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**Activities of the United Nations Human Settlements  
Programme, including coordination matters**

**Activities of the United Nations Human Settlements Programme**

**Report of the Executive Director**

**Addendum**

**Third United Nations conference on housing and sustainable urban  
development**

*Summary*

By its resolution 64/207 of 21 December 2009, the General Assembly requested the Secretary-General, in collaboration with the Governing Council of the United Nations Human Settlements Programme (UN-Habitat), to prepare a report on the question of convening in 2016 a third United Nations conference on housing and sustainable urban development (Habitat III). The present report is submitted in response to that request. It makes the case for holding the Conference by examining key developments since the second United Nations Conference on Human Settlements, held in Istanbul, Turkey, from 3 to 14 June 1996, which include:

- (a) The demographic dominance of cities, which now accommodate more than half of the world's population, and their much more dominant role as engines of national economic growth and development;
- (b) The rapid spatial expansion of urban settlements, leading to the emergence of megacities, mega-urban regions, and increasing spatial and social fragmentation, poverty and inequality within cities;
- (c) The emergence of new global issues and forces, including globalization, sustainable urban development, climate change, rising urban insecurity and crime, increasing destruction of human settlements by natural and human-caused disasters and conflicts, and rising informality within cities;
- (d) The changing roles of the public, private and non-governmental sectors, that is from enabling policies, including deregulation, towards a resurgence of the role of the public sector in urban planning and development;
- (e) The significantly increased volume of operational work by UN-Habitat in post-disaster and post-conflict reconstruction and rehabilitation.

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The present report recommends that the Habitat III conference be held to outline a new development agenda that can respond to the new challenges and the new role of cities. The conference should also consider ways to strengthen the institutional frameworks for housing and sustainable urban development.

## Introduction

1. The present report was prepared pursuant to resolution 64/207 of 21 December 2009, by which the General Assembly took note of the recommendation made by the Governing Council of UN-Habitat in its resolution 22/1. Having considered the question of convening a third United Nations conference on housing and sustainable urban development (Habitat III) in 2016, the General Assembly requested the Secretary-General to prepare a report on that question, in collaboration with the Governing Council, for its consideration at its sixty-sixth session.
2. The present report is submitted to the Governing Council for its consideration and for transmission to the Secretary-General as an input into his report to General Assembly.

## I. Overview

3. It is more than 15 years since the second United Nations Conference on Human Settlements, held in Istanbul, Turkey, from 3 to 14 June 1996, which culminated in the adoption of the Istanbul Declaration on Human Settlements and the Habitat Agenda, documents consisting of goals and principles, commitments and a global plan of action for achieving the UN-Habitat twin goals of adequate shelter for all and sustainable human settlements development in an urbanizing world. While significant progress has been made in many regions of the world towards achieving these goals, today, more than ever before, Governments are facing major urban challenges, partly as a result of the failure of previous policies and partly of the rapid urbanization and emergence of mega urban regions, together with the advent of new challenges such as globalization, global economic crises, rising urban crime and violence, and climate change.
4. Cities and urban centres have become engines of economic development and central to the value chain of production and consumption, defining social, political and economic relations and are responsible for large proportions of countries' gross domestic product. Cities have become crucial to achieving national, regional and global development and promoting sustainable urban development. Indeed, urban centres are now the dominant habitat for humankind. Yet cities, particularly in developing countries, are beleaguered by poverty, insecurity and increasing informality and slum formation that adversely affect their contribution to national development.
5. The shift in the role and configuration of the city, in addition to the urbanization of poverty (characterized by the global rise of slums), have become more pronounced over the past decade, thus impinging significantly on the commitments and the full realization of goals and outcomes identified in the Habitat Agenda. The evolution of new synergies, the development of new relationships in cities, and new advances in science, technology and business systems have also affected the expected outcomes of the second United Nations Conference on Human Settlements. New scenarios have emerged that require new responses, although progress in the normative underpinnings of the Habitat Agenda has been beneficial.
6. In 2001, five years after the adoption of the Istanbul Declaration, a major review of the implementation of the Habitat Agenda was conducted, and the Declaration on Cities and Other Human Settlements in the New Millennium was adopted by the General Assembly in its resolution S-25/2 of 9 June 2001. Even at that early stage, the irreversibility of urbanization was confirmed and the prospect of a rapidly increasing process of urbanization was recognized. The main response, however, was to reaffirm the Istanbul commitments and to call for the efforts agreed upon earlier to be redoubled to achieve the twin objectives of the Agenda. Today, the magnitude of those challenges and the precarious situation faced by an ever-growing percentage of the global population has been considerably amplified. The balance of forces has altered and new issues and opportunities have emerged. Indeed, this new phase urgently requires a review of the global urban agenda.
7. The changes that have taken place in the internal dynamics of the city are not the only driving force behind the need for review. The implementation of the Habitat Agenda over the past 15 years underlines a need to take stock of the lessons learned and goals achieved through an array of policies and strategies, in addition to the setbacks experienced. There have been changes of approach: first, from a fragmented and sectoral implementation of the Agenda, to an integrated approach that establishes links within the dynamics of an urban setting. Second, there has been a switch from

policies to deregulate the housing market, to progressive approaches, embraced by some Governments and non-State actors, to reinforce the Agenda's commitment to the full realization of the right to adequate housing. Third, greater emphasis is now laid on sustainable urban development within the overall context of sustainable human settlements development. The implications of these shifts are quite profound, particularly in an era marked by globalization, climate change and increasing decentralization and transfer of responsibilities to city governments.

8. At the dawn of the twenty-first century, a century recognized as the century of the city, there is an urgent need to revisit the Habitat Agenda and its implementation to prevent this new century from becoming the century of slums. The proposed third United Nations conference on housing and sustainable urban development will provide a forum for serious consultations between Governments on the world's urban future, a future characterized by unprecedented challenges and serious risks.

9. Charting that urban future will need to take into account the following key changes since the 1996 second United Nations Conference on Human Settlements:

(a) The demographic dominance of cities, which now accommodate more than half of the world's population, and their much more dominant role as engines of national economic growth and development;

(b) The rapid spatial expansion of urban settlements, leading to the emergence of megacities, mega-urban regions, extensive urban corridors, and often chaotic peri-urban areas, in addition to increasing spatial and social fragmentation, poverty and inequality within cities;

(c) The emergence of new global issues and forces, including globalization, sustainable urban development, climate change, rising urban insecurity and crime, increasing destruction of human settlements by natural and human-caused disasters and conflicts, and rising informality within cities all over the world;

(d) The changing balance between the roles of the public, private and non-governmental sectors, that is from enabling policies and strategies, including deregulation, towards a resurgence of the role of the public sector in urban planning and development;

(e) The significantly increased volume of operational work by UN-Habitat in post-disaster and post-conflict reconstruction and rehabilitation.

10. In the following chapters, additional information will be provided on the issues raised above.

## II. Urban age

11. The global urban transition witnessed over the past decades has been phenomenal, presenting Governments and local authorities with unprecedented challenges. In 2008, for the first time ever, over half of the world's population was living in urban areas and, according to current projections, this figure will rise to 70 per cent by 2050. Almost all this growth will take place in developing countries. Between 2007 and 2025, the annual urban population increase in developing countries is expected to be 53 million (or 2.27 per cent), compared to a mere 3 million (or 0.49 per cent) in developed countries.

12. Generally, urban centres have become vibrant instruments for economic, social and human development. They attract investment and create wealth. They enhance social development and harness human and technological resources, resulting in unprecedented gains in productivity and competitiveness. Indeed, cities have become the repositories of knowledge and agents of social, political and economic change.

13. While the vibrancy associated with urban development has become more prominent in large cities, some of which have become mega-cities or sprawling mega-urban regions, the bulk of urban growth has been taking place in small and medium-sized cities, mostly of less than 500,000 people. Indeed, it is estimated that, as early as 2005, almost half of the global urban population already lived in cities of that size and the pattern is set to continue in the immediate future. The paradox of this spatial demographic phenomenon is that these small urban centres suffer from an acute lack of managerial resources and institutional capacities to cope with their new challenge of being the dominant urban habitat.

14. At the same time, cities have also become a locus of increasing poverty and deprivation. This is a particular problem in much of the developing world, where rapid and unmanaged urbanization is accompanied by slum formation, poorly built housing, increasing poverty and vulnerability to human-caused and natural hazards, in addition to growing inequalities, all of which pose serious threats to human security and safety and national development and social cohesion. In 2003, nearly 1 billion urban dwellers were living in slums, deprived of the most basic amenities such as water,

sanitation, security of tenure, durable housing and sufficient living space. Some countries have succeeded in reducing the proportion of slum-dwellers in relation to the total urban population. In absolute numbers, however, urban slum-dwellers have increased globally and will continue to increase if no concerted actions, involving national and local governments, non-governmental and community-based organizations and the international community, are put in place. If this situation persists it could become a major threat to social stability and global peace and security.

15. While the spatial and scale factors were implicitly included in the Habitat Agenda, it is the speed with which change and institutional realignment have taken place, together with the all-encompassing nature of urbanization, which marks this new state of affairs. Change is occurring at such a swift rate that it is almost overwhelming. The procedures to develop land, provide housing, deliver basic services, create employment and facilitate urban mobility have to be drastically improved to attain the critical balance between demand and supply.

16. With regard to the all-encompassing nature of urbanization, the rise of the city within the national institutional framework has led to the emergence of new relationships and even new politics. Twenty years ago, the impetus lay with national Governments, charged by the Habitat Agenda to take a leading role in enabling other key stakeholders to play an effective role. It is evident today that this responsibility for building partnerships and achieving lasting results is being delegated to city authorities. Other stakeholders, including from the private sector, such as banks and developers, in addition to civil society groups, are vigorously asserting themselves and, are thus contributing to the overall dynamism of urban development.

### **III. Milestones in sustainable urbanization and international responses**

17. While the conclusions reached at the first United Nations Conference on Human Settlements, held in Vancouver, Canada, from 31 May to 11 June 1976, clearly defined urbanization as a challenge in need of control, the second such conference considered urbanization and the resultant cities as an opportunity and engines for growth. The Istanbul Declaration identified two goals: adequate shelter for all and sustainable human settlements in an urbanizing world.

18. The Millennium Summit, convened in New York from 6 to 8 September 2000, resulted in the General Assembly adopting the United Nations Millennium Declaration,<sup>1</sup> which formed the basis for the Millennium Development Goals, a group of eight time-bound international targets relevant to sustainable development that provided a further impetus to the implementation of the Habitat Agenda. The focus on poverty eradication and environmental sustainability mirrored that of the Habitat Agenda.

19. In 2001, at the sixth plenary meeting of the special session of the General Assembly to review the implementation of the Habitat Agenda, the representatives of Governments reaffirmed their will and commitment fully to implement the Istanbul Declaration on Human Settlements and the Habitat Agenda. The review process revealed important findings: countries were becoming increasingly interdependent and cities more competitive; urbanization and globalization had both accelerated since the second United Nations Conference on Human Settlements and were contributing to both increased prosperity and urban poverty in some regions.

20. The Habitat Agenda was also a point of reference for the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002. Participants at the summit reaffirmed sustainable development as a central element of the international agenda and gave new impetus to global action to fight poverty and protect the environment. They recognized the phenomenon of urbanization as part of the sustainable development equation to a greater degree than previous international meetings on sustainable development. They reaffirmed the Millennium Development Goal target to improve the lives of slum-dwellers and access to safe drinking water and to basic sanitation as essential to promoting urban well-being.

21. 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 and conclusions on progress made at all levels to attain the human settlements goals and targets contained in Agenda 21, the Programme for the Further Implementation of Agenda 21, and the Plan of Implementation of the World Summit on Sustainable Development. The operationalization of the Habitat Agenda was given further impetus by the outcome of the High-level

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1 A/RES/55/2.

Plenary Meeting of the sixtieth session of the General Assembly, in which the General Assembly recognized the urgent need for the provision of increased resources for affordable housing and housing-related infrastructure, prioritizing slum prevention and slum upgrading; and encouraged support for the United Nations Habitat and Human Settlements Foundation and its Slum Upgrading Facility.

22. There has been a continuing convergence between the environmental and the human settlements agendas, and remarkable progress in the regulations that underpin the Habitat Agenda, reflecting a deeper understanding of the notion of sustainable development.

23. It is worth noting that, while there have been fewer global conferences since 2005 focusing specifically on cities and human settlements, consultations have continued to take place within the framework of the General Assembly. The decade-long consultations that ultimately led to the Governing Council's approval of guidelines on decentralization and strengthening of local authorities in its resolution 21/3 of 20 April 2007, is one example of such a process. Similarly, there have been other channels, such as the World Urban Forum, held every two years, which is now a major non-statutory conference of partners that tackles emerging issues relevant to the Habitat Agenda. Moreover, the Secretary-General has presented regular progress reports on human settlements to the General Assembly, to which the General Assembly has reacted, often by adopting resolutions. The Governing Council of UN-Habitat has also sustained this momentum by adopting several resolutions on key elements of the Habitat Agenda, notably: the right to adequate housing; guidelines on access to basic services for all; public-private partnerships to finance affordable housing; and cities and climate change.

#### IV. Performance review

24. A comprehensive review of the Habitat Agenda was undertaken nine years ago, during the twenty-fifth special session of the General Assembly for an overall review and appraisal of the implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and the strengthening of UN-Habitat. The assessment was generally positive but some obstacles were highlighted. In terms of policy, institutions and programmes, there is evidence of concerted efforts by countries to live up to the commitments and to take specific measures in line with the Global Plan of Action contained in the Habitat Agenda. The cumulative impact of all the interventions has not, however, been sufficient to realize the goals of adequate shelter for all and sustainable human settlement development.

25. The UN-Habitat *State of the World's Cities 2010/2011* report confirmed that, over the past 10 years, the share of the urban population living in slums in the developing world has fallen from 39 per cent in 2000 to 33 per cent in 2010. On a global scale, this is cause for optimism. That more than 200 million slum-dwellers have gained access to either improved water, sanitation or durable and less-crowded housing shows that countries and municipal governments have made serious attempts to improve slum conditions. In absolute terms, however, the number of slum-dwellers in the developing world has actually grown and will continue to rise in the near future. The progress made has not been sufficient to offset the growth of informal settlements in the developing world, where the number of urban residents living in slum conditions is now estimated at some 828 million, compared to 657 million in 1990 and 767 million in 2000.

26. In terms of future projections, it is estimated that close to 3 billion people, or about 40 per cent of the world's population, will need new housing and basic urban infrastructure and services by 2030. Assuming an average household size of 5 people, 565 million new housing units will be needed. If this number is broken down on an annual basis for the period 2003–2030, 22.6 million housing units per year will be required.

27. With regard to housing provision, there was a noticeable retreat of the State and an increasing reliance on the private market as a result of changes in public policies and cuts in government expenditure. Housing was no longer a political priority and the market failed to provide affordable and adequate housing opportunities for low-income households. The impact on cities has been severe and far-reaching. First, the interdependence of the housing sector with other parts of the economy and its role in reducing poverty and generating employment were not recognized. Second, informal land and housing developments became engines of cities' growth, which in turn drove slum growth, with disastrous effects on the urban spatial structure and residents' quality of life. Third, self-organizing initiatives involving international and national non-governmental organizations multiplied, with the creation of urban poor federations and savings groups, to provide those excluded from formal housing finance and limited public housing programmes with access to serviced land and housing. Lastly, Habitat Agenda partners worldwide embraced the Agenda's commitment to defend the right to

adequate housing. This has influenced legal and constitutional reforms and the design of targeted subsidy programmes, and encouraged advocacy groups to improve the housing conditions of the poor. Nevertheless, access to land and housing remains limited and participants at the regional ministerial conferences on housing for Asia, Africa and Latin America are calling for broad housing reforms and a new generation of housing and land policies. The proposed third United Nations conference on housing and sustainable urban development would provide a much-needed opportunity to reexamine previous approaches and adopt a new global housing strategy, which is more inclusive, rights-based, financially-creative and in line with green building practices and environmental sustainability.

28. With regard to social development and the eradication of poverty, some progress has been made in tackling the phenomenon widely observed during the five-year review— that is, the urbanization of poverty and, more particularly, its feminization. In various developing countries steps have been taken to facilitate access to land and improve its security, particularly for women, to foster social inclusion and integration and to embark on poverty eradication programmes. Nevertheless, the urbanization of poverty persists and the phenomenon has been compounded recently by increasing inequalities in income, access to services and, more particularly, by a lack of opportunities.

29. With regard to urban environmental management, significant progress was made in managing and controlling pollution through liquid and solid waste management technologies and innovations in recycling and protecting vulnerable ecosystems through planning and regulatory controls. The notion of an ecological footprint of cities emerged, and a distinction was made between what are known as the “brown” and “green” agendas, demonstrating concern at urban growth and its impact on the surrounding environment. The brown agenda remains a complex issue for many developing countries, although there has been progress in reconciling it with the green agenda. The renewed debate on the role of planning and the impact of climate change has brought this question to the fore. Cities are encouraged to adopt low-carbon growth patterns of urbanization, where improvements in living standards are not made at the expense of its ecological and carbon footprint.

30. As stated earlier in the present report, cities are responsible for most of the gross domestic product of many countries and have assumed a pivotal role in national and global development. The process of globalization has created hierarchies of cities, tenuously interlinked through production, trade, services and administration. Generally, this economic dynamism is not shared equally between cities in a particular country or, more significantly, between regions. The starkest inequalities in cities are to be seen in the economic development that has taken place over the past 15 years.

31. More initiatives have been taken to improve urban governance. Institutional changes to ensure subsidiarity, civil society participation, transparency and accountability have been introduced worldwide. Decentralization policies have been adopted and have strengthened municipal autonomy and city governments in both developed and developing countries. Innovative processes, such as participatory budgeting, are being disseminated for adaptation worldwide. New partnerships and business arrangements have evolved and are helping to improve efficiency and effectiveness. These positive changes notwithstanding, the role of local authorities in developing countries, particularly in urban management, remains minor. Political and administrative decentralization has not been followed by fiscal autonomy, meaning that local authorities remain weak and dependent on resources originating from intergovernmental transfers. National institutions continue to dominate and to use most of the revenue generated and are responsible for most of the expenditure. In many parts of the world, there has been modest progress in citizen participation in decision-making processes, in addition to implementing and even monitoring and evaluating public policies, but decentralization needs to be taken further.

32. Lastly, with regard to international development, laudable measures have been taken to implement the Habitat Agenda. The transformation of the former United Nations Centre for Human Settlement into UN-Habitat, a full United Nations programme, has strengthened its capacity to monitor and implement its activities and honour its commitments. For almost a decade, substantial resources have been provided to carry out activities and to support initiatives to exchange and share experiences and best practices.

33. The rapid pace of urbanization over the past five years and the growing number of problems faced by cities have not, however, been matched by increased donations from development partners to Governments and cities. On the contrary, donations have actually decreased. The Habitat Agenda, and the urban agenda in particular, have received inadequate support and many bilateral development agencies have downsized or even ended their urban programmes.

## **V. Current and emerging urban challenges**

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

### **A. Climate change and urban risks**

35. It is acknowledged that cities are a major producer of greenhouse gases. They therefore have a key role to play in mitigating greenhouse-gas emissions and adapting to climate change, in addition to promoting energy efficiency through more appropriate land-use planning, new urban spatial patterns, more efficient urban management and green building practices.

36. Millions of people are already, or will be, affected by climate change. Urban areas, which typically have high concentrations of populations and buildings, are particularly vulnerable. Cities located in coastal areas, along riverbanks, on steep slopes or other disaster-prone areas are particularly vulnerable to global warming and to the growing threat of extreme weather events and rising sea levels. It is worth noting that coastal cities are particularly vulnerable to cyclones, which have been more frequent and intense over the past three decades. Climate change is expected to compound the overall vulnerability of urban areas through rising sea levels, more frequent and intense extreme weather events, and inland flooding, among other challenges. Conversely, areas where climate change is expected to reduce rainfall may be affected by drought, shrinking water tables and food scarcity.

37. In urban areas, the poor are the most vulnerable to the effects of climate change, and particularly slum-dwellers in developing countries. High urban land and housing costs are pushing low-income households into locations that are prone to natural hazards, increasing their vulnerability and encouraging perverse urbanization patterns. Four of every ten non-permanent houses in the developing world are now located in areas threatened by floods, landslides and other natural disasters. Significantly, such disasters are only partly a result of natural forces – they are also products of failed urban management and planning and limited capacities to enforce regulations and control development activities. Paradoxically, disasters can also create opportunities; recovery and reconstruction offer a unique chance to reevaluate past practices and rewrite development policies for disaster-prone areas, thus building the capacities to counteract, mitigate and forecast the effects of natural disasters.

38. In response to increasing urban risks, the volume of operational work by UN-Habitat in post-disaster and post-conflict reconstruction and rehabilitation has increased significantly since the second United Nations Conference on Human Settlements. Most of the post-disaster and post-conflict programmes and projects are demand-driven and the voluntary financial contributions by donors for this work now constitute a significant proportion of the UN-Habitat annual budget.

39. Climate change is a driving factor in rural-urban migration, with droughts, desertification and soil erosion leading people to settle on fragile land and in informal settlements on the periphery of cities or in crowded slum areas in the urban centre. Overcrowded and under-serviced settlements and urban neighbourhoods leave millions exposed to health risks and both human-caused and natural disasters.

40. Another major concern is urban sprawl: the expansion of suburbia and informal settlements on peri-urban lands. Cities invade their surrounding environments, threatening natural resources and increasing commuting distances and dependence on private cars. This phenomenon has an adverse impact on the ecological footprint of cities and encourages the use of oil as an energy source, thus increasing greenhouse-gas emissions. This sets new imperatives for housing policies, urban planning and design, especially in terms of types of housing, urban density and transport both within and between cities.

### **B. Slum prevention and slum upgrading: housing matters**

41. Given that today one third of urban dwellers, or one sixth of the world's population, live in slum conditions with the threat of this figure doubling over the coming 20 years, the problem of slums and access to serviced land and housing remains one of the greatest challenges facing cities in the twenty-first century. On the one hand, slum housing needs to be tackled through a range of improvements and upgrading programmes. The biggest change during the past 15 years was a move from neighbourhood-based to city-wide slum upgrading programmes, in an effort to gain scale and integrate these areas into the cities' formal, legal institutional and urban planning and management frameworks. On the other hand, however, slum prevention strategies have fallen short and have not been used in tandem with slum upgrading policies.

42. Slum prevention can only succeed if there are policies to make a wide range of housing opportunities and serviced land available to all segments of the population. Progress has been slow and

timid during the past 15 years. Enabling the housing sector to work effectively is, therefore, critical for slum prevention. This is the greatest challenge for the future. By providing housing opportunities on an appropriate scale, at an affordable price, with houses of different size, price and type, and in suitable locations vis-à-vis access to employment and income generation, housing is likely to affect the future of cities; directly influencing their ecological and economic footprints and their overall sustainability. The scale of supply is fundamental, as it affects housing prices and the overall performance of the housing market. It is likely to lead to greater choice and affordability and prevent slum formation by providing viable alternatives to informal land and housing developments. Enabling the housing sector to operate effectively and play its role is therefore likely to have a direct effect on cities' sustainability. By including the housing sector in urban planning and management and the institutional and policy reforms dealing with land delivery, investments in infrastructure and municipal finance, a new generation of urban policies will be shaped. Links with economic sectors will be strengthened, leading to job creation, local economic development and poverty reduction.

### **C. Economic development challenges**

43. Processes of globalization and economic restructuring in recent decades have affected urban labour markets, which show a growing polarization of occupational and income structures (and hence growing income inequality) caused by the growth of the service sector and the decline of manufacturing in developed economies, with an important gender dimension, as women have increasingly moved into paid employment.

44. The global economic crisis, which began in the housing finance sector in 2008, has accelerated economic restructuring and unemployment in all parts of the world, with a direct impact on urban labour markets, causing rapid growth in the urban informal economy in all regions. Informal sector jobs account for more than half of all employment in Africa and in Latin America and the Caribbean, and a little lower in Asia. Among the most significant urban challenges that Governments have to tackle in the next few decades, especially in developing countries, are increasing poverty and inequality, in addition to the rapidly expanding urban informal sector and growing social insecurity affecting the majority of citizens involved in informal or small businesses.

### **D. Social and spatial challenges**

45. New spatial forms and processes have emerged, whose drivers often lie outside the control of local governments. Social and spatial change appears to have taken place primarily in the direction of the fragmentation, separation and specialization of functions and uses within cities. This is reflected in growing differences between wealthier and poorer areas, both residential and industrial, in both developed-country and developing-country cities. While much of this represents the playing out of market forces in cities, and the logic of real estate and land speculation, it is also a response to local policies that have sought to position cities globally to attract new investment through competitive city approaches. In some parts of the world, including in Latin American and Caribbean cities, fear of crime has increased urban fragmentation as middle-income and upper-income households segregate themselves into gated communities.

46. In many poorer cities, spatial forms are largely driven by the efforts of low-income households to secure land that is affordable and in a location close to employment and other livelihood sources. This process is leading to entirely new urban forms as the countryside itself begins to urbanize. The bulk of rapid urban growth in developing countries is, in fact, now taking place in unplanned peri-urban areas, some of them beginning to connect distant urban centres through huge urban corridors.

### **E. Insecurity and crime**

47. It is also useful to include in the emerging issues the spectres of crime and terrorism, which are now part of the daily consciousness of many citizens. Security is a major consideration in the design of buildings. Travel, information systems, the packaging of goods and even relations between individuals are all affected by the threat of crime and insecurity.

48. In many cities, domestic or armed violence, gang murders and kidnapping are facts of life. Fearful urban societies are responding with short-term solutions, such as gated communities and private security firms, which are options unavailable to the urban poor. Fear of crime is creating an atmosphere of urban paranoia, with some cities almost failing to function normally. This situation exacerbates urban informality, exclusion, extra-legality, unlawfulness and incivility.

49. Crime and violence have negative repercussions on cities' economies: jobs are lost, as are local or global investments. Socially, the quality of life of local populations is affected dramatically. In



cities in which crime is rife, public and private manufacturers and service providers have to bear extra costs that adversely affect the poor, who cannot afford to incur such costs.

50. While all the aforementioned issues were covered in the Habitat Agenda, they have become more urgent recently. The worsening situation has hampered the achievement of the goals set out in the Agenda and has even eroded some of the progress made.

## VI. Future challenges and opportunities for sustainable urbanization

51. We must now ask what direction global urban development will take over the coming 25 years and what the main indicators are that can help Governments and their private sector and local partners, in addition to the international community, prepare for the urban future.

52. These and other pertinent questions need to be answered as the 20-year anniversary of the Habitat Agenda looms. Humankind has become an urban species. Globally, this stage has coincided with a severe backlog in meeting the needs and demands for housing, basic services and infrastructure, in addition to means of generating livelihoods. Current urban trends are characterized by increased inequality, which often degenerates into the marginalization and alienation of the majority at the hands of the minority. The new issues and challenges identified above will make the urban agenda a global priority.

53. In the short and medium terms, there are two basic scenarios. In the first, cities fail to meet future needs as a result of a lack of necessary resources and a failure to set political priorities. In less than a generation, some 2 billion people could end up living in substandard housing and overcrowded informal settlements. Slums will proliferate and poorly planned cities and dysfunctional metropolitan regions will become the dominant urban pattern in Africa, Asia and Latin America. At the same time, many urban areas in the northern hemisphere will continue to shrink and lose their economic vitality as a result of suburban sprawl, ageing populations and de-industrialization. Many people living in poorly planned urban areas will lack access to adequate housing and basic services. Few will be recognized as urban citizens and many will end up working in the informal economy or fall into criminal circles. Fewer still will realize their productive potential.

54. The other scenario is that the urban challenges rise to the fore of public policy and are matched with public and private investments in responsible urban growth. This includes robust housing policies coupled with rational land-use planning and improved urban infrastructure and basic services, in addition to the full exploitation of technology to reduce and halt current rates of slum formation and contain the ecological footprint of cities. This will also require stable, flexible and effective institutions that can make sense of and address the complex, interrelated issues. The emerging paradigm is one of greener, more resilient and liveable cities, which create job and business opportunities that are sources of decent work and livelihoods and lift millions of people out of poverty and inadequate housing. This will have to be accompanied by systemic interventions and bold reforms to meet the need for accelerated, broad and equitable access to land, housing and basic infrastructure and services.

55. The social, economic and environmental consequences of these two scenarios are quite evident and easy to comprehend. Major motion pictures such as *The City of God* (Latin America), *The Constant Gardener* (Africa) and *Slumdog Millionaire* (Asia) offer a glimpse of the social realities on the ground, while the city of New Orleans, United States of America, in the wake of Hurricane Katrina serves as a stark reminder of the need for a coherent set of policy options, tools and practical actions. At the same time, hundreds of cities and towns are each in their own way grappling with how to manage urbanization and to address its key challenges, whether in the form of urban sprawl, urban decay, shrinking cities or slum formation. Some are achieving success against great odds.

56. Increasingly, Governments are beginning to promote national policies to make municipal and local action for sustainable urbanization possible. Their efforts remain, for the most part, piecemeal, however. Hundreds, perhaps thousands, of organizations, are setting precedents, developing tools and offering policy options to meet the urban challenge, yet these actions are disparate. Their work is rarely recognized or assessed and the collective impact of their actions is not realized, and more importantly, they rarely reach the scale required to face the challenges.

57. Regardless of the unknown challenges that future urban societies will face, they will have to develop new capacities to achieve sustainable urban development, become resilient and act on the basis of incomplete and imperfect understanding and information. Well-informed and evidence-based policies need to be nurtured, capacities strengthened and new instruments and participatory tools developed and tested.

58. Concerted efforts need to be made to consolidate and reinforce the participation of a multitude of actors and stakeholders and to coordinate their actions to tackle the urban challenges of tomorrow. Every urban-dweller is a key actor in determining the way in which urban areas will develop and perform in the twenty-first century. Central, regional and local governments, together with civil society, the private sector, academic institutions and urban citizens and their grass-roots organizations should all rally around the goal of sustainable urban development. Cooperation and solidarity are essential to overcoming these challenges and bringing them to the attention of the international community at the proposed third United Nations conference on housing and sustainable urban development. These are the main reasons why convening the conference is so important and timely.

## **VII. Essence of the third conference**

59. The third United Nations conference on housing and sustainable urban development will focus on the theme of “urban futures”, providing likely urban trajectories and scenarios and an evaluation of the period since the second conference, so as to determine the urbanization challenges and opportunities facing cities in the new millennium, and how the United Nations, and particularly UN-Habitat, should support stakeholders, including Governments, to achieve sustainable urban development. While the second conference was essentially a national-local agenda, the third will consider mechanisms for global implementation and reporting, in addition to international conventions to tackle some dimensions of sustainable urban development, such as climate change.

60. Through enhanced sustainable urban development networks, the conference will bring together cities, Governments, civil society, the private sector, academic institutions and interest groups to review urban and housing policies within an international governance architecture, and draft a new urban agenda that recognizes the ever-changing dynamics of human civilization.

61. The conference will benefit from city authorities’ recent experiences and their partnerships with various stakeholders, including city-to-city partnerships, the private sector and various types of grass-roots federations. All these demonstrate potential approaches for creating greener, more resilient and more liveable cities with vibrant urban economies and equitable access to land, housing and basic services and infrastructure. Global monitoring of and research into current urban situations will form the basis of the road map for the conference and the discussions.

62. At the conference, agreement will be sought: to consolidate lessons learned from previous programmes; to scale up programmes that use best practices to tackle the critical lack of housing, land and basic services and infrastructure; to mobilize resources for specialized technical assistance for sustainable urban management and the design and implementation of slum prevention strategies; to create networks between urban and other sustainable development sectors to tackle issues that are generally addressed through fragmented and unproductive sectoral approaches; and to produce effective government and city responses to emerging challenges, such as climate change and urban insecurity and crime.

## **VIII. Conference objectives**

63. The objectives of the conference are fivefold:

(a) To undertake a comprehensive critical review and assessment of the implementation of the Habitat Agenda, the Declaration on Cities and Other Human Settlements in the New Millennium and the relevant, internationally agreed development goals;

(b) To identify major constraints hindering the implementation of the goals set forth in the documents above;

(c) To tackle new challenges and opportunities that have emerged since the second conference, including climate change, the proliferation of slums, and urban safety and security;

(d) To outline a new development agenda that is capable of responding to the new challenges and strengthening the new role of cities and relevant institutional frameworks in sustainable urban development and housing;

(e) To assess and redefine the governance structure of UN-Habitat and its strategic development partners in the new development approach.

## **IX. Draft schedule of the conference**

64. A possible schedule would begin with an organizational session of the preparatory committee to take place in 2013, in Nairobi, over three days, with two meetings held per day. The first session of

the preparatory committee would take place in 2014, the second in 2015 and the conference itself would be held in 2016, at a location to be decided.

## X. Timetable

62. The table below shows a timetable for the conference.

<i>Year</i>	<i>Action</i>
2009	Governing Council recommends holding the conference
2009	General Assembly requests a report from the Secretary-General on the conference
2010	Initiate regular budget and extrabudgetary preparations for the organizational session
2011	Approval of the 2012–2013 budget by the Fifth Committee of the General Assembly
2013	Organizational session; twenty-fourth session of the Governing Council
2014	First session of the preparatory committee
2014	National and regional meetings
2015	Second session of the preparatory committee
2016	Conference

## XI. Conclusion and recommendations

63. Some 15 years after the adoption of the Istanbul Declaration and the Habitat Agenda, today, more than ever before, the international community is facing major urban challenges and enormous 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, however, also been setbacks and problems. New issues have emerged and the relationship between key sectors of society has evolved. Another conference on human settlements needs to be held to assess the ability of the international community to confront the new urban future, with its associated difficulties and expectations.

64. Although a few global conferences have been held within the framework of the United Nations system to tackle urban issues during the intervening years, they have focused on specific aspects of urban development and were generally attended by representatives of national Governments. It is now becoming clear that the experience of various sectors should be used and a more holistic approach to sustainable urban development adopted. To achieve this, a stronger, collective pact will need to be struck.

65. It is therefore recommended that, in response to the request of the General Assembly, the Governing Council consider the issues raised in the present report and recommend a similar assessment by the General Assembly at its sixty-sixth session. The Governing Council should spare no effort in the organization of a third United Nations conference on housing and sustainable urban development.

66. When the General Assembly examines the proposal to convene the conference, it may also wish to provide guidance on both the substantive aspects and the organizational modalities for the conference. It is also recommended that the agenda to be considered should include ways and means of strengthening the institutional framework for sustainable urban development and housing, and should assess and redefine the governance structure of UN-Habitat and its strategic development partners within the context of the new development thinking.