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**Medium-Term Strategic and Institutional Plan for 2008–2013**

**Results-based framework**

**Report by the Executive Director**

**Foreword**

Issues facing human settlements, particularly in rapidly growing slums, are real. They are grave. They are complex. They are urgent. If not addressed they could become a cause of instability. They affect human beings as well as the natural environment. They require the collaboration of all parties, at all levels, based on a shared vision.

UN-Habitat is poised to strengthen its role as a catalyst for all those recognizing the need to overcome these challenges. UN-Habitat realizes that to do so effectively it must make further adjustments to its framework programme and strategic vision adopted after Habitat II, which paved the way for its upgrading into a fully fledged programme by the General Assembly in 2001. Chief among these adjustments is a need to embark on a more focused strategic and institutional path.

Our common goal must be to stabilize the unplanned and chaotic aspects of urban growth and unleash the productive potential of the urban poor. Our goal must also be to address pressing global issues such as climate change that threaten citizens of the North and the South alike. The vision of liveable, productive and inclusive cities offered by sustainable urbanization will enable all city dwellers to become full urban citizens. It will allow for the achievement of balanced territorial development that fosters economic vitality and social harmony in cities large and small.

The proposed six-year Medium-term Strategic and Institutional Plan for 2008–2013 is pivotal to this vision. It will maximize our collective chances of success. It recognizes that sustainable urbanization requires a stakeholder-supported roadmap. From the outset, UN-Habitat has understood that for it to be a true catalyst the process must be participatory. The Medium-term Strategic and Institutional Plan calls for ongoing and increasing alliance building with all those committed to making a difference – the Habitat Agenda partners.

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The proposed Medium-term Strategic and Institutional Plan will require internal support and a thorough understanding of what is at stake. To that end, the Plan was designed from its inception as a staff-driven process, the extensive nature of which must be stressed. The conclusions derived from that process are not the product of ad hoc brainstorming sessions, but rather numerous formal and informal exchanges. Indeed, UN-Habitat's vision of sustainable urbanization is inspired by the careful reflection and deeply-held beliefs of its dedicated staff worldwide. This process has already prompted a higher sense of unity and purpose; a new corporate culture is clearly emerging. Staff members at all levels understand the importance of collaboration and cohesion in their common resolve to address both substantive issues and organizational change.

The Medium-term Strategic and Institutional Plan is, however, far from being just an internally driven process. It represents UN-Habitat's response and contribution to United Nations system wide reform and coherence. It is informed by a relentless analysis of public sector management improvement and excellence. It aims to reduce transaction costs and improve aid efficiency. It is driven by a deep commitment to pre-investment capacity-building at the country level and to partnerships within the United Nations system, among existing Habitat Agenda partners and with new partners, particularly from the private sector.

Is UN-Habitat's vision credible? Can UN-Habitat become an invigorated catalyst? Can it hope to stabilize the chaotic aspects of rapid urbanization taking place in the developing world and begin to reverse the trend of the urbanization of poverty, deprivation and social exclusion? One billion fellow human beings hope that it can. UN-Habitat has a moral and ethical obligation not to fail them. Ethical issues apart, sustainable urbanization is also an economic and environmental imperative without which peace, stability and sustainable development cannot be achieved.

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## I. Executive summary

1. The proposed UN-Habitat six-year Medium-term Strategic and Institutional Plan for 2008–2013 is designed to support member States in meeting the challenges of rapid urbanization, urban poverty and slums. The plan is informed by an in-depth analysis of emerging trends and patterns of urbanization, slum formation and urban poverty and constitutes the proposed UN-Habitat contribution to United Nations system-wide reform and coherence.

### A. A goal, a vision and indicators of success

2. The overarching goal of UN-Habitat is sustainable urbanization created by cities and regions that provide citizens with adequate services, security and employment opportunities while limiting their ecological footprint. The strategic vision of the Medium-term Strategic and Institutional Plan is to help create, by 2013, the necessary conditions for international and national efforts to stabilize the growth of slums and to set the stage for the reduction of urban poverty and the reversal of the number of slum dwellers. Key indicators of success of the Medium-term Strategic and Institutional Plan are:

- (a) The number of countries and partners engaged in monitoring and reporting on key urbanization trends, including urban poverty and slums;
- (b) The number of countries having integrated urbanization and urban poverty issues in their respective national development plans, poverty reduction strategies and country assistance strategies;
- (c) Increased official development assistance flows for pro-poor housing and urban development;
- (d) Increased private sector investment in and national budgetary allocations for urban infrastructure and housing development, including transfers and other forms of support to local authorities;
- (e) Empowerment of slum dwellers and the urban poor through improved access to credit for housing and to basic urban infrastructure and services, with a strong gender and youth focus;
- (f) The number of slum dwellers having substantially improved their living conditions.

3. The proposed plan is designed to strengthen UN-Habitat's response to the expectations of Governments and of the international community by building on UN-Habitat's comparative advantages. These include a combined normative and operational approach to urbanization; a recognized capacity to bring all spheres of government and civil society together to engage in policy dialogue, participatory planning and social organization; a long-standing partnership with local authorities in promoting sustainable urban development; and technical expertise in such areas as land and property administration, urban environmental management, participatory planning, risk and vulnerability reduction and bridging relief with sustainable recovery and reconstruction, urban safety and security and urban governance.

### B. Key elements of the Plan

4. The key strategic elements of the proposed Plan are its focus areas, corresponding result areas and indicators of achievement; an enhanced normative framework for global and country level activities; and partnering for pre-investment capacity-building and going to scale. These strategic elements are closely linked to Millennium Development Goal Goal 7 and its targets 9, 10 and 11 on sustainable development, water and sanitation and slum improvement, respectively.

#### 1. Focus areas

5. UN-Habitat will concentrate on six mutually reinforcing focus areas. These areas are:
- (a) Advocacy, monitoring and partnerships;
  - (b) Participatory urban planning, management and governance;
  - (c) Pro-poor land and housing;
  - (d) Environmentally-sound and affordable basic infrastructure and services;

- (e) Strengthening human settlements finance systems;
- (f) Excellence in management.

## **2. Enhanced normative framework**

6. The need for more effective country support has been identified as a priority in the Paris Declaration adopted at the Paris Conference on Natural Disaster Prevention, Land-Use Planning and Sustainable Development (Paris, 17–19 June 1999) and in the United Nations reform process. UN-Habitat will use an enhanced normative framework to package a robust monitoring, advocacy and communications strategy to raise awareness and political commitment to address the challenges of rapid urbanization, urban poverty and slums; technical advisory and capacity-building support for policy and institutional reform in the key areas of land and housing, infrastructure and basic services and planning and finance; and pre-investment programming and resource mobilization in collaboration with Habitat Agenda partners to bring pilot initiatives to scale.

## **3. Partnering for going to scale**

7. Given the magnitude of the challenge, operationalizing the Medium-term Strategic and Institutional Plan requires a more systemic approach to partnerships and networking. Major emphasis will therefore be placed on UN-Habitat's catalytic role in working with and supporting the efforts of other United Nations bodies, Habitat Agenda partners, Habitat professional bodies, international and domestic financial institutions, urban service providers and knowledge networks. Additional emphasis will be placed on new partnerships and strengthening existing ones to develop and pioneer innovative financing tools and instruments, including reimbursable seeding operations and revolving funds, to support affordable housing, slum prevention and the provision of basic urban infrastructure and services.

## **4. The Plan's institutional components**

8. The key institutional components of the plan are designed to achieve management excellence. They include results-based management, including an integrated knowledge management, monitoring and evaluation system; organizational adjustments to strengthen alignment and cohesion; a resource mobilization and communication strategy; and human resource management.

9. The expected outcome is for UN-Habitat to become by 2013 a premier reference centre for data collection, analysis, monitoring and reporting on sustainable urbanization; the first port of call for pro-poor urban development policies, ideas and strategies; and a key player in innovative financing mechanisms for affordable housing, basic infrastructure and services.

10. Key organizational adjustments include a proposed new global campaign for sustainable urbanization to spearhead policy and advocacy work at the global and regional levels, improved internal programme approval processes to ensure alignment and cohesion in programme design and delivery and the strengthening of the Human Settlements Financing Division to forge partnerships with international and domestic financial institutions. Other changes include the strengthening of UN-Habitat's capacity at the country level to better support efforts by member States in attaining the human settlements related Millennium Development Goals, especially in United Nations pilot countries as part of United Nations system-wide reform.

11. The key elements of the resource mobilization strategy are to maintain and widen the donor base of UN-Habitat, correct the imbalance between earmarked and non-earmarked contributions and explore non-conventional funding sources, including the private sector.

12. The sharpened focus and the organizational targets of the Medium-term Strategic and Institutional Plan will require progressive changes in human resources management. Substantial efforts will be made in training and in the alignment of recruitment with the objectives of the Plan.

## **C. Assessing progress**

13. A peer-review mechanism, comprising a cross-section of Habitat Agenda partners, will provide independent assessment of the implementation of the Medium-term Strategic and Institutional Plan, in collaboration with the Committee of Permanent Representatives. It will report through the Executive Director to the Governing Council at its twenty-second and twenty-third sessions and coincide with the adoption of the biennial work programmes and budget cycles of UN-Habitat.

## D. Resource implications and resource mobilization

14. The resource requirements of the Medium-term Strategic and Institutional Plan are \$350 million over six years. It is expected that these resources will leverage a further \$3 billion in public and private investment in pro-poor housing and urban development. The implications for the 2008–2009 work programme and budget are an increase of \$15 million in the budget for 2008–2009 including a one-time soft earmarked contribution of \$10 million to kick start the Medium-term Strategic and Institutional Plan and to mainstream results-based management in 2008, \$5 million to be raised through the resource mobilization strategy for 2009; and a 20-per cent internal realignment to match existing human resources with the Medium-term Strategic and Institutional Plan.

## E. Conclusion

15. The Medium-term Strategic and Institutional Plan strengthens UN-Habitat's role as a vigorous catalyst. Its sharpened focus, enhanced normative framework for aligning global and country level activities and commitment to partnerships and pre-investment capacity-building forms the basis of a vision and a commitment to help stabilize the chaotic aspects of rapid urbanization and deliver cities without slums as envisioned in the Millennium Declaration. This is but a first step towards the overarching goal of sustainable urbanization and towards being a social, economic and environmental contribution to peace, stability and sustainable development. It is an important first step that over one billion fellow citizens are counting on.

## II. Introduction: the challenge of rapid and chaotic urbanization

16. Towns and cities are growing rapidly, more rapidly than ever before in human history. It is estimated that the world's urban population increases by 70 million every year – equivalent to a new city the size of Madrid, Dallas or St. Petersburg every month. The scale and pace of this growth is creating unprecedented social, political, cultural and environmental challenges that must be addressed by the global community.

17. In 1950, one-third of the world's people lived in cities. Today, for the first time in history, half of the world's population lives in cities and towns. It is expected that this share will continue to rise to two-thirds, or 6 billion people, by 2050. Urbanization is a powerful force that generates economic growth, social and political advances and technical and scientific progress. Poorly managed, however, urbanization can become a chaotic process that generates social exclusion and poverty. It also results in uncontrolled urban sprawl, pollution and unsustainable consumption of land, water and other natural resources, which accelerate the negative impacts of climate change.

18. Cities of the developing world will absorb 95 per cent of urban growth in the next two decades. Recent studies have shown that the rate of urban growth is almost equal to the rate of slum formation in many developing countries. Today, 1 billion people live in slums and deprived neighbourhoods. In the past 15 years alone, this number has increased by 280 million people, or about 40 per cent. If present trends continue, it could increase by another 300 million in the next 15 years.

19. Slums and deprived neighbourhoods are the most visible manifestation of urban poverty and deprivation. They are also the manifestation of the failure of sectoral policies and systems in providing for the basic needs of people. They constitute one of the biggest challenges as well as an opportunity for attaining the Millennium Development Goals.

### ***Box 1: The urbanization of poverty, slums and the Millennium Development Goals***

Although the majority of the urban poor live in slums, not all slum dwellers belong to the category of the income poor. People live in slums because they have few viable or affordable housing alternatives, yet living conditions in most slums are both life threatening and an insult to human dignity. The combination of high densities of occupation, the absence of basic services, and the lack of security are key contributing factors to poor health, nutrition and levels of education, the spread of disease and violence. Unemployment, especially among the young, makes slum dwellers particularly vulnerable to drugs and prostitution and thus to the propagation of HIV/AIDS. Slum dwellers are also more vulnerable than other segments of society to the income poverty trap. They pay higher prices than other urban dwellers or the rural poor for food, water and energy. They suffer higher risks from natural and human-made disasters and evictions. In this context, slum improvement and slum prevention policies and strategies constitute a major contribution to the attainment of the Millennium Development Goals.

The clearly identifiable location and concentration of slums within the urban fabric provide a unique opportunity for realizing multiplier effects where, for example, investments in water and sanitation contribute to immediate improvements in health, nutrition, environmental protection, disease prevention and poverty alleviation.

## **A. Coming to terms with the urban age**

20. Despite growing awareness of the challenges of rapid urbanization at the global level, progress at the country level needs to be greatly accelerated because:

(a) Most countries have underestimated the consequences of rapid urbanization until relatively recently. As a result, slums have proliferated under the assumption that investing in rural development would slow down urbanization and that the formal economy would integrate the informal sector over time. Both these assumptions have proven to be erroneous. Rural development, where it has been effective, has not arrested migration into cities. Convergence of the formal and informal sectors of the economy has also proven elusive. Decades of neglect have resulted in the explosion of slums and the informal economy. Today, the principal driver of urban growth is natural growth of the urban population. This trend is leading to precarious living and working conditions, poor health and security, environmental degradation and social exclusion;

(b) Investments in urban infrastructure and services lag way behind the demographic growth and the physical expansion of towns and cities. An analysis of national development plans, poverty reduction strategies and multilateral and bilateral assistance frameworks reveals that urban development and urban poverty are often overlooked or rank among the lowest in terms of budgetary allocations;

(c) The lack of financial and technical capacity in many developing countries remains a severe constraint and bottleneck. This is particularly the case with urban local authorities which have direct responsibility for the management of cities. Recent attempts at decentralization have rarely been accompanied by the allocation of human, managerial and financial resources commensurate with the challenges of rapid urbanization. As a result, many local authorities are ill equipped to engage in strategic urban planning, local economic development and pro-poor capital investment;

(d) The marketplace has failed to respond to the effective demand of low-income groups for housing and basic services, particularly in the area of access to credit.

## **B. Meeting the challenge**

21. Sustainable urbanization is not only an end in itself. In a world where one billion slum dwellers are living in life-threatening conditions and where 95 per cent of all urban growth is occurring in developing country cities, the battle to achieve the Millennium Development Goals will be won or lost in cities.

22. Sustainable urbanization can only be achieved if the rate of formation of slums is stabilized, subsequently reduced and ultimately reversed. This will require, in addition to sustained economic growth, direct and focused efforts to make cities more productive and socially inclusive through good governance.

23. Experience in both developed and developing countries shows that such efforts contribute effectively to the objective of reducing poverty by creating jobs, attracting investments, improving health and raising economic productivity. Such efforts typically include:

(a) Good urban management, planning and governance to ensure that all citizens, particularly women, the young and the elderly, have a strong voice in decisions that affect their lives;

(b) Efficient land markets and property administration that prevent land speculation and urban sprawl and provide sufficient affordable land for the urban poor;

(c) Enforceable zoning and land use regulations that facilitate compact and mixed-use urban development and reduce the ecological footprint of cities;

(d) Affordable and environmentally sound infrastructure including transport, energy, water and sanitation;

(e) Financial markets and systems that can provide affordable housing credit and long-term municipal finance.



### C. The role and mandate of UN-Habitat

24. Many actors are engaged in direct efforts to improve the living conditions of slum dwellers and the urban poor and to ensure more sustainable urbanization. These actors include national and local Governments, bilateral and multilateral assistance agencies, the private sector and civil society. Many of these actors have in the past attempted to address urban development as a special “sector” with special programmes and dedicated urban development agencies. They have, in most cases, adopted more conventional and sectoral approaches such as health, education, transport or water. Such approaches rarely consider the spatial concentration of deprivation found in slums, which requires well-coordinated interventions to be sustainable. These approaches have also overlooked the importance of social organization in providing services to people of low and often irregular incomes.

25. Today, UN-Habitat is one of the few international institutions that provides an overall perspective on urbanization processes and the only one with housing and urban development as its principal mandate. Other actors, including Governments and international institutions, are therefore increasingly looking to UN-Habitat to provide such an overall perspective through its core competencies in monitoring urbanization globally, developing policy guidelines, disseminating knowledge and best practices and implementing new approaches to pro-poor housing and sustainable urban development.

### D. Comparative strengths and advantages

26. The Medium-term Strategic and Institutional Plan is designed to respond to the expectations of Governments and of the international community by building on UN-Habitat’s strengths. These include:

- (a) A combined normative and operational approach to urbanization;
- (b) A holistic and dynamic approach to human settlements based on a spatial and temporal rather than a sectoral understanding of the relationship between poverty, housing, basic services and the environment;
- (c) A recognized capacity to bring all spheres of government and civil society together to engage in policy dialogue and participatory planning and social organization;
- (d) A long-standing partnership with local authorities in promoting the sustainable urban development agenda;
- (e) Support for the transition of human settlements in crisis to more sustainable recovery and reconstruction;
- (f) Specific technical expertise in such areas as land and property administration, urban environmental management, participatory planning, urban safety and security and urban governance.

27. These strengths form the basis of UN-Habitat’s unique comparative advantage in applying a bottom-up and evidence-based approach to developing pro-poor norms, standards and innovative financial mechanisms in support of the attainment of human settlements related Millennium Development Goals.

#### ***Box 2: Building on the past – positioning for the future***

The Medium-term Strategic and Institutional Plan constitutes the third stage in the reform and strengthening of UN-Habitat and offers a unique opportunity to consolidate recent gains and to build upon previous reforms. The Plan represents an organizational response to global trends in urbanization and urban poverty and to United Nations system-wide reform. It sets out the core strategies and priorities that will guide UN-Habitat’s work during the period 2008–2013 within the framework of its broader mandate - the Habitat Agenda. The responds to various resolutions of the twentieth session of the Governing Council and the recommendations of the Committee for Programme Coordination resulting from an in-depth programmatic review undertaken in 2004. It is informed by extensive consultations with the Committee of Permanent Representatives, external partners and staff; independent assessments of UN-Habitat’s strengths and weaknesses; analysis of emerging trends and patterns of urbanization, slum formation and urban poverty; and United Nations system-wide reform.

## E. Organizational challenges and expected outcomes

28. The organizational challenges that are addressed by the Medium-term Strategic and Institutional Plan for the period 2008–2013 are to align the work and focus the capacities of UN-Habitat to support international and national efforts in attaining the human settlements related Millennium Development Goals. At the organizational level the following changes will be pursued relentlessly in guiding the priorities and the resource mobilization efforts throughout the Plan period:

(a) **Sharper focus:** the Plan consists of six mutually reinforcing focus areas which build on the comparative advantages, core competencies and normative role of UN-Habitat;

(b) **Results-based:** each of the focus areas comprises key result areas and corresponding indicators of achievement;

(c) **Normative and operational alignment:** each of the focus areas comprises a package of policy, advocacy, capacity-building, and monitoring and research activities and presents clear linkages between these functions at the global and country levels;

(d) **Going to scale:** the Plan proposes the progressive convergence of existing programmes and competencies with the efforts and resources of strategic partners to support “measurable results” at the national level in the focus areas;

(e) **Management excellence:** the Plan identifies a set of short- and medium-term institutional changes and improvements in management systems, tools and culture in support of the implementation of the Medium-term Strategic and Institutional Plan.

29. As a result of a sharpened focus and the pursuit of management excellence, the anticipated outcome is for UN-Habitat to become by 2013:

(a) A premier reference centre for data collection, analysis, monitoring and reporting on sustainable urbanization. This outcome is a direct response to the need to advocate for radical changes in public understanding and policy to address the combined impact of rapid urbanization and associated slum formation and urban poverty;

(b) The first port of call for pro-poor urban development policy, strategies, tools and institutional arrangements. This outcome builds on the Programme’s competencies and comparative advantages in promoting more sustainable land-use and environmentally sound urban infrastructure and services. It is a direct response to the need strengthen capacity at the national and local levels to attain the slum upgrading and water and sanitation targets of the Millennium Declaration and the call for urgent measures for slum prevention in the 2005 World Summit Outcome;

(c) A key player in innovative financing mechanisms for affordable housing, basic urban infrastructure and services. This outcome responds to the urgent need to help prevent the future formation of slums and urban environmental degradation through improved housing and municipal finance and investment programming.

30. The Medium-term Strategic and Institutional Plan sets out how UN-Habitat will capitalize on its comparative advantages to fulfil its unique role and mandate more effectively in the future. The key components of the Medium-term Strategic and Institutional Plan are as follows:

(a) Overarching goal, vision and indicators of success;

(b) Strategic plan;

(c) Institutional plan;

(d) Resource mobilization strategy;

(e) Resource implications.

**Box 3: Sustainable urbanization and climate change**

It is no coincidence that climate change has become a leading development issue at the same time as the world is becoming predominantly urban. Urbanization brings about irreversible changes in production and consumption patterns. For example, 75 per cent of global energy consumption occurs in cities and 80 per cent of greenhouse gas emissions come from urban areas. Roughly half of these emissions result from the use of fossil fuels for urban transport, the other half from energy use to drive our offices, industries and appliances. Climate change and urbanization are inseparable. Sustainable urbanization recognizes that cities and urban residents are not only the victims of climate change but are also part of the problem and must therefore be part of the solution. Sustainable urbanization is about reducing the ecological footprint of cities. This can be achieved through more rational use of natural resources such as land, water and forests, more compact cities and mixed use communities to reduce transport needs, more effective waste management, reuse and recycling, better building design to reduce energy consumption, and improved governance, including public-private partnerships, to harness the full potential of science and technology. In short, efforts to promote sustainable urbanization are critical to mitigating climate change.

**III. Overarching goal, vision and indicators of success****A. Overarching goal and vision**

31. The overarching goal of UN-Habitat is to ensure an effective contribution to sustainable urbanization. The goal of sustainable urbanization is liveable, productive and inclusive cities, towns and villages. It embraces relationships between all human settlements from small towns to metropolises, urban centres and their surrounding rural areas and settlements in crisis. As a process, it captures a vision of inclusive and ecologically sound growth that is people-centred and embraces social harmony, economic vitality and environmental sustainability.

32. UN-Habitat's vision is to help create by 2013 the necessary conditions for concerted international and national efforts to stabilize the growth of slums and to set the stage for a subsequent reduction in and reversal of the number of slum dwellers.

**B. Indicators of success**

33. The broad indicators of success of the Medium-term Strategic and Institutional Plan over the Plan period are:

- (a) The number of countries and partners engaged in monitoring and reporting on key urbanization trends including urban poverty and slums;
- (b) The number of countries having integrated urbanization and urban poverty issues in their respective national development plans, poverty reduction strategies and country assistance strategies;
- (c) Increased official development assistance flows for pro-poor housing and urban development;
- (d) Increased private sector investment in and national budgetary allocations for urban infrastructure and housing development, including ad hoc transfers and other forms of support to local authorities;
- (e) The empowerment of slum dwellers and the urban poor through improved access to credit for housing and to basic urban infrastructure and services, with a strong gender and youth focus;
- (f) The number of slum dwellers having substantially improved their living conditions.

**C. Key elements of the Plan**

34. The key elements of the Medium-term Strategic and Institutional Plan are its sharpened focus; an enhanced normative framework; and partnerships.

**D. A sharpened focus**

35. As its contribution to achieving this goal, UN-Habitat will concentrate on six areas to support and add value to international and national efforts to attain the human settlements related targets of the Millennium Declaration, and more specifically to improving the living conditions of the urban poor. The six focus areas are:

- (a) Advocacy, monitoring and partnerships;
- (b) Participatory urban planning, management and governance;
- (c) Pro-poor land and housing;
- (d) Environmentally-sound and affordable urban infrastructure and services;
- (e) Strengthening human settlements finance systems;
- (f) Excellence in management.

36. Within this framework, gender, age, post-conflict and post-disaster issues and environmentally sound development become important cross cutting issues. These thematic focus areas are described beginning at paragraph 45 below.

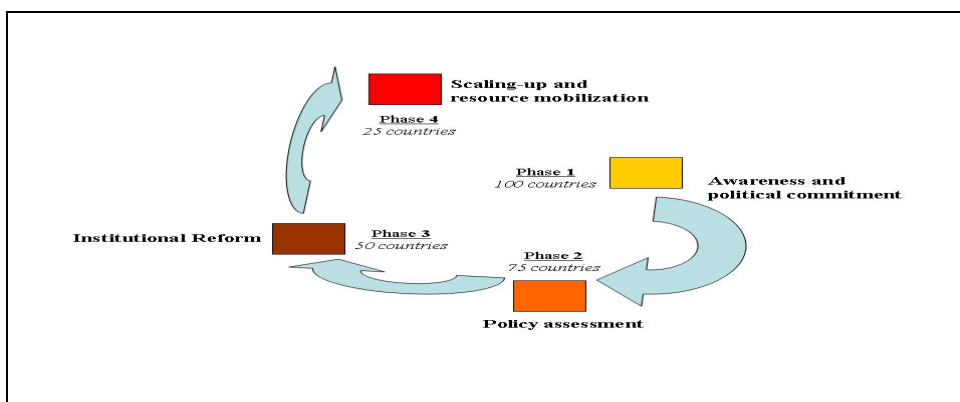
**E. Enhanced normative framework for global and country-level activities**

37. The enhanced normative framework is a combined normative and operational approach to pre-investment capacity-building. It includes:

- (a) Norm setting based on the global monitoring and analysis of urbanization and urban poverty trends and issues;
- (b) The adaptation of these global norms for improving policies and legislation at the country level and the feedback of lessons learned to improve norms, standards and capacity-building tools and strategies;
- (c) The packaging of technical assistance, official development assistance and other confidence-building measures to channel domestic investment in pro-poor housing and urban development.

38. The enhanced normative framework consists of a four-phase approach:

- (a) Awareness and political commitment: a robust advocacy and communication strategy to raise awareness and political commitment and analyse, monitor and mainstream sustainable urbanization and urban poverty;
- (b) Policy assessment: technical advisory and capacity-building support for policy reviews;
- (c) Institutional reform: technical advisory and capacity-building support for institutional reform, including the application of tools, instruments and demonstration projects;
- (d) Scaling up and resource mobilization: investment programming and resource mobilization at the local, national and international levels.

**Box 4: The enhanced normative framework cycle**

39. The indicative scope and coverage for the Plan period is as follows:

(a) At least 100 countries having demonstrated their enhanced awareness and commitment to sustainable urbanization through, among other things, the inclusion of urban poverty reduction in their respective national development plans. This commitment includes the establishment of national and local urban observatories for monitoring urbanization trends and issues;

(b) At least 75 countries having undertaken participatory reviews and assessments of their policies and laws and having adopted improved policies and laws in one or more of the focus areas of the Medium-term Strategic and Institutional Plan (land and housing, infrastructure and services, urban governance and management);

(c) Up to 50 countries, among those which have adopted improved policies and laws, having engaged in institutional or regulatory reform to facilitate programme development in urban poverty reduction, slum improvement and slum prevention;

(d) Up to 25 countries having committed or increased budgetary allocations for pro-poor housing and urban development, leveraging public and private investment from local and international sources;

(e) Up to one-third of major donor countries yet to do so having allocated resources for pro-poor housing and urban development and urban poverty reduction, including slum upgrading;

(f) Up to 20 per cent of post-conflict or post-disaster areas having adopted sustainable relief and reconstruction strategies from the outset, guided by UN-Habitat and its partners.

## F. Partnering for success

40. A central objective of the Medium-term Strategic and Institutional Plan is to strengthen UN-Habitat's catalytic role through partnerships and networking. At the global level, partnerships will be strengthened and expanded with United Nations bodies, international financial institutions and Habitat Agenda partners for monitoring, reporting and advocacy on urbanization and urban poverty issues and in developing guidelines and tools for policy development and capacity-building. Based on past experience,<sup>1</sup> enhanced partnering and networking will further improve the leveraging of resources, thus contributing to enhanced results and improved effectiveness and efficiency.

41. At the country level, the key objective of the enhanced normative framework will be the implementation of projects designed specifically to demonstrate the benefits of improved policies, strategies and approaches to slum upgrading and prevention and to mobilize international and domestic

<sup>1</sup> The Medium-term Strategic and Institutional Plan will further strengthen UN-Habitat's partnership relationships with, among others, the United Nations Children's Fund, the World Health Organization, the International Labour Organization, the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development and the World Bank on monitoring of global trends and issues related to the Millennium Development Goals. UN-Habitat has also been contributing actively to the United Nations Commission on Sustainable Development process on mainstreaming human settlements issues in sustainable development.

investment necessary for promoting achievable results at scale.

42. Major emphasis will be placed on partnerships, alliances and coalitions with Habitat Agenda partners and Habitat professionals to play an active role in implementation, monitoring and evaluation. Results in each of the six target areas will be monitored and reported through the Executive Director to the Governing Council, the World Urban Forum and regional forums and will be included in flagship reports and other reports on achieving the human settlements related Millennium Development Goals and the Habitat Agenda.

43. The estimated resource implications of the Medium-term Strategic and Institutional Plan are on the order of \$350 million over the Plan period. With the average current ratio of approximately 1:5 for global activities, and 1:15 for country-level pre-investment activities, it is expected that the Medium-term Strategic and Institutional Plan will contribute to the leveraging of an additional \$3 billion in country programming and investment through the loan portfolios of international financial institutions and the mobilization of domestic capital and community savings. This partnership dimension of the Medium-term Strategic and Institutional Plan will contribute not only to the enhanced performance of UN-Habitat as a programme but also to greater convergence in bilateral and multilateral development assistance at the global, national and local levels.

## G. Guiding principles

44. UN-Habitat's mandate and mission are derived from various sources including General Assembly resolutions and Government commitments expressed in, for example, the Habitat Agenda, the Declaration on Cities and Other Human Settlements, the Millennium Declaration, the Johannesburg Plan of Implementation and, more recently, by paragraph 56 (m) of the 2005 World Summit Outcome.<sup>2</sup> The following principles will guide the implementation of the Medium-term Strategic and Institutional Plan:

(a) UN-Habitat, as part of the broader United Nations system, upholds a human rights perspective and a commitment to mainstream gender and youth issues into all its human settlements activities;

(b) The scale of the sustainable urbanization and slum challenges are such that UN-Habitat can only achieve its goal and thereby help the global community attain the Millennium Development Goals by working even more closely with partners. Enhanced partnering will therefore form a basic guiding principle of the Medium-term Strategic and Institutional Plan that emphasizes UN-Habitat's catalytic role even more than before;

(c) The challenge of sustainable urbanization can only be addressed through a holistic approach to human settlements development. A major effort during the Plan period will be to work closely with United Nations country teams to mainstream the sustainable urbanization and urban poverty agenda within the United Nations development assistance framework and poverty reduction strategy processes and the country assistance strategies of the World Bank Group;

(d) UN-Habitat will enhance the alignment, effectiveness and impact of its interventions, identifying pilot initiatives for scaling up, strengthening the links between its policy, capacity-building and monitoring activities and leveraging its resources with those of partners;

(e) UN-Habitat recognizes that local authorities play a crucial role in achieving national development and poverty reduction targets, including the Millennium Development Goals, and is committed, therefore, to strengthening their capacity to fulfil their role in this regard. Given the number of local authorities worldwide, UN-Habitat will focus its efforts on ensuring the highest possible multiplier effects by supporting the efforts of global, regional and national associations of local authorities, other United Nations agencies and training and capacity-building institutions;

(f) As a United Nations agency, UN-Habitat is committed to supporting the process of

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<sup>2</sup> See, among other things, the Habitat Agenda, adopted by Governments in 1996, the Declaration on Cities and Other Human Settlements following the review of progress in the implementation of the Habitat Agenda in 2001; Resolution 56/206 of 2001, which elevated the United Nations Commission on Human Settlements to programme status as the United Nations Human Settlements Programme (UN-Habitat) in 2001; Update on the strategic vision of the United Nations Human Settlements Programme (HSP/GC/19/INF/10), presented to the Governing Council of UN-HABITAT at its nineteenth session; 2005 World Summit Outcome and the Secretary General's Bulletin of 2006 promulgating the new financial rules and regulations for the United Nations Habitat and Human Settlements Foundation (ST/SGB/UNHHSF Financial Rules/3 (2006)).

United Nations reform at the global and national levels, including support for enhanced harmonization, coherence and alignment of international development assistance, including improved coordination of activities through United Nations country teams.<sup>3</sup>

## H. The focus areas

45. The following focus areas are mutually reinforcing in support of the overall objective of sustainable urbanization:

(a) **Focus area 1 – Advocacy, monitoring and partnerships:** Putting sustainable urbanization and urban poverty reduction at the centre of policy and legislative debate at the global and national levels informed by high-quality, gender-disaggregated data and evidence-based information on urbanization trends and issues and through the combined advocacy efforts of strategic partners;

(b) **Focus area 2 – Participatory urban planning, management and governance:** Strengthening of country environments and capacities to promote and adopt more effective, efficient, transparent and accountable urban planning and management, including local economic development practices, focusing on slum upgrading and prevention strategies;

(c) **Focus area 3 – Pro-poor land and housing:** Supporting the adoption by national Governments and Habitat Agenda partners of pro-poor and gender and age-sensitive policies, tools and transparent and efficient regulatory frameworks in the areas of housing, land and property;

(d) **Focus area 4 – Environmentally-sound and affordable basic infrastructure and services:** Strengthening the capacity of national Governments, local authorities and their partners, including service providers, to expand access to and sustain provision of clean water, improved sanitation, solid and liquid waste management and affordable environmentally-sound energy and transport in urban and peri-urban areas;

(e) **Focus area 5 - Strengthening human settlements finance systems:** Devising and applying innovative housing and municipal finance tools and instruments to channel and leverage the resources of Governments, local authorities, the private and community sectors and external assistance to meet demand for affordable housing and basic urban infrastructure and services by the urban poor;

(f) **Focus area 6 – Excellence in management:** Effective implementation of the organization's work through enhanced results-based management, improved communication and better financial, human and knowledge management tools and systems.

## I. Corresponding result areas, indicators and modes of intervention

46. The key elements of the Medium-term Strategic and Institutional Plan are the focus areas, and corresponding result areas and indicators of achievement. They have been determined on the basis of:

(a) The target dates for Millennium Development Goal 7 targets 10 and 11 on water and sanitation and improving the living conditions of slum dwellers, respectively. Meeting these targets will require, at a minimum, the widespread adoption by member States of pro-poor and gender- and age-sensitive urban policies and slum upgrading strategies by 2013 and the mainstreaming of urban poverty reduction within the context of national development priorities and budgetary allocations, including donor assistance;

(b) Paragraph 56 (m) of the 2005 World Summit Outcome and the need to take urgent measures to prevent the future growth of slums, particularly in the light of recent findings on the scale and pace of slum formation and urban poverty, which will have a profound impact on the overall attainment of internationally agreed development goals.<sup>4</sup>

47. The focus areas are accompanied and further developed by corresponding result areas, organizational targets, indicators of achievement, modes of intervention and coverage. These form the basis for results-based management and for improving strategic focus, alignment and cohesion.

48. Each focus area specifies the key partnerships with United Nations agencies, bilateral donors, international financial institutions and civil society partners that will play an important role in achieving

<sup>3</sup> This means the strengthening of UN-Habitat's presence, including Habitat Programme Managers with United Nations country teams in the proposed One UN pilot countries.

<sup>4</sup> Cf., State of the World's Cities Report 2006–2007, UN-Habitat (2006).

the intended results.

49. Each result area includes organizational targets and indicators of achievement that will enable UN-Habitat to monitor progress in the implementation of the Medium-term Strategic and Institutional Plan and to fine-tune and adjust the plan accordingly. Modes of intervention and intended coverage are also specified for each result area. While specific modes of intervention will be guided by national and regional contexts and priorities, they build on UN-Habitat's strengths, competencies and comparative advantage. The intended coverage is an indicative planning tool that provides an idea of the scope of the plan and a basis for resource mobilization targets. It also provides an indication of the differentiated focus of the Plan on least developed countries, developing countries and countries with economies in transition.

**Box 5: Focus areas, strategic intent and key results**

<b>Focus area 1</b>	<b>Advocacy, monitoring and partnerships</b>
Strategic intent	To promote sustainable urbanization through education, communication and evidence-based information. This will be done through data collection and analysis, policy analysis and dialogue, advocacy, strategic partnerships and resource mobilization.
Key results	<ol style="list-style-type: none"> <li>1. Sustainable urbanization issues recognized and integrated in national policies, plans and strategies such as poverty reduction strategies, United Nations development assistance frameworks, etc.;</li> <li>2. Sustainable urbanization facts, figures, values and principles reflected in media, education programmes and curricula;</li> <li>3. UN-Habitat recognized as a premier centre for data, best practices, good policies and pilot projects on sustainable urbanization;</li> <li>4. Increased number of strategic partnerships that engage national and local Governments, parliamentarians, the private sector and civil society, including women and youth groups, in sustainable urbanization.</li> </ol>
<b>Focus area 2</b>	<b>Participatory urban planning, management and governance</b>
Strategic intent	To strengthen the performance of national Governments, local authorities and other stakeholders to enable the development of liveable, productive and inclusive cities. This will be done through policy dialogue, tool development, capacity-building, pilot initiatives and country-wide technical assistance.
Key results	<ol style="list-style-type: none"> <li>1. Enabling legislation and measures developed and applied to ensure fiscal and political decentralization to the appropriate sphere of government;</li> <li>2. Innovative practices in urban management and municipal finance applied to enhance urban productivity, with adequate oversight mechanisms to ensure accountability;</li> <li>3. Increased number of more secure and resilient cities with a better balance between the built and natural environments;</li> <li>4. Inclusive and effective urban planning and local economic development practices adopted, with adequate attention to slum prevention and rural-urban linkages.</li> </ol>
<b>Focus area 3</b>	<b>Pro-poor land and housing</b>
Strategic intent	To assist national Governments and Habitat Agenda partners to adopt pro-poor and gender and age-sensitive housing, land management and property administration programmes and strategies. This will be done through promoting enabling policies and improved regulatory frameworks.
Key results	<ol style="list-style-type: none"> <li>1. Effective gender and age sensitive shelter strategies and improved regulatory frameworks and capacities that provide for progressive realization of housing, land and property rights and for slum upgrading and prevention adopted and implemented by member States;</li> <li>2. Improved access to land, housing and property and improved housing delivery systems based on effective utilization of appropriate building materials, design systems and construction technologies with special focus on the urban poor and populations affected by human settlements in crisis;</li> <li>3. Sustainable gender-sensitive shelter relief and reconstruction models in post-disaster and post-conflict areas developed and implemented;</li> <li>4. Achievement of security of tenure through improved measurement of security of tenure, including for women and youth, in conjunction with the establishment and effective operation of a global monitoring and evaluation mechanism on progress in realization of housing, land and property rights.</li> </ol>
<b>Focus area 4</b>	<b>Environmentally-sound basic infrastructure and affordable services</b>
Strategic intent	To expand access to and sustain provision of adequate clean water, improved sanitation, waste management and environmentally sound transport and energy in urban and peri-urban areas. This will be done through strengthening the capacity of national Governments, local authorities, other Habitat Agenda partners and service providers and enhanced pro-poor investments and pro-poor governance frameworks.
Key results	<ol style="list-style-type: none"> <li>1. Sustainable and equitable access to improved basic infrastructure and services in urban areas and countries on track to achieve internationally agreed targets;</li> <li>2. Increased pro-poor investments in basic infrastructure and services;</li> <li>3. Improved pro-poor governance frameworks ensuring the involvement of local authorities,</li> </ol>



	communities and vulnerable groups in basic urban infrastructure and services; 4. Documented best practices and good policies on environmentally-sound infrastructure and services analysed and disseminated.
<b>Focus area 5</b>	<b>Strengthening human settlements finance systems</b>
Strategic intent	To improve access to finance for housing and infrastructure, particularly for the urban poor. This will be done through innovative finance mechanisms and institutional capacity to leverage the contributions of communities, local authorities, the private sector, Governments and international financial institutions.
Key results	<ol style="list-style-type: none"> <li>1. Increased financing for pro-poor and gender and age-sensitive housing and basic urban infrastructure and services through capitalization and strengthening of the United Nations Habitat and Human Settlements Foundation to provide facilitating finance and seed capital and applying innovative pro-poor finance systems including revolving funds to encourage large scale replication;</li> <li>2. Innovative human settlements financing tools and instruments developed and institutional capacity strengthened for the purposes outlined in 1 above;</li> <li>3. Improved knowledge and capacity of local authorities to better mobilize and manage municipal finance for slum upgrading and prevention;</li> <li>4. Strategic partnerships established to support large scale replication of innovative housing and infrastructure finance mechanisms;</li> <li>5. New and strengthened membership-based community organizations for housing and urban infrastructure development, including housing cooperatives, building societies and credit and mortgage institutions.</li> </ol>
<b>Focus area 6</b>	<b>Excellence in management</b>
Strategic intent	To ensure effective implementation of the organization's work. This will be done through enhanced results-based management, improved communication and better financial, human and knowledge management systems and tools.
Key results	<ol style="list-style-type: none"> <li>1. High impact results at the country and global levels resulting from more cohesion and resource sharing and better alignment between normative and operational work;</li> <li>2. Increased efficiency and effectiveness through improved knowledge management and information including systematic dissemination of policy and programme information;</li> <li>3. Improved performance and policies based on feedback from enhanced integrated programme monitoring, evaluation and reporting focusing on results and lessons learned from experience;</li> <li>4. More predictable and sustainable funding from a wider donor base as a result of implementing a comprehensive resource mobilization strategy;</li> <li>5. Increased effectiveness through enhanced management skills and better alignment between staff skills and functions as a result of improved human resource management system;</li> <li>6. Higher visibility of the organization's work and its issues through greater commitment by all staff to a common vision, culture and branding.</li> </ol>

**Box 6: Sustainable reconstruction and recovery**

UN-Habitat is a unique actor in the humanitarian arena as it operates spatially rather than on a sector-specific basis. It provides a platform for cross-cutting activities that reduce vulnerabilities and risk both before and after disasters. Its approach to disaster management, reconstruction and recovery is based on its long-standing experience in working closely with communities and local authorities to meet immediate needs for shelter and related services, while simultaneously addressing the longer-term development goals for land, secure tenure, infrastructure and livelihoods.

Experience has shown that the potential for development gain is far higher if an integrated and strategic approach to relief and reconstruction is applied in the immediate post crisis and early recovery period. UN-Habitat's objective is to ensure that emergency shelter and services are conceived from the outset of humanitarian relief operations as a bridge to sustainable recovery, rehabilitation and reconstruction. Its value added in early and timely engagement in humanitarian response is the reduction of future transaction costs and the achievement of overall aid effectiveness and efficiency through vulnerability and risk reduction in pre-crisis settlements and in the sustainable planning of post-crisis operations.

## IV. Strategic Plan

50. The targets set forth in the Medium-term Strategic and Institutional Plan represent a compelling challenge for Governments, the international community and for UN-Habitat. There is a need for significant changes in how UN-Habitat supports the efforts of member States, including:

- (a) Fulfilling a more catalytic role within a coalition of partners;
- (b) A new global campaign on sustainable urbanization;
- (c) Implementing a differentiated country strategy to respond flexibly to needs;
- (d) More effective country support;
- (e) Strengthening human settlements finance systems for going to scale.

#### **A. An enhanced catalytic role**

51. UN-Habitat cannot do everything itself. Greater emphasis will be placed on its catalytic role in global advocacy, national policy and institutional reform, capacity-building and partnerships in support of the Millennium Development Goals (see box 6).

#### **B. Global campaign for sustainable urbanization**

52. A new global campaign for sustainable urbanisation will be created that will absorb the Global Campaigns for Secure Tenure and Urban Governance, building upon their lessons learned (see box 7). The new campaign will focus on monitoring and raising awareness at the global and national levels of the challenges and opportunities of urbanization. The campaign will draw on resources from the monitoring, policy analysis, information, media relations and substantive sub-programmes to champion policy options that promote sustainable urbanization.

53. The campaign will develop key messages for each of the focus areas that will inform, as appropriate, participants at global events such as the World Urban Forum, regional ministerial meetings such as the African Ministerial Conference on Housing and Urban Development, the Asia-Pacific Ministerial Conference on Housing and Human Settlements and the General Assembly of Ministers and Supreme Authorities on Housing and Urbanization of Latin American and Caribbean Countries, annual World Habitat Day celebrations and advocacy efforts at the national level. New campaigns will be launched directly by UN-Habitat or indirectly by partners in those countries meeting the criteria set forth in the Medium-term Strategic and Institutional Plan. Existing global programmes will be realigned under a sustainable urban development network to support the campaign and to provide a coordinated framework for Habitat Agenda partners at the global and local levels.

#### **C. Differentiated country strategy**

54. UN-Habitat will develop, in collaboration with Governments, its partners and United Nations country teams, a differentiated country strategy to enhance the international community's ability to respond to countries in different development contexts and at different points along their paths to achieving the human settlements related Millennium Development Goals. The differentiated country strategy is designed to support Governments, either directly or through partners, of countries in the following situations:

(a) *Advanced urban transition*: In general, these countries have reached a stable point of urbanization; the urban percentage of the total population is high and urban growth rates are low. Countries in this category fall into two broad types. For the first type - advanced economies - the challenge is not so much urban poverty as a generalized phenomenon but rather to address social inclusion and issues regarding more sustainable production and consumption. For the second type - intermediate income countries - there are two sub-categories: those countries implementing policies to address urban poverty and achieving a sustained decline in slum growth; and those countries that have not yet adopted comprehensive policies to address urban poverty and are experiencing moderate to high slum growth rates;

(b) *Rapid and chaotic urbanization*: In general, in these countries the percentage of the urban population is relatively low but the urban growth rate is high (2–4 per cent per year). These countries have a high population of slum dwellers and slum growth is also high. In some countries of sub-Saharan Africa, Western Asia and Southern Asia, slum growth is as high as annual urban growth. In other words, urbanization and poverty are synonymous. These countries are often characterized by low awareness of urbanization challenges and its relationship to urban poverty and policy responses are

piecemeal and unsystematic. Often urban governance and management capacities are ill equipped to meet the challenge;

(c) *Human settlements in crisis*: Countries in both of the above categories may be hit by disasters or conflict. Human settlements often bear the brunt of these crises, resulting in increased homelessness, urban poverty and an increase in the number of slum dwellers. Countries in this situation require a distinct policy response, which UN-Habitat describes as sustainable relief and recovery (see box 11 below);

(d) *Countries actively engaged in slum upgrading and prevention*: This includes countries that have demonstrated their commitment to attaining the Millennium Development Goals, particularly Goal 1, Target 1, and Goal 7, targets 9, 10 and 11, or that seek to prevent the growth of new slums. Depending on the extent of the existing presence of UN-Habitat or its partners, different levels of engagement will be adopted;

55. The 2006 State of the World's Cities Report found that there are four broad stages of policy response for achieving sustainable urbanization. These are:

(a) *Awareness and understanding*: this is the first stage of appreciating the scope and scale of the urbanization challenge; it is marked by political recognition and a commitment to collection of data and information combined with advocacy efforts;

(b) *Policy reform*: once political will is confirmed, deeper analysis informs policy options and policy dialogue with all stakeholders. Technical assistance, capacity-building and pilot projects are often required to demonstrate the benefits of policy reform;

(c) *Institutional reform*: once policies are in place, they must be implemented. This usually requires institutional reforms in such areas as decentralization, land management and financial and fiscal reforms for improved housing supply and municipal finance. Technical assistance, legal review, demonstration projects and capacity-building are usually required;

(d) *Going to scale*: once policies are in place and institutions aligned, domestic resources represent the bulk of the investment required for pro-poor housing and urban development. A sustained commitment to slum upgrading and prevention is in place.

56. The aim of the differentiated country strategy is to ensure that all countries confronting the slum challenge will be in a position to:

(a) Analyse their respective urbanization conditions and trends, including the location, scope and scale of urban poverty;

(b) Assess the adequacy of their respective housing and urban development policies and poverty reduction strategies, including institutional capacity for implementation;

(c) Identify priority action plans and initiatives.

57. UN-Habitat will support women and youth empowerment programmes and strengthen gender mainstreaming in all its activities and programmes in accordance with the United Nations system-wide gender mainstreaming policy (see box 8).

#### **D. More effective country support**

58. The need for more effective country support has been identified as a priority by the Paris Declaration and in the United Nations system-wide reform process. UN-Habitat's Governing Council made this an urgent priority in defining the aims of the Medium-term Strategic and Institutional Plan. Enhanced country support will be achieved through the following means:

(a) *Integrating sustainable urbanization issues in United Nations development assistance frameworks and poverty reduction strategies*: analytical and awareness raising tools including sustainable urbanization indicators, policy assessment tools and information materials to support the efforts of Governments, United Nations country teams and national partners;

(b) *Strengthened system of Habitat Programme Managers*: to act as country level catalysts for implementing the Medium-term Strategic and Institutional Plan, including country performance targets agreed with partners<sup>5</sup>. One of the criteria for determining the deployment of Habitat Programme Managers will be United Nations pilot countries identified by the High-level Panel on System-wide Coherence;

(c) *Strengthening global programmes and regional offices*: to provide more coherent and integrated support to countries.<sup>6</sup>

## **E. Linking the World Urban Forum with the Medium-term Strategic and Institutional Plan**

59. The third session of the World Urban Forum held in Vancouver, Canada in 2006 witnessed an unprecedented participation of Habitat Agenda partners. Some 10,000 representatives of Governments, local authorities, civil society organizations and the private sector subscribed and contributed to the theme of “Our Future: Sustainable Cities” and the objective of “Turning Ideas into Action”. The coming of age of the World Urban Forum and of the urban agenda lends itself to a major contribution by partners in the monitoring and implementation of the Medium-term Strategic and Institutional Plan. Starting in 2008, a central objective of the World Urban Forum will be reporting by Habitat Agenda partners on their contributions to sustainable urbanization, including to the focus areas and result areas of the Medium-term Strategic and Institutional Plan. It is envisaged that the World Urban Forum will become the principle forum of Habitat Agenda Partners and United Nations organizations for reporting on their respective contributions to and lessons learned in the attainment of the human settlements related Millennium Development Goals. Major results will be integrated into the progress reports of the Secretary General to the United Nations Economic and Social Council and the General Assembly on the coordinated implementation of the Habitat Agenda.

## **F. Reviving national Habitat committees**

60. The principal machinery envisaged for monitoring progress in the implementation of the Habitat Agenda was the strengthening of national Habitat committees established for the preparation of the Habitat II Conference in Istanbul in 1996. More than 90 Member States of the United Nations constituted multi-stakeholder committees and prepared national reports for the conference.

61. While some countries continued to support and convene multi-stakeholder committees up to the 2001 special session of the General Assembly for the review of progress in the implementation of the Habitat Agenda, the majority of Member States have since relaxed their efforts in this regard. This has led to a situation in which the efforts of UN-Habitat to monitor and report on progress on the Habitat Agenda and on human settlements related targets of the Millennium Development Goals have been severely constrained.

62. Reviving national Habitat committees would enable UN-Habitat to better integrate its efforts and those of its partners in global advocacy, policy, capacity-building and monitoring functions with national priorities and action plans; to promote and deepen ownership of the enhanced normative framework; and to further strengthen the link between global and country-level activities.

## **G. Strengthening human settlements financing systems for going to scale**

63. Since the Habitat II Conference in 1996 and the Millennium Declaration in 2000, the United Nations system has focused its work on three of the four determinants of affordable housing, namely, job creation, land and property rights for the poor, affordable planning and construction standards, and pro-poor basic infrastructure and services. The lack of integration of the credit determinant has severely limited the effectiveness of a system-wide response. It has limited the capacity to apply comprehensive models and approaches for dealing with the slum challenge and housing crisis. Where successful models have been developed and implemented, it has constrained the ability of the system to engage public and private actors at the global and national levels to replicate these models on a large scale.

64. It is estimated that some \$20 billion would be required annually during the period 2005–2020 to achieve Millennium Development Goal 7, target 11, and to prevent the future formation of slums. The

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5 See paragraph 39.

6 See paragraphs 74–75 and 84–85.

scale of this challenge far outstrips the current levels of private and public investment in housing and infrastructure in most developing countries. The solution lies in the successful mobilization of domestic capital to improve access to finance by all households.<sup>7</sup> This can be greatly facilitated by using the estimated \$5 billion provided annually in official development assistance to the urban sector to leverage domestic capital for pro-poor housing and urban development.

65. A related challenge to this normal practice in developed economies is that of targeting. Current financing models and systems of the commercial sector are designed to meet the needs of “middle-class” borrowers and are not accessible by the urban poor. New financial instruments and innovative packaging are required to make large-scale slum improvement and pro-poor housing and infrastructure projects “bankable”, i.e., attractive to domestic sources of private and commercial capital as a significant element in the total financing package for “housing for all”.

66. It is against this background that the Medium-term Strategic and Institutional Plan has identified financing for pro-poor housing as a key area of intervention. The key is to develop and apply new financial products that are able to attract domestic capital investment and to work closely with the World Bank, regional development banks, the Consultative Group to Assist the Poor and domestic financial institutions.

67. Progress has been made since 2001 with the creation of the Human Settlements Financing Division and its Slum Upgrading Facility, conceived as a pilot for the revitalised Habitat and Human Settlements Foundation, and the Water and Sanitation Trust Fund. Both have shown that UN-Habitat’s comparative advantage lies in its ability to convene all spheres of government, associations of the urban poor, service providers and operators, micro-credit facilities, donors, regional development banks and other international financial institutions to leverage their respective resources. It does so by playing a leadership role in policy setting and negotiations and by providing pre-investment technical and advisory services for the scaling up of pro-poor pilot projects and programmes in housing and basic services. The key challenges remain the inability of micro-credit to provide the longer term financing required for land acquisition and development and the lack of appropriate instruments to match the credit demand by the urban poor with formal sector lending requirements.

68. In August 2006 the United Nations Secretary General promulgated new rules and regulations that enable reimbursable funding operations. The objective of the Medium-term Strategic and Institutional Plan is to establish an additional third window to be known as the Reimbursable Revolving Fund Account. The facility would supplement the two existing general fund and special funds windows. It would enable voluntary contributions and other sources of funding to provide “reimbursable seeding operations” to local revolving fund accounts to be set up at the country level with national partners and participating local banking institutions who would assume the fiduciary responsibilities of local lending operations.

69. This third window of the Foundation would build on the seminal approach of the Water and Sanitation Trust Fund and the Slum Upgrading Facility as an entry point to slum upgrading by blending finance provided by international financial institutions with grants and technical assistance provided through the special funds window of the Foundation. The operational procedures and guidelines that are required to apply the new rules and regulations are intended to provide a consolidated framework and terms of reference for both these approaches.

70. It is envisaged that operation of the Reimbursable Revolving Fund Account will be introduced in a phased approach:

(a) *Phase I (2007-2011)*: Establishing the institutional capacity for undertaking revolving fund operations. This will be closely integrated with results-based management and staff development and recruitment. Building on the experience of existing Slum Upgrading Facility operations, initial revolving fund -type operations would be applied to refine the operational procedures and guidelines on the basis of lessons learned. In parallel, specific indicators and benchmarks for evaluating the performance of revolving fund operations would be developed. Phase I operations would be funded from voluntary contributions and not involve borrowing;

(b) *Phase II (2012-2016)*: Acting upon the outcome of phase I evaluations and Governing Council recommendations, provisions would be made for Government and institutional borrowing

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<sup>7</sup> Lessons from experience have shown that sustainable approaches to affordable housing, particularly in rapidly urbanising countries, require a simultaneous approach to lower middle-income families as well as the urban poor to avoid encroachment by the former on housing solutions for the latter.

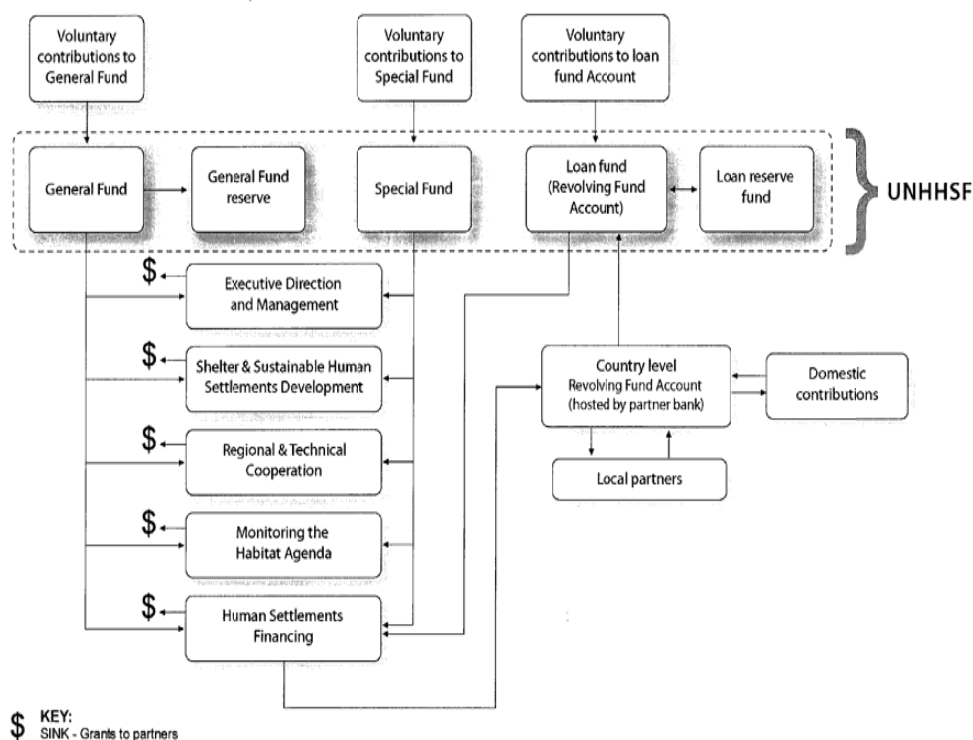
within limits set by the Secretary General. This phase would include broader development of revolving fund pre-investment packages and building a portfolio of projects with Habitat Partners as a proving ground for the process and to test the procedures involved in any future borrowing. Reporting to the Governing Council would occur in 2013

(c) *Phase III (2016-):* From the recommendations made by the Governing Council, operations would be scaled up in view of the attainment of the human settlements related goals and targets of the Millennium Declaration.

71. The phased approach will enable UN-Habitat to fully develop its catalytic role within the wider finance community and to bring the key messages and lessons learned on how to broaden the availability of credit for slum upgrading and low- income housing.

**Box 7: UNHHSF Financial flow chart for the United Nations Habitat and Human Settlements Foundation**

**FINANCIAL FLOW CHART FOR THE UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION**  
Phase I -- 2008 - 2009 and 2010 - 2011



**V. Institutional plan**

**A. Achieving management excellence in support of the Medium-term Strategic and Institutional Plan**

72. The Medium-term Strategic and Institutional Plan will progressively introduce significant improvements in management systems and tools to further enhance results-based management and help construct a robust corporate culture. These improvements fall under three categories: “quick-fix” changes that can be implemented by UN-Habitat alone; medium-term changes that require a combination of external expertise, training and re-tooling; and changes that depend on system-wide reform as well as other partners, including working arrangements with the United Nations Office at Nairobi. They address the issues of:

- (a) Programme alignment and cohesion;
- (b) Results-based management;
- (c) Knowledge management;
- (d) Programme monitoring and reporting;
- (e) Resource mobilization and allocation;
- (f) Human resources management;
- (g) Administrative efficiency and delegation of authority;
- (h) Organizational culture and branding;

## **B. Programme alignment and cohesion**

73. Improvements in programme alignment and cohesion are designed to forge linkages and synergies between global and country-level activities, to overcome the so-called “normative-operational divide” and to enhance results-based management. They involve:

- (a) Alignment of medium-term organizational results with results-based budgeting and the biennial work programme and budget process;
- (b) Harmonization of policies and processes for project design and approval;
- (c) Resource allocation and sharing between different programmes to support high impact results at the country level.

74. Besides the creation of a single global campaign and the building of a coalition of strategic partners around the sustainable urban development network (SUDNET) mentioned in paragraph 52 above, other short-term measures include:

- (a) Co-locating the Water and Sanitation Trust Fund and Slum Upgrading Facility operations within the Human Settlements Financing Division to ensure alignment between the two leading pre-investment activities of UN-Habitat to strengthen partnerships with international and domestic financial institutions;
- (b) Strengthening the role and working methods of the Programme Review Committee as an ex-ante evaluation and approval mechanism to ensure alignment and cohesion in programme design and delivery;
- (c) Establishing criteria for selecting pilot countries and interventions for aligning global data collection, analysis, monitoring and reporting on the state of sustainable urbanization with capacity-building efforts at the country level to support national policy development and reform; coordinating programme interventions with efforts by global partners at country level; and applying the enhanced normative framework in United Nations pilot countries.

75. Medium-term changes include:

- (a) Strengthening of the role of Habitat Programme Managers to fulfil a more active role in United Nations country teams and the United Nations development assistance framework and poverty reduction strategy processes;
- (b) The formulation of multi-year country programmes for United Nations pilot countries and countries with large technical cooperation projects;
- (c) The alignment of flagship reports, World Habitat Day and World Urban Forum dialogues, ministerial meetings and Habitat Debate themes with the focus areas and result areas of the Medium-term Strategic and Institutional Plan;
- (d) Global monitoring, research and reporting activities will be aligned with

capacity-building efforts to improve country level data collection and analysis to inform national policy-making and resource allocation, as well as global analysis.

### **C. Results-based management, monitoring and reporting**

76. The need to strengthen UN-Habitat's monitoring and evaluation functions was recognized by previous recommendations of the General Assembly and of the Governing Council. The Medium-term Strategic and Institutional Plan provides the basis for improved results-based monitoring, reporting and management. It is built on the focus areas, key result areas and indicators of achievement. These will further translate into explicit targets for each indicator, including performance benchmarks, to improve integrated programming and budgeting, accountability, learning and decision-making.

77. Key indicators of achievement for the planning period include the integration of urban issues and urban poverty reduction into national development frameworks, national and local budgetary allocations for slum upgrading and the delivery of basic urban infrastructure and services, matching assistance from international financial institutions and donors, and strengthened public-private-community partnerships for scaling up and replication.

78. Quarterly reports on progress in the key indicators of achievement will constitute the basis for monitoring the implementation of the Plan as will reports to ECOSOC, the General Assembly and the Governing Council. Medium-term improvements include the more systematic use of monitoring and evaluation findings to improve performance.

### **D. Knowledge management and information sharing**

79. Knowledge management and information sharing were identified as key contributing factors to building a learning organization and as a means of strengthening cohesion and effectiveness. A key objective during the Medium-term Strategic and Institutional Plan period will be to generate and make use of knowledge and lessons learned from field experiences. This will include in-depth documentation and dissemination of lessons learned and their transferability as part of the evaluation process of selected country-level activities and the mainstreaming of documented best practices and policies as a means of promoting evidence-based arguments for policy change and reform at the national level.<sup>8</sup>

80. Short-term measures to be implemented include: quarterly senior management meetings devoted to lessons learned, progress in achieving organizational targets and forward planning; refinement of the partners' database to include information on areas of competence, role and contribution to the focus areas of the Medium-term Strategic and Institutional Plan; and creation of country and city folders to facilitate the sharing of programme activities and results and the review of opportunities and constraints for implementing the Medium-term Strategic and Institutional Plan. Medium-term measures to be implemented include the consolidation of various programme outcomes, evaluation reports, studies and assessments into a single country strategy and knowledge management framework to provide feedback on activities at the global level and on the development of normative tools and instruments.

### **E. Communication, branding and advocacy strategy**

81. An overriding feature of the Medium-term Strategic and Institutional Plan is improved communication – with the broader public both nationally and internationally, with Governments and donors, with civil society, and internally within UN-Habitat and the United Nations system. Greater emphasis will be placed on new modes for expressing the value and the imperative of UN-Habitat messages, leading toward working methodologies for sustainable urbanization. This will include more visibility through global media coverage using film and video, improved publication and exhibition outreach and intensive use of information communication technology. Internally it will focus on an approach knitting together the evidence base of the organization.

82. The communication goal for the plan period will be for the sustainable urbanization message to be adopted by national Governments, local governments, civil society and the international development community that supports their endeavours. This is UN-Habitat's normative function and is exercised through broad advocacy based on the collective evidence presented through its flagship reports – The Global Report on Human Settlements and The State of the World's Cities Report – bringing all its

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<sup>8</sup> The mainstreaming of best practices was one of the recommendations of the Office of Internal Oversight Services in-depth programmatic assessment of UN-Habitat undertaken in 2004 and subsequently endorsed by the Committee for Programme Coordination.



technical expertise together within a unified global campaign process.

83. The immediate goal is to improve communication of UN-Habitat's normative goals and operational successes to render UN-Habitat more visible at the global and national levels, to promote the relevance of the Medium-term Strategic and Institutional Plan to the attainment of the Millennium Development Goal within the United Nations system and to broaden UN-Habitat's appeal in support of its resource mobilization strategy. The key components of the strategy include:

(a) *Business-to-client communications*: Flagship and annual reports, technical publications, occasional papers, brochures, videos and exhibition material will adopt a systematic "look and feel". The substance of all outreach material will be linked to the focus and result areas of the Medium-term Strategic and Institutional Plan. Emphasis will be placed on success stories, documented best practices and good policies;

(b) *Business-to-business communications – United Nations system*: A new development will be a systematic communications strategy to be implemented in conjunction with other United Nations agencies. This strategy will focus on partnerships and coalition building through cross-referencing of results, success stories, joint programmes and processes in the focus areas and result areas and will emphasize UN-Habitat's coordinating and catalytic role;

(c) *Business-to-business communications – Habitat partners*: Another new development for the Plan period will be a Habitat partners strategy based on the comparative advantages and value added of different partners based on their effective contribution to the focus areas and result areas of the Medium-term Strategic and Institutional Plan.

## **F. Human resources management**

84. The Medium-term Strategic and Institutional Plan will require progressive changes in human resources management. The emphasis on pro-poor housing and urban development, innovative housing and municipal finance, and planning will require the recruitment of new staff to fill skills and competency gaps. There are also plans to take advantage of proposals for staff buy-outs foreseen as part of the United Nations system-wide reform process.

85. Improvements in management systems, tools and culture required for the effective implementation of the plan will require upgrading of staff skills and competencies and nurturing changes in culture and behaviour. Short-term improvements include regular staff consultations and meetings on the Medium-term Strategic and Institutional Plan; mainstreaming the Medium-term Strategic and Institutional Plan in all terms of reference and job descriptions; and establishing an induction training programme. Medium-term changes include:

(a) Aligning the recruitment of new staff with the Medium-term Strategic and Institutional Plan, with emphasis on: socio-economic analysis to support policy development, knowledge generation and advocacy; and finance systems to respond to the focus areas on affordable land and housing and the financing of basic urban infrastructure and services;

(b) Linking the voluntary/obligatory staff mobility policy with revised job descriptions aligned with the Medium-term Strategic and Institutional Plan;

(c) Linking the Performance Appraisal System with the focus areas of the Medium-term Strategic and Institutional Plan;

(d) Aligning staff training provided by the United Nations Office at Nairobi with the requirements of results-based management and the Medium-term Strategic and Institutional Plan;

(e) Implementing a leadership training programme for task managers, programme and campaign managers and senior managers.

## **G. Administrative efficiency and delegation of authority**

86. Independent assessments are currently being undertaken in the areas of workflow analysis, delegation of authority, and working arrangements with the United Nations Office at Nairobi. Short and medium-term improvements will be elaborated pending the outcome of these assessments and include:

(a) Establishing operational and procedural guidelines and manuals and ensuring compliance through training and monitoring;

(b) Streamlining key procedures and approval processes in conjunction with delegation of

authority and accountability.

## H. Organizational culture<sup>9</sup>

87. Building a corporate culture is a key determinant to realizing the organizational alignment, convergence and results-based approach required for the successful implementation of the Medium-term Strategic and Institutional Plan, to broadening UN-Habitat's appeal and effectiveness in carrying out its advocacy role and function, and to realizing the objectives of its resource mobilization strategy. A key first step will be to maintain the momentum acquired in the preparation of the Medium-term Strategic and Institutional Plan and to instil and maintain a culture of change throughout the plan period. The above paragraphs identify changes in systems and tools as prerequisites for the effective implementation of the Medium-term Strategic and Institutional Plan. More detailed changes and improvements will be proposed, pending the outcome of independent assessments, to improve customer focus, service quality and consistency, collaborative work practices and information sharing.

## VI. Resource mobilization strategy

88. The objective of UN-Habitat's resource mobilization and communications strategy is to broaden the donor base and to improve the balance between earmarked and non-earmarked contributions on a predictable multi-year basis. The Medium-term Strategic and Institutional Plan provides a clear and compelling framework for doing so. Its sharpened programmatic focus, its commitment to programme alignment and coherence and management excellence and its catalytic role for mobilizing partners and leveraging resources are key contributing factors to enhancing impact and results, reducing transaction costs, improving aid effectiveness and ensuring transparency and accountability.

89. The resource mobilization strategy for the Medium-term Strategic and Institutional Plan comprises the following:

- (a) Establishing a resource mobilization policy and team;
- (b) Consolidating the existing donor base;
- (c) Broadening the donor base, including at the country level;
- (d) Strengthening the pre-investment role of UN-Habitat;
- (e) Partnering and leveraging of resources;
- (f) Tapping non-conventional sources of funding;
- (g) Factoring resource implications of the Medium-term Strategic and Institutional Plan.

### A. Establishing a resource mobilization policy and team

90. The comprehensive resource mobilization strategy called for by Governing Council resolution 20/19 comprises a resource mobilization policy informed by in-house consultations, independent analysis and expert input and by an analysis of successful practices of other United Nations agencies, funds and programmes. This strategy will be supplemented by a subset of guidelines, which in turn will inform the work of a new resource mobilization team under the management of the Deputy Executive Director. The team will be responsible for, among other things, the following tasks:

- (a) To develop specific guidelines for resource mobilization;
- (b) To serve as a clearing house for funding proposals before they are submitted the Programme Review Committee;
- (c) To package funding proposals and partners' contributions for the implementation of the Medium-term Strategic and Institutional Plan and its enhanced normative framework for donor and United Nations Country team consideration;
- (d) To manage donor relations through periodic donor conferences and reporting on the use of funds and corresponding results in progress in the implementation of the Medium-term Strategic and Institutional Plan and its enhanced normative framework;

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<sup>9</sup> This section will be further developed pending the outcome of a special study on knowledge sharing and communication strategy.

(e) To spearhead an integrated communications and branding exercise to support the mobilization of non-conventional sources of funding.

## **B. Consolidating the existing donor base**

91. The principle objective of consolidating the existing donor base is to build donor confidence in a progressive shift from earmarked to soft-earmarked and non-earmarked funding on a predictable multi-year basis. This is considered critical to the successful implementation of the Medium-term Strategic and Institutional Plan, especially in its start-up phase to implement management excellence, and in fine-tuning both the strategic and institutional components of the plan. Key steps will include periodic consultations with donors and with the Committee of Permanent Representatives based on systematic reporting in the implementation of the various policies that will support the implementation of the Medium-term Strategic and Institutional Plan, which will include policies on resource mobilization, working with partners and on progress in implementing the other components of the resource mobilization and communications strategy.

## **C. Broadening the donor base**

92. The key elements of the strategy for broadening the donor base include:

(a) *Branding and media strategy:* UN-Habitat has made some significant advances recently in drawing attention to sustainable urbanization issues through highlighting the plight of slums dwellers and the urban poor. To sustain interest and to translate interest into political commitment for action, however, requires a concerted effort to broaden the messages to reflect the complexity of the slum challenge, its relationship to poverty and the Millennium Development Goals and, in so doing, target the concerns of different donors;

(b) *Further strengthening management systems:* UN-Habitat has in recent years made progress in implementing management reforms. These reforms will be deepened to ensure that increased donor contributions are matched by strengthened management and reporting systems that focus on results, partnerships and leveraging of resources;

(c) *Country level emphasis:* A key to broadening the donor base at the country level is the packaging of the enhanced normative framework in support of national development plans, poverty reduction strategies and country assistance strategies. This will build on existing instruments and on strengthening existing presence at the country level to mobilize and leverage resources in collaboration with the United Nations country teams and bilateral donors within United Nations development assistance frameworks;

(d) *Introduction by UNEP of different options for mobilising general purpose funding:* Based on the experience of UNEP, the introduction of different options including an indicative scale of contributions has had a positive impact in increasing donor contributions to that programme in the short term and in broadening the donor base in the medium term. It is therefore proposed that similar options be established for UN-Habitat to increase voluntary contributions by 10 to 15 per cent per biennium over the plan period and to broaden the regular donor base by one-third.

## **D. Partnering and leveraging resources**

93. Partnering, which is central to renewed focus under the Medium-term Strategic and Institutional Plan on the catalytic role of UN-Habitat, is also a key component of the resource mobilization strategy. The target over the plan period is to leverage resources on a 1:10 ratio to enhance results and impact and reduce transaction costs. An analysis of the current situation regarding partners shows a wide range of different partner relations and practices. These will be mapped and assessed throughout 2007 to inform a partners policy that will emphasize the leveraging of resources, acknowledging in-kind and in-cash contributions by partners.

94. Specific partner networks will be established for the thematic focus areas of the Medium-term Strategic and Institutional Plan. The Global Land Tools Network represents one example of how this work is already underway. At the global level, particular emphasis will be placed on managing the inputs from the different networks and converting them into global advocacy tools and on monitoring sustainable urbanization trends and issues. Key partners will include umbrella non-governmental organizations, research and academic institutions, professional associations, the media and the World Bank.

95. Partnership arrangements will be pursued with the World Bank Group and regional development banks. Building on the recent success of UN-Habitat in this area, a concerted approach will be made to partnering with other United Nations bodies, specialized research institutes and the media to enhance monitoring, reporting and outreach capacity.

96. In line with its catalytic role, UN-Habitat will also actively support the resource mobilization efforts of partners and report on the contributions of partners to the focus areas and result areas of the Medium-term Strategic and Institutional Plan.<sup>10</sup> This will include working with bilateral and multilateral organizations to monitor overall funding levels for sustainable urbanization. Another key area for partnering will be in global and country-level monitoring and evaluation, particularly with other United Nations bodies that are involved in monitoring the Millennium Development Goals.

#### **E. Strengthening the pre-investment role of UN-Habitat**

97. The Medium-term Strategic and Institutional Plan aims to mobilize international and domestic investment in 25 countries for going to scale in slum upgrading and prevention. The approach is based on lessons learned from the Water and Sanitation Trust Fund and the Slum Upgrading Facility. The Water and Sanitation Trust Fund leveraged an initial investment of US \$1 million by the United Nations Habitat and Human Settlements Foundation to mobilize close to \$50 million in policy, advocacy and pre-investment capacity-building. This, in turn, has catalysed over \$1.5 billion in follow-up investments by international financial institutions. Lessons learned indicate that pre-investment packages combining policy, advocacy, capacity-building, seed capital and technical assistance are critical to reducing the risks perceived by domestic financial institutions in investing in pro-poor housing and urban development. Both experiences, however, were funded by grants, and future activities need to be conceived and implemented on a more sustainable basis.

98. The principle objective of the Medium-term Strategic and Institutional Plan focus area on strengthening human settlements finance is to apply lessons learned in order to implement innovative financial instruments and packaging. Seed capital, on a grant or reimbursable loan basis, will be packaged to mobilize domestic capital beyond the initial project cycle in, for example, the form of revolving funds. The overall target is \$150 million to help set up innovative finance systems in 25 countries during the Plan period at an average of \$5 million per country.

#### **F. Tapping non-conventional sources of funding**

99. Independent advice solicited in preparing the Medium-term Strategic and Institutional Plan revealed that the issues of urban poverty and slums are of vast potential mass appeal, on the scale of HIV/AIDS and nutrition. The success factors for tapping non-conventional sources of funding including mass appeal are a compelling message and mission and transparent accounting for the use of resources. The external communications strategy is designed to address the first success factor while the implementation of results-based management addresses the second. These will be used to mobilize actors and sources which heretofore have not been fully exploited. They include foundations, that part of the private sector committed to social responsibility and the general public, which can be reached through mass appeals. Guidelines and strategies will be developed and applied for targeting potential donors and non-conventional sources of funding. Other sources of non-conventional funding include merchandising, advertising and sponsorship. Current efforts in, for example, advertising in Habitat Debate and sponsorship of special events are already underway and will be expanded as supplementary sources of funding.

#### **G. Resource implications of the Medium-term Strategic and Institutional Plan**

100. The resource implications of the Medium-term Strategic and Institutional Plan fall into three different categories, as follows:

(a) Realignment of the 2008–2009 work programme and budget of \$246 million. This realignment will involve a reallocation of human and technical resources at an estimated value of \$32 million to begin implementation of the Medium-term Strategic and Institutional Plan. As some ongoing programme commitments go beyond 2009, a further alignment estimated at \$16 million is also

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<sup>10</sup> The World Urban Forum and other special events will be used to take stock of progress on partners' contributions to the focus areas and result areas of the Medium-term Strategic and Institutional Plan and to establish business plans for concerted follow-up action.

envisaged in 2010–2011;

(b) \$200 million over the Plan period, of which \$190 million is required to spearhead the implementation of the enhanced normative framework and \$10 million for management excellence;

(c) \$150 million for pre-investment packaging, including seed capital to leverage an estimated \$3 billion in international and domestic financing for pro-poor housing and urban development.

101. The implications for the 2008–2009 work-programme and budget are, in addition to the above-mentioned realignment, a one-time contribution of \$15 million to kick start the implementation of the Medium-term Strategic and Institutional Plan, with a focus on results-based management and the implementation of the enhanced normative framework in United Nations pilot countries, and to guarantee the success of the resource mobilization and communication strategies.

102. A major difference between the current budgetary allocation and the proposed budget for the Medium-term Strategic and Institutional Plan is improved effectiveness and results-orientation. Currently, 80 per cent of non-earmarked funding is devoted to staff salaries. The implementation of the Medium-term Strategic and Institutional Plan will significantly change this proportion in the use of new additional funding, with 50 per cent of resources devoted to advocacy, policy assessment, institutional reform and pre-investment capacity-building. This change in the use of resources will enable UN-Habitat to better leverage resources of partners and to enhance its role and contribution to the work of United Nations country teams in a more credible manner.

103. It is expected that the additional resources required will be covered by a combination of the alignment of existing resources with the focus areas of the Medium-term Strategic and Institutional Plan; increased counterpart contributions by partners for global activities and pre-investment packaging at the country level; and the implementation of the resource mobilization and communication strategy, including the broadening of the donor base and tapping non-conventional sources of funding.

## **H. Principal cost components of the Medium-term Strategic and Institutional Plan**

104. The principal cost components for implementing the Medium-term Strategic and Institutional Plan are results-based management, including an integrated knowledge management and monitoring and evaluation system; filling of the human resources gap; and implementation of a comprehensive resource mobilization and communication strategy. Each of these components is broken down further below.

## **I. Results-based management**

105. Based on an analysis of best practices in results-based management, including the experiences of other United Nations agencies, implementation will require an integrated monitoring, evaluation, reporting and knowledge management system.<sup>11</sup> The focus areas, result areas and corresponding set of indicators of achievement of the Medium-term Strategic and Institutional Plan provide an excellent basis for benchmarking the Plan and for assessing progress in implementation. The system will also contribute to more timely resource allocations, provide the infrastructure for knowledge and information sharing and support resource mobilization.

106. The accelerated implementation of an enterprise management system<sup>12</sup> ensures high-level transparency and accountability in the management of human and financial resources and further enhances monitoring and reporting on activities and results. This will play a key role in informing decisions in the allocation of human and financial resources in implementing the Medium-term Strategic and Institutional Plan and in instilling donor confidence. Significant external assistance will be required in software retooling and staff training.

11 Cf., the United Nations Children's Fund medium-term plan for 2005-2008.

12 To be aligned with changes foreseen by the secretariat in replacing the Integrated Management Information System (IMIS) with a system that is compliant with the International Public Sector Accounting Standards (IPSAS).

## **J. Human resources**

107. Additional staff resources are required for the effective implementation of the Medium-term Strategic and Institutional Plan to fill competency gaps, to ensure alignment and cohesion between global and country-level activities and to spearhead management improvements in support of results-based management. They are estimated at 20 staff members over the plan period. These posts will be devoted to strengthening capacity in the six focus areas of the Medium-term Strategic and Institutional Plan, to resource mobilization and communications and to results-based management. They represent a 20 per cent increase from current staff devoted to policy, advocacy and pre-investment capacity-building. It is envisaged that recruitment and replacement will take place over a four-year period.

108. Key areas of competence to be strengthened in new recruitment as well as in staff replacement include integrated monitoring and evaluation; expertise in socio-economic analysis and indicators, human settlements finance and land-use planning; and specialized expertise in resource mobilization and communications and knowledge management. External assistance will be required in aligning job descriptions and performance appraisal systems with the Medium-term Strategic and Institutional Plan; tools and training in results-based management, leadership and management development; in communications and branding; and in knowledge management.

## **K. Knowledge management**

109. The knowledge management component of the Medium-term Strategic and Institutional Plan involves putting in place key elements of a comprehensive knowledge management system to support systematic sharing and reporting of results and lessons learned. It is a key component in results-based management and in transforming UN-Habitat into a more effective learning organization. The systematic documentation, dissemination and use of lessons learned from experience will contribute to cost effectiveness, the reduction of transaction costs and more effective resource mobilization. Significant impact is expected in terms of more effective leveraging of resources with those of external partners.

## **L. Next steps 2007: preparing for Medium-term Strategic and Institutional Plan implementation**

110. The Medium-term Strategic and Institutional Plan and corresponding revisions to the 2008-2009 work programme and budget, once approved by the Governing Council in April 2007, will be submitted for final endorsement by the Committee for Programme Coordination and approval by the General Assembly in September 2007. However, the ambitious nature of the Medium-term Strategic and Institutional Plan requires that both substantive and management preparatory work begin as early as possible in 2007.

111. Substantive preparations will include a combination of partner consultations, policy work and the collection of data aimed at the establishment of measurable baselines prior to full implementation in 2008. Activities will be initiated on several fronts, including:

- (a) Extensive consultations with partners to review global and country-level activities for promoting sustainable urbanization;
- (b) Elaboration of criteria for country selection. In consultation with Governments and partners, criteria will be established for selecting countries in which to launch the proposed global campaign for sustainable urbanization;
- (c) A country survey will be undertaken to establish country baselines prior to the launch of the global campaign. The baselines will serve several related purposes: supporting the elaboration of criteria for launching campaigns; reviewing existing indicators to ensure that focus areas are sufficiently articulated; and facilitating the monitoring and evaluation of the implementation of the campaign;
- (d) Further elaboration of the concept of sustainable urbanization, including its relevance for both developing and advanced economies and for countries in transition. This will result in a better articulation of the relationship between sustainable urbanization, urban poverty reduction and the Millennium Development Goals;
- (e) Development of policy papers for each focus area, articulating their relationship to the overarching goal of sustainable urbanization; these papers would further elaborate on key indicators of

achievement and normative messages in each area;

(f) A partner mapping exercise to review who is doing what where in each focus area to identify comparative advantages. This will include non-governmental organizations, bilateral agencies, the World Bank and regional development banks and United Nations entities;

(g) An inventory of available tools, both within and outside UN-Habitat, that would support the objectives of each focus area; this would also lead to an analysis of gaps and guide further tool development;

(h) Further elaboration of the objectives and activities of the global campaign for sustainable urbanization. Based on the consultations, policy reviews and monitoring activities, the activities and work plan of the global campaign will be articulated;

(i) An awareness campaign will be launched. Briefings or workshops will be held for key constituencies such as Governments, United Nations country teams, partner organizations and staff, particularly field staff and Habitat Programme Managers.

112. Management priorities to be implemented during 2007 include the following:

(a) *Training and retooling for results-based management*: Training will be initiated in 2007, ideally at both headquarters and in regional offices. This will include the establishment of a strategic planning unit to kick start management improvements and re-tooling;

(b) *Resource mobilization policy*: External expertise has been sought to assist UN-Habitat in implementing its resource mobilization strategy, particularly with respect to non-conventional sources of funding;

(c) *Resource allocation policy*: A new policy is required to support internal resource allocation processes and to replace the existing Programme Review Committee format. The terms of reference for this policy are being prepared;

(d) *Communications and advocacy*: External support and/or in-kind contributions will be sought to design an awareness and branding campaign focusing on raising the profile of sustainable urbanization issues and the role of UN-Habitat and its partners;

(e) *Knowledge management infrastructure*: External expertise and/or in-kind contributions will be sought to develop a dedicated knowledge management infrastructure, including software and processes. This will support parallel efforts to strengthen the monitoring and evaluation based on the focus areas and key results;

(f) *Review and updating of guidelines and manuals*: This will include preparation of a core policy manual and guidelines for field management and Habitat Programme Managers;

(g) *Work flow analysis*: Workflows will be reviewed to identify areas and opportunities for greater efficiency and accountability. External expertise has already been identified and the review will be completed during 2007;

(h) *Human resource needs assessment*: An external review of human resource needs will be undertaken and recommendations will include proposals for new recruitments, mobility, re-training, and buyouts;

(i) *Internal organizational structure*: External expertise will be required to review the current structure and make recommendations to the Executive Director.