The Council of Governors

EXECUTIVE URBAN LEADERSHIP CONFERENCE REPORT ON 28TH AND 30TH SEPTEMBER 2015 AT SAFARI PARK HOTEL.

INTRODUCTION:

The Executive Urban Leadership Conference was organized jointly by the Council of Governors and the International Centre for Local Democracy with financial support from UN-Habitat. The two day conference focused on bringing together the 47 Governors in day one and county executive committee members in charge of urban development for the 47 counties on day two. The main objective of the conference was to get counties to share their experiences and challenges in urban planning, development and management, which would then inform the country’s position as the country prepares to participate in Habitat III conference in Quito, Ecuador in 2016.

BACKGROUND OF THE HABITAT CONFERENCE

Habitat I

The Habitat Conference is held every 20 years. The first one was held in Vancouver, in 1976. The main outcome of the conference was the Vancouver Declaration on Human Settlements which comprised of an action plan with 64 recommendations for national action. It also led to the establishment of the United Nations Centre for Human Settlements (UNCHS), which would ultimately become UN-Habitat, the official UN agency for cities and human settlements.

Habitat II

Habitat II was held in Istanbul, 20 years later in 1996. It provided a new mandate for the UNCHS. Its chief outcomes were the Istanbul Declaration on Human Settlements and the corresponding Habitat Agenda was adopted jointly as a new global action plan to achieve sustainable human settlements.

Progress since Habitat II, in 1996

In a report to the General Assembly in July 2014 it was reported that urbanization had brought growth and development but had been unable to respond to many existing and emerging challenges such as: urban sprawl, congestion, pollution,
emission of greenhouse gases, emerging urban poverty, segregation, increasing inequalities and other negative externalities.

The report highlighted the following as the six key challenges that face urban development globally:

i. Cities now represent more than half of the world’s population
ii. Urban expansion in many developing countries has often been characterized by informality, illegality and unplanned settlements. At the core of this problem is lack of protection of the public space, and availability of accessible buildable plots;
iii. While high population growth remains a concern in the least developed countries, countries in many other parts of the world are grappling with slower population growth or even population decline. In developing regions, many countries are experiencing a significant increase in the proportion in young people;
iv. Inequality has become a universal concern. Differences in access to opportunity, income, consumption, location, information and technology are now the norm, not the exception. Slums continue to grow in most developing countries, reinforcing other forms of inequality;
v. An increasing number of urban residents in developed countries experience poverty or social exclusion; and
vi. Cities are responsible for as much as 70% of the world’s carbon emissions. A well-planned and managed urbanization is a prerequisite for reduction in carbon emissions and for increased resilience to climate related disasters.

Habitat III

Habitat III is the third United Nations Conference on Housing and Sustainable Urban Development planned to take place on 17-21 October 2016 in Quito, Ecuador. This conference will produce a 'New Urban Agenda' for the 21st century, in which more than half of the world’s population lives in cities, with 70% expected by 2050.

Habitat III will feature the following Six Thematic Areas:

i. Social Cohesion and Equity- Livable Cities
   - Inclusive cities (i.e. pro-poor, gender, youth and ageing)
   - Migration and refugees in urban areas
   - Safer Cities
   - Urban Culture and Heritage
ii. Urban Frameworks
   - Urban Rules and Legislation
RATIONALE FOR THE EXECUTIVE LEADERSHIP CONFERENCE

Habitat III will be the first UN global summit to take place following the adoption of the post-2015 agenda. It is expected to bring together governments, local authorities, civil society, the private sector, academia and others to review urban and housing policies. Therefore, it has the unique potential to at once catalyze local implementation of Agenda 2013. Additionally the United Nations Sustainable Development Goals includes for the first time in history a goal specific to cities: **Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.**

Local Governments the world over have been taking part in the Habitat processes and using them to refine their policies, develop legislation, harness insights from best practices and engage UN-Habitat and other UN Agencies in various types of partnerships. The Constitution of Kenya 2010 and the corresponding legislation including the County Governments Act (2012), Urban Areas and Cities Act (2012), Transition to Devolved Government Act (2012), and Public Finance Management Act (2012) mandates counties are responsible for urban development, including legislation, regulation, planning, development control, governance, service provision and management of cities amongst others. Additionally the counties are mandated by the constitution to liaise with the National Government on policy and legislation.

It is on these premises that the Executive Leadership Conference was organized. The Conference aimed to facilitate counties to:
i. Understand Habitat III and related processes;
ii. Understand how to contribute to Habitat III processes;
iii. Develop a framework to participate in the Habitat III processes and Conference.
iv. Understand how to optimally benefit from Habitat III processes.

HIGHLIGHTS OF THE CONFERENCE:

Understanding the Habitat III Process and Other international Processes.
An initial assessment of the interactive session with the participants as shown in the graphs below demonstrated that only 9% of the Governors present and 0% of the county executive committee members in charge of urban development had an in depth understanding of the Habitat III Process.

<table>
<thead>
<tr>
<th>Understanding of the Habitat III Process by Governors</th>
<th>Understanding of the Habitat III Process by CECs</th>
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<tbody>
<tr>
<td>A. I have in-depth knowledge of it</td>
<td>A. I have in-depth knowledge of it</td>
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<tr>
<td>B. I have heard of it several times and I am familiar with it</td>
<td>B. I have heard of it several times and I am familiar with it</td>
</tr>
<tr>
<td>C. I don’t know much about it</td>
<td>C. I don’t know much about it</td>
</tr>
<tr>
<td>D. I have never heard of it</td>
<td>D. I have never heard of it</td>
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This provided the basis to help the participants understand this process. This was delivered through a session on International Processes and the future of Urbanization.

The session highlighted the UN General Assembly that was happening concurrently with the urban leadership Conference and that set the post 2015 development Agenda where Goal 11 of the Agenda focused on making cities and human settlements inclusive, safe, resilient and sustainable with clear indicators and targets.

The session further noted that the Habitat Conference is held every 20 years and thus Habitat III was well positioned immediately after the adoption of Agenda 2030.

Urban Financing:
This session highlighted critical facts and figures as well as challenges facing local Governments (Counties in the Kenyan Context) that would trigger the participants to explore options to increase urban revenue. Some of the discussion areas included:

- Globalization is continuing at a fast pace, but localization, the process whereby local governments have greater responsibility to provide infrastructure and services, is also increasing. While globalization has been rapid, urbanization has been growing even faster and today there are more than 4,000 cities with populations over 150,000, and some 500 have
over one million inhabitants. Globally, cities generate over 80 per cent of the GDP, with similar shares in developing economies.

- Despite their economic importance, cities are starved of development resources. In many countries local taxes and other revenue sources could be a major source of development finance but local governments are not allowed to expand their revenue base. In Developing countries, local taxes account for 2.3% of GDP, compared to 6.4% in industrialized countries.

- Local governments are under pressure to do more with less. In many cases, municipal functions are becoming increasingly complex, encompassing issues of employment generation, social inclusion, and climate change. As such, they have to be creative about finding sources of revenues and judicious in rationalizing their expenditures. Most cities in the developing world still rely heavily on transfers and grants. A great deal of effort is being made to reduce this dependency on central government. The structure of local revenues show that property tax is potentially a good source of local revenues but in most developing cities, property tax represents less than 3-4% of local revenues, compared to 40-50% in cities in Australia, Canada, France, UK and the US.

- Local governments are learning to deliver services more effectively with better public financial management when they are given more responsibility and autonomy. A World Bank study covering 190 projects involving 3,000 municipal development projects concluded that increased autonomy and responsibility resulted in better access to services, for example water and clinics, and increases in the scope of services.

- There are important opportunities for local governments to leverage their own resources with the support of National Government and the international community. Local governments in developing countries rarely use alternative sources of funding such as those available from private sector, including in the form of loans from commercial banks or public private partnerships. Just 4% of 500 cities in low-income countries have access to international markets. However international loans can expose local governments to exchange rate risk to which they have no natural hedge and which can be crippling. A number of countries prohibit this practice by law. Many local governments are a long way from credit worthiness and need to go through the unglamorous steps of keeping their books in order before entering the world of lending.

**Urban Planning Principles**

The session focused on the fundamental role of urban areas and cities in development. It identified the opportunities the Constitution of Kenya (2010) created for revitalised urban planning which further saw counties as new frontiers for renaissance in planning.
The need for planning was clearly discussed by the participants where among other things it was agreed that good planning leads to:

- Improved welfare of people and their communities
- More convenient, equitable, healthful, efficient and attractive places for present and future generations.
- Leaders, businesses, and citizens who play a meaningful role in creating places that enrich people's lives.
- Creation of places that offer better choices for where and how people live.
- People who envision their future.

Planning in Kenya as it was envisaged in the county Governments Act (2012) and the Urban Areas and Cities Act (2012) was also discussed at length with the following plans identified:

- County Integrated Development Plan
- County Spatial Development Plans
- Sectorial Plans
- Integrated Urban Development Plans (City or Municipal Plans)

The session finally sought to discuss the approaches to planning as it was envisaged in the Kenya Constitution (2010), county Governments Act (2012) and the Urban Areas and Cities Act (2012). The following approaches were identified:

**Integrated Approach** - Planning should take into consideration the physical, economic and social dimensions of development and horizontal integration, among the various sectors of public action. Further policies, projects and proposals should be considered in relation to one another.

**Strategic Approach** – Planning should seek to develop a long term perspective to urban development, addressing the critical aspects of development.

**Evidence-based Approach** – Planning should adopt systematic research and surveys, rigorous data analysis and interpretation

**Result- orientation Approach** - Planning should be results oriented.

**Participatory Approach** - Planning should be participatory to deepen citizen engagement.

**RESOLUTIONS AND WAY FORWARD:**

- There was need for counties to continue engaging and participating in the Habitat III processes.
- The proposed framework for counties participation was adopted and the Governors and County Executive Committee members agreed to meet on 2\textsuperscript{nd} November 2015 at the UN-Habitat headquarters in Gigiri, Nairobi to craft the Unified Statement for Counties for the Habitat III Conference.
• The Unified Statement to be presented to the National Policy makers on 7th December 2015 at Intercontinental Hotel.

• Council of Governors to follow up with the Ministry of Land, Housing and Urban Development for Kenya to be included and participate in the UN-Habitat’s City Prosperity Initiative (CPI).

• Council of Governors to follow up with the Ministry of Land, Housing and Urban Development to ensure that the Kenyan delegation to Habitat III Conference constitutes a critical mass of county representatives. (At least 70%).

ANNEX 1 PARTICIPANTS ON 28TH SEPTEMBER 2015
ANNEX 2 PARTICIPANTS ON 30TH SEPTEMBER 2015