



UN-HABITAT

**12th Session of the
Commission on Sustainable Development
(CSD-12)**

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**Interactive Discussion
with Heads of UN Programmes and Agencies:
*Responding to the Challenges***

**Statement by
Mrs. Anna Kajumulo Tibaijuka,
Executive Director, UN-HABITAT**

Honourable Minister Børge Brende, Chair of CSD-12

Excellencies, Distinguished Delegates,

Fellow colleagues, Ladies and gentlemen,

I am honoured and privileged to participate in this segment of CSD-12.

At the opening session of the CSD last week, I had begun by congratulating Hon. Minister Børge Brende for bringing in new vision, vitality and innovation to the CSD process. I would like to reiterate here that it is due to his efforts, and the efforts of CSD Bureau members and the secretariat, the CSD process has now become much more broad-based, integrated and action-oriented than before. I am indeed gratified to have been afforded an opportunity to support this process.

At the World Summit on Sustainable Development (WSSD), in its paragraph 18 of the political Declaration adopted by Heads of States, the W in WEHAB (Water, Energy, Health, Agriculture, Biodiversity) was further amplified to stand for Water, Sanitation and Shelter. CSD 11 responded to this by adopting *water, sanitation and human settlements* as an integral cluster. The country experiences presented at this session over the past week have clearly demonstrated the inextricable linkages between water, sanitation and human settlements. It is also now clear that global goals will have to be finally addressed at the local level, if we want to see a change in the lives of the urban and rural poor.

Excellencies, Ladies and Gentlemen,

Cities and towns will absorb 95 per cent of the world's expected population growth. With rapid urbanization, there is also growing poverty and feminization of poverty in cities.

Urban poverty is vividly manifested in the slums. At present 930 million people live in slums. If the trends continue, 1.5 billion people will live in slums by the year 2020. Most slum dwellers are excluded from the attributes of urban life that remain a monopoly of a privileged minority – political voice, decent housing, safety and the rule of law, education and health.

The Unheard Voices of Women side-event gave us a good glimpse of the true daily struggle of women and girl children in the slums and how the lack of basic water and sanitation services rob them of their safety, dignity and health.

Provision of basic services and Slum upgrading must become core business for local and national governments alike, and should receive adequate support by international financial institutions and development agencies.

Last week's deliberation also shows that much work still needs to be done to bring water, sanitation and human settlements within the United Nations Development Assistance Frameworks (UNDAFs) and The Poverty Reduction Strategy Papers (PRSPs) at country level.

Excellencies, Distinguished Delegates, Ladies and gentlemen,

We all know that a business-as-usual approach will not be enough. We need a fundamental change in our approach – we need a strategy that is workable, realistic and will make a difference in the lives of the people.

In the remaining few minutes I wish to focus on the means of implementation of the WSSD and MDG goals, especially those related to financing.

In operational terms, to be meaningful, target 11 requires not only a significant improvement in the lives of 100 million slum dwellers by the year 2020, but also a proactive approach to ensure that a potential 700 million new additions to cities will not be in slum settlements by the year 2020. This requires thinking beyond slum upgrading to comprehensive development of human settlements to include urban planning, secure tenure, and provision of basic infrastructure and services. This target means both adaptive interventions for those already in slums, as well as pro-active interventions to arrest new slums development.

Let us remind ourselves that this is not UTOPIA. China has, during 1955-2000, developed 500 million new sites and many other countries have initiated similar programme. We can achieve the goal of 'cities without slums', if we all play our part.

In the opening session last week, Mr Ocampo had succinctly summarised the financial requirements for meeting the goals related to water, sanitation and human settlements. I would like to amplify and focus on this costing exercise for goal 7 targets 10 and 11, which are the main themes of this CSD session. The steps followed are:

- Develop a series of interventions to improve conditions of slum dwellers
- Establish standards for each intervention, recognizing that the standards may vary by location
- Benchmark each intervention as a cost per person, for different regions
- For each sub-programme, establish what number of people should receive each intervention in each region, to calculate total costs
- Establish what part of the costs might be recouped from beneficiaries, and what part must be fully met by government and other agencies.

From this framework, which cannot be elaborated here in detail- but is available for those who are interested from my office- we have established a 30 parameters model whose results are as follows:

- The average cost of improving housing and the full range of basic services on new sites in developing countries is approx. \$2000 per person
- Earlier estimates prepared by other agencies were \$500-700, but did not include the full range of services – housing, planning, schools, clinics, transport, other social services
- Estimates also suggest that with adequate and affordable financing mechanism in place, it is possible to recover more than half of this cost from urban poor households.

At the global level, the total cost estimates are:

- Total costs over 17 years
 - \$184 billion for slum upgrading
 - \$1317 billion for new site development
- After cost recovery
 - \$107 billion for slum upgrading
 - \$723 billion for new site
- The annual fund requirement is similar to housing budgets of many national budgets and is within our reach.

In summary, our recent estimates suggest that the cost of meeting the slum target is 184 billion dollars for improving the lives of 100 million slum dwellers and \$1300 billion dollars for proactive investments in land-development for the poor, so that new slums do not emerge.

In implementing such a plan, the following market effects would need to be observed:

- Launch of a large programme may cause overheating in land, capital and labour markets
- A major housing programme provides a boost to the local and national economy, and help countries to achieve a significant economic growth
- In cities with scarce developed land, there is a need to minimise speculation. (e.g. Singapore froze land prizes before embarking on a slum eradication programme). In general, however, increased supply of developed sites and housing helps stabilise market prices.

Regrettably, the global community support to meeting the target 10 and 11 is inadequate. The ODA to the sector has been low (5 billion) and declining. The least developed countries and countries with economies in transition, are unable to meet the target with their own resources.

As proposed in the Johannesburg Plan Of Implementation (JPOI), the Monterrey declaration, and the Habitat Agenda, additional financial resources from various sources at the national and international level are needed to attain sustainable human settlements development. The ODA to the urban sector needs to increase and needs to be used in a strategic way to mobilize additional domestic resources. A coalition of financing and execution agencies is required to support national governments in meeting the human settlements targets.

The UN-HABITAT's proposed Slum Upgrading Facility (SUF) is designed as a coalition among various partners to provide technical assistance to the developing countries. It requires support form international and bilateral development institutions.

Excellencies, Ladies and Gentlemen,

At the Johannesburg Summit, I had made a pledge to bring significant pro-poor investment through our regional programmes on water and sanitation.

With this objective, I had established the Water and Sanitation Trust Fund of UN-HABITAT in October 2003. I am indeed glad that this pledge has now been redeemed and together with the Asian Development Bank we are bringing \$500 million pro-poor investment to Asian cities. \$200 million has already been approved for India and discussions for bringing similar investments to the Mekong region are currently under way.

I am looking forward to bringing in similar investments to Africa through UN-HABITAT's Water for African Cities programme. Specifically, we are looking at the small and medium settlements around the Lake Victoria region and the investment needs to achieve MDGs in these hitherto neglected areas. We hope to work closely with the African Development Bank and the World Bank to make this a reality.

In closing, I wish to highlight a few important steps in our roadmap to achieve the targets 10 and 11:

- Slum upgrading programmes are now well established. Workable models for new construction need to be examined
- Success will depend on a coalition of financing and execution agencies, with full support of national governments
- "Doing nothing", which has been the general response to urban expansion over the past 30 years, will result in outcomes that are unacceptable in the context of Millennium Development Goals of poverty reduction
- Continued effort to improve global monitoring is needed

Mr. Chairman, Distinguished Delegates,

This first Review Session under the able and inspiring leadership of Chairman Brende has provided a global springboard for local action. The CSD process has recognized the importance human settlements as an integral part of implementing the WSSD commitments. The world is set to join forces in building a global consensus for meeting critical challenges of this century and UN-HABITAT stands ready to play its role in this process.

I thank you for your kind attention and support.