ECONOMIC AND SOCIAL COUNCIL
2014 INTEGRATION SEGMENT: SUSTAINABLE URBANIZATION
27-29 MAY 2014

BACKGROUND NOTE

A. Introduction

Sustainable urbanization will be the focus of the first ever Integration Segment of the United Nations Economic and Social Council, that will take place from 27 to 29 May 2014. This background note aims to provide a brief overview of the urbanization process and illustrate how urbanization has the transformational power to achieve and advance sustainable development. Given the multiple dimensions of urbanization, such as demographic, governance, economic, social, and environmental and the related challenges, sustainable urbanization can only be achieved by addressing and incorporating all the economic, social and environmental dimensions of sustainable development and their inter-linkages.

In 2011, the world population reached the seven billion mark. This historic milestone was passed only 12 years after crossing the six billion mark, the shortest recorded time to add one billion people to the world population. However, global population growth has been slowing since the second half of the twentieth century, and currently stands slightly above 1 per cent per year. The world urban population started to decelerate somewhat later, nearly 3 decades ago, but the absolute additions to the number of urban dwellers in the world are still at an all-time high, at almost 74 million people per year. The urban proportion of the world population passed the 50 per cent mark in 2007, and the United Nations projections point to a further deepening of the urbanization process in the coming decades.

From a demographic point of view, urbanization is the process by which towns and cities are formed and increase in size, and by which an increasing number and proportion of people live and work in settlements defined as 'urban'. Rural-to-urban migration and natural increase of the population already residing in cities and towns are the main causes of urbanization, although redefinitions of the urban/rural status and the adjustment of the geographical boundaries of towns and cities also contribute to the urbanization process. From a sociological perspective, "urbanism" is a way of life characteristic of modern cities, whereas "urbanization" is a process of transformation from rural to urban lifestyles. Urbanization includes the introduction (to formerly rural settlements) of modern infrastructure and services and larger, more formally organized governance institutions, as opposed to smaller-scale, traditional community-level institutions.

More than 50 per cent of humanity is already living in urban areas, contributing to the rapidly increasing dominance of cities as the habitat of humankind. This places urbanization among the most significant global trends of the twenty-first century. Urbanization is a force which, if effectively steered and deployed, can potentially enable the world to overcome some of the major global challenges at present, including climate change and rising inequalities, to achieve a sustainable, equitable and inclusive development for all. Governments acknowledged this in paragraph 134 of the Rio+20 outcome document, "The Future We Want",[1] when they stated:

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[1] A/RES/66/288, and http://sustainabledevelopment.un.org/futurewewant.html

We recognize that, if they are well planned and developed, including through integrated planning and management approaches, cities can promote economically, socially and environmentally sustainable societies. …

Urbanization is proceeding fastest in developing countries, especially in Africa, which is still the least urbanized but one of the most rapidly urbanizing continents along with Asia, and the regional balance of urbanization has increasingly tipped toward the less developed regions of the world. While in the 1950s the majority of the urban dwellers in the world resided in developed nations, today, close to three quarters of all urban residents in the world live in developing countries. Moreover, of the nearly 73 million new urban dwellers that will be added to the world's urban population every day between 2014 and 2020, 67 million (92 per cent) will reside in cities and towns of developing countries.[2] Between 2007 and 2025, the annual urban population increase in developing regions is expected to be 53 million people (or 2.27 per cent), compared to a mere 3 million (or 0.49 per cent) in developed regions.

B. Challenges of Urbanization

While cities present significant socio-economic opportunities, they are also facing major challenges that future policies and planning must address, including: (i) the demographic challenges of rapid urbanization, a very small number of shrinking cities, ageing and increasing multicultural composition of cities; (ii) the environmental challenges of climate change and cities' excessive dependence on fossil fuel as a source of energy, (iii) the economic challenges of uncertain pace of the future growth of industry, services and employment in the aftermath of the recent global financial crisis, as well as high informality in urban activities; (iv) increasing socio-spatial challenges, especially social and spatial inequalities, urban sprawl, unplanned peri-urbanization, weak urban-rural linkages and the increasing spatial scale and ecological footprint of cities; and (v) institutional challenges related to governance and the changing roles of local government. For urbanization to be transformational in the promotion of sustainable development, these challenges need to be addressed in an integrated way, taking into account the economic, social and environmental dimensions.

Demographic challenges

The global urban transition presents major challenges for urban policy, planning and urban management. Such challenges have not been faced before at the present scale. While the period 1950-1975 witnessed slightly more rapid population growth in the urban areas of the world than in rural ones, the balance tipped in favour of urban growth thereafter. Almost all of the growth of urban areas will take place in developing regions. Between 2014 and 2030, the annual urban population increase in developing regions is expected to be 66 million people, compared to 5 million in developed regions.

A number of new 'megacities' of over 10 million people and 'hypercities' of over 20 million will emerge during the next few decades. Today, for example, approximately 57% of the urban African population live in medium-sized cities and 26% live in cities of between 1 and 5 million inhabitants which are often capital cities (Nairobi, Dakar, Bamako). 5% live in cities of 10 million inhabitants and more (Kinshasa, Lagos, Cairo, Johannesburg). A sizeable share of new urban growth, however, will occur in smaller, and often institutionally weak, settlements of 100,000-250,000 people. In contrast, some parts of the world are facing the challenge of 'shrinking cities', i.e. a decline of some of their cities' populations. Most of these are found in Europe, parts of Asia and of the Americas.

A key problem is that most of the rapid urban growth is taking place in countries least able to cope — including with regards to the ability of governments to attract foreign investment and provide urban infrastructure, social services; and sufficient employment (*e.g. many cities in low income countries are growing despite poor*

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[2] United Nations (2012) *World Urbanization Prospects: The 2011 Revision.* Available at http://esa.un.org/unup/pdf/WUP2011_Highlights.pdf

macroeconomic performance and without significant foreign investment making difficult for urban authorities to provide adequate housing, services, and employment); the ability of urban residents to pay for such infrastructure and services; the ability to address crime and security issues; and the resilience of cities to natural disasters. The inevitable result has been the rapid growth of urban slums and squatter settlements. While the MDG7 target of achieving, by 2020, a significant improvement in the lives of at least 100 million slum dwellers, has been achieved, close to one billion people, or nearly one third of the urban population in developing countries, live in slums in vulnerable or life-threatening conditions, and are directly affected by both environmental disasters and social crises, whose frequency and impacts have increased significantly during the last few decades.[3]

Environmental challenges

One of the most significant global challenges at present is climate change. Cities will be impacted by extreme weather events, reduced access to drinking water, coastal flooding as a result of sea-level rise and weather-related natural disasters in vulnerable areas. Cities along the world's coastlines have come under increasing threat from extreme weather events. Between the 1950s and 1990s, there was a 50 per cent increase in extreme weather events associated with global warming. Eighteen of the 24 cities with population of 8 million or more in 2011 were located in vulnerable coastal zones and were increasingly vulnerable to sea-level rise. Recent research shows that 13 per cent of the world's urban population lives in low elevation coastal zones, defined as less than 10 meters above sea level.[4] In effect, close to 100 million people around the world live less than one meter above sea level. If sea levels rise by just one meter, many large coastal cities such as Buenos Aires, Los Angeles, Rio de Janeiro, New York, Mumbai, Dhaka, Osaka, Tokyo, Lagos, Alexandria, Shanghai and Cairo will come under serious threat. Recent research also shows that 60 per cent, or about 890 million urban dwellers in large cities[5] in 2011 were living in areas of high risk of exposure to at least one natural hazard, with cities in Asia, Latin America and the Caribbean and in Northern America being the most heavily exposed. Flooding has been found to be the most frequent and greatest hazard (at least 233 cities have high risk exposure), but drought, the second most frequent hazard, affects 132 cities, cyclones affect 68 cities and earthquakes 40 large cities. Some 277 million people live in cities at high risk of droughts and 229 million reside in cities at high risk of cyclones.

The high cost of urban land and housing are increasingly pushing the lowest-income people into locations that are prone to natural hazards, such that 4 out of every 10 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. Significantly, such disasters are only partly a result of natural forces – they are also products of failed urban development and planning.

A second major concern is the environmental impact of fossil fuel use in urban areas. Cities and towns, mostly in the developed world, contribute up to 70 per cent of the world's total greenhouse gas emissions, largely because of their concentrated industrial production and construction activities, as well as energy use due to transportation and buildings. The global use of oil as an energy source has both promoted and permitted urbanization, and its easy availability has allowed the emergence of low density and sprawling urban forms – suburbia – dependent on private cars and expensive production and inefficient use of energy. Beyond this, however, the current global economy rests largely on moving both people and goods more quickly, cheaply and over longer distances. Responding to a post-oil era presents a whole range of new imperatives and opportunities for urban planning, especially in terms of settlement density, mobility as well as economic and environmental issues.

Rapid urban growth in the past 50 years has meant that managing the built environment while coping with environmental pollution and degradation. This has become a significant challenge in the cities of developing

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[3] UN-Habitat (2009), op.cit. p.34; UN-Habitat (2007), *Enhancing Urban Safety and Security: Global Report on Human Settlements 2007*, Earthscan, London.
[4] Romero Lankao, P. (2008), "Urban areas and Climate Change: Review of Current Issues and Trends", draft report prepared for the Global Report on Human Settlements 2011, p.52. Available at http://www.ral.ucar.edu/staff/prlankao/GRHS_2011_IssuesPaperfinal.pdf
[5] with 1 million inhabitants or more in 2011, see United Nations (2011) *World Urbanization Prospects: The 2011 Revision.*

countries. Fewer than 35 per cent of the cities in developing countries have their wastewater treated. Worldwide 2.5 billion and 1.2 billion people lack safe sanitation and access to clean water respectively; between one third and one half of the solid waste generated within most cities in low and middle income countries is not collected. This depravation, which is mostly concentrated in urban slums and informal settlements, has significant health effects, including persistent outbreaks of epidemic diarrhoeal diseases that result in increased child mortality. In addition, inaccessibility to basic urban infrastructures and public services experienced by some groups, in particular over 1 billion of persons with disabilities, was found common in majority of the urban areas in both developed and developing countries.

Economic challenges

Globalization and economic restructuring in recent decades have affected urban settlements in various ways. Particularly significant has been the impact on urban labour markets, which show a growing polarization of occupational and income structures caused by growth in the service sector and decline in manufacturing, especially in developed countries. There have also been important gender dimensions to this restructuring: over the last several decades women have increasingly moved into paid employment, but often towards the 'informal' labour force, subject to part-time, contract and home-based work, which have made them highly vulnerable to economic crises. In developed countries, the last several decades have also seen a process of industrial relocation to less developed regions as firms have attempted to reduce labour and operating costs.

The global economic crisis that began in 2008 has accelerated economic restructuring and the extension of unemployment in all parts of the world. One important result of these economic and policy processes on urban labour markets has been rapid growth of the urban informal economy in all regions of the world, but particularly in developing countries. In these countries, informal sector jobs account for more than 50 per cent of all employment in Africa and the Latin America and Caribbean region, and a little lower in Asia. Poor economic prospects in rural areas lead to migration to urban areas, resulting in increase in slums. Among the most significant challenges that urban policy and planning have to address in the next few decades, especially in developing countries, are how to respond to increasing poverty and inequality, as well as to the rapidly expanding urban informal sector. Economic connectivity, through transport and roads, will be essential to facilitate competitiveness and access to markets, in particular for rural areas. Urban planning would also need to address the issue of decent job creation.

Socio-spatial challenges

Urban policy-makers and planners have increasingly found themselves confronted by new spatial forms and processes, the drivers of which often lie outside the control of local government. Socio-spatial change seems to have taken place primarily in the direction of the fragmentation, separation and specialization of functions and land use within cities, with labour market polarization and income inequality reflected spatially in the growing differences between wealthier and poorer areas in both developed and developing country cities. Highly visible contrasts have emerged between up-market gentrified and suburban areas with tenement zones, ethnic enclaves and ghettos. At the same time, areas built for the high-technology service and production sector and for luxury retail and entertainment, contrast with other areas of declining industry, sweatshops and informal businesses. While much of this represents the playing out of market forces in cities, and the logic of real estate and land speculation, it is also a response to local policies which have attempted to position cities globally in order to attract new investment through 'competitive city' approaches.

Differences in access to as well as quality of services and infrastructure exist based on socio-economic class within an urban area as well, which in turn severely undermines the social, economic and environmental sustainability of urbanization. These conditions are being experienced in increasingly unequal ways, especially among women, female-headed households, youth, children, and other marginalized groups such as the poor,

people living with HIV/AIDS, stigmatized ethnic groups, the elderly and people with disabilities. Lack of secure tenure disproportionately affects the poor, particularly poor children. Exposure to pollutants and living in areas contaminated by industrial waste or close to heavy traffic are highly correlated to mortality and developmental delays for children. High degrees of transience, crowding, insecurity and poor conditions in many urban settings can mean high levels of stress, undermining social capital, and ultimately resulting in lower levels of reciprocity, higher rates of crime and violence and lower life expectancy. The destruction of cultural resources, including built heritage and creative industries, also degrades urban living.

In many parts of the world, fear of crime has increased urban fragmentation as middle and upper income households segregate themselves into 'gated communities' and other types of high-security residential complexes. 'Gated communities' have multiplied in major metropolitan areas such as Buenos Aires, São Paulo, Santiago, Johannesburg and Pretoria. Further, criminal 'mafias' find cities and slums favourable ground for their operations in drugs, prostitution, loan sharking, and protection rackets.

In many poorer cities, the population spatial distribution is largely driven by the efforts of low income households to secure land that is affordable, reliable affordable transport options and in a location close to employment and other livelihood sources. This process is leading to entirely new urban forms as the countryside itself begins to urbanize. The bulk of rapid urban growth in developing countries is, in fact, now taking place in unplanned peri-urban areas, as poor urban dwellers look for a foothold in the cities and towns where land is more easily available, where they can escape the costs and threats of urban land regulations, and where there is a possibility of combining urban and rural livelihoods. Not only are these slums residential, they include many informal, labour-intensive craft businesses conducted in the people's homes. This arrangement allows subsistence livelihoods but also increases air and water pollution in very harmful ways.

In Africa, as a result of the failure of cities to bring employment opportunities, most urban poor end up working in the informal sector, which accounts for 93% of all new jobs and 61% of urban employment in Africa (UN-Habitat 2012). Since income from the informal sector is often low and intermittent, most migrants become slum tenants. According to UN-Habitat, slightly more than 60 per cent of Sub-Saharan Africa's urban population lives in slums, a proportion expected to increase if cities continue to develop in line with current trends. The proliferation of urban slums raises critical issues of public health. The unsafe conditions include a lack of essential services such as adequate sanitation, potable water and electricity which, together with insalubrious housing and overcrowding, increases the spread of diseases and the high burden of morbidity and mortality.

In many African and Asian countries, the ability of cities and towns to act as engines of national economic growth is hampered by weak rural-urban linkages. Stronger rural-urban linkages facilitate the use of agricultural inputs such as fertilisers and pesticides and increase the per capita income of farming communities. In addition, good urban-rural networks of roads as well as banks, marketing and retail facilities contribute significantly to higher levels of rural economic growth and per capita incomes.[6] In their recent discussion of Africa's inputs to the Post-2015 Development Agenda and to the Third United Nations Conference on Housing and Sustainable Urban Development (Habitat III), to be held in 2016, African Ministers of Housing and Urban Development identified strengthening of rural-urban linkages as a priority area for the region.[7]

These very precarious social and economic conditions particularly affect women and youth. The majority of slum dwellers in African cities are between the ages of 15 and 24 (UN-Habitat State of the World's Cities Report 2010-2011). In addition, more than 60 per cent of female workers are in vulnerable employment, while barely a third of male workers are.

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[6] Pundir, R.S. and Singh, K., *Rural-Urban Linkages and Socio-Economic Development: A Case Study of Two Villages in Gujarat*, Institute of Rural Management, Anand [IRMA], 2001

[7] N'Djamena Declaration, Fifth African Ministerial Conference on Housing and Urban Development [AMCHUD 5], N'Djamena, Chad, 25-28 February 2014, paragraph 20[f]

Institutional challenges

Formal urban planning is undertaken typically within local governments. Over the last three decades or so, there have been significant transformations in local government in many parts of the world, making them very different settings from those within which modern urban planning was originally conceived about 100 years ago.

However, in Africa, urban planning continues to replicate planning approaches used in developed countries that fail to address the specific social and cultural context of African cities. Current urban plans in African cities ignore for the most part informal activities and settlement while these are an important dimension of African urban growth. This is coupled with a lack of targeted goals and monitoring and accountability processes.

The most commonly recognized change has been the transition of the urban political system from 'government' to 'governance'. In the more developed countries, this represents a response to the growing complexity of governing in a globalizing and multi-level context, as well as the involvement of a range of non-state actors in the process of governing. In developing countries, the concept of governance has been promoted as a policy measure, along with decentralization and democratization, driven largely by multi-lateral institutions such as the World Bank and United Nations agencies.

In addition, urban planning at the local government level has also had to face challenges from shifts in the scale of urban decision-making. As the wider economic role of urban centres and their governments has come adrift from their geographically-bounded administrative roles, so the need to move towards re-scaling to the city-region level and introducing multi-level and collaborative governance has become increasingly apparent [8].

Another global trend has been in the area of participation. Since the 1960s, there has been a growing unwillingness on the part of many communities to passively accept the decisions of politicians and technocrats that impact on their living environments. Consequently, in cities of both the more developed and developing countries, 'delivering consensus' is becoming more difficult. Societal divisions have been increasing, partly as a result of international migration and the growth of ethnic minority groups in cities, and partly because of growing income and employment inequalities which intersect with ethnicity and identity.

Successful sustainable urbanization depends on setting up institutional arrangements and mechanisms that facilitate the governance, administration and management of urbanization processes and urban centres. It can be engineered best by capable responsive and accountable leadership, human resources that are capable in all governance, administrative and managerial aspects. Participatory governance, if used effectively, can mitigate the risks of urbanization and may produce innovative and unexpected approaches to sustainability.

Urban challenges in different world regions

While the above are globally shared urban challenges, different regions have their own characteristics determining their patterns of urban growth and specific urban development challenges.

Developing countries

Looking at global trends more closely, about 90 per cent of the new demand for housing and urban services resulting from rapid urbanization between now and 2030 will occur in 48 countries, with most of it being in East and South Asia. Within the developing regions of Sub-Saharan Africa, Asia, the Middle-East and North Africa, as well as Latin America and the Caribbean as a whole, the major urban challenges are:

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[8] Watson, V. (2007), *Urban Planning and Twenty-First Century Cities: Can It Meet the Challenge?* pp. 205-237, available at http://pdf.usaid.gov/pdf_docs/PNADO607.pdf#page=206

- how to address the urbanization of poverty and increasing inequality (especially in Latin America);
- how to provide access to urban land at a scale sufficient to meet increasing demand for decent and affordable housing and urban services (especially in Africa and Asia), linked to networks of public infrastructure and recognizing the need to mitigate the impacts of and adapt to climate change;
- how to ensure access to sanitation and hygiene services;
- how to promote access to social and economic amenities in human settlements;
- how to increase the efficiency of delivery and use of physical facilities and amenities, including waste management, transportation and energy;
- how to meet the energy need of the growing population in a sustainable way;
- how to address the phenomenon of urban informality, in terms of land tenure as well as access to land and housing, transport and livelihoods;
- how to address rapid and chaotic peri-urbanization and the emerging phenomenon of extended urban corridors; and
- how to meet the needs of the youth, who constitute 17 per cent of the urban population.[9]

African countries

Though Africa is the least urbanized continent, its rate of urbanization is the fastest in the world. Urban inhabitants grew from 33 million persons in 1950 to 414 million in 2011, and are expected to reach 471 million by 2015, and 744 million by the year 2030. The share of urban inhabitants in total population increased from 14.4 per cent in 1950 to 39.6 per cent in 2011 and expected to reach 47.7 per cent by the year 2030. These increases in numbers show high urban growth rates of above 3 per cent per year, which will double urban population in 2025 (World Urbanization Prospects, 2011 revision).

The process of urbanization can provide African countries with enormous opportunities to achieve sustainable development, including economic growth, poverty reduction, and service provision via economies of scale. At the same time, rapid urbanization can bring with it significant challenges depending on government capacity, planning and response, including:
- how to mitigate the increasing pressure of urban populations on natural resources and the environment;
- how to address inadequate provision of land, services, trunk infrastructure and connectivity;
- how to mitigate the negative externalities which offset the benefits of urbanization, such as pollution and congestion;
- how to continue to develop and increase standards of living while maintaining carbon emissions at a level compatible with long-term, sustainable growth.

Economies in Transition

In contrast to the developing countries, the countries with economies in transition face different challenges in urban development. Previous public patterns of provision of housing and infrastructure have been disrupted by the political and economic changes due to the transition from a socialist system to a market economy. The former system had provided a minimum quality of housing and infrastructure in most countries. The major challenges for the coming years in countries with economies in transition will be:

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[9] Attahi, K. (2008), '*Revisiting urban planning in Sub-Saharan Francophone Africa*', draft regional study prepared for the Global Report on Human Settlements 2009; Irazábal, C., C-Y Wong, A. Farol and J. Noah (2008),'*The status of urban planning and planning practice in Latin America and the Caribbean*', draft regional study prepared for the Global Report on Human Settlements 2009; Okpala, D.O. (2008), '*Regional overview of the status of urban planning and planning practice in Anglophone (Sub-Saharan) African countries*', draft regional study prepared for the Global Report on Human Settlements 2009; Yuen, B (2008), '*Revisiting urban planning in East Asia, South-east Asia and the Pacific*', regional study prepared for the Global Report on Human Settlements 2009.

- how to address problems of urban sprawl and preservation of inner-city heritage buildings arising from the growing demand for housing and facilities by an emerging wealthy class and from international investors;
- how to address the specific needs of the increasing ageing population;
- how to address the need for retrofitting of buildings, based on clean energy and efficient use of energy and water;
- how to address severe environmental pollution from the socialist era industries and, more recently, from the rapid growth of private vehicle ownership; and
- how to strengthen local authorities, to whom many responsibilities have been transferred but without the necessary financial resources. [10]

Developed countries

Cities in the more developed countries have occupied an increasingly important place in their respective national economies. In recent decades, their economies have become knowledge-based and shifted towards financial services, which have tended to be located in large cities. However, the 2008 sub-prime mortgage lending crisis and collapse of a number of major investment banks have had significant negative impacts on urban home ownership and employment in the United States and some parts of Europe. In the foreseeable future, the major urban challenges in developed countries will include:
- how to address the effects of the recent mortgage and housing markets crisis;
- how to address increasing socio-spatial inequalities and urban fragmentation resulting from globalization and competitive city investment policies;
- how to address the changing structure of labour markets, which have left many urban residents unemployed, underemployed and impoverished;
- how to reduce the large ecological footprints of cities caused by car-dependence, huge waste production and urban sprawl;
- how to mitigate the effects of and adapt to climate change; and
- how to address the specific needs of the increasing ageing population.

The challenges of urbanization – demographic, environmental, economic, socio-spatial, and institutional – overlap and interact to a substantial degree. Each challenge has social, economic and environmental dimensions, and these dimensions are often compounding, perpetuating and disproportionately felt by the most marginalised. Understanding the linkages between the three dimensions of sustainable development is essential. Without an integrated and balanced approach to planning for and managing these challenges, urban areas are likely to experience increased levels of inequality, marginalisation, and discrimination.

C. Urbanization and Sustainable Development

Though urbanization is often regarded as inevitable and spontaneous, the growth and development of cities can be planned and managed to some extent. In addition, and in spite of the challenges facing them, cities should be seen more as an asset and a solution. Urbanization presents an opportunity to solve many of the challenges confronting contemporary human development. As recognized in the Rio+20 outcome document, "The Future We want", well-planned, designed and managed cities can generate higher levels of societal wellbeing, economic growth and means of livelihood and foster sustainable development. The key is to apply a holistic approach to sustainable city development and urbanization with longer-term vision and integrated approach.

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[10] Hirt, S. and K. Stanilov (2008), '*Revisiting urban planning in the transitional countries*', regional study prepared for the Global Report on Human Settlements 2009.

Cities are an important engine for economic growth and socioeconomic development. As economic geographers have shown, dense networks of people, infrastructure, institutions and innovation possess enormous agglomeration advantages, or economies of scale. According to the World Bank, doubling urban density decreases the cost of a basic package of infrastructure by 33 %.[11] In many cities these advantages remain untapped. But by leveraging their economies of scale, cities can unlock their inherent potential to create value and wealth, reduce overall costs of infrastructure and societal transactions, and promote productivity and innovation. Given that, by and large, urbanization has been positively correlated with development, and that it has been a source of development rather than just a result of it, it is clear that the process of urbanization creates an enabling environment for transforming production capacities and income levels in developing countries. This transformation requires a mindset shift on the part of decision makers, away from viewing urbanization as a problem, towards viewing it as a contributor to development.

The contribution of cities to the national economies, and to economic sustainability in general, is now very important. Cities presently account for 80 per cent of the world's gross domestic product (GDP). In spite of the relatively weak global economy since the beginning of the latest financial crisis in 2008, many developing countries have witnessed high economic growth rates of over 7 per cent since 2010, and most of this growth is concentrated in towns and cities. Well-planned small towns and service centres also play an increasingly important role in providing the physical, social and economic infrastructure necessary for rural development, while urban centres of all sizes provide markets for rural produce. Towns and cities currently provide huge opportunities for investment to both the private and public sectors, especially in developing countries, including in pro-poor housing and basic services such as clean drinking water, adequate sanitation, energy and transport. More fundamentally, towns and cities can, in many countries be purposefully used by Governments as drivers of national economic growth.

Cities are also where the battle against extreme poverty can be won. Poverty reduction and social sustainability of development cannot be achieved without addressing the basic needs of the large numbers of poor urban dwellers, such as access to adequate housing, clean drinking water, sanitation, domestic energy and transport, health and education. Although the world has made impressive progress in reducing poverty since 2000, inequality is rising in many of the cities of both developing and developed countries. In developing countries, slums, which currently host close to 1 billion people, are a notable physical manifestation of urban poverty and inequality. Given the large number of people worldwide who lack access to safe sanitation and to clean drinking water, achieving socially sustainable development will require serious action to reduce urban poverty and inequality, especially in the light of the increasing concentration of humanity in towns and cities.

Urban planning and design in both developed and developing countries produced sprawling urban areas, many in the form of megacities, hypercities, and large metropolitan regions and urban corridors that are energy and water use inefficient and could be environmentally unsustainable. In developing countries, rapid urbanization has resulted in uncontrolled peri-urbanization, most of it informal. It is therefore clear that environmental sustainability cannot be achieved without serious and concerted action at the city level.

Environmental accessibility in urban infrastructures ranging from housing, transportation, water and sanitation to telecommunication services, as well as facilities and public services, if designed and built in an accessible and inclusive manner is particularly relevant for the more than 1 billion persons with disabilities who account for 15 per cent of the world's population as well as a much larger group of urban population – including the increasing number of ageing people. Accessibility must be an integral part of urban development policy and decision making, implementation and monitoring and evaluation to promote inclusive, productive and sustainable cities.

Many of the various actions necessary to address all of the above-mentioned threats to sustainable development and take advantage of the opportunities offered by cities will ultimately have to be implemented at the local level

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[11] World Bank (2010).

by local authorities. It is for this major reason that local authorities are increasingly recognized as key players for coordinating with national authorities on sustainable development. Sharing of good practices and exchange of information among local authorities would be particularly useful in solving urbanization challenges.

D. Towards Integration

For cities and towns to play their role effectively as engines of economic growth, a coherent, integrated approach to policy that considers the social (i.e. social services requirements), economic (i.e. employment, revenue generation) and environmental (i.e. energy consumption, transport and building policies, greenhouse gas emissions), sustainability dimensions of urbanization as interrelated components is required. Integration implies a balanced consideration of all three sustainability dimensions, including their reflexive impacts. Integration is different from 'aggregation', or ex-post coordination, and must start from the policy-making stage, all the way through to implementation.

Promoting an integrated and holistic approach to planning and building sustainable cities requires local authorities to work with national Governments as well as other stakeholders to create employment opportunities, provide efficient transportation and communications networks, greener buildings, an efficient human settlements and service delivery system, improved air and water quality, reduced waste, improved disaster preparedness and response and increased climate resilience. Integrated approaches to sustainable urbanization target multiple MDGs and allow for strengthening of synergies between efforts to achieve different goals, such as health, education, water and sanitation, maternal and child health, empowerment of women and environmental sustainability.

Brief consideration of one of the stated challenges can demonstrate how an integrated and comprehensive approach can be utilized to promote and plan for urban growth in a sustainable manner. The occurrence of flooding, which is the most frequent and greatest hazard to urban areas, entails social, economic and environmental costs. Depending on the extent and duration of the flooding, the social costs can amount to reduced educational outcomes due to school closures, health and mortality implications due to water-borne diseases and lack of access to waste management, water and sanitation systems, increases in crime and theft, unplanned migration, loss of family and/or community, and much more. The economic costs can be measured through financial indicators that represent the cost of damages, the effect on the economy due to halted activity, potential economic opportunity losses, the expected value of insurance claims and so forth. The environmental costs can include damage to the natural habitat, waste and rubbish infiltrating water systems, flooding of ecosystems, and water levels unable to recede due to blocked or inefficient urban infrastructure. These costs are not isolated; environmental costs result in economic loss, which affects the social implications and vice versa.

An integrated, holistic approach to addressing the threat and occurrence of flooding requires consideration of each of these costs through a consultative and inclusive process, which can lead to integrated planning and response mechanisms that ensure environmentally sustainability, social inclusiveness, and economically productivity and resilience. Engaging all stakeholders – local and national governments, civil society, and other major groups – and working across sectoral, administrative and political boundaries in the planning and consultation stage is imperative to combine the multi-faceted costs of flooding and develop an inclusive, integrated and long-term approach.

In order to develop and promote multi-dimensional integrated responses, capacity building is often required to build more effective, stronger institutions. Inclusive and integrated institutional systems and mechanisms can enable structural and societal transformation processes. Adequate technical capacity is needed to analyse and manage these processes. Improved governance capacity is fundamental to ensuring that spontaneous urbanization is replaced with planned urbanization. New linkages and stronger ties among various tiers of government are also essential to supporting coordination and cohesiveness, and ensuring long-term sustainability. In addition, UN Country Teams and UN Development Assistance Frameworks are some of the existing mechanisms at the country

level that could be strengthened in order to achieve integration in the area of sustainable urbanization for developing countries.

Governments could achieve integration by formulating and implementing national urban policies, and, within this context, implementing planned city extensions. National urban policies, as part of national sustainable development policies, apply an integrated holistic planning approach with a longer-term vision, and take into account rural dynamics and rural development needs within the context of this balanced, integrated and holistic planning approach, provide a framework for defining and maximizing the contribution of urbanization to sustainable national development, for the future direction of urban development, for the coordinated implementation of different sectoral activities within cities and towns, and for mitigating potential negative impacts of urbanization.

Planned city extensions are necessary to achieve integration and cohesion in the growth of individual cities, as well as to address the widespread phenomenon of urban informality, including chaotic expansion in urban peripheries. Planned city extensions can foster a number of positive outcomes: (i) adequately planned future supply of land with affordable development solutions; (ii) reduced risk of spontaneous informal settlements, including slums; (iii) mitigation of the effects of urban growth and land speculation; (iv) optimization of land use and allowing for the population to live closer to employment opportunities; (v) lower energy consumption and reduced carbon footprint; (vi) adequate provision of social services that are commensurate with the resident population, especially schools, clinics and hospitals; and (vii) maximization of the use of existing infrastructure and development of new infrastructure in a phased and cost-effective manner.

Achieving sustainable development requires harnessing the power and potential of urbanization. To this end, National Governments, local authorities, the United Nations system and civil society actors must work together to promote sustainable urbanization. Integration and building synergies among various sectors, such as transportation, energy and health, would be critical to strengthen policy coherence at the national and local level and ensure a more efficient and sustainable use of national and local resources.