

United Nations Centre for Human Settlements (HABITAT)

# An Urbanizing World

Global Report on  
Human Settlements 1996





AN URBANIZING WORLD:  
GLOBAL REPORT ON HUMAN  
SETTLEMENTS, 1996



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# Foreword

By the early decades of the next century, the overwhelming majority of men, women, and children in every country will, for the first time in history, be living in urban surroundings. Driven by demographics, accelerated by the globalization and liberalization of the world economy, as well as by profound and ongoing economic and social change within countries, rapid urban growth over the past decades, especially in developing countries, has literally transformed the face of our planet. A global urban civilization will have a profound impact on the patterns of national and international development and economic growth and will certainly change the content and focus of national and international policy. It is bound, indeed, to transform the style and content of politics in many countries, as cities gain more demographic and economic weight. Human settlements development and the management of urbanization have become priority challenges for the international community and the United Nations.

It is appropriate, therefore, to include a conference on human settlements in the unprecedented continuum of United Nations conferences of this decade, a continuum that is defining the environmental, social, and economic development agenda of the international community for our times. At the United Nations Conference on Human Settlements (Habitat II) to be held in Istanbul in June 1996, international organizations, national governments, local authorities, the private sector, and other non-governmental entities will come together to confront common urban problems and address development tasks that must be undertaken in partnership. At the first session of the Preparatory committee for the Habitat II Conference in Geneva in April 1994, I observed that in the coming decades urban settlements will become the primary places for the struggle for development and social and economic progress. The mass exodus to cities has already led to sharpened urban poverty, especially among women and dependent children; scarcity of housing and basic services; unemployment and underemployment; ethnic tensions and violence; substance abuse, crime and social disintegration. The emergence of giant mega-cities has brought with it land degradation, traffic congestion, and air, water, and land pollution.

And yet, at the same time, profound ongoing processes of global demographic, economic, social and technological change provide persuasive evidence that we will be looking more and more to cities and towns for economic growth and jobs for future generations. The world's cities must become sustainable, productive, safe, healthy, humane, and affordable. This demands answers to some very hard questions suggested by the Report. How do we improve the governance and financing of human settlements? Which policies are needed to improve the living and working conditions of the poor, of families and communities? How can economic growth and employment opportunities be greatly expanded in cities while avoiding long-term environmental damage and without wasting the planet's finite natural resources? How do we provide affordable housing and services to the world's growing population? And these are not just questions aimed at the developing South. Far-reaching economic and social change has cast a long shadow over many cities in the industrialized North as well, giving rise to common problems and providing the basis in this interdependent world for a common global agenda to address them. At the 'City Summit' in Istanbul, the international community will seek to shape a common global agenda to address the challenge of an urban world and to improve shelter and the living and working environment of people everywhere. All levels of

society are challenged. All levels of society must act. We are in an era caught up in a historic and dramatic transition that has still to run its course.

*An Urbanizing World. Global Report on Human Settlements*, is the second edition in a series of United Nations publications on human settlements trends and conditions world-wide. The *Report*, first published in 1986, was undertaken at the request of the General Assembly to provide a complete review of Human Settlements conditions, including their development and continuing evolution. As this 1996 edition makes clear, however, it does much more. It provides a thought-provoking analysis that goes to the heart of the central dilemma now confronting all human settlements-large and small, rich and poor-as they stand on the threshold of a new urban world.

BOUTROS-BOUTROS GHALI  
*Secretary-General United Nations*

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# Introduction

As we approach the new millennium, the world stands at a veritable crossroads in history. Urbanization holds out both the bright promise of an unequalled future and the grave threat of unparalleled disaster, and which it will be depends on what we do today. In publishing *An Urbanizing World: Global Report on Human Settlements, 1996* we do so in the hope that it will serve as a road map in helping us decide the direction to take.

With the new century just a few years away, we have relatively little time in which to act. Already, more than 600 million people in cities and towns throughout the world are homeless or live in life- and health-threatening situations. Unless a revolution in urban problem solving takes place, this numbing statistic will triple by the time the next century passes its first quarter.

The problem is getting worse because an ageing, decaying and neglected urban environment cannot keep up with an exploding urban population, one-third of which, and perhaps more, live in sub-standard housing, with basic necessities such as safe water and sanitation at a premium. Overall, the urban population is growing between two and three times faster than the rural population, virtually all of it in the developing countries.

By the year 2000, almost 50 per cent of the world's total population will be living in urban areas, and a few years later, for the first time in history, urban dwellers will outnumber those in the traditionally rural areas as the global urban population doubles from 2.4 billion in 1995 to 5 billion in 2025. Looking ahead to the end of the twenty-first century, more people will be packed into the urban areas of the developing world than are alive on the planet today.

The broad brush strokes of statistics can hardly suggest the conditions now demanding attention in our cities; but they indicate the urgency of action. By the same token, statistics alone cannot adequately describe the plight of today's rural dweller. The spotlight may be on the city, but we dare not lose sight of the fact that the less viable habitat of village and farm is also facing a deepening crisis as resources dwindle, land becomes rarer, and rural peoples sink deeper into poverty.

We will ignore this dimension of change at our risk if we see it solely in terms of the millions who have already abandoned economically stagnant rural areas in search of a better life in the cities. Indeed, we cannot get a true picture of today's shelter crisis without counting the number of people in the rural areas who also live in life- and health-threatening situations. And when we do so, it adds another 600 million to the global total, even as millions more in the developing countries flee environmental disasters and wars, intensifying the problem the more so.

Put together, the exodus from the rural areas has been called the largest migration in human history, with the search for all too many, ending in an exchange of rural poverty for urban poverty, and shelter, or the lack of it, is the most visible evidence of what is happening to them. What compounds the situation, moreover, is that the bulk of those affected are women and dependent children, a feminization of poverty that is rapidly becoming one of the most urgent issues on the international agenda.

This, in essence, is the alarm being sounded in *An Urbanizing World: Global Report on Human Settlements, 1996* an alarm we had best respond to in rich and poor world alike. For questions of where we live and how we live affect us all. One of the great ironies here is that the signs of urbanization are now so evident, so much a part of our daily lives, that we have almost come to take them for granted as part of the 'normal' urban scene: the slums and ghettos, the homeless, the paralysing traffic,

the poisoning of our urban air and water, drugs, crime, the alienation of our youth, the resurgence of old diseases, such as tuberculosis, and the spread of new ones, such as AIDS. Every city knows the signs; every city must fight them.

In short, every one of us has a stake in humanizing the face of the urban environment, and that is why this *Global Report* is intended for the expert and the layman alike. Its publication coincides with the preparations being made for Habitat II, the Second United Nations Conference on Human Settlements, in Istanbul, Turkey, in June 1996. In convening it, the United Nations General Assembly has demonstrated its determination to take a giant step forward both in assessing the current shelter crisis and in proposing realistic solutions. Habitat II, which Secretary-General Boutros Boutros-Ghali has called 'the City Summit', comes 20 years after the first Habitat conference was held in Vancouver, Canada. It is important to note here that it is not taking place in isolation, but rather as a unique and comprehensive approach to the economic, social, and environmental problems sure to spill over from the old century into the new one, among them some of the most serious and pressing issues of human security now confronting the world community of nations.

The road to Istanbul actually started in 1992 at the Rio Summit—the United Nations Conference on Environment and Development—which adopted Agenda 21, the historic blueprint for sustainable development and its stress on the need to improve the social, economic, and environmental quality of human settlements and the living and working environments of all people, in particular the urban and rural poor. From there, the road went to Vienna and the International Conference on Human Rights. Then came Cairo and the International Conference on Population and Development, Copenhagen and the World Summit on Social Development, and Beijing and the Fourth World Conference on Women, with the final stop being, appropriately enough, Istanbul and Habitat II.

Cumulatively, these conferences are delivering a more holistic and humane message about the cooperative, interlinked solutions our global problems require. That is why it is so logical that Istanbul wind up this remarkable series. For it is in the cities, towns, and hamlets of the new urban world that the majority of us will live and work in the new century, where the most pollution will be generated and natural resources consumed, where political and social conditions are most likely to boil over into conflict, and where, ultimately, the roots of real global security—true human security—will lie.

All these facts add to the relevance and urgency of this second edition of the *Global Report on Human Settlements*, which has also been compiled in keeping with one of the main objectives of Habitat II: To present to the Conference a State of Human Settlements Report containing an assessment of the main challenges of urbanization, identifying human settlements development constraints at local, national and international levels, and building upon the basis of all available knowledge a vision of sustainable human settlements and adequate shelter for all.

Reading *An Urbanizing World* is not easy. Nor is it meant to be. The problems of urbanization are staggering—deeply disturbing—and this *Report* tells us why. But its intent is not to bemoan the situation, but rather to tell us that we have the power, the knowledge, and yes, even the resources, to do something about it. What we need is the courage and the will. And as we look beyond Istanbul, our hope is that the publication of *An Urbanizing World* will help provide the foundation on which to construct a set of sober and practical recommendations for our cities in the coming century, especially in the areas of urban economic development, governance, and environment.

With all the crises that urbanization has touched off, it also has within it the seeds of hope and promise, and these are what we must build on. This *Report* is, in fact, one of the first-and few-global studies to tell us that cities have an affirmative and constructive role to play in world society. Paradoxically, even while highlighting the problems of urbanization, it also states that it will be in the urban areas where we

may be able to best provide services to people, alleviate poverty, improve life expectancy, and more wisely manage our planet's massive population growth.

The *Report* suggests that urbanization actually contributes to a nation's wealth (and thereby the planet's wealth) by enriching a country's domestic markets and its international trade. In addition, it points out that an urban setting can create the nurturing environment for scientific experimentation and technological achievement. Cities are also engines of job creation, and not least of all, as we know from archaeological excavations of ancient civilizations, cities are the vital conveyors of human culture through the centuries. Moreover, cities can provide better services because they benefit from the economies of scale. In reaching large numbers of people, metropolitan centres are able to reduce energy costs, offer more efficient transportation systems, provide better educational facilities at lower unit costs, and construct more habitable space.

But how do we make sure that cities—and those who live in them—prosper? The *1996 Global Report* offers two routes: The first is the concept of sustainable human settlements development. This idea requires that hard-headed choices be made about production and consumption patterns in urban areas—between the demands of regions and the demands of cities; between balanced use of resources and the misuse of resources; between consideration for the finite nature of ecosystems or wilful indifference to them; between wasteful living standards and carefully managed ones. In addition, it calls for social equity through improved governance and adequate habitation.

The second is the notion of an 'enabling' role for government, which requires governments to recognize that they can be the active agents in renewing urban centres through the creation of public/private partnerships; competitive but regulated markets in land, housing finance and building materials; restructuring of shelter production regulations; the enlistment of non-governmental organizations in common enterprises; and the recognition that helping to construct low-income housing has a stimulating impact on economies.

Taken as a whole, *An Urbanizing World* offers us an overview of the harsh conditions in our human settlements that urgently demand creative innovation and action. And here it provides us with invaluable insights into the new partnerships being forged in the human settlements sector and the increasing importance of civic engagement and community initiatives being undertaken to help meet the growing challenges and needs of today for achieving sustainable human settlements. They offer encouragement and evidence of an untapped, latent capacity.

In the final analysis, the task before us is as much about doing something to cure the malaise of inadequate housing and decaying infrastructures, dangerous streets and environmental neglect, as it is about the willingness of society to meet the needs of humanity, the needs we all share with our neighbours in the 'global village' that is now our world. One of the problems we face here is that so many of us know so very little about the forces that are shaping our cities and towns—indeed, some of us may know more about the distant planets of outer space than about the cities of our own Planet Earth. We have to shift our focus, and do it now.

*An Urbanizing World: Global Report on Human Settlements, 1996* is directed towards that end. It is the net result of a determined effort to enhance the knowledge and understanding of everyone caught up in today's historic and dramatic transformation of our world, a transformation that has still to run its course. But perhaps its greatest value will be the practical information it provides policy-makers with at all levels, private enterprise, community based organizations and other practitioners—official and unofficial, public and private, indeed, all of us—on which to base innovative policies and programmes for the action that must be taken to make our human settlements—from the smallest hamlet to the largest mega-city—safe and liveable.

That is the only way we will pass on to our children an urban world that can

sustain them in harmony, an urban world rid of the shameful poverty, the inequality, the discrimination that still pervades its ghettos, an urban world at peace with the environment and with itself.

*Nairobi, Kenya  
December 1995*

WALLY N'DOW  
*Assistant Secretary-General and  
Secretary-General Habitat II*

# Key Issues and Messages

This *Global Report on An Urbanizing World* assesses conditions and trends in the world's human settlements-cities, towns, and villages. The growth in urban poverty has been one of the most noticeable trends during the 1980s and early 1990s. Another has been the limited achievements of governments and international agencies in improving housing and living conditions, including expanding the provision of safe and sufficient water supplies and adequate sanitation and drainage. Recent estimates as to the scale of the health burden suffered by those living in poor quality housing also highlight how little progress has been made.

However, while global achievements in improving housing and living conditions have been limited, there are also many examples in this *Global Report* of success. Certain national or city governments have greatly increased the proportion of their population with piped water and good sanitation. Many government agencies and non-government organizations have worked with low income groups and their community based organizations to greatly improve housing conditions and basic services (water, sanitation, drainage, health care, and garbage removal) at low cost. There are new models for housing finance that can allow low-income households to acquire better quality housing and still achieve high levels of cost recovery. Perhaps most fundamentally, there are new examples of city authorities that are more democratic, accountable and responsive to the needs and priorities of their citizens. These emphasise how much **good governance** matters. Within low-income countries or cities, good governance can greatly improve housing and living conditions which in turn can produce a 10- to 15-year increase in average life expectancies, without compromising good economic performance through excessive public expenditure. Within higher income countries, good governance can reduce poverty and deprivation and also the problems so often associated with contemporary urban living-high levels of homelessness, crime, and violence, and the concentration of the unemployed and unskilled in declining city centres or other districts.

Below are highlighted the key issues and messages of this Report under six headings:

- The role of cities within development
- Urban trends
- The limited social achievements
- Housing conditions and trends
- Governance
- Towards sustainable development

## The Role of Cities within Development

**1 The role of cities and urban systems in economic development.** Urbanization has been an essential part of most nations' development towards a stronger and more stable economy over the last few decades and it has helped underpin improvements in living standards for a considerable proportion of the world's population. The countries in the South that urbanized most rapidly in the last 10-20 years are generally also those with the most rapid economic growth. Most of the world's largest cities are in the world's largest economies which is further evidence of this link between economic wealth and cities. Cities and towns also have important roles in social transformation. They are centres of artistic, scientific, and technological inno-

## Key Issues and Messages

vation, of culture and education. The history of cities and towns is inextricably linked to that of civilization in general. Although this *Report* documents the social, health and environmental problems concentrated in cities, it also gives many examples of successful city-initiatives that show how such problems can be successfully tackled.

**2 Without competent and accountable urban governance, much of the potential contribution of cities to economic and social development is lost.** A positive view of cities is now emerging. This emphasizes the central role of cities in strong, competitive, and adaptable economies. Cities also have tremendous potential to combine safe and healthy living conditions *and* culturally rich and diverse lifestyles with remarkably low levels of energy consumption, resource-use and wastes. But realizing this potential depends on city authorities. Good urban governance also needs the appropriate legislative framework and support from national governments. This *Report* stresses the many opportunities and advantages which cities and towns offer, or could offer, if government policies changed. As the world approaches the 21st century with close to 6.0 billion inhabitants, and with close to half this number living in urban centres, it is now accepted that a predominantly urban population is not only an inevitable part of a wealthy economy but also one that brings many advantages. The challenge is how to manage cities and other human settlements within an increasingly urbanizing world. Such management must encourage cities to remain innovative and adaptable but also capitalize on their potential to provide high quality living conditions with much reduced resource use and environmental impact.

**3 Promoting urban development does not mean neglecting rural development.** This *Report* also describes the scale of rural poverty, and the inadequacies in provision for water supply and sanitation in rural areas. It emphasizes the problems that city-based demand for rural goods and city-generated wastes can bring for rural resources and livelihoods. However, it also stresses how rural-urban linkages can be positive and how governments can enhance these links. Few governments in the South appreciate the extent to which high-value crops can support rising prosperity in rural areas and encourage a more decentralized pattern of urban development. Few governments give sufficient support to developing the capacity and competence of local authorities in the market towns that should serve rural populations and improve their access to health care and education. It is even rarer to find governments acting on the factors that underlie impoverishment in rural areas and that often give poor rural households no alternative but to move to urban areas.

## Urban Trends

**4 Contrary to most predictions, population growth rates slowed for many cities in the South.** The population growth rates of most of the South's largest cities during the 1980s were substantially lower than those for the 1960s and 1970s. During the 1980s, many of the world's largest cities in both the North and the South had more people moving out than in. In addition, in many nations, the proportion of the urban population living outside the largest city increased. However, there are countries where urbanization is more rapid than expected-especially in the relatively un-urbanized countries with high economic growth rates, such as China. There is also less evidence of large North-South contrasts during the 1980s, as several cities in the United States were among the fastest growing cities in the world.

**5 The world is less dominated by mega-cities than predicted.** Although there is a growing number of what has been termed 'mega-cities' with population concentrations of unprecedented size, these still contain a small proportion of the world's population. If mega-cities are considered to be cities with more than 10 million inhabitants, by 1990, only 3 per cent of the world's population lived in mega-cities. If the population threshold for a mega-city is reduced to 8 million inhabitants, less

than 5 per cent of the world's population lived in mega-cities in 1990. The population size of some of these mega-cities is also exaggerated through boundaries being set for city-regions that include large numbers of people living outside the city's built-up area. The most recent censuses also found that many of the South's largest cities had several million people less than had been predicted-including Sao Paulo and Mexico City. The predictions that cities such as Calcutta and Mexico City will have 30-40 million inhabitants by the year 2000 are not coming true; Calcutta is likely to have less than 13 million while Mexico City is likely to have less than 18 million. This *Report* also documents how new kinds of urban systems are developing, in both the North and the South, often around the largest cities, where a dense network of smaller cities develop and prove more dynamic than the large city itself.

**6 The links between urban change and economic, social, and political change.** Although rapid population growth is often given as the reason for urban problems, what is apparent is not so much the speed with which cities are growing but the scale of the housing and environmental problems in cities and the deficits in the provision for piped water, sanitation, drains, roads, schools, health centres, and other forms of infrastructure and service provisions. The link between the scale of these problems and the speed with which the city grew are usually weak. As the *Report* describes, some of the largest and most rapidly growing cities also have some of the best records in improving infrastructure and service provision while some of the worst housing conditions are found in declining industrial centres and stagnant smaller towns.

### The Limited Social Achievements

**7 Rising poverty levels.** Between one-fifth and a quarter of the world's population live in absolute poverty, lacking the income or assets to ensure they have sufficient food and to build, purchase or rent adequate shelter; more than 90 per cent of these live in the South. Although the number of people living in absolute poverty in rural areas is still higher than in urban areas, research during the late 1980s and early 1990s found that the scale of urban poverty had been greatly underestimated-largely because poverty lines were set too low in relation to the cost of living in cities. Such research also showed how many aspects of deprivation such as vulnerability and social exclusion had also grown. The number of urban dwellers living in absolute poverty grew rapidly during the 1980s, especially in Latin America and Africa and in the less successful Asian economies. Much of the growth in poverty was associated with deteriorating macro-economic conditions and structural adjustments. Changing labour markets also brought less job security and lower wages which increased the number of people with inadequate incomes. The number of urban dwellers living in absolute poverty also rose in much of the North, linked to higher levels of unemployment including rising levels of the long-term unemployed, lower wages for unskilled and casual workers and cutbacks in the scale and nature of welfare benefits. Poverty levels also rose in most countries in East and Central Europe, linked to the collapse of communism and the political disintegration of the former Soviet Union, although social progress had also slowed prior to these political changes. What remains uncertain is whether the major changes in East and Central Europe and the changes introduced in the South through structural adjustment will provide the basis for sustained economic growth during the 1990s and, if this happens, whether such growth will reduce the proportion of people living below the poverty line.

**8 Long term social trends.** Despite the setbacks during the 1980s, the long term trends in most nations were towards higher life expectancy, lower infant mortality, and higher literacy. There were also two developments that have important implications for human settlements in the future. The first was the much increased

recognition of the discrimination faced by women in most aspects of employment, housing, and basic services and the greater efforts made by some governments and international agencies to reduce or remove this. The second was the growth in what might be termed the 'housing rights' movement as more governments recognized that citizens have a right to housing and as greater use was made of national and international law in demanding that this right be fulfilled and in opposing evictions. However, the exact nature of people's right to housing and the extent of a government's responsibility to ensure that this right is met remains much disputed.

## Housing Conditions and Trends

**9 Poverty and housing conditions.** As real incomes decline, so individuals or households have to cut expenditure on housing. This often means moving to poorer quality housing. But one dramatic difference between the North and the South is the higher proportion of urban and rural dwellers in the South that live in very poor quality housing in relation to the proportion considered by official statistics to live in 'absolute poverty'. This reflects the low priority given by governments and aid agencies to improving housing and living conditions, especially provision for piped water and sanitation and measures to ensure sufficient land is available for new housing. At least 600 million urban dwellers in Africa, Asia, and Latin America live in housing that is so overcrowded and of such poor quality with such inadequate provision for water, sanitation, drainage, and garbage collection that their lives and their health are continually at risk. The same is true for more than one billion rural dwellers, largely because of inadequate provision for water and sanitation. In the North, while millions of low-income people may live in poor quality housing, most live in housing with piped water, toilets connected to sewers, drains, and bathrooms. This greatly reduces the health burden of being poor.

**10 The enormous health burden of poor quality housing.** The size of the health burden imposed on people living in poor quality and overcrowded dwellings with inadequate provision of water, sanitation and drainage has been greatly underestimated. So too has the extent to which improved housing and living conditions can improve health and alleviate poverty. For instance, the disease burden per person from diarrhoeal diseases caught in 1990 was around 200 times higher in sub-Saharan Africa than in the North. Disease burdens from tuberculosis, most respiratory infections (including pneumonia, one of the largest causes of death worldwide) and intestinal worms are generally much increased by overcrowding. Many accidental injuries arise from poor quality, overcrowded housing—not surprising when there are often four or more persons in each small room in shelters made of flammable materials and there is little chance of providing occupants (especially children) with protection from open fires or stoves. One of the greatest challenges for Habitat II is how governments can reduce this enormous health burden associated with poor quality housing. The means to achieve this are well known and as numerous examples given in this *Report* show, the costs are not high. Even in relatively poor countries, much can be done to reduce this health burden, especially through innovative partnerships between national government, local authorities, community organizations and local non-government organizations.

**11 Poverty and insecure tenure.** Several million urban dwellers are forcibly evicted from their homes and neighbourhoods each year, as a result of public works or government-approved redevelopment programmes. They are usually evicted without compensation and almost always without measures to consider how the public works or redevelopment could have been done while minimizing the scale of evictions and with relocation schemes that are acceptable to those relocated. Most low-income households are particularly vulnerable to evictions, as they have no legal tenure of the house they occupy. Over the last 20-30 years, most new housing

in most cities of the South was built on illegally occupied or subdivided land as legal sites were too expensive or simply not available in sufficient quantities. Many illegal settlements developed on land ill-suited for housing—for instance on floodplains or steep hillsides—but housing conditions would have been much worse without them. Many 'shanty-towns' also develop over time into good quality residential areas with basic infrastructure and services either developed by the inhabitants or provided by the public authorities. However, even illegal land markets have become increasingly commercialized and it is rare for low-income households to be able to find land sites which they can occupy free of charge. This diminishes the housing options for low-income households and also increases insecurity for those living in illegal settlements.

**12 The growing number of homeless people.** An estimated 100 million people have no home and sleep outside or in public buildings (for instance railway or bus stations) or, where available, night shelters. There are many street-children among this homeless population. Far more people are homeless in the sense that their accommodation is very insecure or temporary—for instance squatters or those living in temporary shelters (for instance the 250,000 pavement dwellers in Bombay). Data on homelessness in the South is too sparse to know if this problem is growing, although the increasing commercialization of legal and illegal land markets probably means it is. Homelessness certainly grew considerably in most countries in the North during the 1980s and it also came to include a growing proportion of women and younger age groups.

**13 Governments as enablers, not providers.** In general, the wealthier the nation, the better the quality of housing. However, a well-conceived and implemented housing policy can ensure housing conditions become far above the norm for nations with comparable income levels per person. The government's main role is as an 'enabler' rather than as a provider of 'low-cost' housing. This requires actions to ensure a competitive but regulated market in land, housing finance, and building materials and to remove unnecessary bureaucratic constraints on the different stages of housing production. This includes ensuring that there is a ready supply of land for housing in urban areas with the price of legal housing plots with basic services kept as low as possible. Households will not develop housing on illegally occupied or subdivided land if they can afford legal plots. A competitive market for housing finance greatly increases the capacity of those with modest incomes to build, extend or buy housing. This *Report* also gives many examples of innovative ways in which governments have reached low-income groups with improved housing—for instance support for upgrading existing low-income settlements, working with and through their community organizations. This can also combine support for income generation with support for housing improvement. Or housing finance schemes for those whose incomes are too low or uncertain to allow them to obtain finance from the private sector. Government support for a wide range of non-profit social housing institutions has also greatly improved housing quality for lower income groups in many European countries.

## Governance

**14 The new institutional frameworks for urban authorities.** One of the main reasons for the human settlements problems noted above has been the inadequacies in the institutions and the institutional framework for the development and management of human settlements. Local governments which have most of the responsibilities for managing urban change often lack the power and resources to fulfil these. Most urban authorities in the South have very little investment capacity, despite the (often) rapid growth in their populations and the need for infrastructure. However, decentralization policies of some kind have been implemented in most

## Key Issues and Messages

countries over the last 10-15 years. In many, this was associated with a move to democratic rule or a return to democracy. It has also been encouraged by citizen and community pressure for more effective and accountable local authorities. The extent to which power and resources (or the capacity to raise revenues) have been decentralized has varied. In some instances, it is largely only the tasks and responsibilities that have been decentralized. However, in some countries, decentralization is producing more effective responses to local problems.

**15 Enhancing the role of citizen groups, community organizations, and NGOs.** All cities are the result of an enormous range of investments of capital, expertise and time by individuals, households, communities, voluntary organizations, NGOs, private enterprises, investors, and government agencies. Many of the most effective and innovative initiatives to improve housing conditions among low income groups have come from local NGOs or community organizations, including women's groups. Yet in most cities in Africa, Asia and Latin America, the individual, household and community efforts that help build cities and develop services have long been ignored by governments, banks, and aid agencies, and often constrained by unnecessary government regulations. If governments and donor agencies can find ways to support these processes that build and develop cities-which is what an enabling strategy is all about-what appear as insurmountable problems begin to appear more manageable. What can be achieved by supporting the efforts of several hundred community organizations in a single city can vastly outweigh what any single government agency can do by itself. New 'enabling' institutions are needed that complement the efforts of individuals, households, communities, and voluntary organizations and ensure more coherence between them all so they can all contribute towards city-wide improvements. They must work out how funding and technical advice can be made available in ways that match the diverse needs and priorities of different settlements-with accountability and transparency built into the disbursement of funding.

## Towards Sustainable Development

**16 From environmental protection to sustainable development.** Cities concentrate production and population and this offers many potential advantages in regard to waste minimization, reduced resource use, and reduced automobile dependence. Without environmental management, this same concentration produces serious environmental problems such as high levels of air pollution, faecal contamination, flooding, and uncollected garbage. Cities usually have serious environmental impacts far beyond their boundaries through the ecological impacts of the demand they concentrate for natural resources and the wastes that they generate and dispose of outside their, boundaries. As urban authorities progress from a commitment to environmental quality to a commitment to sustainable development, two further tasks have to be addressed. The first concerns minimizing the negative impacts of city-based production and consumption on the needs of all people, not just those within their jurisdiction. The second concerns implementing urban development and management strategies based on an understanding of the finite nature of many resources (or ecosystems from which they are drawn) and of the capacities of ecosystems in the wider regional, national and international context to absorb or break-down wastes. In the long term, no city can remain prosperous if the aggregate impact of the production of all cities and their inhabitants' consumption draws on global resources at unsustainable rates and deposits wastes in global sinks at levels that undermine health and disrupt the functioning of ecosystems. Establishing sustainable patterns of urban production and consumption has many implications for citizens, businesses and city authorities. But certain city authorities have begun to act, as can be seen in their innovative local Agenda 21 plans.

**17 The social components of sustainable development.** While the economic dimensions of sustainable development are much debated and increasingly well understood, this is not the case for the social dimensions. Social equity, social justice, social integration, and social stability are central to a well-functioning urban society. Their absence leads not only to social tensions and unrest but also, ultimately, to civil wars and violent ethnic conflicts. Unless society is at peace, all development gains are under threat. One of the greatest challenges facing governments and international agencies at Habitat II is how human settlements policies can help increase social equity, social integration, and social stability. This obviously includes reducing poverty and other forms of deprivation, including reducing social exclusion. It also includes improving governance so that all localities have public authorities that can address local problems and remain entirely accountable to their citizens as they do so.

**18 New approaches to planning.** Many of the problems summarized above and described in more detail in this *Report* arise from inadequate and inappropriate planning and provisioning for settlements. But the need for planning becomes ever more necessary in the light of the increased social, economic, and environmental impacts of urbanization, growing consumption levels and renewed concerns for sustainable development since the adoption of Agenda 21. Environmentally sound land-use planning is central to the achievement of healthy, productive, and socially accountable human settlements within societies whose draw on natural resources and ecosystems are sustainable. The challenge is not only how to direct and contain urban growth, but also how to mobilize human, financial, and technical resources to ensure that social, economic and environmental needs are adequately addressed. Considering the limited effectiveness of current methods and approaches to settlements planning, new processes and approaches have to be devised that can be adapted to each society's conditions and circumstances. These must also support the trend towards increased accountability and participation.



# Editor's Note

*An Urbanizing World: Global Report on Human Settlements*, is the second edition in the series, the first having been published in 1986, as called for by the United Nations General Assembly in its Resolution 34/114 of 14 December 1979. It mandated UNCHS (Habitat) to prepare, on a periodic basis, a 'Global Report on Human Settlements', presenting a comprehensive review of human settlements conditions, including an analysis of major issues and trends.

The specific objectives of this present Report are:

- (a) To provide a statement on the global and regional conditions of human settlements useful to individual countries and international agencies concerned with improving their respective human settlements policies and programmes;
- (b) To promote general interest in, and make contributions towards an informed understanding of the evolving nature of settlements, the interrelationships of their parts, and of the significance of settlements systems in providing setting for human, social, economic, and environmental development.
- (c) To provide an update on global policy matters addressed by the United Nations as well as a synthesis of information available to the United Nations from other sources.

This *Report* realizes these objectives by incorporating key issues which have emerged since the first edition of the *Global Report on Human Settlements (1986)*. The earlier edition emphasized issues of shelter, settlements management, institutions, financing, land, infrastructure, and human settlements development strategies. Many of these remain of crucial importance today. However, since its publication, human settlements have also encountered environmental degradation, socio-economic polarization, social impacts of economic structural adjustment programmes, increasing and deepening poverty, social and political upheavals leading to the destruction of human settlements, and forced migrations of refugee populations and homelessness.

Global restructuring of economic production processes also have influenced the character of human settlements systems, altering the flow of capital and labour, prioritizing information services over manufacturing as the pre-eminent form of employment. Concurrently, decentralization and democratization have transformed the role of governments and communities in providing improvements for human settlements, necessitating new strategies for reducing poverty which involve more directly the capacities of the private sectors and communities.

In addition to large-scale trends since 1986, the *Global Report* is also presented in the context of a growing concern in the international community, which has served to highlight increased awareness of the state of human settlements and its interaction with economic and social development. The International Year of Shelter for the Homeless (IYSH, 1987) to a significant degree raised global community awareness of the continuing distressed living conditions of the world's urban and rural poor, and consequently made conditions of homelessness a focus of world public concern.

In a subsequent initiative soon after, the Global Strategy of Shelter to the Year 2000 adopted by the General Assembly in 1988, emphasized an enabling approach to shelter provision and improvement with a view to mobilizing, utilizing and coordinating the resources of community organizations, non-governmental organizations (NGOs), the private sector, and governments at different levels working together to improve the living conditions of people everywhere.

Part I of this report reviews the various trends that in one way or the other shape the conditions of human settlements development management, to which policies need to be directed. They include a review of economic, social, spatial, environmental, and institutional trends. The reviews provide a broad framework, context and setting for specific human settlements

issues and topics, including trends in population growth and urbanization in various national, regional, and other spatial contexts, and the ramifications for human settlements development and management. Part I also considers among pertinent social issues, trends, inequality, gender, crime and violence, as well as pressing institutional concerns such as public financing of human settlements development, land adjudication, and the changing roles of central governments, local authorities and communities in an era of democratization and decentralization. In short, this section of the *Global Report* documents changes in settlements-their physical size, population, and internal organization in the context of larger economic, social, and political trends.

Part II assesses the state of the various sectoral components of human settlements and the factors that condition them. They include housing conditions, shelter supply and demand, and homelessness. This section focuses on the crucial issue of housing finance, highlighting the importance of access to credit, employment generation in housing production, and innovative mechanism used to finance low-income shelter. Part II also reviews the issue of land, which is a major factor in human settlements. The discussion considers the problem of access to land, the complex needs of squatter populations, and the role of government in making land available for development. This part also examines the state of infrastructure and services in human settlements: the state of water supply, sanitation, solid waste and related public health management, transportation, communication, etc.

Part III of the Report outlines the responses by governments, NGOs, community groups, the private sector and by the international community to human settlements conditions and trends identified in Parts I and II.

In light of the lessons and inferences drawn from Parts I, II and earlier chapters of Part III, the concluding chapter of this latter Part suggests, largely in the context of Agenda 21, new directions for human settlements. New directions have to give greater recognition to the positive role and contributions of cities to economic and social development. They involve improving the governance of municipal and rural settlements through approaches which encourage governments to enable neighbourhoods to manage, in the widest sense, local settlements improvements, facilities, and services. In addition, this concluding chapter highlights recent innovations in more effective partnerships among governments, the private sector, community-based organizations and NGOs in the planning development and management of cities, towns, and villages.

Part IV presents statistical annexes on various human settlements topics for reference and further studies. The annexes are designed to assist practitioners and scholars to build upon existing strategies for human settlements improvements, enabling innovative programming and applied social research.

Finally, the second edition of the *Global Report on Human Settlements*, together with the first edition published in 1986, provides what is in essence a history of the urbanization process that is literally reshaping the face of the planet in these closing decades of the century.