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

Activities of the United Nations Human Settlements Programme

Report of the Executive Director

Introduction

1. The present report summarizes the activities undertaken by UN-Habitat in response to the resolutions adopted by the Governing Council at its twenty-first session. It is complemented by other reports that provide more detailed and additional information on activities undertaken in response to specific resolutions. The subjects covered by those reports are:

- (a) Progress in implementing the medium-term strategic and institutional plan for 2008–2013, including the experimental reimbursable seeding operations facility (HSP/GC/22/2/Add.2);
- (b) The fourth session of the World Urban Forum (HSP/GC/22/2/Add.1);
- (c) The need to review the efficiency and effectiveness of the governance structure of UN-Habitat (HSP/GC/22/2/Add.3);
- (d) Cooperation with agencies and organizations within the United Nations system and non-governmental organizations (HSP/GC/22/2/Add.5);
- (e) Draft guidelines on access to basic services (HSP/GC/22/2/Add.6);
- (f) A UN-Habitat gender equality action plan (HSP/GC/22/5/Add.2);
- (g) The theme for the twenty-second session of the Governing Council, “affordable housing finance in the context of the global financial crisis and climate change” (HSP/GC/22/5).

* HSP/GC/22/1.

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I. UN-Habitat activities in response to the resolutions adopted by the Governing Council at its twenty-first session

A. Resolution 21/1: Proposed work programme and budget of the United Nations Human Settlements Programme for 2008–2009

2. The action plan for implementing the medium-term strategic and institutional plan recognizes that the alignment of the biennial work programme and budgets with the principles and objectives of the plan must be achieved gradually. The secretariat accordingly set a target of achieving 50 per cent alignment in the 2008–2009 work programme and budget, 75 per cent alignment in the 2010–2011 work programme and 100 per cent alignment in the 2012–2013 work programme.

3. The above notwithstanding, UN-Habitat has endeavoured to align its current work programme and budget as much as possible with the medium-term strategic and institutional plan. This has involved, among other things:

(a) Preparation, in consultation with the Committee of Permanent Representatives, of a revised strategic framework and work programme budget for 2008–2009 to further align the objectives, strategies, outputs and resource requirements of the work programme and budget with the plan;

(b) Submission of quarterly financial reports to the Committee of Permanent Representatives regarding the implementation of the 2008–2009 work programme and budget;

(c) Preparation of a gender equality action plan in consultation with a wide range of stakeholders;

(d) Preparation of a strategic framework and draft work programme and budget for 2010–2011 in compliance with the focus areas of the plan.

4. The alignment of the work programme and budget with the plan has proved to be more challenging than expected. The difficulties encountered include a gap between the plan's medium-term expectations for results-based monitoring and reporting and the shorter-term framework of compliance and accountability required by the Advisory Committee on Administrative and Budgetary Questions and the United Nations Secretariat in New York.

5. These difficulties in reconciling the medium-term results-based approach of the plan with the much shorter-term output-oriented approach required by the Secretariat in New York have not yet been entirely resolved and point to the existence of some basic problems in two-track reporting structures. Those problems are discussed in the Executive Director's report on the review of the efficiency and effectiveness of the governance structure of UN-Habitat (HSP/GC/22/2/Add.3).

B. Resolution 21/2: Medium-term Strategic and Institutional Plan for 2008–2013

6. In accordance with the recommendations of the Governing Council, UN-Habitat prepared, in close consultation with the Committee of Permanent Representatives, an action plan for the implementation of the medium-term strategic and institutional plan. The Committee of Permanent Representatives endorsed the action plan in December 2007.

7. Four progress reports on progress in the implementation of the action plan have been submitted to the Committee of Permanent Representatives throughout 2008 and discussed in the course of working group meetings. An overall summary report is provided to the Governing Council in document HSP/GC/22/2/Add.2.

8. Major outcomes include the development and approval of 33 Habitat country programme documents as the first step in implementing the Enhanced Normative and Operational Framework at the country level, including in six of the eight "Delivering as One UN" pilot countries; the adoption of resource mobilization and branding strategies and the establishment of a resource mobilization unit to help consolidate and expand the donor base and mobilize unconventional sources of funding and support; the formulation of policy and strategy papers for the medium-term strategic and institutional

plan focus areas and of a results-based framework using “SMART”¹ indicators, targets and priorities; and new thresholds for delegation of authority and decentralization.

C. Resolution 21/3: Guidelines on decentralization and the empowerment of local authorities

9. With the assistance of the Governments of India and Norway, the Advisory Group of Experts on Decentralization held meetings during the reporting period to develop a strategy for implementation and follow-up to the guidelines on decentralization and the strengthening of local authorities set out in document HSP/21/2/Add.2, which had been approved by the Governing Council in its decision 21/3. One meeting, hosted by the Government of Norway, brought together representatives of United Nations agencies, distinguished experts and members of the Norwegian association of local authorities.

10. A key element of the follow-up strategy is to disseminate the guidelines to a wider policy and operational audience. The guidelines are being packaged with region-specific annotations and are being produced in various languages. UN-Habitat has also held regional consultative meetings with ministers for local government from Africa in Yaoundé in June 2008 and from Latin America and the Caribbean in Quito in July 2008.

11. With the support of the Government of France, and through close collaboration with United Cities and Local Governments, UN-Habitat continued work with the Global Observatory of Local Democracy and Decentralization, focusing on the compilation of country profiles. The country profiles will enable member States to compare notes and to exchange information on their respective laws local government.

D. Resolution 21/4: Guiding principles on access to basic services for all

12. Pursuant to resolution 21/4 UN-Habitat established a group comprising experts and a wide range of stakeholders to solicit further inputs to the draft guidelines on access to basic services for all that were presented to the Governing Council at its twentieth session. Stakeholders included United Cities and Local Governments, representatives of central Governments, public and private service providers and civil society organizations. Representatives from relevant United Nations bodies and regional and international financial institutions also participated actively in the work of the group.

13. A series of regional consultations culminated with a global meeting on the occasion of the fourth session of the World Urban Forum, which took place in Nanjing, China, in November 2008. The resulting guidelines are presented to the Governing Council in document HSP/GC.22/2/Add.6, together with a draft resolution prepared by the Committee of Permanent Representatives.

E. Resolution 21/5: Sustainable development of Arctic human settlements

14. Recognizing that the implementation of resolution 21/5 requires additional funding, UN-Habitat developed a concept note for a project on enhancing the adaptive capacity of Arctic cities facing the impacts of climate change”. Based on recent research findings by UNEP, the Intergovernmental Panel on Climate Change and other organizations, the proposed project is aimed at advising and supporting Arctic cities and towns that are vulnerable to various impacts of climate change by offering innovative approaches and solutions for urban, regional and national development planning. Under the project norms for sustainable and harmonious human settlements development would be developed, promoted and implemented.

15. The project is expected to enhance greatly Global knowledge and understanding of the impacts of climate change on human settlements and the environment. It is designed to be implemented in collaboration with national, provincial and local authorities, international organizations, universities and research institutes, associations of indigenous people, city networks and the private sector.

16. Discussions on implementation modalities with the UNEP GRID-Arendal Centre are at an advanced stage. An expert group meeting is planned for 2009, at which methodological challenges and funding arrangements will be further discussed.

1 Specific, measurable, achievable, realistic and timely.

F. Resolution 21/6: Urban youth development

17. The results of a survey on youth-led development initiatives and 200 good practices in youth-led development from around the world were disseminated at the fourth session of the World Urban Forum, in Nanjing, China, in November 2008. The Opportunities Fund for Urban Youth-led Development was launched at the same session. The Fund's advisory committee is yet to be established but an interim steering group has been tasked with developing draft operational procedures and selection criteria. The procedures and criteria have now been prepared and widely shared with Habitat Agenda partners interested in urban youth issues.

18. The UN-Habitat Youth Empowerment Programme continued to work in the Kieran slum and the Amoco informal settlement in Nairobi to provide on-the-job training for youth through the construction of their own youth training centre. This training facility will serve as a regional hub in Eastern Africa for innovative and appropriate technologies for constructing affordable housing. This is being done through the provision of practical training in construction, business development and information communication technology that will lead to income-generating activities. The programme aims to equip young people with managerial and organizational skills, certification and apprenticeship experience that will allow them to compete successfully for jobs in the construction industry.

19. In a similar vein, an International Youth-led Urban Development Platform has been established, bringing together youth formations that are otherwise not represented in the formal youth structures that function in the global, regional and national arenas. This platform brings to the forefront innovative stories of individual action that is making a difference to communities. These formations are increasingly using the internet as a social networking tool and urban performing and visual arts as tools with which to confront major social issues: to combat exclusion, delinquency and violence; to fight indifference, intolerance and all forms of discrimination; to raise awareness, change the way people think and develop critical thinking – in short, to work to improve the quality of life, particularly in disenfranchised neighbourhoods. By providing this platform for global exchange, UN-Habitat is helping these youth formations with a tool that has increased the exchange and replication of innovative youth-led risk prevention practices.

G. Resolution 21/7: Sustainable public-private partnership incentives for attracting large scale private-sector investment in low-income housing

20. Working relationships with the private sector marked a major shift in 2008 as a result of the medium-term strategic and institutional plan. The basic concept moved beyond joint activities in the realm of corporate social responsibility to looking at core business practices for sustainable urbanization. To that end, UN-Habitat enhanced its advocacy and knowledge management work in this area and initiated new forms of partnerships and cooperation at the global and country levels with, among others, water utility companies and the real estate sector to develop new paradigms for products and service delivery.

21. On the advocacy front, UN-Habitat provided substantive inputs to and participated actively in all the regional ministerial and high-level meetings on housing and urban development in Africa, Asia and the Pacific and Latin America and the Caribbean. UN-Habitat's participation resulted in each case in a large part of the agenda being devoted to the issues of public private partnerships and innovative financing systems.

22. UN-Habitat's advocacy knowledge management work intensified on the Human Settlements Financing Tools and Best Practices initiative. This initiative documents and disseminates various human settlements financing tools and best practices. Work under the initiative has begun on the systematic documentation of asset-based approaches to community development, which include cooperative approaches to housing development, social investment funds, urban community development funds, community-based housing finance initiatives and community mortgage programmes. The initiative has further strengthened research on the links between the economy and housing and between the economy and finance.

23. On the partnership front, UN-Habitat pursued joint activities with private sector companies that seek to make use of the core competencies and comparative advantages of those companies. The objectives are twofold: to improve the living conditions of the urban poor and to harness the capacity, know-how and technology of the private sector in support of actions aimed at mitigating and adapting to climate change.

24. In India and Nepal, UN-Habitat entered into a partnership with Coca Cola India to support water and sanitation initiatives and continued its existing partnership with BASF toward the same ends. The projects seek to make maximum use of these two companies' know-how in water management and purification. Activities cover the promotion of household water treatment in urban areas of Nepal and the promotion of water conservation and rain harvesting through schools in India. As a result of the awareness campaigns the first pilot scheme for installing rain harvesting systems in schools has commenced.
25. In the Lao People's Democratic Republic UN-Habitat is partnering with Oxyana Mines of Australia to support a community-based water supply system for urban and peri-urban areas of the town of Vilabouly. The scheme, which will provide clean water supply to more than 13,000 people, is designed to mainstream the concept of combining community participation and ownership with business know-how and technology to change the business practices of the State's water supply enterprise.
26. Upon the invitation of the Secretary-General of the United Nations, UN-Habitat launched the Water Operators Programme, a membership network that is anchored with and supported by Abu Dhabi Water, the Google Foundation and the Government of Spain. The Programme provides municipal water operators in Africa, Asia and Latin America and the Caribbean with a platform for exchanging strategies and applying best practices in the delivery of clean drinking water to informal settlements and slums.
27. In resolution 21/7 the Governing Council requested that UN-Habitat promote the sharing of experiences and best practices in public-private partnerships. In response UN-Habitat has established the Habitat Business Forum for Sustainable Urbanization. The Forum offers private sector companies, including real estate developers, service providers and enterprises in the construction industry, an opportunity to identify and learn from best practices in, among other areas, climate change mitigation and adaptation, improved safety and security, local economic development and employment and urban environmental health. With the support of the chambers of commerce of China and India a key first step in this endeavour will be the announcing of a business award for excellence in sustainable service delivery and product development at a special event to take place in New Delhi in 2009.
28. Last but not least to be mentioned here is the experience during the reporting period with the Slum Upgrading Facility, which can be expected to be a major item of discussion during the Governing Council's deliberations at the current session on the major theme for the session, affordable housing finance. UN-Habitat will draw on its experience with the Facility, and its experience with the enhanced reimbursable seeding operations facility, in devising the policies and strategies of the medium-term strategic and institutional plan's focus area 5, on innovative human settlements finance.

Learning from the Slum Upgrading Facility

The Slum Upgrading Facility pilot programme is making steady progress in the selected pilot countries, Ghana, Indonesia Sri Lanka and the United Republic of Tanzania. Innovative approaches in the mobilization of formal commercial credit are being implemented to finance slum upgrading and low-income housing projects. A key innovation is the establishment of "local finance facilities" as components of a formal credit enhancement system. These local finance facilities bring together local banks, slum dwellers and Governments and provide a mechanism for acknowledging and recognizing their respective inputs and goodwill in efforts to improve living conditions.

In Ghana, two city-wide local finance facilities have been established and three other credit enhancement schemes are under way. UN-Habitat has also provided direct support for the capitalization of the Ghana Urban Poor Fund, which has been established to make loans to its members for slum upgrading. In Indonesia, a city-wide local finance facility has been created in Surakarta and another is in progress in Jogjakarta. Projects have been developed for four other settlements. Field testing has been financed through bank loans from a local bank with technical support from UN-Habitat. In Sri Lanka a nationwide local finance facility, known as LFSUS, has been established and is currently processing credit enhancement applications from six communities. UN-Habitat has contributed to the capitalization of the Moratuwa Urban Poor Fund. The fund makes loans to provide borrowers with collateral for construction loans and provides funds for slum upgrading. Currently there are three projects being processed for credit enhancement. In addition, construction is under way in the Tanzania Women Land Access Trust with the support of the Nanjing Municipal Government.

H. Resolution 21/8: Africa fund/financing mechanism on slum prevention and upgrading

29. Participants in the inaugural African Ministerial Conference on Housing and Urban Development, held in Durban, South Africa, in 2005, concluded that there was a need for a funding mechanism to provide financing for housing and urban development. To that end they proposed the establishment of a “pan-African cooperative fund”. Participants at the Special African Ministerial Conference on Housing and Urban Development, which was held in Nairobi in April 2006, concluded that the establishment of a funding mechanism would be key to the success of African Governments and institutions in their efforts to achieve slum prevention and upgrading. These led to UN-Habitat Governing Council resolution 21/8, which calls for the establishment of an African fund on slum prevention and upgrading and recommends that further studies be carried out as a prelude to the establishment of such a fund.

30. In the course of 2008 UN-Habitat provided technical and substantive support for the second African Ministerial Conference on Housing and Urban development, which was held in Abuja in July 2008. The main theme of the conference was “Implementing Goal 7, Target 11: Overcoming the Finance and Resource Challenges for Sustainable Housing and Urban Development”. A total of forty countries were represented at the conference.

31. The Conference brought together ministers and experts. Its agenda was broadly divided into three topical areas: financing for slum prevention and upgrading; financing for affordable housing; and institutionalization of the Conference. The Conference participants adopted the Abuja Resolution and an action plan that provided guidelines on financing housing and slum upgrading and on urban development in general. The plan also provides for the Institutionalization of the Conference and the establishment of a review and monitoring mechanism on housing and slums.

I. Resolution 21/9: Women’s land and property rights and access to finance

32. During the period under review UN-Habitat continued to provide technical assistance and advisory services to women’s land access trusts in Kenya, Ghana, Uganda and the United Republic of Tanzania while providing support for the formation of new land access trusts in Burundi, Ethiopia, Mozambique and Rwanda. Educational and peer-learning tours were organized for community leaders and UN-Habitat Programme Officers working with these new trusts.

33. In the United Republic of Tanzania, six women’s housing cooperatives, each with 50 members, are now registered with Azania Bancorp Dar-es-Salaam Ltd, a private bank that has agreed to extend housing loans to the cooperatives’ members.

34. The Ghana women’s land access trust currently has two registered housing cooperatives and branches in three suburbs of Accra. Land has been acquired and the members of the trust are now working on land registration. The housing cooperatives have received tremendous support from the Ministry of Women and Children’s Affairs, the Ministry of Water Resources, Works and Housing and other stakeholders.

35. In Kenya three housing cooperatives have been registered and the women’s land access trust there is working in partnership with the private sector and the Government ministries that deal with housing and cooperatives.

36. The experience in Uganda and the United Republic of Tanzania shows that a combination of credit enhancements, community savings and technical assistance can make a big difference in facilitating access to land and housing by the urban poor and by poor women in particular.

37. Lessons learned from these and other experiences are helping to inform the UN-Habitat’s normative work on housing and land policies. For example, UN-Habitat, through its Global Land Tool Network, has been working with the International Federation of Surveyors, a global professional organization with about 110 member countries, to advocate the development of pro-poor and gender-responsive land tools. At present the Federation is assisting UN-Habitat in the development of a “social tenure domain model and gender evaluation criteria for large-scale land tools.

38. Last but not least, UN-Habitat prepared a gender equality action plan in consultation with a wide range of partners, independent experts and international and inter-governmental organizations. This plan is presented to the Governing Council in document HSP/GC/22/5/Add.2.

J. Resolution 21/10: Strengthening the Habitat and Human Settlements Foundation: experimental financial; mechanism for pro-poor housing and infrastructure

39. UN-Habitat further pursued its catalytic role in facilitating cooperation between domestic banks, municipal authorities and urban poor organizations to mobilize and package domestic capital, public investment and community savings for slum upgrading. These efforts were buttressed by the establishment of the experimental reimbursable seeding operations facility, which offers credit enhancements through domestic banks to stimulate private investment in housing and basic services to under-served populations. As called for by the Governing Council in resolution 21/10, UN-Habitat, in consultation with the Committee of Permanent Representatives, established a trust fund for the facility, nominated a steering and monitoring committee and finalized operational procedures and an operational manual.

40. At the time of writing of the present report the Steering and Monitoring Committee has already approved a first loan and credit enhancement operations for two projects. These will be provided to domestic financial institutions to enable them to make loans for low-income housing, upgrading and infrastructure.

41. UN-Habitat further developed its working relationships with the Bank of America and a number of equity investment companies as part of its effort to mobilize capital for reimbursable-seeding-type initiatives in Latin America, Asia and Africa. The focus of these and other arrangements is on providing credit enhancement instruments, including guarantees, to domestic banks to reduce the perceived risk in investing in pro-poor housing.

II. Other major outcomes and achievements

A. Strengthening UN-Habitat's catalytic and pre-investment role

42. The medium-term strategic and institutional plan calls for UN-Habitat to play a robust catalytic role in recognition of the scope and scale of the challenges associated with rapid and chaotic urbanization and climate change. Meeting these challenges will require the concerted efforts and resources of all Habitat Agenda partners. To this end, UN-Habitat took the first steps toward redefining how it works with existing and new Habitat Agenda partners. Lessons learned are being incorporated into the Global Campaign on Sustainable Urbanization, which will serve as the spearhead for UN-Habitat's activities in the areas of advocacy, monitoring and partnerships.²

Partnerships with international, regional and domestic financial institutions

43. UN-Habitat further expanded and deepened its partnerships with financial institutions. The organization leveraged investment in basic urban infrastructure and services by aligning its pre-investment capacity-building services with the lending portfolios of international and regional development banks.

44. Through its Water and Sanitation Trust Fund, UN-Habitat established cooperation agreements with regional development banks in Asia and Africa. These efforts have leveraged to date over \$2.5 billion in investment in pro-poor water and sanitation in secondary cities in 18 countries in Africa and Asia. These cities are among the fastest growing in the world and unless measures are taken now to provide basic infrastructure and services, much of their growth may result in poorly planned settlements and slums.

45. A similar arrangement was concluded in 2008 with the Inter-American Development bank to promote water quality, sanitation and hygiene education. The arrangement calls for the leveraging of \$ 10 million of technical assistance and institutional reform to yield up to \$ 1 billion in annual investment flows.

46. In Ethiopia, synergy has been established with the World Bank to collaborate in the scaling up of pilot demonstration projects under the Water for African Cities programme in Addis Ababa and to involve the programme in the preparation of proposals for projects targeting the urban poor with total budgets of about \$119 million.

² Focus area 1 of the medium-term strategic and institutional plan is Advocacy, Monitoring and Partnerships.

B. Flagship reports

47. The 2007 global report on human settlements, entitled *Enhancing Urban Safety and Security*, published in September 2007, addresses three major threats to the safety and security of cities: urban crime and violence, insecurity of tenure and forced evictions and natural and human-made disasters. It analyses worldwide trends with respect to each of these threats, paying particular attention to their underlying causes and impacts and good policies and best practices that have been adopted at the city, national and international levels in response to them. The report adopts a human security perspective, whose concern is the safety and security of people, rather than of States, and highlights concerns that can be addressed through appropriate urban policy, planning, design and governance.

48. The report observes that over the period 1980–2000, total recorded crime rates in the world increased by about 30 per cent, from 2,300 to over 3,000 crimes per 100,000 people. Over the past five years, 60 per cent of all urban residents in developing countries and countries with economies in transition have been victims of crime. The report highlights several policy responses aimed at reducing crime and violence, ranging from effective urban planning, design and governance to community-based approaches through which communities take ownership of crime and violence prevention initiatives, to the reduction of risk factors through a focus on groups such as young people that are relatively likely to be perpetrators of crime.

49. With respect to security of tenure, the report estimates that at least two million people in the world are forcibly evicted every year. The report emphasizes that the most insecure urban residents are the one billion poor people around the world living in slums and that forced evictions are most prevalent in those areas that have the worst housing conditions. The report documents a number of recent policy responses to the threat of tenure insecurity, including, at the international level, legislation against forced evictions and secure tenure campaigns and, at the national level, policies on upgrading and regularization, titling and legalization and improved land administration and registration.

50. The report shows that between 1974 and 2003, 6,367 natural disasters occurred globally, affecting 5.1 billion people, of whom 2 million died. A total of 182 million people were made homeless, while reported economic damage amounted to \$1.38 trillion. The report also shows that traffic accidents kill over 1.2 million people annually worldwide. Factors rendering cities vulnerable include rapid and unplanned urbanization and climate change. The report identifies a number of ways in which countries and cities have been able to reduce disaster risk, including through improved risk mapping, disaster risk reduction legislation, strengthening of early warning systems, effective land-use planning, design of disaster-resistant buildings and infrastructure, effective communication and emergency response systems and strengthening of reconstruction capacity.

51. The twenty-first century has been dubbed the “century of the city”. Half of the world’s population already lives in urban areas and by the middle of this century most regions of the developing world will be predominantly urban. The *State of the World’s Cities 2008/9* adopts the concept of “harmonious cities” as a theoretical framework in order to understand today’s urban world and as an operational tool to confront the most important challenges facing urban areas and their development processes. For that purpose, it focuses on three key areas:

(a) *Spatial or regional harmony*, to elucidate which it explores the determinants of urban growth and decline and the consequences of asymmetrical regional development and rural-urban disparities;

(b) *Social harmony*, in connection with which it presents a preliminary global analysis of income and consumption inequality at the city level and degrees of shelter deprivation in various cities and how they adversely affect social and economic development;

(c) *Environmental harmony*, under which rubric it contributes to the climate change debate by presenting data on energy consumption at the city and household levels and showing which cities and urban populations will be most at risk from rising sea levels.

52. The *State of the World’s Cities 2008/9* also assesses the various intangible assets within cities that contribute to harmony such as cultural heritage, social capital and the complex set of social and symbolic relationships that give cities meaning.

53. Using a wealth of comparative data, the report breaks new ground by analysing the key drivers of urban growth, patterns of urban inequality and the role that cities can play in mitigating the impact of climate change. Among its significant findings are national central Governments play a critical role in determining the prosperity and growth of cities; that high levels of urban inequality can be socially destabilizing and economically unsustainable; that focused and targeted investments can significantly improve the lives of slum dwellers; and that cities provide opportunities to mitigate or even reverse the effects of global climate change as they provide the economies of scale needed to reduce per capita costs and demand for resources.
