



UNITED
NATIONS

HSP

HSP/GC/22/2/Add.6

UN HABITAT

Governing Council
of the United Nations Human
Settlements Programme

Distr. General
7 January 2009

Original: English

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

International guidelines on access to basic services for all

Summary

1. In its resolution 21/4 the Governing Council requested the secretariat to develop draft guidelines on access to basic services for all. The resolution specified that the secretariat should consult other United Nations bodies and concerned stakeholders in the course of preparing the guidelines and that the guidelines should be in line with the international guidelines on decentralization and the strengthening of local authorities and the guiding principles on access to basic services for all adopted in resolution 21/4.

2. The present note has been prepared to provide a brief overview of activities undertaken by the secretariat to develop the draft guidelines on access to basic services for all. The note highlights the consultations that the secretariat has undertaken and provides recommendations to the Governing Council on how the implementation of principles and guidelines on access to basic services for all might be facilitated and supported. The proposed guidelines are set out in the annex to the present note and are submitted for consideration by the Governing Council at its twenty-second session.

I. Background and introduction

3. The Governing Council's resolution on access to basic services for all originates in resolution 20/5, which took into account a proposal to develop a set of codes and recommendations on partnerships and on the role of various actors submitted during the twelfth session of the Commission on Sustainable Development. That proposal was set out in a working paper entitled "Access to basic services for all: towards an international declaration on partnerships", which was produced by the

* HSP/GC/22/1.

K0950029 200309

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to meetings and not to request additional copies. This document is printed on environment friendly paper.

United Nations Human Settlements Programme (UN-Habitat) and the United Nations Institute for Training and Research (UNITAR) based on informal consultations with various partners. Participants at the second session of the World Urban Forum, held in September 2004 in Barcelona, Spain, also recommended that the issue of access to basic services for all should be placed on the agenda of the twentieth session of the Governing Council.

4. As an intermediate step, resolution 20/5 requested the Executive Director, in cooperation with other relevant United Nations bodies, to identify underlying principles on access to basic services for all within the context of sustainable human settlements which could be drawn from best practices on policies, norms and institutional conditions related to the delivery of basic services within the context of sustainable human settlements. The secretariat's response to that request is the subject of a report (HSP/GC/21/2/Add.7) submitted to the Governing Council at its twenty-first session.

5. Based on that report and with a contribution from UNITAR UN-Habitat prepared an initial draft of the guidelines on access to basic services for all. That draft was structured along the seven guiding principles adopted in resolution 21/4:

- (a) Principle 1: Transparent and effective governance;
- (b) Principle 2: Participation of beneficiary groups in planning, decision-making and implementation;
- (c) Principle 3: Partnerships and enabling institutional frameworks;
- (d) Principle 4: Decentralization and role of local authorities;
- (e) Principle 5: Solidarity and pro-poor policies;
- (f) Principle 6: Environmental sustainability;
- (g) Principle 7: Affordable prices and sustainable financing.

A. Consultations with United Nations bodies and key international partners

6. With a view to mobilizing further inputs and improving the substance of the guidelines, UN-Habitat established a group of experts including representatives of other United Nations bodies and United Cities and Local Governments. Appointed experts represented all types of international, national and local stakeholders active in the delivery of basic services: central Governments; local authorities; public and private service providers; civil society organizations; United Nations bodies; financing institutions and international non-governmental organizations.¹

7. In addition to regular e-mail consultations, the experts group held three meetings: in Geneva in November 2007 for European, Asian and Latin American experts; in Nairobi in May 2008, with a focus on Africa and least developed countries; and in November 2008 in Nanjing, China, for all experts. The initial draft was reviewed at the Geneva and Nairobi meetings and a second version of the draft guidelines was discussed at the Nanjing meeting.

8. One of the main outputs of the Geneva and Nairobi meetings, at which the participants discussed the second version of the draft guidelines, was a proposal to merge the chapter related to principle 2 (participation of beneficiary groups in planning, decision-making and implementation) with the chapter related to principle 1 (transparent and effective governance) and to merge the chapter related to principle 5 (solidarity and pro-poor policies) with the chapter related to principle 7 (affordable prices and sustainable financing) to avoid redundancies.

9. Formal consultations with relevant United Nations bodies and international stakeholders took place in parallel based on the second version of the draft guidelines. Comments and contributions were received from the Office of the United Nations High Commissioner for Human Rights, the International

¹ Representatives of the following countries and organizations participated in the drafting process: Afghanistan; Burkina Faso; China; Cameroon; Colombia; Ethiopia; France; India; Kenya; Mexico; Philippines; Senegal; Serbia; the former Yugoslav Republic of Macedonia; United Republic of Tanzania; Zambia; United Cities and Local Governments; Citynet; United Nations Development Programme; International Labour Organization; Office of the United Nations High Commissioner for Human Rights; United Nations Population Fund; United Nations Human Settlements Programme; United Nations Institute for Training and Research; World Bank; Columbia University; Institut de la gestion déléguée; Veolia Environnement; Environment and Development Action in the Third World (Enda Tiers Monde).

Labour Organization, the World Health Organization, the International Telecommunication Union, the Food and Agriculture Organization of the United Nations and United Cities and Local Governments.

10. Resolution 21/4 also requested UN-Habitat to develop tools and indicators. An initial report on indicators to measure both access to basic services and the implementation of the guiding principles on access to basic services for all was presented at the Nanjing expert group meeting. Discussions focused on the role of such indicators, which could be an instrument to assess progress at the national or local levels rather than a tool to compare varying national situations.

B. Conclusions and recommendations

11. While contributing to human dignity, quality of life and sustainable livelihoods, basic services, as defined in paragraph 84 of the Habitat Agenda, are strongly interrelated and are of various types. For example, water supply and sanitation, waste management, energy, transportation and communication require heavy infrastructure, while education, health and public safety imply significant operating costs. As a whole, basic services are a prerequisite to the provision of other services and to improving the potential of each person to engage in economic activity. Throughout the world, basic services are unequally available and accessible. Many individuals, families, communities and even entire cities and regions continue to lack sufficient access to basic services. Regardless of the causes, this means that the poor are prevented from leading a decent life and face significant difficulties in improving their situation.

12. Improving access to basic services for all is therefore a key means to achieving the Millennium Development Goals. Furthermore, improving access contributes to the realization of the obligations contained in the Universal Declaration of Human Rights and its covenants and of the commitments made at the Earth Summit, the World Summit for Social Development and the World Summit on Sustainable Development. It is an ambitious objective that can only be achieved progressively through a sustained and lasting endeavour.

13. Accordingly, the guidelines on access to basic services for all represent a major step forward in the international agenda as they are designed to tackle these challenges while remaining sufficiently flexible to be adapted by interested countries to their individual circumstances. The Governing Council is therefore invited to adopt the guidelines, which are set out in the annex to the present note, as they constitute a broad framework that could guide national policy reforms in this crucial area.

14. Furthermore, the Governing Council may wish to recommend that all relevant United Nations organizations consider the guidelines on access to basic services for all with a view to completing existing international guidelines for specific services or developing particular guidelines for services that are not covered by such instruments.

15. Lastly, the Governing Council may wish to request UN-Habitat to assist interested countries in reviewing their regulatory frameworks related to basic services in the light of the guidelines and to develop and test the necessary performance indicators.

Annex

Draft international guidelines on access to basic services for all

Contents

Introduction.....	6
I. Transparent, participatory and effective governance	6
II. Decentralization and role of local authorities.....	9
III. Enabling institutional frameworks for partnerships	10
IV. Sustainable financing and pro-poor policies	12
V. Environmental sustainability.....	13

Introduction

1. Basic services contribute to human dignity, quality of life, sustainable livelihoods and the enjoyment of human rights. They are a prerequisite for the provision of other services and for the improvement of the potential of each person to engage in economic activity. Basic services must, therefore, be available, accessible, culturally acceptable, affordable, of good quality and provided on a non-discriminatory basis.
2. Basic services, as defined in paragraph 84 of the Habitat Agenda,² are of various types: water supply and sanitation, waste management, energy, transportation and communication are essentially infrastructure-based services, while education, health and public safety imply significant operating costs and, above all, skilled human resources. They are all strongly interrelated, both sectorally, as the availability of one is necessary for the production or the delivery of another, and geographically, as they require coordination of policies at the various territorial levels from national to local to neighbourhood.
3. Basic services are unequally available and accessible worldwide. Many individuals, families, communities and even entire cities and regions remain without access to basic services, meaning that the poor and vulnerable are unable to lead decent and dignified lives and face great difficulties in improving their situations. They are mired in a vicious circle in which the lack of access to basic services is both cause and result of poverty, discrimination, marginalization and exclusion. Access to income- and employment-generating opportunities are critically dependent on services; the lack of such services severely constrains productivity and, consequently, earnings.
4. Improving access to basic services for all is, therefore, a key means to achieving the Millennium Development Goals. Furthermore, it contributes to the realization of the rights proclaimed in the Universal Declaration of Human Rights and its covenants and of the commitments made at the Earth Summit, the Habitat II Conference, the World Summit for Social Development and the World Summit on Sustainable Development.
5. The present guidelines have been prepared in response to resolution 21/4 of the Governing Council of UN-Habitat, in consultation with experts from central and regional governments³ and institutions, local authorities, service providers from the public and private sectors, civil society organizations and agencies of the United Nations system, representing all relevant stakeholders. They are in line with the guidelines on decentralization and the strengthening of local authorities⁴ and the guiding principles on access to basic services for all⁵ endorsed by the Governing Council in April 2007. In particular, they are based on the principle of subsidiarity, according to which public responsibility should be exercised by those elected authorities that are closest to the citizens on whose behalf it is exercised.
6. The guidelines combine a partnership approach with a human-rights approach that considers human needs to be human rights. This combined approach:
 - (a) Entails the right of individuals and groups to claim good quality, available, culturally acceptable, accessible and affordable basic services provided on a non-discriminatory basis, i.e., without discrimination on the grounds of gender, racial or ethnic origin, religion or age;
 - (b) Recognizes the State's primary obligation to deliver basic services, notwithstanding the responsibilities of local authorities, civil society organizations and service providers;
 - (c) Strives to ensure that the rights of the people concerned are taken into account;
 - (d) Ensures accessible channels for remedies and redress (particularly for the poor or those suffering social injustice) in accordance with human rights principles.
7. The guidelines outline the role and responsibilities of national and regional governments, local authorities, civil society organizations and service providers in building and operating a democratic, constitutional, legal, administrative, productive and participative framework that would permit everyone

² Quote: "Basic infrastructure and services at the community level include the delivery of safe water, sanitation, waste management, social welfare, transport and communication facilities, energy, health and emergency services, schools, public safety, and the management of open spaces".

³ The term "regional government" as used in the present document refers to governmental entities with subnational authority over regions within states such as, for example, provinces.

⁴ See document HSP/GC/21/2/Add.2, annex, available at <http://www.unhabitat.org/>

⁵ See document HSP/GC/21/2/Add.7, available at <http://www.unhabitat.org/>

access to basic services in a non-discriminatory and sustainable manner. At the same time, the guidelines must be applied to countries with extreme variations in their levels of development and to societies with specific cultures, social practices and institutional forms. For these reasons, they do not provide a uniform and rigid blueprint applicable to all States Members of the United Nations. They must be adapted to national and local realities, with due regard for human rights obligations. They offer a systemic reference to guide institutional reforms and develop appropriate regulations and actions as necessary.

8. The guidelines aim to support non-discriminatory access to basic services for all in the context of national policies, initiatives and undertakings. International support from bilateral donors, financial institutions and the United Nations can assist national actors (governments at all levels, local authorities, civil society organizations and service providers) to overcome the obstacles and difficulties that they encounter in their efforts to meet their obligations in the provision of basic services. Of particular relevance are:

- (a) Grants and soft loans for the development of the infrastructure necessary to provide basic services;
- (b) Guarantees to help private enterprises to enter into public-private partnerships and to finance infrastructure;
- (c) Removal of statutory obstacles that prevent the World Bank and regional development banks from lending directly to local authorities when this is authorized by their national Governments;
- (d) Compilation and dissemination by the United Nations of best practices in languages and forms accessible to local authorities, civil society organizations and communities;
- (e) Participation by international associations of local authorities in the negotiations leading to the adoption of international norms and standards related to the production, delivery and quality of basic services;
- (f) Capacity-building facilities and material.

Governments should make sure that programmes, norms and agreements developed by international financial institutions, the World Trade Organization and United Nations agencies with regard to human rights obligations do not hinder access to basic services for all.

I. Transparent, participatory and effective governance

9. *Principles*⁶

(a) *Governance has a double political and technical dimension. In its political dimension it requires participation, decision-making and leadership. In its technical dimension it requires needs assessment, planning, the negotiation of contracts, accounting mechanisms, monitoring and impact assessment. Both dimensions require transparency and the appropriate training of the stakeholders involved. National and international policies should promote adequate urban governance to improve access to basic services for all.*

(b) *The participation of beneficiaries contributes to the delivery of services adapted to their needs. It creates a sense of responsibility and ownership that encourages users to care for infrastructure and to pay related charges. The participation of beneficiary groups should be sought systematically in needs assessment, planning, decision-making, implementation and monitoring.*

10. All actors, central and regional governments, local authorities, civil society organizations and service providers have a role to play and responsibilities to assume with regard to access to basic services for all. The competence and finances of each level of government and the general rights and obligations of each stakeholder are clarified by constitutions, legislation or regulations. Mechanisms to promote consultations between relevant stakeholders, to monitor compliance with international human rights obligations and international and national technical rules and norms and to assess performance in delivering services help to ensure that human rights are respected, protected and fulfilled and to improve management and budget allocation. By developing their capacities and skills to participate in consultations and negotiations, all stakeholders will discharge their responsibilities more effectively.

⁶ Principles in italics were endorsed by the Governing Council in its resolution 21/4.

11. *National Governments* should submit to their parliaments:
- (a) Bills that determine the competence and responsibilities of central and regional governments and local authorities according to the international guidelines on decentralization and the strengthening of local authorities, including the principle of subsidiarity;⁷
 - (b) Bills that clarify the rights and responsibilities of civil society organizations and enterprises, as necessary.
12. *National and regional governments*, in consultation with local authorities and their associations and other stakeholders, should:
- (a) Establish integrated policies for the provision of basic services based on a strategic assessment of their expected economic, environmental, social and poverty-related impacts;
 - (b) Take into account the intersectoral and interterritorial links between the various basic services;
 - (c) Establish standards and baselines for the provision of local services for various categories of settlements, towns and cities;
 - (d) Identify vulnerable, marginalized and excluded groups and those who lack access to basic services and develop specific programmes to ensure their non-discriminatory and effective access to basic services;
 - (e) Empower local authorities to organize the planning and provision of services in consultation with all relevant stakeholders;
 - (f) Inform all stakeholders about national policies and international norms, standards and conventions related to the delivery of and access to basic services.
13. *National and regional governments* should:
- (a) Recognize in practice the right of all stakeholders, traditional and community leaders and marginalized and excluded groups to obtain information on issues and decisions that directly affect them and to participate effectively in decision-making processes;
 - (b) Ensure that local authorities engage in participatory democracy at the local level;
 - (c) Hold regular quadripartite consultations with local authorities, civil society organizations and service providers on policies related to access to basic services with a view to developing a culture of dialogue.
14. *National and regional governments* should:
- (a) Establish indicators for the monitoring and evaluation of service delivery at the national and regional levels;
 - (b) Create an accountability framework for the delivery of basic services that includes an effective regulatory system and penalties for non-compliance by service providers;
 - (c) Monitor service providers' and local authorities' management performance as a basis for technical assistance, capacity-building or corrective action;
 - (d) Develop an anti-corruption legal framework and take strict and timely action to tackle corruption cases, including criminal penalties where necessary;
 - (e) Ensure, in consultation with local authorities, that effective legal aid programmes are put in place to ensure that poor, marginalized and other vulnerable groups enjoy equal access to the law and access to effective remedies.
15. *National and regional governments* should:
- (a) Develop capacity-building mechanisms for their employees to ensure that they are effectively informed of their obligations under international human rights legislation and to enable them to develop mechanisms for consultation with non-State partners, including beneficiaries;
 - (b) Support capacity-building programmes at the local level;
 - (c) Offer training opportunities to civil society organizations.

⁷ As described in the guidelines on decentralization and the strengthening of local authorities. See footnote 2.

16. *Local authorities*, in consultation with relevant service providers and civil society organizations, should:

- (a) Establish a database on the availability and quality of existing services and an inventory of needs, taking into account and focusing on the specific circumstances of vulnerable, marginalized and excluded groups;
- (b) On the basis of the database referred to in subparagraph a, prepare spatial plans and regulations for future urban growth and extension of services consistent with regional and national planning and with national and international norms, with the particular aim of providing sustainable access to basic services to the poor;
- (c) Adopt quantitative and qualitative annual goals and local standards for services;
- (d) Establish or apply existing sets of indicators at the local level.

17. *Local authorities* should:

- (a) Promote civic engagement through consumer education and awareness, ombudsmen, public hearings and participatory planning;
- (b) Ensure that all stakeholders enjoy access, in their own language and through a means that is understandable to them, to all relevant information on matters of public concern and should also ensure that effective channels are created for their voices to be heard;
- (c) Devise, in consultation with affected communities, projects that focus on poor, vulnerable, marginalized and excluded groups;
- (d) Recognize, where appropriate, the value of community management of basic services at the neighbourhood and village levels and of the work of small-scale enterprises and communities, including self-help initiatives, as a tool for self-empowerment and call upon them to provide basic services at the local level, particularly to the poor and to vulnerable groups;
- (e) Mobilize knowledge and skills from local communities for project implementation and management. This includes consultation with all community sectors, including traditional leaders whose opinions should be carefully considered, when planning and implementing projects, particularly in rural areas.

18. *Local authorities* should:

- (a) Monitor and adjust programmes based on regular and timely feedback from service beneficiaries and service providers;
- (b) Assess the impact of policies and investments, particularly on the poor and vulnerable groups;
- (c) Ensure that service providers respect their contracts.

19. *Local authorities* should take advantage of capacity-building facilities available nationally or internationally to exercise their responsibilities fully. Local authorities and their staff need the appropriate capacity to understand international human rights standards with regard to service delivery and to develop spatial and social and economic development plans, supervise project feasibility studies, undertake consultations with civil society organizations and communities, select the most suitable partners, prepare and monitor contracts, prepare capital budgets, mobilize resources, evaluate long-term financing plans and borrow on national and international markets, where appropriate.

20. *Civil society organizations* should:

- (a) Represent populations, and particularly the poor and vulnerable groups, in public dialogue on the provision of services;
- (b) Contribute to programme preparation and financial planning;
- (c) Help Governments and local authorities to identify priorities and determine minimum acceptable service standards;
- (d) Exercise their rights to be consulted in conformity with existing legal frameworks or international agreements.

21. *Civil society organizations* should:
- (a) Contribute constructively to the monitoring of service delivery by central institutions, local authorities and service providers;
 - (b) Promote vigilance in the service delivery process;
 - (c) Denounce corrupt practices via the courts and assist victims of corruption and human rights violations;
 - (d) Enable individuals to access relevant information regarding access to basic services and participate in decision-making processes;
 - (e) Foster public-private-community partnerships.
22. *Civil society organizations* should build their capacity to acquire the necessary knowledge and competences to perform the above-mentioned tasks.
23. *Service providers* should:
- (a) Execute their contracts in accordance with instructions from the authorities, national and international legislation and decent work principles,
 - (b) Participate in planning, decision-making, monitoring and capacity-building processes as invited;
 - (c) Submit to transparent auditing and develop accountability mechanisms related to service delivery.

II. Decentralization and the role of local authorities

24. *Principle:*
- Local authorities are well placed to assess the needs of the users of basic services (including through non-governmental organizations and communities), define priorities, bring together the various stakeholders and decide on the best way to provide services. Their role and responsibilities should be clarified in legislation and regulations and they should be granted access to appropriate financial and technical resources.*
25. National policies meet community needs at the local level. This justifies giving local authorities extended responsibilities in the provision of basic services and, at the same time, the means to assume them. Within the limits imposed by national legislation and in compliance with the principle of subsidiarity, they should enjoy full discretion to exercise and finance their initiatives with regard to any matter that is not excluded from their competence nor assigned by the central authorities to any other stakeholder.
26. *National and regional governments* should:
- (a) Transfer to local authorities clear and extended responsibilities in the provision and delivery of basic services through enabling legislation;
 - (b) Ensure that local authorities have predictable budgetary transfers to allow them to provide the basic services that have been transferred to them;
 - (c) Permit local authorities to have access to, and to control, financial resources commensurate with their responsibilities, including income or land-based taxes, user charges, donations, grants and, within a proper framework, credits;
 - (d) Establish, in consultation with local authorities, an effective regulatory system that includes independent monitoring, genuine public participation and the imposition of penalties for non-compliance.
27. *National Governments* should determine conditions and criteria under which local authorities are permitted to borrow and to issue bonds on national financial markets to finance infrastructure for basic services. They should:
- (a) Develop a national framework that provides guidance for lending to local authorities at reasonable rates, including in cases where the State sublets international loans;
 - (b) Create specialized financial facilities for local authorities if national capital markets are insufficient and facilitate the emergence of financial markets;

- (c) Design a regulatory framework, clarifying the responsibilities of lenders and borrowers;
- (d) Set rules in the event of bankruptcy that guarantee the continuity of services to customers,
- (e) Monitor the indebtedness of local authorities to maintain national macroeconomic stability.

28. *National Governments* should:

- (a) Authorize local authorities to benefit from transfers from foreign Governments or from other local authorities in the framework of decentralized cooperation and to receive directly soft financial resources from bilateral or international finance institutions for the development of basic services;
- (b) Where appropriate, authorize those local authorities that have the required capacity to borrow directly or to issue bonds on international markets and to access the World Bank's International Finance Corporation and other lending facilities.

29. *National Governments* should, in involving regional governments and local authorities, promote, through financial partnerships, equal access to capital and a fair sharing of costs between rich and poor territories for those services that require heavy investment or significant operating costs.

30. *Local authorities* should establish:

- (a) Equitable tax systems;
- (b) Relevant rules of enforcement to ensure the collections of revenues;
- (c) User charges and monitoring mechanisms.

31. *Local authorities*, to improve their creditworthiness, should:

- (a) Ensure participatory governance and, through appropriate consultations, ensure that the people support projects for which loans are sought;
- (b) Strengthen service delivery, generate cash from tariffs for existing services and make efforts to mobilize resources legitimately due;
- (c) Adopt sound accounting practices;
- (d) Assess their own financial positions (sound accounts, level of debt and future budgetary sustainability, risks associated with foreign exchange, inflation linked with interest rates) and fiscal performance;
- (e) Develop and update regularly inventories of their physical assets that could be used as collateral;
- (f) Use credit resources only to finance investments and not to fund current operations or service debt;
- (g) Improve accountability and transparency (external audits, financial reporting) to permit control of potential excessive borrowing;

III. Enabling institutional frameworks for partnerships

32. *Principle:*

Since national Governments, local authorities, public or private service providers and civil society organizations share responsibility for the delivery of basic services to all there is a need to negotiate and formalize partnerships among them, taking into account their respective responsibilities and interests. Accordingly, partnerships should be encouraged and facilitated through appropriate legal and regulatory frameworks, including clear results-oriented contracts and monitoring mechanisms.

33. Beyond occasional cooperation between various stakeholders, formal and informal partnerships permit the development of lasting coordinated efforts for the provision of accessible, affordable, acceptable and good-quality basic services under sound economic conditions.

34. *National and regional governments and local authorities*, at their respective levels, should:
- (a) Design, implement and publicize partnerships that secure the necessary public control and the protection of public interests in a formal, transparent and accountable manner;
 - (b) Establish monitoring and dispute settlement mechanisms.
35. *National Governments* should:
- (a) Enable local authorities to develop partnerships with service providers, to settle contracts with national or international and small or large enterprises and to engage civil society organizations;
 - (b) Establish, in consultation with local authorities, clear rules and standards related to the various modes of participation by public and private service providers, such as service contracts, lease contracts, concession contracts, concession-BOT contracts, joint ventures, multi-utility contracts, etc.;
 - (c) Provide for revision of clauses against unforeseen difficulties and access to justice in the event of litigation;
 - (d) Establish a clear and transparent regulatory framework for selecting service providers;
 - (e) Establish a national supervisory system for awarding contracts and assisting local authorities, as necessary, in the negotiation of local contracts;
 - (f) Establish a delineated legal framework for delegation or privatization as a regulatory system, including independent monitoring, participation and the imposition of penalties in case of non-compliance.
36. *National Governments* should:
- (a) Recognize the rights of local authorities to alter their contractual decisions, provided that affected contracting parties are properly indemnified;
 - (b) Establish procedures in the event of bankruptcy or insolvency that prevent the interruption of services;
 - (c) Ensure access to justice for individuals and communities, local authorities, service providers and civil society organizations so that contractual conflicts that have not been solved through dispute settlement mechanisms are resolved through the judicial system in a transparent manner;
 - (d) Recognize that service providers have access to appropriate indemnities and time-scaled adaptation in the event of legislative changes (in particular related to land, property or contract duration).
37. *National and regional governments or local authorities*, depending on the applicable decentralization framework, should:
- (a) Determine the best mode of providing services through the comparative examination of rates of return, quality of provision, social and human rights impact, environmental protection and sustainability;
 - (b) Decide whether to retain all or part of the production and delivery system as a public provider or to establish contracts based on an accurate inventory of fixtures indicating the obligations of the contracting parties and a time horizon, in compliance with national rules and procedures for the selection of partners;
 - (c) Establish dispute resolution mechanisms in the public interest;
 - (d) Set norms and goals to be delivered by the chosen enterprises in the event of privatization and monitor implementation in cooperation with civil society organizations.
38. *Local authorities* should develop inter-municipal partnerships whenever doing so could improve effectiveness and achieve economies of scale in producing, delivering and managing basic services.
39. *Service providers* should fulfil contractual obligations, including compliance with norms and goals in a timely and efficient manner, deliver quality services to the population and seek regular and timely feedback from service recipients in conformity with sound public management or sound business practices when the private sector is involved.

IV. Sustainable financing and pro-poor policies

40. *Principles:*

(a) *Central and local authorities, civil society organizations and service providers share responsibilities for improving access to basic services for the poor. Pro-poor policies should entail affirmative actions, targeted interventions for the most vulnerable groups, awareness-raising campaigns, special tariffs and subsidies and an enabling legal framework.*

(b) *Fees for basic services should ensure adequate cost-recovery but should be affordable for all. Making services affordable for the poor requires affirmative finance policies and grants and soft loans from national and international sources.*

41. Policymakers at the national, regional and local levels must combine sustainable financing and pro-poor policies. Well-conceived financing and fee-setting are necessary for the implementation of policies, strategies and practices that are both fiscally feasible and accessible to the poor and vulnerable.

42. *Governments and local authorities, at their respective levels, should:*

(a) Study the profiles of informal and low-income settlements and conduct social and economic surveys on the situation of the poor, their aspirations and their priorities with a view to identifying potential beneficiaries of pro-poor policies. This should be done in consultation with legitimate and representative civil society organizations and community leaders and women and young people's groups, making particular efforts to reach excluded social groups that lack representatives and are less able to take effective part in public consultations. Affected communities must also be enabled to participate in decision-making processes in relation to the provision of basic services;

(b) Secure inter-jurisdictional coordination and concerted action and develop regional and local planning to ensure that low-income settlements are integrated into infrastructure development schemes;

(c) Develop adequate frameworks for financing and supporting integrated slum upgrading programmes, with a focus on improving non-discriminatory access to basic services, ensuring security of tenure and fostering local development;

(d) Consider with all relevant partners how to provide services to informal settlements located on untenable, environmentally sensitive or privately owned land;

(e) Encourage microcredit mechanisms to facilitate community investments in basic infrastructure.

43. *Governments and local authorities, at their respective levels, should:*

(a) Negotiate tariffs with service providers that enable both sound business operations and accessibility for all. Accessibility for the poor may mean free services up to a certain quantity, cross-subsidies between consumers or between various services and, eventually, subsidies directed to the poorest. Sound business means that fees permit operation and maintenance costs to be covered with, for private service providers, a reasonable profit;

(b) Consider, depending on the service and the circumstances, whether to promote full cost recovery, which would enable service providers to reach financial autonomy for operation and investment needs (i.e., to operate without incurring losses), or to fill any financial gaps with public resources, ensuring in both cases that the poor enjoy access to basic services.

44. *Governments and local authorities, at their respective levels, should:*

(a) Set conditions for the effective enforcement of taxes and fees for services, distinguishing between customers who choose not to pay their bills and those who are unable to pay;

(b) Monitor tariffs in the event of monopolies.

45. *Local authorities, to build a compact city that is economic in terms of spatial use, thus reducing the cost of infrastructure, and to ensure security of land tenure and better access to basic services for the poor, should:*

(a) Develop strategic planning based on a holistic approach to the city and regulate and control urban sprawl through density and land market regulations and public management policies that maximize access to urban locations where jobs are concentrated;

- (b) Design the broad layout of new settlements in anticipation of further urban growth;
 - (c) Mobilize slum-dwellers and other local stakeholders in the implementation of plans.
46. *Local authorities and service providers*, to enable everyone to access basic services, should:
- (a) Give priority to reaching the entire population instead of providing top quality services for a minority and adapt technologies and modes of delivery to populations' needs and ability to pay;
 - (b) Negotiate alternative service standards where appropriate and progressively scale up the level and standards of services, while recognizing that some obligations, such as non-discrimination, must be complied with from the outset.
47. *Civil society organizations* should:
- (a) Remind central and local authorities of their commitments;
 - (b) Contribute to the provision of basic services to the poor;
 - (c) Raise potential beneficiaries' awareness of their rights and obligations.
48. *Service providers* should:
- (a) Step up, in good faith, efforts to hire local workers and to build their capacities;
 - (b) Comply with norms and standards related to working conditions;
 - (c) Recognize their corporate responsibility to the communities where they operate and consider supporting health, educational or social services in those communities.

V. Environmental sustainability

49. *Principle:*
- If the process continues unabated, the depletion of natural resources and increase in pollution will render impossible the delivery of basic services to all. Central and local authorities, service providers and civil society organizations share the responsibility to make producers and users aware of this problem and to promote management methods and techniques that economize scarce natural resources and avoid further deterioration of the environment.*
50. National Governments should assess the new challenges in providing basic services created by climate change, particularly those affecting the poorest, most vulnerable and marginalized people. The effects of climate change will vary in the earth's various climatic zones, and will include longer and more intensive drought periods, heavier rainfalls and an increased variability of precipitations, inland flooding and sea level rise, increasingly intensive tropical cyclones, water scarcity, groundwater salinization and pollution from flooded sewages, crop insecurity and increased health problems. All stakeholders will have to join forces to meet these challenges.
51. *Central and local authorities, service providers and civil society organizations* should promote demand optimization and management among households and other service users by raising awareness, particularly among women and young people, of the need to adopt sustainable consumption patterns.
52. *National Governments* should:
- (a) Set general standards and regulations for the protection of natural resources and ecosystems and their sustainable management, which would apply to all service production and delivery;
 - (b) Set specific standards and regulations in such sensitive sectors as water and sanitation, waste management, energy and transportation;
 - (c) Ensure that standards are correctly implemented.
53. *National and regional governments and local authorities* should:
- (a) Systematically promote mitigation and adaptation measures to tackle the manifold impacts of climate change;
 - (b) Prepare themselves to provide basic services to displaced persons as a result of floods, drought, development of large projects, war and migratory flows from neighbouring nations.

54. *National and regional governments and local authorities*, in their contractual arrangements with service providers, should:

- (a) Include provisions to ensure the sustainable management of natural resources and ecosystems, together with health protection and decent work practices;
- (b) Make the emission level of carbon dioxide a criterion for measuring urban pollution and carry the responsibility for its improvement;
- (c) Promote technologies and approaches that facilitate waste recycling and reuse.

55. *Local authorities*, in designing plans for the development of services, should:

- (a) Identify sensitive areas that require specific protection;
- (b) Set standards and regulations for the protection and sustainable management of local natural resources and ecosystems, taking into account the need to protect public health.

56. *Service providers* should look for and apply eco-efficient technologies in the use of natural resources.
