

## The DFID Multilateral Aid Review: UN-HABITAT's Right to Reply

- **Introduction**

The current economic climate calls for increased accountability, efficiency, effectiveness and transparency. In view of this, UN-HABITAT welcomes any constructive criticism.

Now under new leadership, the organization is more than ever committed to change: Dr. Joan Clos, the Executive Director of UN-HABITAT has already embarked on an internal review and rationalization process. In this context, UN-HABITAT appreciates the UK Multilateral Aid Review. Despite some concerns about the research methodology, the agency agrees with some of its conclusions.

However, UN-HABITAT is seriously concerned about some critical omissions. Indeed, the report is in danger of losing sight of the importance of urbanization as a transformational process: Cities are strategically important for sustainable development through wealth creation and poverty reduction.

Withdrawing the funding to UN-HABITAT of about 7 percent of the agency's core budget is in danger of sending a signal that well planned and managed cities do not matter.

UN-HABITAT is disappointed by this decision especially as only two years ago, the UK's own House of Commons International Development Committee *Report on Urbanization and Poverty* praised UN-HABITAT: "We commend the work of UN-HABITAT on human settlements and urban development across a wide range of contexts". This cross-party report called for an increase in contributions and was welcomed by DFID in a Government Response, at that time.

- **Urbanization and the development agenda**

Though a small agency, UN-HABITAT has demonstrated that it delivers and provides good value for money.

In the past few years, UN-HABITAT has been instrumental in bringing urbanization to the forefront of the development agenda. With 52 percent of the global population living in cities and towns, the world is now predominantly urban. And in the immediate future, 93 percent of global population growth is expected to be in urban areas in developing countries. This means that addressing urban issues offers the opportunity to tackle wider development concerns such as employment, safety and security, social exclusion and the provision of basic services, gender inequality, climate change and the environment.

More and more development agencies, banks, foundations, donors, the private sector and non-governmental organizations are receptive to this significant shift. They now incorporate the urban agenda in their plans and strategies.

The importance of urbanization was recognized by the UK's House of Commons International Development Committee, which argued that urban issues were not sufficiently addressed in DFID's own strategy. Noting that DFID had downgraded its support to urban development, the Report concluded that "DFID should once again play a leading and progressive role in the global urban agenda." DFID's own policy document on urban development *The New Frontier*, published less

than a year ago, declared “cities are the future of the twenty first century”, but this appears to have been disregarded.

Today, no one disputes that urban areas are centres of economic growth and dynamos of national development, with many cities contributing the major share of GNP. Neither does anyone dispute that the urbanization of poverty is on the rise. UN-HABITAT has warned that without proper urban planning, management and governance, cities will become seedbeds of conflict.

In order to confront these challenges, the international community has designated UN-HABITAT as the human settlements agency, a mandate which the United Nations General Assembly has affirmed. UN-HABITAT is the only UN agency mandated to work with local authorities and municipalities. To do this, the agency has an advocacy and policy role as well as managing operations in the field.

UN-HABITAT’s success is best measured by the agency’s catalytic role, its expanding influence in shaping urban policy and changing the lives of the urban poor. Its impact is much bigger than its size. By any measure the agency is cost effective, as illustrated by the examples below, many of which were funded by and positively evaluated by DFID itself.

- **Meeting International objectives**

In the year 2000, UN-HABITAT was instrumental in ensuring that the Millennium Declaration included the Cities without Slums initiative as a fundamental element of poverty reduction. Within this framework, UN-HABITAT was given the responsibility of helping the international community meet the slum target of the Millennium Development Goals (MDGs)– *to improve the lives of at least one hundred million slum dwellers by 2020* – and to monitor global progress towards the attainment of this target.

As the lead agency for this MDG, credit must be given to UN-HABITAT for assisting the international community in meeting the slum target 10 years ahead of the MDG timeframe. Once more, thanks to UN-HABITAT’s catalytic work, the policies, programmes and actions that were designed and implemented have raised awareness and initiated change at the city level. The impact of the agency can be seen in the way cost effective strategies have been adopted by governments and other national and international partners.

To help the international community with the implementation of this MDG, UN-HABITAT calculated and disseminated, for the first time, slum estimates at country level. The agency raised global awareness of the slum challenge and collaborated effectively with mayors and local stakeholders, national governments and other UN Agencies. As a result, policymakers prioritized urban development and slum upgrading, including the provision of water and sanitation and slum prevention.

UN-HABITAT has also worked closely with other UN agencies in highlighting urban issues. For example, in 2007, UNFPA’s State of the World Population report focused on urban growth; WHO recently published a major report on Health and Cities; the next UNICEF flagship report will be on children in urban settings.

- **Working in Poorest States**

DFID and UN-HABITAT share a common concern: poverty reduction. In 2010, 80 percent of the agency’s budget was committed to working in poorest countries and Least Developed Countries, which includes some fragile states. UN-HABITAT’s comparative advantage is in assisting municipalities and local authorities to lift people out of poverty through better urban governance, urban planning and institution building. UN-HABITAT now runs more than 300 technical projects and programmes in about 60 countries around the world.

- The Urban Partners for Poverty Reduction programme in Bangladesh, funded by DFID to the tune of US \$50 million, made a significant impact on the ground by replicating an innovative model of poverty reduction in more than 23 cities and towns, with a population of over 2 million.

This project was highly commended for its successful delivery capacity by an independent evaluation, commissioned by DFID. As a result of the impact on the ground, the second phase of the project expanded to 30 towns with a budget of \$120 million covering the period 2007 - 2014.

- In Pakistan, UN-HABITAT supported earthquake reconstruction efforts in various projects funded by DFID (2007-2010). Amongst other things, one project provided shelter assistance to vulnerable families. It also supported government efforts to facilitate access to safe land for families living in hazardous locations. An innovative housing reconstruction policy was established. Lessons learned have been applied to other major disaster areas in countries across the world.
- In Lashkargah, Afghanistan, UN-HABITAT has been instrumental in strengthening municipality and community development. This DFID-funded project has made the city a stable and secure environment with the capacity to deliver sustainable services through participatory governance.
- In Somalia, in a project partially funded by DFID and other donors, UN-HABITAT has worked in collaboration with various UN agencies to help reestablish local authorities and make them more efficient and accountable. This has resulted in a legal framework for land policy, urban planning and management.

These projects were not only successful in delivering immediate outcomes; they inspired change in policy in other countries, creating innovative models of intervention at a larger scale. By all accounts, UN-HABITAT is an organization that delivers.

- **Working in Fragile countries**

In the last decade, UN-HABITAT has increasingly focused its work on those countries where 'the government cannot or will not deliver core functions to the majority of its people, including the poor' (DFID 2010).

In addition to working in these fragile states, in 2010 UN-HABITAT devoted 66 percent of its resources to countries affected by conflict and natural disasters. This is because cities have to bear the brunt of natural and man-made disasters. Disaster and conflict turn back the development clock. In a bid to minimize future crises, UN-HABITAT promotes preemptive urban strategies.

UN-HABITAT's work in this area has been critical in integrating a long term development perspective to relief and humanitarian interventions. In recognition of its contribution, the agency has been admitted to membership of the UN Humanitarian Affairs Interagency Standing Committee.

UN-HABITAT programmes in Afghanistan, Iraq, Liberia, Palestine, Somalia and Sudan, and similar fragile environments, have been critical in reducing prospective conflict through improved living conditions for slum dwellers and enhanced livelihoods for the urban poor. Strategies include reintegration of displaced communities, restoration of local government and the rationalization of land tenure and management. Various countries in the world are replicating these interventions.

- **Working in Middle Income countries**

Even as middle income countries begin to prosper, UN-HABITAT has continued to raise awareness about the increasing disparity between those urban populations who are able to benefit the most from economic growth and the urban poor. In many instances, these are worse off than their rural counterparts in terms of access to services and shelter.

In order to overcome this increasing urban divide, UN-HABITAT calls for better urban planning and local governance to improve living conditions and economic opportunities. UN-HABITAT has established many innovative ways of working with these countries by mobilizing domestic resources, an approach that allows the agency to focus more on poor countries.

- In Mexico, for instance, UN-HABITAT assisted the Government to create more than 50 local urban observatories that produced a critical mass of information in order to design informed policy interventions against poverty.

- In Peru, as part of the recovery process, UN-HABITAT's post-earthquake response, funded by DFID, provided technical assistance in the land and housing sectors. An independent evaluation commissioned by DFID concluded that the project was cost effective and successfully alleviated suffering.
- In collaboration with UN-HABITAT, Morocco adopted the Cities without Slums Initiative and has met the MDG on slum upgrading.
- In Lebanon, UN-HABITAT was instrumental in the reconstruction of the southern part of the country. This was achieved in record time through work with local communities.
- UN-HABITAT's Cities and Climate Change initiative is at the forefront of efforts to encourage municipalities and local authorities to adopt adaptation and mitigation measures as a way of protecting the most vulnerable populations.

- **Financial Resources**

In meeting the urban challenge head on, in 2010 UN-HABITAT worked with a budget of US \$ 195 million. Given the increasing importance of the urban agenda, and in recognition of its work, UN-HABITAT is one of the few agencies that have received increased contributions: an indication of the confidence of donors and the international community. In spite of the recent global financial crisis, UN-HABITAT has managed to secure an additional 43 percent in annual voluntary contributions between 2006 and 2010.

Though this figure is still small by the standards of some UN and multilateral agencies, it is clear that UN-HABITAT has achieved an enormous amount through its catalytic role. It has been at the forefront of collaborating with partners to design innovative programmes in order to deliver the best possible results at the lowest possible cost.

- **Financial Resources & Performance Management**

UN-HABITAT has made significant progress in pursuing reforms through its Medium Term Strategic and Institutional Plan (MTSIP) in the last 3 years. UN-HABITAT regularly provided DFID with reports about MTSIP and has received encouragement with no negative feedback.

However, the agency recognizes that these efforts are not enough, and that other measures are needed to improve administrative and managerial systems. In this sense, the organization concurs with some of the findings of the DFID review. This gives us further impetus for change and improvement.

Under the leadership of the new Executive Director, a major internal reform process has already been initiated. The agency's strategic plan, organizational structure and financial resources management are being reviewed. Further improvements in results-based management are envisaged. UN-HABITAT is determined to effect positive change.

- **Conclusion**

This is a new era for UN-HABITAT. Under the guidance of Dr. Clos, many changes are underway. This is also a critical period of transition for most of humanity as it now moves into urban areas.

There is no question that in order to meet these challenges and become more relevant, UN-HABITAT must become more efficient.

This is why it is surprising to find that rather than supporting the process of institutional reform, the Multilateral Aid Review recommends cutting back on core funding for the organization. The danger of such cutbacks is that, in effect, the global urban agenda will seriously suffer.

Instead of withdrawing the core contribution to UN-HABITAT, we would have hoped that the Multilateral Aid Review would have considered the recommendations of the UK International Development Committee that called for a boost in funding to UN-HABITAT from 7 percent to 11 or 15 percent. To quote: "This increase is vital for the agency to pursue its identified priorities which cover an important range of urban development outcomes."

Despite the decision of the UK Government, UN-HABITAT is determined to continue to serve the urban poor through structural reform and improved productivity. We are committed to making our cities environmentally, economically and socially sustainable.