The Global Challenge of Urbanization

Trends Analysis

City Prosperity Initiative

Action Planning for Cities
Oriented by the SDG 11 and Supported by the City Prosperity Index

May 2017

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Introduction of UN HABITAT

The United Nations agency for cities with the mandate emanated from the Habitat Agenda (1996) and various resolutions of the UN General Assembly

1. Sustainable urban development
2. Adequate shelter for all
UN-Habitat, the United Nations agency for human settlements, helps the urban poor by transforming cities into safer, healthier, greener places with better opportunities where everyone can live in dignity.

UN-Habitat works with organizations at every level, including all spheres of government, civil society and the private sector to help build, manage, plan and finance sustainable urban development. Our vision is cities without slums that are liveable places for all, which do not pollute the environment and deplete natural resources.

UN-Habitat's seven focus areas

UN-Habitat addresses its mandate through the 2014-2019 Strategic Plan. The plan outlines seven focus areas:

- Urban legislation, land, and governance
- Urban planning and design
- Urban economy
- Urban basic services
- Housing and slum upgrading
- Risk reduction and rehabilitation
- Research and capacity development
Global and regional challenges/opportunities of Urbanization

World Cities Reports 2016

A Global Sample of Cities made of 200 cities

Source: UN-Habitat Global Urban Observatory
Urban Development: facts and challenges

Major challenges of urbanization

- Extreme urban poverty,
- Poor living conditions for slum dwellers,
- Constraints on productivity due to inadequate infrastructure, and
- Risks due to natural disasters and climate change

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

Source: Julius Mwele/UN-Habitat

Source: World City Report 2016
Urbanization as an opportunity for sustainable development

Cities offer various opportunities for sustainable development

<table>
<thead>
<tr>
<th>Job Opportunities</th>
<th>Economies of Scale in Infrastructure Provision</th>
<th>Suitability of System-Based Approaches</th>
</tr>
</thead>
</table>
| • Starting point of virtuous cycle of employment, income, improved labor power and more job opportunities → Reduce inequalities | • Public transportation
• Water and sewerage system
• Electricity and internet connection
• Serviced land and public rental housing
• Education and healthcare facilities | • Local planning and community participation
• Financing infrastructure and housing for the urban poor |

Urbanization as a Transformative Force

“Urbanization has helped millions escape poverty through increased productivity, employment opportunities, improved quality of life and large-scale investment in infrastructure and services”
World Urbanization Prospects

- World’s urban population is projected to increase from 3.9 billion in 2014 to 6.3 billion by 2050, adding 2.4 billion people to the cities.
- World’s urbanization rate will increase from 54% to 66% between 2014 and 2050.

Urban population at mid-year 1995-2015

Urban and rural population of the world 1950 and 2050

Projected Changes in urban and rural population by major regions between 2011 and 2050 (millions)

Source: World City Report 2016
Urbanization Prospects in Asia-Pacific

By 2018, expected more than 50% of population live in cities

Global implications: 55% of the worldwide urban population was living in Asia and the Pacific in 2014.

Four features of the global urbanization trends

1. Demographic growth
2. Inequality
3. Low density growth and
4. Urban informality (slum formation)

Source: Urbanization Trends in Asia and the Pacific (UN ESCAP, 2013)
The Fate of Housing

Housing shortfalls represent a challenge:

- **980 million** urban households lacked decent housing in 2010
- **600 million** will be added between 2010 and 2030
- **One billion** new homes needed worldwide by **2025**, cost **$650 billion** per year
- Qualitative deficiency is even greater

**Number of urban residents living in slums**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>699 million</td>
</tr>
<tr>
<td>2014</td>
<td>681 million</td>
</tr>
</tbody>
</table>

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.

Key trends with respect to the provision of adequate housing
The Widening Urban Divide

75% of the world’s cities have higher levels of income inequalities than two decades ago.

46% are in vulnerable employment accounting for 15 billion people globally.

63% of Africa’s labour force is trapped in vulnerable employment.

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.

There is an urgent need at this juncture for new planning visions, strategies, policies and tools that can transform our planet of cities into a planet of inclusive cites.

Source: The World Cities Report 2016 (UN-Habitat, 2016)

The Widening Urban Divide

- 2010 -
Inequalities in the world
(Gini Coefficient)

<table>
<thead>
<tr>
<th>Region</th>
<th>Gini Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>0.5</td>
</tr>
<tr>
<td>Africa</td>
<td>0.45</td>
</tr>
<tr>
<td>Asia</td>
<td>0.4</td>
</tr>
<tr>
<td>Eastern Europe &amp; Central Asia</td>
<td>0.30</td>
</tr>
</tbody>
</table>

Source: The World Cities Report 2016 (UN-Habitat, 2016)
QUICK FACTS

1. By 2030, energy and water demand increased by 40 and 50% respectively.

2. Solid waste management shares of 30 to 50% of municipal budgets (in less developed countries).

3. In urban areas, climate change impacts can compound one another, making disaster risk management more complex.

4. Innovative ways are called for to build resilience, in the process contributing to a more equitable environment.

Environmental planning and management are essential to the advent of sustainable cities. This must include planning for resilience in the face of disasters.

**Table 2: National and local environmental planning and management**

<table>
<thead>
<tr>
<th>Environmental challenges</th>
<th>National level policies</th>
<th>Local level policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource use</td>
<td>Diversification of energy resources</td>
<td>Infrastructure planning</td>
</tr>
<tr>
<td></td>
<td>Water pricing reform</td>
<td>Local environmental education</td>
</tr>
<tr>
<td>Environmental risks</td>
<td>Adaptive social protection programmes</td>
<td>Air quality management</td>
</tr>
<tr>
<td></td>
<td>Public health programmes</td>
<td></td>
</tr>
<tr>
<td>Land and related issues</td>
<td>Diversification of agriculture</td>
<td>Physical planning, zoning</td>
</tr>
<tr>
<td></td>
<td>Land management policies and property rights</td>
<td>Infill and brownfield incentives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restrictions on development of vulnerable land</td>
</tr>
<tr>
<td>Decarbonization imperatives</td>
<td>Energy pricing, taxes and subsidies</td>
<td>Green space zoning</td>
</tr>
<tr>
<td></td>
<td>Sustainability and diversification of economic sectors</td>
<td>Greenbelt boundaries</td>
</tr>
<tr>
<td></td>
<td>Low-carbon policies</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Incentives to increase density</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Education campaigns</td>
</tr>
</tbody>
</table>

Source: The World Cities Report 2016 (UN-Habitat, 2016)
**QUICK FACTS**

1. Inefficient or impracticable legislative reforms
2. Planning regulations in developing and transition countries are often too detailed, and inflexible
3. Genuine accountability and administrative capacity to implement public policies

**Rules of the Game: Urban Governance and Legislation**

**Decentralization**

1. **Administrative Decentralization**
   - PLANNING + MANAGING is transferred from central government to local (delegation)

2. **Political Decentralization**
   - Delegation of political power, authority and resources

3. **Fiscal Decentralization**
   - Redistribution of resources from central to subnational government

4. **Devolution**
   - Political and fiscal decentralization

5. **Deconcentration**
   - Territorial redistribution of central power

Source: The World Cities Report 2016 (UN-Habitat, 2016)
A City that Plans: Reinventing Urban Planning

QUICK FACTS
1. Mostly rely on outdated modes of planning
2. Cities are sprawling, and as such, densities are dramatically declining. In developing countries, a one percent decline in densities per year between 2000 and 2050 would quadruple the urban land area.
3. Not gender-sensitive; consequently, women are often left outside of the planning process and decisions.
4. Planning capacity is grossly inadequate in much of the developing world.

Planning capacity varies greatly across the world

<table>
<thead>
<tr>
<th>Country</th>
<th>Accredited Planners per 100,000 population</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>38</td>
</tr>
<tr>
<td>Nigeria</td>
<td>1.44</td>
</tr>
<tr>
<td>India</td>
<td>0.23</td>
</tr>
</tbody>
</table>

The Planned City
- reflects only the views of national leadership
- no local input
- favouritism and nepotism
- distorted priorities

Source: The World Cities Report 2016 (UN-Habitat, 2016)

Changing Dynamics of Urban Economies

Changes impacting cities’ economies since Habit II include:
1. global economic conditions
2. ageing and (mainly in developing countries) rapidly growing populations
3. technological innovations particularly in transport, communications and data processing
4. sharper policy focus on environmental sustainability and climate change

Source: The World Cities Report 2016 (UN-Habitat, 2016)
Changing Dynamics of Urban Economies

- **1990** Human Development Index increased globally by almost **18%**
- **2013**

- **37%** Reduction in the global population of people living in extreme poverty from 1,599 million in 1990 to around 800 million in 2013.
- **10%** Estimated decline to 702 million expected in 2020, largely due to massive efforts by China and India.

Urban populations in low-income countries are projected 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.

Source: The World Cities Report 2016 (UN-Habitat, 2016)

Access to housing through ownership is largely unaffordable (in the Global Sample of Cities)

A housing unit in any city regardless of GDP is UNAFFORDABLE (more than a ratio of 3.0)

Source: UN-Habitat Global Urban Observatory
Accessing to housing through rental is also largely unaffordable

Rental housing in any city regardless of GDP is UNAFFORDABLE (more than 25% threshold)

Source: UN-Habitat Global Urban Observatory
City Prosperity Initiative

How do we measure the performance of cities and the outcome of public policies?

UN-Habitat is adapting the City Prosperity Initiative to SDGs structure

The new CPI framework is integrating all the indicators of Goal 11 and a selected number of other SDG indicators that have an urban component

Countries that decide to use the CPI will be able to identify, quantify, evaluate, monitor and report on progress made by cities and countries, towards SDG Goal 11 in a more structured manner

How do we measure sustainability in cities?

Countries that decide to use the CPI will be able to identify, quantify, evaluate, monitor and report on progress made by cities and countries, towards SDG Goal 11 in a more structured manner

Defining Urban Prosperity

A sense of general and individual socioeconomic security for the immediate and foreseeable future, which comes with the fulfilment of other, non-material needs and aspirations.

Protection of commons and provision of Public Goods

• Success
• Wealth
• Thriving conditions
• Well-being
• Opportunity
City Prosperity Initiative

UN-Habitat’s City Prosperity Initiative (CPI)
- Monitoring and Reporting NUA + SDGs
- Systemic approach to the city
- Incorporate new analytical tools (SPATIAL INDICATORS)
- Multi-scale decision - making

Objectives of the Initiative

- **MEASURE** by producing critical mass of data and information
- **UNDERSTAND** the factors that generate or inhibit prosperity
- **CHANGE** by formulating policies, strategies and actions
- **INFLUENCE** the nationals developments of policies