



United Nations Human Settlements Programme

**Remarks to the Plenary at the
Third International Conference on Financing for
Development**

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Mr. President,

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen.

Allow me first to thank and compliment the Government and the people of Ethiopia for their hospitality and the excellent arrangements in hosting this important conference in this beautiful and historic city of Addis Ababa.

It is a pleasure to be with you here today.

Let me first congratulate the distinguished delegates for their hard work in developing the Addis Ababa Action Agenda and making it what it is today.

UN-Habitat welcomes the progress that has been made since the Monterrey Consensus was adopted; and applauds the recognition of the vital role that municipalities and local authorities play in achieving sustainable development. This aligns with proposed sustainable development Goal 11 to “Make cities and human settlements inclusive, safe, resilient and sustainable”.

The world is rapidly urbanizing. Today, over half the global population lives in urban areas, which will accommodate an additional 2.5 billion people by 2050, with much of the urbanization taking place in developing countries.

Cities are engines of growth and job creation. Their transformational force for sustainable development is widely recognized and they are responsible for 80% of global GDP.

Cities that are well planned, well governed and well financed can and do drive national economic growth. When endogenous resources are unlocked, a positive cycle of economic growth and investment in infrastructure and services is unleashed.

However the advantages of urbanization are not guaranteed. Without adequate financing, good planning and appropriate legislation, cities can fail their populations.

Looking forward, the upcoming Third United Nations Conference on Human Settlements (Habitat III) to take place in 2016 will provide further opportunities to build on the Addis Ababa Action Agenda and enable finance for a sustainable, inclusive urbanization.

Habitat III and its preparatory process has opened to policy debate to local governments, mayors and urbanists around the world, giving a broad base to the new urban agenda that will be set for the next 20 years.

To bridge the urban finance gap, there must be commitment to finance urban development and a recognition of the role of urbanization in development. There will be no sustainable development without sustainable urban development.

To enable local and subnational governments to provide the services they are expected to deliver, UN-Habitat recommends four areas of focus:

Firstly, a supportive governance and institutional environment is critical, from the central level down.

Secondly, the structure and administration of municipal revenues must be improved. Central government stakeholders and policies should support and incentivize local revenue enhancement and efficient spending. Land-based finance is an emerging best practice that can easily be structured to support many of these attributes.¹

Thirdly, there is a need for strengthened financial management at the municipal level. Municipalities need strengthened capacity to improve local fiscal administration.

Fourth, having taken the first three steps, local governments need access to domestic and international capital, including bond markets. The wide gap between local financing needs and responsibilities cannot be met by public finance alone.

Cities play a central role in creating the future we want, we must ensure they have the finances needed to eradicate poverty and hunger, and to achieve sustainable development.

We have the keys to a future that is sustainable and inclusive and UN-Habitat is ready and willing as a partner.

I thank you for your attention.

¹ In many developing cities, which are growing fast and informally, where property rights are difficult to ascertain, where registration systems are not working properly, property valuation and fiscal cadasters may not be the most cost-effective options; therefore land-based systems must draw upon state of the art systems to assess land use and value in informal settings.