Annotated Outline of the Habitat III Regional Report for the Arab Region

1. Executive Summary

Since 1996, the Arab states have initiated an array of programs to implement the Istanbul Declaration on Human Settlements. The Region has achieved notable progress towards the goal of adequate and sustainable shelter for all through the provision of land, services, and housing. However, since 2011, progress has been met with serious challenges in most countries due to turmoil and has been disrupted in others by conflict and warfare. New challenges, including those arising from the impacts of climate change, are also emerging. While safety and security have become overriding concerns, addressing the needs of vulnerable groups and their inclusion in urban development planning remains a critical component of sustainability.

At the same time, Arab states and cities have made significant strides in improving the urban environment and the wellbeing of urban dwellers. Achievements and trends in urban development since Habitat II include:

- expansion of services in lower income settlements, leading to greater access, upward mobility, and opportunities for asset building
- a greater ability to leverage public resources and attract private investment in urban development through public-private partnerships
- an emerging activism by civil society and NGOs to participate in urban development
- broadening the range of programs to enhance access to affordable housing

Positive impacts on urban environments and human wellbeing were strengthened by the adoption of the Millennium Development Goals with defined 2015 targets. The milestone of reaching a millennium managed to capture the imagination of both the development community (including donor agencies) and most of the world’s countries.

The conflicts and turmoil taking place across the region today risks casting a shadow over the ability to mobilize for the Sustainable Development Goals. In this uncertain context, UN agencies and their partners will have to intensify their effort to assist and support the countries of the region in addressing their priorities under the New Urban Agenda. In countries affected by violent turmoil, economic downturns, social dislocations, building urban resilience is a priority strategic objective.

2: Urban Trends: Urbanization and Development

Habitat II in Istanbul marked a pinnacle moment in decision-making about urban development with NGOs and CBOs participating in the global conference for the first time
and promoting an approach that includes multiple stakeholder voices and partnerships between the public sector, private enterprise, and civil society to achieve urban development objectives. Several Arab cities and countries have recognized the contribution of participatory approaches to planning and community-based initiatives to improve the urban environment, including in the provision of services and upgrading of informal settlements.

The proliferation of slums and informal settlements has been a continued challenge in the Arab region, perpetuated by the high price of land, population movements and displacement, low access to credit, and cumbersome land transaction and tenure registration procedures. Significant progress in providing access to potable water and sanitation in primary and, to some extent, secondary cities has been achieved and is documented in national and international publications to be referenced in this report. Several governments have met persistent challenges with targeted policies and programs, and implementation mechanisms to support local authorities in improving the urban environment in lower income communities and to expand affordable housing development such as Al Omrane and the Villes sans Bidonvilles program in Morocco, the Agence de Réhabilitation et de Rénovation Urbaine in Tunisia, and the Informal Settlements Development Facility (ISDF) in Egypt, among others.\(^1\) Much of the success of these programs in decreasing the population living in unplanned settlements is owed to the application of cross-subsidization and land-based financing. Technical assistance and support of UN agencies and the development community fostered the adoption of multi-stakeholder partnership. Assistance to the social housing sector enabled an increasing private sector role played by the in the provision of housing for the middle classes. However, the more active role of the private sector remains globally concentrated on housing production for higher income households and commercial real estate development.

Urbanization in Arab states has led to greater access to health and education, which has started to impact the demographic transition, notably in Tunisia and Lebanon. Elsewhere, rapidly decreasing mortality rates and very slowly decreasing birth rates due to persistent high fertility, particularly in the rural areas, has resulted today in the Arab Region having to provide for the largest youth cohort in the world. The implications in terms of employment generation, expansion of public services, and housing provision are overwhelming. Demographic characteristics in countries that have endured prolonged conflicts will reflect the impacts of the wars on the 18 to 30 age groups, predominantly among the males who were drafted by the army or voluntarily joined militias. Imbalances in the age/sex demographic picture have emerged in both Iraq and Syria which have experienced wars and prolonged armed conflicts. Violence and displacement have affected the youth who are

\(^1\) When the Ministry of Urban Renewal and Informal Settlements was dissolved ISDF was transferred to the Ministry of Housing, Utilities and New Development. Their 2009 survey of informal settlements and their classification based on level of risk is still used as a reference in local action plans.
either inclined to join militias or have to seek wage paying daily labor to support their families as happened to Syrian refugees in Jordan, Lebanon, and the Kurdistan Region of Iraq. The impact on young females predictably forces them to cope with difficult marital situations and/or seek remunerated employment.

The increasing contribution of cities as generators of national wealth has concentrated employment opportunities in urban areas attracting youth, rural migrants and, in the case of the GCC, skilled labor from other Arab states and unskilled expatriate workers from other parts of the world (primarily Southeast Asia).

The need for a range of housing options and public services including facilities for children, and gainful employment for youth have presented significant challenges to central and local authorities. The high price of urban land, its rapid appreciation, and its limited supply in dense urban settlements is fundamental to many of the urban development challenges facing Arab cities today.

Environmentally sustainable urban development is an acute challenge in the primarily semiarid North African and Middle Eastern region, which is the single most water stressed region in the world. The effects of climate change are anticipated to exacerbate the depletion of groundwater reserves by increasing the incidence and severity of drought. Decreases in precipitation threaten the ability of rural communities to sustain agriculture based livelihoods and will spur further rural to urban migration. While coastal cities have to seriously address the potential impacts of sea level rise forecasts, there is an urgent necessity in countries where cities historically grew along the rivers to draw urban development away from valuable agricultural land. This is best reflected in Egypt’s policy since 1966 and exemplified in the case of Cairo, the region’s only megacity. Interestingly, this situation has led to development strategies focusing on economic regions, gateways, growth poles, smart nodes, and development corridors. In this context, the spatial dimension of urban policy is an integral component of this strategic framework.

In addition to the development challenges created by the demographic pressures of urbanization, progress towards the attainment of safer, healthier and more livable, equitable, sustainable and productive cities has been disrupted by turmoil in 2011 and, in some countries, halted or even reversed as a result of protracted conflict and the destruction caused by the outbreak of war. This has particularly affected the ability of national and local governments to develop realistic visions for the future in such uncertain and insecure situations.

While there have been mostly positive advances in the fulfillment of the aspirations outlined in the Habitat Agenda over the period 1996 – 2010, the events of 2011 presented a severe break and major change in the development trajectories of several Arab states. The
demands of citizens that led to protests in several cities since January 2011 reflected issues emanating from economic systems that produced inequalities in wealth creation and increasing disparities in income and access to opportunity, as well as governance structures that were unable to provide equitable access to services and jobs. The turmoil has resulted in a complete or partial collapse of urban development strategies and controls in the countries most affected, primarily in the Mashreq, but also in parts of the Maghreb and Southern states. Recovery from the turmoil of 2011 implies setting new trends and objectives for the urban sector and must be discussed and analyzed as a distinct, yet inextricably connected period. Ongoing conflict in Syria, Iraq, Libya, and Yemen, and the continued displacement caused by the violence raises critical challenges that must be addressed in the immediate and longer term development frameworks. These issues range from addressing the needs of impoverished, displaced, and disabled populations, restoring the archeological sites and historical urban fabric, providing durable shelter solutions for IDPs and refugees, regularization procedures that safeguard primary and derivative land and property rights, and the reconstruction of damaged infrastructure and destroyed neighborhoods.

One of the most critical, cross-cutting issues for the region involves massive population movements characterized by internally displaced populations, refugees, and international and rural to urban labor migration. These movements are driving rapid urbanization and placing enormous pressure on cities to current needs and shape their growth. Protracted conflicts in Palestine, Syria, and Iraq have forcibly displaced over 15 million people and have forced refugees to seek safety, shelter, and services in the cities of neighboring countries such as Jordan and Lebanon. Further to the south, the wars and conflicts in Libya, Yemen, Somalia, and Sudan have forced the movement of another 4 million persons. Such population shocks in the region outstrip local authorities’ ability to effectively manage their implications.

The impressive development of the Gulf countries has resulted in the rapid increase of the foreign born population with expatriate workers outnumbering national populations in Kuwait, Qatar, and the United Arab Emirates. The kafala system makes private companies responsible for the housing and wellbeing of the expatriate workers they sponsor, but has come under scrutiny for the poor living conditions reported by expatriate laborers in some cases. Government responses have focused on re-housing in new labor towns and low-cost worker housing in spatially designated areas.

Sub-regional differences in levels of urbanization, nature of urban development challenges, achievements in implementing the Habitat II agenda, and pressures faced will be elaborated in this section and presented in more detail in the following chapters for the sub-regions of:

- Mashreq (Egypt, Iraq, Jordan, Lebanon, Palestine, and Syrian Arab Republic)
- Maghreb (Algeria, Libya, Morocco, Tunisia, and Mauritania)
- Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates)
- Southern countries (Comoros, Djibouti, Somalia, Sudan, and Yemen).

**Recap of Key Issues to be Addressed:**
- Demographic Trends and Population Movements (before and after 2011)
- Decent and affordable housing
- Youth and employment-generating economic growth
- Preserving scarce natural resources and valuable arable land
- Spatial Planning considerations and trends

**3: Urbanization and Economy**

Economic activities, employment opportunities, and wealth is concentrated in the region’s primary cities. While many governments seek to decrease the development pressures facing these engines of growth, balancing economic development is pursued in ways that seek to maintain and strengthen the economic competitiveness of the country. The development of New Towns, gateways, industrial zones, and growth nodes around cities, and development corridors connecting strong industry and market anchors are the primary mechanisms used by governments to relieve pressures of urbanization while strengthening economic development potential.

Agriculture has been a declining sector in many Arab economies, with urban-based industrial and service sectors making up an increasing proportion of GDP. In Egypt, Morocco, Tunisia, and Syria prior to the war, economic diversification has placed an emphasis on manufacturing and coastal and cultural tourism, valorizing the rich natural and cultural heritage of the region. Countries in the GCC and the Maghreb are also diversifying their economic bases through the development of the knowledge economy, technology and business services, ICT poles, and expanding tourism offerings. Dubai was a leader in that effort and has achieved remarkable results. A large share of manufacturing and service activities is concentrated in micro, small and medium enterprises, mostly operating beyond the boundaries of the formal economy.

The urban areas of the Arab region are also the predominant sites of educational and vocational facilities and institutes of higher education, which leads to a more skilled labor force. Urban unemployment across the region, however, disproportionately affects women and youth, including those with high levels of educational attainment (particularly in the Maghreb) due to a mismatch between curricula and the needs of the labor market.

Remittances through both formal and informal channels also represent a significant proportion of GDP, particularly in Egypt, which is the sixth largest recipient in the world. The
Maghreb is a key recipient of remittances from Europe, as well as a transit region for sub-Saharan African migrants. GCC countries on the other hand constitute one of the world’s top remittance generating countries as they provide employment for a large number of expatriate workers, including unskilled laborers.

The Arab region’s primary trading partner is the European Union. Intra-regional Arab trade remains low. Progress towards better economic integration and enhanced trade is a strategic objective marked by the signing of multiple trade agreements and pursued by the construction of major infrastructure projects to improve connectedness through transport, pipeline, and electric power networks.

**Recap of Key Issues to be Addressed:**
- Economic competitiveness and balanced growth
- Diversification and trade
- Education and Employment
- Migration and Remittances

**4: Urbanization and Social Equity**

Socio-economic change is an inherent component of urbanization and urban spatial growth. However, certain drivers of change or developments can produce both spatial segregation and/or social exclusion of particular communities. Vulnerable and socially excluded groups face multiple deficits at various levels. Urban socio-economic policies should address social inclusion as a priority objective in a way that ensures the rights of the vulnerable and expands access to adequate services for minorities, youth, women, the elderly, and the disabled.

Imbalances between wages and prices of basic necessities, namely food, housing, and key services (transport, health, and education) are sharpest in cities. The increasing disparities in income and wealth have resulted from the widening gap in marketable skills within the middle classes and the concentration of assets and capital with political and business elites. The necessity to secure needs that the central and local authorities have been unable to provide has given rise to informal solutions ranging from settlements and systems that are easy to integrate into the city’s socio-economic structure, to areas harboring illicit activities and drug trading that are exploitative and marginalizing of the vulnerable populations around them.

Refugees and internally displaced persons in urban areas present a particularly vulnerable group that has been accommodated in Arab host cities to varying degrees. Local authorities are instituting mechanisms to facilitate inclusion and service provision ranging from e-government to engagement with citizen-based Popular Committees in urban districts.
Consultation of stakeholders has been included in the planning laws that have been enacted since 1996, including in Egypt, Morocco, and Tunisia.

The squeezing out of a large segment of the middle classes from access to the land and housing markets due to lack of affordability has increased social and economic distance among various groups in the cities and adjoining peri-urban communities, driving migration and placing even more pressure on local authorities to manage urban growth to avoid spatial fragmentation and segregation. The turmoil and civil strife that has erupted in many Arab states since 2011 demonstrated how exclusion can sustain civil unrest. Today, security and political stability are overriding concerns and employment generating economic growth is a priority strategic objective.

Recap of Key Issues to be Addressed:
- Vulnerable communities and opportunities for inclusion
- Manifestations of income and wealth disparities in the urban environment
- Refugees and IDPs
- Mechanisms for Citizen Engagement

5: Urbanization and Environment

The stresses and shocks of climate change pose formidable challenges to urban development in Arab states. Many of the region’s largest cities are located in low-lying coastal areas and are threatened by the impacts of sea level rise, while desertification and water shortages threaten the livelihoods, health, and wellbeing of rural and urban populations alike. Hotter temperatures across the region are changing precipitation and desert wind patterns and putting increased stress on water resources in Egypt, Syria, and Jordan. They are also reducing agricultural and pastoral productivity, an important component of many countries’ economies. Sea level rise seriously threaten large land tracts and varying proportions of the populations in Gulf states (particularly Qatar, Kuwait, and Bahrain) as well as Southern states such as Somalia and the island nation of the Comoros. Resource scarcity exacerbated by decreased annual precipitation risks is further contributing to poverty and conflicts in Southern states and the Sahel region of Sudan, impeding countries’ ability to recover from civil wars and turmoil.

Adaptation measures and resiliency building rely on national planning strategies and spatial interventions that aim to preserve valuable resources and guide urban development away from exposed areas as well as productive land. Inventories of the built environment and updated land use plans to account for new climate information and models are being undertaken across the region and new government agencies are being created to evaluate exposure and vulnerability, prepare disaster management plans, and elaborate
development guidelines for environmentally-sensitive areas. However, the water scarcity of the region demands new, urgent, and innovative solutions and management approaches. The GCC has become a global leader in desalinization technology. While making widespread use of desalination in the coastal region, Egypt needs to rationalize water use and consumption patterns. Other government’s are reviewing their water management practices and working towards improving water supply infrastructure.

*Recap of Key Issues to be Addressed:*
- Vulnerability including lack of food security and exposure to climate change
- Management of scarce resources and alleviation of urban pollution and environmental degradation
- Adaptation measures and resiliency building

*6: Urbanization and Governance*

UN-Habitat and other UN institutions, including the World Bank, have strongly advocated decentralization and should expand their efforts to address and alleviate the constraints on implementation. Hindering factors in the Arab region, as in many regions, emanate from political and financial issues.

All the countries of the region aside from city states have enacted decentralization policies and laws since the early 1980s. Devolving functions that affect the daily life of citizens to the local level of governance that is closest to them is an accepted principle. Local authorities interact directly with the communities within their respective geographic area. They are also best positioned to lead community-based, integrated programs because they can act cross-sectorally within their jurisdiction and coordinate among the vertical hierarchies of ministries providing different service functions such as education, health, and utilities.

Arab countries have a long tradition of centralized state administration, the exceptions being the countries where the tribal structure of society generated local self-administering systems, including Yemen, Libya, Somalia, and Sudan. Reforming entrenched bureaucratic processes without disrupting governance is a lengthy undertaking. This task has been made more difficult by the departure of the more qualified professionals from public administration primarily to seek higher paying jobs in the private sector. This trend started in the 1990s with economic liberalization and the privatization of many public sector enterprises in the more centrally controlled economies, as in Egypt and Tunisia. Some professional who had the mix of technical skills and enthusiasm needed joined or created NGOs to address special areas of concern or support community based development initiatives.
Each country has to determine its own path towards instituting the most suitable system of central/local relations. Sudan has adopted a federal system better suited to its tribal society but sets a development policy framework at the national level to ensure coherence.

Financial issues have loomed large in the prevailing situation of asymmetrical decentralization. Imbalances among political competences, functional responsibilities, and financial resources affect, to ranging degrees, urban planning and management at the different levels of local governance. Municipal finance, property tenure registration procedures, and tax rolls require critical reform to enable local authorities to finance their operations and capital investments. Lebanon’s experience with the direct collection of property taxes will be discussed, as well as examples emerging from UN-Habitat’s technical assistance in strengthening financial management systems in Somalia. Key factors affecting municipal performance that have to be highlighted and discussed include:

1. The disregard for urban development regulations, particularly since 2011 became widespread highlighting the need for realistic integrated national urban policy frameworks and a determination to enforce them.
2. The difficulties encountered in expanding local revenue, collecting taxes, and instituting a property tax that can adequately capture the real value and appreciation of urban land
3. The fluctuation of central transfers, particularly since the economic downturn in the countries affected by continued conflicts. Irregular and/or retrenched transfers have become the norm as countries recovering from the turmoil, such as Egypt, seek macroeconomic stability by ensuring the financial soundness of the State
4. The inadequacy of technical and managerial capacities of local authorities to assume the tasks devolved to them in addition to the corrupting influence of low wages, cumbersome bureaucratic procedures, lax enforcement of regulations, and arbitrary application of rules.

However, national urban policy cannot be a patchwork of locally driven projects. Most Arab countries have adopted national urban policies and growth strategies reflected in spatial urban development frameworks, such as in Egypt or in the territorial master plans of the francophone Maghreb countries, or through a series of sectoral strategies, as is the case in Jordan. These frameworks have to integrate local priorities while providing the general orientation to ensure coherence and complementarities between national programs and local initiatives. Before the outbreak of armed conflict, the Higher Commission for Regional Planning in Syria, which was established in 2010 and charged with formulating the National Framework for Regional Planning, stood out as an exemplar of a agency dedicated to developing, implementing, and monitoring national urban policy.

*Recap of Key Issues to be Addressed:*
7. Conclusion and Recommendations

**Urbanization and Development**
Spatial frameworks to alleviate some of the development pressures faced by the region’s largest cities will need to be coupled with institutional and legal reforms to manage and implement urban plans and strategies for greater development gains. Access to land and affordable housing is an urgent priority in the region that will demand incentives for the formal housing market to be more responsive to households. There are several lessons and best practices in informal settlement upgrading and regularization in the region (including Morocco, Tunisia, and Egypt) that can be leveraged in other parts of the region to meet the housing needs of their populations. The issues confronting secondary and tertiary cities have to be addressed within the broader context of the system of cities in each country and its particular economic development and urbanization strategy. Durable shelter solutions with access to basic urban services and job opportunities for populations displaced by wars and turmoil throughout the region will be a critical component of post-conflict urban development frameworks in Iraq, Syria, Libya, Yemen, Sudan, and Somalia. In all countries in the region security is the underlying prerequisite to action fostering the sustainability of the SDGs that the proposed New Urban Agenda are monitoring and must be sought through multi-stakeholder dialogue and diplomacy.

**Urbanization and Economy**
For Arab economies to remain competitive in the globalizing market and withstand economic shocks and financial crises, countries are pursuing strategies that seek to diversify their sources of income and wealth generation. The shift of from agriculture-based and oil dependent economies to service-oriented and knowledge economies across the region will require significant investments in infrastructure and technology. Productive partnerships with the private sector will be necessary to accelerate growth. Increasing the prosperity of their cities is largely dependent on Arab states’ ability to create gainful employment opportunities for their large youth populations.

**Urbanization and Social Equity**
The institutional and policy reforms that emerge after the period of intense turmoil in the Mashreq and other parts of the region should seek to take advantage of the benefits of participatory processes and the spatial proximity of people to mobilize for constructive activities and collaborative initiatives. Marshalling the informal economy and creating links between the formal and informal sectors offers modalities for improving urban
management as well as opportunities for asset creation for upward mobility for limited income groups. Reconstruction must recognize the fundamental principles of security and equity in post-conflict urban contexts to be able to foster cultural diversity as a socially enriching context, supportive of policies directed at promoting equity and avoiding marginalization and exclusion.

**Urbanization and Environment**

The enactment and enforcement of development and planning guidelines to mitigate the risk of climate-induced disasters needs to be a priority of all Arab countries, as each one faces a combination of shocks and stresses emanating from the impacts of climate change on an already arid climate and particularly on coastal communities given the projections of sea level rise. A combination of adaptive strategies should be developed or elaborated across various socio-economic contexts to increase urban resilience. Water scarcity is an acute challenge in the region requiring a multi-level approach that combines efforts at conservation (including tariff schemes), infrastructure upgrading to decrease water loss rates, and water management to rationalize consumption in relation to resources. The potential for conflict and tension around issues of access and control of water resources require inter-regional dialogue to develop integrated approaches for the sustainable management of the river basins and watersheds.

**Urbanization and Governance**

The implementation of urban policies in Arab states has been primarily carried out by national ministries. Administrative, political, and financial decentralization remains incomplete in many countries. Addressing the dependency on central transfers to finance local authorities and urban services is a critical issue but modalities can be instituted to bring decision making closer to citizens and communities. Building the capacity of local authorities to manage their urban environments is an urgent priority. Increasing the availability and utility of data and enhancing the managerial, technical, and financial resources of local authorities will be critical to enhancing the functional efficiency and effectiveness of governance at the community level. The development of operational frameworks and modalities is key to sustainably manage urbanization in a time of political, economic, and environmental uncertainty.

**Main List of Sources to be Used:**

Documents and publications by UN-Habitat, as well as the National Reports to Habitat III will be the primary resources to inform the Arab Regional Report. Updates to statistics will rely on postings, Statistical Yearbooks, and databases from Central Government Statistical Bureaus, the World Bank, and UN Data. Information from UN publications used will be
reviewed, updated (as needed and possible), and incorporated, as well as findings from the unpublished *National Urban Policies in Arab States* document prepared by the consultant for UN-Habitat.

Reports, assessment, and studies conducted by development organizations and international research institutions on specific topics included in the paper as main issues will be referenced and incorporated in so far as they increase understanding of the key issues or document a best practice.

**A preliminary bibliography follows:**

We will add new publications by UN agencies and Country Reports as they become available.


Faramaoui, A. Meeting with the Director General of the Facility for Upgrading Informal Settlements, 2009.


