, Brussels.

61. Participants in the recent protests and riots in various cities of the world (including Cairo, Madrid, London, New York, Istanbul, Stockholm and Rio de Janeiro and São Paulo, Brazil), were not only demanding more equality and inclusion, but also expressing solidarity with fellow citizens and opposition to those with vastly disproportionate shares of wealth and decision-making capacity. Throughout history, cities have served as stages for protests, and the recent social movements are no exception. Demographic concentrations in dense urban spaces allow critical masses of protestors to congregate and voice their concerns, highlighting the important role of cities as sounding boards for social change.

### **K. Growing mismatch between jobs and people**

62. The process of the commercialization and commodification of goods and services, which is particularly prominent in cities, renders the investment in land, housing and the provision of public and private goods attractive to large-scale capital. Supply constraints, the reduction of subsidies, market imperfections and the high cost of living reduce the choices available for middle and low-income residents and lead to a situation where access to property, services and goods becomes highly concentrated. As prices increase, the poor and often also the middle class find it difficult to gain access to the type of housing that they want; they are therefore forced to move to distant peripheries, thus further increasing their expenditures and limiting the possibility for them to enjoy the benefits that cities offer. Without proper safeguards to ensure housing for the poor, and in some places even for the middle class, and measures to provide public goods for all and protect the commons, cities are unable to be both socially equitable and efficient.

### **L. Urbanization, climate change and the resilience of cities**

63. As the world becomes predominantly urban, the international debate on climate change becomes ever more urgent. With a population share of just above 50 per cent, cities account for between 60 and 80 per cent of the world's energy consumption and generate as much as 70 per cent of its carbon dioxide emissions. Between 1950 and 2008, while the global population increased by 167 per cent, global carbon emissions from fossil-fuel burning and cement production increased by 437 per cent. This coincided with an increase in the global level of urbanization from 29 to 50 per cent.<sup>46</sup>

64. These changing conditions in turn exacerbate existing social, economic and environmental problems that are further aggravated by the vulnerability of the poorest populations to natural hazards and climate change, as a consequence of unplanned urbanization and inadequate infrastructure. Sea-level rise, tropical cyclones and storms, inland flooding and drought are inflicting heavy losses that are particularly acute among slum dwellers and the poorest populations, particularly in coastal areas. Globally, the number of reported disasters and displaced people has increased over the past two decades. Over the 10-year period between 1994 and 2003, the average annual number of disasters reported stood at 307. This rose to 373 over the 10-year period between 2003 and 2012. At the same time, the annual average number of countries affected rose from 104 to 118, while the average number of people killed rose from 53,678 to 106,597, and the reported economic damage rose from an annual average of \$55 billion to \$156 billion.

65. It is crucial to recognize that cities must also be part of the solution to the problem of climate change. To date, however, the measures that we envisage at the global and national levels have yet to be accompanied by concerted measures at the city and local levels. Well planned and managed urbanization, transport modalities and building designs offer significant opportunities for building resilience strategies into sustainable urban development programming, thereby protecting incremental development gains and reducing vulnerability to all plausible hazards.

### **M. Persistence of an unsustainable model of urbanization**

66. Although urbanization has the potential to make cities more prosperous and countries more developed and wealthier, many cities all over the world have found themselves grossly unprepared in the face of the spatial, demographic and environmental challenges associated with urbanization. In general terms, urbanization has relied on a model that is unsustainable on many fronts:

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<sup>46</sup> T. A. Boden, G. Marland, and R. J. Andres (2010) *Global, Regional, and National Fossil-Fuel CO<sub>2</sub> Emissions*, Carbon Dioxide Information Analysis Centre, Oak Ridge National Laboratory, United States Department of Energy, Oak Ridge, Tennessee. Available at: [http://cdiac.ornl.gov/trends/emis/tre\\_glob.html](http://cdiac.ornl.gov/trends/emis/tre_glob.html).

(a) Environmentally, with its combination of the use of cheap fossil fuel, heavy dependence on private motor cars, and endless urban peripheries that consume land, resources and, in many cases, protected natural areas – largely steered by private, not public, interests;<sup>47</sup>

(b) Socially, with forms of urban development that add to unequal wealth generation and spatial inequalities, creating divided cities, often characterized by the existence of gated communities and slum areas. Cities are finding it increasingly difficult to integrate refugees and migrants and to share the human, social, cultural and intellectual assets that cities offer, including their cultural heritage and built environment, resulting in a spatial fragmentation based on ethnicity, race, income or other social characteristics;

(c) Economically, owing to widespread unemployment and underemployment and different forms of unstable and low-paid jobs and informal income-generating activities, which result in additional economic restrictions, unequal access to basic services and amenities and poor quality of life for many.

67. All of these urban challenges are exacerbated by the inefficient design and poor functionality of many cities and the failure to create locally appropriate legal and institutional structures to promote integrated and long-term sustainable urban management. Indeed, poorly planned and managed urbanization – which translates into low densities, separation of land uses, mismatch between infrastructure provision and residential concentration and inadequate street networks, among other consequences – diminishes the potential for the use of economies of scale and agglomeration.

## VII. Opportunities for sustainable urbanization: towards a new urban agenda

68. Habitat III offers the community of nations a unique opportunity to achieve global strategic goals by harnessing the tremendous force for sustainable urbanization. This opportunity remains available despite the formidable challenge presented by the continued influx of billions of people to our cities and towns. Sustainable urbanization has been recognized as a key objective in the post-2015 development agenda process, in recognition of its clear link to the development of countries. Sustainable urbanization can contribute to the achievement of sustainable development, making cities and other human settlements more equitable and inclusive, such that they can promote sustained and inclusive economic growth, social development and environmental protection for the benefit of all.

69. Sustainable urbanization requires policies to ensure that the benefits of urban growth are distributed in an equitable manner. It also requires diversified policies to plan for and manage the spatial distribution of populations and their internal migration. As the United Nations report *World Urbanization Prospects 2014* indicates, policies that aim to restrict rural-urban migration are ineffective at forestalling city growth and can even produce economic, social and environmental harms.<sup>48</sup> For that reason, there is need for policies aimed at a more balanced distribution of urban growth. Such national urban policies could promote the growth of intermediate-size cities, with a view to avoiding excessive concentration in just one or two very large urban agglomerations and to reducing the negative environmental impacts often associated with large and rapidly growing urban agglomerations.

70. These views and practices are part of a new urban agenda that is guided by the principles of the Charter of the United Nations, with full respect for international law and its principles, reaffirming the importance of freedom, peace and security and respect for all human rights. A “New Urban Agenda” of this nature would reinforce the notion of citizenship and ensure full appreciation of cultural diversity and of culture’s contribution to sustainable development.

71. The international community will together revisit the Habitat Agenda and review its implementation and that of its associated goals and objectives, with a view to agreeing on the New Urban Agenda in 2016. The New Urban Agenda should address the unfinished business of the Habitat Agenda and the Millennium Development Goals and, looking forward, serve as a vital plan of action for the post-2015 United Nations development agenda. For that purpose, it is essential to improve the availability of and access to data and information disaggregated by income, gender, age,

<sup>47</sup> UN-Habitat (2012), *State of the World’s Cities 2012/2013*.

<sup>48</sup> United Nations, Department of Economic and Social Affairs, *World Urbanization Prospects: The 2014 Revision: Highlights* (New York, 2014) (p. 17).



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race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national, metropolitan and local contexts.<sup>49</sup>

72. There is great potential for success, and we must act accordingly, with ambition. The implementation of the New Urban Agenda will range across the entire process of urbanization that continues to sweep the global community, encompassing all human settlements in all parts of the world. Not only can we make slums history and address long-standing issues of economic depression and social marginalization, but we can also tackle urban poverty and inequity and new forms of discrimination. Good governance and the rule of law at the national and subnational levels are essential for the achievement of those objectives, in order for us to move to a more sustainable model of urbanization. If urbanization is to be truly inclusive and sustainable, participatory mechanisms and integrated human settlements planning and management practices are crucial.

73. Beyond this, the New Urban Agenda will harness the concept and practice of sustainable urbanization. This could unlock a dynamic that we have not yet seen on a consistent basis, and one on which we will depend to achieve many of the ambitious targets of the sustainable development agenda. Simply put, by applying a pragmatic new urban agenda, a set of parameters could be developed that would have wide application, and a major force for positive change in sustainable development could be unleashed in all countries of the world. If successful, this could both drive sustainable development globally and, within the field of urbanization and human settlements, allow us to seize important opportunities to ensure that our cities and towns are more productive, happier and more cohesive.

74. In particular, a comprehensive human-rights-based approach to urbanization would make possible significant progress in the realization of rights to adequate housing, tenure security and basic services. This would contribute to the realization of the rights to development and to an adequate standard of living, including the right to food and water, the rule of law, good governance, gender equality, women's empowerment and the overall commitment to just and democratic societies for development.

75. We started out on an ambitious journey almost 40 years ago, at the first Habitat conference, held in Vancouver, Canada, in 1976. We have learned a great deal since then, about what works and what does not. We have understood the costs of unplanned urbanization, the missed opportunities. Habitat III will give us an opportunity to work together both to learn from these mistakes and to harness the powerful and under-used dynamic of sustainable urbanization to drive the development of our cultures, our societies and our economies for the next 20 years.

## VIII. Conclusion and recommendations

76. Some 18 years after the adoption of the Istanbul Declaration and the Habitat Agenda, the international community is still grappling with major urban challenges and opportunities. Significant progress has been made towards attaining the goals of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium. There have also been setbacks and problems, however. As the present report has shown, new challenges have emerged and the relationship between key sectors of society has evolved. Habitat III is the ideal occasion for the international community to confront these challenges and seize these opportunities.

77. Habitat III will be one of the first major global conferences to be held after the adoption of the post-2015 development agenda. It will offer an opportunity to develop a shared perspective on human settlements and sustainable urban development and to discuss the challenges and opportunities that urbanization offers for the implementation of the sustainable development goals. Habitat III will also be closely linked to the climate change process in the United Nations.

78. There is a need to reinvigorate the global partnership and to strengthen different forms of regional and national cooperation for sustainable development, including by mobilizing the necessary resources for implementation of the New Urban Agenda. The implementation of this agenda will require the active engagement of national Governments and local authorities, civil society, the private sector and the United Nations system.

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<sup>49</sup> United Nations, "Outcome Document – Open Working Group on Sustainable Development Goals: Introduction to the Proposal of the Open Working Group for Sustainable Development Goals", Sustainable Development Knowledge Platform, July 2014. Available at: <http://sustainabledevelopment.un.org/focussdgs.html>.