

UN HABITAT

United Nations Human Settlements Programme

Twenty-fourth Session of the Governing Council

Policy Statement

By

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TRANSCRIBED VERSION

Nairobi, 15 April 2013

I would like to start by congratulating you, Madam President, and members of the Bureau, for your well-deserved election. I also wish to thank the outgoing Bureau under the able leadership of His Excellency, Minister Vincent Karega of Rwanda and his successor, Honourable Albert Nsengiyumva, Minister for Infrastructure of the Republic of Rwanda.

I hope that we quite soon will also have the nomination of the rapporteur.

I would like to take this opportunity to address you in order to explain the main strategic lines of UN-Habitat that we are going to develop in the future two years. And also to ask your support in the proposals that will be discussed and debated in this Governing Council.

As we have stated at different occasions, urbanization is now increasing very fast in the world. We just need to remember that, at the beginning of the 19th century, only 2% of the population was urbanized. At the beginning of the 20th century, 10% of the population was urbanized. At the beginning of the 21st century, 50% is already urbanized. And we are expecting, in the next 30 to 35 years, to reach figures of 65-70%. Some projections reach 75%. Then the pace of urbanization is not growing in an arithmetical projection. It is growing in an exponential projection.

But this urbanization is also unique in world history. We know that the big waves of urbanization that took place in the 19th and 20th century were connected to the increase of industrialization. Even the recent urbanization that has taken place in the second half of the 20th century and after the 2nd World War has been driven by industrialization. We only need to take the examples of Japan, Korea or now China, to realize that the huge process of urbanization has, in those cases, been driven by industrialization. But we are seeing a new change. We are seeing a modern way of urbanization, which is not driven by industrialization. The Sub-Saharan urbanization process and some of the South Asian urbanization processes are taking place without the parallel industrialization that took place after the 2nd World War. This presents us with a new set of challenges that need to be addressed. One, we have mentioned this morning the challenge of unemployment. The second is the capacity in many local authorities and governments to address the urban basic services, required in urbanization. This presents us with a new set of requirements, and this is why UN-Habitat has changed our strategic lines, in order to address these new and emerging issues in the modern urbanization, in the contemporary urbanization.

This is why we, in the internal prioritization of our program, the elaboration of the strategic plan and in the re-organization of the agency, have focused on new areas where we need to strengthen our strategic capacity.

The first one is urban legislation. Urban legislation is something that is more pressing now than ever because urbanization cannot be addressed without proper reinforcement capacity and without the rule of law. Urbanization is a human-made process and is a human-made rebirth process. As a social build-up, as a social construct, it is also a political construct and should be guided by rules and norms. And these rules and norms are usually laws. At the end, urbanization should obey the rule of law. Otherwise, urbanization without the rule of law is illegitimate and does not get the consensus of the population and thus becomes impossible.

This is why we have opened, in our work programme, areas of activities that strongly include urban legislation.

The second aspect, introduced in the sub-programmes of our strategic plan and also in our administrative reform, is the relevance of urban planning. We have realized from our own experience that spontaneous urbanization brings the urban realities towards unplanned growth, which usually takes the form of slums. That has been common in human history, and the only way to avoid unplanned growth is by having planned growth. There is no leapfrogging of this alternative. If we want to avoid unplanned growth we need to develop planned growth. This is why we have chosen urban planning as an element.

However, urban planning is not just about drawings. It is not just about common maps. It is not about just national planning or strategic planning. Instead, it has a very strong legislative impact. In fact, we cannot understand urban planning without its legislative side. Urban planning is not just the architectural engineer. You also need a lawyer. A team of urban planners includes a lawyer because the rules of the urban plan are as important as the roads. The urban plan cannot be implemented without these rules. That is why the rules are so important. That requires development in our knowledge of urban planning and legislation. Those are two areas where we are opening our work programme and budget and where we would like to get your support during this Governing Council.

There is another area where we would like to ask for your support, and this is urban economy. There has been a lack in knowledge for the past 20 years about the influence of urbanization on economy. A lot of urbanists and economists have studied the relationship between urbanization and economic improvement. This is not new. Again, Japan, Korea, India and China after the 2nd World War until now have demonstrated the relationship between urbanization and economic growth sufficiently. I do not think this needs further explanation.

What needs further explanation is that the form of urbanization affects the productivity of the cities. For a city or an urban settlement to produce economic goods, geographical economists of the 90s and beginning of the 2000s have demonstrated to us that three things that are important. One is to provide some

kind of order in density because the economic growth which the urban setting provides is affected by the proximity of the factors of production. The sprawling of the city, either in the developed countries or in the developing countries, is not favoring the economic productivity of the city.

A city, an urban setting, needs to reach some kind of minimum density or compactness. The compactness and density of a city needs to be very well designed. Because, if the density is not very well designed, the city gets overcrowded and nobody wants to live in the city. The important thing is to get the economies of urbanization. We need to plan for the proximity of the future with adequate mix of users and a certain degree of very well designed compactness and proximity.

Those factors are quite clear and they have been described in scientific reports and so on. But they need to jump from the science and technical aspects to the political layout of the city. Apart from the advantage of increased productivity of the city, we need to address the externalities of the city; problems that emanate from the city's activities like congestion, contamination and things that are in a way related to compactness. This is because compactness, which a certain density, gives good economic value but also generates externalities.

What can we do to reduce these externalities? This is the emerging new necessity which has come after the increase of energy prices, the increase in the use of fossil fuels that has emerged from the sprawled urban layout because it consumes too much energy, especially in the developed world. These are the challenges that we need to address.

There is also a strong correlation between urban economy and the layout of the city. On top of that, if the city is well planned as we have said before, we can create quite a number of jobs. Those are the three new areas of research and activity that we have opened in UN-Habitat that go in parallel with the existing UN-Habitat traditional and successful programmes of housing, slum upgrading, resilient cities and research areas. We are introducing, through the administrative reform and through programme and budget reform, a small change of direction of UN-Habitat. I used to say internally that we are changing by 30 degrees towards the new emerging and pressing issues related to urbanization.

This is what we are proposing at this Governing Council. This is why we are looking for your support in this important evolution, in tandem with the different conditions and the different forms of urbanization that we are seeing in the 21st century, which is facing this huge dilemma on how to give employment to a lot of people with the diminishing industrialization on manufacturing capacity. We know that the world economy in some sense already have manufacturing overcapacity. We cannot think that we will solve the problems of congeniality, improved quality

of lives and distribution of resources well to all the 9 billion people on the earth just by producing more products. This is a very sad situation, because we are used to some problems that arise from increased production. But it is not clear that we can continue to improve the condition of all populations only with increased production.

We need to shape the world scenario in a way that will create the best possible distribution of wealth, offer solutions to the poverty problems of the world, address issues of human rights, attain minimum standards of quality of lives and improve access to decent jobs and housing through other new mechanisms. This is one of the points where UN-Habitat is advancing more in its research in order to provide lines of action to improve this situation. We cannot continue as though it is business as usual because probably this is not going to be enough to get the distribution and quality of lives that we need for millions of people in Asia, Latin America, and also in Africa.

We are also reinforcing our urban basic services in a very straightforward manner. We were, and we are very well specialized in urban water management. We have several big programmes around large lakes and deltas on providing municipal water services and sanitation. However, there are new urban services that are waiting for solutions.

Firstly, there is mobility and public transport. There is a huge demand all over the world for urban mobility and urban transport, especially in compact and dense cities.

The other issue that has been recognized by the UN is the adequate access to energy in urban areas. You know that a lot of urban areas do not have enough energy to sustain the urban services. We are applying our knowledge in basic services not just with the traditional water and sanitation programme, which is very important and we keep that intact as always, but in order to include this new paradigms of mobility and energy. I will include another one which is also very interesting, which is urban drainage.

As climate change is affecting urbanization and the world, and as climate change is recognized as a clear reality, something that we cannot hide from nor forget about is that we are seeing more and more of victims of climate change disasters. Earthquakes and associated tsunamis need very strong infrastructure and this is also the case with floods. It is important to recognize that drainage is one of the basic services that lack the most in urban areas around the world. There are many cities in the world that are not ready to cope with new disasters related to flooding. This is why we are focusing on drainage. As for water and sanitation, at least for clean water, we have a very clear model of how to provide clean water for the population. This model is related to the establishment of water operators. It

does not matter whether private or public, the important thing is that a water operator knows how to bill the consumers of the water that generates a business model that is more or less sustainable. The problem comes when we address the sewage problem because we rarely have a business model for the sewage service, and even less for the drainage service. Nearly nobody is ready to pay the bill for the drainage. This puts us in a very peculiar situation when we need to elaborate the expertise of different countries. Effective business models which address this set of basic services. Especially the ones that are more 'common goods' and there is no easy institutional mechanism to raise income for its maintenance.

The problem of those basic services is not the investment. We have realized that by studying different cities, both in the developed and developing world. Usually the investment in infrastructure is not the most important issue. Even the building of the systems is not the most important. The most important thing is the maintenance - keeping it working for a long period of time. The most important thing is not the building of the systems. The important thing is the sustainability, the economic sustainability of those systems. And again for that, we need to develop institutional capacity in order to address this issue. We have seen this in both developed and developing countries. This is why south-to-south cooperation is so important, where there are pragmatic approaches that can address these issues. There are very good examples in the developing world of ways to cope with these requirements.

Although these pragmatic needs are not appealing, I, together with the Deputy Executive Director, who was also a mayor, can affirm that this is the everyday life of mayors and this is what makes the difference between good and bad quality of life. This is what makes the difference between communicable diseases like cholera or typhoid or infant pneumonia, and the absence of these illnesses. We like being pragmatic on urban issues. We want to solve and address real problems. I think this is why UN-Habitat is enlarging its portfolio to address these important needs.

We are advocating for two main strategies to be addressed positively. We have talked with mayors in Africa and in other continents to ask them what their main problem is.

Their first answer is unemployment and lack of livelihood for their citizens. The second problem is usually unclear; basic services, the citizens don't have money, they don't have power and so on. These are more about distribution. We need to support more national governments and local governments to address this issue and sometimes, yesterday was a good example, some of them tell us that they have such big problems that they do not know where to begin. They ask "How can we begin to address this overwhelming demand for key issues in our cities?" Then

we came up with two strategies last year: one at national level and the other at local level.

At national level we are advocating for National Urban Policies. We are advocating for pragmatic, renewed, simple and understandable national urban policies. There are many countries which have energy policies, environmental policies, employment policies and housing policies, but there are not many countries in the world that have urban policies. Yet urbanization is becoming a very big issue and we are advocating, in the hope of recommending to different cabinet ministers, a national urban policy just to answer the easy question "What is our population today?" "Where do we think our population will be in 30 years?" and "What can the government do about it?"

There is no need to do much more complicated things other than that, because economists have demonstrated also that if you do not plan the national urban layout, the natural tendency of the population is to concentrate in the big cities. The big cities, in absence of other alternatives, generate attraction that brings people to the big cities. If a government wants to have a direction in the urbanization process and promote the growth of market towns, of villages or intermediate cities, you need to do something. If you do not do anything, the natural tendency will do otherwise. That means that there is a need to elaborate incentives, and every country needs to find out their own incentives, on how to promote intermediate cities and market towns. That can be distributing services, allowing universities to be placed in those capitals, planning for those capitals. Every country needs to find their own strategy to find solutions to these pressing problems. But the important thing we can say, after the studies that we have done for several years, is that in absence of planning or policy, the natural tendency is concentration in the mega-capitals.

This is at national level, which can be addressed through transportation corridors, energy corridors and so on, depending on the country. If that is addressed, it will lead to increased decentralization. That is up to every country.

The second strategy that we are proposing at local level is Planned City Extensions. As we have said before, if you do not plan the city, the spontaneous way of urban growth is the slum - the unplanned growth. The way to avoid the slum is to plan the growth of the city. But, what is urban planning? There is a huge confusion about what urban planning is. Some groups have come with something very expensive that consultants provide to them. We do not adhere to this mission.

Urban planning is a political decision to organize the public space in a growing area of the city. It is not about building things, it is the legal determination of what land is buildable and what land is not buildable and the enforcement of this reality.

We have the example of Nigeria, where our president is from. Nigeria has a planned city. We can talk about it being a political city, but it is very well planned. This city is Abuja. Nigeria has another city which is not planned, Lagos, coming from another history. You can see the difference between the two modalities. This is something that we strongly advocate. Introduce urban planning as simple as possible, so that the people understand the urban planning, because if people do not understand urban planning, they will not enforce it. Simple urban planning, and then make sure it is implemented. There is no need to plan if it is not implemented.

Those are the two lines that we advocate in order to address the poverty issues in the emerging urban realities of the world. Of course, we need to go on improving the quality of housing, improving the quality of slums, but as the urbanization process is faster than the capacities of the governments to address the existing problems, and also the financial capacity of the governments is not enough to keep up with the pace of a rapid urbanization, addressing of the slum upgrading and housing projects should be matched with planning the enlargement projects of the cities. These can unleash the market forces and can facilitate investment in planning.

We have done an interesting story showing the difference between planned and unplanned cities. In that sense, it is not about the buildings. It is not about the fancy urban services, it is not about telecommunications. The difference between planned and unplanned urban area, is the quantity of land allocated to the inter-communication of the areas of the city. It is the public space, the space allocated to the street. In the planned cities of the world, common space allocation to the streets and public services is between 30% and 45%. In the unplanned city, usually, the most frequent figure is around 8%-12%.

We see a huge difference, which makes the efficiency of the city impossible as well as the growth in terms of wealth, because without communication space, there is not enough productivity arising from the factors of production. When there is no increase in the size of the market there will be no increase in efficiency. This is something that is not self-evident because, usually, when we talk about urban growth we think about buildings, nice buildings, large and tall buildings. And this is not the question. Large buildings are not the question because the business model of making buildings and making money constructing the buildings is known by the investors. The problem is not that. The problem is building the city.

The business model of building the city is not the same as the business model for constructing the buildings. The business model for the city takes 15 years, 20 years. You need to go to the Asian bank, African bank, Latin American bank,

American bank to obtain credit, to pay for drainage and other services in a business model which has a time of dispensation of let us say 15 years. And you need to convert those projects to bankable projects. This is where UN-Habitat is ready to support those countries and local authorities in order to find and articulate solutions for those pressing issues. We know of cities in the world that have very nice buildings but there is no city between the buildings and then you cannot go from one building to another. You can only be inside the building.

This is something that does not produce economical productivity that for us, as UN-Habitat, is a very interesting and challenging exercise, because we need to develop new partnerships. We need to find new stakeholders in order to address these very important questions.

UN-Habitat is ready to go on in addressing the substantive issues of urbanization and the strategic issues of urbanization. We are not interested only in the symptomatic problems of urbanization. We would like to address the strategic issues of urbanization. This is why we are introducing the change in UN-Habitat.

Of course there is a question of resource mobilization. We need the support of countries and stakeholders in order to increase our resources to be able to address such an important agenda. This is why I ask for your contribution and for your support in understanding that UN-Habitat is in a crucial moment and that we need your support in order to go from the steps forward. As we are focusing on this strategic level we are asking for your contribution through this new strategic approach. We want to be pragmatic, we want to be relevant and I am very pleased to tell you that we already have 20 different countries in the world that have asked for our contribution to the National Urban Policy.

I can say that we already have 35 cities in different continents that are working with us in Planned City Extensions. In fact, these two exercises, the National Urban Policy and Planned City Extensions can be seen in the exhibition halls here, including some of the preliminary results from the areas on which we are collaborating with them.

A new approach to urbanization should be elaborated and it should be a pragmatic, efficient and implementable approach to urban growth.

I am also pleased that, out of these 20 countries working on the National Urban policies, 10 of them are from Africa. We had a full seminar on Saturday with them here at the Governing Council on the preparatory day to debate the strategy for several hours. This brought about very new ideas centered in efficiency and implementability.

Let me finish by reminding you of two issues: one is the Post-2015 Development Agenda. We had the opportunity this morning to hear from Ms. Amina J. Mohammed and the work that the UN is doing in the preparation of the new development agenda. I think that due to the relevance of that other agenda, it is very important that we implement this agenda both for its capacity to provide solutions, and also because of its risks to present challenges like the excessive consumption of energy, contamination and pollution that we are seeing in some cities of the world. For both the positive side and the challenges, we need to make sure that the development agenda is well focused in relation to the urban agenda.

Habitat III comes after the 2015 development agenda, in 2016. Habitat III is going to be the first implementing conference after the revision of the development goals and Habitat III is an occasion to involve local governments in the debate of development. As you know, UN-Habitat is the focal point for local governments in the UN system. And you know that local governments until now have not been very present in the debates of development and they usually denounce the lack of presence in the sustainable development, both in Rio and Rio+20.

I believe that Habitat III, in the UN family, should represent the occasion to match the development agenda with local authorities and to build a consensus on urbanization with mayors, local authorities and regional governments to address the issues that will be debated at the highest levels, and especially at the national level, in the agreements of 2015.

Coincidentally with Habitat III in 2016, there is going to be another big conference. This is going to be the Migration conference, to be hosted in Cairo. 2016 is going to address two issues which are extremely related: Migration and Urbanization. You know the big issues that we have in the future of humanity in relation to Migrations. You know the dynamics of the populations worldwide. You know which continents are reaching a situation where they are demographically diminishing, and other continents which are increasing very fast. Migration is an issue of the 21st century and you know how complex and difficult it is to lay out the urban space to host the congeniality of the migrants. Our pressing and challenging issue is this one.

I think that 2016, for me 2015, can be an extremely good exercise to team up, touch down, learn and to talk of the specifics at local urban level.

Thank you very much, dear friends, for your support. I really think that UN-Habitat is now, through the international situation, the crisis, the changing models of production and the different fashions defined in the development agenda, in a

situation that needs your special support. This is what I dare to ask from you this afternoon. Thank you very much.