Third United Nations conference on housing and sustainable urban development (Habitat III)

Conceptual basis

Summary

In its resolution 66/207 of 14 March 2012, the General Assembly decided to convene, in line with the bi-decennial cycle (1976, 1996 and 2016), a third United Nations conference on housing and sustainable urban development (Habitat III) in 2016 to reinvigorate the global commitment to sustainable urbanization focusing on the implementation of a “New Urban Agenda”. This conference should build on the Habitat Agenda, various relevant declarations on sustainable development, the outcomes of the major United Nations conferences and summits, particularly the Rio+20 conference, as well as the Post-2015 Development Agenda and the Sustainable Development Goals.

It is projected that 70 per cent of the world’s population will be living in urban areas by 2050. This rapid urban growth is mainly occurring in countries that are least able to cope with it and many cities of the developing world have found themselves unprepared for the spatial, demographic and environmental challenges associated with urbanization.

Habitat III will be one of the first global conferences after the Post-2015 Development Agenda. It will offer an opportunity for developing a shared perspective on human settlements and sustainable urban development, and for discussing the challenges and opportunities that urbanization offers for the implementation of the Sustainable Development Goals.

The world has changed dramatically since the second United Nations conference on human settlements held 20 years ago, and the urban agenda has changed with it. Although at that time urbanization was already linked to economic and social development and environmental protection, today it is clear that urbanization is recognized as a transformative force. Well-planned urbanization is a very powerful tool for development, but in the absence of planning, severe dysfunctions and negative externalities appear. These affect mostly the urban poor.

Cities now serve as the They have become a dynamic ‘vector’ in themselves, a transformative force that can remould growth and development. Local authorities, as key institutional vehicles for cities, have transcended local political confines to become prominent players exerting regional and global influence. The convening of Habitat III will offer Member States an opportunity to negotiate a collective agreement – a New Urban Agenda – on the role that cities can play in sustainable development.

In the last twenty years, profound systemic changes have occurred: advances in technology, realignment of global powers, changes in demographic profiles, recognition of emerging resource constraints as well as the reassertion of questions of rights and justice. New urban configurations have which all reflect the emerging links between city growth and new patterns of economic activity. New actors have emerged and others have assumed a more active role in urban and regional development issues. A stronger interdependence is developing among national and sub-national levels of government, and also with other spheres of society in the urban development agenda. It is no longer tenable for one level of government or one set of actors to operate on their own. City authorities, regional and national governments, civil society and private sector actors, all play an increasing role and have political influence in development issues. New forms of collaboration, coordination and synergy are taking place.
Habitat III will be an excellent forum to discuss these societal and institutional arrangements as well as other related topics. It will be a forward looking conference that will help in anticipating these changes in order to understand the risks they bring and the opportunities they offer. It will also identify the efforts required today to optimize resources and ideas for harnessing the potentials of current opportunities for the future. The conference will be a focused effort to innovate and transcend traditional urban models to create truly integrated, inclusive and sustainable solutions. It will be a key vehicle for operationalizing the Post-2015 Development Agenda, thus enabling an elaboration of the policies, strategies and institutional frameworks for realizing the urban future we want. Preparations for the conference as well as its actual servicing will also lay the ground for the convergence of capacities and mandates of various UN agencies in the pursuit of a cross-cutting agenda. Inputs and perspectives of all UN agencies, including the regional institutions, will be jointly deployed in delivering the conference.

Although Habitat III will look into the future, it will also pay attention to the fundamental, unresolved questions and unfinished business of the past millennium: the issues of poverty, inequality, slum formation, access to basic services, vulnerability in human settlements, human rights and social justice. It will also focus on the dysfunctional form and function of most cities of today that impose high costs on both the built and natural environments. Ways will be sought to replace a model of urbanization that is unsustainable in terms of producing negative externalities such as high per-capita use of energy, unsustainable consumption of land, water and other resources, higher costs of the provision of infrastructure, as well as high levels of racial and socio-economic segregation, among others.

Habitat III will also serve as the perfect opportunity to discuss and agree on a New Urban Agenda that is meant to achieve inclusive, people-centred and sustainable urban development: an agenda capable of responding to some of the unresolved questions and other persistent challenges such as internal and transnational migration, human-caused and natural disasters, climate change and other emerging issues. The conference will provide a forum to revise and strengthen UN-Habitat’s mandate to ensure that the agency is up to the task of meeting the global challenges that the achievement of sustainable urban development entails.

Habitat III will create the narrative – based on empirical evidence – for change, considering ways to strengthen the institutional frameworks for housing and sustainable urban development, giving special attention to the tools and instruments that can enable effective harnessing the transformative nature of urbanization. It will discuss the vectors or levers of change for a sustainable urban growth pattern that can have a positive impact on other spheres of national development. Among these are: national urban policy, laws, institutions and systems of governance, urban economy local fiscal systems and urban planning. By discussing the most appropriate means and modalities to deploy these vectors with regional specificities, Habitat III will be able to address the inefficient, unsustainable forms and functionalities of cities, under the fundamental premise that without urban sustainability no sustainable development can take place.
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I. Overview

1. It is more than 17 years since the second United Nations Conference on Human Settlements (Habitat II), which culminated in the adoption of the Istanbul Declaration on Human Settlements and the Habitat Agenda, documents setting out goals and principles, commitments and a global plan of action for achieving the 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. On one hand, this is a result of the failure of previous policies as well as rapid unplanned urbanization. On the other hand, the advent of new challenges such as globalization, global economic crises, rising urban crime and violence, and climate change has aggravated the situation.

2. Cities and urban centres, which have become engines of economic development, are both central to the value chain of production and consumption, defining social, political and economic relations. They are also responsible for large proportions of countries’ gross domestic product (GDP). Cities have become crucial in achieving national, regional and global development and in promoting sustainable urban development. Indeed, urban centres are now the dominant habitat for humankind. Yet, cities, particularly in developing countries, are beleaguered by poverty, inequality, insecurity, slum formation and increasing informality. This affects adversely the cities’ capacity to increase the prospects of individual and collective well-being and to contribute to national development.

3. In 2001, five years after the adoption of the Istanbul Declaration, a major review was conducted of the implementation of the Habitat Agenda, resulting in the adoption of the Declaration on Cities and Other Human Settlements in the New Millennium. The irreversibility of urbanization was confirmed and the prospect of a rapidly increasing process of urbanization was recognized. The main response was to reaffirm the Istanbul commitments and to call for the actions agreed upon earlier to be redoubled to achieve the twin goals of the Agenda. Today, the magnitude of those challenges and the precarious situation faced by an ever-growing proportion of the global population has been considerably amplified. Urban problems of multidimensional nature still persist. The balance of forces has changed and new issues and opportunities have emerged. This urgently requires a review of the global urban agenda.

4. Moreover, the shift in the role and configuration of the city, the appearance of new forces ranging from the realignment in the mode of global accumulation and the various multi-scalar linkages, the emergence of new powers and actors, changes in the mode of communication and financial flows, and shifting agendas associated with development programming have impinged significantly on the commitments and the full realization of the goals and outcomes identified in the Habitat Agenda. This has been further aggravated by speculative mechanisms related to the use of space and territory, successive crises of all types – from financial to economic to environmental to social and political – soaring unemployment, strains on financial institutions, insecurity and different forms of instability. The evolution of new synergies, the development of new relationships in cities and with other tiers of government, and new advances in science, technology and business systems have also affected the expected outcomes of Habitat II.

II. The Transformative Power of Urbanization

5. It is remarkable that only one century ago, two out of 10 people in the world were living in urban areas. In the least developed countries, this proportion was as low as five per cent, as the overwhelming majority was living in rural areas. The world has been rapidly urbanizing since then and, in some countries and regions, at an unprecedented pace. It was only two years ago that humanity took a landmark step when, for the first time in history, urban population outnumbered rural population. This milestone marked the advent of a new ‘urban millennium’ and, by the middle of his century, it is expected that out of every 10 people on the planet, seven will be living in urban areas.
With more than half of mankind living in cities and the number of urban residents growing by nearly 60 million every year, it is clear that urban residents now work, think, act and dream in ways that are different from the past – ways that are based on an “urban mind-set”. This has also translated into a change of the living environment, from an agriculture-oriented setting to a locus of mass production and service industries. Urban places have also changed in their configuration and functionality, their scale and density, as well as in the makeup of their social, cultural and ethnic groups. These changes are happening not just in the visible aspects of a city, but also in the invisible aspects such as intellectual and creative assets, “personality”, vibrancy, conviviality, and identity.

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.

The fact that today, the majority of the world’s population is living in urban spaces, is significant beyond its quantitative dimension. It brings to the fore the galvanizing power of density, proximity as well as the economies of urbanization and agglomeration – all of which constitute the basis of the transformative power of urbanization.

The transformative power of urbanization is visible even in Africa and Asia-Pacific, where the proportion of urban dwellers remains less than half. The fact that almost half a billion of Africa’s population reside in urban centres has a major bearing on development outcomes that the Continent is currently exhibiting. In less than 7 years the urban population of Africa will be equal to the total population of Europe (around 551 million people in 2020). It will be also larger than the urban population of Latin America and the Caribbean (531 million in 2020), the first region to become predominantly urban in the developing world. With an annual growth rate of 3.27 per cent per year from 2005 to 2010, African urban areas are growing 1.5 times faster than the urban growth rate of the world.¹ This means that some cities will double their population in 15 years, and others even in a shorter period. All these numbers underline a qualitative dynamic unleashed by urbanization forces in a region that will accomplish its urban transition in slightly more than two decades (2035). Still, at this stage of urbanization, over 60 per cent of Africa’s GDP is generated by urban areas.

The situation in Asia is even more striking. The fact that 1.85 billion people lived in urban areas of the region in 2010 (projected to rise to more than 3 billion in 2040) is no longer a development scourge as once feared. Despite being only 44 per cent urbanized in 2010, the region has now become a global powerhouse, generating close to 33 per cent of world output in 2010.² China’s remarkable economic transformation is driven by urbanization and industrialization; the top ten cities in China account for 20 per cent of the country’s GDP³. The economic hub of the region is almost entirely urban based, with its cities thriving with investments, urban infrastructure, innovation and competitive impetus. The metamorphosis of present day urbanization fully manifests itself in the Asia-Pacific region with the proliferation of megacities, regional urban corridors and mega-regions as well as a nested hierarchy of urban systems. There is no doubt that cities of this region have become critical nodes in the system of global accumulation and regional development.

No one can deny the positive correlation between urbanization and development. It is also clear that the urban economy is more productive due to the proximity of the factors of production, increased specialization and market sizes. Because of this, planned urbanization should be used as a tool for creating employment and livelihoods. This requires a shift away from viewing urbanization mainly as a problem, towards seeing it as a powerful tool for development, and a strategy against poverty, lack of adequate housing and urban basic services.

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III. Milestones in Sustainable Urbanization and International Responses

12. While the conclusions reached at the first United Nations Conference on Human Settlements, held in Vancouver, Canada (1976) clearly defined urbanization as a challenge in need of control, the second conference 20 years later regarded urbanization and the cities resulting therefrom as engines of growth that offer opportunities. The Istanbul Declaration identified two goals: adequate shelter for all and sustainable human settlements in an urbanizing world.

13. The Millennium Summit, convened in New York in 2000, resulted in the adoption by the General Assembly of the United Nations Millennium Declaration,⁴ which implicitly endorsed the goal of “Cities without slums” and formed the basis for the Millennium Development Goals, a group of eight time bound international goals and related targets relevant to sustainable development which provided a further impetus to the implementation of the Habitat Agenda. The focus on poverty eradication and environmental sustainability mirrored the Habitat Agenda.

14. In 2001, at the sixth plenary meeting of the twenty-fifth special session of the General Assembly to review the implementation of the Habitat Agenda, the representatives of Governments reaffirmed their will and commitment to implementing fully 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 Habitat II and were contributing to both increased prosperity and urban poverty in some regions.

15. 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 that sustainable development was a central element of the international agenda and gave new impetus to global action to fight poverty and to protect the environment. They recognized the phenomenon of urbanization as part of the sustainable development equation to a greater degree than previous international meetings had. They reaffirmed the Millennium Development Goal target of improving the lives of slum-dwellers and providing access to safe drinking water and to basic sanitation as essential to promoting urban well-being.

16. 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 of and conclusions on progress made at all levels to attain the human settlements goals and targets contained in Agenda 21,⁵ the Programme for the Further Implementation of Agenda 21,⁶ and the Plan of Implementation of the World Summit on Sustainable Development.⁷ The operationalization of the Habitat Agenda was given further impetus by the outcome of the High-level Plenary Meeting of the sixtieth session of the General Assembly, at which the 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.⁸

17. 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 approval by the Governing Council of guidelines on decentralization and strengthening of local

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⁴ See General Assembly resolution 55/2.
⁵ 3-14 June 1992, vol. I, Resolutions adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.
⁶ General Assembly resolution S-19/2, annex.
⁸ See General Assembly resolution 60/1, para. 56 (m).
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 Assembly has responded by adopting resolutions on human settlements. 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.

18. The Report to the Secretary-General “Realizing the Future We Want for All” prepared by the UN System Task Team on the Post 2015 Development Agenda recognizes the projection that by 2050, 70 per cent of the world’s population will be living in urban areas. The Report stresses that rapid urban growth is mainly occurring in countries least able to cope with the demand for decent jobs, adequate housing and urban basic services. Close to one billion people, or 33 per cent of the urban population in developing countries, live in slums, in inequitable and often life-threatening conditions. If left unaddressed, these trends may become sources of social and political instability.

19. In the past 20 years, increasing attention has been given by other UN agencies as well as the Bretton Woods institutions to the spatial and contextual aspects of development. Advanced forms of cooperation and collaboration have been developed between UN-Habitat and these sister institutions with the aim of enhancing synergy for advancing shared mandates. The urban agenda, in both its implications - as a setting and integrated process - has provided a platform for joint initiatives and programmes. In preparing for Habitat III, this multifaceted platform will be consolidated and used as a means of coalescing inputs and capacities from all UN agencies into the conference process.

IV. Performance Review

20. 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 Habitat II conference and the strengthening of UN-Habitat. While the assessment was generally positive, 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 settlements development.

21. The roadmap from Habitat II to Habitat III reveals fundamental shifts since the adoption of the Habitat Agenda and the Istanbul Plan of Action in 1996. The Habitat Agenda emphasized the commitment of all member states to promote the full and progressive realization of the right to adequate housing. There has been enormous progress in terms of recognizing this right by constitutional provisions in more than 100 countries.

22. However, at the same time 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 sectors of the economy and its role in reducing poverty and generating employment were not recognized. Second, informal land and housing development formed the basis of urban growth in

9 See A/62/8, annex I.B.
developing countries. This in turn drove slum growth, resulting in disastrous effects on the urban structure and residents’ quality of life. Third, self-organizing initiatives involving international and national non-governmental organizations multiplied, accompanied by the creation of urban poor federations and savings groups, whose goal was to provide access to serviced land and housing for those excluded from formal housing finance and the limited public housing programmes. Lastly, Habitat Agenda partners worldwide embraced the Agenda’s commitment to defending 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.

23. 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. Habitat III would provide a much-needed opportunity to re-examine previous approaches and adopt a new global housing strategy; one that is more inclusive, rights-based, financially creative and in line with green building practices and environmental sustainability.

24. 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, in many countries and cities urbanization is taking place in a context of poverty, and the phenomenon has been compounded recently by increasing inequalities in income, and in access to services and, more particularly, by a lack of opportunities. In sub-Saharan Africa, despite falling poverty rates, the number of people living in extreme poverty had risen from 205 million in 1981 to 414 million in 2010. This forms part of the unfinished business to be addressed in the post 2015 Development Agenda.

25. The UN-Habitat report *State of the World’s Cities 2010/2011: Bridging the Urban Divide* 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 raises optimism. The fact that more than 200 million slum-dwellers have gained access to 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.

26. With regard to urban environmental management, significant progress has been made in managing and controlling pollution through waste management technologies and innovations in recycling and protection of vulnerable ecosystems and through planning and regulatory controls. The notion of an ecological footprint of cities has been widely accepted. UN-Habitat *Global Report on Human Settlements 2011: Cities and Climate Change* shows that cities contribute significantly towards global warming, generating as much as 70 per cent of human-induced greenhouse gas emissions primarily through the consumption of fossil fuels. In turn, climate change induced risks such as rising sea levels, tropical cyclones, heavy precipitation events and extreme weather events can disrupt the basic fabric and functioning of cities with widespread implications for the physical infrastructure, economy and inhabitants of cities.

27. Urbanization offers many opportunities to develop mitigation and adaptation strategies to deal with climate change especially through urban planning and design. The economies of scale, as well as proximity and concentration of enterprises and innovation in cities, make it cheaper and easier to take actions to minimize both emissions and climate hazards. There are also significant opportunities for disaster risk reduction, response and reconstruction in cities including through land-use planning.

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12 London, Earthscan, 2010

13 Emissions resulting from cities could be between 40 and 70 per cent using production-based figures and as high as 60 to 70 per cent if a consumption-based method is used. UN-Habitat (2011), *Cities and Climate Change: Policy Directions*, Global Report on Human Settlements 2011, Earthscan.
building codes and regulations, risk assessments, monitoring and early warning, better response and reconstruction approaches. The critical factor shaping urban responses to climate change is government capacity, which is hindered by factors that are institutional, technical, economic, or political in character. The Rio+20 outcome document, “The Future We Want”, recognizes that, “…if they are well planned and developed... cities can promote economically, socially and environmentally sustainable societies” (paragraph 134). It also recognizes the need for a holistic approach to urban development and human settlements that provides for affordable housing and infrastructure and prioritizes slum upgrading and urban regeneration.

28. More initiatives have been taken to improve urban governance. Institutional changes designed 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.

29. Still, it is clear that cities would benefit more from political and administrative decentralization that is followed by fiscal autonomy. Local authorities still remain relatively deprived of financial resources and dependent on resources originating from intergovernmental transfers.

30. However, new forms of national and regional governance are being recognized in various countries that are building new linkages and alliances among the various tiers of government. This type of cooperation has the potential to make urban development more inclusive and sustainable. Unfortunately, in many parts of the developing world, government coordination remains patchy, poor and informal. Decentralization works well within the context of strong commitment and support of the central government. National reforms relating to various aspects of decentralization— revenue allocation, community participation; local elections, local planning; pro-urban development strategies— all provide the enabling environment for cities to prosper. Cities that manage to both develop innovative programmes and actions and deploy greater “entrepreneurship” achieve more if they establish strategic alliances that combine policies and resources with other tiers of government as well as the private sector. The linkages among various public authorities and civil society ensure greater sustainability of local programmes.

31. 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 Settlements into a full-fledged United Nations programme, the United Nations Human Settlements Programme (UN-Habitat), has strengthened capacity to monitor and implement activities and honour commitments. For almost a decade, substantial resources have been provided to carry out activities and to support initiatives for exchanging and sharing experiences and best practices. 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 aid from development partners to Governments and cities. On the contrary, aid has actually decreased. The Habitat Agenda, and the urban agenda in particular, has received inadequate support and many bilateral development agencies have downsized or even ended their urban programmes.

V. From Habitat II to Habitat III: Changing Approaches

32. There is a need to take stock of both the lessons learned and goals achieved through an array of policies and strategies as well as the setbacks experienced. A preliminary review shows that there have been changes in the approach to urban development:
- first, from a fragmented and sectoral implementation of the Agenda, to an integrated effort which establishes links within the dynamics of an urban setting;

second, there has been a switch from policies designed to deregulate the housing market, towards more direct public sector approaches, embraced by some Governments and non-State actors, aimed at reinforcing the Agenda’s commitment to the full realization of the right to adequate housing and the possibility of bringing prosperity for all;

third, there has been a change of approach of the relationship between cities and the ecological environment, with the emergence of a range of interventions highlighting a stronger nexus between the ‘city’ and the ‘environment’ through minimizing ecological footprints, to the recent notions of green economy and ‘decoupling’ of urban growth from resource use and its environmental impacts;

fourth, the transformation of the city from a platform to a vector force, almost coincides with the shifting of the approach of the Habitat II agenda to the one that is being proposed in this document for Habitat III. It is a change from looking at the city not only as a place, but also as a force for change at both local and global levels;

fifth, greater emphasis is now placed 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.

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 so as to set up a New Urban Agenda that can maximize the benefits of urbanization in order to make cities more prosperous and countries more developed – a New Urban Agenda that can deploy vectors for change to increase productivity, enhance shared growth, and create multiplier effects that can spread across space and through different levels. The New Urban Agenda should address the unfinished business of the MDGs, and as such, it is expected to propose strategies and actions to make slums history, reduce poverty and address persistent inequalities that are still prevalent in many cities in developing countries. It could also lay down conditions for a radical shift towards more sustainable patterns of urbanization, seeking to achieve inclusive, people-centred, and sustainable global development.

VI. Challenges and Opportunities of Urbanization in a Rapidly Changing World

Habitat III will provide a forum for serious consultations between Governments and Habitat Agenda partners on the world’s urban future, a future certain to be characterized by unprecedented challenges, opportunities, and serious risks.

Charting that urban future will need to take into account the following key changes that have emerged since Habitat II in 1996:

A. Urban has become the dominant habitat of humanity.

The demographic dominance of cities, which now accommodate more than half of the world’s population – and their much more central role as engines of national economic growth and development –, is a major change since Habitat II. This demographic shift to urban that occurred in 2008 was not simply a milestone on human migration or even a population dynamic about reproduction. The shift signifies a different way of life which has a profound impact on how human destiny will be shaped from thereon. The dominance of urbanized communities in the world brings in a new dimension to human activities –with different societal processes.

By 2030, more people in every region of the world will live in urban than in rural areas, even in Asia and Africa, which are now the least urbanized parts of the globe. Our shared future will largely be shaped by the social, political, economic, and cultural dynamic of urbanization – the convergence of human activity and aspiration in all cities, regardless of their size.

This major change does not imply only a demographic shift from rural to urban, or the growth of urban populations, but also changes in various aspects of society: a) in the employment sector, from
agriculture to mass production and service industries; b) in societal values and modes of governance; c) in the configuration and functionality of human settlements; d) in the spatial scale, density and activities of places; and e) in the composition of social, cultural and ethnic groups and the extension of democratic rights, particularly women’s empowerment.

B. The emergence of new urban configurations
39. Both large and small cities have increasingly started to merge to form new spatial configurations that typically take three principal forms: mega-regions, urban corridors and city-regions. Each on its own spatial scale, these three forms seem to act as nodes where global and regional flows of people, capital, goods and information combine and commingle, resulting in faster growth, both demographic and economic, than that of the countries where they are located. These new configurations are increasingly connected spatially and functionally bound by their economic, socio-political and environmental linkages. These spatial configurations play an increasing role in the creation and distribution of prosperity far beyond their own specific geographic areas.
40. Mega-regions, urban corridors and city-regions reflect the emerging links between city growth and new patterns of economic activity. These regional systems are creating a new urban hierarchy and the scope, range and complexity of issues involved require innovative coordination mechanisms for urban management and governance.

C. Cities are becoming prominent players influencing global development
41. Nearly twenty years ago, when Habitat II was held, cities were recognized as engines of growth and associated with economic and social progress. Now cities are increasingly identified as the locus for change and the venue where policies and actions are mobilized. It has been noted that the 21st century will not be dominated by any major of large country, but by the City; this is because cities are humanity’s real building blocks given their economic size, population density, diversity, political dominance, and innovative edge.
42. Acting locally in different areas and spaces, cities in various parts of the world have been able to forge new linkages among actors, develop trust and propose innovative solutions that have been included in national agendas with higher efficiency and possibilities to influence regional and global development. Acting regionally, cities have been able to create partnerships and networks to advocate for key global issues such as security, resource management, environmental protection and sustainability. In some countries, cities have proposed solutions to mitigate the effects of regional and global crises in a pragmatic, balanced and efficient manner. They have provided solutions to various types of crises by devising a number of safeguards against different socioeconomic risks, prioritizing expenditures in local and regional development, with a view to securing longer-term growth, while stimulating consumption and/or employment in the short term.
43. In some countries, local authorities, have emerged as key institutional drivers of cities, and have transcended local political confines to become prominent players exerting regional and global influence. They have developed stronger interdependence with national and sub-national levels of governments, and also with other spheres of society in the urban development agenda. In a changing balance of roles, including the public, private and non-governmental sectors, local authorities, regional and national governments, civil society and private sector actors, all play increasing roles and have political influence in development issues.

D. The persistence of an unsustainable model of urbanization
44. Although urbanization has the potential to make cities more prosperous and countries more developed and richer, many cities in the developing world have found themselves grossly unprepared in the face of the spatial, demographic and environmental challenges associated with urbanization. They are

hostages of spatial and social segregation structures and speculative practices that make them expand across endless peripheries.

45. In terms of spatial landscape, the city of the 20th century was a fractured entity, reflecting prevailing production and accumulation patterns. It was a city inspired by modern ideas that translated into functional segregation of space through the application of rigid zoning whereby the urban fabric was physically fragmented as justified by the notion of mono-functional efficiency.

46. Cities are consuming more energy, land and natural resources. They have pervasive problems of traffic congestion, due to a growing dependence on motor vehicles and intensive use of expensive fossil fuels. The dominant type of city is detrimental to the built heritage and contributes to the generation of further exclusion and segregation. The make-up of the 20th century city that prevails today reflects and reinforces a pattern of wealth accumulation that is beneficial only for a few. The recurrence of severe financial crises, low levels of employment as well as increasing inequality across and within cities all underline the urgent need for change. The structure and form of cities was largely dysfunctional, imposing high costs on both the built environment and the rural fringe of cities. The dysfunctional model of the 20th Century produced negative externalities such as high use of energy, huge consumption of land, water and resources, high cost in the provision of infrastructure, inefficient street layouts, high car dependency, and high levels of racial and socioeconomic segregation, among others.

E. Housing: productive or speculative asset?
47. More than 70 per cent of land in a city is used for residential purposes, and evidence shows that the housing sector is fundamental for a country’s economy. The building industry and the construction sector provide a significant proportion of the employment that is essential for poverty reduction and income generation. Housing finance also creates the infrastructure for capital markets to function and provides specialised jobs in the credit and mortgage markets. Moreover, housing is organically linked to urban development, influencing densities and the form of cities. In short, housing is fundamental for the prosperity of cities.

48. Since Habitat II, progress has been made in terms of achieving the right to adequate housing, as recognized by the Habitat Agenda. Today more than 100 countries have a constitutional provision on this. There is a growing recognition of issues such as security of tenure, affordability and accessibility and housing itself as an important component of national economic development.

49. However, the proliferation of slums and informal housing solutions is indicative of a chronic lack of adequate and affordable housing opportunities and inadequate public policies. The retreat of the State from housing finance and the deficiency of urban planning responses have also contributed to the remarkable increase of the population living in slum-like conditions.

50. Land and housing markets were fundamental ingredients of the global financial crash of 2008. Although the economic crisis had its roots in the subprime mortgage markets in the US, the damage quickly spread to financial institutions in other developed countries. By October 2008, the crisis had erased around US$25 trillion from the value of stock markets globally. Never before has the connection between housing and the economy been so obvious and unequivocally evident. Housing has revealed itself as a speculative asset instead of a productive one.

51. The large amount of abandoned, underutilized or vacant houses, in some parts of the world is another symptom of land and housing speculation. This has been aggravated by the lack of land regulation mechanisms and a disconnection between housing location and urban planning structures. Easy credit, oversupply of houses due to poor market and demand assessment, lack of adequate infrastructure and amenities, neighborhood violence, environmental problems, etc., are some of the many factors that explain these landscapes of wasted prosperity. This has resulted from the

18 Shlomo Angel (2011), Making Room for a Planet of Cities, Lincoln Institute of Land Policy, Cambridge, USA.
sectoralization of housing and the production of monolithic housing estates (dormitory cities) not based on urban planning that advocates mixed uses, appropriate densities and sustainable mobility amongst others.

F. The general reduction of poverty and the increase of inequality

52. A number of developing countries, mostly in Asia and Latin America, have been narrowing the gap in living standards vis-à-vis developed countries. In China, massive economic growth has enable the country to pull 680 million people out of extreme poverty between 1981 and 2010, and reduce the rate of extreme poverty from 84 per cent in 1980 to 10 per cent in 2013. China accounts for three-quarters of the global reduction in poverty. Various African countries are making important progress while others are still lagging behind. According to the World Bank, the number of the world’s poor living on less than $1.25 a day decreased from 1.9 billion in 1990 to 1.3 billion in 2008. Updated economic projections for developing countries by the IMF and the World Bank indicate that an estimated 970 million people will continue to live on under $1.25 a day in 2015, equivalent to 15.5 percent of the population in the developing world. This shows a slight improvement from the 2012 estimates of around 1 billion people living in poverty.

53. At the same time, with the exception of Latin America and the Caribbean region and a few other countries in the world, income and wealth inequalities have increased since the early 1980s, including in high income countries. OECD shows that the Gini coefficient stood at an average of 0.29 in OECD countries in the mid-1980s and by the late 2000s, it had increased by to 0.316 or by almost 10 per cent. Inequalities had significantly risen in 17 of the 22 OECD countries.

54. Urban areas are becoming more unequal. While inequalities are declining in urban areas in Latin America and the Caribbean, they still remain high. African cities appear to be the most unequal cities in the world and inequalities are increasing in general terms. Inequalities in Asian cities are relatively low, but are increasing. In China for instance, inequality is increasing despite high levels of economic growth. Typically, income inequalities seem to coincide with inequalities of opportunities and the access to resources, as a result of social, cultural and political barriers.

G. The steady increase of the number of slum dwellers in the developing world

55. In many developing countries, urban expansion has often been characterized by informality, illegality and unplanned settlements. Above all, urban growth has been strongly associated with poverty and slum growth in many developing countries, particularly in sub-Saharan Africa. Fortunately, a number of countries in the Northern part of Africa, Asia and Latin America have, to some extent, managed to curb the further expansion of slums and to improve the living conditions.

56. Efforts, uneven as they may have been, to narrow the most unacceptable form of urban divide, represented by slums around the world have yielded some positive results. The slum target was achieved in 2012 with more than 220 million people moved out of slum conditions.

57. However, there is no room for complacency. Data shows that the urban divide endures, because in absolute terms the numbers of slum dwellers have actually grown considerably, and will continue to rise in the near future. Between the year 2000 and 2010, the urban population in the developing world

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20 UNDESA (2012), Realizing the Future We Want for All: Report of the Secretary-General, UN System Task Team on the Post 2015 Development Agenda, New York.
24 Gini coefficient is a standard measure of income inequality that ranges from 0 (when everybody has identical incomes to 1 (when all income goes to only one person).
increased by an estimated average of 58 million per annum; this includes 6 million who were not able to improve their conditions and became slum dwellers. UN-Habitat estimates confirm that the progress made on the slum target has not been enough to counter the demographic expansion in informal settlements in the developing world. In this sense, efforts to reduce the numbers of slum dwellers have been inadequate.

**H. The amplification of different types of crises and associated protests**

58. The world has faced cascading crises of all types since 2008, from financial to economic to environmental to social to political. Soaring unemployment, food shortages and attendant price rises, strains on financial institutions, insecurity and political instability, among other crises, have demonstrated that cities around the world are, to varying degrees of intensity, exposed at least as much to the destructive as to the more beneficial effects of international markets, including social and political repercussions.

59. Participants in the recent protests and riots in various cities of the world (Cairo’s Tahrir Square, Madrid’s Puerta del Sol, London’s St Paul’s Cathedral or New York’s Zuccotti Park, Taksim Square in Istanbul among others) were not only demanding more equality and inclusion; they were also expressing solidarity with fellow citizens that belong to the “99 per cent” (the vast majority) as opposed to the “one per cent” (those with vastly disproportionate shares of wealth and decision-making capacity). These movements highlighted the inherent risks of ill-balanced growth or development policies, and their failure to safeguard prosperity for all.

60. Beyond the macro implications, serious malfunctions at the local level either exacerbated the wider systemic distortions or even provided the basis for their occurrence. Urban based systems and structures have been used to perpetuate inequality. Mechanisms such as the predatory lending which triggered the 2008 financial crisis, the rent seeking returns linked to local infrastructural projects, super profits in real estate investment are facilitated by both national and local urban practices. Within cities, the differential access to public goods and services, including shelter and associated public facilities, have constituted the underlying basis for urban inequity. Throughout history, cities have served as stages for protests and the recent social movements are no exception. Demographic concentrations in dense urban spaces allow critical masses of protestors to congregate and air new ideas, highlighting cities’ role as sounding boards for social change.

**I. The urban risks of climate change, human-made and natural disasters**

61. The world has become increasingly aware of the challenges of climate change and its impact on the city. Climate change has emerged at the forefront of international debate at the same time as the world is becoming predominantly urban. This is because urbanization brings about fundamental changes in production and consumption patterns that are difficult to reverse. How we plan, manage and live in our expanding cities determines, to a large extent, the effect of global warming.

62. There is no doubt that climate change exacerbates existing social, economic and environmental problems, while bringing on new challenges. Sea-level rise, tropical cyclones and storms, inland flooding and drought are inflicting heavy losses. Global projections indicate that global warming could lead to a rise in sea levels in the coming decades that can have a devastating impact on coastal cities and urban populations. Globally, nearly 60 per cent of the world’s population lives along coastlines that is less than 10 metres above sea level and which is most vulnerable to sea level rise – is urban. Some regions, such as Asia and Africa, are particularly vulnerable, as many coastal cities in these regions do not have the infrastructure to withstand extreme weather conditions. Perceptibly, the most affected today, and in the future, will be the world’s urban poor- and chief among them, the estimated 800 million slum dwellers.

63. It is crucial to recognize that cities and urban residents are not just victims of climate change but also contribute to the problem. Therefore, they must also be part of the solution. Mitigation measures are urgently required. However, to date, the measures we envisage at the global and national levels have
yet to be accompanied by concerted measures at the city and local levels. Land-use plans, transport modalities, and building designs can make cities more resilient and sustainable.

64. Since 1975, there has been a fourfold increase in the number of recorded natural disasters

27. This can be attributed in part to human-induced climate change, but also to the high levels of vulnerability of the poorest populations due to unplanned urbanization and inadequate infrastructure. Natural disasters turn back the development clock, destroy livelihoods and wipe out years of infrastructure development. The costs of the aftermath of urban disasters and complex emergencies are enormous. Likewise, the social and economic impact of conflict as well as disasters has a major effect on cities and towns affected. It is estimated that over 42 million people were displaced by sudden-onset natural disasters only in 2010. 28 From 1992 to 2012, the economic cost of disasters equaled 25 years of official development assistance. 29 It is estimated that cities hit by a mega-disaster can take over 10 years to recover. Disasters do not only wipe out development gains, they also undermine the goal of sustainable development. Poorly planned cities, high levels of vulnerability of large numbers of urban dwellers, lack of preparedness and risk reduction measures can inflict higher levels of destruction and associated costs.

J. The negative consequences of violence and crime in cities

65. Crime and violence are typically more severe in urban areas and are compounded by their rapid growth. A recent study has shown that 60 per cent of urban dwellers in developing and transitional countries have been victims of crime, over a five-year period, with victimization rates reaching 70 per cent in parts of Latin America and Africa 30. In Latin America, where 80 per cent of the population is urban, the rapidly expanding metropolitan areas of Rio de Janeiro, São Paulo, Mexico City and Caracas account for over half of the violent crimes in their respective countries. Women, young people, and those living with insecure land tenure face particular risks.

66. The impacts of crime and violence are multidimensional. Apart from injury and death, victims of crime and violence suffer long-lasting psychological trauma and continuously live with the fear of crime. At the national level, crime and violence are impediments to foreign investment, contribute to capital flight and brain drain, and hinder international tourism. At the local level, crime and violence result in the stigmatization of neighbourhoods or even entire sections of the city. Such areas become ‘no-go’ zones and eventually lose out in terms of investment or provision of infrastructure and public services.

VII. Objectives of the Conference

67. The proposed conference will pursue the following objectives:

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

(b) To identify major constraints hindering the implementation of the goals and objectives set forth in the declarations and outcomes of the major United Nations conferences and summits;

(c) To develop a shared perspective on human settlements and sustainable urban development and agree on the mechanisms through which planned urbanization can support the implementation of the Post-2015 Development Agenda and the Sustainable Development Goals;

28 World Bank and International Monetary Fund (2013).
29 UNISDR (2012), Factsheet on Impacts of Disasters since the 1992 Rio de Janeiro Earth Summit
To tackle new challenges and opportunities that have emerged since Habitat II, including climate change, the proliferation of slums, urban safety and security, and the economic dominance of towns and cities;

To outline a new development agenda that is capable of achieving inclusive, people-centred and sustainable urban development by deploying the appropriate vectors for change in order to increase productivity and enhance shared growth, thus contributing to overall sustainable development;

To revise and strengthen UN-Habitat’s mandate to ensure that the agency is up to the task of meeting the global challenges that the achievement of sustainable urban development entails, including a review of its institutional framework and the governance structure for managing this new urban agenda both within the UN and with key partners; and

To engender a collective agreement on the role that sustainable urbanization can play in the New Urban Agenda as a transformative force that can propel sustainable national development.

Habitat III offers a unique opportunity to secure renewed political commitment to sustainable urban development. The conference will focus on strengthening the coherence and enhancing the linkages between the social, economic and environmental dimensions of sustainable urbanization as it contributes to the achievement of the Post-2015 Development Agenda and Sustainable Development Goals.

**VIII. Need for a New Urban Agenda**

The two world conferences on human settlements convened by the United Nations in the past 37 years (Habitat I in 1976 and Habitat II in 1996) have been instrumental in increasing awareness and responsibility of the national governments and international community on the need to mobilize economic resources and implement institutional changes for more meaningful and effective human settlements policies and spatial planning strategies.

These conferences have united the international community behind a set of common objectives based on a declaration of principles and recommendations for national action (Vancouver Declaration on Human Settlements, 1976) and a specific agenda with goals, commitments and a global plan of action (Habitat Agenda, 1996).

Important progress has been achieved in various countries and cities across the world in areas of urban development. Urbanization – and the city itself – is increasingly perceived as an asset and a solution. It presents an opportunity to solve many of the challenges confronting contemporary human development. It is also a very powerful tool to advance societal development and promote collective well-being.

However, urbanization as part of a sustainable urban development agenda is still unfinished business. More than 800 million people live in slum-like conditions. Nearly one-fifth of all housing units in the world are non-permanent structures, and 25 percent do not conform to urban building codes and regulations. Half of the population of the developing world –about 2.5 billion people do not have access to adequate sanitation. In developed countries new forms of poverty and exclusion are emerging. Nearly 45 percent of young people around the world – almost 515 million – live on less than two US dollars a day and close to 100 million are unemployed. Women continue to be disadvantaged compared to men in cities in terms of equal access to opportunities, employment, housing, health and education and assets ownership. They experience urban violence and inabilities to exercise their rights.

73. In organizing this third conference, member states and the international community recognize investments made by UN-Habitat over the last 37 years that have generated information, knowledge, awareness, technical assistance tools and know-how that can be deployed to support the formulation and implementation of a New Urban Agenda. Through national and global monitoring, the production of flagship reports, field work with member states and partners, and putting together knowledge produced by universities, research institutes and international development agencies, UN-Habitat has highlighted cutting edge urbanization trends and conditions. The Agency has brought to the forefront of the international debate key themes, ideas and approaches that can collectively be used to open a new era in sustainable urban development.

74. The need for a New Urban Agenda derives from the diagnosis made in previous sections, emerging challenges and opportunities of urbanization as described in Part VIII above, and recent dynamics and new forces that are being shaped. It is emphasized in this report that humanity finds itself at a watershed, where critical and collective decisions have to be made – a moment at which sustainable urban development principles and actions are to be advanced. Habitat III represents a unique opportunity to propose a new development paradigm and a new business model where urbanization and development are seen as mutually reinforcing each other and as crucial to sustainable development.

75. This is a critical juncture to use the dynamic forces of urbanization to make a giant leap towards sustainability. The international community can ride the wave of change by convening a conference where a collective strategy can be drawn to ensure that cities walk steadily into the 21st century.

**IX. Delineating the New Urban Agenda**

76. The locus of urbanization has been altered profoundly since Habitat II. The city is no longer a simple platform for development. Urbanization is a force on its own, which can be harnessed and steered through policy, planning and design, regulatory instruments as well as human actions.

77. Under the theme of housing and sustainable urban development, Habitat III will seek to advance understanding and promote consensus on key issues that can help to delineate a New Urban Agenda. These issues are strongly linked to urban sustainability. They constitute effective tools and vectors of change that can be deployed to effectively harness the transformative nature of urbanization and to activate a pattern of urban growth that can positively impact other spheres of national development.

78. For this conference various themes, or vectors of change, can be identified. These vectors need to be further analyzed in terms of their content and scope, and the different inter-linkages they have. They need to be revised, prioritized and expanded, understanding that there is no “one-size-fits-all” solution. These vectors have to be designed locally, nationally and regionally, taking the needs and specific circumstances, including the stages of development of individual cities, into account.

79. In view of the preparation of the New Urban Agenda, and for this conference, it is proposed to make a distinction between *enabling and operational vectors*. The first ones (*development enablers*) are used to harness the dynamic forces of urbanization and the second ones (*operational enablers*) provide a supporting frame for urban development to take place.

80. *Enabling Vectors* are deployed to increase productivity, enhance shared growth, and create multiplier effects which spread across space and through different levels of urbanization. Although economies of scale and agglomeration are potentially present in every urban setting, they need to be developed and deployed for their dynamism to be activated, and for many cities this has not happened to the full potential. Three key *Enabling Vectors* identified are:

**National Urban Policy**

This is a powerful vector which amalgamates the dispersed energy and potential of urban centres within a national system. It establishes a synergetic connection between the dynamics of urbanization and the overall process of national development. It builds linkages between sectors, defines the broad parameters within which the urban transformative force is activated and steered, and coordinates the work of different sectors and ministries. A major UN-Habitat objective is to have urban issues
reflected in national development strategies, poverty reduction strategies and United Nations Development Assistance Frameworks. A national urban policy should set out a framework for urban settlements and urbanization policy that can serve to coordinate and align national sectoral policies, and an overall set of normative criteria which can guide urban planning and development. Discussions about the creation of a new urban agenda should start with National Urban Policies. Habitat III will strive to define these policies and the required means for implementation.

**Laws, institutions and systems of governance**
These constitute a second vector that refers to a composite set of factors which embody the operational principles, organizational structures and institutional and societal relationships underlying the process of urbanization. These elements provide the medium within which the transformative force is nurtured and unleashed. It is a vector that creates the normative basis of action and actualization. Habitat III will be an adequate forum to do a fresh re-examination of the relevance of existing legal, institutional and governance frameworks to the unfolding nature of urban and other human settlements.

**Urban Economy**
This third vector refers to the very foundation of urbanization, the locus of the thrust of change, and the base of transformation and accumulation. Vibrant urban economic areas generate decent jobs and contribute to increased incomes, with positive multiplier effects in various development areas, especially when distributive mechanisms are put in place. While there is a strong positive correlation between economic growth and urbanization, this potential relationship is not spontaneous and self-generating. Agglomeration economies are enhanced when priority investment is given to areas where residential, infrastructure and economic densities are promoted. Habitat III will discuss the appropriate means to improve the local urban economy by exploring specific space and urban planning interventions.

81. **Operational Vectors** serve as levers that are deployed at the level of implementation and which directly determine the actual form and content of urbanization. Connected with the other vectors through rules and regulations, these operational components allow for the continuous steering of urban development, influencing land-use patterns, determining city form, and forming the basis for managing common goods. Three key Operational Vectors are identified:

**Local fiscal systems**
This vector is not only about realigning fiscal authority and responsibilities, improving systems of revenue collection and designing new financing mechanisms. It has to do as well with the need to operate a shift on the role of local fiscal systems – from being instruments of revenue generation and budget management – to factors of change that generate real development outcomes and impacts. Habitat III will seek for agreements on how a robust system of revenue and expenditure can contribute towards realizing broader social and economic ends at both macro and local levels. Special issues to discuss as part of the New Urban Agenda are the need to give more legal and political capacities to local authorities, redesign service delivery and enhance innovative practices such as building places of value and setting up value creation mechanisms.

**Urban planning**
To unleash the potential of urbanization, a fundamental shift for rejuvenating the dynamism of urban planning as a transformative force is urgently needed. For this to happen urban planning has to transcend the current narrow geographical and architectural emphasis and become an operational vector with the force and capacity to play a key part in the new urban agenda. A reinvigorated notion

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of urban planning will optimize economies of agglomeration, promote and deploy sustainable density, encourage social diversity and mixed-land uses, foster inclusiveness, maximize heterogeneity, promote livable public spaces and vibrant streets. By doing all this it will make the city more functional, while maintaining environmental balances. Habitat III will identify mechanisms to leverage economies of scale, unlock the inherent potential for creating value and wealth, to reduce overall costs of societal transactions and promote innovation; all fundamental ingredients of urban sustainability and shared prosperity.

**Basic services/infrastructure**

Economic and Social activities in cities are dependent on urban basic services, comprising water supply and sanitation, energy, transport, drainage and waste management. The poor provision of these services in many fast growing cities stem from the failure to plan in advance of migration and growth and critically limits the potential of a city to serve as an engine of economic prosperity and inclusive social life.

The provision of water supply and sanitation has not kept pace with the increase in the numbers of people living in urban areas. Drainage is a crucial element of city infrastructure, inadequacies of which can put entire cities at risk while also being the cause of diseases. Cities are where energy consumption is concentrated and thus the move to renewable energy sources and increased energy efficiency in cities can reduce dependence on fossil fuel and contribute to pollution abatement. Traffic congestion, air pollution and increasing number of fatalities and serious injuries have become major problems, while the poor spend a lot of their income on commuting to work. Habitat III will focus on strengthening policies and institutional frameworks for expanding access to urban basic services, specifically targeted at the urban poor. It will focus on integrated planning of urban basic services. It will explore the best schemes to rehabilitate infrastructure and services, ensuring resilience and the capacity to adapt to increasing demands and pressures while reducing the consumption of land and natural resources. It will give an impetus to explore the right type of financing and technological models and promote the move towards a green economy.

**Fundamental Aspects of the New Urban Agenda**

82. Habitat III considers the fundamental need to include *democratic development and respect for human rights* to achieve sustainable urban development at every level, recognizing the rule of law, transparency and accountability as means of meeting social, economic and environmental challenges, as well as the importance of gender equality and the vital role that women have in achieving sustainable urban development.

83. Habitat III should reinforce *the environment and urbanization agenda*. The conference should put emphasis on the dual dynamic of promoting a form and functioning of an urban model which is sustainable, while at the same time harnessing the transformative power of urbanization as the main axis for fostering overall sustainable development. A stronger connection between environment, urban planning and governance should include issues such as resource use, energy consumption, climate change, ecosystems and rural-urban linkages. The relation between cities and their ecological environment needs to be brought to the fore in the evolving formulation of the agenda taking into account aspects such as ecological footprints, the recent notions of green economy and ‘decoupling’ of urban growth from resource use and its environmental impacts, as discussed in Rio+20.

84. Habitat III should strive to integrate *equity* into the development agenda. As the Report from the UN Task Team on the Post-2015 Development Agenda indicates, ‘the central challenge for this agenda is to ensure that globalization becomes a positive force for all the worlds’ peoples of present and future generations. Globalization offers great opportunities, but its benefits are at present very unevenly
shared”.36 The conference should emphasize, therefore, the importance of bringing to the fore the moral and legal right of every individual to a better wellbeing. More inclusive growth, a systematic redistribution of the benefits of development, adequate legal frameworks ensuring a level playing field, institutions protecting the rights of the poor, minorities and vulnerable groups are all essential to mainstream equity in the development agenda. Equity also involves providing for civic participation by all in the social, political and cultural spheres.

85. Habitat III will need to recognize the right to adequate housing and propose the adoption of policies aimed at making housing habitable, affordable and accessible. This entails expanding the supply of affordable housing through appropriate regulatory measures and market incentives and increasing affordability through the provision of subsidies, rental housing and low-cost income housing. The conference will promote the support of community-based programmes with adequate financial resources. It will also encourage the participation of the private sector and the development of low energy building types and techniques. It is crucial to promote sustainable spatial development patterns with higher densities, better provision of public goods and improved connectivity.

86. In support of Habitat III and the Post-2015 Development Agenda and SDGs, UN-Habitat has launched the Global Housing Strategy (GHS) as a collaborative global movement assisting Member States in working towards the realization of the right to adequate housing for all. It is expected that this global strategy will reposition housing within the global contemporary debate on economically viable, environmentally and culturally sustainable and socially inclusive cities. In order to do that, the global strategy proposes a paradigm shift in thinking and practice in housing policy, redefining the role of Governments from ‘enablers’ to ‘direct leadership and practice’.

87. Habitat III should recognize safety and security as major issues for human settlements. A new approach seeking to move away from a traditional focus on improving security through the criminal justice system toward a more preventive approach that tackles root causes of violence and insecurity offers win-win opportunities to all countries confronted by this challenge. A New Urban Agenda calls for increased efforts to address the complex inter-relations that make cities places of fear rather than places of hope and prosperity. The conference should look at the means to adopt a holistic, integrated and multi-sectoral approach to improving the livability of cities and quality of life for all urban residents. This requires good urban governance, planning and management and better coordination at the global, national and local levels. It also requires a robust partnership between cities and citizens.

88. Habitat III recognizes a recent shift of strategies and approaches on risk reduction, recovery and rehabilitation to make cities more resilient to the impacts of natural and human-made disasters. The conference will promote institution building, improved governance, strategic partnerships at all levels, and appropriate sectoral coordination in critical areas such as housing, infrastructure, land and urban planning to ensure long-lasting solutions rather than expensive, short-term approaches. Building on UN-Habitat’s guiding principles on relief, reconstruction and development, which offer a realistic, forward thinking approach to recovering from crisis, the conference will discuss ways for countries to adopt an integrated, incremental approach. This approach promotes preparedness of urban areas among national and local authorities and recommends maximizing sustainability in the humanitarian response.

89. Habitat III should put in place a global monitoring mechanism that provides a global outlook and periodic assessments on the state of cities in key sustainable development issues such as housing, basic services, poverty and inequality, energy and climate change, among others. The conference should discuss this mechanism, building on the experience of the UN-Habitat flagship reports.37 The global monitoring mechanism will assess progress in the implementation of the new urban agenda, identifying possible setbacks and constraints. It will further develop and strengthen measurement

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36 UNDESA (2012), Realizing the Future We Want for All: Report of the Secretary-General, UN System Task Team on the Post 2015 Development Agenda, New York.
tools and headline indicators reflecting key aspects of sustainable urban development, building upon the “City Prosperity Index”\(^{38}\), connecting data to action plans and policy recommendations.

X. A Shared Vision for Change: Agreements and Outcomes

90. Habitat III will be a forward looking conference, providing likely urban trajectories and scenarios. It will do an evaluation of the period since Habitat II to determine the urbanization challenges and opportunities facing cities in different regions in the new millennium, and how the United Nations, and particularly UN-Habitat, should support stakeholders, including Governments and cities, in achieving sustainable urban development. While the outcomes of Habitat II constituted essentially a national-local agenda, Habitat III will consider mechanisms for global implementation and reporting, in addition to international conventions for tackling some dimensions of sustainable urban development, such as equity, human rights and climate change.

91. Through various 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; one that recognizes the ever-changing dynamics of human civilization and takes advantage of new opportunities.

92. The conference will benefit from city authorities’ recent experiences and their partnerships with different stakeholders, including city-to-city partnerships, the private sector and various types of grass-roots federations, all of which demonstrate potential approaches for creating greener, more resilient and more livable cities with vibrant urban economies and equitable access to land, housing and basic services and infrastructure. Global monitoring and research of current urban trends, best practices and policies will form the basis of the road map for the conference and the discussions.

93. Member States, regional representations, city networks and other conference participants should support a forward-looking and focused political document capable of giving renewed impetus to sustainable urban development. In order to do that, Habitat III needs to agree on a shared vision for change, and be able to deliver results within agreed time frames.

94. At the conference, agreement will be sought on the following aspects:

i) Consolidate lessons learned from previous programmes;

ii) Identify programmes and projects that use best practices to tackle the critical lack of housing, land and basic services and infrastructure;

iii) Scale up actions and policies that work as vectors of change with the power both to harness the dynamic forces of urbanization (i.e. National Urban Policy, Laws, institutions and systems of governance and urban economy) and to ensure that sustainable urban development can take place (i.e. local fiscal systems, urban planning and basic infrastructure);

iv) Establish monitoring systems with clear baseline data, indicators, targets and goals necessary to review on a regular basis the implementation of the New Urban Agenda, based on scientific methods and approaches that constitute the basis for informed decision making;

v) Mobilize resources for specialized technical assistance for sustainable urban management and the design and implementation of slum prevention strategies;

vi) Create networks between urban and other sustainable development sectors in order to tackle issues that are generally addressed through fragmented and unproductive sectoral approaches;

vii) Produce effective government and city responses for pressing and emerging challenges, such as climate change and urban insecurity and crime;

viii) Devise strategies that can contribute to the progressive realization of human rights and the integration of equity to the development agenda, looking into different ways to expand opportunities, ensure access to public goods and commons;

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\(^{38}\) The City Prosperity Index was designed and operationalized by UN-Habitat. The initiative was launched in 2012 upon the request of cities and Member States, and is now being implemented in various cities and countries in the Global South.
ix) Develop a shared perspective on human settlements and identify sustainable urban development principles and opportunities to use urbanization as a tool to confront contemporary human development challenges;
x) Revise and strengthen UN-Habitat’s mandate to ensure that the agency is up to the task of meeting the global challenges that the achievement of sustainable urban development entails.

95. The conference will produce an **outcome document** that will advance action on sustainable urban development and provide a firm foundation for social, economic and environmental well-being and the prosperity of cities of all regions. The document will define a wide range of actions with specific additional outcomes, including:

a. a New Urban Agenda that will detail goals, principles, objectives and strategies for implementation, including agreed enabling and operational vectors for change as a tool to achieve sustainable urban development;
b. a strategy to support the implementation of the 2015-Post Development Agenda and the Sustainable Development Goals using human settlements and urbanization as a vehicle for change;
c. a set of strategic interventions in key development areas (slum upgrading and prevention, equity and poverty reduction, housing and basic service delivery) taking into account the specificity of regional settings and the opportunities they offer;
d. a limited number of crosscutting thematic international and regional actions in support of the New Urban Agenda and the strategic interventions, including the improvement of gender equality and youth development;
e. a global monitoring tool able to track progress and identify setbacks on sustainable urban development issues at city and national levels using new approaches, techniques and indicators;
f. a strategy for sustainable urban development financing;
g. a plan to engage civil society groups (social organizations, private sector, academic community) in a more active manner in the delivery and promotion of sustainable urban development issues;
h. a capacity development scheme for ad hoc city- and country-specific, and, where appropriate, region and sector-specific actions and for a limited number of crosscutting and thematic actions that contribute to sustainable urban development;
i. a new architecture for sustainable urban development governance that will facilitate the implementation of SDGs and the pursuance of sustainable development. This will entail an institutional framework review and the design of a reinvigorated UN-Habitat capable to pull together all UN Agencies and organizations involved in sustainable urban development.

96. The New Urban Agenda will embrace all types of human settlements, establishing a better connection between rural, peri-urban and urban areas – and their regional hinterlands – creating a stronger interdependence and coordination among national, state/province and local levels of government, and also with other spheres of society in the urban development agenda. This new agenda will maximize the transformative power of urbanization in support of national development and overall prosperity.