# UN-HABITAT

# United Nations Human Settlements Programme

**Programme des Nations Unies pour les établissements humains - Programa de las Naciones Unidas para los Asentamientos Humanos**
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**African Affairs Subcommittee**
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**Briefing Statement by**

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Honorable Chairman Mel Martinez, Ranking Member Feingold, distinguished Senators, ladies and gentlemen.

Gentlemen, it is an honor for me to be invited to brief the African Affairs Subcommittee of the Senate Foreign Relations Committee. Thank you also for placing before the United States Senate the subject of urbanization and housing in Africa. African governments and the international community face a daunting challenge addressing the social, economic, political, cultural and environmental implications of rapid urbanization. We are witnessing a challenge of such magnitude that it warrants serious attention at local, national, regional and international levels. It is worthy of consideration by the Distinguished Members of the United States Senate.

Fully cognizant of the huge challenge facing them, the African Heads of State Summit adopted in July, 2003 in Maputo, Mozambique a special decision on the issue of urbanization and chaotic urban growth, and requested me, in my capacity as Executive Director of UN-HABITAT to help them in their efforts to turn around African cities. A direct outcome of this meeting was the establishment of the African Ministerial Conference on Housing and Urban Development (AMCHUD). Chaired by South Africa, it is a vehicle for governments to improve African cities, enabling them to realize their full potential as centers of hope and prosperity for their peoples, rather than as concentrations of deprivation and squalor. AMCHUD provides a continent-wide platform to share ideas, exchange best practice, and discuss effective strategies to achieve sustainable urbanization in Africa. As a further demonstration of political will, urban concerns have now been integrated into the overall New Partnership for Africa's Development (NEPAD). Specifically, the Sustainable NEPAD City Initiative has been launched under cluster 4 on Environment, Population and Urbanization that is chaired and convened by UN-HABITAT.

In this presentation, I shall narrate the response of my agency, UN-HABITAT in assisting African Governments and African peoples in their current efforts and struggles to improve the conditions in urban areas where HIV/AIDS is spreading so rapidly and where all residents but specifically women and children face constant fear for their safety and security. It is my hope that this presentation will elucidate the tremendous efforts being made by Africa itself to achieve sustainable urbanization and affordable housing, as well as highlight the supplementary efforts required from its development partners to accelerate progress being made. I wish to submit, Mr. Chairman, that if the international community does not act now to support African initiatives, we will pay dearly in the future in terms of the social upheaval that rapid chaotic urbanization is bound to unleash both in Africa and beyond.

## Urbanization Trends in Africa and the World

With 3 out of 6 billion people now living in cities and towns, the world is primarily urban. By 2030, Africa will also follow this urbanization trend, and cease to be a rural continent. For brevity, Table 1 shows that there are about 1 billion slum dwellers in the world, and that the slum challenge is not only an African but a global phenomena, underscoring the need to work together to address the issue. Sub-Saharan Africa however is most challenged, with 72% of its urban dwellers living in informal settlements most of them slums. Africa is the fastest urbanizing continent in the world. In 1980, only 28 percent of the African population lived in cities. Today it has risen to about 37 percent. The annual urban growth rate in Africa is 4.87 percent, twice that of Latin America and Asia. Cities and towns in Africa are also growing at twice the 2.5 percent growth rate of the rural population in Africa. In terms of numbers, currently about 300 million Africans live in urban settlements. This figure is expected to reach about 500 million by 2015. UN-HABITAT estimates that in the next 25 years, 400 million people will be added to the African urban population, putting tremendous pressure on cities and towns.

Africa is on the move and the rapid urbanization of the continent has to be recognized both for its potential problems but also for ITS GENUINE POSSIBILITIES. Already, and in spite of all the difficulties, urban areas in Africa can be credited with producing 60 percent of the Gross Domestic Product (GDP). If managed properly, African cities and towns could provide the critical link between the development of rural areas and the larger global economy.

**Table 1. Slum population by major regions, 2001**

| Major area, region | Total population (millions) | Urban Population (millions) | Percentage urban population | Percentage slum population[2] | Slum population (thousands) |
|---|---|---|---|---|---|
| WORLD | 6,134 | 2,923 | 47.7 | 31.6 | 923,986 |
| Developed regions | 1,194 | 902 | 75.5 | 6.0 | 54,068 |
| Europe | 726 | 534 | 73.6 | 6.2 | 33,062 |
| Other | 467 | 367 | 78.6 | 5.7 | 21,006 |
| Developing regions | 4,940 | 2,022 | 40.9 | 43.0 | 869,918 |
| Northern Africa | 146 | 76 | 52.0 | 28.2 | 21,355 |
| **Sub-Saharan Africa** | **667** | **231** | **34.6** | **71.9** | **166,208** |
| Latin America and the Caribbean | 527 | 399 | 75.8 | 31.9 | 127,567 |
| Eastern Asia | 1,364 | 533 | 39.1 | 36.4 | 193,824 |
| South-central Asia | 1,507 | 452 | 30.0 | 58.0 | 262,354 |
| South-eastern Asia | 530 | 203 | 38.3 | 28.0 | 56,781 |
| Western Asia | 192 | 125 | 64.9 | 33.1 | 41,331 |
| Oceania | 8 | 2 | 26.7 | 24.1 | 499 |
| **Least Developed Countries (LDCs)** | **685** | **179** | **26.2** | **78.2** | **140,114** |
| Landlocked Developing Countries | 275 | 84 | 30.4 | 56.5 | 47,303 |
| Small Island Developing States (SIDS) | 52 | 30 | 57.9 | 24.4 | 7,321 |

**Source: UN-HABITAT, 2003.**

**Meeting the Challenge: Promoting Sustainable Urbanization in Africa**

With considerable operational experience gained since it was established in 1978, and particularly with my appointment in September, 2000, to lead the agency, UN-HABITAT has radically altered the way it works in promoting sustainable urbanization. First, the agency has worked intensively to raise the profile of the urban poor on the global stage. The Government of the United States played an instrumental role in this regard. We were with you, Honorable Chairman, when you addressed the UN General Assembly in 2001 and gave impetus to a decision by the General Assembly to transform our agency into a full program of the United Nations. This briefing to the United States Senate is a follow up on the strategy of raising awareness to the challenge of urbanization. The problem cannot be tackled head-on unless it is fully understood by all interested parties and stakeholders, and especially decision makers both within and without Africa.

Second, consequent to the adoption of the Habitat Agenda – a comprehensive strategy for sustainable urbanization and affordable housing adopted by all member States in 1996 -- UN-HABITAT has been working with donor agencies and with its partners in African cities to design innovative models that will change the way urban areas are managed. The aim is to provide local authorities with the skills and confidence to encourage greater participation of ordinary citizens in the day-to-day management of their cities and towns. Gone is the assumption that central governments will provide free housing for the poor. The traditional welfare state model has given way to partnership and participation, at all levels. Free public provision has given way to affordability of housing and services, as the only tested means for sustainability and for moving to scale.

In order to achieve this goal, UN-HABITAT has launched the Global Campaign on Urban Governance and the Global Campaign for Secure Tenure (land and property administration), and advocates for a balanced approach to territorial development that fosters rural-urban linkages. The strategy therefore is to change the mindset of both stakeholders and leadership at all levels. These three initiatives constitute the normative work of the agency. They offer a framework to assist African governments to implement more effectively a strategy for sustainable urbanization, guiding their operational activities and public and private investment into affordable housing and pro-poor urban infrastructure. The normative agenda also facilitates the coordination of international development assistance, trade and investment.

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**The Global Campaign on Urban Governance**

In operational terms the governance campaign is a capacity building program in local self-government. This campaign envisions the inclusive city as a place where everyone, including the urban poor, and among them women, can contribute productively and enjoy the benefits of urban life. The premise of the campaign is that inclusiveness is not only socially just, but is also good for growth and central to sustainable development. Social inclusiveness must be an important goal for municipal governance: It is just, it is democratic, and it is productive.

Across Africa the campaign has worked at a number of levels that includes getting governments to accept the basic tenets of good governance which include transparency and accountability. The campaign also encourages greater decentralization and autonomy for local authorities and gender balance.

The fact is that national governments, because of the scale at which they operate, cannot be sufficiently responsive to local problems and issues. They operate best at the level of policy, standards setting, oversight and assessment. Local authorities, on the other hand, are closer to their constituents whom they must see politically as individual human beings with specific needs. Local authorities are moreover a decision-making platform that can ensure that resource allocations are in the general interest of all their citizens, leaving no one behind.

**The Global Campaign on Secure Tenure (Land and Property Administration Systems)**

Cities cannot begin to be inclusive or sustainable if the poor live without adequate shelter or basic services, and if they live and permanent fear of being evicted from their premises. In most African cities, hundreds of millions of poor people are not considered in city plans to provide essential services such as water, sewers and garbage collection. With no land and nowhere to go, the urban poor are forced to squat and manage as best they can. Rather than harnessing the energy and survival skills of the poor, most governments fail to recognize that the poor have a right to the city.

The Global Campaign for Secure Tenure rejects illegal, arbitrary forced evictions and takes the position that local authorities should help the poor achieve their right to adequate shelter through a negotiated package of policy options that includes access to land and shelter with some form of security of tenure. In particular, the campaign encourages a range of tenure options underwritten by the rule of law and that are sensitive to the cultural realities of the continent. These range from home ownership to rental arrangements, individual or collective tenure, and private, public or mixed tenure. What matters most is

the security and long term certainty for the urban poor and disenfranchised groups such as women. The secure tenure campaign encourages local governments to recognize the urban poor as an asset rather than a problem. It assists governments to devise policies and programs that can empower the urban poor to solve their own problems, discouraging governments from getting locked in a futile attempt to evict the urban poor from one place, knowing quite well they will end up in another. The events in Zimbabwe and similar evictions elsewhere in Africa are a case in point.

**Promoting Balanced Territorial Development: Urban-Rural Linkages**

Rather than treat rural and urban as different and competing development spaces, UN-HABITAT encourages national governments to see urban-rural linkages as a whole – as a dynamic system – so that their linkages can be strengthened. One cannot do without the other. Strengthening this linkage requires, in many countries, decentralization through the promotion of medium-sized cities and hierarchical networks of places. These can increase the accessibility to agricultural inputs by rural producers while at the same time provide the necessary marketing infrastructure such as bulk collection points and periodic markets. An effective rural-urban linkage development program has great potential in reducing the pace of migration from rural to urban areas and in delivering balanced territorial development. Small and medium sized towns serve as nodes for economic growth when they are well linked to each other and to larger urban centers. They offer not only markets for farm produce, but also seasonal off farm employment to the rural poor and landless -- people who would otherwise flock to the slums in the ever expanding capital cities.

It is clear that policies that encourage horizontal and vertical linkages among settlements at the sub-national, national and international levels lead to the increased viability of small towns and rural regions. It is, therefore, no longer a question of how rural areas and towns will integrate into the national economy, but how they do so in the global economy as well.

**Progress in Implementation and Justification for Enhanced International Support**

Judging from what is being written and done around the continent and from the experience of UN-HABITAT in the region, Africans are waking up to the possibilities offered by urbanization. They are turning a problem into a solution in concrete ways. I believe these are precisely the types of initiatives that warrant the attention of the international community. Supporting African initiative is not only a good investment for Africa, but it is also a good investment for global security and economic development. Mr. Chairman, consider in the time remaining a few initiatives currently underway on the continent.

- Nigeria, Burkina Faso, Uganda and South Africa have launched Campaigns on Urban Governance and Secure Tenure. This has lead to changes in policy and practice. In Nigeria, for example, the Federal Government is strengthening its 36 state governments and 774 local authorities by giving them greater fiscal autonomy and greater support through a newly created Ministry for Urban Development.

- In Burkina Faso the government is promoting the regularization of land tenure and promoting a poverty reduction strategy within urban areas. Namibia is the first country in Sub-Saharan Africa to introduced block title, an alterative form of security of tenure that protects the urban poor from dislocation and satisfies the needs of private banks for verifiable collateral.

- In South Africa, a partnership between the Government, local authorities and NGOs like the South African People's Federation has been working hard to find solutions to problems of inadequate housing and landlessness. Through a policy mix of security of tenure, public savings schemes and community participation, the South African government has managed to provide over 1 million houses, while the community water supply programme has also increased its delivery of water connections from 62,249 in 1995 to over 6 million in 2000.

- More recently, the Kenya Government has embarked on the Kenya Slum Upgrading Programme which is targeting slums nationwide and includes upgrading Kibera, one of Africa's most notorious slums. This initiative is based on a strategy that includes the provision of land and security from the government, capacity and personnel from UN-HABITAT, financing from agencies like Cities Alliance, other bi-lateral donors and, finally, savings schemes involving the poor themselves. It also introduces innovative financing mechanisms that build on community savings organizations and micro-finance institutions to tap domestic private capital from pension funds and insurance companies. The project, which is being designed in phases, will begin with the provision of basic infrastructure especially clean water and adequate sanitation.

- In Mozambique the government has committed itself to establishing a post conflict strategy that addresses the needs of all urban communities. Efforts are underway to prepare a Territorial Planning Policy and a Housing Policy that will complement the existing Land Law and Autarchic Law. This exercise includes researching into the existing land tenure and land market options with a view to

design locally relevant forms of security of tenure and market access to land. In terms of national urban planning, it will also include integrated solutions linking urban and rural settlements.

- In Tanzania, a "Cities without Slums Initiative" has been launched under the Cities Alliance Framework and linked to the financed urban upgrading initiative of the World Bank Group. The new President, Jakaya Kikwete has defined as a key policy priority the revival of housing finance mechanisms that can reach low-income household with affordable mortgage finance. The Bank of Tanzania, the Ministries of Finance and Housing (Lands and Human Settlements), and the Association of Bankers work on the standing committee of the second generation financial sector reforms to translate this political priority into policy reform and affordable housing loan products.

- South Africa, which has been a leader in providing decent housing to its peoples, is now working with support from the United States to establish primary and secondary mortgage institutions,

**Investing in Housing and Urban Infrastructure in Africa**

Mr. Chairman I would like to conclude by underscoring the importance of investment. Advocacy and capacity building is essential but so too is financial follow through that can realize sustainable urbanization and housing at scale.

There is not enough money in the world available to upgrade all the slums in Africa. In a recent simulation it was estimated that meeting the MDG Goal 7 Target 11, of improving the lives of 100 million slum dwellers by 2020, could cost anywhere between an estimated $70 billion to over $100 billion over 17 years. [1]

Clearly, such figures are prohibitive. No aid mechanism could begin to provide enough resources. In fact, it has been estimated that in recent years, the total combined overseas development assistance, public and private investment set aside for low income housing in developing countries and related infrastructure is estimated to be less than $4 billion.

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[1] This simulation has estimated that the average cost of providing housing and the full range of basic urban services on new sites in developing countries is $1,759 per person, or $926 net of cost recovery. For slum upgrading, the full cost is $1,187 per person, or $773 after cost recovery. Costs are divided across broad intervention types, after cost recovery, as – house and land (17%), infrastructure (41%), social services (34%) and planning (9%).

But Africa is not seeking charity. What is required is the design and innovation of financing mechanisms that allows for the full participation of slum dwellers, the private sector and the international community.

Alarmed at the rate of slum formation  in the developing world including Africa, in 2001 the UN General Assembly, while transforming UN-HABITAT into a fully fledged programme called upon its Executive Director to revive and revitalize the Habitat and Human Settlements Foundation, established since 1974 as a Global Shelter Facility but regrettably  to date yet to be capitalized.

As a follow up to this GA decision, UN-HABITAT has launched a  pilot slum upgrading facility, SUF, to field test workable models for pro-poor housing and urban infrastructure development finance. Established through funding from the United Kingdom and Sweden, the new initiative offers technical assistance and limited bridge financing to scale up the innovations slum dwellers and banks. Specifically, it seeks to develop financial instruments that can help make slum upgrading projects more attractive to private investors. The SUF will draw from emerging innovations by slum dwellers in the form of daily savings associations and self-help groups to show that even the poor can help finance their own progress and development. After all, it is a well-known fact that the poor pay more, per square metre for a room. They pay between 10 to 100 times more for water and are known to spend up to 15 percent of their monthly incomes on accessing toilet facilities. UN-HABITAT rental studies in the slums of Nairobi have also established that those who invest in slums and own the shacks rented out to the poor make excessive profits. The payback period for slum real estate investors in Nairobi was established to be only 9 months on average. With 80% of slum dwellers in Nairobi as tenants this is not small business and slum landlords own several hundred shack units! This does not only expose exploitation of the poor and resistance to slum upgrading by those who stand to lose their huge profits, but also shows that decent rental or cooperative housing could be organized provided there is political will to do so by getting initiatives like the SUF off the ground and to appropriate  scale.

Clearly, initiatives like the SUF, if they are to mobilize and capitalize on savings from the poor will need to tackle complex issues of land, housing, water and large-scale infrastructure investments. But with legislative reform, it is possible to encourage banks to take a larger role in lending to slum upgrading projects. What is required is a process of making the banks understand that the poor pay back their loans and pro-poor housing investments are bankable.

The slum upgrading facility is part of a larger series of actions that UN-HABITAT is taking to establish trust funds and financing mechanisms to fund slum upgrading initiatives. For example, much of the funding for Water for African Cities reviewed above is now coming from a trust fund established specifically for the purpose of supporting investment in water and sanitation projects.

One of the most innovative solutions to human settlements problems in urban areas was a recent and unprecedented debt for land swap brokered by UN-HABITAT. Briefly, the Kenya government was forgiven debt by the Government of Finland on condition that they provided public land for the specific purpose of housing the urban poor. To ensure that the land goes to the target group, land was allocated to the slum upgrading programme in trust to the eventual beneficiaries. This could provide an excellent model for future debt swap that could directly benefit the homeless.

**Strategy 8: Forging Strategic Partnerships**

Distinguished Senators, I would like to conclude my statement by focusing on strategic partnerships. UN-HABITAT is responsible for *coordinating* the implementation of this agenda for sustainable urbanization that I have outlined, what we refer to as the "Habitat Agenda."  As a small agency with a huge mandate, our task is to form strategic partnerships with sister UN agencies, international financial institutions, and key member States, not least the Government of the United States.  We view ourselves as honest brokers that utilize the convening power of the United Nations both to raise awareness and harness the political will and technical competency to address the daunting urban challenge of the 21$^{st}$ Century.

Regarding post-conflict and post-disaster reconstruction, we partner with the Office for the Coordination of Humanitarian Agencies (OCHA), serving on the Executive Committee of Humanitarian Agencies (ECHA) and working as housing focal points on United Nations Country Teams. We have a memorandum of understanding with the UNHCR to move from tents to permanent housing in several post-conflict settings. UN-HABITAT has served as an implementer of USAID housing projects in Afghanistan.

Concerning Security of Tenure and Property Rights, we work closely with the World Bank in a partnership knows as the Cities Alliance co-chaired by UN-HABITAT and the Bank. A senior professional of our staff serves as an expert on forced evictions and slum upgrading at the Secretariat of the Cities Alliance in Washington. We work with the World Bank and FAO on Land Tool Network, and I serve as an advisor to Commission for Legal Empowerment of the Poor, chaired by Madeline Albright. The Water for African Cities and Lake Victoria Initiative, as mentioned bring together the African

Development Bank, FAO, ILO, and potentially in future, USAID. Our Global Campaign on Good Urban Governance and myriad of urban management programs has nurtured the African Ministerial Conference on Housing and Urban Development and to establish the United Nations Advisory Group on Cities and Local Authorities. The United Nations Habitat and Human Settlements Foundation and its Slum Upgrading Facility are built on partnerships with all major International Financial Institutions including the World Bank, USAID Development Credit Authority, and the Private Infrastructure Development Group (PIDG). We have as well worked closely with the US Department of Housing and Urban Development to promote private lending for affordable housing through High Level Peer Exchanges that have offered partners in the private sector and government to learn from the housing experience in the United States. In our efforts to address urban safety and security through our Safer Cities Program, UN-HABITAT works in close cooperation with the United Nations Office of Drugs and Crime. The rural-urban linkages initiatives to promote balanced, territorial development benefit from close collaboration with FAO and ILO.

In summary, UN-HABITAT assists member States and their partners at community, municipal and national levels. We work in partnership with other multilateral agencies, development banks, and bilateral development agencies, as well as with federations of slum dwellers and with private sector entities. We also work in partnership with other UN agencies. To increase our effectiveness, we need international support to scale up such initiatives, and that is why I have appreciated very much this opportunity to present to you both the problem and also our work.

Mr. Chairman, let me conclude by thanking the Distinguished Senators and professional staff for your kind attention -- and by inviting you to attend the third session of the World Urban Forum in Vancouver, Canada, from 19$^{th}$ -23$^{rd}$ June 2006. This open UN meeting for the world to take stock of the progress and challenges in the implementation of the Habitat Agenda and advance a shared mission of adequate shelter for all, and sustainable human settlements development in an urbanizing and globalizing world. I was so pleased to get confirmation earlier this week that Honorable Secretary of Housing and Urban Development Alphonso Jackson will lead the US delegation to the Forum that is expected to attract over 8,000 participants from all over the world. It would be good to have some of you there to join the Global Parliamentarians for Habitat to make your mark on the noble mission of shelter for all.

I thank you very much.