



UN-HABITAT

Address

At

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By

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Mr. Chairperson,
Mr. Secretary General of UNCTAD,
Excellencies,
Distinguished Delegates,
Ladies and Gentlemen

It is an honour and a pleasure for me to address this 12th session of the United Nations Conference on Trade and Development. As the Director General of the United Nations Office in Nairobi, I am delighted that this conference is being held in Africa in this beautiful city of Accra. Although the Conference will address global issues of interest to all countries, this venue should provide an excellent setting and opportunity to pay attention to some of the specific issues facing Africa, the continent, as we all know, continue to lag behind others in our common pursuit of global peace and prosperity.

Mr. Chairman

Allow me to go straight to the theme of the conference, namely **Addressing the opportunities and challenges of globalization for development**, from the perspective of my agency, the United Nations Human Settlements Programme (UN-HABITAT).

The 21st century will be the century of urbanization. Humankind as a whole has crossed the Rubicon and has become a pre-dominantly urban species. The new

urban millennium is seeing a radical transformation, not only in terms of where people live, but how they live. With 50% plus people in urban areas since last year, man as a species has transformed from being *homo sapiens* to homo urbanus. In other words, the majority of the human population globally is now residing in urban centres, with all the attendant effects and consequences.

Even for the least developed societies of Africa and Asia the rate of urbanization is rapidly rising. It is projected that in the next fifty years, two-thirds of humanity, or 6 billion people, will be living in towns and cities compared to 29 percent in 1950. In 2025, more than a dozen urban agglomerations will have over 20 million inhabitants, and some will have over 30 million. 23 of the 25 biggest urban agglomerations will be in the developing countries in Africa, Asia and Latin America. The scale and pace of this growth is creating unprecedented social, political, cultural and environmental challenges that must be addressed by the global community. At the same time, the bulk of urban growth that is occurring in rapidly urbanizing developing countries is being absorbed in life-threatening slums. This urbanization of poverty poses a direct challenge for the implementation of the Habitat Agenda and the attainment of internationally agreed development goals.

Climate change has finally captured our attention. What is not well recognized is that it is no coincidence that climate change has occurred at the same time as we have urbanized. This is because urbanization brings about irreversible changes in our production and consumption patterns. How we plan, manage and live in our growing cities determines to a large extent the pace of global warming and the implications of this on our common future. Global warming exacerbates existing environmental, social and economic problems, while bringing in new challenge. Sea level rise threatening coastal cities, including this beautiful host city of Accra, is only one piece of the puzzle. The most affected today, and in future, will be the world's urban poor, and chief among them the one billion slum dwellers, what Secretary-General Ban Ki-Moon has aptly called the "bottom one billion" and called for 2008 to be their year".

Cities are increasingly assuming a leadership role in a globalizing marketplace. With the liberalization of the world's economy, human, technological and financial resources are concentrating in cities. Hong Kong, London, New York and Tokyo have become global centres of financial services followed closely by Frankfurt, Sao Paulo, Shanghai and Singapore. Cities such as Dubai have capitalized on their physical location to become a global transportation and trading hub. Yet other cities such as Bangalore have emerged as key players in information technology.

In terms of contribution to economic output, cities drive national economies in both industrialized and developing countries. For example, in North America, cities outpace states and even nations in economic output. If treated as nations, metropolitan areas in the USA in 2000 would comprise 47 of the world's largest economies.

In developing countries, cities have increased not only in size but also in economic importance. Mexico City, with 14% of Mexico's population, accounts for 34% of its GNP. Sao Paulo, with just over 10% of Brazil's population produces 40% of its GDP. Shanghai, with just 1.2% of China's population, generates over 12% of China's GNP. Bangkok has only 10% of Thailand's total population but contributes nearly 40% to its GDP. Cities in Africa contribute 60% to the continent's GDP, yet only 34% of the continent's people live in cities. No wonder then that many more people are flowing to urban areas, in the hope of finding a better living there.

Cities and metropolitan-regions are our greatest potential to make globalisation work for development. They attract investment and create wealth. They enhance social development, harness human and technological resources resulting in unprecedented gains in productivity and competitiveness. Indeed, cities are the repositories of knowledge and the agents of socio-political change. This conference is being held in a city, to emphasize my point.

Cities in the 21st century are also the engines of rural development. We can no longer view our societies as suffering from a rural-urban divide. We can only develop rural economies and improve agricultural productivity on a sustainable basis by strengthening urban-rural linkages, and by harnessing all that is urban to better serve the rural. This requires investments in urban and regional infrastructure and facilities that can provide a ready outlet for rural production, an efficient bridge for accessing the global marketplace, and the links to information services that are critical to adding value to rural and agricultural production.

Cities, therefore, are potent instruments for national economic and social development, which deserve deliberate national policies in support of their development and effective management.

The paradox is that cities have also become a locus of excruciating poverty and deprivation. This is particularly the case in developing countries. Rapid and chaotic urbanisation is being accompanied by increasing inequalities which pose enormous challenges to human security and safety.

Mr. Chairperson

My organisation, UN-HABITAT, has been raising a red flag for several years on the rapid and chaotic aspects of urbanisation and of the plight of the one billion urban dwellers all over the world that eke out an existence in slums deprived of the most basic amenities such as water, sanitation, security of tenure, durable housing and sufficient living space. Slum dwellers are also people who are hungry since they cannot produce food for subsistence and do not have enough funds to buy food. The deprivation suffered by these people constitutes a major threat not only to their welfare, but also to the overall security and stability of their respective societies. If present trends continue, their numbers are likely to increase to two billion by 2030.

If immediate and effective interventions are not made today, this situation will become a major threat to social stability, and thus to trade and development.

Why have we reached this state of affairs?

What lies behind this alarming trend? What are its causes? We have been asking ourselves this very question since the 1996 Habitat II Conference. Our relentless research shows that there are several contributing factors.

First, the development discourse, including the discourse on sustainable development has, over the years, paid very little attention to urbanisation and urban development. Decades of international and national efforts in agricultural and rural development have not arrested rapid migration into cities. Access to education has naturally propelled qualified youth into cities for jobs and opportunities. Many of us today still believe that efforts in rural development will have an impact on migration. This argument forgets the teaching of economic theory, namely, that agriculture is a residual employer and as such, sheds its surplus labor to secondary and tertiary sectors in the natural course of economic development and structural transformation. The problem of rapid and chaotic urbanization cannot be avoided by administrative means but by strategic settlements plans that would distribute populations in a balanced manner across the country. This issue of balanced economic development is a major economic one that needs to inform macro economic frameworks and development plans. And in any case, whether we are successful or not in reducing the pace of rural-urban migration is becoming irrelevant. We have reached the stage where most urban growth is due to the natural increase of the existing urban population, and no longer to migration per se.

A *second trend* lies in the dynamics of urban economies that are rapidly changing. The primary source of economic growth of developing countries is increasingly located in towns and cities. In many countries, industry and services account for an ever-increasing proportion of national income relative to agriculture.

A *third reason* why we are now facing the urban challenge is misinformed government policies. There has been a long-standing notion that the urban poor are better off than the rural poor. For decades, development planners, statisticians, and decision makers have confused proximity with access. We have assumed that by virtue of the fact that slums are often located close to schools, hospitals, and trunk infrastructure, that slum dwellers have access to these services.

The 2006-2007 State of the World Cities report, published by UN-HABITAT demystifies for the first time this major assumption. This report revealed that slum dwellers are more likely to die early, suffer from malnutrition and disease, be less educated and have fewer employment opportunities than any other segment of the population. On the health front, studies have shown that prevalence of the five diseases responsible for more than half of child mortality, namely pneumonia, diarrhea, malaria, measles and HIV/AIDS, is directly linked to the living conditions

found in slums and not to income. These conditions are overcrowded living space, poor security, lack of access to potable water and sanitation, lack of garbage removal, and contaminated food. Indeed, slum dwellers suffer from a double jeopardy: they live in life-threatening conditions and their plight is the blind spot of government action and of international development assistance.

Recommendations for actions by Governments

Governments are encouraged to review macroeconomic policies that favour investment in pro-poor housing and urban development, not only as a means of addressing the social consequences of rapid urbanization, but more importantly as a major means of stimulating local economic development and employment generation and contributing to the achievement of the Millennium Development Goals at the city and local level. This review should also include the need for more enabling policies and strategies that help to realize the full potential of the informal economy, of which slums are a physical manifestation.

Governments are encouraged to take urgent action to mainstream the sustainable urbanization and urban poverty reduction agenda in their national development strategies, poverty reduction strategies and UNDAF processes at all levels. It is therefore recommended that urban poverty reduction be integrated in the monitoring of progress in the attainment of all internationally agreed development goals, including equal access to land, shelter, water and sanitation, and so forth. The food security of the urban poor is also an important dimension to be monitored.

Most of the urban dwellers of the developing countries are living in slum areas with poverty and high unemployment and underemployment rates as well as limited access to basic services. Contributing to well-managed cities should be regarded as a priority concern of the entire United Nations system and all Habitat Agenda partners. That would ensure a coherent strategic response by the United Nations system to the multifaceted challenges posed by rapid urbanization. Collaboration should be encouraged among all the Habitat Agenda partners on analytical policy work and to identify opportunities for strengthening joint programmes of work on capacity-building for the reduction of urban poverty, including on “localizing Millennium Development Goals”. I submit that success lies in our ability to forge and support local action for global goals.

The most urgent action needs to be taken at the country level in policy and institutional reform, capacity-building and investment, involving a wide range of partners and stakeholders. Coordinated and enhanced support by the international community to member States also requires coordination at the country level. It is therefore recommended that member States revitalize broad-based National Habitat Committees that were established for the preparations of the Habitat II Conference and the five-year review of the implementation of the outcome of Habitat II (twenty-fifth special session of the General Assembly), to develop inclusive sustainable

urban development strategies. The specter of climate change is making all this work and coordination more urgent, if we are to avoid complete disaster.

The world enters into an urban era at the same time that the United Nations is engaged in system-wide reform and coherence. This coincidence represents a unique opportunity to strengthen working arrangements and programme coordination to meet the social, economic and environmental consequences of rapid urbanization. It is therefore recommended that sustainable urbanization be introduced as a standing item of the agenda for the high-level discussions on sustainable development in the UNCTAD Trade and Development Board.

Relevance to Trade and Development _____

Mr. Chairman,

In conclusion, making globalisation work for developing economies will depend to a large extent on how we manage our cities. In the emerging global order, the city is not only a catalyst but an agent for trade and development. This requires that our efforts at making globalisation work must also address the urban dimension of development. For this reason we are proposing that the high level segment of ECOSOC this year consider the urban agenda as a cross-cutting pillar in its deliberations. It is also the reason why the UN General Assembly created the World Urban Forum as a biennial open ended meeting to discuss and share best practices and experiences in everything urban. I wish to end by inviting all of you to participate in and bring your experiences to the next and 4th session of the World Urban Forum to take place in Nanjing, China 3-7 November this year, and to bring the conclusions and recommendations of UNCTAD XII as an input to the Forum that is devoted to discuss the challenge of a balanced territorial development. China the host of the conference call it harmonious urbanization..

I wish you successful deliberations and thank you for your kind attention.