



Twenty-second session

Nairobi, 30 March–3 April 2009

Item 5 of the provisional agenda*

**Activities of the United Nations Human Settlements Programme,
including coordination matters**

Activities of the United Nations Human Settlements Programme

Report of the Executive Director

Addendum

Progress report on the implementation of the medium-term strategic and institutional plan for the period 2008–2013

Executive summary

Significant progress has been made in the implementation of the UN-Habitat medium-term strategic and institutional plan throughout the reporting period 2007–2008, following approval of the plan by the Governing Council at its twenty-first session. The major focus during the reporting period was on implementation of 12 “quick wins” in the kick-start phase of the action plan. During this kick-start phase, UN-Habitat implemented a series of strategic and institutional measures designed to enhance programme focus and alignment and results-based management. UN-Habitat has also made significant progress in streamlining business processes and aligning human resources recruitment with the focus areas of the medium-term strategic and institutional plan. UN-Habitat is also forging strategic alliances with others within the United Nations system, international, regional and national development banks, local authorities and other strategic partners.

The enhanced normative and operational framework is proving to be an effective instrument in mainstreaming the Habitat Agenda at the country level. Habitat country programme documents have been developed in partnership with United Nations country teams and approved by Governments in 33 countries, including six out of the eight pilot countries in the United Nations “Delivering as one” initiative.

The identification and selection of pilot projects for the experimental reimbursable seeding operations facility pilot are on track. The support and commitment from the Committee of Permanent Representative, which has worked with UN-Habitat to achieve the objectives of the medium-term strategic and institutional plan and to make the organization more efficient, effective and accountable, have been encouraging.

The development of a results framework for the medium-term strategic and institutional plan is

* HSP/GC/22/1.

without a doubt the highlight of the reporting period. The framework identifies strategic results, expected accomplishments, indicators and outputs for the period 2009–2013. This “results chain” will not only guide the work of UN-Habitat during the remainder of the medium-term strategic and institutional plan period; it will also provide the basis for results-based monitoring and reporting, more transparent allocation of resources and accountability.

The key priorities for 2009 are to develop a road map for the implementation of the results framework. This road map will be accompanied by a results-oriented monitoring and reporting system intended to inform decision-making and a more transparent and participatory resource allocation system aimed at empowering staff in the delivery of results.

Introduction

1. The Governing Council of the United Nations Human Settlement Programme (UN-Habitat) in its resolution 21/2, adopted at its twenty-first session in April 2007, approved a medium-term strategic and institutional plan for 2008–2013. By the same decision it also requested the Executive Director to elaborate a process for the implementation of the plan and to give immediate priority to proposed reforms necessary for programme alignment, cohesion effectiveness and accountability, consistent with the wider process of the United Nations System-wide reform. Those reforms included the further implementation of results-based management, knowledge management systems and other institutional adjustments.

2. The present report is submitted pursuant to paragraph 19 of resolution 21/2, in which the Governing Council requested the Executive Director to present a progress report on the implementation of the medium-term strategic and institutional plan to the Governing Council at its twenty-second session. The report presents overall progress in implementing the plan as of January 2009. After a brief summary and introduction, the report highlights progress made in organizational arrangements, implementation of the “quick wins” in the action plan for implementing the medium-term strategic and institutional plan and the response by UN-Habitat to various requests made by the Governing Council in resolution 21/2. The report also presents an overview of challenges faced in the implementation of the plan and the way forward.

I. Progress made in organizational arrangements for implementing the medium-term strategic and institutional plan

3. Following the approval of the medium-term strategic and institutional plan by the Governing Council at its twenty-first session, UN-Habitat made significant organizational arrangements to enable the plan’s implementation. It established a steering committee in May 2007 comprising divisional directors and other staff under the leadership of the Deputy Executive Director. Four inter-divisional task forces were established in July 2007 on the enhanced normative and operational framework, results-based and knowledge management, resource mobilization and human resources and management. The steering committee and task forces were charged with preparing new policies and strategies in support of the medium-term strategic and institutional plan and developing an action plan for its implementation. The action plan was subsequently endorsed by the Committee of Permanent Representatives in December 2007. It consists of a kick-start phase for 2008, a roll-out phase for 2009–2010 and a scaling-up phase for 2011–2013.

4. The objectives of the action plan are:

(a) To implement the first phase of the enhanced normative and operational framework for country-level activities. The framework is designed to combine the normative, capacity-building and technical assistance capacities of UN-Habitat in support of the efforts of member States in the implementation of the Habitat Agenda and the attainment of the Millennium Development Goals;

(b) To strengthen results-based management as a means of improving programme performance through enhanced monitoring and evaluation and accountability and transparency;

(c) To establish a resource mobilization strategy to consolidate and broaden the existing donor base and to secure more predictable funding;

(d) To align human resources and business practices with the objectives of the medium-term strategic and institutional plan, including through improved efficiency and transparency and delegation of authority.

II. Overview of the implementation of “quick wins” for 2008

5. Four quarterly progress reports on the implementation of the twelve “quick wins” for the kick-start phase of the action plan to implement the medium-term strategic and institutional plan were submitted to the Committee of Permanent Representatives. While overall progress in implementation was satisfactory, things got off to a slow start owing to the post-election violence in Kenya at the start of the year and the difficulties of reconciling the medium-to-long-term results-based approach of the medium-term strategic and institutional plan with the much shorter-term, two-year approach required by the United Nations Secretariat.

6. The “quick wins” that were fully implemented include:

(a) The harmonization of flagship reports for the period 2009–2013, which allows for a more consistent approach to data collection and analysis and advocacy;

(b) The formulation of 33 Habitat country programme documents in collaboration with United Nations country teams, their alignment with the United Nations development assistance framework process and their approval by member States. The country programme documents constitute the first-phase approach to mainstreaming the Habitat Agenda and the human-settlements-related Millennium Development Goals in national planning and priority setting;

(c) The adoption of a resource mobilization strategy, and also a new branding approach and toolkit, and the establishment of a resource mobilization unit to help consolidate the existing donor base and expand it to include unconventional sources of support and funding;

(d) The adoption of operational guidelines for and the establishment of a steering and monitoring committee for the experimental reimbursable seeding operations facility together with the identification of eight business plans for follow-up implementation;

(e) A strategy for the Global Campaign for Sustainable Urbanization, discussed at the fourth session of the World Urban Forum, which took place in November 2008 in Nanjing, China.

7. The quick wins that were considered satisfactory in terms of progress made include:

(a) Formulation of draft policy papers and strategies for the medium-term strategic and institutional plan’s focus areas;

(b) Improved engagement of staff with the aim of making the formulation of the 2010–2011 work programme and budget a more participatory process;

(c) Formulation of a results-based framework for 2009–2013 as the basis for a results-oriented monitoring and reporting system;

(d) More effective internal communications and sharing of information.

8. Areas where more work is required include:

(a) Improvement of the UN-Habitat Programme Review Committee to enhance programme alignment and cohesion;

(b) Delegation of authority in conjunction with a new framework for accountability;

(c) Proposals for intra-divisional restructuring in line with the objectives and priorities of the medium-term strategic and institutional plan.

III. Improving and refining the medium-term strategic and institutional plan

9. Through paragraph 3 of resolution 21/2 the Governing Council endorsed the six focus areas of the medium-term strategic and institutional plan: effective advocacy, monitoring and partnerships; promotion of participatory urban planning, management and governance; promotion of pro-poor land and housing; environmentally sound basic urban infrastructure and services; strengthened human settlements finance systems; and excellence in management and the enhanced normative and operational framework. It further called upon UN-Habitat to refine the medium-term strategic and

institutional plan by applying the principles of results-based management, including the use of “SMART”¹ objectives, indicators, targets and priorities.

10. The exercise of improving the medium-term strategic and institutional plan started with training of key staff members in results-based management principles and was followed by the completion in October 2008 of a detailed plan for improving the plan using such principles. A results framework for each focus area was developed with the assistance of specialized external inputs and lessons learned from other United Nations agencies. The results framework articulates SMART strategic results and expected accomplishments and indicators for each focus area up to 2013. The process engaged substantive staff in a participatory manner to ensure broad-based ownership of and accountability for results. This medium-term strategic and institutional plan results framework will guide the work of UN-Habitat for the remaining period of the plan and will form the basis for a more comprehensive performance-based monitoring and reporting system and accountability framework.

11. The refinement of the medium-term strategic and institutional plan was also linked to the process of developing policy and strategy papers for each of the plan’s focus areas. The first step involved a combination of expert group meetings and consultations with Habitat Agenda partners. The policy and strategy papers are closely linked to the strategy for the global campaign for sustainable urbanization that is designed to ensure a consistent approach to raising awareness of the need to include sustainable urbanization and urban poverty in national development plans and priorities. The campaign will be the main vehicle for enhancing the catalytic role of UN-Habitat through a systematic approach to partnership, advocacy and networking.

12. An expert group meeting involving 45 experts and stakeholders was held in October 2008 to provide inputs for the development of the strategy for the global campaign on sustainable urbanization and the policy papers for focus areas 2 (urban planning, management and governance) and 3 (pro-poor land and housing) of the medium-term strategic and institutional plan. This unprecedented undertaking not only brought together leading experts, external partners and staff from all UN-Habitat divisions to review draft policy papers, it also provided a unique opportunity to build synergies across and among a wide range of Habitat Agenda partners including Governments, local authorities, professionals, civil society and research institutions. The policy concepts were presented to and debated by a very wide audience during the fourth session of the World Urban Forum in Nanjing.

IV. Excellence in management

13. The year 2008 was further devoted to putting in place the internal policies, strategies and business practices that would serve as a basis for the attainment of excellence in management at UN-Habitat.

14. A review of business practices, particularly project and programme planning processes, combined with the broad-based development of a results framework for the medium-term strategic and institutional plan, contributed to a significant shift toward results-oriented planning. This was evidenced by inter-divisional consultations and participatory planning of the 2010–2011 work programme and budget.

15. On the human resources front, job descriptions for posts to be filled in 2008–2009 were aligned with the requirements of the medium-term strategic and institutional plan. Of the eighteen professional posts approved for the plan five have been filled and eight are at various stages in the recruitment process. The process for filling the remaining five has not yet been initiated owing to a lack of predictable funding for the minimum contractual period of two years.

16. To improve efficiency, new guidelines for the delegation of authority within an accountability framework have been developed and approved and are being rolled out at different levels of UN-Habitat throughout 2009. Similarly a new travel policy has been approved and is currently being piloted. The accountability framework will also extend to the results framework for the medium-term strategic and institutional plan.

17. In paragraph 20 of resolution 21/2 the Governing Council requested the Executive Director to report on a regular basis to the Committee of Permanent Representatives on progress and challenges related to the implementation of the medium-term strategic and institutional plan. In accordance with that request UN-Habitat in 2008 reported to the Committee of Permanent Representatives on a quarterly basis, receiving good feedback and useful recommendations from member States. In January 2009 the

1 Specific, measurable, achievable, realistic and timely.

Committee of Permanent Representatives approved a cycle of half-yearly progress reports instead of quarterly reports to enable the secretariat to harmonize the reporting cycle of the medium-term strategic and institutional plan with that of the work programme and budget.

18. Through paragraph 18 of resolution 21/2 the Governing Council also requested the Executive Director to establish an annual peer review of the medium-term strategic and institutional plan. UN-Habitat considers this to be a component of strengthened internal and external review processes aimed at informing results-based management and decision-making. In agreement with the Committee of Permanent Representatives, the first peer review will take place in the last quarter of 2009.

V. Progress on resource mobilization, communications and branding

19. In paragraph 2 of resolution 21/2 the Governing Council requested the Executive Director to establish a process on further refining the resource mobilization strategy for broadening the donor base and encouraging non-earmarked contributions.

20. UN-Habitat established a resource mobilization task force in June 2007, opening the door to systematic work on resource mobilization. The task force developed a road map for consolidating and broadening the donor base, to strengthening the pre-investment role of UN-Habitat and to tapping unconventional sources of funding. A Resource Mobilization Unit was established during the first quarter of 2008. The Unit finalized its resource mobilization strategy in January 2009.

21. UN-Habitat developed a new branding approach and toolkit during the second quarter of 2008. The toolkit including a new logotype that provides a more consistent look and feel to external communications and publications, which was launched at the fourth session of the World Urban Forum.

VI. Progress on the enhanced normative and operational framework

22. In response to paragraphs 4–7 of resolution 21/2 UN-Habitat formulated and presented to stakeholders at the fourth session of the World Urban Forum a strategy for the Global Campaign on Sustainable Urbanization; developed draft policy papers for the thematic focus areas of the medium-term strategic and institutional plan in consultation with Habitat Agenda partners and experts; and applied the principle of an integrated normative and operational approach to country-level activities, resulting in the formulation and adoption of Habitat country programme documents. By December 2008, country programme documents had been developed in consultation with the national Governments and United Nations country teams in 33 countries, including six of the eight “Delivering as One UN” pilot countries. Lessons learned from this experience are discussed in a concept paper on UN-Habitat country-level activities (HSP/GC/22/2/Add.7). They are also being used to inform the establishment of in-house country support teams that will further enhance programme alignment and results-oriented work at the country level.

23. In developing the Habitat country programme documents special attention was paid to ensure that cross-cutting issues such as gender, environment, youth and disaster prevention were reflected; that there was thematic consistency with the focus areas of the medium-term strategic and institutional plan; that there were strong linkages between policy reforms and capacity-building activities, in collaboration with partners at the global, regional, national and local levels; that there was ownership by national Governments and local stakeholders and integration of their priorities; and that the entire process was anchored by the United Nations country teams and, where applicable, the United Nations development assistance framework.

VII. Strengthening UN-Habitat partnerships and its catalytic role

24. In paragraph 4 of resolution 21/2 the Governing Council requested UN-Habitat to strengthen partnerships with other United Nations organizations, the World Bank Group and regional development banks in order to achieve the objectives of the medium-term strategic and institutional plan. In response to the resolution, UN-Habitat took initial steps toward redefining how it works with existing and new Habitat Agenda partners. An overall draft partnership strategy has been developed that outlines modalities for leveraging partners in achieving the objectives of the medium-term strategic and institutional plan. This strategy will be rolled out in 2009 as part of the Global Campaign on Sustainable Urbanization.

25. Through its Water and Sanitation Trust Fund, UN-Habitat extended its pre-investment cooperation agreements with regional development banks in Asia and Africa to Latin America and the Caribbean and the Middle East. These efforts had by December 2008 resulted in the leveraging of over \$2.5 billion in investment in pro-poor water and sanitation in secondary cities in Asia and Africa.
26. In Iraq, UN-Habitat is partnering with the International Finance Corporation to address local constraints to the housing supply in Iraq. This strategic partnership is looking at interventions in a number of related sectors such as the construction industry and the private real estate sector in an effort to boost housing supply.
27. Partnership with the World Bank Ethiopia programme has resulted in a scaling up of water and sanitation demonstration projects implemented by UN-Habitat in Addis Ababa. Approximately \$60 million was invested in the first phase of the programme.
28. In parallel, UN-Habitat facilitated cooperation between domestic banks, municipal authorities, and urban poor organizations to mobilize and package domestic capital, public investment and community savings for slum upgrading. Tangible progress was also made in expanding partnerships and collaboration with the private sector, including private foundations such as the Rockefeller Foundation, Google.org, the Bill and Melinda Gates Foundation and the Clinton Global Initiative, and joint activities with chambers of commerce in China, India and the United States of America on the establishment of a business forum on sustainable urbanization.
29. More detailed information on strategic partnerships is contained in document HSP/GC/22/2/Add.5, on cooperation with agencies and organizations within the United Nations system.

VIII. Progress on experimental reimbursable seeding operations

30. By approving experimental reimbursable seeding operations the Governing Council of UN-Habitat opened a new window of possibilities and opportunities to apply innovative financial instruments to the financing of housing for low-income groups on a more sustainable basis. In accordance with the recommendations of the Governing Council UN-Habitat developed operational procedures and an operations manual in consultation with the Committee of Permanent Representatives. Having completed this first step, UN-Habitat then organized an international expert meeting in April 2008 in Stockholm for the purpose of refining the reimbursable seeding operations approach and methodology. A reimbursable seeding operations steering and monitoring committee was subsequently constituted in September 2008.
31. A total of 13 project proposals were presented to the steering committee for its review. Eight of the project proposals were further developed into business plans and draft loan agreements. Following a final review of these business plans by the partners involved, it is expected that five business plans will be approved for implementation starting in 2009.

IX. Progress on review of the efficiency and effectiveness of the UN-Habitat governance structure

32. In paragraph 12 of resolution 21/2 the Governing Council requested the Executive Director to consult with the Committee of Permanent Representatives on the need to review the efficiency and effectiveness of the UN-Habitat governance structure. Responding to the resolution, UN-Habitat engaged a consultant to conduct a study and come up with recommendations for consideration by the Governing Council at its twenty-second session. The study was carried out in the second half of 2008. Recommendations related to the governance structure of UN-Habitat for consideration of the Governing Council are presented in document HSP/GC/22/2/Add.3.

X. Progress on disaster prevention and response

33. In paragraphs 4 and 9 of resolution 21/2 the Governing Council requested the Executive Director to ensure that the disaster management aspect of human settlements was duly integrated into the implementation of the medium-term strategic and institutional plan. In response UN-Habitat presented a refined policy paper on human settlements and crisis to the Committee of Permanent Representatives, which endorsed the paper. In June 2008 UN-Habitat became a member of the Inter-Agency Standing Committee, to whose work it expects to contribute in the areas of land and property restitution and planning.

XI. Resources for implementation of the medium-term strategic and institutional plan

34. In paragraph 16 of resolution 21/2 the Governing Council requested the Executive Director to make optimal use of efficiency gains to redeploy resources for the implementation of the medium-term strategic and institutional plan. The 2008–2009 budget included a provision for \$15 million for the initial period of 2008–2009. Contributions received by the end of December 2008 amount to \$8.4 million, leaving a gap of \$6.6 million. While this is a very positive development, predictable and timely funding remains a key challenge. For example, more than half of the funds were received in the latter part of the year. This prevented UN-Habitat from initiating recruitment of the human resources required for implementation of the medium-term strategic and institutional plan until the last quarter of 2008.

XII. Remaining challenges and the way forward

35. Implementing the kick-start phase and the quick wins of the action plan for implementing the medium-term strategic and institutional plan provided many insights into the challenges that lay ahead and pointers for the way forward.

36. While significant progress was made on many fronts during the period under review, implementation of the quick wins represents, in many respects, only the tip of the iceberg. Sustained implementation of the medium-term strategic and institutional plan requires first and foremost a deeper understanding of the substantive issues and challenges that drive UN-Habitat, its staff and its partners. For this reason, the most important achievement lies in the formulation of the results framework and a corresponding set of expected accomplishments and indicators of achievement. This framework, which was informed by the draft policies and strategies for the thematic focus areas of the medium-term strategic and institutional plan, provides the foundation for achieving progress on all fronts over time. It spells out what results the organization intends to contribute to and how it intends to measure its own performance.

37. The activities that lie ahead include the formulation of a road map for the implementation of the results framework, with a detailed work plan for the roll-out phase of the medium-term strategic and institutional plan scheduled for 2009–2010; the establishment of a results-oriented monitoring and reporting system to inform decision making; elaboration of an improved resource allocation system that supports the decisions taken; and the establishment of inter-divisional teams to leverage resources and deliver results.

38. A key challenge is to anchor the implementation of the above road map within the work programme and budget. While 2008 was clearly a transition year which called for ad hoc measures and structures, the medium-term strategic and institutional plan needs to be entirely integrated within the day-to-day workings of UN-Habitat by the end of 2009. That will require a sustained effort throughout 2009 to apply the new policies and strategies in a systematic manner and to roll out the new and improved business practices. While the overall funding situation has improved significantly, there is a growing imbalance between earmarked and non-earmarked funding. In addition, the donor base is very narrow, with over 90 per cent of general purpose contributions emanating from just ten donors.

39. Not all the changes that UN-Habitat would like to implement are entirely within its control. Changes, for example, in delegation of authority, resource allocation, partnership agreements, business practices and internal alignment are all subject to varying degrees of control or compliance with United Nations Secretariat procedures. Further analysis of these issues is contained in the document HSP/GC22/2/Add.3, on the need to review the efficiency and effectiveness of the UN-Habitat governance structure.

40. The positive results attained in applying the enhanced normative and operational framework at the country level need to be sustained and supported. The Habitat country programme documents, both as a product and a process, have proven their worth. The Habitat country programme documents exemplify the principles of the Paris Declaration on Aid Effectiveness and they are fully owned by their respective Governments. Many of the priority actions identified in these documents, however, suffer from funding gaps. Unless some of these gaps are filled by the international community and by bilateral donors in particular the process may lose its credibility.

41. In summary, implementation of the medium-term strategic and institutional plan is now firmly entrenched in the work of UN-Habitat. While much remains to be done to improve business practices and to change the culture of UN-Habitat, its staff is committed to a results-based delivery system. UN-Habitat firmly believes in the mission and vision of the medium-term strategic and institutional plan and in fostering a more equitable and environmentally sound urban future.
