

CHAPTER  
**01**

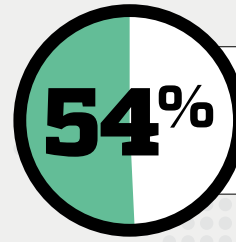
# From Habitat II to Habitat III: Twenty Years of Urban Development

## QUICK FACTS

- 1 Urban areas around the world are facing enormous challenges and changes than they did 20 years ago.
- 2 Cities are operating in economic, social, and cultural ecologies that are radically different from the outmoded urban model of the 20th century.
- 3 Persistent urban issues over the last 20 years include urban growth, changes in family patterns, growing number of urban residents living in slums and informal settlements, and the challenge of providing urban services.
- 4 Connected to these persistent urban issues are newer trends in the urban governance and finance: emerging urban issues include climate change, exclusion and rising inequality, rising insecurity and upsurge in international migration.

## POLICY POINTS

- 1 When well-managed, urbanization fosters social and economic advancement and improved quality of life for all.
- 2 The current model of urbanization is unsustainable in many respects.
- 3 Many cities all over the world are grossly unprepared for the challenges associated with urbanization.
- 4 A new agenda is required to effectively address these challenges and take advantage of the opportunities offered by urbanization.
- 5 The new urban agenda should promote cities and human settlements that are environmentally sustainable, resilient, socially inclusive, safe and violence-free and economically productive.



**HALF THE WORLD'S POPULATION RESIDES IN URBAN AREAS.**

**Cities** create **wealth, generate employment** and **drive human progress** by harnessing the forces of agglomeration and industrialization.



The decline in infant mortality and high fertility has resulted in a relatively young population. Children and youth **aged below 24** account for

**40%** of global population.

This represents a great opportunity in terms of labor force.



The world population is aging. Globally, the population **aged 60 or over** is the fastest growing at the rate of

**3.26%** per year.

In 2015, there were **901 million** people aged 60 or over, comprising

**12%** of the world's population. This represents a tremendous challenge.



**Cities 70%** are responsible for more than of global carbon dioxide emissions.

In 2014, the Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC) was jointly established by the World Resources Institute (WRI), C40 Cities Climate Leadership Group (C40), and ICLEI-Local Governments for Sustainability (ICLEI), with the support of World Bank, UNEP, and UN-Habitat. Incorporating experiences from the Harmonized Emissions Analysis Tool plus (HEAT+) the GPC provides guidelines for reporting and auditing principles; quantifying city emissions in different sectors; and long term monitoring of local specific objectives.

## PERSISTENT ISSUES AND EMERGING URBAN CHALLENGES DUE TO INCREASED URBAN POPULATION.



URBAN GROWTH



CHANGE IN FAMILY PATTERNS



INCREASED RESIDENCY IN SLUMS AND INFORMAL SETTLEMENTS



CHALLENGES IN PROVIDING URBAN SERVICES



CLIMATE CHANGE



EXCLUSION AND RISING INEQUALITY



INSECURITY



UPSURGE IN INTERNATIONAL MIGRATION



The new urban agenda should promote sustainable cities and human settlements that are environmentally sustainable and resilient, socially inclusive, safe and violence-free, economically productive; and better connected to and contributing towards sustained rural transformation. **This is in line with the 2030 Agenda for Sustainable Development, especially Goal 11: to make cities and human settlements inclusive, safe, resilient and sustainable.**

Cities that are sustainable, resilient and inclusive are dependent upon good governance that encompasses:



**Strong effective leadership**, which helps overcome fragmentation across departments, multilevel governance and investment sectors when building consensus and eliciting action on specific agendas



**Inclusive citizen participation in the design of infrastructure**, urban space and services legitimizes the urban planning process and allows cities to leverage their stakeholders' expertise.



**Land-use planning**, particularly territorial and spatial strategies, have been used across different policy sectors to address climate change risks, and build effective mitigation and adaptation strategies



**Efficient financing helps foster urban responses to climate change**, through the ability to establish innovative ways to finance sustainable projects. Public private partnerships (P3s) are one strategy in which governments leverage private sector capital for projects.



**Jurisdictional coordination**, in sectoral areas such as land, transport, energy, emergency preparedness, and related fiscal and funding solutions. This also includes addressing issues of poverty and social through inter-territorial solidarity.

# 1.1

## The Beginnings

The United Nations Human Settlements Programme (UN-Habitat) started in 1976 with the UN Conference on Human Settlements in Vancouver, Canada, at a time when the governments began seriously to perceive the cities under their jurisdictions as “emerging futures” in their own right. Opening the event, Canadian Prime Minister Pierre Elliott Trudeau aptly summarized the worldwide (and ongoing) challenge as follows: “Human settlements are linked so closely to existence itself, represent such a concrete and widespread reality, are so complex and demanding, so laden with questions of rights and desires, with needs and aspirations, so racked with injustices and deficiencies, that the subject cannot be approached with the leisurely detachment of the solitary theoretician.”<sup>1</sup>

There were two major outcomes of this path-breaking event. The first was the Vancouver Declaration, which urged both countries and the international community to commit to human settlements policies which would combine spatial planning with elements of economic, social and scientific thinking in order to alleviate the worst conditions of “uncontrolled urbanization” within a framework of social justice. The second outcome, announced in a UN General Assembly document of December 1977, was the establishment of the United Nations Centre for Human Settlements.

Two decades later, in June 1996, in Istanbul, the Second UN Conference on Human Settlements (Habitat II), further contributed to raising global awareness about urban and human settlements issues. Habitat II was the last in the series of UN global conferences that took place in the 1990s, and marked for the first time in a UN conference the invitation of NGOs and civil society organizations to speak and participate in drafting the recommendations.<sup>2</sup> Behind all the organization and planning that went into Habitat II were trends and changes that were demanding the world’s attention. Many of these themes were summarized in *An Urbanizing World: The Global Report on Human Settlements 1996*.<sup>3</sup> Among the myriad issues raised in this landmark document, the most important were:

- Cities had come to the forefront in strategies for development, but
- Poverty and poor housing conditions were increasing in incidence
- Cities desperately needed competent and accountable governance
- Citizen groups, community organizations and NGOs were more important and needed more attention, since
- Governments would in the future be enablers much more than providers.

In their historical context, these issues fit quite comfortably within the overall paradigm of what were then called megatrends, or patterns of restructuring that popularly summarized some of the major changes that were taking place in the world at large. In his bestselling book, John Naisbitt in 1982 highlighted 10 important changes, the most notable being: from industrial to information society; from national economies to a world economy; from centralization to decentralization; from institutional help to self-help; from hierarchies to networking; and



UN-HABITAT

## 1976

**Vancouver, Canada**

Inception of UN-Habitat at the First United Nations Conference on Human Settlements



2000

**Millennium Development Goals (MDGs)**  
Eight Millennium Development Goals (MDGs) agreed to by all the world’s countries and all the world’s leading development institutions, including a Target on Slums



## 2002

**World Urban Forum**

The First Session of the World Urban Forum (WUF). WUF was formed to galvanize interest in urban issues through sharing of new ideas, lessons learned, exchange of best practices and good policies



## 1996

**Istanbul, Turkey**

The Second United Nations Conference on Human Settlements (Habitat II)



## 2001

**Habitat + 5 Review**

Reviewing and Appraising Progress Five Years After Habitat II in June 2001

from North to South.<sup>4</sup> In 1996, Naisbitt further noted that after the year 2000, Asia would become the dominant region of the world.<sup>5</sup> While Naisbitt's themes may have appeared evident to many, they did capture the spirit of the 1990s in two important respects: the world was changing toward a more global model, and this new model was being driven, to a significant degree by its cities.

As adopted at Istanbul, the *Habitat Agenda* (241 paragraphs with over 600 recommendations) served as the basis for the UN policy on cities for the next two decades. The main elements of the document were five central objectives:

- ▶ Ensure adequate shelter for all;
- ▶ Promotion of security of tenure throughout the developing world;
- ▶ Support for vulnerable groups, especially women and the poor;
- ▶ Provision of adequate and equitable access to basic urban services; and
- ▶ Promotion of decentralization and good urban governance.

All of these goals were to be pursued within a framework of sustainable human settlements. Although laudable for bringing urban issues to the global policy arena, the Habitat Agenda has been criticized on several grounds. A main criticism is that it contains so many recommendations with no prioritization, and has a level of generality that makes it difficult for policymakers at any level of government.<sup>6</sup> Another criticism is the Habitat Agenda lacked an effective monitoring mechanism, and as such, there was no systematic way of monitoring the implementation of the agenda. This made it difficult if not impossible to hold governments accountable for failing to implement the recommendations they endorsed.<sup>7</sup>

This chapter will trace and examine some of the most important urban issues that played out, or

emerged, during the last twenty years since the Habitat II Conference, and make a case for revisiting the urban agenda. These urban issues can be divided into two major groups: persistent and emerging urban issues. The persistent urban issues, expressed through statistics of urban growth and changes in family structure. The persistent issues also include the growing number of urban residents living in informal and largely unserved settlements, and increasing concentration of poverty in certain parts of the world. Connected to these persistent urban issues are newer trends in the governance and finance of cities. Since the late 1980s, but accelerating during the 1990s and beyond, countries have been devolving more power to local governments (and their cities), and grappling with the means of financing these new functions. Following this discussion, and in the second group of themes, the narrative turns to emerging urban issues, which include climate change and cities; then to the currently important and related questions of exclusion and rising inequality in cities; to issues of urban insecurity; and finally, the upsurge in international migration.

**Cities create wealth, generate employment and drive human progress by harnessing the forces of agglomeration and industrialization**

A number of basic themes are articulated through the issue narrative that follows. One theme is that urbanization fosters growth, and is generally associated with greater productivity, opportunities and quality of life for all. Cities create wealth, generate employment and drive human progress by harnessing the forces of agglomeration and industrialization.<sup>8</sup> Cities also offer greater societal freedoms. In the process of urbanization, however, there have been some bumps along the road, many of which are discussed in Chapters 3 to 8. Many rapidly growing cities keep sprawling, slums are expanding or consolidating, there is increasing poverty and sometimes inequality, cities can be very expensive for new migrants,



**2012**  
RIO+20  
United Nations  
Conference on  
Sustainable  
Development

**2012**

**Rio+20:** UN Conference on Sustainable Development recognizes that the battle for sustainable development will be won or lost in cities



**2016**

**Quito, Ecuador**

The Third United Nations Conference on Human Settlements (Habitat III)



**2002**



**World Summit on Sustainable Development (WSSD)** World Summit on Sustainable Development, Agenda 21 and integration of sanitation as a key priority for development



**2015**

**Sustainable Development Goals (SDGs)** The international community adopted the Sustainable Development Goals, with a stand-alone Goal (11) on cities



  Inequality, exclusion and deprivation creates spatial inequalities and divided cities. Ho Chi Minh City slums by river, Saigon, Vietnam.  
Source: kagemusha / Shutterstock.com



crime can be rife in large cities, on top of which comes the contribution that cities make to climate change. While it is easy to ascribe all these changes to urbanization, such a causal connection would be superficial.

What is at the root of these dysfunctions and discontinuities is the current model of development? The model is a result of relentless globalization, the unfettered transformation of cities into sources of private gain, a declining attention to public space and community benefit, and rapid technological change which in the end increases connectivity while it diminishes accountability.

Although urbanization has the potential to make cities more prosperous and countries more developed, many cities all over the world are grossly unprepared for the multidimensional challenges associated with urbanization. Generally, urbanization has relied on a model that is unsustainable in many respects. *Environmentally*, the current model of urbanization engenders low-density suburbanization—largely steered by private, rather than public interest, and partly facilitated by dependence on car

**Although urbanization has the potential to make cities more prosperous and countries more developed, many cities all over the world are grossly unprepared for the multidimensional challenges associated with urbanization**

ownership; it is energy-intensive and contributes dangerously to climate change.<sup>9</sup> *Socially*, the model of urbanization generates multiple forms of inequality, exclusion and deprivation, which creates spatial inequalities and divided cities, often characterized by gated communities and slum areas. Cities face growing difficulties in integrating migrants and refugees so that they equitably share in the human, social, cultural and intellectual assets of the city, and thus have a sense of belonging. From an *economic* perspective, the model of urbanization is unsustainable due to widespread unemployment especially among the youth and the existence of unstable and low-paying jobs and informal income-generating activities, which create economic hardship, unequal access to urban services and amenities and poor quality of life for many.

All these urban challenges are further exacerbated by the failure to create appropriate institutional and legal structures to promote sustainable urbanization. Indeed, poorly planned and managed urbanization – which translates into low densities, separation of land uses, mismatch between infrastructure provision and residential concentration, and inadequate public space and street networks, among others – diminishes the potential of leveraging economies of scale and agglomeration.

Looking at our world through a primarily urban lens, we must constantly be concerned about these larger issues. As this chapter traces through the changes that have pulsed through cities over the last two decades, it will become obvious that urban areas around the world are facing enormous challenges. For a framework to respond to these challenges, UN-Habitat has developed, since its first conference in Vancouver in 1976, policies and programmes meant to improve urban conditions for all. But given the changes and transformations that have occurred over the past two decades since Habitat II, there is now a need to revisit this urban agenda, and to reposition our approach to urban policy. This is important, given that cities are now operating on a radically different economic, social, and cultural ecology than the outdated model of the city of the 20th century.<sup>10</sup>

The repositioned or *new* urban agenda should seek to realize Goal 11 of the 2030 Agenda for Sustain-



the urban agenda should propose strategies and actions to make slums history, ensure the universal provision and safe and sufficient water and good quality sanitation, eradicate poverty and address persistent inequalities that are still prevalent in many cities across the world

able Development, which is to: make cities and human settlements inclusive, safe, resilient and sustainable.<sup>11</sup> The urban agenda should respond to the challenges and opportunities of urbanization, and address the unfinished business of the Millennium Development Goals. For instance, the urban agenda should propose strategies and actions to make slums history, ensure the universal provision and safe and sufficient water and good quality sanitation, eradicate poverty and address persistent inequalities that are still prevalent in many cities across the world and land management in the public interest. Indeed, many of these are referred to as the “old” urban agenda, which urgently require attention.<sup>12</sup> Above all, the urban agenda should prescribe conditions that would facilitate a shift towards more sustainable patterns of urbanization, seeking to achieve inclusive, people-centred, and sustainable global development. Therefore, the policies that emerge must be implementable, universal, sensitive and relevant to the local context. They must be participatory and collaborative. They must be inclusive and recognize the rights of minorities and vulnerable groups. Above all, the policies must be sustainable.

## 1.2 Cities: A Gathering Force

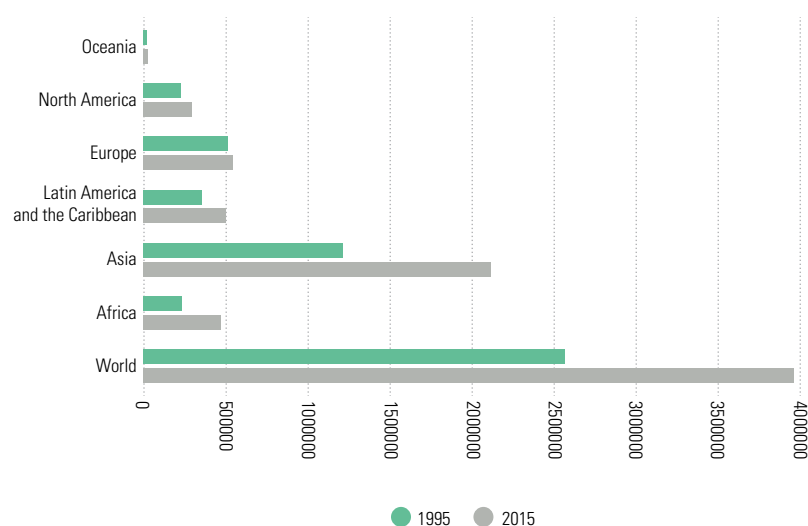
Since 1990, the world has seen an increased gathering of its population in urban areas. This trend is not new, but relentless and has been marked by a remarkable increase in the absolute numbers of urban dwellers—from a yearly average of 57 million between 1990-2000 to 77million between 2010-2015. In 1990, 43 per cent (2.3 billion) of the world’s population lived in urban areas; by 2015, this had grown to 54 per cent (4 billion). The increase in urban population has not been evenly spread throughout the world. Different regions have seen their urban populations grow more quickly, or less quickly, although virtually no region of the world can report a decrease in urbanization.

Asia has by far the highest number of people living in urban areas, followed by Europe, Africa and Latin America (Figure 1.1). The fact that 2.11 billion people in Asia live in urban areas is no longer a development scourge as once feared. Being 48 per cent urbanized and home to 53 per cent of the world’s urban population,<sup>13</sup> Asia has become a global powerhouse, generating close to 33 per cent of world output in 2010.<sup>14</sup> China’s remarkable economic transformation is driven by urbanization

The urban growth rate of Africa is almost 11 times more rapid than the growth rate in Europe

**Figure 1.1: Urban population at mid-year (1995-2015)**

Source: Based on United Nations, 2014b.



As the urban population increases, the land area occupied by cities has increased at an even higher rate

and industrialization; the top ten cities in China account for 20 per cent of the country's GDP.<sup>15</sup> The economic hub of the region is almost entirely urban-based, with its cities thriving with investments, infrastructure, innovation and competitive impetus. Asian cities have become critical nodes in the system of global accumulation and regional development.

Urban growth rates have been much faster in some regions than others (Table 1.1). The highest growth rate between 1995 and 2015 was clearly in the least developed parts of the world with Africa being the most rapidly urbanizing. At the other extreme, the most developed regions in the world, led by Europe saw their cities growing the least. The urban growth rate of Africa is almost 11 times more rapid than the growth rate in Europe. Africa's rapid urbanization is driven mainly by natural increase, rural–urban migration, spatial expansion of urban settlements through the annexation, the reclassification of rural areas, and, in some countries, negative events such as conflicts and disasters.<sup>16</sup> Given that African cities are among the poorest in the world, their growth rates signal a major challenge to their resource base, to build and to sustain adequate infrastructure and public services for their growing populations.

Nearly 20 years ago, many developing countries with support from development agencies actively implemented policies to reduce migration to large cities; today multilateral and bilateral organizations recommend policies to encourage migration to enable the poor to move from lagging to leading areas, in such a way that governments can help reduce rural poverty by making migration more efficient.<sup>17</sup>

As the urban population increases, the land area occupied by cities has increased at an even higher rate. A global sample of 120 cities observed between 1990 and the year 2000, shows that while the population grew at a rate of 17 per cent on average, the built-up area grew by 28 per cent.<sup>18</sup> It has been projected that by 2030, the urban population of developing countries will double, while the area covered by cities would triple.<sup>19</sup> Such urban expansion is not only wasteful in terms of land and energy consumption, but increases greenhouse gas emissions. It has also led to the alteration of ecological systems in many cities over the past two decades.<sup>20</sup>

A second major theme of the demographic story must be the emergence of many large and megacities, particularly in the low- and middle-income regions of the world (Figure 1.2 and Figure 1.3). Large cities are defined as having between 5 and 10 million inhabitants and megacities as having 10 million or more inhabitants. In both cases, there were remarkable increases over the last two decades. In 1995, there were 22 large cities, and 14 megacities; by 2015, both categories of cities had doubled (Figure 1.3), as there were 44 large cities, and 29 megacities. Most megacities are located in developing countries and this trend will continue as several large cities in Asia, Latin America and Africa are projected to become megacities by 2030.

Large cities and megacities are influential in the global economy. Currently, the top 600 cities with a fifth of the world's population that generate 60 per cent of global GDP consist mainly of cities in developed countries.<sup>21</sup> By 2025, the contribution of the top 600 cities is expected to remain the same, but the composition will

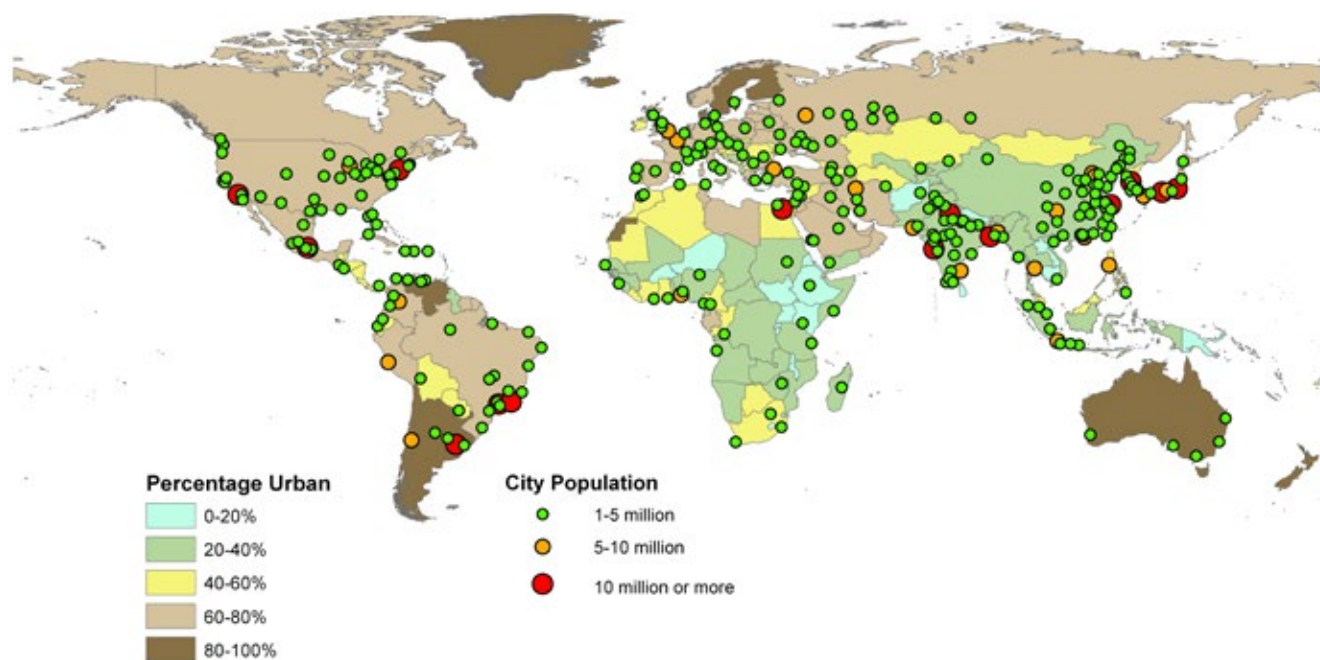
**Table 1.1: Urban rate of change 1995-2015**

Source: Based on United Nations, 2014b.

Region/Area	Average annual rate of change of the urban population				Entire Period
	1995-2000	2000-2005	2005-2010	2010-2015	1995-2015
World	2.13%	2.27%	2.20%	2.05%	2.16%
High-income countries	0.78%	1.00%	1.00%	0.76%	0.88%
Middle-income countries	2.74%	2.77%	2.61%	2.42%	2.63%
Low-income countries	3.54%	3.70%	3.70%	3.77%	3.68%
Africa	3.25%	3.42%	3.55%	3.55%	3.44%
Asia	2.79%	3.05%	2.79%	2.50%	2.78%
Latin America and the Caribbean	2.19%	1.76%	1.55%	1.45%	1.74%
Europe	0.10%	0.34%	0.34%	0.33%	0.31%
North America	1.63%	1.15%	1.15%	1.04%	1.24%
Oceania	1.43%	1.49%	1.78%	1.44%	1.53%

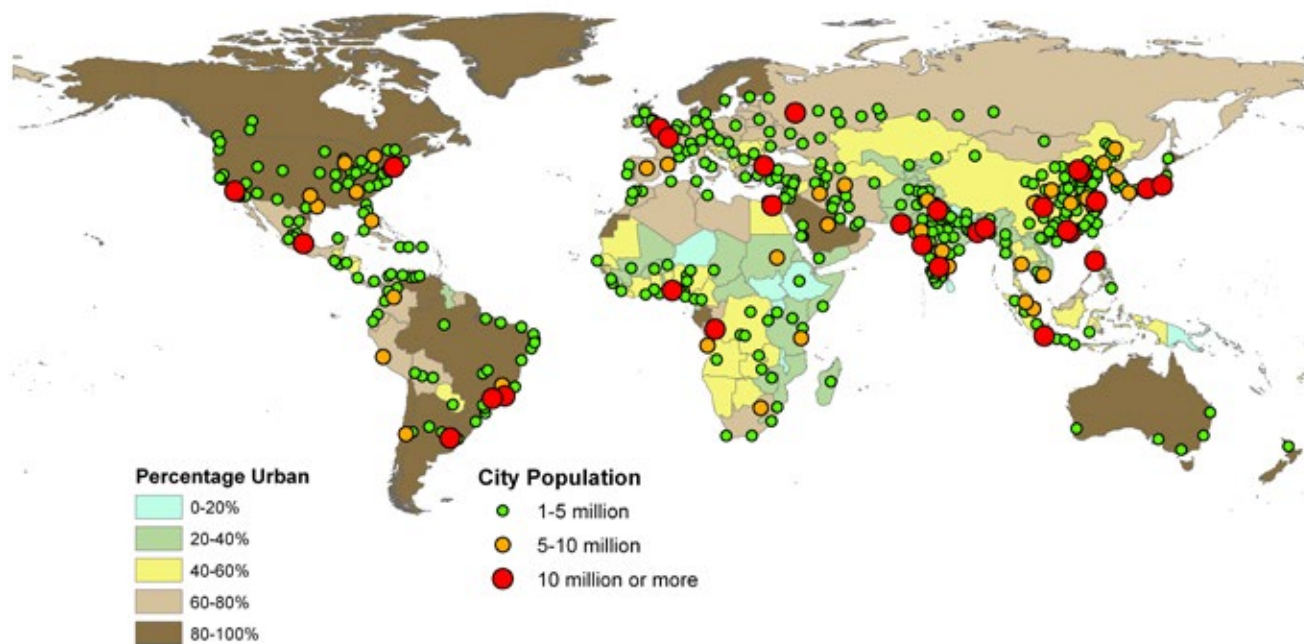
**Figure 1.2: Global patterns of urbanization, 1995**

Source: Based on United Nations, 2014b.



**Figure 1.3: Global patterns of urbanization, 2015**

Source: Based on United Nations, 2014b.





change; as there will be many more cities from China, India and Latin America—an indication that the centre of gravity of the urban world is moving to developing countries, particularly towards Southeast Asia.

Although large and very large cities are in some ways the leading edge of urbanization, because of their influence and economic importance, they are not the fastest growing, nor do they represent the majority of the urban population. The fastest growing urban centres are the small and medium cities with less than one million

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inhabitants, which account for 59 per cent of the world's urban population and 63 per cent of the urban population in Africa.<sup>22</sup> Despite the demographic importance and potential role of such cities, urban planning efforts in developing countries have focused disproportionately on

the problems of large metropolitan areas, thereby contributing to urban primacy. If small and medium cities are to fulfil their potential, then they should form part of the new urban agenda for developing countries.

A final demographic dimension of urbanization involves reproduction and age cohorts. Three important trends stand out. The first is that as more people live in cities, the total fertility rate or average number of children per adult woman decreases. The relationship between urbanization and fertility shows that the relatively poor and less urbanized countries have high levels of fertility; African countries with the lowest levels of urbanization have high fertility rates, while Western Europe, Japan and North America are highly urbanized with low fertility rates. In China, urbanization was responsible for 22 per cent of the decline in total fertility rates between 1982 and 2008; leading to calls for China to relax its one-child policy without having adverse effects of its population growth.<sup>23</sup>

The developmental dynamics behind this picture are important to understand. The highest fertility rates in the world are for poor, rural countries. As countries urbanize, they gain in wealth; and as such, work and educational opportunities for women tend to increase, leading to later marriages, and fewer children. The positive urban dynamics behind the demographic transition to smaller families is complex, and have been studied intensively,<sup>24</sup> but as a general rule, higher rates of urbanization along with growth in GDP lead to lower fertility rates around the world. Over time, it is expected that the poorest African countries, which are currently urbanizing

at very high rates, will show much lower fertility rates.

Over the past few decades, many countries in the developing regions have witnessed decline in infant mortality whilst fertility remains high. This has created a demographic momentum characterized by a relatively young population with children under age 15 accounting for 28 per cent of the population, and youth aged 15 to 24 accounting for a further 17 per cent.<sup>25</sup> The significant increase in proportion of persons aged 15 to 24 is referred to as the youth bulge. There are 1.19 billion people within this age bracket worldwide with 88 per cent in developing countries in 2015.<sup>26</sup> Many developing countries with a high youth bulge face the challenge of youth unemployment, which is two to three times higher than adult unemployment. This is particularly the case in Africa, the Middle East, South America, Central Asia and the Pacific Islands, where the youth account for a sizeable proportion of the population. Youth bulge may portend a blessing or a curse. It can represent a potential opportunity to spur social and economic development if countries harness the power of age-structure transformation. The youth bulge can also increase the risk of domestic conflict<sup>27</sup>— in a context of poor governance, poor economic performance and high levels of inequalities. All these imply that urban job creation and engaging the youth must feature prominently in the new urban agenda.

Globally, the population aged 60 or over is the fastest growing at 3.26 per cent per year.<sup>28</sup> This age group rose from eight per cent in 1950, to 10 per cent in 2000; by 2015, there were 901 million people aged 60 or over, comprising 12 per cent of the world's population. Currently, Europe has the greatest percentage of its population (24 per cent) aged 60 or over. Rapid ageing or greying of the population is occurring all over the world, and as such, all regions, save for Africa would have almost 25 per cent of their population aged 60 or over by 2050.<sup>29</sup>

Both trends have a critical influence on social, economic and environmental development. A youthful population requires investment in education, training, recreational and community facilities, as well as innova-



The world population is **AGEING RAPIDLY.**

**25%**

of the population in all regions except Africa will be aged 60 or over by 2050

tive ways of keeping the youth fully occupied. A rapidly ageing population places increased demand on health-care, recreation, transportation and other facilities for the elderly. It also has implications for old-aged social protection and pension schemes in many countries.

## 1.3 Urban Governance and Finance

From the late 1990s, governance became the mantra for development in developing countries.<sup>30</sup> Driven largely by multilateral institutions, the concept of governance has been promoted along with decentralization and democratization. In developed countries governance was in response to the growing complexity of governing in a globalizing and multilevel context. There have been two board approaches to governance: the World Bank has adopted a mainly administrative and managerialist interpretation of good governance; while United Nations agencies have emphasized democratic practice and human and civil rights<sup>31</sup>. UN-Habitat's Global Campaign on Urban Governance,<sup>32</sup> launched in the year 2000, sought to advocate good urban governance worldwide is characterized by: decentralizing responsibilities and resources to local authorities; encouraging the participation of civil society; and using partnerships to achieve common objectives.

### Governance: Decentralization and local democracy

The persistent growth in population and size of cities has had many consequences. One of the most important is in their powers and functions. As cities grow, and spread out over the land, they have been the recipients of a worldwide trend to devolve power from the national to the local level. A World Bank publication claimed that “decentralization has quietly become a fashion of our time...It is being attempted where civil society is strong, and where it is weak. It appeals to people of the left, the centre and the right, and to groups which disagree with each other on a number of other issues.”<sup>33</sup> The issues relating to governance, decentralization and a system of laws and regulations are addressed in Chapter 6.

The worldwide agency United Cities and Local

Governments (UCLG) notes that: “in the last 20 years decentralization has established itself as a political and institutional phenomenon in most countries around the world.” As a result, in more than 130 countries, “the notions of *autonomia local*, ‘local self-government,’ ‘Selbsverwaltung’ and ‘libre administration’ have gradually become the norm in territorial administration in every region.”<sup>34</sup>

An important facilitating factor which supported the implementation of decentralization initiatives and legislation was the increasing attention given, in many countries, to what UN-Habitat called “governance and democracy at the local level.” In country after country, local governments began to assert more autonomy, their councillors and mayors came to be elected rather than appointed or nominated by higher level officials, and their role of providing basic services was emphasized. In two important guiding documents, approved by UN-Habitat's Governing Council in 2007 and 2009, countries were encouraged to operate in adherence with the principle of subsidiarity, according to which “public responsibilities should be exercised by those elected authorities, which are closest to the citizens.”<sup>35</sup>

Among the implications of this principle, which the guidelines further spelled out, were that elected local authorities should be given adequate legal and financial resources to provide services to their constituents; and that these local authorities should operate transparently in consultation with civil society organizations and local communities. While the experience of many nations has been extremely varied, the fact that so many states have chosen to move along the path of decentralization constitutes a remarkable phenomenon.”<sup>36</sup> So far, most decentralization initiatives — as far as cities are concerned — have had a relatively positive outcome. But the story is not fully written.

### Decentralization without adequate finance

Decentralization is a process, not a final condition. But to the extent that decentralization has not been fully realized in practice, many discrepancies and inadequacies have been attributed to questions of finance. Chapter 8 notes that city financing particularly in rapidly urbanizing developing countries is not keeping pace with the demand for infrastructure and services.

From the late 1990s, governance became the mantra for development in developing countries

In country after country, local governments began to assert more autonomy, their councillors and mayors came to be elected rather than appointed or nominated by higher level officials, and their role of providing basic services was emphasized

**Decentralization is a process, not a final condition**

Decentralization — sometimes called devolution when real political and financial power is transferred from higher to lower levels of government — has been an issue in many European countries since the latter half of the 20th century. New regional elected governments with executive and sometimes legislative powers have emerged in Spain, Italy, Belgium, and Portugal. France, traditionally a very centralized country, passed a major decentralization law in 1981. In the UK, the devolution of power to Scotland, Wales and Northern Ireland and the creation of the Mayor of London and the Greater London Assembly have changed the political and constitutional landscape. The most recent UK election in 2015 showed the strength of Scottish nationalism; while political agitation for more local power continues in some regions and major cities of Spain. But just as new initiatives for decentralization were developing in Europe, very significant decentralization reforms began to take place in many countries of Asia, Africa and Latin America.

Following important decentralization reforms in the late 1980s and early 1990s, most countries in Asia, Africa and Latin America made major efforts to put them into practice. These efforts involved building more capacity at the local level for powers and functions now operating locally; establishing revenue generating procedures to fund local authorities; and organizing agencies and accountable bodies — both administrative and legislative — to promote local development and design improved systems of local finance. Important examples of

these changes can be seen in the cases of India, Colombia, Brazil, and in a number of countries of Sub-Saharan Africa.

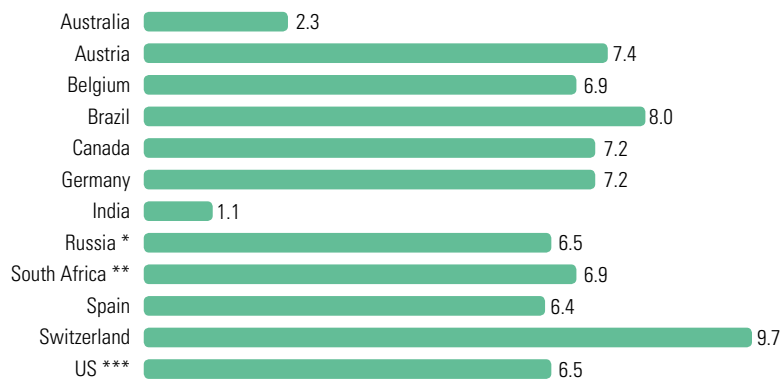
India is a good example of the recent wave of decentralization reforms. The Constitution (72nd Amendment) Act, 1992, prescribes two new institutions to regulate the flow of funding to municipalities. One new institution is the Central Finance Commission, which both suggests new taxation and financial policies that the states can apply to the municipalities under their sway; but under the new arrangements since 1992, the Governor of a state is required set up a finance commission to review the local system, to propose new taxes, and to govern grants in aid to municipalities from the consolidated funds of the state.<sup>37</sup> In spite of these constitutional requirements, results have been limited.

The low level of aggregate municipal expenditures in India, relative to GDP can be seen in Figure 1.4. With only 1.1 per cent of GDP, municipal expenditures in India compare very unfavourably with OECD countries, but even with other BRICS countries such as Brazil, Russia and South Africa. In Latin America, several countries have significantly changed their municipal financial systems. Perhaps the leading example is Colombia, previously a highly centralized country, which went through different phases of decentralization, beginning in the late 1970s. With a new constitution in 1991, more responsibility was delegated to the municipalities, accompanied by a dramatic increase in transfers from the central to the local level, so that by 1997, municipalities' expenditures were almost seven per cent of national GDP.<sup>38</sup> Under the new constitution, mayors (previously appointed) were elected—and cannot stand for immediate re-election. At first, their terms were limited to two years; but this was later increased to four years.<sup>39</sup> Once mayors were elected, and since they now had substantial funds to work with, many innovations and improvements in infrastructure emerged in major Colombian cities. Another good example of decentralization with improved financing in Latin America is Brazil as discussed in Box 1.1.

Many African countries undertook decentralization reforms in the 1980s and 1990s. This was the third “moment” of decentralization across the continent — a pattern that was consistent with reforms in other parts of the developing world.<sup>40</sup> This period is referred to as one of “democratic decentralization”<sup>41</sup> because this was when many African countries genuinely attempted to both devolve powers to local governments, and to democratize the process of local governance. Some important exam-

**Figure 1.4: Municipal expenditure per country**

Source: AFD, 2014. *Indian Urban Panorama*, p. 27; Federal Reserve Bank of St. Louis, 2015, *Economic Research*; Manoel, Garson and Mora, 2013, p. 63.



\*Figure for 2001

\*\* Data for 2003/4; 2007/8

\*\*\* Data for 2013

ples of this phase of decentralization in African countries are: the new constitution in South Africa and its famous “Chapter 7” dealing with local government, which came into operation in 1996;<sup>42</sup> a number of new laws in Senegal, passed in 1996, which changed the Local Government Code, and transferred powers to localities;<sup>43</sup> adoption by referendum in June 1991 of the new Burkina Faso constitution, setting out the main principles of decentralization, followed in 1998 by four major laws which organized the decentralization process and set the guidelines for its implementation; and a new constitution put in place in Kenya in 2010, which did away with provinces and districts, creating 47 counties with elected governors.

Robust decentralization is particularly challenging in Africa, given its history of highly centralized but weak states and extremely limited local revenue.<sup>44</sup> While all the legal and institutional initiatives, cited above, shifted some administrative and political power to the local level, how much financial support was made available to the new mayors and governors? Although there are variations across the continent, the short answer is: not very much. At best, says UCLG, “...the share of public expenditure managed by local government remains low and the implementation of decentralization policies is

half-hearted. In some countries, the share of the revenues of local government coming from national resources has decreased in recent years.”<sup>45</sup>

One of the best measures of financial capacity—local government expenditure as a percentage of GDP—is very low in most African countries. Information for 18 African countries shows that nine countries are at one per cent or less, with Mauritania being the lowest with 0.2 per cent, followed by Togo at 0.4 per cent. Five countries range from over one per cent to 4.9 per cent, and only three countries (Uganda at 5.6 per cent, South Africa at 5.8 per cent and Rwanda at 6.1 per cent) exceed five per cent.<sup>46</sup> Most European and North American local government systems occupy a much higher range as can be seen in Figure 1.4. In Brazil, often considered a “developing” country, local government expenditure as a percentage of GDP is eight per cent.

A comparison of municipal finance in four African countries (Senegal, Burkina Faso, Ghana and Kenya) found that there is a persistence of strong central government supervision over “decentralized” local authorities,<sup>47</sup> there is relatively weak local tax collection, and “central ministries ... are not, on the whole, convinced of the effectiveness of decentralization. As a result,

**Robust decentralization is particularly challenging in Africa, given its history of highly centralized but weak states and extremely limited local revenue**

### Box 1.1: Decentralization with improved financing in Brazil

With a new federal constitution in 1988, Brazil began to devolve considerable functional and fiscal powers to its municipalities. Having added some 1,500 municipalities to its states after 1988, by 2013 Brazil had some 5,570 in its statistical records although 75 per cent of these municipalities had populations under 20,000.

While the states have some implied power over the municipalities, the latter were given control of intra-city transport, pre-school and elementary education, land use, preventive health care, and historical and cultural preservation. On the participatory side, municipalities were given the right to establish councils of stakeholders or municipal boards. These bodies, established in most of the largest cities include elected councillors as well as non-elected representatives of community groups, who deal with such matters as urban

development, education, the environment, health and sanitation. Municipalities can also establish other institutional means of participation through the passing of local constitutions or “organic laws.”

The right of cities to have their own constitutions means that they can develop their own institutions of popular participation. One of the most widely reported local approaches to this challenge in Brazil is the participatory budget. The essential element of this institution is the democratic discussion and allocation of the investment budget of the city. While versions of this system have been operating throughout Brazil, the most well-known example of participatory budget in the city of Porto Alegre where the practice started in the late 1980s. The practice has since been attempted in other parts of the world.

States and municipalities account for almost half of public sector revenues and expenditures in Brazil. Municipal revenues come from two main sources: own revenue and transfers from the states and federal government. Own revenue comes mainly from property tax and professional tax. On the average, municipalities raise about 35 per cent of their total revenues internally, and receive 65 per cent from transfers. In larger and wealthier municipalities, the internally generated revenue is higher; and in smaller and poorer municipalities, the proportion of revenue dependent on transfers is higher. By 2007, UCLG reported that local expenditures in Brazil were equal to 8.3 per cent of its GDP – the highest level in Latin America.

*Sources: Abers, 2000; UCLG, 2010a.*

Overall, decentralization has been an important policy issue over the past two decades

unwieldy legal and financial mechanisms are kept in place to control the activities of local governments, even when legislation has theoretically granted them considerable leeway for action.”<sup>48</sup> In light of their very rapid growth, African cities in the second decade of the millennium are truly “faced with serious funding problems that hamper the implementation of their responsibilities.”<sup>49</sup>

Overall, decentralization has been an important policy issue over the past two decades. While it has waxed and waned in many countries as central governments have failed to fully relinquish financial control over municipalities even when directed to do so by legislation, cities have emerged with generally stronger financial tools than they had going into the period. But as their growth has continued to outpace their ability to provide services for their citizens, they have had to deal frontally with one of the central issues of the Habitat Agenda: the need to provide adequate housing, particularly for the poor. It is at this point that we need to discuss the whole question of slums or informal settlements, particularly in the developing world.

## 1.4 The Continuous Growth of Slums

The widespread growth of slums or informal urban settlements— particularly in the developing world— became a central policy issue during the last two decades. Images of slums were ubiquitous, as the *favelas* of Brazil and the huge, unserved settlements of Nairobi caught the world’s imagination. But as an issue, and a challenge to urban managers, the problem was not by any means new, so we can consider it a *persistent issue* in the classification of this chapter. Slums represent part of the unfinished business of the MDGs or part of the “old” urban agenda that must be addressed by the new urban agenda. This is why Target 11.1 of Goal 11 of the sustainable development agenda seeks to ensure by 2030, access for all to adequate, safe and affordable housing and basic services and upgrade slums.<sup>50</sup>

During the 1960s and 1970s, international agencies like the World Bank, and later, UN-Habitat, began to focus their urban development efforts on improving housing and basic services. The enormous growth of cities

largely through rural-urban migration, and the challenge of organizing adequate housing placed the emphasis on large-scale public schemes to build low-cost, affordable housing. As it became obvious that these schemes could not possibly keep up with demand, nor could they be managed in such a manner that the most needy would be the primary beneficiaries, and in the context of a retreat of the state as a housing provider as shown in Chapter 3, public housing declined as a policy option.

As public housing declined, informal settlements burgeoned. Locally, those living in these settlements were known by a variety of terms: slum-dwellers, informal settlers, squatters, *maskwota* (in East Africa) *paracaidistas* or *colonos* (in Mexico), *okupas* (Spain, Chile and Argentina) and *favelados* (in Brazil). Most of these terms connote stigma in the local culture. Over the years, a staggering number and variety of these settlements have emerged largely in Latin America, Africa, and Asia. The defining characteristics of these areas— now often called slums in the international literature — are their precarious legality and almost non-existent level of services such as community facilities, potable water, and waste removal.

In a major study of this phenomenon, *The Challenge of Slums*,<sup>51</sup> UN-Habitat estimated that in 2001, 924 million people, or 31.6 per cent of the total urban population in the world, lived in slums. The report noted that “... the immensity of the challenge posed by slums is clear and daunting. Without serious and concerted action on the part of municipal authorities, national governments, civil society actors and the international community, the numbers of slum dwellers are likely to increase in most developing countries.”<sup>52</sup>

Following UN-Habitat’s ground-breaking report, the issue of slums was taken up by both researchers and journalists. A number of accounts of the appalling living conditions in slums and informal settlements were published during this period.<sup>53</sup> A recent analysis examines the history and planning architecture behind various stalled attempts to redevelop the Dharavi district in Mumbai – a vast area with nearly 750,000 people.



The enormous growth of cities largely through rural-urban migration, and the challenge of organizing adequate housing placed the emphasis on large-scale public schemes to build low-cost, affordable housing

Redevelopment plans such as the Dharavi Redevelopment Project routinely fail:

*“...and it is often a good thing that they do. If the grand visions of master planners –referred to by many in Mumbai as hallucinations – were realized, then the social dislocations they would bring about would be unimaginable. Holding aside the critical question of where they would all go, if the hundreds of thousands of “unauthorized,” “unregularized,” or “ineligible” Dharavi residents were evicted, the city would simply stop working. If the megaslum were to disappear, then Mumbai would lose so many of its drivers, domestic workers, garment manufacturers, garbage collectors, and office workers that India’s commercial capital would simply cease to function.”<sup>54</sup>*

But are people consigned forever to live in slums, or do they move out of slums and into other parts of the city? Longitudinal studies in the *favelas* of Rio,<sup>55</sup> and in a squatter settlement in Guayaquil, Ecuador,<sup>56</sup> show that there has been considerable movement both physically out of these settlements, and into better serviced neighbourhoods, as well as upwards socially and economically as families improve their positions in the workforce through education and economic initiatives. These studies reinforce the general argument that migrations around the world from rural areas to the big cities are part of a two-stage process.

In the first stage, poor migrants move to low-income neighbourhoods often of big cities; and in the second stage, they and their families spread outward and find opportunities in the more established parts of the city. The neighbourhood to which they first migrate, called an *arrival city* by one author, “is linked in a lasting and intensive way to its *originating villages* ... And it is linked in important and deeply engaged ways to the established city. Its political institutions, business relationships, social networks and transactions are all footholds intended to give new village arrivals a purchase, however fragile, on the edge of the large society, and to give them a place to push themselves, and their children, further into the centre, into acceptability, into connectedness.”<sup>57</sup> While conditions may be harsh within some of these arrival cities, says the author, without them the established cities might stagnate and die.

The statistics on the incidence of slums over time reflect some notable improvement. While many still live in slums, they have clearly been receding as a proportion of the urban population over the last two decades.

Chapter 3 discusses slums in greater detail and shows changes that have occurred across various developing regions. Recent estimates provided by UN-Habitat show that the proportion of the urban population living in slums in the developing world decreased from 46.2 per cent in 1990, 39.4 per cent in 2000, to 32.6 per cent in 2010 and to 29.7 per cent in 2014. However, estimates also show that the number of slum dwellers in the developing world is on the increase given that over 880 million residents lived in slums in 2014, compared to 791 million in 2000, and 689 million in 1990.<sup>58</sup> This implies that there is still a long way to go in many countries, in order to reduce the large gap between slum dwellers and the rest of the urban population living in adequate shelter with access to basic services. Promoting universal access to basic services should clearly be one of the cornerstones of the new urban agenda.

## 1.5

### The Challenge of Providing Urban Services

Closely linked to the issue of slums particularly in the fast growing cities of Asia and Africa is the challenge of providing adequate basic services and infrastructure. This challenge is central to the economic performance of cities, and their ability to provide a minimum quality of life to their citizens. The major services which cities provide include transport networks, water and sanitation connections, electricity, health, education, and a whole host of other ancillary services such as street cleaning, the maintenance of public spaces and parks, public lighting, archives, and cemeteries. When urban services are lacking or are severely strained – as in large areas in many poor cities with large informal settlements – the basic productivity of all citizens will be compromised.

The MDGs and the recently adopted SDGs place considerable emphasis on the improvement of basic services – in both urban and rural areas. But with continuing population growth, how have urban services and related infrastructure kept up over the last two decades? The story varies from country to country, and even between cities

The statistics on the incidence of slums over time reflect some notable improvement. While many still live in slums, they have clearly been receding as a proportion of the urban population over the last two decades

Public management remains the dominant approach to basic service delivery in most countries; and the role of local governments has been reinforced since the 1990s by decentralization initiatives

within the same country. But an overall *tour d'horizon* of some major basic urban services was recently carried out by UCLG. In this document, the basic services surveyed included potable water supply, sanitation, solid waste management, urban transportation and energy.<sup>59</sup>

Among the results reviewed, three trends emerge. First, as countries have improved their economic levels, they have tended to improve the proportion of their urban population able to access basic services. However, this trend has been uneven regionally, with Sub-Saharan Africa and Southern Asia falling behind in urban water provision. Important considerations here are the rapid increase in population and where the country is poor; consequently, cities have not been able to keep up with the demand for services.

The second trend is the increasing number of attempts to find innovative ways of dealing with the infrastructure challenge. Public management remains the dominant approach to basic service delivery in most countries; and the role of local governments has been reinforced since the 1990s by decentralization initiatives. But even though cities may have the legal authority to undertake, and to manage large water schemes and large sewerage or electricity supply schemes, they do not have the human resources, let alone the large-scale capital and technical

capabilities to keep up with rapid demand (Chapter 6). During the 1990s, there were high hopes in some quarters that private sector participation— particularly in the area of drinking water provision would be able to fill the supply gap. However, experience has shown mixed results and pure private concessions have become very unusual.

As an alternative to privatization, a modified approach known as Public Private Partnership (PPP) emerged in many countries. Typically, this model involves a contractual relationship between a public oversight agency and a private company— either local or foreign, or a combination of the two. If the PPP model is defined broadly, one study estimates that between 1991 and 2000, the population served by private water operators in low and medium-income countries around the world grew from 6 million to 94 million; and to over 160 million by the end of 2007. Another study shows that “water and sanitation privatization in developing countries” had taken place in 90 countries, in 87 state or provincial jurisdictions, and in 504 local governments during the period 1990-2011.<sup>60</sup> But experience with the hybrid model of privatization among low-income countries has been disappointing. Consequently, PPIAF-World Bank now argues that this option is more appropriate for relatively upper-middle-income countries, where borrowing is possible in the local currency.<sup>61</sup>



Many homes in the southern Philippine island of Mindanao do not have potable water.

Source: Asian Development Bank, CC BY 2.0, <https://creativecommons.org/licenses/by/2.0/legalcode>

The third general trend in the supply of basic urban services is that common public services are still very poor. Slums may be housing a gradually reduced portion of the urban population as local policies take effect and as incomes increase. However, for the hundreds of millions at the bottom of the urban system, garbage pickup and removal is almost non-existent; toilets, let alone public toilets, are rare; running water to one's premises is an impossibility; well-funded public education is unavailable; and the quality of health services, transport facilities, leisure and open spaces, and even good local food markets is low. Investing in infrastructure is therefore an absolute necessity for the new urban agenda.

## 1.6 Cities and Climate Change

One of the key emerging issues that cities have to contend with is climate change, which has been described as one of the greatest challenges of our time, with adverse impacts capable of undermining the ability of all countries to achieve sustainable development.<sup>62</sup> As shown in Chapter 5, it is no coincidence that climate change has become a pressing international development agenda simultaneously with urbanization, offering many opportunities for climate change adaptation, mitigation and disaster risk reduction. Between 1950 and 2005, the level of urbanization increased from 29 per cent to 49 per cent, while global carbon emissions from fossil-fuel burning increased by almost 500 per cent.<sup>63</sup> Indeed, scientists have reported that 2015 was the hottest year in history by wide margin, as average temperature for the year was 0.75°C warmer than the global average.<sup>64</sup> This has been attributed to increase in greenhouse emissions caused mainly by the burning of fossil fuels, together with the El Niño weather event which releases immense heat from the Pacific Ocean into the atmosphere. In this regard, Goal 13 of the Sustainable Development Agenda, which urges countries to take urgent action to combat climate change and its impacts, could not have come at more auspicious time.

Chapter 5 notes that while climate change is a profound global issue, it is also a local issue, as urban

areas have a crucial role in the climate change arena. Urban areas concentrate economic activities, households, industries and infrastructures which are hotspots for energy consumption as well as key sources of greenhouse gases. It is now widely accepted that urbanization brings about fundamental changes in production and consumption patterns, which when associated with dysfunctional urban forms and structure of cities, contribute to higher levels of energy consumption and greenhouse gas emissions. With more than 50 per cent of the world's population, cities account for between 60 and 80 per cent of energy consumption, and generate as much as 70 per cent of the human-induced greenhouse gas emissions primarily through the consumption of fossil fuels for energy supply and transportation.<sup>65</sup>

Heavy precipitation and extreme weather events can disrupt the basic fabric and functioning of cities with widespread implications for the economy, infrastructure and inhabitants. In 2014, 87 per cent of disasters were climate-related— thus, continuing the 20-year long trend of climate-related disasters outnumbering geophysical disasters in the 10 most disaster-prone countries in the world.<sup>66</sup> Often, cities in developing countries are particularly vulnerable, both from new extreme weather events and the exacerbation of existing poverty and environmental stresses.

Especially vulnerable to climate events are low-lying coastal areas where many of the world's largest cities are located (Figure 1.2 and Figure 1.3). Although low-elevation coastal zones account for just two per cent of the world's total land area, they host approximately 13 per cent of the world's urban population.<sup>67</sup> A one-metre rise in sea levels would pose a great threat to many coastal megacities such as Rio de Janeiro, New York, Mumbai, Dhaka, Tokyo, Lagos and Cairo. These risks are amplified in cities that lack the necessary infrastructure and institutions to respond to the climate change. Research suggests that cities that are deeply connected to regional or global financial systems (e.g. Mexico City, Rio de Janeiro, Johannesburg, Bangkok, Manila, Seoul and Singapore) can potentially spread the negative consequences of any one disaster across the global economy with huge systemic loss effects.<sup>68</sup>

The vulnerability of cities to climate change is dependent on factors such as patterns of urbanization, economic development, physical exposure, urban planning and disaster preparedness. Within cities, gender, age, race, income and location also have implications for



Between 1950 and 2005, the level of urbanization increased from 29% to 49%, while global carbon emissions from fossil-fuel burning increased by almost

**500%**



The design and use of the built environment is a critical area for climate change mitigation; the built environment consumes about one-third of the final energy used in most countries, and absorbs an even more significant share of electricity

the vulnerability of individuals and groups. Low-income groups are being pushed into locations that are prone to natural hazards and four out of every ten non-permanent houses in the developing world are now located in areas threatened by floods, landslides and other natural disasters, especially in slums and informal settlements.<sup>69</sup>

It is crucial to recognize that cities must also be part of the solution to climate change. Urbanization offers many opportunities to develop mitigation and adaptation strategies to deal with climate change especially through urban planning and design. The economies of scale, concentration of enterprises and innovation in cities, make it cheaper and easier to take actions to minimize both emissions and climate hazards. There are also significant opportunities for disaster risk reduction, response and reconstruction in cities including through land use planning, building codes and regulations, risk assessments, monitoring and early warning, and building-back-better response and reconstruction approaches.

To date, the measures envisaged at the global and national levels have yet to be accompanied by concerted measures at the city and local levels. The response of cities to the challenges of climate change has been fragmented, and significant gaps exist between the rhetoric of addressing climate change and the realities of action on the ground. The critical factor shaping urban responses to climate change is government capacity, which is hindered by factors that are institutional, technical, economic, or political in character. In developing countries, where resources are particularly limited, municipal authorities might be hesitant to invest in climate change adaptation given the many competing issues on their urban agendas. Often, municipal authorities have to contend with other “higher priority” issues such as unemployment, backlogs in housing, inadequate infrastructure and high levels of poverty among others. Indeed, the way climate change is prioritized in relation to other development objectives such as economic growth, poverty reduction, political stability, and other social issues plays a crucial role in climate change responses.

The design and use of the built environment is a critical area for climate change mitigation; the built environment consumes about one-third of the final energy used in most countries, and absorbs an even more significant share of electricity.<sup>70</sup> In 2005, the City of Chicago’s Department of Buildings launched a “Green Permit Program” to promote green roofs which resulted in: reduced heat island effect; lower urban air temperatures;

reduced stormwater runoff; and stimulated green business development.<sup>71</sup> Arguably, urban emission reductions have a global impact that will benefit future generations, thus mitigation policies provide important co-benefits for the current generation, at the local and regional levels.<sup>72</sup>

Municipal governments are best positioned to make meaningful contributions to greenhouse gas reductions. The Compact of Mayors initiative builds on cities existing climate commitments, to undertake a transparent measurement and reporting on emissions reductions.<sup>73</sup> It also aims to reduce vulnerability and enhance resilience to climate change, in a consistent and complementary manner to national level climate protection efforts. While cities are well positioned to adapt to climate change through appropriate urban planning and design, this often requires new and improved infrastructure and basic services. Consequently, cities worldwide must take advantage of the need to redress existing deficiencies in housing, urban infrastructure and services, whilst simultaneously creating jobs and stimulating the urban economy.

## 1.7 Inequality and Exclusion

Inequality has become a major emerging urban issue, as the gap between the rich and the poor in most countries is at its highest levels since 30 years.<sup>74</sup> This policy issue is important to the extent that— in different countries and cities— the urban divide both stigmatizes and excludes. It stigmatizes and even removes large groups of the urban population from a socially and economically productive life (Box 1.2); and it excludes, by preventing them and their children from benefitting from opportunities to advance in the society at large. While inequality and exclusion are closely related as shown in Chapter 4, inequality has been at the centre of policy discussion. It is therefore gratifying that Goal 10 of the Sustainable Development Agenda seeks to reduce inequality within and among countries.

In the 1950s, the economist Simon Kuznets discovered an inverted U-shaped relation between income inequality and economic growth. In poor countries, he argued that there was a substantial income disparity

between the rich and the poor, but as countries grew wealthier, economic growth narrowed the difference. In this process, as countries experienced growth, mass education would provide greater opportunities which, in turn, would decrease inequality and shift political power to lower income groups in order to change government policies.<sup>75</sup> The increase, then decrease in inequality over time became known as the Kuznets curve. While this early thesis has since been criticized and modified, the relationship among income inequality, growth and economic policies remains important in economic thinking.

In his book *The Price of Inequality*, Nobel laureate Joseph Stiglitz highlights increasing inequality in the US “For thirty years after World War II, America grew together— with growth in income in every segment, but with those at the bottom growing faster than those at the top...But for the past thirty years, we’ve become increasingly a nation divided; not only has the top been growing the fastest, but the bottom has actually been declining.”<sup>76</sup>

Since the US is largely an urban society, these national patterns are a reflection of urban inequality. Large metropolitan areas such as Atlanta, New Orleans, Washington, DC, Miami and New York experience the highest levels of inequality, similar to those of developing country cities such as Abidjan, Nairobi, Buenos Aires and Santiago— with Gini coefficients of around 0.50.<sup>77</sup> Box 1.2 provides a narrative of the nature of inequality in the city of New York.


The reduction, then growth of inequality in the US, with a close comparison to Europe over time, has been traced by Thomas Piketty in his ground-breaking book, *Capital in the Twenty-First Century*. His calculations show that the level of inequality in the US—especially since the 1970s— has been considerably higher than that of Europe. Among other findings are that income inequality in “emerging” countries (India, Indonesia, China, South Africa, Argentina, and Colombia) has been rising since the 1980s, but still ranks below the level of the US in the period 2000-2010.<sup>78</sup> While the levels of inequality across Western Europe have been widening since the 1980s, as reflected by the Gini coefficient which increased to 0.315 in 2013<sup>79</sup> compared to 0.291 in the late 1980s, the region remains the most egalitarian in the world.

UN-Habitat’s analysis of 48 selected cities shows that urban income inequality in developed countries is not high by international standards.<sup>80</sup> Of the three main clusters of developing countries, Africa shows



the highest levels of persisting urban inequality; Latin America shows a mixed pattern with high incomes but relatively high levels of inequality; while Asia shows the lowest levels of urban inequality. The balance of change seemed to be positive in terms of decreasing inequality over time. Still, the story is an open-ended one, not least because “inequality is multidimensional and cannot be viewed solely through the prism of income.”<sup>81</sup> Households may have unmeasured social capital, opportunities for education or health that enhances their potential capability to earn income in the future; or assistance in income or kind from friends and relatives. Besides, how communities organize and how their communities are planned and located may overcome basic disabilities caused by income scarcity.

China, which has one of the largest urban populations in the world, has a very complex picture of inequality. Rapid urbanization has been associated

 Rising inequality is one of the challenges of urbanization that has confined many people to poor living conditions. Kibera slum, Nairobi, Kenya.

Source: Julius Mwelu / UN-Habitat

## Box 1.2: “Tale of two Cities:” New York has become the capital of inequality

New York City is a microcosm of America’s rising economic inequality — and of the lopsided nature of the “recovery” that officially began in 2009, the one most working people have yet to experience. Manhattan is becoming an island of extremes. The mean income of the top five per cent of households in Manhattan soared nine per cent in 2013 over 2012, giving Manhattan the biggest dollar income gap of any county in the country, according to data from the Census Bureau. The top five per cent of households earned US\$864,394, or 88 times as much as the poorest 20 per cent, according to the Census Bureau’s American Community Survey. The recovery seems to be going to those at the top, much more than those in the middle, while those at the bottom may even be losing ground.

The citywide poverty rate remained stalled at about 21 per cent. Its poverty rate is 6.5

points higher than the national average and 1.8 million people— around one in five — require food assistance to get by. Almost one in three of the city’s children live in poverty. In March 2014, the *New York Daily News* reported that the city’s 1,000 food pantries— which help feed 1.4 million New Yorkers — are straining to keep up with steadily increasing demand.

At the same time, those at the top of the ladder have seen their incomes spike, and are driving up prices throughout the city. Sports car sellers and Hamptons beach house realtors rejoice: Wall Street bonuses hit their highest level since 2007. The tech industry also is booming; tech employment grew by 33 per cent between 2009 and 2013, and in 2012, those jobs paid an average of US\$118,000 per year. Tourism and entertainment are also booming.

The question is who will be around to serve the city’s economic elites that US\$14 glass of cabernet or show them to those great seats at Yankee Stadium? Where will that person live? How will he or she raise kids in the city that never sleeps? Median rental costs in Manhattan have increased for six consecutive years, and now stand at just under US\$4,000 per month. And you won’t find that much relief heading to the boroughs; the median rent in Brooklyn is now US\$3,172, and in Queens it is US\$2,934. Owning a home is just a fantasy for working New Yorkers. The average cost in the five boroughs rose six per cent between the second quarters of 2013 and 2014, and now stands at US\$826,000.

*Source: Holland, 2014.*

UN-Habitat’s analysis of 48 selected cities shows that urban income inequality in developed countries is not high by international standards.<sup>80</sup> Of the three main clusters of developing countries, Africa shows the highest levels of persisting urban inequality

with growing income and wealth inequality.<sup>82</sup> The Gini coefficient for China stood at 0.47 in 2012,<sup>83</sup> up from 0.42 in 2010.<sup>84</sup> With the exception of Shenzhen and Zhuhai— with Gini coefficients of 0.49 and 0.45 respectively<sup>85</sup>— inequality in Chinese cities is much lower compared to other cities in the developing world; although this has been increasing in recent decades.

Inequality in Chinese cities has been exacerbated by the hukou system (legal household registration in the city). According to one count, 205.6 million rural migrants (without hukou) representing about 31 per cent of the urban population were living in Chinese cities in 2010; this increased to 230 million in 2011.<sup>86</sup> While there have been many changes in the situation of migrants, most operate at least in the semi-informal sector, and do not have the right to state-supported health, education or housing facilities.

Increasingly, the migration decision is seen viewed as a survival strategy to diversify the range of family incomes. Seen in this light, migration to Chinese coastal cities interior has the indirect result of fun-

neling remittances back to the regions of origin and thus reducing regional disparities. Furthermore, migrants work in export-oriented enterprises, thus valorizing the productive investments already made in urban areas of Guangdong and Fujian Provinces.<sup>87</sup> While the newer generation of migrants tends to be much better educated and attain higher positions in the urban occupational hierarchy, they are still at a distinct disadvantage vis-à-vis local residents with hukou status when it comes to access to public facilities and social services. Given the importance of the household registration system to the welfare of so many urban migrants, the Chinese government’s decision in 2014 to reform the system, in order to give cities more flexibility in dealing with welfare entitlement, is a significant and positive step.<sup>88</sup>

One of the physical manifestations of increasing levels of inequality in urban areas is that the phenomenon of gated communities has become more evident in the last two decades. These communities share similar characteristics such as separation from neighbouring land by fences, walls, or by other constructed or natural obstructions, including symbolic barriers; and filtered or selective entry using mechanical, electronic or human guardianship as access-control elements.<sup>89</sup>

One of the physical manifestations of increasing levels of inequality in urban areas is that the phenomenon of gated communities has become more evident in the last two decades

Gated communities have been increasing rapidly in the US. In the late 1990s, a major study of US housing showed that 40 per cent of new homes in planned developments are gated in the West, the South, and south-eastern parts of the country.<sup>90</sup> It has been estimated that seven million households in the US lived in 20,000 gated communities in 2007, with such communities emerging as the fastest growing housing type.<sup>91</sup> Although not as widespread as in the US, a 2004 survey found more than 1,000 gated neighbourhoods in England, with most of these in the London Metropolitan area and the southeast.<sup>92</sup>

In Latin America, the fear of crime has led to the emergence of gated communities in almost all major cities to the extent that some of these have now become “gated cities,” providing full urban services for their residents with private high-ways linking them together.<sup>93</sup> In Santiago, Chile, private high-ways have been built, connecting exclusive quarters of the city, accessible only to those living in these neighbourhoods.<sup>94</sup> In 2012, Buenos Aires had more than 400 gated developments containing 90,000 homes, thereby further widening the gap between the rich and the poor (Box 1.3). Rising levels of crime and growing inequality have in part played a key role in rise of gated communities in major African cities such as Johannesburg, Lagos and Nairobi. In 2004, Johannesburg had 300 enclosed neighbourhoods and 20 security estates.<sup>95</sup>

While the rise of gated communities have in part, been in response to growing crime and security concerns, they have far greater ramifications, leading to disproportionate and more intense consumption of public space, increasing polarization, privatization and segmentation of urban space, and segregation between income and social groups. In an attempt to curb the growth of gated commu-

While the rise of gated communities have in part, been in response to growing crime and security concerns, they have far greater ramifications, leading to disproportionate and more intense consumption of public space, increasing polarization, privatization and segmentation of urban space

### Box 1.3: Barbarians at the gate: Buenos Aires’ exclusive neighbourhoods face a heavy new tax

Residents of the Mayling Country Club, a gated community on the outskirts of Buenos Aires that boasts tennis courts, a polo field and a private restaurant, often carp about the Pinazo River, which runs through four holes of their verdant 18-hole golf course. If one doesn’t aim carefully, the river, which is flanked by weeping willows and navigated by ducks, swallows all the balls launched its way.

A few miles downstream, residents of Pinazo, an informal settlement that has sprung up along the riverbank, have very different complaints. During heavy rains the river overflows, inundating their makeshift aluminium and brick homes with sewage. Its gangs are so tough that even police fear to go in.

Such inequality is the norm in the suburbs of Buenos Aires, where a quarter of Argentina’s 40 million citizens live. For the majority, life is hard. Less than half of homes have sewerage and a quarter lack access to piped water. A third have no gas; almost as many stand on unpaved streets. But amid this poverty, islands of luxury are popping up. A report by the provincial tax office in 2012 suggested that there were more than 400 gated developments around the capital, containing 90,000 homes. Most manage their own utilities and security, with CCTV and guards patrolling at all hours. Some are small towns in their own right: Nordelta, a secure mega-complex on the capital’s northern edge, is home to more than 17,000 people and has its own schools, hospitals and hotels.

A new law proposes to prize open the gates. The Law of Just Access to Habitat, promulgated in October 2013, allows the provincial government to tax new gated communities a tenth of their land, or the equivalent in cash, to pay for social housing. It also raises by 50 per cent the tax levied on vacant lots in gated neighbourhoods, and allows the government to expropriate lots that have lain undeveloped for five years after a three-year grace period.

The idea is to give the government more power to intervene in the regulation of land, and therefore decrease the unbelievable inequality. An opposition congressman from Buenos Aires, has lodged a complaint that the law is unconstitutional in that it violates the right to private property and opens a dangerous door. Whatever the impact of the new law, the rich and poor of Buenos Aires will continue to live jammed close together, but worlds apart.

Source: *The Economist*, 2013.

nities, the provincial government in Buenos Aires enacted the *Law of Just Access to Habitat* in October 2013, which allows the provincial government to tax new gated communities 10 per cent of their land or the equivalent in cash to be used for social housing (Box 1.3). The law also increases by 50 per cent the tax on vacant lots in gated communities, and allows the government to expropriate lots that have remained undeveloped for five years. How effective this law becomes will be seen in the years to come.

# 1.8

## Upsurge in Involuntary Migration

The upsurge in forced migration across international borders is an emerging issue which has implications for cities. While involuntary migration is a global issue, Europe has been at the forefront of large scale involuntary migration in recent years steaming from the conflict in the Middle East. However, the bulk of this humanitarian crisis is largely affecting neighbouring countries, particularly Syria.<sup>96</sup> Syrian refugees now comprise the biggest refugee population from a single conflict.<sup>97</sup> As the end of 2015, it estimated that 2.5 million Syrian refugees were in Turkey, 1.11 million in Lebanon, 0.63 million in Jordan, 0.25 million in Iraq and 0.12 million in Egypt.<sup>98</sup> In Lebanon, for instance, Syrian refugees account for over a quarter of the country's resident population. This makes Lebanon the country with the highest per capita concentration of refugees worldwide along with Jordan, which has refugees from several countries fleeing different crisis.

In 2015, more than one million forced migrants and refugees arrived in Europe compared to 280,000 in 2014<sup>99</sup>— a figure that the European Union's external border force, Frontex, puts at more than 1.8 million.<sup>100</sup> The vast majority (over one million) arrived by sea and the rest over land. In Europe, Germany is the preferred destination of migrants, as it received close to 1.1 million migrants and refugees in 2015, more than one per cent of its population.<sup>101</sup> This in part can be attributed to Germany's initial welcoming approach and more favourable economic situation. Besides, Germany has an established quota system for the distribution of asylum seekers among its federal states, based on their tax income and population density. Few countries such as Sweden and Austria have taken a large number of refugees relative to their population.

Not all migrants are fleeing conflicts, wars or oppressive regimes; it has been a mixed-migration flow of refugees, asylum-seekers and economic migrants among

others. There are a variety of reasons, complex and often overlapping, as to why migrants pay thousands of dollars to smuggling rings to undertake dangerous journeys on sea to cross from parts of Sub-Saharan Africa to the Spanish Canary Islands, from Morocco to southern Spain, from Libya to Malta and the Italian islands of Lampedusa and Sicily, and from Turkey to Greek Islands.

A large number of migrants recorded to have entered Europe illegally through the Mediterranean Sea are from some African countries. Although the African economy has witnessed relatively high levels of growth, and is the second fastest the world,<sup>102</sup> high unemployment especially among the youth, inequality, poverty, lack of opportunities and a sense of hopelessness are driving migrants to make this perilous journey in unworthy and overcrowded boats to Europe. The large black market's labour force serves as a major pull factor for illegal migration to Europe.<sup>103</sup> Globalization of information generally reinforces the idea of a better life in Europe and drives the quest for greater prosperity abroad. Refugee migration to Europe has been marred deaths, with the Mediterranean Sea being the deadliest route in the world; nearly three-quarters of reported migrants' deaths in the world occurred in this sea in 2015.<sup>104</sup> The first eight months of 2015, witnessed the loss of 2,373 lives on the Mediterranean.<sup>105</sup>

The influx of refugees to Europe is occurring against the backdrop of fight against terrorism, as well as a relatively weak labour market and economic conditions. Consequently, insularity, xenophobia and right-wing populism and anti-immigrant parties are gaining ground across

Europe.<sup>106</sup> This has led to negative public perception of migrants and refugees. Hungary, for instance, has introduced restrictive measures that have ensured limited access for refugees at its borders. In Denmark, the

parliament backed what was considered by many—a controversial bill to confiscate the assets of asylum seekers worth more than US\$1,420 to cover their housing and feeding costs.<sup>107</sup> Some of the countries that initially welcomed refugees into their cities are beginning to experience escalating far-right opposition and the spread of anti-immigrant sentiment manifested by a persistent pattern of protests and violence against migrants, including efforts to render shelter uninhabitable through arson and other forms of vandalism. At the same time, there has been a rise in expression of solidarity with immigrants. Some cities have been avenues for movements that embody empathy

The upsurge in forced migration across international borders is an emerging issue which has implications for cities

The influx of refugees to Europe is occurring against the backdrop of fight against terrorism, as well as a relatively weak labour market and economic conditions

with the plight of migrants; rallies have taken place across major cities in Europe in show of solidarity with migrants and to express disagreement with anti-refugee policies.

In Germany, the City of Dresden experienced rallies in support of refugees that countered the protests PEGIDA.<sup>108</sup> Also, a right-wing rally *Offensive for Germany* of about 400 marchers sparked a larger counter-protest that drew more than 1,000 activists in the City of Leipzig.<sup>109</sup> In London, tens of thousands joined the Solidarity with Refugees rally, urging the UK government to do more and to welcome more refugees.<sup>110</sup> In Copenhagen, over 30,000 people gathered outside the Parliament building chanting: “Say it loud, say it clear, refugees are welcome here!” Similar events have taken place in Glasgow and Dublin among other European cities to express similar sentiments. This has been a rallying force agitating for national governments to respect international obligations and commitments, ensure dignified reception conditions for all refugees and take concrete measures against intolerance and xenophobia.

Europe stands to gain from influx of migrants especially in the face of the threat posed by the demographic trajectory of an ageing population and low birth rates in some countries.<sup>111</sup> Local authorities are looking beyond the humanitarian emergency and seeing migrants as integral for the socioeconomic development of their cities; if migrants integrate well, they are likely to boost the economy of their host city by easing skill shortage. Previous experience of refugee crisis shows that migrants can, eventually become valuable contributors to the economic and social development of countries.<sup>112</sup>

Absence of integration policies can lead to the formation of ghettos and marginalized communities, which could serve as breeding grounds for frustration, disenchantment, vulnerability and even radicalization.<sup>113</sup> The City of Leipzig (Germany) which for decades was considered a ‘shrinking city’ can see the arrival of migrants as an opportunity for reviving the city. Other German cities like Munich, Düsseldorf, Stuttgart and Freiburg have established ‘welcome departments’ within their city halls to prepare for the arrival of refugees.<sup>114</sup> Additionally, German ministry responsible for housing has embarked on the construction of 350,000 public-housing units for refugees, which will likely create an estimated 25,000 jobs.<sup>115</sup>

# 1.9

## Rising Insecurity and Urban Risk

A major emerging urban issue concerns insecurity and increasing risk. Over the past two decades, urban population growth and the effects of globalization have enhanced the complexities and manifestation of crime and violence in cities.<sup>116</sup> The fear of crime and violence continues to be pervasive in cities and is one of the top concerns in citizens’ everyday lives. One study showed that 60 to 70 per cent of urban residents have been victims of crime in those developing or transitional countries where rapid urban population growth is at its highest.<sup>117</sup> New and pervasive risks affecting cities include terrorism, urban warfare, heightened securitization, and disease and pandemics. Insecurity and risk undermine the long-term sustainability of cities worldwide.

Rapid urban growth and the globalized nature of cities have added new levels of urban health risks. The spread of disease in cities often occurs as a result of inadequate infrastructure and services. High

incidence of traffic fatalities, air pollution related respiratory infections and premature deaths, and communicable, vector, and waterborne diseases can all be related to inadequate, poor, or inefficient urban infrastructure.<sup>118</sup> Movement between global cities has significantly impacted the spread of viruses such as SARS.<sup>119</sup> For instance in 2003, the SARS virus that originated in the Guangdong province in China, spread to 30 countries around the world over a 6-month period killing 916 people and infecting 8,422 people before it was contained.<sup>120</sup> The world learned from the SARS outbreak that maintaining a city’s health security will depend on sound urban planning as advocated in Chapter 7, as well as a very robust and responsive infrastructure and health service network.<sup>121</sup>

The outbreak of Ebola fever in West Africa, and subsequent spread during the years 2013 to 2015, was particularly virulent in the underserved slums of major coastal

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Cities are increasingly becoming targets of terrorism as they provide high levels of visibility and impact as a result of their social, political, and economic centrality

War itself is now being urbanized, with cities being targeted as sites for the confrontation of opposing powers, regimes, and ideologies

cities.<sup>122</sup> West Point, in Monrovia, Liberia, “is West Africa’s largest and most notorious slum: more than 70,000 people crowded together on a peninsula, with no running water, sanitation or garbage collection. The number of Ebola deaths in that slum will likely never be known, as bodies have simply been thrown into the two nearby rivers.”<sup>123</sup> While urban areas can be the vector for the spread of this epidemic, the concentration of population, services and effective treatment in a city can also result in its local eradication. This was the case in Lagos in late 2014, where a rapid, coordinated public health response was able to limit the spread of the virus to only 19 persons (8 of whom died), once an infected passenger from Liberia brought the virus to the city. The passenger arrived on July 20, and by October 20, WHO declared the country Ebola-free.<sup>124</sup>

Cities are increasingly becoming targets of terrorism as they provide high levels of visibility and impact as a result of their social, political, and economic centrality.<sup>125</sup> High concentrations of people and complex infrastructure leave cities vulnerable to potentially devastating attacks and disruptions to vital services.<sup>126</sup> The intensification of terrorism and its impacts on civilian lives in cities is clearly demonstrated by the over five-fold increase of terrorism related deaths in the past decade and a half. Since 2000, the number of deaths from terrorism has increased over nine-fold from 3,329 to 32,658 in 2014.<sup>127</sup> In spite of the public’s fear of terrorist activities, it is important to note that the incidence of terrorist attacks is far surpassed by that of common crimes and other types of violence.<sup>128</sup> For example, 437,000 people are killed by homicides in each year, which is over 13 times greater than deaths from terrorism.<sup>129</sup> However, the number of casualties from terrorism is on the increase with many victims being private citizens. In 2014, the total number of deaths from terrorism increased by 80 per cent when compared to 2013— thus making this the largest annual increase in the last 15 years.<sup>130</sup>

The impact of terrorism on cities is enormous and extends beyond civilian casualties to the destruction of infrastructure and buildings. The attack on New York in 2001 left 3,500 people dead but also damaged about 2.8 million square metres of office space and the Port Authority Trans-Hudson train station at the World Trade Center.<sup>131</sup> Large public facilities such as malls, hotels, transit systems and schools are targets of terrorism because securitization of large numbers of the public is extremely costly and difficult. In the Westgate Shopping

Mall attack in Kenya in 2013, unidentified terrorists associated with Al-Shabaab in Somalia killed 67 in the capital city.<sup>132</sup> In April of 2015, an Al-Shabaab siege of a Kenyan university campus in Garissa town left 147 dead.<sup>133</sup> According to a Kenyan parliamentary report, Kenya has experienced 35 terrorist attacks since 1975, of which 26 took place in urban areas.<sup>134</sup> The terrorist attacks in Paris in November 2015, which simultaneously targeted a concert hall, a major stadium, restaurants and bars, left 130 people dead and hundreds wounded.<sup>135</sup>

Terrorism could have adverse implications for state-initiated urban development programmes in aid-dependent countries. This because the fight against terrorism might adversely affect the disbursement of development assistance from donor countries that are affected, or feel threatened by terrorism could spend more of their resources in fighting terror and less on development assistance. Less funding could therefore be available for state-initiated urban and infrastructural projects.

War itself is now being urbanized, with cities being targeted as sites for the confrontation of opposing powers, regimes, and ideologies.<sup>136</sup> Warfare in cities has meant greater civilian death. For instance, in 2001, the first 20 weeks of US bombings of cities in Afghanistan resulted in approximately 3,500 civilian deaths. An additional 19,000 to 43,000 refugees later died of hunger, disease and cold as result of the destruction of important infrastructure including hospitals, power plants, water supply utilities, communication systems, and transport networks.<sup>137</sup>

States are now responding to these security breaches by urban militarization which entails the militarization of civil society— the extension of military ideas of tracking, identification and targeting into city space and everyday life.<sup>138</sup> Some states or cities are investing in military facilities and technologies specifically designed for combat in cities.<sup>139</sup> Militarization is seen as necessary to thwart civil disobedience and terrorism and consequently greater limits have been placed on protests and violent measures are more often used to sanction demonstrators.<sup>140</sup> Militarization of cities is evident in the security measures adopted for sporting events, the fortification of border security networks, and the deployment of security details during large international summits and anti-globalization protests.<sup>141</sup>

In the past 20 years, a parallel trend has been the intensification and privatization of security and the unprecedented growth of mass urban surveillance to

tackle emerging threats.<sup>142</sup> At the turn of the current century, annual growth rate of private security was estimated at 30 per cent in developing countries and eight per cent in developed countries.<sup>143</sup> A study conducted in South Africa showed the number of private security guards increased by 150 per cent between 1997 and 2006.<sup>144</sup> In Latin America, the private security industry with nearly 4 million security agents is growing at nine per cent a year, and is projected to reach about \$30 billion by 2016, which is more than the economies of Peru or El Salvador.<sup>145</sup>

With the advancement in digital technology there has also been a rise in the use of digital camera surveillance systems, license plate recognition, and face and crowd detection software.<sup>146</sup> For instance, London has a camera for every six citizens and in May 2014, the city began the UK's largest trial of body-worn cameras for police officers.<sup>147</sup> At the same time, there has been an increased diversification of agents, targets, and forms of urban surveillance.<sup>148</sup>

Over the past few decades, the advancement of digital technologies and the development of the internet have paved a way for a new kind of risk. Cyber insecurity, which goes beyond physical boundaries, has become extremely prevalent in today's digital world. Digital technology is being deployed in many aspects of a city's infrastructure and service delivery systems.<sup>149</sup> Over reliance on technologies and electronic service delivery has made cities more vulnerable to hacking and cyberattacks, which are reported to occur as frequently as every thirty seconds.<sup>150</sup> Lloyd's of London estimates that cyberattacks cost businesses as much as US\$400 billion a year.<sup>151</sup> This, in part, explains why global spending on cyber security is projected to increase by 8.2 per cent from US\$77 billion in 2015 to US\$101 billion in 2018 and reaching US\$170 billion in 2020.<sup>152</sup>

Urban crime and violence can also be extremely detrimental to economic development by impeding foreign investment and the provision of infrastructure and public services, contributing to capital flight and brain drain, and negatively impacting international tourism.<sup>153</sup> For instance, the Mexican government esti-

mated that crime and violence cost the country US\$9.6 billion from lost sales, jobs, and investment in 2007.<sup>154</sup>

Safety, security and justice are frequently outside local authorities control and are highly centralized. As crime, violence, and terrorism can cut across local boundaries, there is a need for central governments to cooperate with, support, and include cities in strategies for protection and prevention. Urban safety policies need to include both gender and poverty dimensions with a particular focus on citizens at risk including urban poor, youth, women and single female-headed households, and the elderly.<sup>155</sup>

There is also a need for community based approaches and strategies to help reduce risk factors.<sup>156</sup> Transferring certain powers of enforcement to the community level can help ensure that local culture and reconciliation justice is taken into account.<sup>157</sup> Today, efforts to take back the city's spaces are gaining in momentum in many cities worldwide. Overall, it is clear that cities need to involve local communities in designing appropriate solutions in order to better tackle evolving urban safety and security concerns.

## 1.10

### The Need for a New Urban Agenda

As this chapter has shown, cities are growing everywhere, but as they grow and their problems become more complex, they learn from each other, and from their local communities. In so many areas—urban services, urban housing, growing inequality and exclusion, and safety and security—new challenges are emerging, even when old patterns persist. These challenges will in part frame the attempt to find a new, and more current urban agenda in order to better structure and regulate the forces of social, economic, technological and political change that are pulsing through our cities. Cities will always be “rife with problems,” even when they are “filled with promise.”<sup>158</sup>

To effectively address these challenges and take advantage of the opportunities of urbanization requires a coherent approach. This approach in the form of a new urban agenda offers a unique opportunity to achieve global strategic goals by harnessing the transformative forces of

Over reliance on technologies and electronic service delivery has made cities more vulnerable to hacking and cyberattacks, which are reported to occur as frequently as every thirty seconds



Cyberattacks cost businesses an estimated **US\$400 billion** a year



Cities that are environmentally sustainable, socially inclusive and violence-free, economically productive and resilient can genuinely contribute to national development

urbanization. The new urban agenda should recognize that urbanization as a force on its own, which, alongside other drivers of sustainable development can be harnessed and steered through policy, planning and design, regulatory instruments as well as other interventions to contribute towards national sustainable development. Moreover, the challenges posed by urbanization have global ramifications that, if not addressed adequately, could jeopardize chances of achieving sustainable development. It is therefore necessary to shift cities and towns onto a sustainable development path.

It is clear that continuing along the current model of urbanization is no longer an option. Cities and towns can play a greater role in the sustainable development agenda, and for that they need to be better understood and integrated into the changing global discourse on sustainable development. Urbanization affects all human settlements: rural villages and service centres, small and medium-sized towns, cities and megacities. All these settlements contribute in different ways to national growth and sustainable development

Urbanization is vital for delivering sustainable development, not only because the urban areas of the world are expected to absorb almost all future population growth, but because they concentrate economic activities and influence social change. Urban areas also have the potential to reduce ecological footprints, connect rural and natural environments and create system-based solutions.<sup>159</sup> The new urban agenda responds to the differentiated needs, challenges and opportunities of cities in developed and developing countries.

The new urban agenda should promote sustainable cities and other human settlements that are environmentally sustainable and resilient; socially inclusive, safe and violence-free; economically productive; and better connected to and contributing towards sustained rural transformation. Such a vision should be fully in line with the 2030 Agenda for Sustainable Development, especially Goal 11: to make cities and human settlements inclusive, safe, resilient and sustainable

The new urban agenda represents a paradigm shift towards a new model of urbanization that can better respond to the challenges of our age by optimizing resources to harness future potentials. This new urban

a new urban agenda offers a unique opportunity to achieve global strategic goals by harnessing the transformative forces of urbanization

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agenda should be implementable, universal, rights-based, sectorally and spatially integrative, inclusive, equitable, people-centred, green and measurable. Elsewhere, we are

reminded that “... the effectiveness of any New Urban Agenda is whether it is relevant to urban governments and urban dwellers, especially those whose needs are currently not met.”<sup>160</sup> Besides, the new agenda must take cognizance of the delivery failures of the recent decades.<sup>161</sup> The new urban agenda should have the possibility of articulating different scales, from the neighbourhood to the global level, and diverse scales of human settlements— from the village through the small and medium-sized town, to the city and megacity.

For the new urban agenda to induce transformative change in cities and countries both developed and developing, it needs to give explicit attention to both the pillars that can guide this change and the levers to support the development of a new model of urbanization. These pillars and levers of the new urban agenda are elaborated upon in Chapters 9 and 10 respectively.

The new urban agenda can shape our emerging futures, bringing about the sustainable type of development that is essential for national sustainable development, as its expected outcomes extend well beyond urban areas through a range of ripple effects across socioeconomic and environmental spaces. From an economic perspective, the new urban agenda will support more efficient economic growth through better allocation of land, labour, capital and other resources, as well as through greater connectivity, economic diversification and strategies for creating employment and improving working conditions. From a social perspective, the new agenda will promote shared prosperity with equitable access to the benefits of urbanization, underpinned by a rights-based approach to

urbanization, with concomitant protective laws and institutions. This also includes socioeconomic safety nets that guarantee access to basic urban services, as well as practical actions designed to add value: e.g. employment-generation through public services, combating child labour and support to youth in risky situations. From an envi-

ronmental perspective, the agenda will protect natural resources, ecosystems and biodiversity at local and global levels, and promote climate change mitigation and adaptation as well as building of resilience, allowing present and future generations to live in sustainable cities. Cities that

are environmentally sustainable, socially inclusive and violence-free, economically productive and resilient can genuinely contribute to national development, prosperity and sustainability— in this sense, cities indeed are our emerging futures.

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