

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.



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.

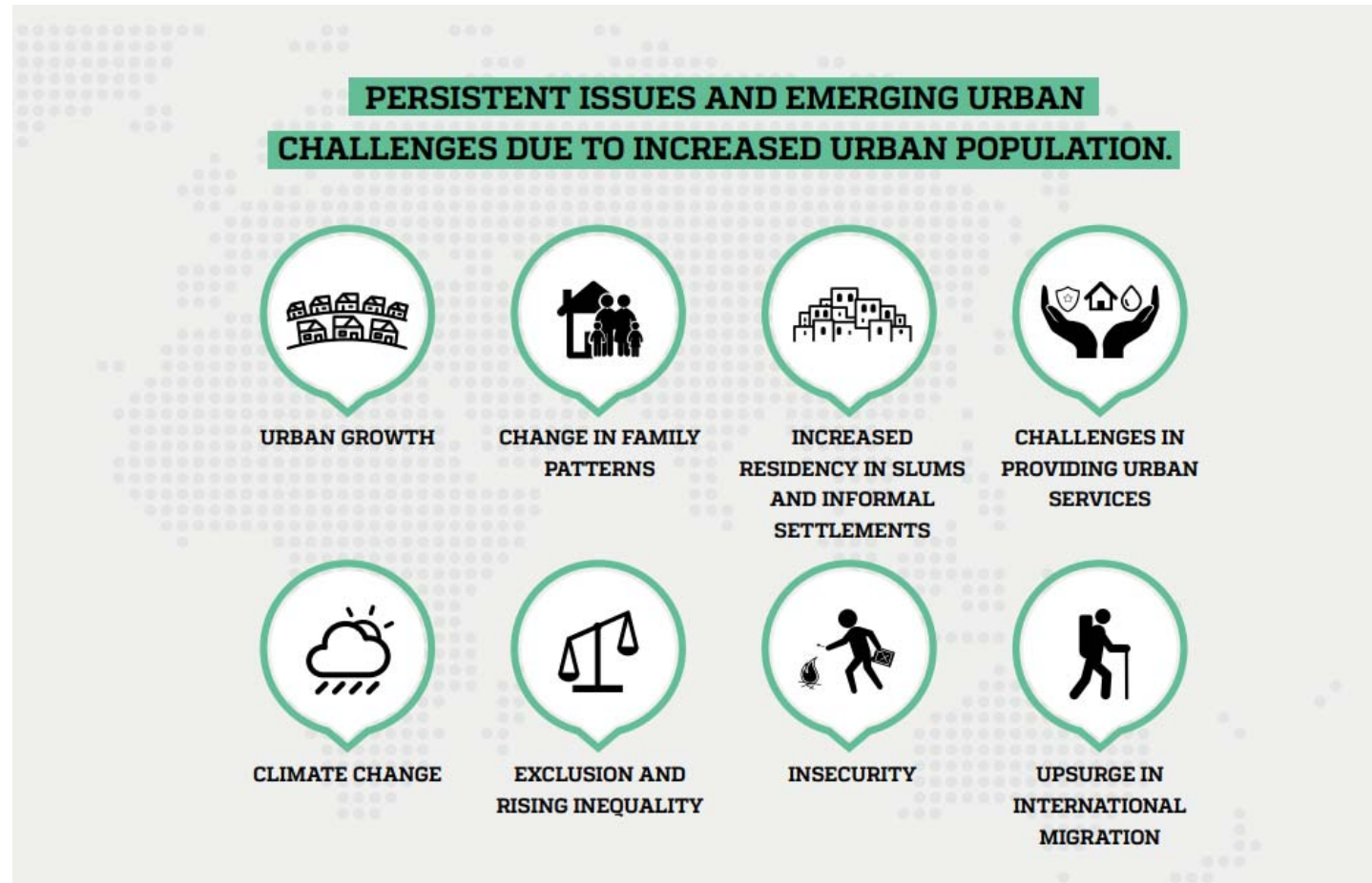


The world population is aging. Globally, the population **aged 60 or over** is the fastest growing at the rate of

**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.

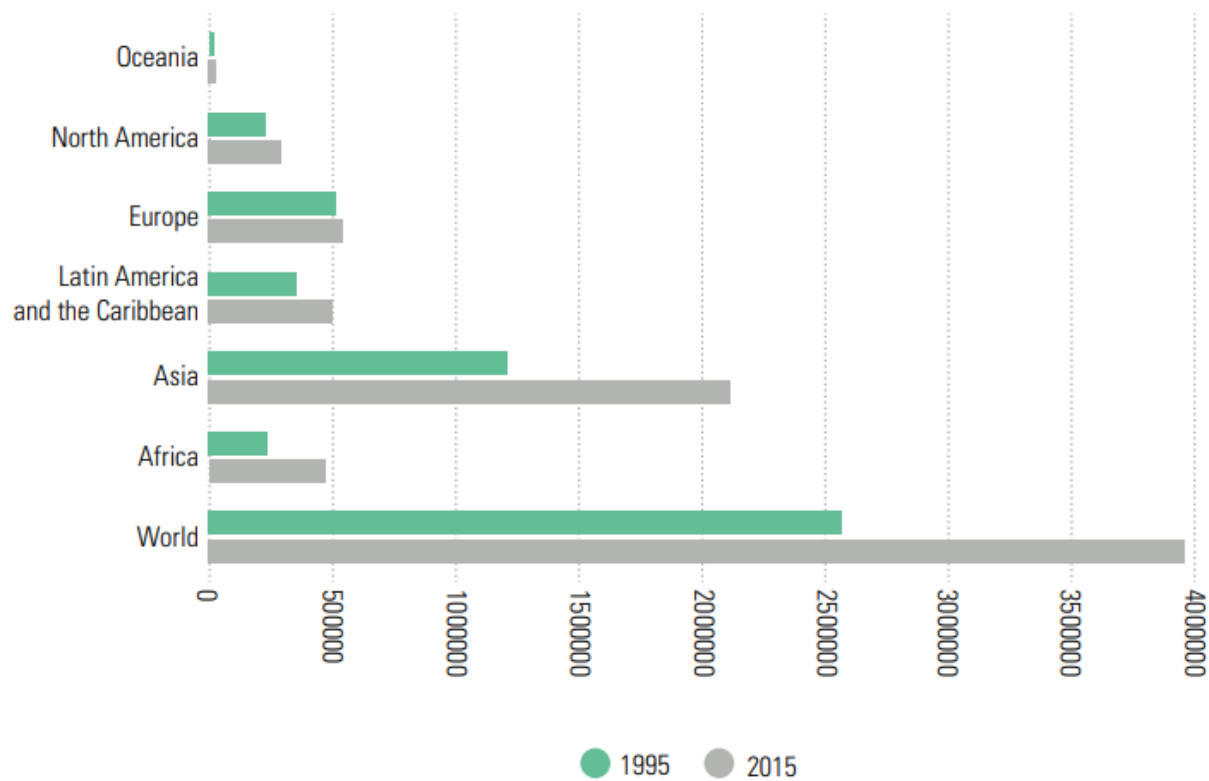


Between 1950 and 2005, the level of urbanization increased from 29 per cent to 49 per cent, while global carbon emissions from fossil-fuel burning increased by almost 500 per cent. Indeed, scientists have reported that 2015 was the hottest year in history by wide margin, as average temperature for the year was 0.75°C warmer than the global average. 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.

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.

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

Source: Based on United Nations, 2014b.



**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.

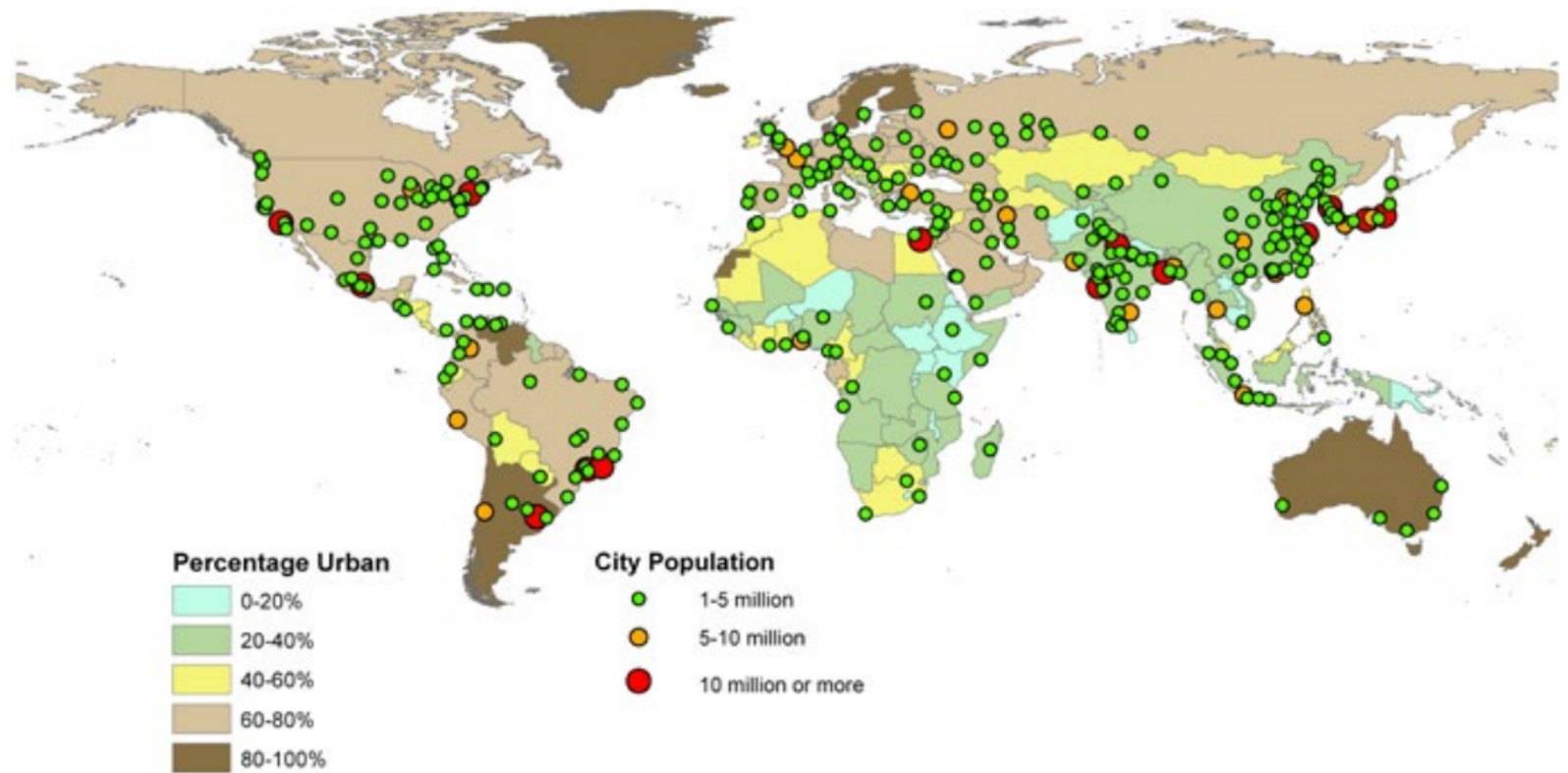
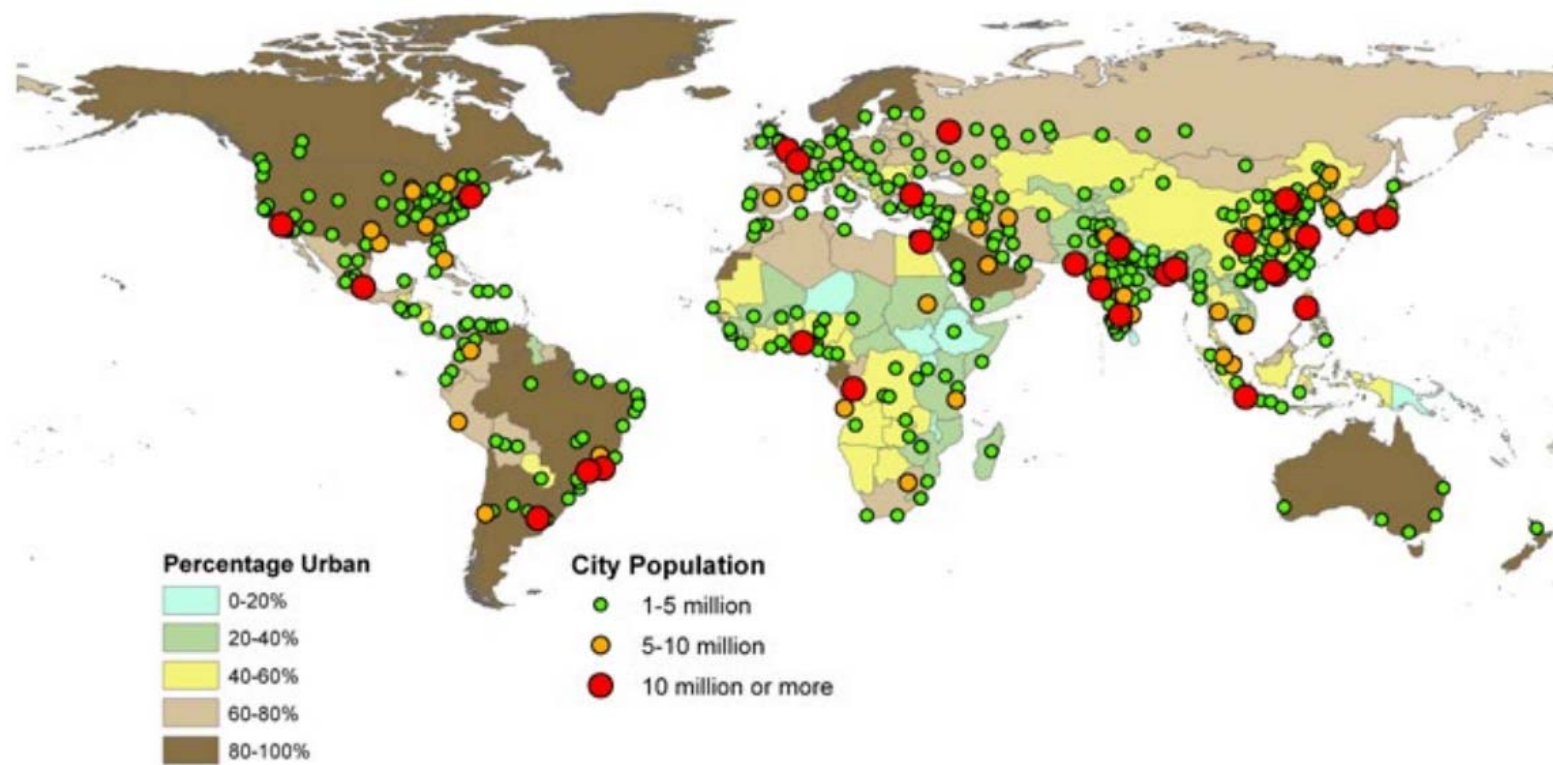




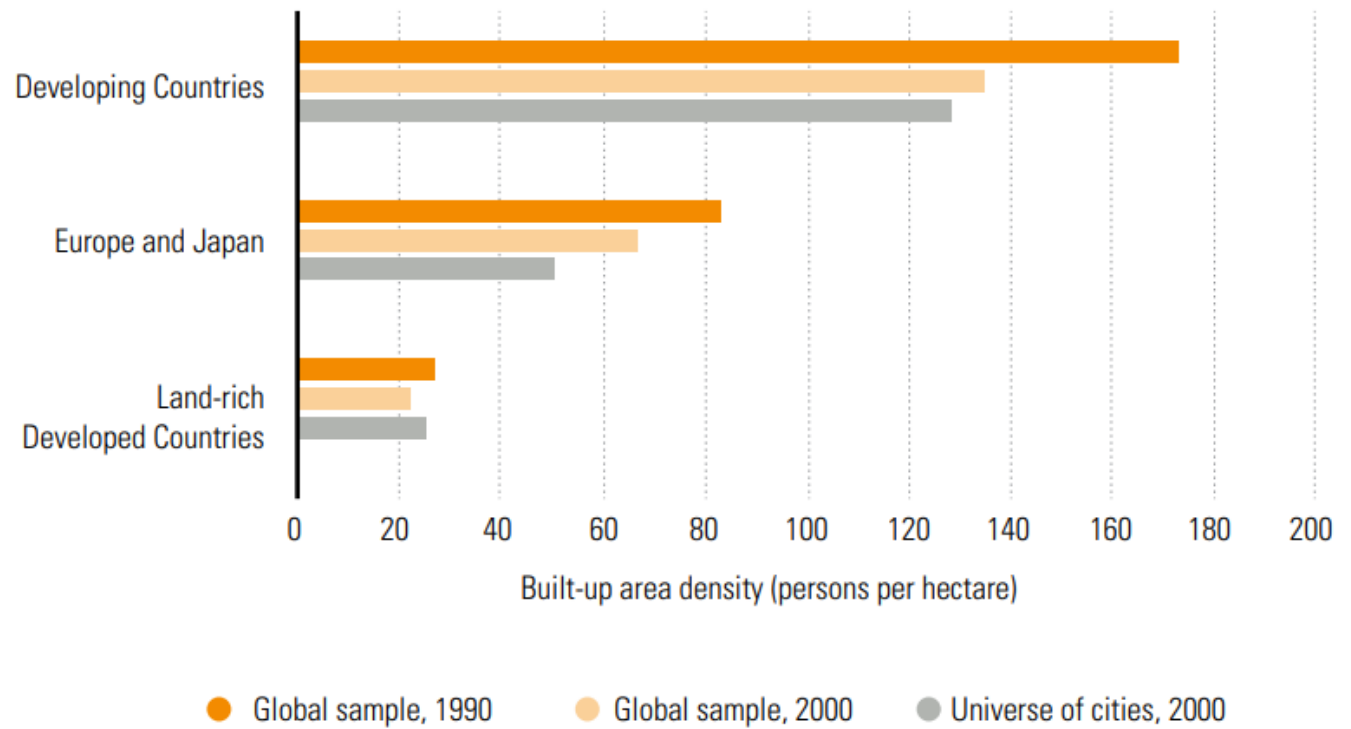
Figure 1.3: Global patterns of urbanization, 2015

Source: Based on United Nations, 2014b.



**Figure 7 3: Average Built-Up Area Densities, 1990-2000**

Source: Angel et al., 2011.





In a major study of this phenomenon, *The Challenge of Slums*, 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."

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.

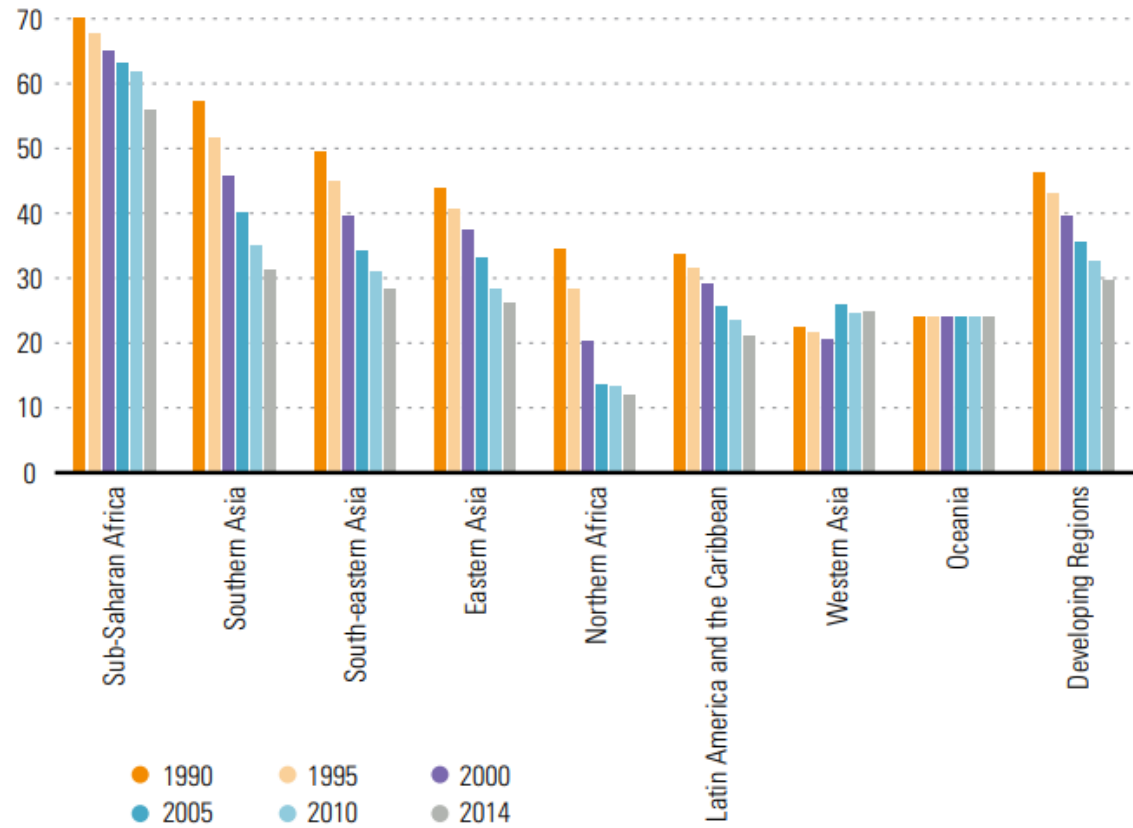
**Table 3.4: Urban slum population at mid-year by region (thousands)**

Source: UN-Habitat, Global Urban Observatory Urban Indicators Database 2015.

Region	1990	1995	2000	2005	2007	2010	2014
Developing Regions	689,044	748,758	791,679	830,022	845,291	871,939	881,080
Northern Africa	22,045	20,993	16,892	12,534	13,119.1	14,058.3	11,418
Sub-Saharan Africa	93,203	110,559	128,435	152,223	163,788	183,199	200,677
Latin America & the Caribbean	106,054	112,470	116,941	112,149	112,547	112,742	104,847
Eastern Asia	204,539	224,312	238,366	249,884	250,873	249,591	251,593
Southern Asia	180,960	189,931	193,893	195,828	196,336	195,749	190,876
South-eastern Asia	69,567	75,559	79,727	80,254	79,568	84,063	83,528
Western Asia	12,294	14,508	16,957	26,636	28,527	31,974	37,550
Oceania	382	427	468	515	534	563	591

**Figure 3.1: Percentage of urban population living in slums (1990-2014)**

Source: UN-Habitat, Global Urban Observatory Urban Indicators Database 2015.



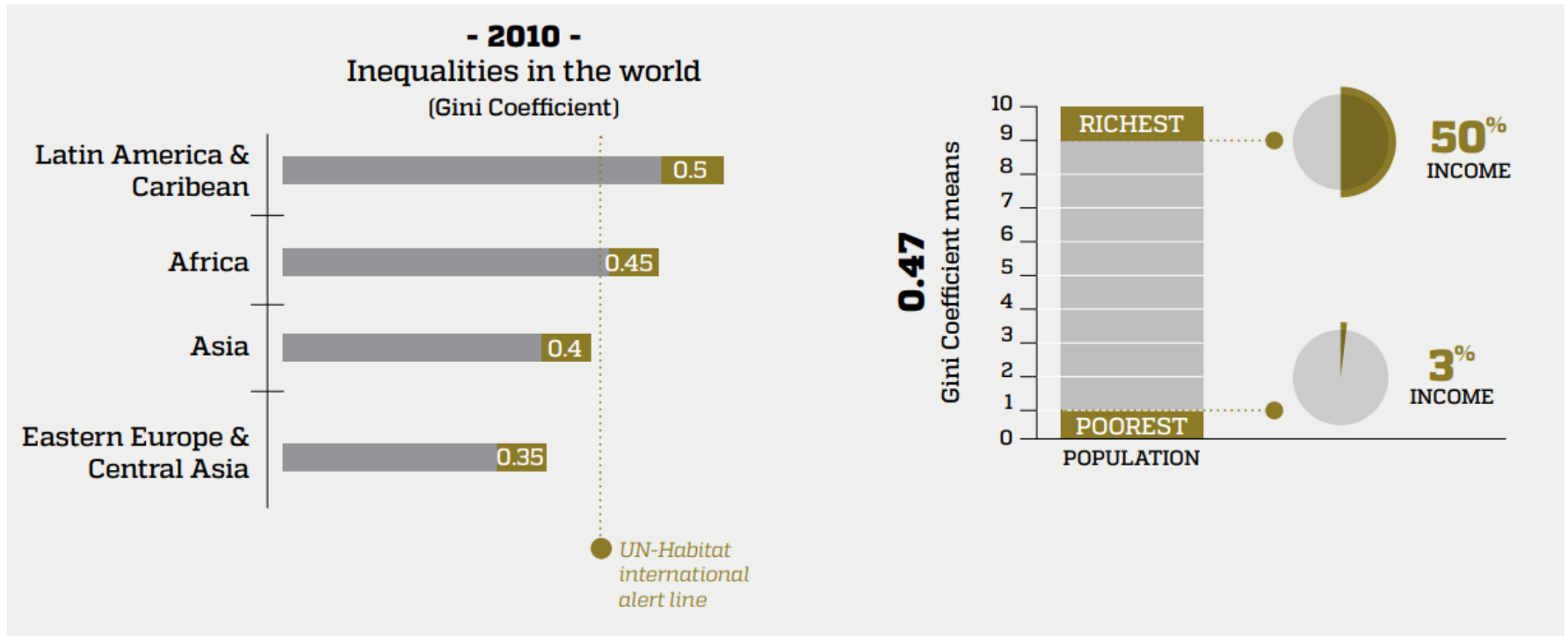


of the world's cities have higher levels of income inequalities than two decades ago.

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The world is not only divided by differentiated access to opportunities, consumption, public spaces and services, education, technology and employment, but more and more by access to income.

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. 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 compared to 0.291 in the late 1980s, the region remains the most egalitarian in the world.





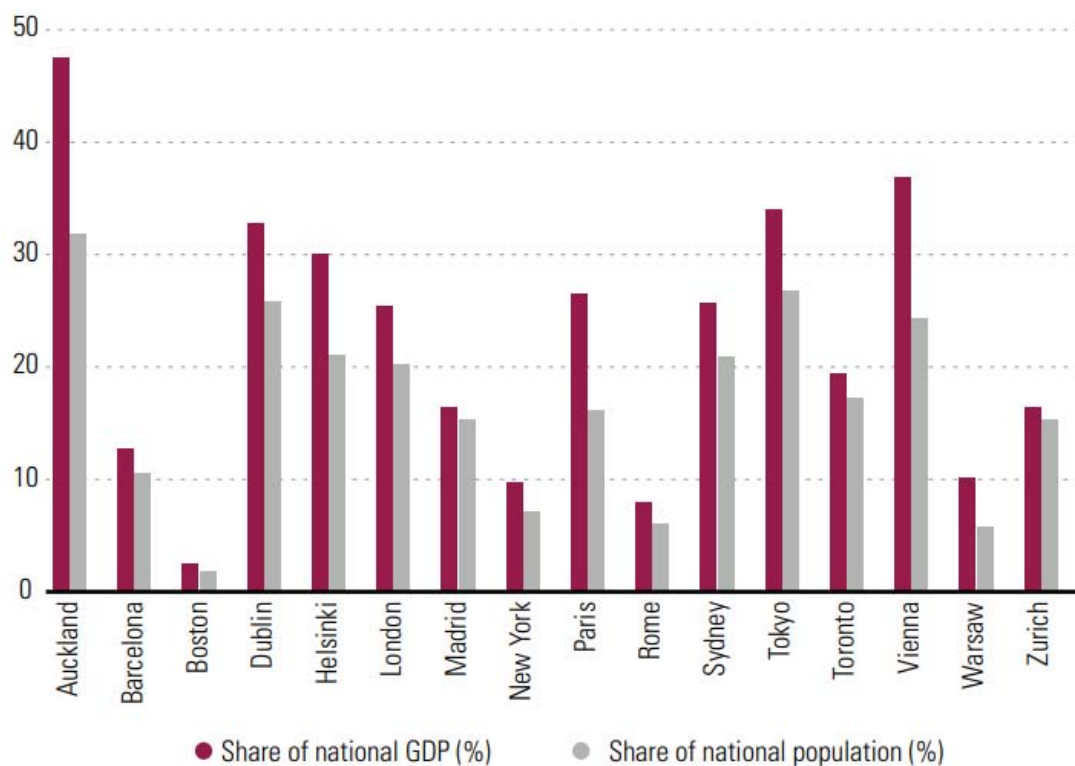
Inequality in Chinese cities has been exacerbated by the *hukou* system (legal household registration in the city). According to one count, 205.6 million rural migrants (without *hukou*) representing about 31 per cent of the urban population were living in Chinese cities in 2010; this increased to 230 million in 2011. 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.

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 southeastern parts of the country. 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. 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.

In Santiago, Chile, private highways have been built, connecting exclusive quarters of the city, accessible only to those living in these neighbourhoods. 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. 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.

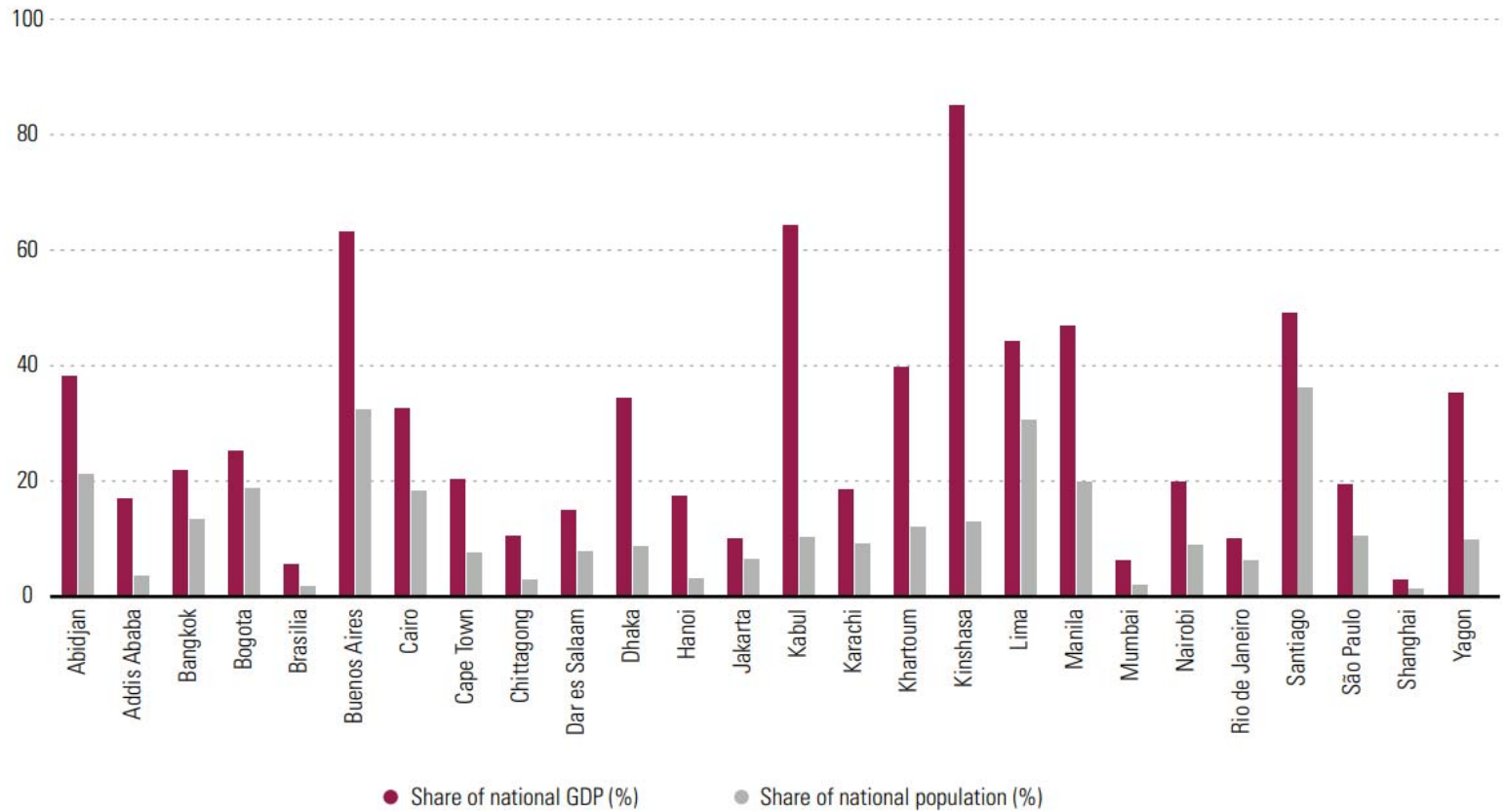
**Figure 2.1: Share of GDP and national population in selected cities (developed countries)**

Source: UN-Habitat, 2011f.



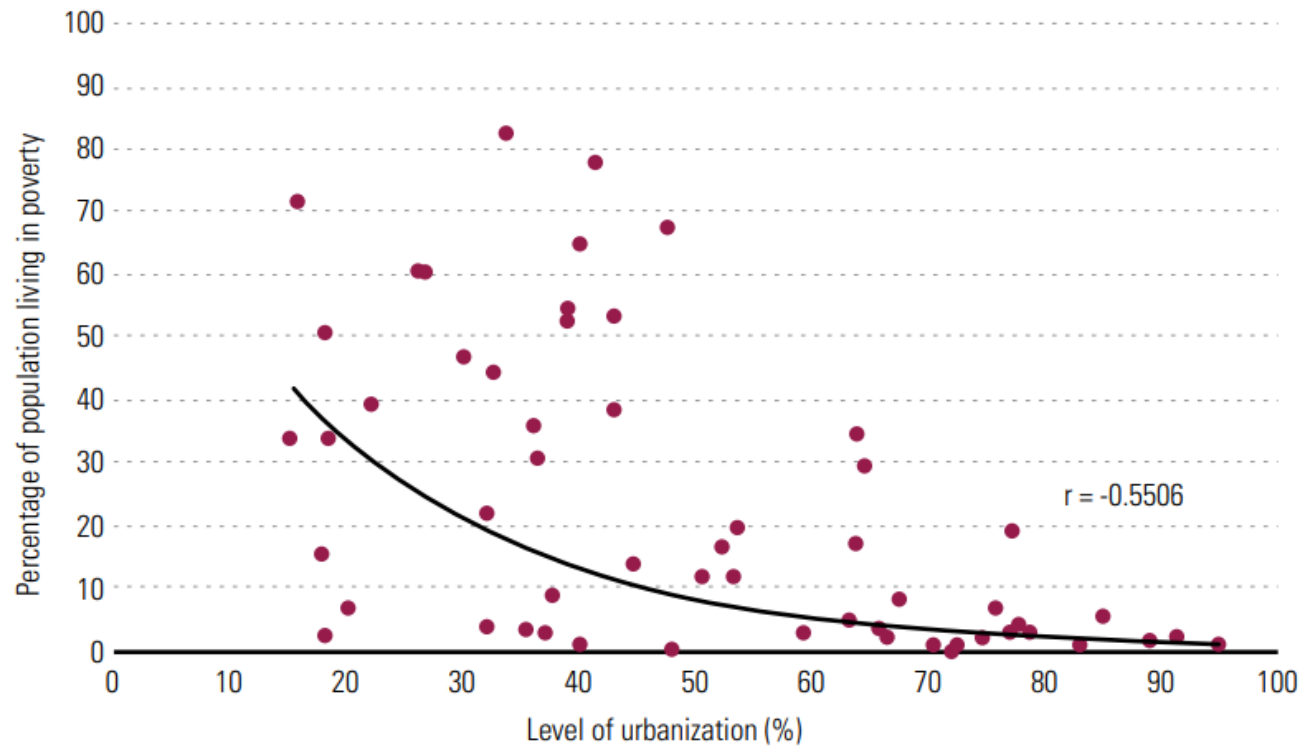
**Figure 2.2: Share of national population and GDP in selected cities (developing countries)**

Source: UN-Habitat, 2011f.



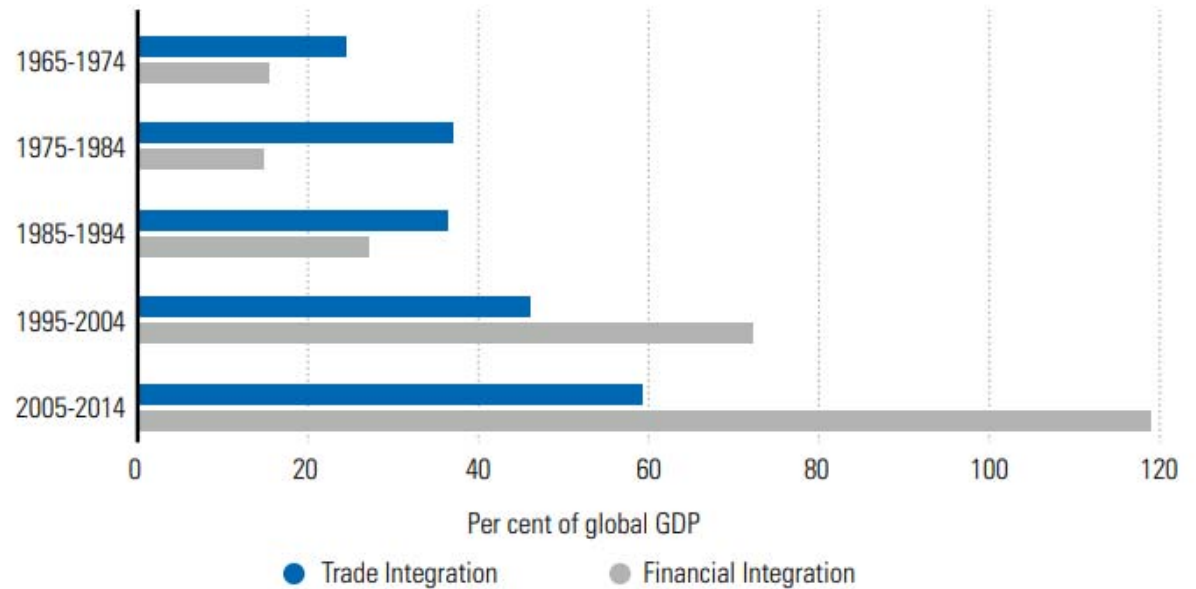
### Figure 2.4: Urbanization and poverty

Source: Based on United Nations, 2014b; data.worldbank.org, last accessed 20 January 2016.



### Figure 8.1: Global trade and financial links increased dramatically in the past 50 years

Source: M. Ayhan Kose and Ezgi O. Ozturk, 'A World of Change - Taking stock of the past half century', in IMF, Finance and Development, September 2014 p 7.



Note: Trade integration is measured by the ratio of total imports and exports to global GDP. Financial integration is the ratio of total financial inflows and outflows (including bank loans, direct investment, bonds, and equities) to global GDP. Financial integration data are through 2011. Trade integration data for 2014 are forecasts.



In China, urbanization  
occasioned by massive  
economic growth helped pull

**680 million**

people out of extreme poverty  
between 1981 and 2010, and reduce  
the rate of extreme poverty from  
84 per cent in 1980 to 10 per cent  
in 2013



**Increase in people living  
in extreme poverty in  
Sub-Saharan Africa**



1990 ● ..... ● 2013  
The United Nations Human Development Index increased globally by almost **18%**

**37%** **Reduction** in the global population of people living in extreme poverty from **1,959 million** in 1990 to around **900 million** in 2012.



**10%** **Estimated** decline to **702 million** expected in 2015, largely due to massive efforts by China and India.

● ..... ●  
Urban populations in **low-income** countries are projected almost to triple, increasing by over **500 million**.



**Property tax**, as an efficient source of local revenues, represents less than

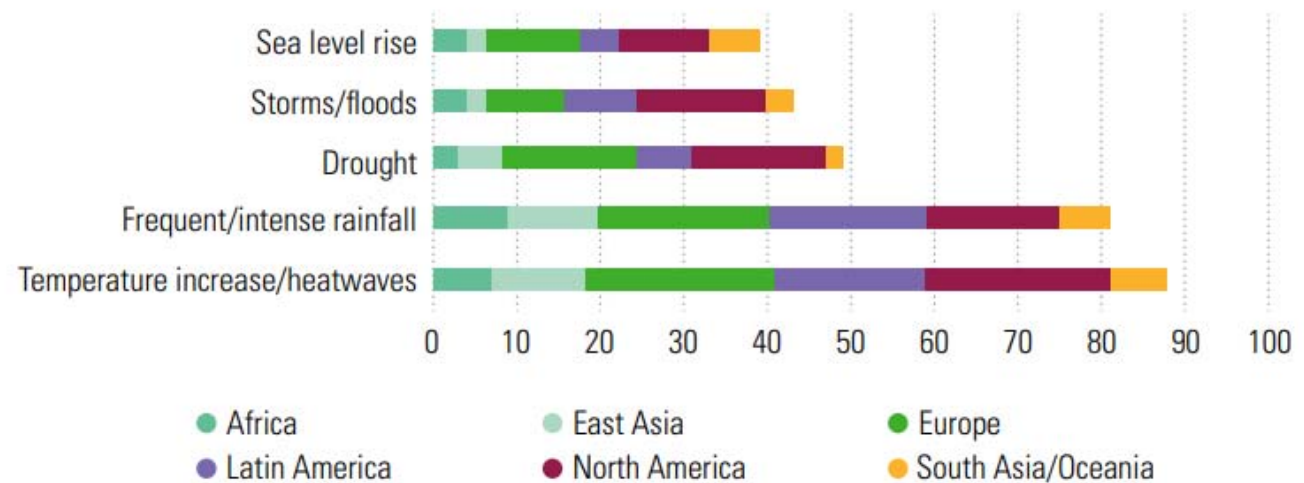
**3-4%**

of local revenues in most developing countries, compared with

**40-50%**  
in cities in Australia, Canada, France, UK and US.

## Figure 5.2: Risks from climate change, as reported by 110 cities to the Carbon Disclosure Project (CDP)

Source: Based on data from <https://www.cdp.net/CDPResults/CDP-Cities-2013-usage-summary.pdf>.



# The Fate of Housing

## QUICK FACTS

- 1 Over the last 20 years, housing has not been central to national and international development agendas.
- 2 The housing policies put in place through the enabling approach have failed to promote adequate and affordable housing.
- 3 Most involvement by governments has focused on helping the middle class to achieve home-ownership in a formal sector that only they can afford.
- 4 The slum challenge continues to be one of the faces of poverty in cities in developing countries. The proportion of slum dwellers in urban areas across all developing regions has reduced since 1990, but the numbers have increased gradually



Housing accounts for more than **70%** of land use in most cities and determines urban form and densities, also providing employment and contributing to growth.

## Housing shortfalls

### represent a challenge

- > In 2010, as many as **980 million** urban households lacked decent housing, as will another **600 million** between 2010 and 2030.
- > **One billion** new homes are needed worldwide by **2025**, costing an estimated **\$650 billion** per year, or **US\$9-11 trillion** overall.
- > In addition, shortages in qualitative deficiency are much larger than those in quantity.

## Number of urban residents living in slums



This represents an increase of

**28%** over the past 24 years.

- Still, in 2014, **30%** of urban population of developing countries resided in slums compared to **39%** in the year 2000.



## Needs and demand

The world's urban population has soared from 2.6 billion (45 per cent of the whole) in 1995 to 3.9 billion (54 per cent) in 2014. With urban populations expanding at unprecedented rates since 1996, it is perhaps unsurprising that many cities are falling short in housing supply. UN-Habitat's estimates show that there are 881 million people currently living in slums in developing country cities compared to 791 million in the year 2000 – and all the while the enabling approach has been in force. By 2025, it is likely that another 1.6 billion will require adequate, affordable housing. This should come as a wake-up call to governments, urging them to act determinedly to enable access to housing for all urban residents.

### **Box 3.2: House prices go through the roof in Latin America and the Caribbean**

Formal housing in Latin America and the Caribbean is expensive. The relationship between price and income can be up to three times greater than in the US. This becomes even more serious given the higher incidence of poverty and informality in a region where close to one-third of households are poor and 57 per cent of urban workers are informal. Urban inequality further contributes to this panorama.

For about 20 per cent of households in the 18 most representative countries, access to a basic home of 40 square meters (price: US\$15,000, with a 10 per cent down payment and a 20-year mortgage at six per cent interest) would cost more than the 30 per cent income. If considering those households that could pay but, in so doing, would fall below the poverty line, the proportion would rise to 22 per cent. If the current interest rates offered by the formal banking sector in each country were used instead of the six per cent assumed above, the number would rise to 24 per cent.

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*Source: Blanco et al., 2014.*

## POLICY POINTS

- 1 If the emerging future of cities is to be sustainable, a new approach that places housing at the centre of urban policies is required.
- 2 UN-Habitat proposes a strategy that places *housing at the centre of the new urban agenda* and seeks to reestablish the important role of housing in achieving sustainable urbanization.
- 3 At the national level, the goal is to integrate housing into national urban policies and into UN-Habitat's strategic thinking on planned urbanization.
- 4 At the local level, the importance of housing must be reinforced within appropriate regulatory frameworks, urban planning and finance, and as part of the development of cities and people.

## 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.



**Cities** **70%**  
are responsible  
for more than **70%** 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.

CHAPTER  
**02**

## Urbanization as a Transformative Force

### QUICK FACTS

- 1 Over the last two decades, cities have emerged as the world's economic platforms for production, innovation and trade.
- 2 Urban areas offer significant opportunities for both formal and informal employment, generating a sizeable share of new private sector jobs.
- 3 Urbanization has helped millions escape poverty through increased productivity, employment opportunities, improved quality of life and large-scale investment in infrastructure and services.
- 4 The transformative power of urbanization has in part, been facilitated by the rapid deployment of Information and Communications Technology.



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**Contribution of cities to national income is greater than their share of national population**

**Paris:** is 16% of the population of France, but accounts for 27% of GDP

**Kinshasa:** is 13% of the population of DRC but accounts for 85% of GDP

**Metro Manila:** is 12% of the population of Philippines but contributes 47% of the GDP

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### WELL PLANNED AND MANAGED URBANIZATION BENEFITS



Economic prospects and quality of life for the majority



Drives innovation and productivity



Contribute to national and regional development

## POLICY POINTS

- 1 Cities have become a positive and potent force for addressing sustainable economic growth, development and prosperity and for driving innovation.
- 2 Realizing the gains of urbanization will depend on how urban growth is planned and managed, and the extent to which the benefits accruing from urbanization are equitably distributed.
- 3 The need to move from sectoral interventions to strategic urban planning and more comprehensive urban policy platforms is crucial in transforming city form.
- 4 When ICT is deployed unevenly, it can create a digital divide, which can exacerbate inequality, characterized by well-connected affluent neighbourhoods coexisting with under-serviced residents in low-income neighbourhoods.



Alleviation  
of poverty



Work towards  
social inclusion

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### **Transformative Power of Connected Cities:**

The deployment of **information and communications technologies in cities supports innovation and promotes efficiencies in urban infrastructure leading to lower cost city services.**

In some cases, urban economies are able to leapfrog stages of development by deploying new technologies in the initial construction of infrastructure.



## ROLE OF CITIES IN SUSTAINABLE DEVELOPMENT

### Cities

play a central role in moving the sustainable energy agenda forward.

Current global share of renewable energy supply is

**11%**



The diversity of renewable energy resources is vast and research indicates a potential contribution of renewable energy reaching

**60%**

of total world energy supply.

### Sustainable urban mobility



provides efficient access to goods, services, job markets, social connections and activities while limiting both short- and long-term adverse consequences on social, economic, and environmental services and systems. An evolving transformative trend is the shift away from auto-dependency.



### Good governance

is crucial for developing, maintaining, and restoring sustainable and resilient services and social, institutional, and economic activity in cities. Many city governments are weakened due to limited power and responsibility over key public services, including planning, housing, roads and transit, water, land-use, drainage, waste management and building standards.



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



**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



**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.



**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.



**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.

Thank you for your attention!

*Urbanization and Development: Emerging Futures*  
World Cities Report 2016  
United Nations Human Settlements Programme (UN-Habitat)  
<http://wcr.unhabitat.org/wp-content/uploads/2017/02/WCR-2016-Full-Report.pdf>