



UN-HABITAT
United Nations Human Settlements
Programme

Address to the Group of 77 in Geneva

By

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Mr. Chairman,
Distinguished Delegates,
Ladies and Gentlemen,

It is a great honour for me to appear before you today, in my capacity as the Executive Director of the United Nations Human Settlements Programme (UN-HABITAT), to address the first meeting, in 2007, of the Group of 77 in Geneva. As some of you might recall I have had the pleasure of appearing before your meetings at the time I served as the UNCTAD Director for the Office of the Least Developed, Land-locked and Island Developing States. I was also serving at the time as the Executive Secretary of the Third UN Conference for the Least Developed Countries. I have always been gratified by the strong support, which the Group of 77 has always extended to the weaker among them. So I am pleased to be back. And I would like to take this opportunity to wish all of you everything of the best for 2007.

Mr. Chairman,

We are now at a very significant turning point in history: The year 2007 will be the year in which for the first time, half of humanity will be living in towns and cities. It marks the beginning of a new urban era. It is projected that by 2030 that figure will rise to two-thirds. We thus live at a time of unprecedented, rapid, irreversible urbanisation. The cities growing fastest are those of the developing world. And the fastest growing neighbourhoods are the slums. Another and unacceptable feature of the new urban age is that 2007 will also be the year in which the global number of slum dwellers is forecast to reach the 1 billion mark. UN-HABITAT's latest research shows that the pace of urbanization is very rapid in Africa and Asia with annual growth rates above 2%. Presently, 75% of Latin America, 37% of Africa and 36% of Asia is already urbanized. In terms of slum formation, the greatest challenge is in Africa where 72% of urban residents live in slums and unplanned settlements. In Asia, 46% of urban dwellers live in slums and shanties while 33% of urban dwellers in Latin America are in favelas. Projections shows that by 2030, both Africa and Asia will cease to be rural continents as the majority of their citizens will have migrated into cities and towns. In terms of numbers, the Asian region is already home to half the world's slum population of 581 million. Urban poverty is a severe, pervasive – and largely unacknowledged – feature of modern life. Rapid chaotic urbanization coupled with unemployment in the cities of the developing world is also behind rapid international migration and the challenge it entails. Urbanization, like international migration and globalization, are irreversible processes. They need to be managed. In this new urban era, it is unacceptable that today millions of people in cities across the Asia-Pacific do not have adequate shelter, that children are growing up undernourished, exposed to disease without hope of education or a future. The outgoing Secretary General of the United Nations, Mr. Kofi Annan, warned us: *“The locus of global poverty is moving to the cities, a process now recognised as the urbanisation of poverty.”*

We should also not forget that slums are the hub of rising crime and violence, that when it comes to climate change urban poverty is one of the biggest polluters. In this global village, someone else's poverty very soon becomes one's own problem: of lack of markets for one's products, illegal immigration, pollution, AIDS, other diseases, insecurity, crime, fanaticism, terrorism. The findings of the UN-HABITAT 2006 State of the World's Cities Report clearly show that we can no longer ignore the plight of slum dwellers. We do so at the

risk of not achieving the Millennium Development Goals for a significant portion of the poor. We do so at the risk of massive social exclusion with all of its attendant consequences for peace and security.

Mr. Chairman,

Despite the growing awareness and commitments made at the global level to address issues of rapid and chaotic urbanization, progress has been slow on the ground. Major factors that impede progress include:

- Most developing countries have ignored the consequences of rapid urbanization until relatively recently. As a result, slums and squatter settlements have proliferated under the assumptions that investing in rural development can arrest urbanization, and that slum dwellers will graduate to the formal housing sector over time. Both these assumptions have proven to be erroneous. Decades of neglect have resulted in the explosion of slums and the informal economy, leading to precarious living and working conditions, poor health and security, environmental degradation, and social exclusion.
- Investments in urban infrastructure and services lag way behind the demographic growth and the physical expansion of towns and cities. An analysis of national development plans, poverty reduction strategies, and multilateral and bilateral assistance frameworks reveals that urban development and urban poverty are often overlooked or rank among the lowest in terms of budgetary allocations. Further, private sector investment in urban infrastructure has not been forthcoming. This is especially so in informal settlements in Africa and Asia where perceived risks associated with improvements in housing and basic services have been a deterrent.
- The lack of institutional capacity remains a severe constraint and bottleneck in many developing countries. This is particularly the case with urban local authorities, which have the direct responsibility for the management of cities. Recent attempts at decentralization have rarely been accompanied by the allocation of human, managerial and financial resources commensurate to the challenges of rapid urbanization. As a result, many local authorities are ill equipped to engage in strategic urban planning, local economic development and pro-poor capital investment.

Mr. Chairman,

However, despite those daunting challenges, the situation is not all doom and gloom provided that the international community urgently implements appropriate measures to address those complex challenges. It is in this context that I would like to brief you on what we in the United Nations Human Settlements Programme (UN-HABITAT) are doing to help in this endeavour. UN-HABITAT is vested with the responsibility for promoting the sustainable development of the living or built-up environment, the human habitat. UN-HABITAT is thus popularly known as the City Agency, and focuses on the challenges of sustainable urbanization. The agency is headquartered in Nairobi, Kenya together with its sister agency, UNEP, that deals with issues of protecting the natural environment. The complimentary nature of these two environmental agencies, both with roots in the 1st UN Conference on the Human Environment held in Stockholm, 1972, is not always well recognized.

UN-HABITAT and its mandate

UN-HABITAT serves as the focal point for coordinating all human settlement issues in the United Nations, as mandated by the General Assembly in its Resolution 56/206 that upgraded its status from a centre to a fully-fledged programme of the United Nations, in recognition of the growing challenge of rapid and chaotic urbanization in the developing world and the need to reinforce the coordinated response of the UN system to meeting those complex challenges.

How big is UN-HABITAT

The agency has about 300 professional staff, a core budget of USD 51 million per annum, a technical cooperation budget of USD 250 million and leveraged investment activities in the tune of USD 2.5 billion in total in the past 2 years. Regular budget resources account for about 10 per cent of the total resources.

Main roles and responsibilities

The main roles and responsibilities of UN-HABITAT derive from the Habitat Agenda, adopted at the United Nations Conference on Human Settlements (Habitat II) held in Istanbul, Turkey in 1996. The Habitat Agenda has two main goals, adequate shelter for all and sustainable human settlements development in an urbanizing world. This mission was restated under Goal 7 of the Millennium Development Goals (environmental sustainability) under target 10 on water and sanitation, and target 11 on slum upgrading. The Johannesburg Plan of Implementation of the World Summit on Sustainable Development of 2002 further emphasized the importance of shelter as a key focus alongside water and sanitation, health, agriculture and biodiversity (WEHAB). While these targets provide quantifiable outcomes and a timeline for improving the living conditions of existing slum dwellers, the 2005 World Summit Outcome in its Paragraph 56(m) recognized the need to tackle causal factors by calling for concerted measures to prevent the future formation of slums. It prioritised slum prevention and slum upgrading and encouraged support to the United Nations Habitat and Human Settlements Foundation and its Slum Upgrading Facility.

Owing to UN-HABITAT's cross-sectoral mandate, its core activities span the humanitarian, development and environmental field. The agency supports a holistic rather than sectoral response to the urban challenge, develops integrated solutions that bring together all sectors and stakeholders including government ministries, local authorities and local communities and balances normative policy advocacy work with operational technical assistance programmes focusing on developing and least developed countries.

Why is progress slow?

UN-HABITAT has developed a strategic framework to mobilize, guide and coordinate more effective response at the national and international levels. Its work is spatially defined, focusing on urban and peri-urban areas. The activities fall under 4 major categories or sub-programmes:

- Monitoring provides the baseline data, analysis and knowledge for informing policy-making. Major breakthroughs have been achieved in recent years to reveal the trends in urbanisation, the scale of slum formation and urban poverty and lessons learned from best practice. Research activities focus on urban economics and finance. Both activities are carried out in close collaboration with other UN agencies and a global network of research institutes. Findings and their policy and capacity building implications are broadly disseminated through the *Global Report on Human Settlements*, the *State of the World's Cities report*, databases, publications, professional and research networks and international fora.
- Policy development focuses on the key areas of urban governance, land planning and administration, urban environmental management, urban safety, housing and urban infrastructure, and water and sanitation. Professional and local government associations and civil society organizations review policy guidelines and norms before they are presented to intergovernmental forums and applied at the national level.
- Capacity building and advisory services are provided in response to Member States to help create an enabling environment for the public, private and civil society sectors to work together towards sustainable communities and cities. Practical projects on the ground serve to demonstrate the benefits of adopting and applying pro-poor urban policies and strategies. In all these activities, UN-HABITAT works closely with governments, local authorities, beneficiary communities, and donors to prepare for capital investment and macro-level improvements. Key partners include the World Bank, the regional development banks and bilateral donors.
- Financing affordable housing and urban development is one of the major stumbling blocks for rapidly urbanising countries and the principle reason why the 2005 World Summit Outcome specifically highlighted the catalytic role of the United Nations Habitat and Human Settlements Foundation. The Foundation's Slum Upgrading Facility and Water and Sanitation Trust Fund work in many developing countries to develop and apply innovative financial instruments to support public expenditure with domestic capital, loans and micro-credit facilities to finance pro-poor housing and urban development and water and sanitation.

UN-HABITAT's successes

UN-HABITAT has been particularly successful in developing and testing innovative approaches to urban development and offers a combined package of technical assistance, capacity building and advisory services to prepare for follow-up investment, in the humanitarian, development or environmental spheres: Since its upgrading, UN-HABITAT has:

- 1) Raised the profile of the urbanization challenge through its advocacy work via global campaigns on secure tenure (home security) and good urban governance; its revived annual flagship publications, and organization of the Biannual World Urban Forum (WUF), the second one was hosted by Vancouver, Canada and attracted more than 10,000 participants and the 4th WUF will be hosted by China, in the City of Nanjing in 2008.
- 2) Managed to leverage considerable follow up investment for its advocacy activities in water and sanitation from regional development banks thus move action to scale (USD 1

- billion from the Asian Development Bank and USD 540 million from the African Development Bank); and
- 3) Facilitated more effective organization of local authorities global network for improved implementation of local action for global goals. The United Cities and Local Authorities (UCLG) was formed with the assistance of UN-HABITAT.

The Priorities

UN-HABITAT's priorities include, *inter alia*, the following:

- Pro-poor gender-sensitive shelter policies and strategies
- Pro-poor gender-sensitive and integrated water and sanitation in urban areas
- Sustainable urbanisation & balanced rural-urban linkages development policies & strategies
- Sustainable land-use planning, management and property administration
- Sustainable post-disaster/post-conflict relief and reconstruction
- Urban infrastructure, transport, energy and communications
- Urban poverty reduction and local economic development
- Progressive realisation of housing as a human right
- Urban governance and local authorities including youth and gender issues
- Security of land tenure and slum upgrading

(a) Slum upgrading, water and sanitation development

Among the most serious development challenges at present are the unprecedented growth of cities, the rapid urbanization of poverty and the phenomenal expansion of slums in developing countries. It is estimated that the world's urban population is growing at the rate of about 70 million people per year, most of whom end up living in overcrowded slums, which are characterized by extreme poverty, inadequate housing, lack of secure tenure and lack of basic services, especially drinking water and sanitation. It is projected that in the next twenty-five years the number of slum dwellers, which currently stands at about one billion, will increase to two billion if no serious action is taken.

In light of the above, UN-HABITAT's programmatic focus at present and in the near future is on slum upgrading, mainly through upscaling, as well as prevention of new slum formation through more appropriate planning for and development of affordable pro-poor housing. A related area of focus is water and sanitation development. UN-HABITAT will focus on establishing strategic partnerships among key water and sanitation stakeholders to promote increasing levels of pro-poor investment. The Water for African Cities and the Water for Asian Cities programmes aim to strengthen the capacity of cities to improve coverage at municipal level. The Water and Sanitation Trust Fund, established in 2004, will be used as a tool to leverage and improve aid effectiveness from donor sources and to field test investment designs for long-term sustainability.

Meeting the slum upgrading target of the Millennium Declaration

Meeting the slum upgrading target of the Millennium Declaration and preventing the

future growth of slums will require an annual investment estimated at US \$20 billion from now until 2020. International assistance in the area of urban development currently stands at approximately US \$5 billion annually. While we are making collective progress in improving the effectiveness of official development assistance in support of the Millennium Development Goals, only a small portion of this assistance is benefiting the urban poor. The only way we can expect to meet the slum challenge is to mobilize domestic capital for investment in pro-poor housing and urban development. UN-HABITAT has been working diligently over the years to coordinate the efforts of the international community to support Member States in adopting pro-poor land policies, which are a key determinant for slum upgrading. We are designing and field testing pro-poor housing finance systems under the Slum Upgrading Facility. We have been able to convince some commercial banks to establish mortgage finance windows for poor households organized in housing cooperatives. We have also been working closely with international finance institutions to pioneer pro-poor access to basic urban infrastructure and services, most notably in the area of water and sanitation. We have a fast track credit line of USD 1 billion with Asian Development Bank and a USD 560 million with African Development Bank.

I am pleased to inform you that the Secretary General of the UN has promulgated the revised Financial Regulations and Rules governing the Habitat and Human Settlements Foundation, effective as of 1 August 2006. The revised Rules and Regulations governing the Habitat and Human Settlements Foundation enable the UN system to finally address this structural shortcoming. They enable the Foundation to provide support in the key area of affordable housing finance.

(b) Strengthening and capitalizing the United Nations Habitat and Human Settlements Foundation in order to address the slum challenge

One of the major constraints in addressing the slum, water and sanitation challenges is the lack of financial resources. In keeping with paragraph 56m of the 2005 World Summit Outcome, UN-HABITAT is urgently working towards strengthening and capitalization of the United Nations Habitat and Human Settlements Foundation (UNHHSF). This will enable UN-HABITAT to play its catalytic role in raising domestic and international capital for investment in slum upgrading, pro-poor housing and related urban infrastructure development. UN-HABITAT is currently preparing a fund raising strategy for the capitalization of the United Nations Habitat and Human Settlements Foundation following the promulgation of its financial regulations and rules, and operational procedures and guidelines by the Secretary General on August 1, 2006. This process had stalled since 1974 when the GA originally created the Habitat Foundation! It is a major breakthrough for the agency that the rules have finally been promulgated, clearing the way for action on the ground. The Governing Council is expected to endorse the operating procedures to guide the work of the Foundation. Donors are expected to prepare for capital investment and macro-level improvements.

Medium-term Strategic and Institutional Plan

The third priority for UN-HABITAT is the completion, approval and implementation of a medium-term strategic and institutional plan (MTSIP) for 2008-2013, as recommended by an in-depth programmatic evaluation of UN-HABITAT carried out by the Office of Internal Oversight

Services (OIOS) in 2004. The evaluation called for the sharpening of UN-HABITAT's programmatic focus and the broadening of its funding base. The Governing Council of UN-HABITAT subsequently endorsed this recommendation at its twentieth session in May 2005. It is expected that the MTSIP will be approved by the UN-HABITAT Governing Council during its twenty first session in April 2007. Depending on the outcome of this MTSIP, the programmatic priorities of UN-HABITAT for the 2008-2009 programme budget, which is currently under preparation, may change.

Mr. Chairman,

Regional bodies

We have actively supported the convening of regional ministerial conferences on housing and urban development to muster the political will for attaining the human settlements related goals and targets of the Millennium Declaration. The African Ministers Conference on Housing and Urban Development (AMCHUD) is now up and running with its own Secretariat in Tshwane (Pretoria), South Africa. The Government of India has hosted the first ever Asia and Pacific Ministerial Conference on Housing and Urban Development (APMCHUD) in New Delhi 14 -16 December 2006. We continue to work with the Latin American and the Caribbean Ministerial Housing Conference.

The Partners

I would like mention that as a comparatively small agency, UN-Habitat works closely with a global network of partner institutions, both within and outside the UN system, that provide specialized knowledge and expertise and help multiply the agency's advocacy and monitoring functions. Many of the agency's recurrent functions and outputs such as data collection and analysis, best practices, flagship reports, training tools and materials are co-produced and disseminated by partner institutions using their own resources. In order to render more effective and responsive services to Member States, UN-Habitat has established country-level Habitat Programme Managers working under the umbrella of UNDP. Similarly, increasing demands for UN-Habitat to intervene at early stages of humanitarian operations to ensure more sustainable land use and settlement management has led the agency to become a member of ECHA.

A growing humanitarian role

There are increasing demands for UN-HABITAT to intervene in the early stages of humanitarian crises. This is because one of the key lessons we at UN-HABITAT and other agencies have learned is that it is important to build back better, to incorporate proper long-term planning for sustainable development with the best protection against repeat disasters from the outset – indeed from the moment the humanitarian rescue operation begins. In April 2004 UN-HABITAT was invited to join the Executive Committee of Humanitarian Agencies. And this in turn was quickly followed by invitations to participate in the Inter Agency Standing Committee Working Groups in Geneva.

Mr. Chairman

I would like to close with an urgent appeal to the member states of the Group of 77 to work towards ensuring that sustainable urban development is economically productive and socially inclusive. It is imperative that the urbanization process should have a positive effect on increasing urban employment and reducing poverty.

Thank you very much for your attention.