**Official World Bank Statement at Habitat III Plenary Meeting**

**QUITO, Ecuador, October 18, 2016—**The following statement was delivered on behalf of the World Bank at Habitat III plenary meeting by **Ede Ijjasz-Vasquez, Senior Director, Social, Urban, Rural and Resilience Global Practice, at the World Bank:**

*As prepared for delivery*

Distinguished guests,

Ladies and Gentlemen,

**Cities are growing at an unprecedented pace, and the speed and scale of urbanization brings with it significant challenges**. Over the next 20 years, the population of cities in the developing world will double to 4 billion people, while the urbanized land area will triple. This will place enormous demands for access to affordable housing, basic services, and well-connected transportation.

**At the same time, cities are hubs of prosperity and engines of growth.** Over 80% of global economic activity is concentrated in cities, where the sheer density of people, goods, and ideas often stimulates growth. No country has ever reached middle-income status without urbanizing, and none have reached high-income status without the presence of vibrant urban centers.

**For cities to realize their immense potential to generate growth and drive progress**, **they must work properly**. They must be well-planned and well-managed in order to harness and benefit from the high concentration of people, infrastructure, and industry, providing access to opportunities, services, and amenities for all. Otherwise, when cities fail to work, it is the poor who are most disadvantaged.

**Urbanization, together with natural disasters and climate change, and conflict and violence, will play a major role in shaping development outcomes this century.** Indeed, cities are increasingly vulnerable to natural disasters and the impacts of climate change, particularly the urban poor. 881 million urban residents are currently living in slums, an increase of 28% since 2000. Such informal settlements are often built in high-risk locations like floodplains, and lack basic risk-reducing infrastructure. Up to 77 million urban residents across the world are at risk of falling into poverty if efforts aren’t made to improve cities’ resilience.

**Conflict, violence, and displacement are also increasingly straining cities and service delivery**. In places of conflict, people find safe haven in urban areas, resulting in a tendency for higher rates of gender-based violence, and putting intense pressure on services and sanitation. Urban crime and violence is also affecting many cities around the world, with the rate of violent crime higher in larger cities.

**The infrastructure and policy choices made today will lock cities into patterns of urban development for decades to come, and these can prove difficult and costly to undo**. Urgent action is therefore needed to ensure that urbanization spurs inclusive, green growth, and that city-dwellers are able to lead decent lives – ones which include access to affordable and reliable basic services, jobs, education, housing, and transport.

**How can we get cities to do this**? First, we must recognize that urbanization is a solution, rather than a problem. It should be welcomed, rather than feared.

**The World Bank views Planning, Connecting, and Financing** as three essentials policy tools to nurture inclusive economic growth in cities. Firstly, **Planning** for land management and integrated urban development should be taken as a top priority for countries and cities at all stages of urban growth.

Secondly, cities need to **connect** people with jobs and schools, and businesses with markets, in order to help promote inclusion. Public transportation infrastructure is critical to increase mobility and accessibility for urban residents, particularly those in poor, and often violent, communities. Cities must develop connective infrastructure that fits their setting, bearing in mind the speed and magnitude of urban growth.

The third policy tool – probably not surprisingly – is about money. **Financing** rapid urban growth is challenging. But financing can become possible and more reliable by strengthening basic systems and taking on innovative financing solutions.

**At the World Bank, we invest an average of $3 to $4 billion in urban development and resilience projects every year**. Through a combination of investment project financing, policy development loans, and Program-for-Results funding, the Bank aims to help cities meet the critical demands of urbanization. In addition, the World Bank has committed that, by 2020, as much as 28 percent of its funding would be directly linked to climate action, up from 21 percent today – a reflection of the growing need to address climate change and promote low-carbon growth.

**Resources are critical** **given the immense scale of urban infrastructure financing challenges.** The most recent estimate of urban infrastructure financing needs (*Cities Climate Finance Leadership Alliance Report*, 2015) puts these at over $4.5 trillion per annum, a significant proportion of which is in developing countries, where cities are growing most rapidly.

These financing needs **cannot be met solely on the basis of existing ODA flows**,which total around $160 billion per annum, **and existing local government revenue sources**, whether from own source revenue or inter-governmental fiscal transfers**. Rather, innovative forms of urban financing** such as land value capture and public private partnerships will be required. A wide variety of such instruments exist, but more needs to be done to introduce the basic conditions for the utilization of these instruments, appropriately adapted, in developing countries.

**Both cities and national governments need to act to create these conditions.** National governments need to adopt policies and regulatory frameworks that enable cities to borrow responsibly, and city governments need to improve their revenue mobilization efforts, rationalize expenditures, and build robust financial management systems. In other words, all the building blocks of sound financial management need to be put in place.

**Finally, institutions must** **form the bedrock for successful planning, connecting, and financing of cities**. The capacities and mandates of city governments for urban planning, regulation, and enforcement have to be strengthened, and local and national authorities must undertake the institutional reforms needed for effective planning, coordination, and financing.

The **New Urban Agenda** envisages cities and human settlements that are inclusive, sustainable and resilient, fostering prosperity and quality of life for all. By working together with governments and partners to develop effective and innovative ways to plan, connect and finance cities, the World Bank believes we can contribute effectively to shaping sustainable long-term urban development. The challenges of urbanization may be immense, but so too are the opportunities that come with it. And, as the largest financier of urban development within the Multilateral Development Banks, we are ready to embrace this pivotal challenge that will shape the future of our cities and enable us to achieve our goals of eliminating poverty and boosting shared prosperity.

Thank you.

For more information on the World Bank’s participation in Habitat III, please see:

<http://www.worldbank.org/en/events/2016/10/17/world-bank-at-habitat-iii-conference>

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