Summary

The 64th session of the General Assembly requested the Secretary General, in collaboration with the UN-Habitat Governing Council, to prepare a report on the question of convening in 2016 a third United Nations conference on Housing and Sustainable Urban Development (Habitat III). This report is submitted pursuant to that request. It builds a case for convening the conference by examining key developments that have occurred since the Istanbul conference in 1996 and the special session of the General Assembly of 2001. It highlights the prominence of cities as the dominant human settlements in the current age. It identifies challenges that have emerged, setbacks encountered and the overall new reality of the urban age that has evolved.

The report traces the milestones that have been attained through global consultations that have taken place in the last 15 years. It also analyses the shifts in perspectives as well as approaches culminating in the present phase, in which sustainable urban development has become the main agenda.

The report suggests that the convening of Habitat III is important, among other things, for outlining a new development agenda that can respond to the new challenges and the new role of cities. The conference will also need to address ways of strengthening the institutional framework for sustainable urban development and housing.
A. Introduction

1. The present report is prepared pursuant to resolution A/RES/64/207 adopted by the General Assembly on 21 December 2009 which took note of the recommendation made by the Governing Council of UN-Habitat in its resolution 22/1. Having considered the question of convening in 2016 a third United Nations conference on Housing and Sustainable Urban Development (Habitat III), the General Assembly requested the Secretary General to prepare a report on this question, in collaboration with the Governing Council, for its consideration at the sixty-sixth session.

2. This report is submitted to the Governing Council for its consideration and for onward transmission to the General Assembly.

B. Overview

3. It is more than 15 years since the adoption of the Istanbul Declaration and the Habitat Agenda consisting of goals and principles, commitments and a global plan of action for achieving its 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 in achieving these goals, today, more than ever before, governments are facing major urban challenges, partly arising from the failure of previous policies and partly as a result of the phenomenon of rapid urbanisation and the emergence of mega urban regions, as well as the emergence of new challenges such as globalization, global economic crises, rising urban crime and violence, and climate change.

4. Cities and urban centres have become engines of economic development and central to the value chain of production and consumption defining the content of social, political and economic relations and where large proportions of GNP of nations are produced. Cities have become a critical link for achieving national, regional and global development and for promoting sustainable urban development. Indeed, urban centres are now the dominant habitat for humankind. Yet cities, particularly in developing countries, are beleaguered by poverty, insecurity and increasing informality and slum formation that adversely affect their role in national development.

5. The shift in the role and configuration of the city, as well as the urbanisation of poverty (characterised by the rise of slums as a global phenomenon) have become more pronounced in the last decade, thus impinging significantly on the commitments and the full realization of goals and outcomes intended by the Habitat Agenda. The evolution of new synergies; the development of new relationships in cities, as well as new advances in science, technology and business systems have also had a bearing on the expected outcomes of the Istanbul conference of 1996. New scenarios have emerged which require different sets of interventions while benefiting from advances in the normative underpinnings of the Habitat agenda.

6. In 2001, five years after the adoption of the Istanbul Declaration, a major review of the implementation of the Habitat Agenda was undertaken, and the Declaration on Cities and Other Human Settlements in the New Millennium was adopted. Even at that early stage, the irreversibility of urbanisation was confirmed and the prospect of a rapidly increasing process of urbanisation was recognized. At that point, however, the main response was to reaffirm the Istanbul commitments and to call for a reinvigoration of the efforts agreed upon earlier for achieving the twin goals of the Agenda. Today, the intensity of challenges has magnified; and the vulnerabilities of increasing populations considerably amplified. The constellation of forces
has altered, new issues have emerged and opportunities have appeared. Indeed, this new conjunctur has critically necessitates an urgent and consequent review of the global urban agenda.

7. The need for review is not only necessitated by the changes which have taken place in the internal dynamics of the city. Rather, the process of implementing the Habitat Agenda in the last 15 years underlines a need for taking stock of the experience gained, successes achieved through an array of policies and strategies, as well as the setbacks experienced. There have been shifts in approaches; first, from fragmentation and sector approach in implementing the Agenda, to establishing linkages and integration within the dynamics of an urban setting. Second, from policies promoting housing market deregulation, to progressive approaches embraced by some governments and non-state actors reinforcing the Agenda’s commitment to the progressive and full realization of the right to adequate housing. Third, there is now greater emphasis 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 globalisation, climate change and increasing decentralisation and transfer of responsibilities to city governments.

8. At the dawn of the twenty-first century, a century recognised as the century of the city, there is an urgent need to revisit the Habitat Agenda and its 15 years of implementation in order to prevent this new century from becoming the century of slums. The Habitat III conference will enable serious consultations among Governments on the world’s urban future, a future characterised by unprecedented challenges and serious risks.

9. The following sections of this report will elaborate on the above facets, starting with highlighting the distinctiveness of the emerging urban dispensation.

C. The Urban Age

10. The global urban transition witnessed over the last decades has been phenomenal, presenting Governments and local authorities with challenges never faced before. In 2008, for the first time in history, over half of the world’s population was living in urban areas and, according to current projections, this will rise to 70 per cent by 2050. Almost all this growth will take place in developing countries. Between 2007 and 2025, the annual urban population increase in developing countries is expected to be 53 million (or 2.27 per cent), compared to a mere 3 million (or 0.49 per cent) in developed countries.

11. Almost globally, urban centres have become vibrant instruments for economic, social and human development in general. 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 socio-political and economic change.

12. While the vibrancy associated with urban development has become more prominent in large cities, some of which have become mega cities, the bulk of urban growth has been taking place in small and medium sized cities, mostly of less than 500,000 people. Indeed, it is estimated that as early as 2005, almost half of the urban population already lived in cities of that size and the pattern is continuing for much of the immediate future. The paradox of this spatial demographic phenomenon is that these small urban centres acutely suffer from lack of managerial resources and institutional capacities to cope with their new challenge of being the dominant urban habitat.
13. At the same time, cities have also become a locus of increasing poverty and deprivation. This is particularly the case in much of the developing world where rapid and unmanaged urbanisation is accompanied by slum formation, poorly built housing, increasing poverty and vulnerability to human-made and natural hazards, as well as growing inequalities, all of which pose enormous challenges to human security and safety. This pattern of urbanisation is a serious threat to national development and social cohesion. In 2003, the world had nearly one billion urban dwellers living in slums, deprived of the most basic amenities such as water, sanitation, security of tenure, durable housing and sufficient living space. Despite the success achieved by some countries in decreasing the proportion of slum dwellers in relation to the total urban population, in absolute numbers, they have increased globally and will continue to increase if no concerted action involving national and local governments, non-governmental and community-based organisations as well as the international community are put in place. The persistence of this situation may become a major threat to social stability and affect global peace and security.

14. While the spatial and scale factors were implicitly factored into the 1996 Habitat Agenda, it is the rapidity of change, institutional realignment and the all-encompassing character of urbanisation which marks this new conjuncture. Change is appearing at such a fast rate that it is almost overwhelming. The processes of housing provision, delivery of basic services, land development, livelihood creation and urban mobility have to be drastically accelerated to attain the critical balance between demand and supply to all.

15. In terms of the all-encompassing urbanism, the rise of the city within the national institutional setting has led to the emergence of new relationships and even new politics. Twenty years ago, the fulcrum of partnership lay with the national governments, with whom the Habitat Agenda charged the leadership role in fostering an enabling relationship with other key stakeholders. It is evident today that the axis of responsibilities is shifting towards city governments in building partnerships for effective results. Other stakeholders, such as private actors like banks and developers, as well as civil society groups, are vigorously asserting themselves and, in this way, positively affecting the overall dynamism of urban development.

D. Milestones in Sustainable Urbanisation and the International Responses

16. While Habitat I in Vancouver, in 1976, clearly perceived and presented urbanization as a challenge that needed control, Habitat II projected urbanization and the resultant cities as an opportunity and as the engines of growth. The resultant Istanbul Declaration emphasised two goals: ‘Adequate Shelter for All’ and ‘Sustainable Human Settlements in an Urbanising World’.

17. The adoption of the Millennium Declaration and the Millennium Development Goals in 2000 provided a further impetus to the implementation of the Habitat Agenda. The focus on poverty eradication and environmental sustainability strongly resonated with the Habitat Agenda.

18. The following year, in 2001, at the 6th plenary meeting of the special session of the General Assembly on 9th June 2001, the representatives of Governments, meeting to review the implementation of the Habitat Agenda, reaffirmed their will and commitment to fully implement the Istanbul Declaration on Human Settlements and the Habitat Agenda. The review process highlighted important lessons: countries were becoming more and more inter-dependent and cities were becoming more competitive; urbanization and globalization had both accelerated since Habitat II and were contributing to both prosperity and increased urban poverty in some regions.
19. The Habitat Agenda also featured at the World Summit on Sustainable Development in ......

The Summit reaffirmed sustainable development as a central element of the international agenda and gave new impetus to global action to fight poverty and protect the environment. The Summit recognized the phenomenon of urbanization as part of the equation of sustainable development to a greater degree than in previous international meetings on sustainable development. References were made to the MDG target of improving the lives of slum dwellers and access to safe drinking water and to basic sanitation as key components for improving urban wellbeing.

20. Water, sanitation and sustainable human settlements were considered thereafter at the 12th and 13th sessions of the Commission on Sustainable Development (CSD) in 2004 and 2005. The Secretary-General’s reports on sustainable human settlements development facilitated the Commission’s review and decision-making on progress achieved at all levels in the implementation of the human settlements goals and targets contained in Agenda 21, the Programme for the Further Implementation of Agenda 21, and the Johannesburg Plan of Implementation. The operationalisation of the Habitat Agenda was given further impetus by the 2005 World Summit Outcome that also “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.”

21. There has been a continuing convergence between the environmental and the human settlements agendas, and a remarkable advancement in the normative foundation of the Habitat Agenda 15 years after its adoption is taking place, reflecting an enrichment of the notion of sustainable development.

22. It is worth noting that while there have been fewer UN related global conferences since 2005 that have specifically focused on the city and human settlements, consultations have continued to take place within the framework of the General Assembly. Consistently, the Secretary General has presented progress reports on human settlements to the General Assembly, to which member states have reacted, often with corresponding resolutions. At a different level, the Governing Council of UN-HABITAT has also sustained this momentum by adopting several resolutions emphasizing elements of the Habitat Agenda such as the right to adequate housing, guidelines on access to basic urban services for all, public-private partnerships in financing affordable housing and cities and climate change. The decade long consultations which ultimately led to Member States approving the Guidelines on Decentralisation and Strengthening of Local Government in 2007 is one example of such a process. Similarly, there have been other vehicles, such as the biennially held World Urban Forum, which has now evolved into a major non-statutory conference of partners addressing emerging issues of relevance to the Habitat Agenda.

E. Performance Review

23. A fairly comprehensive review of the Habitat Agenda was undertaken nine years ago, and it was dubbed the Istanbul +5 Review. The assessment was generally positive but some challenges were highlighted. In policy, institutional and programmatic terms, there is evidence of concerted efforts among nations to live up to the commitments and to take concrete measures along the lines of the Habitat Agenda’s Global Plan of Action. However, the cumulative impact of all the interventions has not fully enabled the realization of the goals of adequate shelter for all and sustainable human settlement development.
24. A recent overview by UN-HABITAT confirmed that over the past 10 years, the share of the urban population living in slums in the developing world has declined from 39 per cent in 2000 to 33 per cent in 2010. On a global scale, this is cause for optimism. The fact that more than 200 million slum dwellers have gained access to either improved water, sanitation or durable and less crowded housing shows that countries and municipal governments have made serious attempts to improve slum conditions. However, in absolute terms, the number of slum dwellers in the developing world has actually grown and will continue to rise in the near future. The progress made on the slum target has not been sufficient to offset the growth of informal settlements in the developing world, where the number of urban residents living in slum conditions is now estimated at some 828 million, compared to 657 million in 1990 and 767 million in 2000.

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

26. In the area of housing, there was a noticeable retreat of the state and increasing reliance in market provision as a result of the realignment of public policies and shrinking government expenditures. Housing fell out of the political agenda and market provision actually failed to provide affordable and adequate housing opportunities to low-income households. The consequences for cities have been appalling and widespread. First, the backward and forward linkages of housing with other parts of the economy and its role in poverty reduction and employment generation were not realized. Second, informal land and housing developments became the engine of city growth, propelling the multiplication of slums, with appalling impacts on the spatial structure of cities and the quality of urban life. Third, self-organising initiatives involving international and national NGO’s multiplied, with the creation of urban poor federations and savings groups as mechanisms to make serviced land and housing accessible for those excluded from formal housing finance and scarce public housing programmes. Finally, Habitat Agenda partners in different parts of the world embraced the agenda’s commitment towards the realization of the right to adequate housing. This has influenced legal and constitutional reforms, the design of targeted subsidy programmes and has boosted advocacy groups to improve the housing conditions of the poor. Nevertheless, access to land and housing have not been brought to scale and currently the regional conferences of ministers of housing in Asia, Africa and Latin America are urging for broad housing reforms and calling for a new generation of housing and land policies. The Habitat III conference will provide a much needed opportunity to revisit previous approaches and embrace a new global housing strategy which is more inclusive, rights-based, financially creative and fine tuned with green building practices and environmental sustainability.

27. In the areas of social development and the eradication of poverty, some progress has been made in addressing the phenomenon evidently noticed during the 5 year review of 2001— that is, the urbanisation of poverty and, particularly, its feminisation. In various developing countries systemic steps have been taken to facilitate access to land and improve on its security, particularly for women, to foster more social inclusion and integration, and to embark on poverty eradication programmes. Nevertheless, the phenomenon of the urbanisation of poverty has remained a reality, which of late is compounded by increasing inequities in income, access to services and more prominently in deprivation of opportunity.

28. In the area of urban environmental management, significant advances were made in managing and controlling pollution through liquid and solid waste management technologies
and innovations in recycling and protection of vulnerable ecosystems through planning and regulatory controls. The notion of the ‘ecological footprint of cities’ emerged, and a distinction between the ‘brown’ and ‘green’ agendas was made, demonstrating a concern over urban growth and its impact on the surrounding environment. And the brown agenda has remained a serious challenge for many developing countries while there is progress in its convergence with the green agenda. The renewed debate on the role of planning, and the impact of climate change have brought this to the forefront. Cities are challenged to embrace a low carbon growth pattern of urbanisation where improvements in living standards are dissociated from increasing its ecological and carbon footprint.

29. As acknowledged earlier in this report, cities are contributing most of the GDP of many countries and have assumed the pivotal role in national and global development. The process of globalisation has created layers of cities that are tenuously interlinked through production, trade, services and administration. Again, much of this economic dynamism is not fully shared across cities within countries and, more significantly, across regions. The starkest inequities in cities are witnessed in the sphere of economic development that has taken place in the last 15 years.

30. More initiatives have been taken in improving urban governance. Institutional processes to allow for subsidiarity, civil society participation, transparency and accountability have been pursued across the world. Decentralization has been pursued and has strengthened municipal autonomy and city governments in the developed and developing countries. Innovative processes such as participatory budgeting are being disseminated for adaptation all over the world. New partnerships and business arrangements have evolved and are contributing to improving efficiency and effectiveness. Despite these positive changes, the role of local authorities, particularly in urban management, remains weak. Political and administrative decentralization has not been followed by fiscal autonomy, keeping local authorities weak and dependent on resources originating from inter-government transfers. There is still a heavy dominance of national institutions, particularly in developing countries. Much of the revenue and expenditure is mobilized and allocated for use by national institutions. In many parts of the world, there has been modest progress in citizen participation in decision making, implementation and even monitoring and evaluation of public policies, demonstrating the need to further enhance the decentralisation agenda.

31. Finally, in terms of international development, laudable measures have been taken, in sustaining the implementation of the Habitat Agenda. The elevation of the former United Nations Centre for Human Settlement and its transformation into a full UN programme has strengthened its capacity to monitor and further enhance its implementation activities and commitments. For almost a decade, resource flows for facilitating its implementation activities were significantly maintained and systems of exchange and sharing of experiences and best practices were supported.

32. However, the rapid pace of urbanisation and expansion of the scope of the problems faced by cities have not been matched with increase in resource allocation from development partners to governments and cities over the last five years. On the contrary, this has actually decreased. The urban agenda, and the Habitat Agenda in general, have not received adequate support and many bilateral development agencies have down-sized or even closed down their urban programmes.

F. Current and Emerging Urban Challenges
33. The implementation of the Habitat Agenda and the achievement of its goals have not been influenced only by the modality of implementation. New issues have emerged over the years and these have also impinged on the realization of the Habitat Agenda goals.

**F.1 Climate Change and Urban Risks**

34. It is acknowledged that cities are one of the major contributors of greenhouse gas emissions. Cities therefore have a key role to play in the mitigation of greenhouse gas emissions and adaptation to climate change, as well as in promoting energy efficiency through more appropriate land-use planning, new urban spatial patterns, more efficient urban management and green building practices.

35. Millions of people around the world are already, or will be, affected by climate change. Urban areas, which typically feature high concentrations of populations and buildings, are particularly vulnerable. Cities located in coastal areas, alongside river fronts, on steep slopes or other risk-prone areas are exceptionally vulnerable to global warming and to the increasing threats of extreme weather events and sea level rise. It is worth noting that cities located in coastal areas are particularly vulnerable to cyclones, the frequency and intensity of which have been on the increase over the past three decades. Climate change is expected to compound the overall vulnerability of urban areas through rising sea levels, more frequent and intense extreme weather events, as well as inland flooding, among other challenges. Conversely, areas where climate change is expected to reduce rainfall may be affected by drought, shrinking water tables and food scarcity. In urban areas, the poor are the most vulnerable to the effects of climate change, and particularly slum dwellers in developing countries. High costs of urban land and housing are pushing low-income households into locations that are prone to natural hazards, increasing their vulnerability and propelling perverse urbanisation patterns. Four out of every 10 non-permanent houses in the developing world are now located in areas threatened by floods, landslides and other natural disasters. Significantly, such disasters are only partly a result of natural forces – they are also products of failed urban management and planning and weak capacities to ensure law enforcement and development control. Paradoxically, disasters can also create opportunity. Recovery and reconstruction offer a unique chance to revisit past practices and rewrite policies affecting future development in disaster-prone areas, thus creating the capacities to promote resilience, mitigation and preparedness.

36. Climate change is partly driving rural-urban migration, with droughts, desertification and soil erosion causing people to settle on fragile lands and on informal settlements located in the periphery of cities or in crowded slum areas in the urban core. Overcrowded and under-serviced settlements and urban neighbourhoods leave millions exposed to health impacts and subject to both human-made and natural disasters.

37. Another major concern is urban sprawl – the expansion of suburbia and informal settlements on peri-urban lands. This pushes cities into their surrounding environments, in the process threatening environmental resources and increasing commuting distances and dependence on individual private cars. This phenomenon has an adverse impact on the ecological footprint of cities and propels the use of oil as an energy source, thus contributing further to greenhouse gas emissions. This poses new imperatives for housing policies, urban planning and design, especially in terms of types of housing, urban density and transportation within urban settings as well as between urban centres.

**F.2 Slum Prevention and Slum Upgrading: housing matters**
38. Given that today one out of every three urban dwellers in the world lives in slums, and that one sixth of humanity lives in sub-standard housing conditions and with the threat of this doubling in the next 20 years, the problem of slums and access to serviced land and housing remains one of the greatest challenges facing cities in the 21st century. On the one hand, there is a stock of slums that need to be addressed through a range of improvements and upgrading programmes. The biggest shift during the last 15 years was the move from project to citywide slum upgrading programmes with an effort to gain scale and integrate these areas into the formal, legal institutional and urban planning and management frameworks of cities. However, on the other hand, slum prevention strategies have not been brought to scale and put in place simultaneously with slum upgrading policies.

39. Slum prevention can only succeed if there are policies to make a wide range of housing opportunities and serviced land available to all segments of the population. This shift has been slow and timid during the last 15 years. Enabling the housing sector to work is thus critical, if not a sine-qua-non, for slum prevention. This is the greatest challenge for the years to come. By widening housing choices and enabling the provision of housing opportunities at appropriate scale, affordable price, sufficient in diversity of size, price and typology, and in suitable locations vis-à-vis access to employment and income generation, housing is likely to impact on the future of cities, influence directly their ecological and economic footprints, and affect their overall sustainability. The scale of supply is fundamental, as it impacts housing prices and overall housing market performance. It is likely to widen choices and affordability and prevent slum formation by providing viable alternatives to informal land and housing developments. Therefore, enabling the housing sector to work and play its role is likely to impact directly on city sustainability. Its integration into urban planning and management and the institutional and policy reforms dealing with land delivery, investments in infrastructure and municipal finance will certainly create a new generation of urban policies – not to mention its economic links with other areas of the economy, enabling it to generate jobs and to contribute to local economic development and poverty reduction.

F.3 Economic development challenges

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

41. The global economic crisis, which began in the housing finance sector in 2008, has accelerated economic restructuring and unemployment in all parts of the world with a direct impact on urban labour markets, causing a rapid growth of the urban informal economy in all regions of the world. Informal sector jobs account for more than 50 per cent of all employment in Africa as well as in Latin America and the Caribbean and a little lower in Asia. Among the most significant urban challenges that Governments have to address in the next few decades, especially in developing countries, are how to respond to increasing poverty and inequality as well as to the rapidly expanding urban informal sector and growing social insecurity affecting the majority of citizens involved in informal or small scale business.
F.4 Socio-spatial challenges

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

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

F.5 Insecurity and Crime

44. Perhaps it is useful also to add as part of the emerging issues, the spectre of crime and terrorism which have now become part of the daily consciousness in many parts of the world. Buildings are designed with security as a major factor. Travel, information systems, packaging of consumption products, and even relations amongst individuals are all affected by the threat of crime and insecurity.

45. At the city level, domestic or armed violence, gang murders and kidnapping are a fact of life. Because of fear, urban societies are responding with short term solutions: gated communities and private security, options that are not accessible to the urban poor. Fear of crime is creating an atmosphere of urban paranoia, with some cities almost failing to function normally. This situation exacerbates urban informality, exclusion, extra-legality, unlawfulness and incivility.

46. Cities affected by crime and violence in the world are suffering negative impacts on their economies: they are loosing jobs as well as local or global investments. Socially, their populations are seeing their quality of life dramatically affected. In cases where crime is rife, production of public as well as private goods is being affected by extra costs that adversely affect the poor who cannot afford to incur the extra costs.

47. All of the above issues have acquired prominence more recently and were not part of the 1996 Global Action Plan of the Habitat Agenda. Their increasing severity has impeded achievement of the Habitat Agenda goals and even eroding some of the gains made.

G. Future Challenges & Opportunities for Sustainable Urbanisation

48. What is the trajectory of global urban development in the next 25 years? What are the main pointers that can guide governments and their partners in the private and community sectors as well as the international community in preparing for the urban future?
49. These and related questions need to be addressed as the 20-year anniversary of the Habitat Agenda approaches. Humankind has become ‘*homo urbanus*’ – an urban species. At the global level, this stage has been attained alongside a severe backlog of needs and demands in the areas of housing, basic services and infrastructure, as well as means of generating livelihoods. Increased inequity has become a common feature of current trends, often degenerating into marginalisation and alienation of the majority by the few. New issues and challenges have emerged whose threats seem to compel all parties to remain engaged with the urban collective agenda.

50. There are two basic scenarios for the short- to medium-term future. In the first, cities, lacking requisite resources and policy priorities fail to meet the needs of the future. In this case, in less than a generation, some two billion people end up living in sub-standard housing and overcrowded informal settlements. Slums proliferate and poorly planned cities and dysfunctional metropolitan regions become the dominant urban form of cities in Africa, Asia and Latin America. At the same time, many urban areas in the North continue to shrink and lose their economic vitality as a result of suburban sprawl, ageing populations and de-industrialization. Many people living in poorly planned urban areas lack access to adequate housing and basic services. Few will be recognized as urban citizens and many will end up working in the informal economy or fall back into criminal circles. Fewer still will realize their productive potential.

51. The other scenario is one where the urban challenge rises to the fore of public policy and is matched with public and private investments in smart urban growth. This includes robust housing policies coupled with rational land use planning and improved urban infrastructure and basic services, as well as the full exploitation of technology to reduce and halt current rates of slum formation and contain the ecological footprint of cities. It also requires stable, adaptable and well performing institutions that can make sense of and address the complex inter-related challenges. The emerging paradigm is one of greener, more resilient and more liveable cities and the creation of jobs and business opportunities that provide decent work and livelihoods and lift millions of people out of poverty and inadequate housing. This will have to be accompanied by systemic interventions and bold reforms to address the need for accelerated and expanded equitable access to land, housing and basic infrastructure and services.

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

53. An increasing number of governments are also beginning to promote national policies to make municipal and local action for sustainable urbanization possible. But their efforts remain, for the most part, piecemeal. Hundreds, perhaps thousands of organizations, are setting precedents, developing tools and offering policy options to meet the urban challenge. Yet these actions are disparate. Their work is rarely recognized or assessed and the collective impact of their actions is not realized – not to mention that they rarely reach the scale required to face the challenges.
54. Furthermore, given the uncertainty factor, regardless of the challenges that future urban societies will have to face, they will have to develop new capacities to stay on course towards the sustainable urban development horizon, preparing themselves to be resilient and to act with incomplete understanding and imperfect information. Well-informed and evidence-based policies need to be nurtured while capacities are strengthened and new instruments and participatory tools are developed and tested.

55. Concentrated efforts need to be exerted to consolidate and reinforce the participation of a multitude of key actors and stakeholders and to coordinate their efforts to address the urban challenges of tomorrow. Every urban dweller is a key actor in the way urban areas will be formed and will perform in the 21st century. Central, regional and local governments, together with civil society, the private sector, academia and urban citizen and their grassroots organisations should all rally around the goal of sustainable urban development. Partnership and solidarity are essential for addressing these challenges and bringing them forward to the international community at the Habitat III Conference. These are the main reasons why the convening of Habitat III is so important and so necessary.

H. The Essence of Habitat III

56. Habitat III will focus on Urban Futures by way of providing likely urban trajectories and scenarios and looking back to the period between Habitat II (1996) and 2016 in order to determine the challenges and opportunities of urbanization and cities in the new millennium, and how the UN, and particularly UN-HABITAT ought to support stakeholders, including governments, in order that the world stays focused on the realization of a sustainable urban development. While the HABITAT Agenda was mainly a national-local agenda, Habitat III will consider mechanisms for global implementation and reporting, as well as international conventions on how to address some dimensions of sustainable urban development, such as climate change.

57. Through enhanced Networks for Sustainable Urban Development, Habitat III will bring together cities, governments, civil society, private sector, education institutions and interest groups to review urban and housing policies affecting cities and their future within an international governance architecture while helping to generate a new Urban Agenda that recognizes the ever-changing dynamics as a constant in human civilization.

58. Habitat III will benefit from the recent experiences of cities and their partnerships with different stakeholders, including city-to-city partnerships, as well as private sector participation and different types of grassroots federations. All of these demonstrate potential avenues for creating greener, more resilient and more liveable cities with vibrant urban economies and equitable access to land, housing and basic services and infrastructure. Current global monitoring and cutting edge urban research will feed into the road map towards Habitat III and will provide rigorous evidence for the discussions at the conference.

59. At Habitat III, agreement will be sought to enhance, among others things: consolidation and learning from previous programmes; up-scaling programmes that configure best practices to address the critical needs in housing, land and basic services and infrastructure; resource mobilization for specialized technical assistance in sustainable urban management and for the design and implementation of slum prevention strategies; networking for synergies between urban and other spheres of sustainable development to integrate themes that are otherwise fragmented and boxed in unproductive sector approaches; and effective responses by governments and cities to emerging challenges such as climate change and urban crime and violence.
I. Conference Objectives

60. The objectives of Habitat III are fivefold:

1. to undertake a comprehensive critical review and assessment of the implementation of the Habitat Agenda, the Declaration on Cities and Other Human Settlements in the New Millennium and the relevant internationally agreed development goals, including the MDGs;
2. identify major constraints hindering the implementation of the goals contained in the documents above;
3. address new challenges and opportunities that have emerged since the Habitat II Conference, including climate change, proliferation of slums and urban safety and security;
4. outline a new development agenda that is capable of responding to the new challenges and strengthening the new role of cities and relevant institutional frameworks in sustainable urban development and housing;
5. assess and redefine the governance structure of UN-HABITAT and its strategic development partners in the new development thinking.

J. Draft Schedule of the Habitat III

61. Schedule

- Prep Com – Organizational Session - 2013, Nairobi, 3 days, 2 meetings per day
- Prep Com – First Session – 2014
- Prep Com – Second Session – 2015
- Habitat III Conference
- 2016 [location to be decided]

K. Timetable

62. Timetable

- 2009 GC 22 recommends to hold the Conference
- 2009 GA requests a report from the Secretary-General on the Conference
- 2010 Start preparations for regular and extra budgetary process for the organizational session
- 2011 Approval of the 2012-2013 budget by the Fifth Committee
- 2013 Organizational session; 24th Governing Council
- 2014 PrepCom 1
  National and regional meeting
- 2015 PrepCom 2
- 2016 Conference

L. Conclusion and Recommendations

63. Fifteen years after the adoption of the Istanbul Declaration and the Habitat Agenda, today, more than ever before, the international community is facing major urban challenges alongside
enormous opportunities. Significant progress has been achieved in realizing the goals of the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium. Yet there have also been setbacks and obstacles. At the same time, new issues have emerged and a different set of relations has evolved among key sectors of society. The ability of the international community to face up to the new urban future, with its associated complexity and prospects, calls for the convening of another city summit.

64. Indeed, over the past one and a half decades major global conferences have been held within the framework of the United Nations system to address urban issues. These have however focused on specific aspects of urban development and mostly involved national government representatives. The emerging imperative requires that the experience of various sectors is harnessed and a more holistic perspective of sustainable urban development is taken. In terms of action, this will also entail building a stronger collective compact.

65. It is therefore recommended that the Governing Council enhances its efforts towards convening a third United Nations conference on housing and sustainable urban development (Habitat III). In response to the General Assembly request, the Governing Council is encouraged to give a positive consideration to the issues raised in this paper and to further recommend a similar appreciation by the sixty-sixth session of the General Assembly.

66. As the General Assembly deliberates on the issue of convening Habitat III, it may also wish to provide guidance on modalities of organizing the meeting, with respect to both the substantive aspects as well as the organisational processes. It is also recommended that among the issue areas to be addressed by Habitat III one should be on ways and means of strengthening the institutional framework for sustainable urban development and housing, and another on assessing and redefining the governance structure of UN-HABITAT and its strategic development partners within the context of the new development thinking.